

Meeting No. 1,058

THE MINUTES OF THE BOARD OF REGENTS
OF
THE UNIVERSITY OF TEXAS SYSTEM

Pages 1 - 75

May 12-13, 2010

Austin, Texas

TABLE OF CONTENTS
 THE MINUTES OF THE BOARD OF REGENTS
 OF
 THE UNIVERSITY OF TEXAS SYSTEM
 MAY 12-13, 2010
 AUSTIN, TEXAS

MEETING NO. 1,058

<u>May 12, 2010</u>	<u>Page No.</u>
I. ATTENDANCE	1
II. WELCOME TO STUDENT REGENT-DESIGNATE KYLE J. KALKWARF	1
III. RECESS TO EXECUTIVE SESSION	1
IV. RECONVENE IN OPEN SESSION	1
1a. U. T. System Board of Regents: Discussion with Counsel on pending legal issues	2
1b. U. T. System Board of Regents: Discussion and appropriate action concerning legal issues related to employment matters	2
1c. U. T. System Board of Regents: Legal issues related to tax matters	2
1d. U. T. Medical Branch – Galveston: Discussion and appropriate action concerning legal issues related to Correctional Managed Care Contract with Texas Department of Criminal Justice	2
2. U. T. Pan American: Approval concerning negotiations to purchase real property improved with an office building and adjacent related surface parking located at 2314 West University Drive, Edinburg, Hidalgo County, Texas, from Compass Bank, an Alabama banking corporation, for a purchase price not to exceed fair market value as established by independent appraisals, for use as office space for administrative functions, and resolution regarding parity debt	2

3a.	U. T. Austin: Approval of proposed negotiated gifts with potential naming features	5
3b.	U. T. Pan American: Approval of a proposed negotiated gift with a potential naming feature	5
3c.	U. T. M. D. Anderson Cancer Center: Approval of proposed negotiated gifts with potential naming features	5
4a.	U. T. System: Discussion and appropriate action regarding individual personnel matters relating to appointment, employment, evaluation, compensation, assignment, and duties of U. T. System and institutional employees	5
4b.	U. T. System: Discussion and appropriate action regarding individual personnel matters relating to appointment, employment, evaluation, compensation, assignment, and duties of presidents (academic and health institutions), U. T. System Administration officers (Executive Vice Chancellors and Vice Chancellors), other officers reporting directly to the Board (Chancellor, General Counsel to the Board, and Chief Audit Executive), and U. T. System and institutional employees	6
5.	U. T. System: Discussion and appropriate action concerning (a) the deployment, or specific occasions for implementation, of security personnel or devices, or (b) security audits	6
V.	AGENDA ITEM	6
1.	U. T. System Board of Regents: Approval of Chairman's appointment of Chairmen of Board Committees and Regental Representatives; and notification of appointments to Standing Committees and Liaison roles for the record (Regents' <i>Rules and Regulations</i> , Rule 10402, regarding Committees and Other Appointments)	6
VI.	RECESS	8

May 13, 2010

I.	ATTENDANCE	9
II.	CHAIRMAN MCHUGH NOTES OF APPRECIATION AND CONGRATULATIONS	9
III.	U. T. SYSTEM BOARD OF REGENTS: APPROVAL OF MINUTES	10
IV.	AGENDA ITEMS, CONTINUED	10
2.	U. T. System Board of Regents: Presentation regarding the feasibility of possible merger of U. T. San Antonio and U. T. Health Science Center – San Antonio	10
3.	U. T. System Board of Regents: Designation of John T. Tate, Ph.D., former Professor of Mathematics at U. T. Austin, as Regental Professor Emeritus	13
4.	U. T. Austin: Honorific naming of two floors in the Jesse H. Jones Hall of the Law School as the Stephen D. Susman Academic Center	14
5.	U. T. System Board of Regents: Report on activities related to <i>Texas Education Code</i> Section 61.0665 on use and availability of electronic textbooks	15
6.	U. T. System Board of Regents: Approval to adopt the resolution regarding the list of individuals authorized to negotiate, execute, and administer classified government contracts (Key Management Personnel)	16
7.	U. T. System Board of Regents: Amend Regents' <i>Rules and Regulations</i> , Rule 31003, regarding abandonment of academic positions or programs	17
8.	U. T. System Board of Regents: Adoption of Regents' <i>Rules and Regulations</i> , Rule 20206, regarding the delegation of responsibility for oversight of intercollegiate athletics	26
9.	U. T. System: Report on the Texas Ignition Fund	28

V.	STANDING COMMITTEE REPORTS TO THE BOARD	29
A.	REPORT OF THE AUDIT, COMPLIANCE, AND MANAGEMENT REVIEW COMMITTEE	30
1.	U. T. System: Report on the Systemwide Compliance Work Plan for 2010 - 2011 (Committee meeting only)	30
2.	U. T. System: Presentation on the U. T. Systemwide Endowment Compliance Program (Committee meeting only)	30
3.	U. T. System: Internal Audit Department report for U. T. Health Science Center – Tyler (Committee meeting only)	30
4.	U. T. System: Report on the Systemwide internal audit activities, including the results of the Systemwide Huron/Effort Certification and Reporting Technology (ECRT) audit (Committee meeting only)	30
B.	REPORT AND RECOMMENDATIONS OF THE FINANCE AND PLANNING COMMITTEE	31
1.	U. T. System: Approval of <i>Docket No. 142</i>	31
2.	U. T. System: Key Financial Indicators Report and Monthly Financial Report (Committee meeting only)	31
3.	U. T. System Board of Regents: The University of Texas Investment Management Company (UTIMCO) Performance Summary Report and Investment Reports for the quarter ended February 28, 2010	31
4.	U. T. System Board of Regents: Approval of annual distributions from the Permanent University Fund, the Permanent Health Fund, the Long Term Fund, and the Intermediate Term Fund	38
5.	U. T. System Board of Regents: Adoption of a Supplemental Resolution authorizing the issuance, sale, and delivery of Revenue Financing System Bonds, authorization to designate all or a portion of the bonds as Build America Bonds, and authorization to complete all related transactions	41

C.	REPORT AND RECOMMENDATIONS OF THE ACADEMIC AFFAIRS COMMITTEE	43
1.	U. T. System Board of Regents: Amendment of the Regents' <i>Rules and Regulations</i> , Rule 40601, Sections 1.3(b) and (c), concerning name changes of the U. T. Arlington a) College of Business Administration to the College of Business, and b) College of Education to the College of Education and Health Professions	43
2.	U. T. System Board of Regents: Amendment of the Regents' <i>Rules and Regulations</i> , Rule 40601, Section 1.8 to reflect the reorganization and name change of the U. T. Pan American College of Science and Engineering to the a) College of Engineering and Computer Science, and b) College of Science and Mathematics	44
3.	U. T. Pan American: Approval to rename the Computer Center as the Research and Innovation Building	45
4.	U. T. System: Status report on community college partnership activities including discussions related to dual credit (Committee meeting only)	45
5.	U. T. System: Discussions on academic leadership matters related to the importance of graduate students to higher education and issues of concern (Committee meeting only)	45
D.	REPORT AND RECOMMENDATIONS OF THE HEALTH AFFAIRS COMMITTEE	46
1.	U. T. System Board of Regents: Amendment to the Regents' <i>Rules and Regulations</i> , Rule 40601, Section 1.14(c), concerning name change of the School of Health Information Sciences at U. T. Health Science Center – Houston to the School of Biomedical Informatics	46
2.	U. T. Medical Branch – Galveston: Report on the financial condition of the institution and update on Hurricane Ike recovery projects (Committee meeting only)	47

3. U. T. Medical Branch – Galveston: Authorization to convey Lots 1 through 4 and a portion of Lot 5, Block 666, a portion of Lot 6 and all of Lot 7, Block 667, a portion of the abandoned 7th Street right-of-way between Blocks 666 and 667, and a portion of Avenue A, together with all improvements thereon, all in Galveston, Galveston County, Texas, to The Sealy & Smith Foundation, a Texas nonprofit corporation, or its subsidiary, Magnolia Holding Company, a Texas nonprofit corporation, in exchange for the acquisition from The Sealy & Smith Foundation or Magnolia Holding Company of part of Lot 9 and all of Lots 10 through 13, Block 667, a portion of Texas Avenue (Avenue B) to the south, and a part of a 20-foot wide alley, together with all improvements thereon, Galveston, Galveston County, Texas, for use as a portion of the site for the institution's proposed clinical services building; and authorization to lease from The Sealy & Smith Foundation or Magnolia Holding Company Lots 1 through 4 and 8 through 14, and a portion of Lot 5, Block 666, portions of Lots 6 and 9 and all of Lots 7 and 8, Block 667, a portion of the vacated alley between Blocks 666 and 667, and a portion of 6th Street, 7th Street, Avenue A, and Avenue B rights-of-way or former rights-of-way, together with all improvements thereon, Galveston, Galveston County, Texas, for use as the site for the proposed replacement Jennie Sealy Hospital 47
4. U. T. System: Funding streams for health institutions -- opportunities and challenges and the impact of health care legislation (Committee meeting only) 54
5. U. T. System: Quarterly report on health matters, including Cancer Prevention and Research Institute of Texas funding and health care working group activities (Deferred) 54

E.	REPORT AND RECOMMENDATIONS OF THE FACILITIES PLANNING AND CONSTRUCTION COMMITTEE	55
1.	U. T. Dallas: Renovation for the Texas Analog Center of Excellence - Amendment of the FY 2010-2015 Capital Improvement Program to include project; approval of total project cost; authorization of institutional management; appropriation of funds; and decrease the total project cost for the Vivarium and Experimental Space project (Final Board approval)	55
2.	U. T. San Antonio: Student Housing Phase III - Amendment of the FY 2010-2015 Capital Improvement Program to include project (Preliminary Board approval)	56
3.	U. T. Arlington: Special Events Center Parking Garage and Residence Hall - Amendment of the FY 2010-2015 Capital Improvement Program to increase the total project cost; approval to revise the funding sources; approval of design development; approval to redesignate the project as College Park; appropriation of funds and authorization of expenditure; approval of evaluation of alternative energy economic feasibility; and resolution regarding parity debt (Final Board approval)	57
4.	U. T. Austin: Dell Computer Science Hall and Computer Sciences Building - Phase 2 - Amendment of the FY 2010-2015 Capital Improvement Program to combine the two projects and redesignate the entire project as the Bill & Melinda Gates Computer Science Complex and the north building as the Dell Computer Science Hall; approval to revise the total project cost; approval to revise the funding sources; approval of design development; appropriation of funds and authorization of expenditure; approval of evaluation of alternative energy economic feasibility; and resolution regarding parity debt (Final Board approval)	60

5. U. T. Austin: Phase II - Liberal Arts Building - Amendment of the FY 2010-2015 Capital Improvement Program to reduce the total project cost; approval to revise the funding sources; approval of design development conditioned upon approval of requisite material mockups for construction to proceed; appropriation of funds and authorization of expenditure; approval of evaluation of alternative energy economic feasibility; and resolution regarding parity debt (Final Board approval) 63
6. U. T. Dallas: Arts and Technology Facility - Approval of design development of the Utility Infrastructure Improvements portion of the project; appropriation of funds and authorization of expenditure; approval of evaluation of alternative energy economic feasibility; and resolution regarding parity debt (Final Board approval) 66
7. U. T. Dallas: Campus Services and Bookstore Building - Amendment of the FY 2010-2015 Capital Improvement Program to increase the total project cost; approval to revise the funding sources; approval of design development; appropriation of funds and authorization of expenditure; approval of evaluation of alternative energy economic feasibility; and resolution regarding parity debt (Final Board approval) 68
8. U. T. Dallas: Student Housing Living Learning Center, Phase II - Amendment of the FY 2010-2015 Capital Improvement Program to revise the funding sources; approval of design development; appropriation of funds and authorization of expenditure; approval of evaluation of alternative energy economic feasibility; and resolution regarding parity debt (Final Board approval) 70
9. U. T. Austin: Law School Renovations - Amendment of the FY 2010-2015 Capital Improvement Program to increase the total project cost; approval to revise the funding sources; appropriation and authorization of funds; and resolution regarding parity debt (Final Board approval) 72

VI.	APPROVAL OF STANDING COMMITTEE RECOMMENDATIONS	75
VII.	PRESENTATION OF CERTIFICATE OF APPRECIATION TO STUDENT REGENT MEIJER	75
VIII.	SCHEDULED MEETING	75
IX.	ADJOURNMENT	75

MEETING NO. 1,058

WEDNESDAY, MAY 12, 2010.--The members of the Board of Regents of The University of Texas System convened at 12:10 p.m. on Wednesday, May 12, 2010, in the Board Meeting Room, Ninth Floor, Ashbel Smith Hall, 201 West Seventh Street, Austin, Texas, with the following participation:

ATTENDANCE.--

Present

Chairman McHugh
Vice Chairman Foster
Vice Chairman Longoria
Regent Dannenbaum
Regent Gary
Regent Hicks
Regent Huffines
Regent Powell
Regent Stillwell
Regent Meijer, Student Regent, nonvoting

In accordance with a notice being duly posted with the Secretary of State and there being a quorum present, Chairman McHugh called the meeting to order.

WELCOME TO STUDENT REGENT-DESIGNATE KYLE KALKWARF.--Chairman McHugh welcomed Student Regent-Designate Kyle J. Kalkwarf to the meeting. Mr. Kalkwarf is a student at The University of Texas Health Science Center at San Antonio.

[On May 3, 2010, Governor Rick Perry appointed Mr. Kyle J. Kalkwarf to the Board of Regents of The University of Texas System to serve for a term from June 1, 2010 to May 31, 2011.]

RECESS TO EXECUTIVE SESSION.--At 12:15 p.m., Chairman McHugh announced the Board would recess to convene in Executive Session pursuant to *Texas Government Code* Sections 551.071, 551.072, 551.073, 551.074, and 551.076 to consider those matters listed on the Executive Session agenda.

RECONVENE IN OPEN SESSION.--At 2:16 p.m., the Board reconvened in open session for the following actions taken on matters discussed in Executive Session.

- 1a. U. T. System Board of Regents: Discussion with Counsel on pending legal issues

No action was taken on this item.

- 1b. U. T. System Board of Regents: Discussion and appropriate action concerning legal issues related to employment matters

No action was taken on this item.

- 1c. U. T. System Board of Regents: Legal issues related to tax matters

No action was taken on this item.

- 1d. U. T. Medical Branch – Galveston: Discussion and appropriate action concerning legal issues related to Correctional Managed Care Contract with Texas Department of Criminal Justice

No action was taken on this item.

2. U. T. Pan American: Approval concerning negotiations to purchase real property improved with an office building and adjacent related surface parking located at 2314 West University Drive, Edinburg, Hidalgo County, Texas, from Compass Bank, an Alabama banking corporation, for a purchase price not to exceed fair market value as established by independent appraisals, for use as office space for administrative functions, and resolution regarding parity debt

Regent Stillwell moved that the Board take the following actions on behalf of The University of Texas – Pan American:

- a. authorize the purchase of real property improved with an office building and adjacent related surface parking located at 2314 West University Drive in Edinburg, Hidalgo County, Texas, from Compass Bank, an Alabama banking corporation, for a purchase price not to exceed fair market value as established by independent appraisals, plus all due diligence expenses, closing costs, and other costs and expenses to complete the acquisition of the property as deemed necessary or advisable by the Executive Director of Real Estate, for use as office space for administrative functions;

- b. authorize the lease at fair market rent, to be determined by an independent appraisal, of approximately 10,329 usable square feet on the third floor of the building and of approximately 9,307 usable square feet in the first floor banking lobby and the related motor bank to Compass Bank for respective terms to be negotiated and in accordance with the parameters discussed in Executive Session;
- c. authorize the Executive Director of Real Estate to execute all documents, instruments, and other agreements, subject to approval of all such documents as to legal form by the Office of General Counsel, and to take all further actions deemed necessary or advisable to carry out the purpose and intent of the foregoing actions within the parameters outlined in Executive Session; and
- d. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System the findings that are stated in Attachment A to this motion, which has been provided to each member of the Board and which shall be included in the Minutes of this meeting.

The motion was seconded by Regent Powell and carried unanimously.

ATTACHMENT A TO MOTION FROM EXECUTIVE SESSION
May 12, 2010

- Parity debt shall be issued to pay a portion of the project's cost up to \$4.0 million, 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;
- U. T. Pan American, 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 an aggregate amount not to exceed fair market value as established by independent appraisals, and in accordance with the parameters discussed in Executive Session, plus all due diligence expenses, closing costs, and other costs and expenses to complete the acquisition of the property as deemed necessary or advisable by the Executive Director of Real Estate; and
- This resolution satisfies the official intent requirements set forth in Section 1.150-2 of the *Code of Federal Regulations* that evidences the Board's intention to reimburse project expenditures with bond proceeds.

3a. U. T. Austin: Approval of proposed negotiated gifts with potential naming features

Vice Chairman Foster moved that the Board of Regents authorize President Powers and Vice Chancellor Safady to conclude negotiations necessary to finalize and accept gifts to benefit The University of Texas at Austin with potential naming features consistent with the terms outlined in Executive Session.

The motion was seconded by Regent Gary and carried unanimously.

3b. U. T. Pan American: Approval of a proposed negotiated gift with a potential naming feature

Upon motion by Regent Huffines, seconded by Regent Dannenbaum, the Board authorized President Nelsen and Vice Chancellor Safady to conclude negotiations necessary to finalize and accept a gift to benefit The University of Texas – Pan American with a potential naming feature consistent with the terms outlined in Executive Session.

The motion carried by acclamation.

3c. U. T. M. D. Anderson Cancer Center: Approval of proposed negotiated gifts with potential naming features

Vice Chairman Longoria moved that the Board of Regents authorize President Mendelsohn and Vice Chancellor Safady to conclude negotiations necessary to finalize and accept gifts to benefit The University of Texas M. D. Anderson Cancer Center with potential naming features consistent with the terms outlined in Executive Session.

The motion was seconded by Regent Hicks and carried unanimously.

4a. U. T. System: Discussion and appropriate action regarding individual personnel matters relating to appointment, employment, evaluation, compensation, assignment, and duties of U. T. System and institutional employees

No action was taken on this item.

- 4b. U. T. System: Discussion and appropriate action regarding individual personnel matters relating to appointment, employment, evaluation, compensation, assignment, and duties of presidents (academic and health institutions), U. T. System Administration officers (Executive Vice Chancellors and Vice Chancellors), other officers reporting directly to the Board (Chancellor, General Counsel to the Board, and Chief Audit Executive), and U. T. System and institutional employees

No action was taken on this item.

5. U. T. System: Discussion and appropriate action concerning (a) the deployment, or specific occasions for implementation, of security personnel or devices, or (b) security audits

No action was taken on this item.

AGENDA ITEM

1. U. T. System Board of Regents: Approval of Chairman's appointment of Chairmen of Board Committees and Regental Representatives; and notification of appointments to Standing Committees and Liaison roles for the record (Regents' Rules and Regulations, Rule 10402, regarding Committees and Other Appointments)

In accordance with the requirements of the Regents' *Rules and Regulations*, Rule 10402, the Board concurred with Chairman McHugh's recommended appointments of Chairmen to Board Committees and Regental Representatives as set forth below. All appointments were effective immediately.

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

Committees

Academic Affairs Committee

Robert L. Stillwell, Chairman

Paul L. Foster

James R. Huffines

Janiece Longoria

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

Audit, Compliance, and Management Review Committee

R. Steven Hicks, Chairman

Paul L. Foster

Janiece Longoria

Robert L. Stillwell

Facilities Planning and Construction Committee

Printice L. Gary, Chairman

James D. Dannenbaum

R. Steven Hicks

Wm. Eugene Powell

Finance and Planning Committee

Paul L. Foster, Chairman

Printice L. Gary

James R. Huffines

Wm. Eugene Powell

Health Affairs Committee

Janiece Longoria, Chairman

James D. Dannenbaum

Wm. Eugene Powell

Robert L. Stillwell

Student, Faculty, and Staff Campus Life Committee

James D. Dannenbaum, Chairman

Printice L. Gary

R. Steven Hicks

James R. Huffines

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

Regental Representatives

Athletics Liaison

R. Steven Hicks (Chairman's appointment)

Board for Lease of University Lands

James D. Dannenbaum

Printice L. Gary

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

James D. Dannenbaum (Chairman's appointment)

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

Texas Growth Fund Board of Trustees
Wm. Eugene Powell

The Type 2 Diabetes Risk Assessment Program Advisory Committee
Janiece Longoria

The University of Texas Investment Management Company (UTIMCO)
Vice Chairman Foster, Vice Chairman Longoria, and Regent Gary were previously appointed to terms on the UTIMCO Board of Directors that expire in 2011.

RECESS.--At 2:22 p.m., Chairman McHugh announced the Board would recess for meetings of the standing committees and would reconvene on the morning of May 13.

THURSDAY, MAY 13, 2010.--The members of the Board of Regents of The University of Texas System reconvened at 10:32 a.m. on Thursday, May 13, 2010, in the Board Meeting Room, Ninth Floor, Ashbel Smith Hall, 201 West Seventh Street, Austin, Texas, with the following participation:

ATTENDANCE.--

Present
Chairman McHugh
Vice Chairman Foster
Vice Chairman Longoria
Regent Dannenbaum
Regent Gary
Regent Hicks
Regent Huffines
Regent Powell
Regent Stillwell
Regent Meijer, Student Regent, nonvoting

Chairman McHugh announced a quorum present and called the meeting to order.

CHAIRMAN MCHUGH NOTES OF APPRECIATION AND CONGRATULATIONS.--
Chairman McHugh recognized the following:

- Vice Chairman Paul L. Foster for his willingness to serve as the incoming Chairman of The University of Texas Investment Management Company (UTIMCO) Board of Directors and Mr. Erle Nye for his outstanding service in his role as UTIMCO Chairman
- The University of Texas at Brownsville/Texas Southmost College and The University of Texas at Dallas for making it into the top four of national chess champions
- U. T. Dallas men's basketball team for reaching the Sweet Sixteen of the Division III Final Four playoffs, noting that most of the top players are also academic superstars, with the starting bench posting an average grade point average of 3.55.
- The University of Texas at Austin and The University of Texas – Pan American for praise received from the National Council on Teacher Quality based in Washington, D.C., for strong teacher preparation programs

U. T. SYSTEM BOARD OF REGENTS: APPROVAL OF MINUTES.--The Minutes of the regular meeting of the Board of Regents of The University of Texas System held on February 4-5, 2010, in Dallas, Texas, were approved as prepared by the Secretary to the Board of Regents. The official copy is recorded in the *Permanent Minutes*, Volume LVII, Pages 169 - 259.

The Minutes of the special meetings of the Board of Regents of the U. T. System held on March 3, 2010, and March 31, 2010, in Austin, Texas, were also approved as prepared by the Secretary to the Board of Regents. The official copy is recorded in the *Permanent Minutes*, Volume LVII, Pages 260 - 296.

AGENDA ITEMS, CONTINUED

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

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

Dr. Flawn said that members of the Board had received a copy of the Group's report and he outlined the contents of the report. (A copy of the [report](#) is on file in the Office of the Board of Regents.) Noting that the Group was unanimous in its recommendations with no dissents, Dr. Flawn summarized the conclusions and recommendations of the Group as follows:

Conclusions

U. T. San Antonio has the potential to become a nationally competitive graduate research university, but achieving that goal will require a sustained, long-term, and well-funded effort. The quality of the student body, as measured by admission standards and Scholastic Aptitude Test (SAT) scores, is rising but is not yet at a level characteristic of Tier One universities. U. T. San Antonio is building its graduate and research programs, but does not yet have Tier One faculty or Tier One students. U. T. San Antonio will have to continue to raise its admission standards and raise funds to establish endowed faculty positions to recruit nationally recognized faculty who can compete successfully for research funding. Targeting exceptionally qualified young faculty of national academy caliber will provide a sound base on which to build a Tier One institution.

While a merger with U. T. Health Science Center – San Antonio may marginally advance U. T. San Antonio toward national stature, simply reorganizing or combining and adding up annual research expenditures will not create a nationally competitive Tier One institution. Significant advancement is dependent on a sustained effort to improve the quality of students and faculty, the quality of the graduate research programs, and the level of funding.

While some might argue that marginal advancement of the academic enterprise toward Tier One status would justify a merger, the Advisory Group believes that it would come at significant detriment to the health sciences enterprise in the near term (five to six years). An institutional merger with its inevitable costs, cultural conflicts, disruptions and distractions, and with the three to five years required for implementation and integration, would be a setback to U. T. Health Science Center – San Antonio and the development of San Antonio as a great, national medical center.

In addition, the Group believes that an institutional merger would have a negative effect on philanthropy in support of the health sciences enterprise, which has two significant prospect pools for development -- alumni and patients. Donor prospects in those categories are heavily invested in the identity of the institution they support, and a change in the identity of the institution would likely diminish that connection.

San Antonio has institutions that can accelerate the growth and development of U. T. San Antonio's graduate and research programs. Chief among these is U. T. Health Science Center – San Antonio. As the centerpiece of a great medical center, the health science center, working through the San Antonio Life Sciences Institute (SALSI) can enhance U. T. San Antonio's stature by establishing additional joint academic and research programs and by increasing the number of joint faculty appointments. SALSI is already a successful partnership. The Group concludes that an expanded, well-funded SALSI is the best vehicle to help U. T. San Antonio successfully move toward Tier One stature. Expansion means adding disciplines other than health-related disciplines, e.g., computational science and engineering. In addition to U. T. Health Science Center – San Antonio, other institutions in San Antonio also offer opportunities for promising research collaborations with U. T. San Antonio, including the Southwest Research Institute, the Southwest Foundation for Biomedical Research, and the large and diverse institutions of the military establishment.

Community leaders, including the political leadership, are very strong in their enthusiasm for San Antonio and for the enhancement of both U. T. institutions in the city. They want these institutions to continue to grow and develop in stature and accomplishment and to serve as economic engines for the city and region. The Group believes that its goals can be achieved, and achieved more quickly, by continuing to strengthen collaborations rather than pursuing

a formal merger. Collaborations of the kind suggested, including common or cooperative business systems, are akin to an incremental merger, having the effect of bringing the institutions in ever-closer partnership over time. A formal merger would be recommended only if the long-term goals of the institutions and the community could be achieved more quickly through a formal merger rather than through additional substantive collaborations. The Group concludes that they would not.

Thus, the Group concludes that building the graduate research programs of U. T. San Antonio should be achieved through collaborations with U. T. Health Science Center – San Antonio and other institutions, with funding of an expanded SALSI, and with funding from the U. T. System to support matches of philanthropic gifts to recruit faculty.

The Group was favorably impressed with the leadership of both institutions. The leadership is strong and visionary and, with support, the Group has confidence that both U. T. San Antonio and U. T. Health Science Center – San Antonio will achieve their goals of attaining increased national stature. Both institutions are on a strong, positive trajectory, and the myriad details of effecting an administrative merger of the institutions would pose a significant, long-term distraction and a loss of momentum, effectively delaying the institutions from achieving their mutual goals.

Recommendations

The Board of Regents should

- not merge U. T. San Antonio and the Health Science Center into a single institution
- continue to support the growth and development of U. T. San Antonio's graduate and research programs particularly through additional collaborations among U. T. San Antonio, the Health Science Center, and other institutions
- develop a plan to organize, expand, and fund SALSI as an effective, legislatively-created vehicle to advance U. T. San Antonio's graduate and research programs, as well as the scientific goals of the Health Science Center
- seek or encourage any legislation that may be necessary to expand the mission of SALSI beyond the life sciences
- actively support the Health Science Center's roles and development of San Antonio as a leading national medical center.

Dr. Flawn added that it will take time and money to build U. T. San Antonio into a Tier One institution. He said some discussions held compared U. T. San Antonio with the University of California at San Diego, which was admitted to the Association of American Universities in 1982 and is a Tier One university. He said UC - San Diego was authorized in 1956 and began as a graduate school of science and engineering built around the Scripps Institute, not as an undergraduate university to provide access to higher education for first generation college students. He said U. T. San Antonio will need to be built into a Tier One institution; it cannot be created by adding numbers and by making organizational changes.

Regent Powell thanked Dr. Flawn for his service to the two San Antonio institutions and to the U. T. System, noting the institutions are young and the Group's report lays a track for the U. T. System and the San Antonio community to follow in making these institutions even greater.

Background

On October 12, 2009, former Chairman Huffines appointed a Special Advisory Group to advise the Board regarding the possible merger of U. T. San Antonio and U. T. Health Science Center – San Antonio. Chairman Huffines charged the Group with consulting with students, faculty, and administrators at both institutions as well as community leaders regarding a possible change in the operations of the institutions, to identify and evaluate potential financial and programmatic benefits and challenges concerning a possible merger, and to evaluate and make recommendations concerning any legal, administrative, or practical problems concerning a possible merger.

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

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

3. U. T. System Board of Regents: Designation of John T. Tate, Ph.D., former Professor of Mathematics at U. T. Austin, as Regental Professor Emeritus

The title of Regental Professor Emeritus was bestowed on John T. Tate, Ph.D., former Professor of Mathematics at The University of Texas at Austin, for winning the Abel Prize, an award considered akin to a Nobel Prize for which there is no award for mathematics.

The Regents' *Rules and Regulations*, Rule 31001, regarding honorific titles, permits bestowing the title of Regental Professor on any faculty member who is awarded the Nobel Prize. The Abel Prize for 2010 was awarded to Dr. Tate by the Norwegian Academy of Science and Letters for his vast and lasting impact on the theory of numbers. The Abel Prize was announced on March 24, 2010, and was presented to Dr. Tate on May 25, 2010.

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

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

The Board approved naming two floors in the Jesse H. Jones Hall of The University of Texas at Austin Law School as the Stephen D. Susman Academic Center to recognize the significant contributions of Mr. Susman to the Law School.

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

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

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

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

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

Regent Meijer made a presentation titled *Digital Learning Environments “The Future of eTextbooks.”* (His [presentation](#) is on file in the Office of the Board of Regents.) He thanked U. T. Austin President Powers for his leadership in the pilot program, which looked at affordability issues and the question of whether a better quality education can be provided through eTextbooks. Regent Meijer also thanked Mr. Kevin P. Hegarty, Vice President and Chief Financial Officer at U. T. Austin, for his participation in the current study.

Regent Stillwell asked about the prototype program, and Regent Meijer answered that the product was static, students could not write on the eBook that was presented in a Portable Document Format (pdf), navigation was slow, and the device was not easily portable. Executive Vice Chancellor Prior acknowledged that the cost of textbooks is a major issue, and said the Coordinating Board has questioned the cost-effectiveness of eTextbooks. He stated that the next step is a more interactive, electronic model and noted the need to address the profit motive of publishers that drives up the cost of textbooks and journals. Regent Meijer said it appears that some publishers may be trying to convert eTextbooks from a product to a service.

Regent Dannenbaum asked about the durability of storage data, and Regent Meijer responded cloud computing (virtual storage) may be the answer. Regent Powell noted an interactive technology that allows clicking on a highlighted word in an eBook that is linked to a research library, and he said the publishing houses will figure out how to make money and make this work.

Chancellor Cigarroa noted that seven or eight years ago, the Dental School at The University of Texas at San Antonio transferred to an electronic environment with interactive models, and Regent Meijer commented that a student of the Dental School and member of The University of Texas System Student Advisory Council had remarked that he liked that culture of the School. Regent Meijer added that a new device could further enhance delivery of educational materials currently being offered on desktops and laptops.

Vice Chairman Foster said the U. T. System needs to be, and will be, a national leader in this effort. The University of Texas M. D. Anderson Cancer Center President Mendelsohn noted that U. T. System faculty write textbooks and do not get much financial reimbursement or credit in tenure and promotion for doing so. He suggested the U. T. System take a leadership role in teaching with modern technologies and explore best practices with places like Harvard Medical School. Dr. Mendelsohn suggested giving credit to faculty for developing, maintaining, and updating electronic courses by building such credit into tenure and promotion.

Chairman McHugh commended Regent Meijer for his work, noting that this effort will be his legacy. She charged the Executive Vice Chancellors for Health Affairs and Academic Affairs to follow up on and continue the work Regent Meijer has done on eTextbooks and report back to the Board.

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

To comply with the Department of Defense National Industrial Security Program Operating Manual (NISPOM) requirements, the list of individuals authorized to negotiate, execute, and administer classified government contracts [Key Management Personnel (KMP)] was amended to a) eliminate the titles of Regents, and b) add positions of KMPs at The University of Texas System and The University of Texas at Austin. A Resolution amending the list was last adopted by the Board on May 13, 2009. As a nonvoting member, the Student Regent is not listed.

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

BE IT RESOLVED:

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

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

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

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

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

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

Chairman McHugh called on Chancellor Cigarroa for remarks on the proposed amendment of the Regents' *Rules and Regulations*, Rule 31003, regarding abandonment of academic positions or programs. Chancellor Cigarroa said the reduction in force (RIF) at The University of Texas Medical Branch at Galveston (UTMB) that came about as a result of the financial exigency caused by Hurricane Ike in September 2008 served as a catalyst

for review of this Regents' Rule. He said that in October 2009 he had charged a committee comprised of senior administration and distinguished faculty from the academic and health institutions, including the Chair and another member of the Faculty Advisory Council, to review the Rule and to make recommendations.

Chancellor Cigarroa reported that the advisory committee developed four principles to guide its assessment:

- to reinforce the importance of meaningful faculty involvement while recognizing that ultimate responsibility for the difficult decisions must rest with the institutional president
- to clarify the importance of research and clinical affairs as well as teaching when making decisions regarding termination of an academic position
- to ensure a level of transparency in the process
- to clarify that tenured faculty should be terminated only after other cost-reducing measures have been considered.

Dr. Cigarroa continued that after careful evaluation, the advisory committee made the recommended changes as set forth in the agenda materials, and he pointed out the proposed amendments in Sections 3.1 (Committee Composition) and 3.2 (Assessment of Academic Program) are important refinements in the Regents' Rules as a result of lessons learned from Hurricane Ike.

Executive Vice Chancellor Shine added that what made the U. T. Medical Branch – Galveston situation unique was that the financial exigency applied to the whole campus. He said the recommended amendments to the Rule would provide for the first time an approach to deal with financial exigency of an entire institution, which it is hoped will never have to be used.

The Board then approved the amendment of Rule 31003 to read as set forth on Pages 19 - 25. The amendments to the Regents' *Rules and Regulations*, Rule 31003 reinforce the importance of meaningful faculty involvement at all stages of financial exigency, ensure a reasonable level of transparency in the process, and clarify what is meant by "financial exigency" that would trigger this policy.

1. Title

Abandonment of Academic Positions or Programs

2. Rule and Regulation

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

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

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

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

- 2.3 Review by Executive Vice Chancellor. If the president determines that an academic program should be abandoned, a request for approval with supporting documentation should be forwarded to the appropriate Executive Vice Chancellor.
- 2.4 Appeal Procedures. The president of an institution shall appoint a hearing committee comprised of faculty members to consider any appeals for reconsideration of termination decisions. Within 30 days from the date of notice of termination, a faculty member shall have the right to appeal to the hearing committee for reconsideration of the termination decision. The appeal for reconsideration shall be in writing and addressed to the president of the institution. A faculty member who appeals to the hearing committee (the appellant) shall be given a reasonably adequate written statement of the basis for the initial decision to reduce academic positions and, upon request of the person, shall be given any written data or information relied upon in arriving at such decision. The hearing committee shall conduct the hearing in accordance with the following conditions and procedures:
- (a) The hearing committee shall set the date, time, and place for hearing the appeal for reconsideration. Such hearing shall be held within 30 days of the date of the written request unless the appellant waives such time requirement; however, such hearing shall be held within 90 days from the date of the request.
 - (b) The hearing will be closed to the public unless requested to be open by the appellant.
 - (c) The appellant may be represented by legal counsel at his or her expense.
 - (d) The appellant and the institution may offer any written evidence or oral testimony that is material to the issues.
 - (e) The burden shall be upon the appellant to show by a preponderance of the credible evidence that the decision to terminate the appellant as compared to another individual in the same discipline or teaching specialty was arbitrary and unreasonable based upon the evidence presented.

- (f) No other issues shall be heard or considered by the hearing committee.
- 2.5 Establishment of Date. The date for abandoning or phasing out an academic program should take into consideration the time required for anticipated completion by students currently enrolled or for facilitation of their placement in acceptable alternative programs.
- 2.6 Requests for Reassignment. The administration will notify tenured faculty in the program to be abandoned and ask each faculty member to inform the president or designee, in writing, of the faculty member's request for reassignment to other academic program(s) and to provide details of their qualifications for appointment to such academic program(s).
- 2.7 Employment Alternatives. The president or designee will meet individually with tenured faculty who respond to discuss possible employment alternatives to termination.
- 2.8 Non-retention. If the decision is not to retain, the president or designee will send a written response stating reasons for non-retention.
- 2.9 Displacement. If retention of a tenured faculty member results in displacement of a tenured faculty member in another program, the displaced faculty member is entitled to the above procedures.
- 2.10 Benefit Information. Any faculty member whose employment is terminated pursuant to this Subsection shall be informed of applicable benefits available upon termination, such as retirement, accrued leave, and opportunity to continue insurance coverage.
- 2.11 Employment Assistance. U. T. System institutions shall provide appropriate assistance to affected faculty members concerning available alternative employment opportunities.
- Sec. 3 Elimination Due to an Institutional Financial Exigency. When such reductions are necessary as a result of financial exigency, the procedure for the selection and notification of those academic positions that are to be terminated shall be governed by this Section and the institution's *Handbook of Operating Procedures*. Neither the procedures specified in Rule 31008 of the Regents' *Rules and Regulations* concerning termination of a faculty member,

nor the notice requirements of Rule 31007, Section 5 concerning tenure, or Rule 31002, Sections 1 and 2, concerning notice of nonrenewal to nontenured faculty members, shall be applicable.

- 3.1 **Committee Recommendations.** Upon determining the existence of a financial exigency and the need to reduce academic positions or academic programs, or both, the president of an institution shall appoint a committee composed of faculty and administrative personnel to make recommendations to the president as to which academic positions and/or academic programs should be eliminated as a result of the financial exigency. At least one-half of the total committee membership shall be faculty members and at least one-half of the faculty members on the committee shall be appointed from recommendations submitted to the president from the institution's faculty governance body.
- 3.2 **Assessment of Academic Program.** The committee will review and assess the academic programs of the institution and identify those academic positions that may be eliminated with minimum effect upon the degree programs that should be continued and upon other critical components of the institution's mission. The review will include, but not be limited to, as relevant: (a) an examination of the course offerings, degree programs, supporting degree programs, teaching specialties, and semester credit hour production; (b) an evaluation of the quality, centrality, and funding of research activities; and/or (c) an assessment of the productivity, community service, and quality of clinical services (in relation to teaching, health care delivery, and scholarly activity).
- 3.3 **Review Consideration.** Upon determining that one or more academic positions in a degree program or teaching specialty should be eliminated, the committee will recommend to the president, in writing, the particular position or positions to be terminated after reviewing the academic, research, and clinical qualifications and talents of holders of all academic positions in those degree programs or clinical or academic teaching specialties, the needs of the program and the needs of the school or college they serve, past performance, and the potential for future contributions to the development of the institution. Tenure status of a faculty member shall not be a consideration in the determination of whether a particular position should be eliminated except as permitted in Section 3.4 below.

- 3.4 Tenure Preference. If, in the opinion of the committee, two or more faculty members are equally qualified and capable of performing the same teaching, research, and/or clinical role, the faculty member or members having tenure shall be given preference over nontenured faculty. However, if such faculty members have the same tenure status and equal qualifications, consideration will be given to other documented needs of the institution.
- 3.5 Recommendation. Upon completion of its review, the committee shall promptly recommend in writing to the president those persons who may be terminated, ranked in order of priority, with the reasons for their selection. The president shall, after consultation with institutional administrative officers as the president may deem appropriate, determine which academic positions are to be terminated because of the financial exigency and shall give the holders of these positions written notice of the decision.
- 3.6 Notification of Vacancies. Any person terminated due to financial exigency will be notified when a vacancy occurs in the same institution in their field of teaching within the next two academic years following the termination. If such person makes timely application and is qualified for the position to be filled, they shall be offered employment in that position. If the vacancy is in a field of teaching in which two or more persons have been terminated because of financial exigency, all will be notified of the vacancy and of those so notified and making timely application, employment will be offered to the person who is the better qualified for the position to be filled.
- 3.7 Hearing Committee. The president shall appoint a hearing committee comprised of faculty members to hear any appeals for reconsideration of termination decisions based upon financial exigency. Within 30 days from the date of the notice of termination, a faculty member shall have the right to appeal to the hearing committee for reconsideration of the termination decision. The appeal for reconsideration shall be in writing and addressed to the president. A faculty member who appeals to the hearing committee (the appellant) shall be given a reasonably adequate written statement of the basis for the initial decision to reduce academic positions and, upon request of the person, shall be given all written data or information relied upon in arriving at such decision.

- 3.8 Appeal Procedures. The hearing committee shall set the date, time, and place for hearing the appeal for reconsideration. Such hearing shall be held within 30 days of the date of the written request unless the appellant waives such time requirement; however, such hearing shall be held within 90 days from the date of the request. The hearing committee shall conduct the hearing in accordance with the following conditions and procedures:
- (a) The hearing will be closed to the public unless requested to be open by the appellant.
 - (b) The appellant may be represented by legal counsel at his or her own expense.
 - (c) The appellant and the institution may offer any written evidence or oral testimony that is material to the issues.
 - (d) The burden shall be upon the appellant to show by a preponderance of the credible evidence that:
 - (1) Financial exigency was not in fact the reason for the initial decision to reduce academic positions; or
 - (2) The decision to terminate the appellant as compared to another individual in the same discipline or teaching specialty was arbitrary and unreasonable based upon the evidence presented.
 - (e) No other issues shall be heard or considered by the hearing committee.
 - (f) The hearing committee shall make written findings of fact and recommendations to the president of the institution as soon as practical following the hearing. The president shall have the final decision to either accept or reject the recommendation of the hearing committee.

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

3. Definitions

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

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

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

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

The Board adopted new Regents' *Rules and Regulations*, Rule 20206, regarding the delegation of responsibility for oversight of intercollegiate athletics, as set forth on Page 27. The Rule delegates to the president the ultimate responsibility and authority for the operation, fiscal integrity, and personnel of an institution's intercollegiate athletics program.

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

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

It has long been the opinion of the Office of General Counsel that the authority delegated to the Board of Regents under the *Texas Constitution*, Article VII, Section 10; *Texas Education Code* Section 65.11; and the authority delegated to the institutional presidents under Section 4 of Regents' Rule 20201, regarding duties and responsibilities of presidents, satisfied (a) and (b) above. So that there is no question about these delegations, the director of NCAA compliance for The University of Texas at Austin recommended, and the Office of General Counsel concurred, that a Regents' Rule be adopted that explicitly states these authorities.

1. Title

Intercollegiate Athletics

2. Rule and Regulation

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

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

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

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

Vice Chancellor McDowell recognized the following members of the committee who did the background work leading to the TIF, and he thanked them for their service:

- Mr. Matt Blanton, Founder and Chief Executive Officer and Managing Partner of STARTech Early Ventures (not in attendance)
- Mr. Madison Pedigo, former Manager, Texas Instruments Venture Capital Program
- Associate Vice Chancellor Arjuna Sanga.

Dr. McDowell then introduced Assistant Vice Chancellor Swain to present the report on the TIF.

Ms. Swain said the TIF addresses a crucial funding gap and reinforces the innovative ecosystem that defines the culture of commercialization at U. T. System institutions. She said this gap is where basic research dollars fall short of demonstrating commercial viability of a discovery to attract private investment. Her report documented the background, funding activity, and outcomes of the TIF, and she noted that this program has helped shift the culture at the U. T. System institutions towards more actively seeking and developing commercial market applications for research discoveries.

She noted that of 123 proposals received from 13 U. T. System institutions, 45 projects at 12 institutions were funded with four awards for multi-institution collaborations. She said 18 projects have completed milestones, and 27 are still in progress. Ms. Swain said the fields of biotechnology and life sciences represented two-thirds of the projects, with micro-electrical mechanical systems (MEMS) and energy as the top three industry clusters. In less than two years since the first awards were funded, TIF grants have resulted in 23 startups, 9 licenses and options, 12 patents issued, 59 patent applications, and nearly \$8 million in external funding.

Regent Dannenbaum asked about collaboration between the TIF and the Emerging Technology Fund (ETF), and Ms. Swain responded that the ETF has been an integral partner with the TIF program in that ETF funds have

helped to fund POC grants at the U. T. System institutions. She said she hopes that collaboration will continue to result in more funds being available to the institutions.

STANDING COMMITTEE REPORTS TO THE BOARD.--At 11:50 a.m., Chairman McHugh announced the Board would hear the reports and recommendations of the Standing Committees, which are set forth on Pages 30 - 74.

REPORT OF THE AUDIT, COMPLIANCE, AND MANAGEMENT REVIEW COMMITTEE (Page 30).--There were no items from the Audit, Compliance, and Management Review Committee to report in open session.

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

This item was for consideration only by the Committee (see Committee Minutes).

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

This item was for consideration only by the Committee (see Committee Minutes).

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

This item was for consideration only by the Committee (see Committee Minutes).

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

This item was for consideration only by the Committee (see Committee Minutes).

REPORT AND RECOMMENDATIONS OF THE FINANCE AND PLANNING COMMITTEE (Pages 31 - 42).--Committee Chairman Foster reported that the Finance and Planning Committee met in open session to consider those matters on its agenda and to formulate recommendations for The University of Texas System Board of Regents. Unless otherwise indicated, the actions set forth in the Minute Orders that follow were recommended by the Finance and Planning Committee and approved in open session by the U. T. System Board of Regents.

1. U. T. System: Approval of Docket No. 142

The Board approved *Docket No. 142*, which is attached following Page 75 in the official copy of the *Minutes*. The Docket is made a part of the record of this meeting.

It was expressly authorized that any contracts or other documents or instruments approved therein may be executed by the appropriate officials of the respective University of Texas System institution involved.

The Docket item on Docket Page 5 related to the employment agreement with Dr. Sandra K. Woodley, Vice Chancellor for Strategic Initiatives, was found to be in the best interest of The University of Texas System.

A correction was made in the Docket to reflect that extension of a contract between The University of Texas at Austin and Paciolan, Inc., and the football game agreement with Brigham Young University, both on Docket Page 14, are Funds Going Out.

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

This item was for consideration only by the Committee (see Committee Minutes.)

3. U. T. System Board of Regents: The University of Texas Investment Management Company (UTIMCO) Performance Summary Report and Investment Reports for the quarter ended February 28, 2010

The University of Texas Investment Management Company (UTIMCO) Performance Summary Report for February 28, 2010, is set forth on Page 33.

The Investment Reports for the quarter ended February 28, 2010, are set forth on Pages 34 - 37.

Item I on Page 34 reports activity for the Permanent University Fund (PUF) investments. The PUF's net investment return for the quarter was 1.86% versus its composite benchmark return of .79%. The PUF's net asset value increased by \$129 million since the beginning of the quarter to \$10,470 million. This change in net asset value includes contributions from PUF Land receipts, increases due to net investment return, and the second payment of the annual distribution to the Available University Fund (AUF) of \$129 million.

Item II on Page 35 reports activity for the General Endowment Fund (GEF) investments. The GEF's net investment return for the quarter was 1.89% versus its composite benchmark return of .79%. The GEF's net asset value increased during the quarter to \$5,794 million.

Item III on Page 36 reports activity for the Intermediate Term Fund (ITF). The ITF's net investment return for the quarter was .45% versus its composite benchmark return of negative 1.21%. The net asset value increased during the quarter to \$4,028 million due to net investment return of \$19 million and net distributions of \$30 million. The increase in net asset value also included \$111 million net contributions.

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

Item IV on Page 37 presents book and market values of cash, debt, equity, and other securities held in funds outside of internal investment pools. Total cash and equivalents, consisting primarily of institutional operating funds held in the Dreyfus money market fund, increased by \$153 million to \$1,834 million during the three months since the last reporting period. Market values for the remaining asset types were debt securities: \$24 million versus \$24 million at the beginning of the period; equities: \$44 million versus \$44 million at the beginning of the period; and other investments: \$1.7 million versus \$.2 million at the beginning of the period.

UTIMCO Performance Summary

February 28, 2010

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

Footnotes available upon request.

I. PERMANENT UNIVERSITY FUND

Investment Reports for Periods Ended February 28, 2010

Prepared in accordance with Texas Education Code Sec. 51.0032

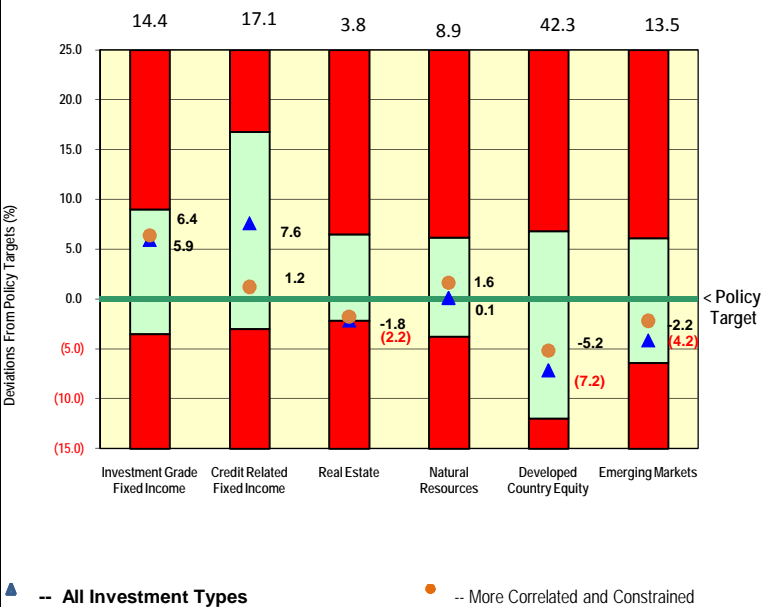
Summary of Capital Flows

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

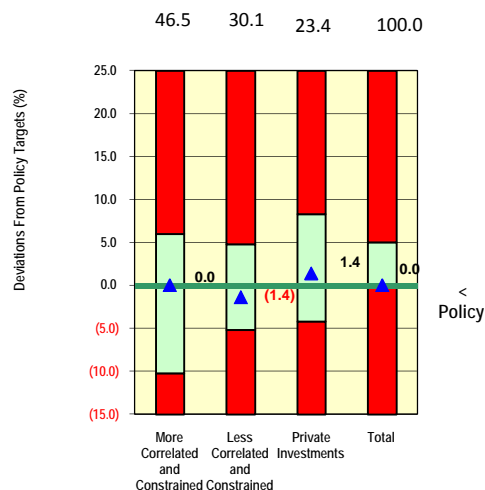
Fiscal Year to Date

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

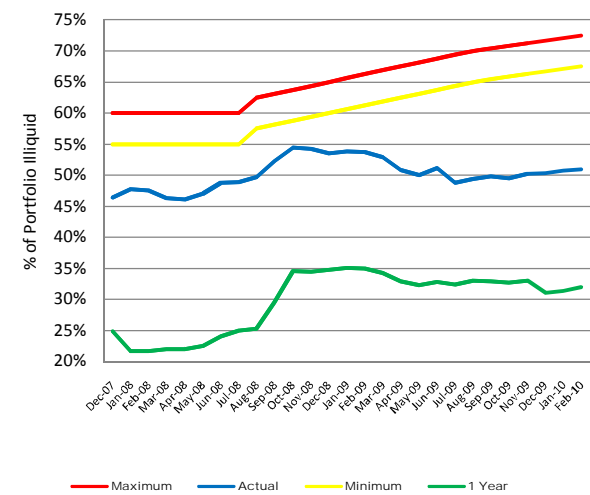
34 Deviations From Asset Class Policy Targets Within Tactical Policy Ranges for PUF



Deviations From Investment Type Policy Targets Within Tactical Policy Ranges for PUF



Permanent University Fund
Actual Illiquidity vs. Trigger Zones



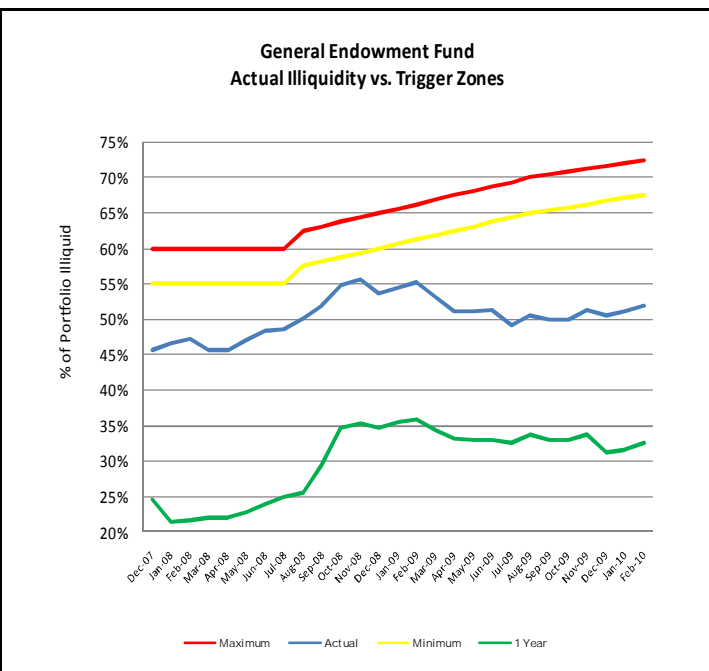
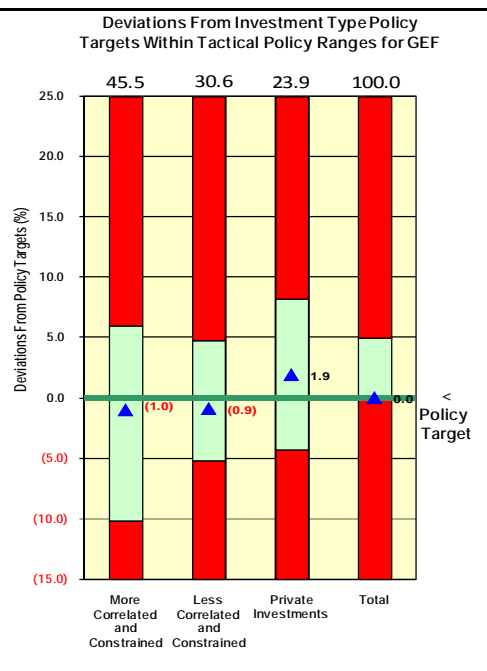
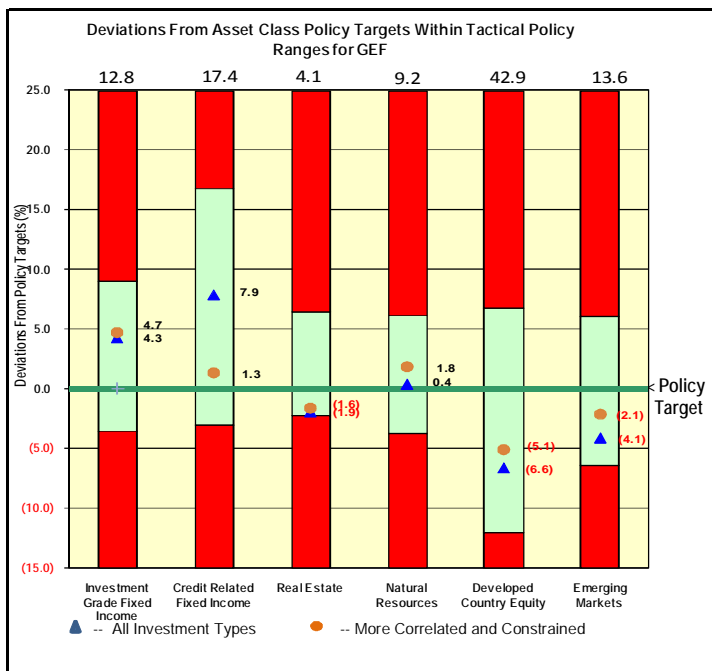
II. GENERAL ENDOWMENT FUND Investment Reports for Periods Ended February 28, 2010

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

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

	Returns		Fiscal Year to Date		
	Portfolio	Policy Benchmark	From Asset Allocation	From Security Selection	Total
More Correlated and Constrained:					
Investment Grade	2.98%	1.76%	-0.17%	0.09%	-0.08%
Credit-Related	21.85%	12.79%	0.23%	0.05%	0.28%
Real Estate	7.39%	7.11%	0.00%	0.01%	0.01%
Natural Resources	12.03%	7.25%	0.04%	0.26%	0.30%
Developed Country	7.85%	5.21%	-0.08%	0.49%	0.41%
Emerging Markets	11.40%	12.19%	-0.05%	-0.09%	-0.14%
Total More Correlated and Constrained	8.54%	7.01%	-0.03%	0.81%	0.78%
Less Correlated and Constrained	9.72%	3.30%	0.14%	1.87%	2.01%
Private Investments	11.47%	10.01%	0.25%	0.07%	0.32%
Total	9.56%	6.45%	0.36%	2.75%	3.11%

35



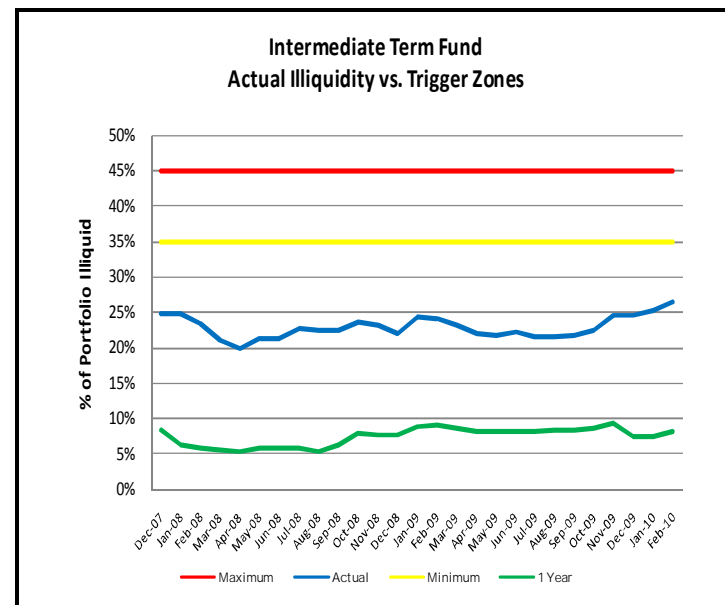
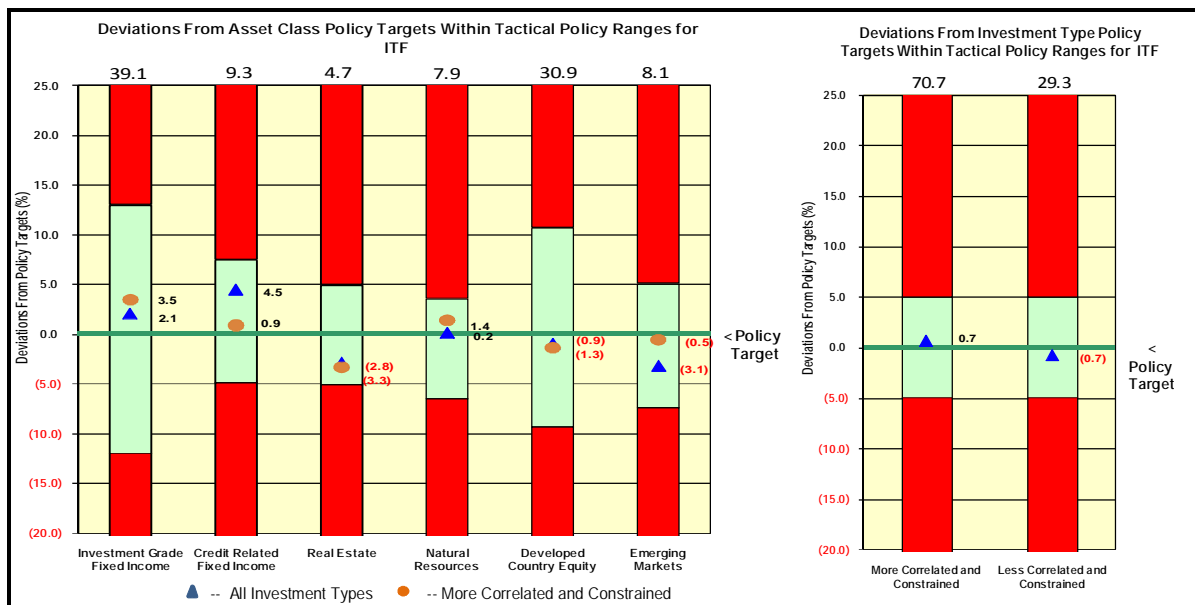
III. INTERMEDIATE TERM FUND Investment Reports for Periods Ended February 28, 2010

Prepared in accordance with Texas Education Code Sec. 51.0032

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

	Returns		Fiscal Year to Date		
	Portfolio	Policy Benchmark	From Asset Allocation	From Security Selection	Total
More Correlated and Constrained:					
Investment Grade	3.01%	1.76%	-0.08%	0.41%	0.33%
Credit-Related	21.49%	12.79%	0.15%	0.12%	0.27%
Real Estate	7.96%	7.11%	-0.15%	0.08%	-0.07%
Natural Resources	11.08%	7.25%	0.14%	0.23%	0.37%
Developed Country	8.10%	5.21%	-0.07%	0.43%	0.36%
Emerging Markets	11.76%	12.19%	0.05%	-0.03%	0.02%
Total More Correlated and Constrained	6.46%	4.71%	0.04%	1.24%	1.28%
Less Correlated and Constrained	9.74%	3.30%	-0.03%	1.74%	1.71%
Private Investments	0.00%	0.00%	0.00%	0.00%	0.00%
Total	7.38%	4.39%	0.01%	2.98%	2.99%

36



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

ASSET TYPES	(\$ thousands)															
	FUND TYPE															
	CURRENT PURPOSE DESIGNATED		RESTRICTED		ENDOWMENT & SIMILAR FUNDS		ANNUITY & LIFE INCOME FUNDS		AGENCY FUNDS		TOTAL EXCLUDING OPERATING FUNDS		OPERATING FUNDS (SHORT TERM FUND)		TOTAL	
	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET
Cash & Equivalents:																
Beginning value 11/30/09	-	-	1,992	1,992	33,718	33,718	1,075	1,075	5,070	5,070	41,855	41,855	1,639,443	1,639,443	1,681,298	1,681,298
Increase/(Decrease)	-	-	5,568	5,568	83,359	83,359	252	252	(532)	(532)	88,647	88,647	64,163	64,163	152,810	152,810
Ending value 02/28/10	-	-	7,560	7,560	117,077	117,077	1,327	1,327	4,538	4,538	130,502	130,502	1,703,606	1,703,606	1,834,108	1,834,108
Debt Securities:																
Beginning value 11/30/09	-	-	265	264	11,718	12,895	10,727	11,239	-	-	22,710	24,398	-	-	22,710	24,398
Increase/(Decrease)	-	-	36	36	(413)	(494)	(321)	(417)	-	-	(698)	(875)	-	-	(698)	(875)
Ending value 02/28/10	-	-	301	300	11,305	12,401	10,406	10,822	-	-	22,012	23,523	-	-	22,012	23,523
Equity Securities:																
Beginning value 11/30/09	17	3,894	550	517	28,236	27,407	13,867	12,281	-	-	42,670	44,099	-	-	42,670	44,099
Increase/(Decrease)	-	(348)	(193)	(191)	685	1,002	(295)	(627)	-	-	197	(164)	-	-	197	(164)
Ending value 02/28/10	17	3,546	357	326	28,921	28,409	13,572	11,654	-	-	42,867	43,935	-	-	42,867	43,935
Other:																
Beginning value 11/30/09	-	-	108	108	1	1	365	134	-	-	474	243	-	-	474	243
Increase/(Decrease)	-	-	530	530	1	1	5	3	918	918	1,454	1,452	-	-	1,454	1,452
Ending value 02/28/10	-	-	638	638	2	2	370	137	918	918	1,928	1,695	-	-	1,928	1,695
Total Assets:																
Beginning value 11/30/09	17	3,894	2,915	2,881	73,673	74,021	26,034	24,729	5,070	5,070	107,709	110,595	1,639,443	1,639,443	1,747,152	1,750,038
Increase/(Decrease)	-	(348)	5,941	5,943	83,632	83,868	(359)	(789)	386	386	89,600	89,060	64,163	64,163	153,763	153,223
Ending value 02/28/10	17	3,546	8,856	8,824	157,305	157,889	25,675	23,940	5,456	5,456	197,309	199,655	1,703,606	1,703,606	1,900,915	1,903,261

Details of individual assets by account furnished upon request.

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

Upon recommendation of the Board of Directors of The University of Texas Investment Management Company (UTIMCO), the Board approved that

- a. the Fiscal Year 2011 distribution from the Permanent University Fund (PUF) to the Available University Fund (AUF) be decreased by 1.9% from \$516,419,406 to \$506,395,811 effective September 1, 2010. The distribution is an amount equal to 4.75% of the trailing 12-quarter average of the net asset value of the PUF.
- b. the distribution rate for the Permanent Health Fund (PHF) be increased from \$0.0541 per unit to \$0.0554 per unit for Fiscal Year 2011 (effective with November 30, 2010 distribution);
- c. the distribution rate for The University of Texas System Long Term Fund (LTF) be increased from \$0.3098 per unit to \$0.3172 per unit for Fiscal Year 2011 (effective with November 30, 2010 distribution); and
- d. the distribution rate for the U. T. System Intermediate Term Fund (ITF) remain at 3.0% per annum (paid monthly) for Fiscal Year 2011.

These distribution amounts and rates were approved by the UTIMCO Board on April 15, 2010.

The PUF Investment Policy states that the annual distribution from the PUF to the AUF shall be an amount equal to 4.75% of the trailing 12-quarter average of the net asset value of the PUF for the quarter ending February of each fiscal year unless the average annual rate of return of the PUF investments over the trailing 12 quarters exceeds the Expected Return by 25 basis points or more, in which case the distribution shall be 5.0% of the trailing 12-quarter average. "Expected Return" is the Expected Annual Return or Benchmarks set out in Exhibit A to the PUF Investment Policy Statement.

As shown in the table below, the average annual return of the PUF investments for the trailing 12 quarters ending February 28, 2010, has not exceeded the Expected Return by 25 basis points or more ($\geq 25\%$).

	Trailing 12 Quarters February 28, 2010	Expected Benchmark	Excess
Average Annual Rate of Return	-0.48	8.86%	-9.34%

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

<u>Quarter Ended</u>	<u>Net Asset Value</u>
5/31/2007	11,763,605,335
8/31/2007	11,742,780,402
11/30/2007	12,160,738,716
2/29/2008	11,905,770,605
5/31/2008	12,245,951,162
8/31/2008	11,359,463,077
11/30/2008	8,837,574,480
2/28/2009	8,286,887,451
5/31/2009	9,143,803,884
8/31/2009	9,673,908,334
11/30/2009	10,341,053,437
2/28/2010	10,470,036,500
	\$ 127,931,573,383
Number of quarters	12
Average Net Asset Value	\$ 10,660,964,449
Distribution Percentage	4.75%
FY 2010-11 Distribution	\$ 506,395,811

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

1. The amount of PUF distributions to the AUF in a fiscal year must be not less than the amount needed to pay the principal and interest due and owing in that fiscal year on PUF bonds and notes. The distribution of \$506,395,811 is substantially greater than PUF bond debt service of \$157,437,011 projected for FY 2010-2011.

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

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

2. The U. T. Board may not increase annual PUF distributions to the AUF (except as necessary to pay PUF bond debt service) if the purchasing power of PUF investments for any rolling 10-year period has not been preserved. As the schedule below indicates, the average annual net real return rate of growth of the value of PUF investments (net of expenses, inflation, and distributions) for the trailing 10-year period ended February 28, 2010, was 0.28%, which indicates that the purchasing power was met.

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

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

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

Value of PUF Investments (1)	Distribution	Distribution as a % of Value of PUF Investments	Maximum Allowed Rate
\$10,660,964,449	\$506,395,811	4.75%	7.00%

(1) Source: UTIMCO

The spending policy objectives of the PHF and LTF are to

- a. provide a predictable stable stream of distributions over time;
- b. ensure that the inflation-adjusted value of the distributions is maintained over the long term; and

- c. ensure that the inflation-adjusted value of the assets of the PHF and the LTF, as appropriate after distributions, is maintained over the long term.

The spending formula under the PHF Investment Policy Statement and the LTF Investment Policy Statement increases distributions at the rate of inflation subject to a distribution range of 3.5% to 5.5% of the average market value of the PHF assets and LTF assets for each fund's respective trailing 12 fiscal quarters.

The 2.4% increase in the PHF distribution rate of \$0.0541 to \$0.0554 per unit was based on the PHF's Investment Policy Statement to increase the distributions by the average rate of inflation for the trailing 12 quarters. The PHF's distribution rate calculated using the prior 12-quarter average value of the PHF is 4.7%, within the range of 3.5% to 5.5% set forth in the PHF Investment Policy Statement.

The 2.4% increase in the LTF distribution rate from \$0.3098 to \$0.3172 per unit was based on the LTF's Investment Policy Statement to increase the distributions by the average rate of inflation for the trailing 12 quarters. The LTF's distribution rate calculated using the prior 12-quarter average value of the LTF is 4.8%, within the range of 3.5% to 5.5% set forth in the LTF Investment Policy Statement. The increase in the consumer price index for the prior three years as of November 30, 2009, was 2.4%.

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

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

The Board

- a. adopted a Supplemental Resolution, substantially in the form previously approved by The University of Texas System Board of Regents, authorizing the issuance, sale, and delivery of Board of Regents of The University of Texas System Revenue Financing System (RFS) Bonds in one or more installments in an aggregate principal amount not to exceed \$750 million to be used to refund certain outstanding RFS Bonds, to refund RFS Commercial Paper Notes, to provide new money to fund construction and acquisition costs of projects in the Capital Improvement Program (CIP) and to pay the costs of issuance; and

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

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

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

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

Adoption of the Supplemental Resolution also authorizes appropriate officers and employees of U. T. System to take any and all actions, including making appropriate elections required by federal tax law, necessary to cause the allowable credit to be refunded to the U. T. System in the event that all or a portion of the financing is issued as taxable Build America Bonds. The Supplemental Resolution further authorizes the appropriate officers and employees of the U. T. System to refund outstanding RFS Bonds pursuant to a tender program and to use lawfully available funds to defease outstanding RFS Bonds when economically advantageous.

REPORT AND RECOMMENDATIONS OF THE ACADEMIC AFFAIRS COMMITTEE (Pages 43 - 45).--Committee Chairman Stillwell reported that the Academic Affairs Committee met in open session to consider those matters on its agenda and to formulate recommendations for The University of Texas System Board of Regents. Unless otherwise indicated, the actions set forth in the Minute Orders that follow were recommended by the Academic Affairs Committee and approved in open session by the U. T. System Board of Regents.

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

The Regents' *Rules and Regulations*, Rule 40601, Sections 1.3(b) and (c), concerning institutions comprising The University of Texas System, were amended to read as set forth below:

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

...

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

...

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

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

....

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

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

The Regents' *Rules and Regulations*, Rule 40601, Section 1.8, concerning institutions comprising The University of Texas System, was amended to read as set forth below. Existing sections of the Regents' Rule were renumbered accordingly.

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

...

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

...

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

...

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

.....

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

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

3. U. T. Pan American: Approval to rename the Computer Center as the Research and Innovation Building

The Board approved renaming the Computer Center at The University of Texas – Pan American as the Research and Innovation Building to better reflect the activity in the building.

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

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

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

This item was for consideration only by the Committee (see Committee Minutes).

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

This item was for consideration only by the Committee (see Committee Minutes).

REPORT AND RECOMMENDATIONS OF THE HEALTH AFFAIRS COMMITTEE (Pages 46 - 54).--Committee Chairman Longoria reported that the Health Affairs Committee met in open session to consider those matters on its agenda and to formulate recommendations for The University of Texas System Board of Regents. Unless otherwise indicated, the actions set forth in the Minute Orders that follow were recommended by the Health Affairs Committee and approved in open session by the U. T. System Board of Regents.

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

The Regents' *Rules and Regulations*, Rule 40601, Section 1.14(c) concerning institutions comprising The University of Texas System, was amended to read as set forth below:

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

...

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

...

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

....

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

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

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

This item was for consideration only by the Committee (see Committee Minutes).

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

On behalf of The University of Texas Medical Branch at Galveston, authorization was granted to

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

- b. lease from the Foundation Lots 1 through 4 and 8 through 14, and a portion of Lot 5, Block 666, portions of Lots 6 and 9 and all of Lots 7 and 8, Block 667, a portion of the vacated alley between Blocks 666 and 667, and a portion of 6th Street, 7th Street, Avenue A, and Avenue B rights-of-way or former rights-of-way, together with all improvements thereon, Galveston, Galveston County, Texas, for use as the site for the proposed replacement Jennie Sealy Hospital; and
- c. authorize the Executive Director of Real Estate to execute all documents, instruments, and other agreements, subject to approval of all such documents as to legal form by the Office of General Counsel, to authorize all due diligence expenses, closing costs, and other costs and expenses deemed necessary or advisable, and to take all further actions deemed necessary or advisable to carry out the purpose and intent of the foregoing actions.

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

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

The institution anticipates seeking approval from the Board in August 2010 to add the clinical services building to its Capital Improvement Program (CIP). The clinical services building, to be funded from proceeds from the Federal

Emergency Management Agency (FEMA) as a result of Hurricane Ike, will provide replacement facilities including a kitchen, laboratories, and sterilization facilities lost in the 2008 hurricane. The current Jennie Sealy Hospital building was constructed between 1966 and 1968 by The Sealy & Smith Foundation. The facility has become functionally obsolete and is currently being used by U. T. Medical Branch – Galveston for general office purposes. The institution and the Foundation have been in discussions for more than three and a half years regarding the replacement of the facility with a new hospital facility equipped with current technology.

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

- a. Because the anticipated footprint of the proposed new hospital is larger than that occupied by the current Jennie Sealy Hospital building, it is necessary to expand the land available for the hospital site. Therefore, Lots 1 through 4 and a portion of Lot 5, Block 666, a portion of Lot 6 and all of Lot 7, Block 667, a portion of the abandoned 7th Street right-of-way between Blocks 666 and 667, and a portion of Avenue A, together with all improvements thereon, Galveston, Galveston County, Texas, will be conveyed to the Foundation to enable the Foundation to complete the land assemblage for the site of the proposed new hospital building.
- b. In exchange for the conveyance of land to the Foundation, and to allow the Medical Branch to assemble the parcel needed for the footprint of the clinical services building, the Foundation will convey to the Board for the benefit of the institution part of Lot 9 and all of Lots 10 through 13, Block 667, a portion of Texas Avenue (Avenue B) to the south, and a part of a 20-foot wide alley, together with all improvements thereon, Galveston, Galveston County, Texas. Additional consideration from the Foundation is the Foundation's prior payment of \$1,075,000 in planning and design fees incurred before Hurricane Ike for the proposed replacement Jennie Sealy Hospital.
- c. The Foundation will lease to the institution Lots 1 through 4 and 8 through 14, and a portion of Lot 5, Block 666, portions of Lots 6 and 9 and all of Lots 7 and 8, Block 667, a portion of the vacated alley between Blocks 666 and 667, and a portion of 6th Street, 7th Street, Avenue A, and Avenue B rights-of-way or former rights-of-way, together with all improvements thereon, Galveston, Galveston County, Texas, to serve as the site for the proposed Jennie Sealy Hospital Replacement project, subject to Board approval that the institution anticipates seeking in June 2011. The lease will be for a nominal rental equal to \$1 per year, with an initial 70-year term, followed by a 50-year renewal term at the

institution's option if State funds have been used in the construction of the replacement hospital building, for the same nominal rental rate. The use permitted by the lease will be for a hospital and ancillary uses related to a hospital, including inpatient and outpatient surgery, clinical trials, and instruction. U. T. Medical Branch – Galveston will be responsible for demolishing the existing improvements and constructing the new hospital facility, if approved by the Board.

The key terms and conditions of the transactions are specified in the transaction summary below.

Transaction Summary

Conveyance to The Sealy & Smith Foundation or Magnolia Holding Company

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

Appraised Value: \$680,000 - Integra Realty Resources – Houston, April 14, 2010;
\$865,000 - Bay Area Real Property Appraisers & Consultants, Inc., April 15, 2010

Conveyance to Board of Regents

Institution: U. T. Medical Branch – Galveston

Type of Transaction: Exchange

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

Improvements: A portion of the old Jennie Sealy Hospital building

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

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

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

Appraised Value: \$550,000 - Integra Realty Resources – Houston, April 14, 2010;
\$663,000 - Bay Area Real Property Appraisers & Consultants, Inc., April 15, 2010

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

Institution: U. T. Medical Branch – Galveston

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

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

Location:	Lots 1 through 4 and 8 through 14, and a portion of Lot 5, Block 666, portions of Lots 6 and 9 and all of Lots 7 and 8, Block 667, a portion of the vacated alley between Blocks 666 and 667, and a portion of 6th Street, 7th Street, Avenue A, and Avenue B rights-of-way or former rights-of-way, together with all improvements thereon, Galveston, Galveston County, Texas
Lessor:	The Sealy & Smith Foundation, or its subsidiary, Magnolia Holding Company
Lease Term:	An initial term of 70 years and a renewal term of 50 years at the Medical Branch's option provided that State funds have been used in the construction of the proposed Jennie Sealy Hospital Replacement project; the institution has a right of first refusal to purchase the leased premises, should the lessor elect to sell the leased premises during the term of the lease
Rent:	\$70.00 total for the initial 70-year lease term; \$50.00 total for the 50-year renewal lease term
Operating Expenses:	The tenant is responsible for operating expenses, insurance, and taxes, if any, on the improvements to be constructed; the lessor is responsible for the taxes, if any, on the existing improvements and on the land
Permitted Use:	Hospital use and ancillary uses related to hospital use, including inpatient and outpatient surgery, clinical trials, and instruction; the term 'hospital' is defined as a facility that provides 24-hour inpatient and outpatient medical and surgical treatment to sick or injured individuals, including the training of physicians and allied health care professionals, and necessary services that directly support patient treatment and the individuals who provide such treatment; the following uses are not permitted under the lease unless they are reasonably necessary for the hospital use or the patient care mission of U. T. Medical Branch – Galveston: general classrooms, general administrative offices, general research labs or research offices, public meeting space or auditoria, or public food service

Improvements;
Right to
Terminate:

The permitted use clause of the lease anticipates that a hospital facility will be built on the leased land. Due to the long-term nature of the lease and the likelihood that during the term of the lease there will be significant and substantive changes in the provision of medical care, the lease will require that the Medical Branch maintain a set number of patient beds for only the first 20 years of the lease term; after the first 20 years, there will be no requirement for a set number of beds, but rather the lease will require that the institution use the leased property for the provision of inpatient and outpatient medical care throughout the lease term.

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

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

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

Naming of Improvements:

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

Future Easement:

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

Proposed Timeline:

Board of Regents' approval to add the clinical services building to the Medical Branch's CIP is anticipated to be sought in August 2010.

Demolition of the old Jennie Sealy Hospital and miscellaneous buildings is anticipated to start no sooner than August 2010.

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

This item was for consideration only by the Committee (see Committee Minutes).

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

This item was for consideration only by the Committee but was deferred due to time constraints.

REPORT AND RECOMMENDATIONS OF THE FACILITIES PLANNING AND CONSTRUCTION COMMITTEE (Pages 55 - 74).--Committee Chairman Gary reported that the Facilities Planning and Construction Committee met in open session to consider those matters on its agenda and to formulate recommendations for The University of Texas System Board of Regents. Unless otherwise indicated, the actions set forth in the Minute Orders that follow were recommended by the Facilities Planning and Construction Committee and approved in open session by the U. T. System Board of Regents.

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

The Board amended the Fiscal Year 2010-2015 Capital Improvement Program (CIP) to include the Renovation for the Texas Analog Center of Excellence project at The University of Texas at Dallas as follows:

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

Substantial Completion Date: August 2010

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

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

- a. approve a total project cost of \$2,000,000 and reallocate funding from Permanent University Fund (PUF) Bond Proceeds;
- b. authorize U. T. Dallas to manage the total project budgets, appoint architects, approve facility programs, prepare final plans, and award contracts;
- c. appropriate funds; and
- d. reduce the total project cost of the Vivarium and Experimental Space project from \$14,680,000 to \$12,680,000.

Project Description

The project consists of converting 8,000 gross square feet of mechanical space above the clean room in the North Engineering and Computer Science

Building into research laboratories for the new Texas Analog Center of Excellence. The research center will help to create analog and radio frequency technology for both traditional electronics and emerging applications to address such areas as energy efficiency, health care, and public safety. This project will centralize the research in one location on campus. The funding of \$2,000,000 from PUF Bond Proceeds is being reallocated from the completed Vivarium and Experimental Space project.

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

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

2. U. T. San Antonio: Student Housing Phase III - Amendment of the FY 2010-2015 Capital Improvement Program to include project (Preliminary Board approval)

The Board amended the Fiscal Year 2010-2015 Capital Improvement Program (CIP) to include the Student Housing Phase III project at The University of Texas at San Antonio as follows:

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

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

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

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

3. U. T. Arlington: Special Events Center Parking Garage and Residence Hall - Amendment of the FY 2010-2015 Capital Improvement Program to increase the total project cost; approval to revise the funding sources; approval of design development; approval to redesignate the project as College Park; appropriation of funds and authorization of expenditure; approval of evaluation of alternative energy economic feasibility; and resolution regarding parity debt (Final Board approval)

The Board approved the recommendations for the Special Events Center Parking Garage and Residence Hall project at The University of Texas at Arlington as follows:

Project No.:	301-493		
Project Delivery Method:	Construction Manager at Risk		
Substantial Completion Date:	July 2012		
Total Project Cost:	Source	Former	Current
	Revenue Financing System Bond Proceeds	\$67,000,000	\$71,500,000
	Unexpended Plant Funds		\$ 8,500,000
			\$80,000,000

- Investment Metrics: By 2012
- Increase affordable on-campus housing to aid enrollment growth
 - Retail and commercial space will bring needed amenities to campus
 - Increase parking spaces on campus for faculty, staff, students, visitors, and event participants
 - Additional on-campus housing will increase student retention rate from freshman to sophomore year

- a. amend the Fiscal Year 2010-2015 Capital Improvement Program (CIP) to increase the total project cost from \$67,000,000 to \$80,000,000;
- b. revise the funding sources from \$67,000,000 from Revenue Financing System Bond Proceeds to \$71,500,000 from Revenue Financing

System Bond Proceeds and \$8,500,000 from Unexpended Plant Funds;

- c. approve design development plans;
- d. redesignate the project as College Park;
- e. appropriate funds and authorize expenditure of funds;
- f. approve the evaluation of alternative energy economic feasibility; and
- g. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that
 - parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt;
 - sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System; and
 - U. T. Arlington, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$71,500,000.

Debt Service

The \$71,500,000 in Revenue Financing System debt will be repaid from payments from the City of Arlington, parking revenue, and housing revenue. Annual debt service on the \$71,500,000 Revenue Financing System debt is expected to be approximately \$4,651,000. The institution's debt service coverage is expected to be at least 2.0 times and average 3.3 times over FY 2010-2015.

Previous Board Action

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

Project Description

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

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

The new project name of College Park reflects the interconnection of the east edge of the U. T. Arlington campus with the City of Arlington's Center Street Pedestrian Trail and Park Projects. At the meeting of the Facilities Planning and Construction Committee on May 12, 2010, Arlington Mayor Robert Cluck stated that the City of Arlington partnered with the University on the project by agreeing to fund \$18,000,000; \$1,750,000 more than stated in the Agenda materials. The amount will be funded over 30 years for repayment of the debt. The annual amounts are subject to appropriation by the City.

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

4. U. T. Austin: Dell Computer Science Hall and Computer Sciences Building - Phase 2 - Amendment of the FY 2010-2015 Capital Improvement Program to combine the two projects and redesignate the entire project as the Bill & Melinda Gates Computer Science Complex and the north building as the Dell Computer Science Hall; approval to revise the total project cost; approval to revise the funding sources; approval of design development; appropriation of funds and authorization of expenditure; approval of evaluation of alternative energy economic feasibility; and resolution regarding parity debt (Final Board approval)

The Board approved the recommendations for the Dell Computer Science Hall (DCSH) project and the Computer Sciences Building - Phase 2 (CS 2) project at The University of Texas at Austin as follows:

Project No.:	102-254	
Architecturally or Historically Significant:	Yes	No
Project Delivery Method:	Construction Manager at Risk	
Substantial Completion Date:	March 2013	
Total Project Cost for Dell Computer Science Hall (Project No. 102-254):	Source	Former
	Gifts	\$47,000,000
	Permanent University Fund Bond Proceeds	\$20,000,000
		\$67,000,000
Total Project Cost for Computer Sciences Building - Phase 2 (Project No. 102-386):	Source	Former
	Gifts	\$53,000,000
Total Project Cost for Combined Dell Computer Science Hall/Bill & Melinda Gates Computer Science Complex:	Source	Current
	Gifts	\$40,000,000
	Permanent University Fund Bond Proceeds	\$20,000,000
	Revenue Financing System Bond Proceeds	\$38,480,000
		\$98,480,000
Investment Metrics:	Combined for DCSH and CS 2 by 2013	
	<ul style="list-style-type: none"> • Replace T. U. Taylor Hall with a new building • Provide three flexible research “pods” and unfinished shell space for two additional flexible research “pods” • Provide 13 classrooms and provide unfinished shell space for 12 additional classrooms 	
Investment Metrics:	Combined for DCSH and CS 2 by FY 2016	
	<ul style="list-style-type: none"> • Bring all current department resources together • Increase economic impact the Department of Computer Sciences has on the State of Texas by 20-30% • Maintain department’s Top-10 ranking and improve ranking to Top 5 	

- Provide space to expand tenure-track faculty from 42 to 60
 - Increase external research funding by \$10M per year
 - Provide 10 flexible research “pods”
 - Provide 30 classrooms within the complex
 - Increase production of undergraduate BS degrees from 300 in 2004 to 375
- a. amend the Fiscal Year 2010-2015 Capital Improvement Program (CIP) to combine the Dell Computer Science Hall project and the Computer Sciences Building - Phase 2 project and redesignate the entire project as the Bill & Melinda Gates Computer Science Complex and the north building as the Dell Computer Science Hall;
 - b. approve to revise and reduce the total project cost from \$120,000,000 to \$98,480,000;
 - c. revise the funding sources to \$40,000,000 from Gifts, \$20,000,000 from Permanent University Fund (PUF) Bond Proceeds, and \$38,480,000 from Revenue Financing System Bond Proceeds;
 - d. approve design development plans;
 - e. appropriate funds and authorize expenditure of funds;
 - f. approve the evaluation of alternative energy economic feasibility; and
 - g. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that
 - parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt;
 - sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System; and
 - U. T. Austin, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$38,480,000.

Debt Service

The \$38,480,000 in Revenue Financing System debt will be repaid from institutional funds. Annual debt service on the \$38,480,000 Revenue Financing System debt is expected to be approximately \$2,503,000. The institution's debt service coverage is expected to be at least 1.9 times and average 2.1 times over FY 2010-2015. Approximately \$1,480,000 of the aggregate \$38,480,000 Revenue Financing System debt proceeds is anticipated to be used for interest expense during construction. The gift funding authorized for expenditure is fully collected or committed at this time, and the institution possesses sufficient local funds to cover any shortfall.

Previous Board Actions

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

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

Project Description

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

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

The Computer Sciences Building - Phase 2 project will replace Chilling Station No. 2 and provide space for faculty, researchers, visitors, postdoctoral assistants, graduate students, and research laboratories. The new building,

containing approximately 100,000 GSF, will be connected to the new Dell Computer Science Hall by a multistory atrium at all five levels. The entire complex consisting of the Dell Computer Science Hall and the Computer Sciences Building - Phase 2 will be named the Bill & Melinda Gates Computer Science Complex.

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

Secretary's Note: Following the meeting, U. T. Austin requested that clarifying language be made to the Minute Order to reflect that the combined Dell Computer Science Hall and Computer Sciences Building - Phase 2 project was redesignated as the Bill & Melinda Gates Computer Science Complex and the north building as the Dell Computer Science Hall. U. T. System officials agreed that the edits were technical and editorial and did not change the actions taken by the Regents.

5. U. T. Austin: Phase II - Liberal Arts Building - Amendment of the FY 2010-2015 Capital Improvement Program to reduce the total project cost; approval to revise the funding sources; approval of design development conditioned upon approval of requisite material mockups for construction to proceed; appropriation of funds and authorization of expenditure; approval of evaluation of alternative energy economic feasibility; and resolution regarding parity debt (Final Board approval)

The Board approved the recommendations for the Phase II - Liberal Arts Building project at The University of Texas at Austin as follows:

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

Investment Metrics:

By 2012:

- Centralize student facilities and learning spaces to improve undergraduate student experiences, collaboration, and research
- Increase interdisciplinary research space for faculty to foster further collaboration and research by adding 12 laboratories and 12 collaborative research suites increasing faculty success in getting additional funding
- New teaching labs will allow innovations in curriculum, increasing graduation rates and student learning outcomes

- a. amend the Fiscal Year 2010-2015 Capital Improvement Program (CIP) to reduce the total project cost from \$100,000,000 to \$95,700,000;
- b. revise the funding sources from \$60,000,000 from Revenue Financing System Bond Proceeds and \$40,000,000 from Gifts to \$59,420,000 from Revenue Financing System Bond Proceeds, \$5,280,000 from Gifts, \$17,000,000 from Designated Funds, \$2,000,000 from Available University Funds, and \$12,000,000 from Unexpended Plant Funds;
- c. approve design development plans pending approval by Regent Huffines, as the Facilities Planning and Construction Committee's representative, of the requisite material mockups for construction to proceed;
- d. appropriate funds and authorize expenditure of funds;
- e. approve the evaluation of alternative energy economic feasibility; and
- f. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that
 - parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt;
 - sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System; and
 - U. T. Austin, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$59,420,000.

Debt Service

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

Previous Board Action

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

Project Description

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

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

Location of the project on the East Mall will require the removal of Russell A. Steindam Hall and the Reserve Officers' Training Corps (ROTC) Rifle Range Building to achieve optimal land use.

On May 12, 2010, the Facilities Planning and Construction Committee appointed Regent Huffines as the Committee's representative to approve the requisite material mockups for construction to proceed. [Secretary's Note: Regent Huffines reviewed the general design, which he approved, subject to the involvement of Regent Hicks in the details of implementation of the project. On August 11, 2010, Regent Hicks reported to the Facilities Planning and Construction Committee that he approved the mockups presented to him. (See the August Committee Minutes for this discussion.)

Regent Huffines resigned from the Board of Regents on July 13, 2010, and Regent Hicks was reappointed to fill the unexpired term of Regent Huffines.]

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

6. U. T. Dallas: Arts and Technology Facility - Approval of design development of the Utility Infrastructure Improvements portion of the project; appropriation of funds and authorization of expenditure; approval of evaluation of alternative energy economic feasibility; and resolution regarding parity debt (Final Board approval)

The Board approved the recommendations for the Utility Infrastructure Improvements portion of the Arts and Technology Facility project at The University of Texas at Dallas as follows:

Project No.:	302-392	
Project Delivery Method:	Competitive Sealed Proposals	
Substantial Completion Date for the Utility Infrastructure Improvements portion:	December 2011	
Total Project Cost for the Arts and Technology Facility:	<u>Source</u>	<u>Current</u>
	Permanent University Fund Bond Proceeds	\$45,000,000
	Revenue Financing System Bond Proceeds	\$35,300,000
		\$80,300,000
Total Project Cost for the Utility Infrastructure Improvements portion of the project:	<u>Source</u>	<u>Current</u>
	Permanent University Fund Bond Proceeds	\$10,000,000
	Revenue Financing System Bond Proceeds	\$ 4,300,000
		\$14,300,000
Investment Metric:	By 2017:	
	<ul style="list-style-type: none"> • Add service facility to support Strategic Plan Imperative of adding 5,000 full-time equivalent students 	
a.	approve design development plans for the Utility Infrastructure Improvements portion of the project;	
b.	appropriate funds and authorize expenditure of \$10,000,000 from Permanent University Fund (PUF) Bond Proceeds and \$4,300,000 from Revenue Financing System Bond Proceeds;	
c.	approve the evaluation of alternative energy economic feasibility; and	

- d. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that
- parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt;
 - sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System; and
 - U. T. Dallas, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$4,300,000.

Debt Service

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

Previous Board Actions

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

Project Description

The project consists of five different phases. The primary phase is construction of a new facility that will include a state-of-the-art research and instructional building for emerging media technology, integrating arts, science, computer science, and engineering in multimedia communications and the

collation of creativity and technology. The Utility Infrastructure Improvements portion includes construction of a satellite utility plant and upgrade of various campus utility infrastructure systems.

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

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

7. U. T. Dallas: Campus Services and Bookstore Building - Amendment of the FY 2010-2015 Capital Improvement Program to increase the total project cost; approval to revise the funding sources; approval of design development; appropriation of funds and authorization of expenditure; approval of evaluation of alternative energy economic feasibility; and resolution regarding parity debt (Final Board approval)

The Board approved the recommendations for the Campus Services and Bookstore Building project at The University of Texas at Dallas as follows:

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

- Investment Metrics:
- By 2011:
 - Support the University's Strategic Plan Imperative of adding 5,000 full-time equivalent students
 - Strengthen the relationship to the surrounding community by creating another venue that will attract community members to the campus

a. amend the Fiscal Year 2010-2015 Capital Improvement Program (CIP) to increase the total project cost from \$9,250,000 to \$9,450,000;

- b. revise the funding from \$6,250,000 from Revenue Financing System Bond Proceeds and \$3,000,000 from Unexpended Plant Funds to \$8,250,000 from Revenue Financing System Bond Proceeds and \$1,200,000 from Unexpended Plant Funds;
- c. approve design development plans;
- d. appropriate funds and authorize expenditure of funds;
- e. approve the evaluation of alternative energy economic feasibility; and
- f. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that:
 - parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt;
 - sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System; and
 - U. T. Dallas, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$8,250,000.

Debt Service

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

Previous Board Action

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

Project Description

The Campus Services and Bookstore Building will be a two-story structure housing a vendor-operated retail bookstore facility, a campus visitor center, and other campus services, including a copy center, technology store, and coffee shop. Its location, adjacent to the existing Student Activity Center, will be a focal point on University property. The new building will include exterior features such as attractive parking, an outdoor trellis, and a connector road. The site of the new building, in the heart of the campus at the intersection of Drive A and Rutford Avenue, was selected due to the high level of student traffic through the area as well as its accessibility for community visitors. The increase in the total project cost is to complete the shell space for the bookstore.

The \$9,450,000 total project cost includes built-out campus services space, exterior features, a built-out atrium, and shelled bookstore space. The build-out of the shelled bookstore space is expected to be completed by a bookstore operator to be selected through a Request for Proposals (RFP) process to manage and operate the future bookstore. Unexpended Plant Funds in the amount of \$1,000,000 is expected to be repaid by vendor contract commissions. The current economic environment provides for the issuance of low-cost debt allowing U. T. Dallas to conserve its current cash position.

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

8. U. T. Dallas: Student Housing Living Learning Center, Phase II - Amendment of the FY 2010-2015 Capital Improvement Program to revise the funding sources; approval of design development; appropriation of funds and authorization of expenditure; approval of evaluation of alternative energy economic feasibility; and resolution regarding parity debt (Final Board approval)

The Board approved the recommendations for the Student Housing Living Learning Center, Phase II project at The University of Texas at Dallas as follows:

Project No.:	302-556
Project Delivery Method:	Construction Manager at Risk

Substantial Completion Date: July 2012

Total Project Cost:	Source	Former	Current
	Revenue Financing System Bond Proceeds	\$31,000,000	\$28,500,000
	Auxiliary Enterprise Balances		\$ 2,500,000
			\$31,000,000

Investment Metric:

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

- a. amend the Fiscal Year 2010-2015 Capital Improvement Program (CIP) to revise the funding sources from \$31,000,000 from Revenue Financing System Bond Proceeds to \$28,500,000 from Revenue Financing System Bond Proceeds and \$2,500,000 from Auxiliary Enterprise Balances;
- b. approve design development plans;
- c. appropriate funds and authorize expenditure of funds;
- d. approve the evaluation of alternative energy economic feasibility; and
- e. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that:
 - parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt;
 - sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System; and
 - U. T. Dallas, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$28,500,000.

Debt Service

The \$28,500,000 in aggregate Revenue Financing System debt will be repaid from housing revenues. Annual debt service on the \$28,500,000 Revenue

Financing System debt is expected to be \$1,845,000. The institution's debt service coverage is expected to be at least 1.6 times and average 2.8 times over FY 2010-2015.

Previous Board Action

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

Project Description

The new student housing will contain approximately 150,000 gross square feet to house 400 students as well as classrooms, gathering spaces, and offices to support living and learning communities. These beds will be reserved for use by incoming freshman students. The project will also include parking, connector roads, and outdoor recreational facilities. The Student Housing Living/Learning Center, Phase I filled quickly, and all current student housing is operating close to 100% occupancy with 40 students on the waiting list. U. T. Dallas currently has 4,354 beds of which 2,298 are University-owned and 2,056 are owned by private development.

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

9. U. T. Austin: Law School Renovations - Amendment of the FY 2010-2015 Capital Improvement Program to increase the total project cost; approval to revise the funding sources; appropriation and authorization of funds; and resolution regarding parity debt (Final Board approval)

The Board approved the recommendations for the Law School Renovations project at The University of Texas at Austin as follows:

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

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

- a. amend the Fiscal Year 2010-2015 Capital Improvement Program (CIP) to increase the total project cost from \$7,150,000 to \$12,000,000;
- b. revise the funding from \$6,100,000 from Designated Funds and \$1,050,000 from Interest on Local Funds to \$4,000,000 from Designated Funds and \$8,000,000 from Revenue Financing System Bond Proceeds;
- c. appropriate funding and authorize expenditure of \$4,000,000 from Designated Funds and \$8,000,000 from Revenue Financing System Bond Proceeds; and
- d. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that
 - parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt;
 - sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System; and
 - U. T. Austin, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$8,000,000.

Debt Service

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

Previous Board Actions

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

Project Description

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

APPROVAL OF STANDING COMMITTEE RECOMMENDATIONS.--At 11:55 a.m., the Board voted and approved the Standing Committee recommendations.

PRESENTATION OF CERTIFICATE OF APPRECIATION TO STUDENT REGENT MEIJER.--Chairman McHugh announced this is Regent Meijer's last Board meeting, and she wished him all the best this summer as he receives his M.D. degree, gets married, and continues his medical training in New Orleans, Louisiana. She noted that Regent Meijer has done excellent work in his role as Student Regent as evidenced by his presentation today (see Item 5 on Page 15).

She then presented Regent Meijer a framed certificate of appreciation and a photograph of the Board. Regent Meijer received a round of applause.

Regent Meijer's term on the Board ends on May 31, 2010.

SCHEDULED MEETING.--The next regularly scheduled meeting will be held on July 14-15, 2010, in Austin, Texas.

ADJOURNMENT.--There being no further business, the meeting was adjourned at 12:00 p.m.

/s/ Carol A. Felkel
Secretary to the Board of Regents

June 22, 2010

**THE UNIVERSITY OF TEXAS SYSTEM ADMINISTRATION
DOCKET NO. 142**

April 26, 2010

TO MEMBERS OF THE FINANCE AND PLANNING COMMITTEE:

The Docket for The University of Texas System Administration and the Dockets recommended by the respective presidents and prepared by the institutions listed below are submitted for discussion and appropriate action regarding approval of the Docket at the meeting of the U. T. System Board of Regents on May 13, 2010. The Chancellor, the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Health Affairs, and the Vice Chancellor and General Counsel concur in these recommendations.

<u>Institutions</u>	<u>Pages</u>
The University of Texas System Administration	Docket 1 - 11
The University of Texas at Arlington	Docket 12 - 13
The University of Texas at Austin	Docket 14 - 16
The University of Texas at Dallas	Docket 17
The University of Texas at El Paso	Docket 18 - 19
The University of Texas – Pan American	Docket 20
The University of Texas at San Antonio	Docket 21
The University of Texas Southwestern Medical Center at Dallas	Docket 22 - 23
The University of Texas Medical Branch at Galveston	Docket 24 - 25
The University of Texas Health Science Center at Houston	Docket 26
The University of Texas Health Science Center at San Antonio	Docket 27 - 28
The University of Texas M. D. Anderson Cancer Center	Docket 29 - 36
The University of Texas Health Science Center at Tyler	Docket 37

TABLE OF CONTENTS

U. T. System Administration.....	1
Contracts	1
General Contracts.....	1
Amendments To The 2009-2010 Budget.....	4
Transfers Of Funds	4
Other Fiscal Items	5
Employment Agreements.....	5
Other Matters	6
Report On Fiscal Year 2009 Post-Tenure Review	6
Real Estate Report	11
U. T. Arlington	12
Contracts	12
General Contracts.....	12
U. T. Austin	14
Contracts	14
General Contracts.....	14
Amendments To The 2009-10 Budget.....	15
Tenure Appointments.....	15
Transfers Of Funds	16
U. T. Dallas	17
Amendments To The 2009-10 Budget.....	17
Tenure Appointments.....	17
U. T. El Paso	18
Amendments To The 2009-10 Budget.....	18
Tenure Appointments.....	18
Transfers Of Funds	18
Other Matters	19
Approval Of Dual Positions Of Honor, Trust, Or Profit	19
U. T. Pan American.....	20
Amendments To The 2009-10 Budget.....	20
Transfers Of Funds	20

U. T. San Antonio.....	21
Amendments To The 2009-10 Budget.....	21
Transfer Of Funds.....	21
U. T. Southwestern Medical Center – Dallas.....	22
Contracts.....	22
General Contracts.....	22
Amendments To The 2009-10 Budget.....	23
Tenure Appointments.....	23
U. T. Medical Branch – Galveston.....	24
Contracts.....	24
General Contracts.....	24
Amendments To The 2009-10 Budget.....	25
Tenure Appointments.....	25
U. T. Health Science Center – Houston.....	26
Contracts.....	26
General Contracts.....	26
U. T. Health Science Center – San Antonio.....	27
Amendments To The 2009-10 Budget.....	27
Tenure Appointments.....	27
Other Matters.....	28
Approval Of Dual Positions Of Honor, Trust, Or Profit.....	28
U. T. M. D. Anderson Cancer Center.....	29
Contracts.....	29
General Contracts.....	29
U. T. Health Science Center – Tyler.....	37
Amendment To The 2009-10 Budget.....	37
Emeritus Appointment.....	37

U. T. SYSTEM ADMINISTRATION

CONTRACTS

The following contracts have been administratively approved by the Executive Vice Chancellor for Business Affairs and are recommended for approval by the U. T. System Board of Regents:

GENERAL CONTRACTS

FUNDS COMING IN

1. Agency: Texas Education Agency
Funds: \$1,850,000
Period: September 1, 2009 through August 31, 2011. The U. T. System Institute for Public School Initiatives (IPSI) was unaware of the requirements for docketing contracts for Board approval resulting in the delay in placing this contract on the docket. The office is now aware of the requirement for future contracts.

Description: IPSI will provide statewide technical assistance to support the Texas Education Agency District Awards for Teacher Excellence Program. The primary goals of this technical assistance are to provide Texas school districts and charter schools with guidance in developing and implementing successful research-based educator performance award programs and to build long term support of these programs.

2. Agency: Texas Education Agency
Funds: \$2,250,000
Period: September 1, 2009 through August 31, 2010. The U. T. System Institute for Public School Initiatives (IPSI) was unaware of the requirements for docketing contracts for Board approval resulting in the delay in placing this contract on the docket. The office is now aware of the requirement for future contracts.

Description: IPSI will create customized online resources to increase student preparedness for End-of-Course assessments through learning modules aligned to the Texas Essential Knowledge and Skills and College and Career Readiness Standards in mathematics, social studies, and science. During the initial contract year, independent contractors will be used to create content for the Project Share online system in all content areas.

CONTRACTS (CONTINUED)

GENERAL CONTRACTS (CONTINUED)

FUNDS COMING IN (CONTINUED)

3. Agency: Randall's Food & Drugs, L.P.
Funds: \$1,002,964
Period: May 1, 2016 through May 30, 2019
Description: Thirty-seven month extension of the lease of a 34,054-square foot building on 2.64 acres at 715 Exposition, Austin, Travis County, Texas. The current lease expires on April 30, 2016; the current rental rate is \$5.68 per square foot. During the 37 month extension, the rental rate commences at \$9.31 per square foot and increases by 2.51% each lease year. Because the extended term permits the tenant to amortize costs over a longer period of time, the tenant will make significant renovations and improvements to the property at its sole expense. This property is managed by the U. T. System Real Estate Office and all revenue generated by the property benefits U. T. Austin.

FUNDS GOING OUT

4. Agencies: The University of Texas System Administration and The University of Texas at Austin
Funds: A sharing of bonded indebtedness for 1616 Guadalupe by U. T. System Administration assuming up to \$15,925,000 in bonded indebtedness for the building, plus assuming the indebtedness for renovation of the 6th and 7th floors of the building for a 35% beneficial interest in the building with exclusive rights in the 6th and 7th floors and an interest in the building common areas. In addition, there will be a similar sharing of operating expenses and future capital improvements costs pursuant to a Memorandum of Understanding dated July 25, 2007, as modified by a Memorandum of Understanding Addendum dated May 14, 2010.
Period: Current bonded indebtedness runs through 2029, with the ownership in the Board of Regents being in fee simple with a 35% beneficial ownership interest in the building in favor of U. T. System and a 65% beneficial interest in the building in favor of U. T. Austin.

CONTRACTS (CONTINUED)

GENERAL CONTRACTS (CONTINUED)

FUNDS GOING OUT (CONTINUED)

5. Agencies: Global Options, Inc.
Funds: U. T. System anticipates contracting expenditures to exceed \$1,000,000 based on services provided.
Period: October 1, 2008 through September 30, 2010 with possibility of three, one-year contract extensions. The contract is being docketed now because it is now known that the total expenditures will exceed \$1,000,000.
Description: Global Options, Inc., at the request of U. T. System institutions, will prepare and process recovery claims from the Federal Emergency Management Agency (FEMA) for damages sustained from Hurricane Ike. These services will be performed on a nonexclusive, indefinite quantity basis and are expected to be utilized through contract expiration. Global Options, Inc. was contracted to assist with the Hurricane Ike FEMA recovery efforts. In October of 2008, Governor Perry authorized an emergency waiver of *Texas Government Code*, Sections 2254.028 and 2254.029, allowing U. T. System to obtain the services of Global Options, Inc. In the first year of the contract, Global Options, Inc. was given a notice to proceed with a maximum authorized amount of \$730,000. For the second year of the contract, Global Options, Inc. was given notices to proceed of \$3,510,315 and \$2,335,000. All contract costs will be borne by the U. T. Medical Branch – Galveston. Staff briefings to the Board in November 2008 and August 2009 included discussions relating to this contract.

AMENDMENTS TO THE 2009-2010 BUDGET

TRANSFERS OF FUNDS

The following Request for Budget Change (RBC) has been administratively approved by the Executive Vice Chancellor for Business Affairs and is recommended for approval by the U. T. System Board of Regents:

<u>Description</u>	<u>\$ Amount</u>	<u>RBC #</u>
DESIGNATED FUNDS		
1. Amount of Transfer:	5,000,000	144

From: Workers' Compensation Self-insured Fund

To: Unemployment Compensation Insurance (UCI) Self-insured Fund Benefits

Temporary loan to fund first and second quarter unemployment compensation reimbursements and maintain a positive fund balance as a result of unanticipated unemployment compensation claim expenditures resulting from reduction in forces at various U. T. System institutions. The loan was approved by the Risk Management Executive Committee on April 8, 2010, and is in addition to \$1,000,000 previously approved by the Board on February 5, 2010, for a total loan amount of \$6,000,000. The UCI Fund will repay these funds and the UCI Fund will be replenished over the next three years.

OTHER FISCAL ITEMS

EMPLOYMENT AGREEMENTS

The following agreement has been awarded, has been approved by the Chancellor, and is recommended for approval by the U. T. System Board of Regents.

1. Item: Vice Chancellor for Strategic Initiatives
Funds: \$240,000 annually
Period: Beginning March 1, 2010
Description: Agreement for employment of Vice Chancellor for Strategic Initiatives, Sandra K. Woodley. The Vice Chancellor for Strategic Initiatives reports to and is responsible to the Chancellor and shall hold office without fixed term, subject to the pleasure of the Chancellor. U. T. System agrees to make direct vendor payments for the actual cost of reasonable expenses related to moving household, personal, and professional possessions and will reimburse Dr. Woodley for reasonable out-of-pocket relocation expenses. Additionally, U. T. System will pay for up to three months of temporary housing while Dr. Woodley obtains a permanent residence. U. T. System will also reimburse some club and professional memberships, continuing education allowances, and reasonable business-related expenditures, as approved by the Chancellor.

OTHER MATTERS

REPORT ON FISCAL YEAR 2009 POST-TENURE REVIEW

ACADEMIC INSTITUTIONS

In accordance with *Texas Education Code* Section 51.942 and Regents' *Rules and Regulations*, Rule 31102, the following report on the Fiscal Year 2009 post-tenure review for the U. T. System academic institutions is provided by the Executive Vice Chancellor for Academic Affairs.

During Fiscal Year 2009, 363 tenured faculty members at the nine academic institutions were subject to post-tenure review. Of the 363 faculty members subject to review, 356 or 98.1% were evaluated as Performing Satisfactorily; 2 or .6% received a Needs Additional Support or Marginal evaluations; and 5 or 1.4% received Unsatisfactory evaluations. The following summary tables provide additional details of the post-tenure review results.

Summary of Post-Tenure Review Results

	Total Actually Reviewed	Total Performing Satisfactorily	Total Needs Additional Support or Marginal	Total Unsatisfactory
U. T. Arlington	49	49		
U. T. Austin	169	167		2
U. T. Brownsville	6	6		
U. T. Dallas	37	37		
U. T. El Paso	27	25		2
U. T. Pan American	20	19	1	
U. T. Permian Basin	2	2		
U. T. San Antonio	40	39	1	
U. T. Tyler	13	12		1
Total	363	356	2	5
		98.1%	0.6%	1.4%

OTHER MATTERS (CONTINUED)

REPORT ON FISCAL YEAR 2009 POST-TENURE REVIEW (CONTINUED)

ACADEMIC INSTITUTIONS (CONTINUED)

Post-Tenure Review Results by Gender

	Actually Reviewed		Performing Satisfactorily		Needs Additional Support or Marginal		Unsatisfactory	
	Male	Female	Male	Female	Male	Female	Male	Female
U. T. Arlington	29	20	29	20				
U. T. Austin	123	46	122	45			1	1
U. T. Brownsville	3	3	3	3				
U. T. Dallas	33	4	33	4				
U. T. El Paso	18	9	16	9			2	
U. T. Pan American	16	4	15	4	1			
U. T. Permian Basin		2		2				
U. T. San Antonio	26	14	25	14	1			
U. T. Tyler	9	4	8	4			1	
Total	257	106	251	105	2		4	1

Post-Tenure Review Results by Ethnicity

	Total Actually Reviewed					Performing Satisfactorily				
	White	Black	Hispanic	Asian	Other	White	Black	Hispanic	Asian	Other
U. T. Arlington	41		1	7		41		1	7	
U. T. Austin	143	7	9	10		141	7	9	10	
U. T. Brownsville	5			1		5			1	
U. T. Dallas	30			7		30			7	
U. T. El Paso	21		4	2		20		4	1	
U. T. Pan American	16		2	2		15		2	2	
U. T. Permian Basin	2					2				
U. T. San Antonio	24	2	5	7	2	24	2	4	7	2
U. T. Tyler	12			1		11			1	
Total	294	9	21	37	2	289	9	20	36	2

OTHER MATTERS (CONTINUED)

REPORT ON FISCAL YEAR 2009 POST-TENURE REVIEW (CONTINUED)

ACADEMIC INSTITUTIONS (CONTINUED)

	Needs Additional Support or Marginal					Unsatisfactory				
	White	Black	Hispanic	Asian	Other	White	Black	Hispanic	Asian	Other
U. T. Arlington										
U. T. Austin						2				
U. T. Brownsville										
U. T. Dallas										
U. T. El Paso						1			1	
U. T. Pan American	1									
U. T. Permian Basin										
U. T. San Antonio			1							
U. T. Tyler						1				
Total	1		1			4			1	

PRESENT STATUS OF EACH MARGINAL PERFORMANCE:

U. T. Pan American: The faculty member was put on an eighteen-month timeline to increase his level of professional achievement to meet discipline-based accreditation expectations. Satisfactory progress has been made.

U. T. San Antonio: A performance improvement plan to be overseen by the department chair in consultation with the Dean was put in place.

PRESENT STATUS OF EACH UNSATISFACTORY PERFORMANCE:

U. T. Austin: The faculty members have established a professional development plan as a result of the review.

U. T. El Paso: The faculty members have met with the Dean and Chair, and a remediation plan, including specific goals and benchmarks in each of the areas of Teaching, Research, and Service, have been developed and is being implemented.

U. T. Tyler: A remediation plan was implemented for a two-year period for academic years 2009-2011.

OTHER MATTERS (CONTINUED)

REPORT ON FISCAL YEAR 2009 POST-TENURE REVIEW (CONTINUED)

HEALTH INSTITUTIONS

In accordance with *Texas Education Code* Section 51.942 and Regents' *Rules and Regulations*, Rule 31102, the following report on the Fiscal Year 2009 post-tenure review for the U. T. System health institutions is provided by the Executive Vice Chancellor for Health Affairs.

During Fiscal Year 2009, 173 tenured faculty members at the five health institutions were subject to post-tenure review. Of the 173 faculty members subject to review, 167 or 96.5% were evaluated as Performing Well; 4 or 2.3% received Needs Additional Support or Marginal evaluations; and 2 or 1.2% received Unsatisfactory evaluations. The following summary tables provide additional details of the post-tenure review results.

Summary of Post-Tenure Review Results

	Total Subject to Review	Total Performing Well	Total Needs Additional Support or Marginal	Total Unsatisfactory
U. T. SWMC - Dallas	53	52		1
U. T. MB - Galveston	16	16		
U. T. HSC - Houston	14	13	1	
U. T. HSC - San Antonio	43	43		
U. T. MDACC *	47	43	3	1
Total	173	167	4	2
		96.5%	2.3%	1.2%

Post-Tenure Review Results by Gender

	Subject to Review		Performing Well		Needs Additional Support or Marginal		Unsatisfactory	
	Male	Female	Male	Female	Male	Female	Male	Female
U. T. SWMC - Dallas	46	7	45	7			1	
U. T. MB - Galveston	10	6	10	6				
U. T. HSC - Houston	8	6	7	6	1			
U. T. HSC - San Antonio	34	9	34	9				
U. T. MDACC *	37	10	33	10	3		1	
Total	135	38	129	38	4		2	

*U. T. MDACC offers "term tenure"

OTHER MATTERS (CONTINUED)

REPORT ON FISCAL YEAR 2009 POST-TENURE REVIEW (CONTINUED)

HEALTH INSTITUTIONS (CONTINUED)

Post-Tenure Review Results by Ethnicity

	Total Subject to Review					Performing Well				
	White	Black	Hispanic	Asian	Other	White	Black	Hispanic	Asian	Other
U. T. SWMC - Dallas	45	1	2	5		44	1	2	5	
U. T. MB - Galveston	11	2	1	2		11	2	1	2	
U. T. HSC - Houston	13	1				12	1			
U. T. HSC - San Antonio	34		3	3	3	34		3	3	3
U. T. MDACC	30		2	15		28		2	13	
Total	133	4	8	25	3	129	4	8	23	3

	Needs Additional Support or Marginal					Unsatisfactory				
	White	Black	Hispanic	Asian	Other	White	Black	Hispanic	Asian	Other
U. T. SWMC - Dallas						1				
U. T. MB - Galveston										
U. T. HSC - Houston	1									
U. T. HSC - San Antonio										
U. T. MDACC	2			1					1	
Total	3			1		1			1	

PRESENT STATUS OF EACH MARGINAL PERFORMANCE:

U. T. Health Science Center – Houston: A plan has been established to address the concerns identified in the post-tenure review.

U. T. M. D. Anderson Cancer Center: Two faculty members have been deferred for one year and one has been deferred for two years.

PRESENT STATUS OF EACH UNSATISFACTORY PERFORMANCE:

U. T. Southwestern Medical Center – Dallas: The faculty member has been repeatedly counseled and is currently on reassignment of duty until 8/31/2010, the effective date of his resignation.

U. T. M. D. Anderson Cancer Center: Faculty member will switch to non-tenure clinical appointment effective 9/1/2010.

REAL ESTATE REPORT

THE UNIVERSITY OF TEXAS SYSTEM SEPARATELY INVESTED ASSETS Managed by U. T. System

Summary Report at February 28, 2010

	FUND TYPE							
	Current Purpose Restricted		Endowment & Similar Funds		Annuity & Life Income Funds		TOTAL	
	Book	Market	Book	Market	Book	Market	Book	Market
Land & Buildings:								
Ending Value 11/30/09	\$ 3,783,237	\$ 29,301,963	\$ 103,831,681	\$ 276,625,289	\$ 1,843,260	\$ 3,984,785	\$ 109,458,178	\$ 309,912,037
Increase or Decrease	(363,192)	(1,053,491)	(6,286,918)	(16,293,379)	-	-	(6,650,109)	(17,346,870)
Ending Value 02/28/10	\$ 3,420,045	\$ 28,248,472	\$ 97,544,763	\$ 260,331,910	\$ 1,843,260	\$ 3,984,785	\$ 102,808,068	\$ 292,565,167
Other Real Estate:								
Ending Value 11/30/09	\$ 71,031	\$ 71,031	\$ 151,498	\$ 151,498	\$ -	\$ -	\$ 222,529	\$ 222,529
Increase or Decrease	(6,767)	(6,767)	(2,392)	(2,392)	-	-	(9,158)	(9,158)
Ending Value 02/28/10	\$ 64,264	\$ 64,264	\$ 149,107	\$ 149,107	\$ -	\$ -	\$ 213,371	\$ 213,371

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.

U. T. ARLINGTON

CONTRACTS

The following contracts have been administratively approved by the President or his delegate and the Executive Vice Chancellor for Academic Affairs and are recommended for approval by the U. T. System Board of Regents:

GENERAL CONTRACTS

FUNDS COMING IN

1. Agency: Texas Commission on Environmental Quality (TCEQ)
Funds: \$2,500,000 maximum obligation
Period: Effective date through November 30, 2011
Description: U. T. Arlington's Division for Enterprise Development will assist the TCEQ with compliance with the requirements of the U.S. Environmental Protection Agency and Federal Energy Act of 2005 to conduct Petroleum Storage Tank investigations of all facilities in Texas by August 2011.

CONTRACTS (CONTINUED)

GENERAL CONTRACTS (CONTINUED)

FUNDS GOING OUT

2. Agency: First Baptist Church of Arlington, Texas
Funds: Estimated net present value of parking rights to be granted to First Baptist Church of Arlington, Texas, is \$371,060
Period: August 1, 2010, through July 31, 2040, with two 10-year options to extend through July 31, 2060
Description: Parking rights will be granted to First Baptist Church of Arlington, Texas, in exchange for the conveyance to the Board of Regents for the benefit of U. T. Arlington of Lot 24R-2, John Huitt Addition, Arlington, Tarrant County, Texas, consisting of approximately 1.4653 acres, with a value of \$486,000. The land will be used as a portion of the site for the new U. T. Arlington Special Events Center, residence hall, and garage. This exchange of land for parking rights was approved by the Board of Regents on August 20, 2009. Since that approval, negotiations have continued and have resulted in the following modifications to the terms previously approved by the Board of Regents: instead of 100 parking spaces during Monday through Saturday there will be 150 parking spaces, with the right on limited occasions to increase this number to 250 parking spaces for funerals and special circumstances during Mondays through Saturdays; on Sunday mornings the originally agreed to 400 parking spaces may be conditionally increased to 800 parking spaces; and, on a limited number of times each year, the church may use up to 1,000 spaces with advance notice on Sunday mornings.

U. T. AUSTIN

CONTRACTS

The following contracts have been administratively approved by the President or his delegate and the Executive Vice Chancellor for Academic Affairs and are recommended for approval by the U. T. System Board of Regents:

GENERAL CONTRACTS

FUNDS GOING OUT

1. Agency: Paciolan, Inc.
Funds: \$4,115,000
Period: March 1, 2015 through February 28, 2020
Description: First amendment to the 2008 system purchase contract with Paciolan, Inc. to extend the contract an additional five years with no increase in price for existing services. Under this extension, Paciolan will continue to provide software and related support services to the Texas Box Office ticketing system for Intercollegiate Athletics for Men, Intercollegiate Athletics for Women, the Frank C. Erwin, Jr. Special Events Center, and Texas Performing Arts. Additionally, Paciolan will provide professional services to U. T. Austin in support of the implementation of the Fundraiser's Advantage and Donornet components of the Paciolan software at Texas Performing Arts.

2. Agency: Brigham Young University
Funds: \$1,100,000
Period: January 15, 2010 through November 10, 2011
Description: Agreement between U. T. Austin Intercollegiate Athletics for Men and Brigham Young University for a football game to be played on September 10, 2011, at Darrell K Royal - Texas Memorial Stadium.

AMENDMENTS TO THE 2009-10 BUDGET

TENURE APPOINTMENTS

**NEW APPOINTMENTS WITH TENURE, AWARD OF TENURE,
AND EMERITUS APPOINTMENTS**

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:

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
SCHOOL OF LAW					
Professor and G. Rollie White Teaching Excellence Chair in Law					
1. Robert G. Bone (T)	1/16-5/31	100	09	247,500	3440
	1/16-5/31	SUPLT	09	10,000	
COLLEGE OF LIBERAL ARTS					
History Associate Professor					
2. Daina R. Berry (T)	1/16-5/31	100	09	119,000	3408
COLLEGE OF PHARMACY					
Pharmacy and Human Ecology Professor and Coulter R. Sublett Professorship in Pharmacy					
3. John Digiovanni (T)	1/16-5/31	100	09	225,000	3442

AMENDMENTS TO THE 2009-10 BUDGET (CONTINUED)

TRANSFERS OF FUNDS

<u>Description</u>	<u>\$ Amount</u>	<u>RBC #</u>
AUXILIARY ENTERPRISES		
Intercollegiate Athletics		
4. Amount of Transfer:	2,000,000	3418
From: U. T. Austin Trademark Licensing Program Operating Income		
To: Intercollegiate Athletics Operating Income		
Transfer from U. T. Austin Trademark Licensing account to Intercollegiate Athletics income account to provide the contractual service payment to Head Coach Mack Brown.		
PLANT FUNDS		
Office of the Vice President and Chief Financial Officer		
5. Amount of Transfer:	500,000	3407
From: Miscellaneous Property Income Operating Income		
To: Land Acquisitions – Miscellaneous Purchases – All Expenses		
Income from the sale of water reclamation easements transferred to expense account to fund future land acquisitions.		
Frank C. Erwin, Jr. Special Events Center		
6. Amount of Transfer:	800,000	3406
From: Reserve for Renewals and Replacements		
To: ERC – Install Digital Billboard All Expenses		
Funding for acquisition and installation of a replacement digital billboard on the east side (the side facing Interstate 35) of the Frank C. Erwin, Jr. Special Events Center.		

U. T. DALLAS

AMENDMENTS TO THE 2009-10 BUDGET

TENURE APPOINTMENTS

NEW APPOINTMENTS WITH TENURE, AWARD OF TENURE,
AND EMERITUS APPOINTMENTS

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:

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
SCHOOL OF NATURAL SCIENCES AND MATHEMATICS					
Geosciences					
Associate Professor					
1. Georgia Fotopoulos (T)	1/1-5/31	100	09	90,000	3421
2. Mathukumalli Vldyasaga (T)	1/1-5/31	100	09	90,000	3422
ERIK JONSSON SCHOOL OF ENGINEERING AND COMPUTER SCIENCE					
Mechanical Engineering					
Louis Beecherl Jr. Chair and Professor					
3. Hongbing Lu (T)	1/1-5/31	100	09	130,000	3461

U. T. EL PASO

AMENDMENTS TO THE 2009-10 BUDGET

TENURE APPOINTMENTS

NEW APPOINTMENTS WITH TENURE, AWARD OF TENURE, AND EMERITUS APPOINTMENTS

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:

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
SCHOOL OF NURSING					
Dean, Professor, and Peter de Wetter					
Distinguished Professorship in Health Sciences					
1. Elias Provencio-Vasquez (T)	1/1-8/31	100	12	180,000	3431
	1/1-5/31	WOS	09	118,000	

TRANSFERS OF FUNDS

<u>Description</u>	<u>\$ Amount</u>	<u>RBC #</u>
TEXAS GRANT PROGRAM		
2. Amount of Transfer:	2,607,012	3456
From: Texas Higher Education Coordinating Board		
To: Educational and General Funds: TEXAS Grant Program		

Increase to the 2009-10 budget for the TEXAS Grant Program.

OTHER MATTERS

APPROVAL OF DUAL POSITIONS OF HONOR, TRUST, OR PROFIT

The following item has been approved by the Executive Vice Chancellor for Academic Affairs in accordance with the Regents' *Rules and Regulations*, Rule 30103 and is submitted for approval by the U. T. System Board of Regents. It has been determined that the holding of this office or position is of benefit to the State of Texas and The University of Texas and there is no conflict between holding this position and the appointment of Dr. Natalicio with The University of Texas at El Paso. By approval of this item, the Board is also asked to find that holding this position is of benefit to the State of Texas and The University of Texas and there is no conflict between the position and the University.

- | | |
|---------------|---|
| Name: | Diana Natalicio, Ph.D. |
| Title: | President |
| Position: | Member, Mexico Bicentennial Committee |
| Period: | January 1, 2010 through December 31, 2010 |
| Compensation: | None |
| Description: | The Mexico Bicentennial Committee in the United States was established by Arturo Sarukhan, Ambassador of Mexico to the U.S. It will operate at an honorary level as Mexico and its Embassy celebrate the bicentennial of Mexico's Independence and the centennial of the Mexican Revolution. These activities provide the opportunity for Mexico to promote its history and culture and in cooperation with the Committee, increase awareness of the strong bonds and bilateral relationship between the two countries. |

U. T. PAN AMERICAN
AMENDMENTS TO THE 2009-10 BUDGET

TRANSFERS OF FUNDS

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:

<u>Description</u>	<u>\$ Amount</u>	<u>RBC #</u>
TEXAS GRANT PROGRAM AND TOP 10% SCHOLARSHIPS		
1. Amount of Transfer:	4,414,000	3432

From: Texas Higher Education
Coordinating Board

To: Education and General Funds:
TEXAS Grant Program and Top
10% Scholarships

To record additional funds for the TEXAS Grant Program and Top 10% Scholarships from the Texas Higher Education Coordinating Board.

U. T. SAN ANTONIO
AMENDMENTS TO THE 2009-10 BUDGET

TRANSFER OF FUNDS

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:

<u>Description</u>	<u>\$ Amount</u>	<u>RBC #</u>
Information Technology Special Projects		
1. Amount of Transfer:	930,050	3425

From: Information Tech Special Projects

To: Information Tech Special Projects
Maintenance, Operation and Equipment

Cost for single storage management solution for faculty/staff/students; purchase and implement course evaluation system; implement updated email structure for faculty/staff; Automated Identity Management process; purchase of software and licenses; and other miscellaneous technical support services.

U. T. SOUTHWESTERN MEDICAL CENTER – DALLAS

CONTRACTS

The following contracts have been administratively approved by the President or his delegate and the Executive Vice Chancellor for Health Affairs and are recommended for approval by the U. T. System Board of Regents:

GENERAL CONTRACTS

FUNDS COMING IN

1. Agency: Dallas County Indigent Care Corporation
Funds: \$1,067,595
Period: April 1, 2010 through September 30, 2010
Description: To provide physician coverage in the Parkland Health and Hospital System surgical intensive care unit.
2. Agency: Seton dba Seton Family of Hospitals
Funds: \$3,397,378
Period: December 1, 2009 through August 31, 2011
Description: To sponsor, develop, and implement Graduate Medical Education Programs in the Seton service area.
3. Agency: Texas Council on Alzheimer's Disease and Related Disorders
Funds: \$1,156,160
Period: September 1, 2009 through August 31, 2011
Description: To perform research and services related to Alzheimer's disease and to establish data collection mechanisms and processes.

FUNDS GOING OUT

4. Agency: Beach Construction, Inc.
Funds: \$1,548,730
Period: April 13, 2010 through November 3, 2010
Description: To provide labor to renovate labs on the U. T. Southwestern Medical Center – Dallas campus.

AMENDMENTS TO THE 2009-10 BUDGET

TENURE APPOINTMENTS

**NEW APPOINTMENTS WITH TENURE, AWARD OF TENURE,
AND EMERITUS APPOINTMENTS**

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:

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
SCHOOL OF MEDICINE					
Pediatrics					
Professor					
1. Leticia Castillo (T)	11/2-8/31	100	12	325,000	3400
Surgery and Distinguished Chair in Surgery for Trauma and Critical Care					
2. Joseph Paul Minei					3453
From: Professor		100	12	325,300	
To: Professor (T)	9/1/-8/31	100	12	325,300	
Radiation Oncology					
Professor					
3. Tej Krishan Pandita (T)	12/28-8/31	100	12	190,000	3410

U. T. MEDICAL BRANCH – GALVESTON

CONTRACTS

The following contract has been administratively approved by the President or his delegate and the Executive Vice Chancellor for Health Affairs and is recommended for approval by the U. T. System Board of Regents:

GENERAL CONTRACTS

FUNDS GOING OUT

- Agency: A-S 56 IH-45 South-FM 646, L.P.

Funds: \$8,121,240 (includes the initial 10-year term plus an estimate of the value of the 5-year extension option)

Period: September 1, 2010 through August 31, 2020 (this is estimated as the final delivery date and will be determined once the landlord completes construction). U. T. Medical Branch – Galveston has the right to extend the term for 5 years at market rates with 180 days advance written notice. U. T. Medical Branch – Galveston has an ongoing right to terminate beginning after the 60th month by providing 12 months notice; upon giving notice, U. T. Medical Branch – Galveston must pay unamortized amount of commissions and improvement allowance.

Description: U. T. Medical Branch – Galveston will lease 19,764 square feet in the Bay Colony Professional Building, 2785 Gulf Freeway South, League City, Texas, to be used for pediatrics primary and specialty care clinics. The U. T. System Real Estate Office has reviewed the lease agreement.

AMENDMENTS TO THE 2009-10 BUDGET

TENURE APPOINTMENTS

**NEW APPOINTMENTS WITH TENURE, AWARD OF TENURE,
AND EMERITUS APPOINTMENTS**

The following Request for Budget Change (RBC) has been administratively approved by the Executive Vice Chancellor for Health Affairs and is recommended for approval by the U. T. System Board of Regents:

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
ACADEMIC ENTERPRISE					
Microbiology and Immunology					
Pathology					
Associate Professor					
1. Yingzi Cong (T)	3/1-8/31	100	12	120,000	3438

U. T. HEALTH SCIENCE CENTER – HOUSTON

CONTRACTS

The following contracts have been administratively approved by the President or his delegate and the Executive Vice Chancellor for Health Affairs and are recommended for approval by the U. T. System Board of Regents:

GENERAL CONTRACTS

FUNDS COMING IN

1. Agency: The Grocers Supply Co., Inc.
Funds: \$1,024,864 for direct services, with additional payments for indirect costs, and a management service fee
Period: February 26, 2010 and will continue for three years from commencement date of services
Description: U. T. Health Science Center – Houston will staff and operate an on-site clinic at the location of The Grocers Supply Co., Inc.'s current clinic. The clinic will offer primary health care services, occupational health services, and pharmacy services for the benefit of The Grocers Supply Co., Inc. employees and their dependents.
2. Agency: Texas Department of Family and Protective Services
Funds: Maximum of \$2,998,316
Period: September 1, 2009 through August 31, 2010
Description: Interagency contract to create resources that will improve Child Protective Services' access to medical professionals with expertise in the diagnosis of child abuse or neglect.

U. T. HEALTH SCIENCE CENTER – SAN ANTONIO

AMENDMENTS TO THE 2009-10 BUDGET

TENURE APPOINTMENTS

**NEW APPOINTMENTS WITH TENURE, AWARD OF TENURE,
AND EMERITUS APPOINTMENTS**

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:

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
GRADUATE SCHOOL OF BIOMEDICAL SCIENCES Pathology Professor					
1. Gopalrao Velagaleti (T)	12/1-8/31	100	12	165,000	3448
SCHOOL OF NURSING Family Nursing Professor					
2. Julie Novak (T)	9/1-8/31	25	12	195,000	3449

OTHER MATTERS

APPROVAL OF DUAL POSITIONS OF HONOR, TRUST, OR PROFIT

The following item has been approved by the Executive Vice Chancellor for Health Affairs in accordance with the Regents' *Rules and Regulations*, Rule 30103 and is submitted for approval by the U. T. System Board of Regents. It has been determined that the holding of this office or position is of benefit to the State of Texas and The University of Texas and there is no conflict between holding this position and the appointment of Dr. Rogers with The University of Texas Health Science Center at San Antonio. By approval of this item, the Board is also asked to find that holding this position is of benefit to the State of Texas and The University of Texas and there is no conflict between the position and the University.

- | | |
|---------------|--|
| Name: | Norma Martinez Rogers, Ph.D., RN, FAAN |
| Title: | Professor, School of Nursing |
| Position: | Commissioner, Medicaid and Children's Health Insurance Program Payment and Access Commission |
| Period: | December 2009 through December 2010 |
| Compensation: | Per diem rate as listed in the law to the rate of pay for a certain level of the senior executive service in government. As of December 23, 2009, that amount is \$600 per day. In addition, Dr. Rogers will receive reimbursement for travel and hotel expenses, subject to government limits. Dr. Rogers will be taking personal leave and be reimbursed during her service on the Commission. |
| Description: | Gene L. Dodaro, Acting Comptroller General of the United States and head of the U.S. Governmental Accountability Office, appointed Dr. Rogers to the Medicaid and Children's Health Insurance Program Payment and Access Commission. This Commission was established to review the Medicaid and Children's Health Insurance Program access payment policies and to advise Congress on issues affecting Medicaid and the Children's Health Insurance Program. |

U. T. M. D. ANDERSON CANCER CENTER

CONTRACTS

The following contracts have been administratively approved by the President or his delegate and the Executive Vice Chancellor for Health Affairs and are recommended for approval by the U. T. System Board of Regents:

GENERAL CONTRACTS

FUNDS GOING OUT

1. Agency: Datum Engineering, Inc.
Funds: Costs for projects selected for this vendor are based on negotiated hourly labor rates for various skill levels. It is anticipated that total costs under the agreement will exceed \$2,500,000, although the maximum amount is indeterminable at this time.
Period: The initial term of the contract was February 1, 2007 through January 31, 2008. Three additional 12-month renewals have been utilized, and the current renewal period ends January 31, 2011. The agreement may be renewed for one additional 12-month period.
Description: Vendor will provide structural engineering and technical support services for renovations, repair, and minor construction projects of limited scope on a per-project basis. Services are on a nonexclusive, indefinite quantity basis, and there is no minimum amount of work required.
2. Agency: Harrell Architects, Inc.
Funds: Costs for projects selected for this vendor are based on negotiated hourly labor rates for various skill levels. It is anticipated that total costs under the agreement will exceed \$2,500,000, although the maximum amount is indeterminable at this time.
Period: The initial term of the contract was January 1, 2007 through December 31, 2007. Three additional 12-month renewals have been utilized, and the current renewal period ends December 31, 2010. The agreement may be renewed for one additional 12-month period.
Description: Vendor will provide architectural and technical support services for renovations, repair, and minor construction projects of limited scope for research facilities on a per-project basis. Services are on a nonexclusive, indefinite quantity basis, and there is no minimum amount of work required.

CONTRACTS (CONTINUED)

GENERAL CONTRACTS (CONTINUED)

FUNDS GOING OUT (CONTINUED)

3. Agency: Inter-Medical Inc.
Funds: Costs are based on a negotiated fee structure for various modalities of dialysis, including furnishing some indigent care services at no cost to U. T. M. D. Anderson Cancer Center. The amount of this agreement will not exceed \$7,000,000 without prior written approval.
Period: The initial term of the contract is March 1, 2010 through February 28, 2013, with the option to renew for three additional 12-month terms.
Description: Vendor will provide the services, equipment, and supplies to perform various dialysis services.
4. Agency: Othon, Inc.
Funds: Costs for projects selected for this vendor are based on negotiated hourly labor rates for various skill levels. It is anticipated that total costs under the agreement will exceed \$2,500,000, although the maximum amount is indeterminable at this time.
Period: The initial term of the contract was February 1, 2007 through January 31, 2008. Three additional 12-month renewals have been utilized, and the current renewal period ends January 31, 2011. The agreement may be renewed for one additional 12-month period.
Description: Vendor will provide civil engineering and technical support services for renovations, repair, and minor construction projects of limited scope on a per-project basis. Services are on a nonexclusive, indefinite quantity basis, and there is no minimum amount of work required.

CONTRACTS (CONTINUED)

GENERAL CONTRACTS (CONTINUED)

FUNDS GOING OUT (CONTINUED)

5. Agency: P&W Architects, LLP
Funds: Costs for projects selected for this vendor are based on negotiated hourly labor rates for various skill levels. It is anticipated that total costs under the agreement will exceed \$2,500,000, although the maximum amount is indeterminable at this time.
Period: The initial term of the contract was January 1, 2007 through December 31, 2007. Three additional 12-month renewals have been utilized, and the current renewal period ends December 31, 2010. The agreement may be renewed for one additional 12-month period.
Description: Vendor will provide architectural and technical support services for renovations, repair, and minor construction projects of limited scope for research facilities on a per-project basis. Services are on a nonexclusive, indefinite quantity basis, and there is no minimum amount of work required.
6. Agency: P&W Architects, LLP
Funds: Costs for projects selected for this vendor are based on negotiated hourly labor rates for various skill levels. It is anticipated that total costs under the agreement will exceed \$2,500,000, although the maximum amount is indeterminable at this time.
Period: The initial term of the contract was January 1, 2007 through December 31, 2007. Three additional 12-month renewals have been utilized, and the current renewal period ends December 31, 2010. The agreement may be renewed for one additional 12-month period.
Description: Vendor will provide architectural and technical support services for renovations, repair, and minor construction projects of limited scope for healthcare facilities on a per-project basis. Services are on a nonexclusive, indefinite quantity basis, and there is no minimum amount of work required.

CONTRACTS (CONTINUED)

GENERAL CONTRACTS (CONTINUED)

FUNDS GOING OUT (CONTINUED)

7. Agency: URS Corporation
Funds: Costs for projects selected for this vendor are based on negotiated hourly labor rates for various skill levels. It is anticipated that total costs under the agreement will exceed \$2,500,000, although the maximum amount is indeterminable at this time.
Period: The initial term of the contract was February 1, 2007 through January 31, 2008. Three additional 12-month renewals have been utilized, and the current renewal period ends January 31, 2011. The agreement may be renewed for one additional 12-month period.
Description: Vendor will provide engineering and technical support services for renovations, repair, and minor construction projects of limited scope for building envelope systems on a per-project basis. Services are on a nonexclusive, indefinite quantity basis, and there is no minimum amount of work required.
8. Agency: Walter P. Moore & Associates, Inc.
Funds: Costs for projects selected for this vendor are based on negotiated hourly labor rates for various skill levels. It is anticipated that total costs under the agreement will exceed \$2,500,000, although the maximum amount is indeterminable at this time.
Period: The initial term of the contract was February 1, 2007 through January 31, 2008. Three additional 12-month renewals have been utilized, and the current renewal period ends January 31, 2011. The agreement may be renewed for one additional 12-month period.
Description: Vendor will provide civil engineering and technical support services for renovations, repair, and minor construction projects of limited scope on a per-project basis. Services are on a nonexclusive, indefinite quantity basis, and there is no minimum amount of work required.

CONTRACTS (CONTINUED)

GENERAL CONTRACTS (CONTINUED)

FUNDS GOING OUT (CONTINUED)

9. Agency: Walter P. Moore & Associates, Inc.
Funds: Costs for projects selected for this vendor are based on negotiated hourly labor rates for various skill levels. It is anticipated that total costs under the agreement will exceed \$2,500,000, although the maximum amount is indeterminable at this time.
- Period: The initial term of the contract was February 1, 2007 through January 31, 2008. Three additional 12-month renewals have been utilized, and the current renewal period ends January 31, 2011. The agreement may be renewed for one additional 12-month period.
- Description: Vendor will provide structural engineering and technical support services for renovations, repair, and minor construction projects of limited scope on a per-project basis. Services are on a nonexclusive, indefinite quantity basis, and there is no minimum amount of work required.
10. Agency: Walter P. Moore & Associates, Inc.
Funds: Costs for projects selected for this vendor are based on negotiated hourly labor rates for various skill levels. It is anticipated that total costs under the agreement will exceed \$2,500,000, although the maximum amount is indeterminable at this time.
- Period: The initial term of the contract was February 1, 2007 through January 31, 2008. Three additional 12-month renewals have been utilized, and the current renewal period ends January 31, 2011. The agreement may be renewed for one additional 12-month period.
- Description: Vendor will provide engineering and technical support services for renovations, repair, and minor construction projects of limited scope for building envelope systems on a per-project basis. Services are on a nonexclusive, indefinite quantity basis, and there is no minimum amount of work required.

CONTRACTS (CONTINUED)

GENERAL CONTRACTS (CONTINUED)

FUNDS GOING OUT (CONTINUED)

11. Agency: Fannin Medical, L.P.
Funds: Amendment includes approximately \$811,830 in base rent plus a proportionate share of operating expenses calculated on a 2003 base year.
Period: An additional 12 months over the previous amendment, continuing through December 31, 2011
Description: A space lease agreement for U. T. M. D. Anderson Cancer Center to lease approximately 27,046 square feet of office space located at 1020 Holcombe Boulevard, Houston, Texas. The U. T. System Office of General Counsel and the Real Estate Office have reviewed the lease agreement.
12. Agency: IBM Global Services
Funds: Costs for projects selected for this vendor are based on negotiated material and hourly labor rates for various skill levels. Initial amount of the agreement will not exceed \$17,153,000 without prior approval from U. T. M. D. Anderson Cancer Center.
Period: The initial term of the contract is from June 1, 2010 through May 31, 2013, with the option to renew for two additional 12-month terms
Description: Vendor will provide consulting and implementation services to establish a Project Management Office and to support the Enterprise Resource Planning project that will consolidate human resources, financial, and supply chain management processes into a single suite of applications.

CONTRACTS (CONTINUED)

GENERAL CONTRACTS (CONTINUED)

FUNDS GOING OUT (CONTINUED)

13. Agency: Jones Lang LaSalle Americas, Inc.
Funds: Costs for projects selected for this vendor are based on negotiated hourly labor rates for various skill levels. It is anticipated that total costs under the agreement will exceed \$2,500,000, although the maximum amount is indeterminable at this time.
- Period: The initial term of the contract was November 16, 2007 through November 15, 2008. Two additional 12-month renewals have been utilized, and the current renewal period ends November 15, 2010. The agreement may be renewed for two additional 12-month periods.
- Description: Vendor will provide construction project management services on a per-project basis. Services are on a nonexclusive, indefinite quantity basis, and there is no minimum amount of work required.
14. Agency: Page Southerland Page LLP
Funds: Costs for projects selected for this vendor are based on negotiated hourly labor rates for various skill levels. It is anticipated that total costs under the agreement will exceed \$2,500,000, although the maximum amount is indeterminable at this time.
- Period: The initial term of the contract was January 1, 2007 through December 31, 2007. Three additional 12-month renewals have been utilized, and the current renewal period ends December 31, 2010. The agreement may be renewed for one additional 12-month period.
- Description: Vendor will provide architectural and technical support services for renovations, repair, and minor construction projects of limited scope for healthcare facilities on a per-project basis. Services are on a nonexclusive, indefinite quantity basis, and there is no minimum amount of work required.

CONTRACTS (CONTINUED)

GENERAL CONTRACTS (CONTINUED)

FUNDS GOING OUT (CONTINUED)

15. Agency: Page Southerland Page LLP
Funds: Costs for projects selected for this vendor are based on negotiated hourly labor rates for various skill levels. It is anticipated that total costs under the agreement will exceed \$2,500,000, although the maximum amount is indeterminable at this time.
- Period: The initial term of the contract was February 1, 2007 through January 31, 2008. Three additional 12-month renewals have been utilized, and the current renewal period ends January 31, 2011. The agreement may be renewed for one additional 12-month period.
- Description: Vendor will provide engineering and technical support services for renovations, repair, and minor construction projects of limited scope for healthcare facilities on a per-project basis. Services are on a nonexclusive, indefinite quantity basis, and there is no minimum amount of work required.

U. T. HEALTH SCIENCE CENTER – TYLER

AMENDMENT TO THE 2009-10 BUDGET

EMERITUS APPOINTMENT

**NEW APPOINTMENTS WITH TENURE, AWARD OF TENURE,
AND EMERITUS APPOINTMENTS**

The following Request for Budget Change (RBC) has been administratively approved by the Executive Vice Chancellor for Health Affairs and is recommended for approval by the U. T. System Board of Regents:

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
DEPARTMENT OF FAMILY MEDICINE					
1. Richard M. Viken					3458
From: Chair		100	12	152,189	
To: Chair Emeritus	2/1-8/31			0	