

Meeting No. 1,060

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

Pages 1 - 29

July 14-15, 2010

Austin, Texas

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 OF
 THE UNIVERSITY OF TEXAS SYSTEM
 JULY 14-15, 2010
 AUSTIN, TEXAS

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MEETING NO. 1,060

WEDNESDAY, JULY 14, 2010.--The members of the Board of Regents of The University of Texas System convened this meeting at 12:40 p.m. on Wednesday, July 14, 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, presiding
Vice Chairman Foster
Vice Chairman Longoria
Regent Dannenbaum
Regent Gary
Regent Hicks
Regent Pejovich
Regent Powell
Regent Stillwell
Regent Kalkwarf, 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 NEW REGENTS PEJOVICH AND KALKWARF.--Chairman McHugh welcomed Regent Brenda Pejovich and Student Regent Kyle J. Kalkwarf to their first Board meeting. (See Page 20 for the official welcome to these new Regents.)

CONVENE JOINT MEETING: BOARD OF REGENTS AND THE UNIVERSITY OF TEXAS INVESTMENT MANAGEMENT COMPANY (UTIMCO) BOARD OF DIRECTORS.--At 12:41 p.m., in accordance with a notice being duly posted with the Secretary of State and there being a quorum of both Boards present, Chairman McHugh convened the annual joint meeting of The University of Texas System Board of Regents and The University of Texas Investment Management Company (UTIMCO) Board of Directors. She then called on Vice Chairman Foster who is also Chairman of the Board of Directors of UTIMCO to chair the meeting.

1. U. T. System Board of Regents: Introductions

Vice Chairman Foster introduced University of Texas System and University of Texas Investment Management Company (UTIMCO) Regents, Directors, staff, and consultants in attendance at the meeting who work on UTIMCO-related matters. He also introduced Texas A&M University System Regent Phil Adams, Chairman of the Board of Regents' Committee on Finance, and Mr. Gregory R. Anderson, Chief Investment Officer and Treasurer at Texas A&M University.

2. U. T. System Board of Regents: Briefing on fiduciary responsibilities of The University of Texas Investment Management Company (UTIMCO) Directors

Mr. Barry Burgdorf, Vice Chancellor and General Counsel, provided an annual briefing on fiduciary responsibilities of The University of Texas Investment Management Company (UTIMCO) directors. The Board of Regents' Expectations of UTIMCO Directors on Pages 3 - 7 was provided as background information.

U. T. System Board of Regents Expectations for Appointees to the UTIMCO BOARD OF DIRECTORS

Overview of UTIMCO

The University of Texas Investment Management Company (“UTIMCO”), a Texas nonprofit corporation qualified as a tax-exempt entity under Section 501(c)(3) of the *Internal Revenue Code*, was created for the sole purpose of managing the investment of funds under the control and management of the Board of Regents of The University of Texas System pursuant to authorization provided in Section 66.08 of the *Texas Education Code* (the “UTIMCO statute”).

The corporate activities of UTIMCO are managed by its Board of Directors (the “UTIMCO Board”), subject to the Master Investment Management Services Agreement (“IMSA”) between UTIMCO and the Board of Regents, the applicable provisions of the Board of Regents’ *Rules and Regulations*, the UTIMCO statute, UTIMCO’s Articles of Incorporation and Bylaws, and other applicable law.

The Chancellor of the U. T. System serves as the Vice Chairman for Policy.

- The Chancellor is charged by the UTIMCO Bylaws with coordination of responsibilities, including the appropriate resolution of policy issues, assigned to UTIMCO and to the U. T. System by the Regents’ *Rules* to ensure implementation of UTIMCO’s performance of core investment duties.
- The IMSA between the U. T. System Board of Regents and UTIMCO provides that unless otherwise provided in writing by the U. T. Board, “UTIMCO shall look to the Chancellor to provide primary oversight and management concerning relations with the media, legal issues that implicate policies of the U. T. Board other than the Investment Policies, public disclosure of information and intergovernmental relations. Except for the foregoing matters, the UTIMCO Board of Directors and the CEO of UTIMCO shall be responsible for making all decisions necessary to implement the Investment Policies. The CEO of UTIMCO shall confer with the Chancellor on the above-mentioned matters where the Chancellor has primary oversight and management and on other matters that may implicate broader policies of the U. T. Board.”
- The Regents’ *Rules*, Rule 20101 and Rule 70401 provide additional detail on these duties.

Qualifications and Terms

Pursuant to the UTIMCO statute, the UTIMCO Board consists of nine (9) members. The Chancellor of the U. T. System serves as a Director. The other members of the UTIMCO Board are appointed by the Board of Regents and must include at least three (3) current members of the Board of Regents and at least one person selected by the Board of Regents from a list of candidates with substantial expertise in investments submitted by the Board of Regents of The Texas A&M University System. Pursuant to the UTIMCO bylaws approved by the Board of Regents, the three (3) Regental Directors serve two-year terms that expire on the first day of April of each odd-numbered year, and the external Directors serve three-year staggered terms that expire on the first day of April of the appropriate year. Any UTIMCO Director may be removed as a Director by the Board of Regents with or without cause and at any time.

Operations and Resources

The UTIMCO Board has delegated primary responsibility for certain functions to key chartered Board Committees:

1. Audit and Ethics Committee (Appointments approved by the Board of Regents)
2. Compensation Committee
3. Policy Committee
4. Risk Committee

U. T. System Administration staff provide oversight through the Office of Business Affairs, including the Office of Finance; the Office of General Counsel; Internal Audit; the Systemwide Compliance Officer; and the General Counsel to the Board of Regents. UTIMCO Directors also have the benefit of professional independent consultants, including:

1. Investment consultants (Cambridge Associates);
2. Outside legal counsel (Andrews Kurth, LLP);
3. Compensation consultants (Mercer);
4. External auditors (Deloitte & Touche LLP);
5. Dr. Keith Brown, Professor of Finance at U. T. Austin, Advisor to the Chairman of the UTIMCO Board.

Duties and Responsibilities

By statute and charter, as a fiduciary under the IMSA, UTIMCO is dedicated to the sole purpose of investing funds under the management and control of the Board of Regents. In practice, the fiduciary duties of UTIMCO Directors are focused on the fulfillment of the Board of Regents' investment policy directives. As Directors of a nonprofit corporation, UTIMCO Directors' fiduciary duties also include:

1. Duty of care in prudently managing the corporation's investment management and other affairs;
2. Duty of loyalty, requiring the avoidance of conflicts of interest; and
3. Duty to avoid conduct that exceeds the chartered powers of the corporation.

Investment Management Responsibilities: The Board of Regents is the ultimate fiduciary responsible for all matters relating to the investment of the funds under its control, in accordance with the "prudent investor" standard of care established by the *Texas Constitution*, *Texas Education Code*, and other applicable law. This standard provides that the Board of Regents, in making investments, may acquire, exchange, sell, supervise, manage, or retain, through procedures and subject to restrictions it establishes and in amounts it considers appropriate, any kind of investment that prudent investors, exercising reasonable care, skill, and caution, would acquire or retain in light of the purposes, terms, distribution requirements, and other circumstances of the fund then prevailing, taking into consideration the investment of all the assets of the fund rather than a single investment.

The Board of Regents delegates to UTIMCO as its fiduciary, under the management of the UTIMCO Board, authority to act for the Board of Regents in the investment of those funds, subject to limitations and restrictions articulated through the IMSA; the Board of Regents' investment policies; and other applicable laws, rules, and agreements. The UTIMCO Board's investment management authority, thus derived, includes the following investment management responsibilities:

- Review of the U. T. Board's current Investment Policies for each Fund at least annually. Such review shall include distribution (spending) guidelines, long-term investment return expectations and expected risk levels, Asset Class and Investment Type allocation targets and ranges, expected returns for each Asset Class and Investment Type and fund, designated performance benchmarks for each Asset Class and Investment Type and such other matters as the U. T. Board or its staff designees may request.
- After UTIMCO completes its assessment, UTIMCO must forward any recommended changes to U. T. System staff for review and appropriate action.
- Oversee the investment management process pursuant to the Investment Policies. Such oversight shall include without limitation the development of an investment outlook based on global economic and capital market forecasts, the rebalancing of allocations to each Asset Class and Investment Type within ranges in response to changes in the investment outlook, and the selection of a combination of portfolio managers to construct portfolios designed to generate the expected returns of each Asset Class and Investment Type.
- Monitor and report on investment performance for each of the Funds. With respect to all Funds other than the Separately Invested Funds (“SIFs”), such responsibilities shall include the calculation and evaluation of investment returns for each Asset Class and Investment Type and individual Fund portfolio against approved benchmarks over various periods of time, and the periodic review of performance benchmarks. With respect to all Funds, such responsibilities shall also include the reporting of investment performance of such specific Funds as may be requested by the U. T. Board, and the reporting to regulatory agencies and others regarding investments under management to the extent required by applicable law.
- Develop and implement a risk management system to measure and monitor overall portfolio derivative exposure, risk levels, liquidity, and leverage.
- Monitor and enforce compliance with all investment and other policies and applicable law.
- Monitor termination of external managers in accordance with Delegation of Authority Policy and investment policies.

Some investment management responsibilities delegated to UTIMCO, including but not limited to the following, are expressly subject to Board of Regents approval:

- Analyze and recommend investment strategies for U. T. System funds managed by UTIMCO, including Asset Class and Investment Type allocation targets, ranges, and performance benchmarks for each Asset Class and Investment Type (Exhibit A of the Fund Investment Policy Statements).
- Consider and recommend investments not covered by investment policy statements.
- Select one or more Custodians, each of which shall be approved by the U. T. Board, which shall also enter into or approve each agreement with the Custodian(s).
- Select, engage, and evaluate External Auditor(s) for the funds.

- Review and propose amendments to Board of Regents' policies related to the investment management of the U. T. System funds, including (not limited to):
 1. Investment Policy Statements for all U. T. System funds.
 2. Distribution (spending) guidelines, rates, and amounts as required.
 3. Liquidity Policy.
 4. Derivative Policy.

Corporate Governance Responsibilities: The UTIMCO Board manages the activities of the corporation, providing the primary governance and oversight of the CEO and Chief Investment Officer, other professionals employed by UTIMCO, and outside investment managers with whom funds have been invested. Management oversight responsibilities of the UTIMCO Board or UTIMCO Board Committees include the following:

- Monitor actual staffing, operating, and capital expenditures relative to approved budgets.
- Monitor compliance with the Delegation of Authority policy.
- Consider and approve actions outside the authority delegated to the CEO as required.
- Select, engage, and evaluate UTIMCO's outside counsel, custodian(s), external auditor(s) for the corporation, investment consultant(s) and risk consultant(s).
- Ensure compliance with UTIMCO's Code of Ethics, including conflict of interest policies and applicable law.
- Develop and administer a compensation plan, consistent with current regulations for determining reasonable compensation, to attract and retain high caliber investment professionals and support staff. With the exception of changes to the appendices, the Compensation Plan is subject to approval by the Board of Regents.
- Appoint, supervise, evaluate and compensate UTIMCO's CEO.
- Evaluate investment results against incentive compensation plan performance objectives; approve and recommend incentive compensation for UTIMCO's officers and other compensation plan participants.
- Review and approve committee charters.
- Assure establishment and implementation of legally compliant and administratively effective personnel policies.
- Oversee implementation of accounting principles, policies, internal financial controls, and reporting in the spirit of the Sarbanes-Oxley Act.
- Oversee implementation of public disclosures in compliance with the Texas Public Information Act and other applicable law, in collaboration with the Chancellor/Vice Chairman for Policy.

Some corporate management responsibilities of the UTIMCO Board, including but not limited to the following, are expressly subject to approval by the Board of Regents:

- Review and approve the proposed annual UTIMCO operating and capital budgets, including incentive compensation, capital expenditures, and management fee allocations.
- Review, approve, and recommend key governance documents such as the Articles of Incorporation, Bylaws, and Code of Ethics.
- Approval of Performance Incentive Awards that will result in an increase of 5% or more of the total performance incentive awards calculated to the approved Performance Incentive Plan contained in the UTIMCO Compensation Program.

Prohibited Transactions -- Conflicts of Interest

The *UTIMCO Code of Ethics* (“Code”) details, among other things, prohibitions on transactions between UTIMCO and entities controlled by UTIMCO Directors, as required by the UTIMCO statute and supplementing the general requirements under the Texas Non-Profit Corporation Act. Amendments to the Code are expressly subject to Board of Regents’ approval.

The Code prohibits any transaction or agreement between UTIMCO and any investment fund or account managed by a UTIMCO Director as a fiduciary or agent for compensation. The Code prohibits agreements or transactions between UTIMCO and a business entity controlled by a UTIMCO Director or in which a UTIMCO Director owns five percent or more of the fair market value of the assets or of the voting stock or from which the UTIMCO Director received more than five percent of his or her gross income for the preceding calendar year.

The Code prohibits a UTIMCO Director from investing in the private investments of a business entity in which UTIMCO contemporaneously owns a private investment if after the investment the UTIMCO Director’s investment constitutes a pecuniary interest (i.e., ownership of five percent or more of the fair market value of the assets or of the voting stock or from which the UTIMCO Director received more than five percent of his or her gross income for the preceding calendar year). The Code also prohibits UTIMCO from investing in the private investments of a business entity in which a UTIMCO Director contemporaneously owns a private investment if the UTIMCO Director’s interest constitutes a pecuniary interest. For this purpose, “private investment” means any debt or equity interest that is not publicly traded, including a private investment in a public company.

Application of the Texas Public Information Act

UTIMCO and its officers, directors and employees are subject to the provisions of the Texas Public Information Act. Corporate documents, correspondence, and emails are subject to public inspection and duplication, unless specifically excepted from disclosure under the Act.

Meeting Requirements

UTIMCO Directors are expected to attend all regularly scheduled Board meetings, which are typically held approximately every three months. In addition, special Board meetings may be scheduled from time to time with prior notice. The Texas Open Meetings Act applies to the UTIMCO Board, requiring that all deliberations of a quorum of the Board take place in open meetings after advance notice of the meeting is posted as required by the Act. Committee meetings are held as needed to address specific items within the Committee charters.

3. U. T. System Board of Regents: Discussion of U. T. System financial resources

Dr. Scott C. Kelley, Executive Vice Chancellor for Business Affairs, discussed the importance of investment assets in the context of The University of Texas System's overall financial resources. His presentation provided an overview of the U. T. System's assets, liabilities, revenues, and expenditures, and the role that assets managed by The University of Texas Investment Management Company (UTIMCO) play in supporting the financial condition of the U. T. System.

Dr. Kelley reminded both Boards of the critical nature of the assets that are being managed by UTIMCO and of the importance of the investment performance of those assets to the overall financial condition and picture of the U. T. System. He noted the investment distributions, which amount to approximately 6%, support marginal programs that are some of the most effective and most important programs in the U. T. System. In addition, he said the large assets strengthen the balance sheet and provide access to low-cost debt, provide liquidity, and provide overall strength to each institution. Further, Dr. Kelley said the realized and unrealized gains, or the nonoperating revenue increases or decreases, are particularly important because the operations for campuses are largely budgeted at almost a breakeven standpoint. He said extraordinary gains provide a significant impact to the overall strength of the institution and the ability to move forward, and losses have a converse effect.

Dr. Kelley said the liquidity exposure that UTIMCO provides is valuable to find low-cost debt, to enter into the variable rate debt market, and to be able to time an entrance into the market in terms of the acquisition of long-term debt to hedge the U. T. System's positions. He noted that at one point, purchasing liquidity outside was prohibitively expensive and having access through the assets at UTIMCO has been particularly helpful.

4. U. T. System Board of Regents: Governance of The University of Texas Investment Management Company (UTIMCO)

Vice Chairman Foster outlined The University of Texas Investment Management Company (UTIMCO) Board Committee structure. Four Board committees assume primary responsibility for overseeing certain aspects of UTIMCO operations. The chairs of the following UTIMCO Board committees described the roles of their committees since the last joint meeting on July 9, 2009:

- Audit and Ethics Committee: Chairman Paul L. Foster
- Risk Committee: Chairman Charles W. Tate

- Policy Committee: Chairman Janiece Longoria
- Compensation Committee: Chairman J. Philip Ferguson

5. U. T. System Board of Regents: Report on investment objectives and performance for The University of Texas Investment Management Company (UTIMCO)

Mr. Bruce Myers, Cambridge Associates, reported on the investment objectives and performance of funds managed by The University of Texas Investment Management Company (UTIMCO), including objectives, performance, policy portfolios, benchmark, and asset allocation.

In terms of the target return for the Permanent University Fund (PUF) and the General Endowment Fund (GEF), Mr. Myers said the distribution objectives, adjusted for inflation, are set to provide the same level of support over time. When asked by Vice Chairman Foster about the term “purchasing power,” Mr. Myers explained that the term refers to the same amount of support that the PUF and the GEF can give to The University of Texas System and, in the case of the PUF, to The Texas A&M University System today and a year from now.

Mr. Bruce Zimmerman, Chief Executive Officer and Chief Investment Officer, then reported on current UTIMCO performance through the fiscal quarter ending May 31, 2010. To update the performance figures through June 30, 2010, Mr. Zimmerman reported the endowment returns lost some ground in June 2010 to 9.8% from 10.3% at the end of May 2010; the Intermediate Term Fund (ITF) was down slightly from 6.99% to approximately 6.8%; and the staff value add (actual performance versus policy portfolio and benchmarks) was 4.34% greater for the endowments and the ITF, translating into \$813 million. Mr. Zimmerman reported that for the fiscal year ended June 30, 2010, which is the fiscal year for peer comparisons, the endowment returns were at about 16.8%, with staff value add at about 6%, which translates into over \$1 billion.

Director J. Philip Ferguson remarked on this value add for one year compared to compensation for three years, which the UTIMCO Compensation Plan focuses on, of \$1,860 million (see the UTIMCO Performance Summary Report on Page 11). He said the UTIMCO Board’s incentive compensation recommendations will be forthcoming and will include less than 1% of the \$1.8 billion.

The May 31, 2010 UTIMCO Performance Summary Report is set forth on Page 11.

Item I on Page 12 reports activity for the PUF investments. The PUF's net investment return for the quarter was .68% versus its composite benchmark return of negative .47%. The PUF's net asset value increased by \$54 million since the beginning of the quarter to \$10,524 million. This change in net asset value includes contributions from PUF Land receipts, increases due to net investment return, and the third payment of the annual distribution to the Available University Fund (AUF) of \$129 million.

Item II on Page 13 reports activity for the GEF investments. The GEF's net investment return for the quarter was .67% versus its composite benchmark return of negative .47%. The GEF's net asset value increased during the quarter to \$5,873 million.

Item III on Page 14 reports activity for the ITF. The ITF's net investment return for the quarter was negative .37% versus its composite benchmark return of negative 1.65%. The net asset value increased during the quarter to \$4,035 million due to net contributions of \$53 million, investment return of negative \$15 million, and net distributions of \$31 million.

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

Item IV on Page 15 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 \$40 million to \$1,874 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: \$43 million versus \$44 million at the beginning of the period; and other investments: \$2.2 million versus \$1.7 million at the beginning of the period.

UTIMCO Performance Summary

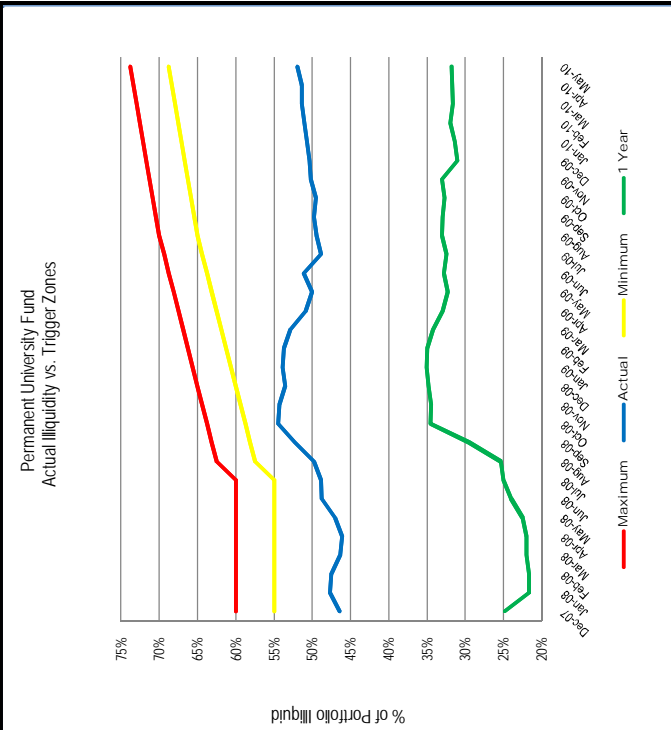
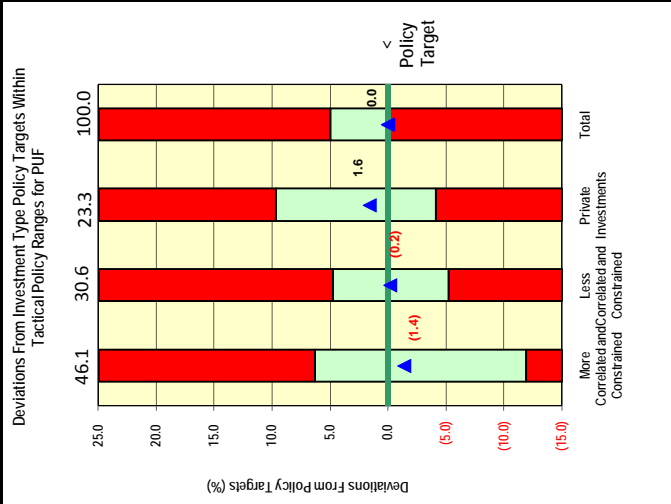
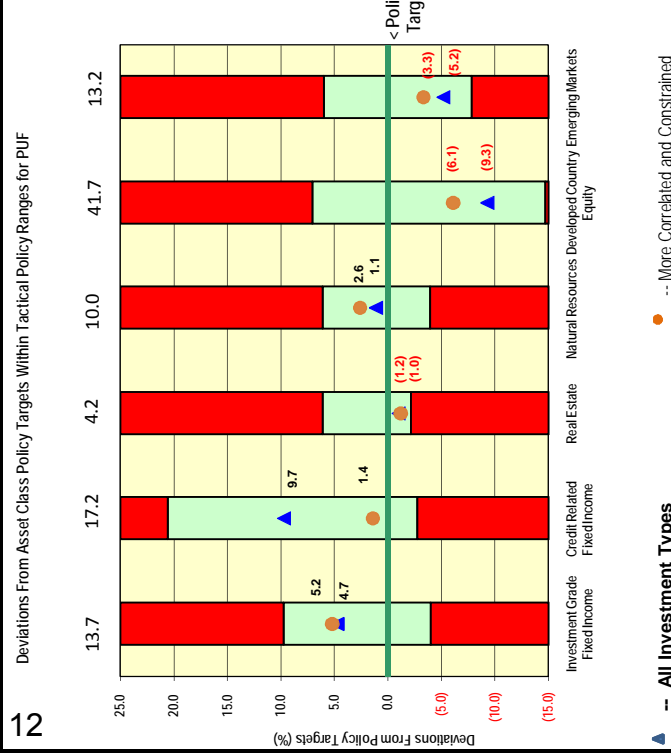
May 31, 2010

	Net Asset Value 5/31/2010 (in Millions)	Periods Ended May 31, 2010 (Returns for Periods Longer Than One Year are Annualized)																		
		Short Term		Year to Date		Historic Returns														
		1 Mo	3 Mos	Fiscal	Calendar	1 Yr	3 Yrs	5 Yrs	10 Yrs											
ENDOWMENT FUNDS																				
Permanent University Fund	\$10,524	(3.22%)	0.68%	10.32%	1.46%	17.85%	(2.40%)	4.66%	5.06%											
General Endowment Fund		(3.21)	0.67	10.29	1.45	17.84	(2.37)	4.73	N/A											
Permanent Health Fund	895	(3.22)	0.63	10.21	1.46	17.65	(2.45)	4.65	N/A											
Long Term Fund	4,978	(3.22)	0.63	10.21	1.47	17.64	(2.45)	4.65	5.13											
Separately Invested Funds	173	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A											
Total Endowment Funds	16,570																			
OPERATING FUNDS																				
Short Term Fund	1,770	0.02	0.05	0.14	0.07	0.26	2.21	3.21	2.96											
Intermediate Term Fund	4,035	(3.79)	(0.37)	6.99	(0.14)	14.69	(0.55)	N/A	N/A											
Total Operating Funds	5,805																			
Total Investments	\$22,375																			
VALUE ADDED (Percent)																				
Permanent University Fund		1.20%	1.15%	4.37%	2.62%	6.85%	3.01%	2.20%	1.90%											
General Endowment Fund		1.21	1.14	4.34	2.61	6.84	3.04	2.27	N/A											
Short Term Fund		-	0.02	0.04	0.03	0.10	0.51	0.40	0.22											
Intermediate Term Fund		0.66	1.28	4.32	2.64	4.48	2.94	N/A	N/A											
VALUE ADDED (\$ IN MILLIONS)																				
Permanent University Fund		\$130	\$120	\$418	\$272	\$616	\$958	\$1,082	\$1,860											
General Endowment Fund		74	67	234	152	346	545	622	N/A											
Intermediate Term Fund		28	52	161	106	156	332	N/A	N/A											
Total Value Added		\$ 232	\$ 239	\$ 813	\$ 530	\$ 1,118	\$ 1,835	\$ 1,704	\$ 1,860											

I. PERMANENT UNIVERSITY FUND
Investment Reports for Periods Ended May 31, 2010
 Prepared in accordance with *Texas Education Code Sec. 51.0032*

<u>Summary of Capital Flows</u>			
	Fiscal Year Ended August 31, 2009	Quarter Ended May 31, 2010	Fiscal Year to Date May 31, 2010
Beginning Net Assets	\$ 11,360	\$ 10,470	\$ 9,674
PUF Lands Receipts	340	119	263
Investment Return (Net of Expenses)	(1,495)	64	974
Distributions to AUF	(531)	(129)	(387)
Ending Net Assets	\$ 9,674	\$ 10,524	\$ 10,524

	Fiscal Year to Date			
	Returns	Policy Benchmark	From Asset Allocation	From Security Selection
More Correlated and Constrained:				
Investment Grade	2.24%	-0.57%	-0.17%	0.20%
Credit-Related	34.55%	13.37%	0.38%	0.07%
Real Estate	8.31%	7.68%	-0.06%	0.05%
Natural Resources	10.20%	1.00%	0.02%	0.52%
Developed Country	6.24%	1.04%	-0.03%	0.97%
Emerging Markets	11.85%	11.92%	-0.06%	-0.02%
Total More Correlated and Constrained	8.18%	4.35%	0.08%	1.79%
Less Correlated and Constrained	10.30%	2.74%	0.20%	2.11%
Private Investments	14.91%	14.27%	0.51%	-0.32%
Total	10.32%	5.95%	0.79%	3.58%
				4.37%



▲ -- All Investment Types ● --- More Correlated and Constrained

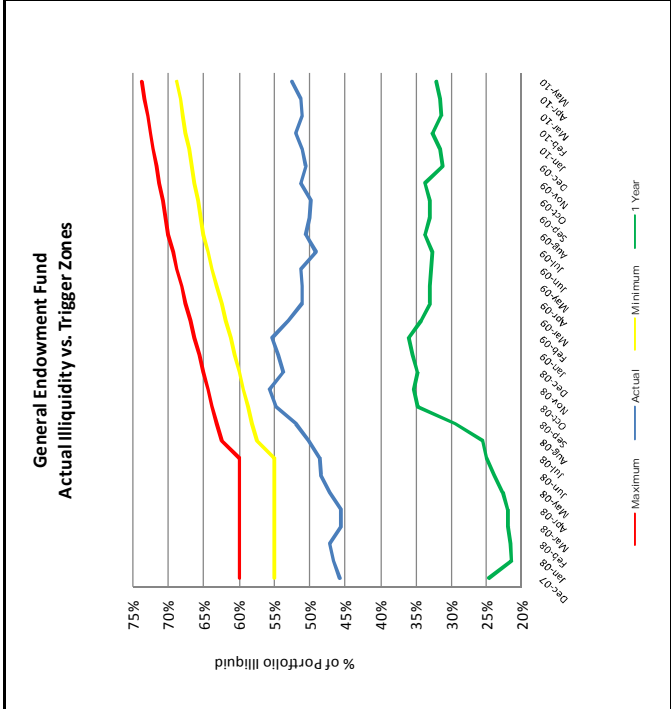
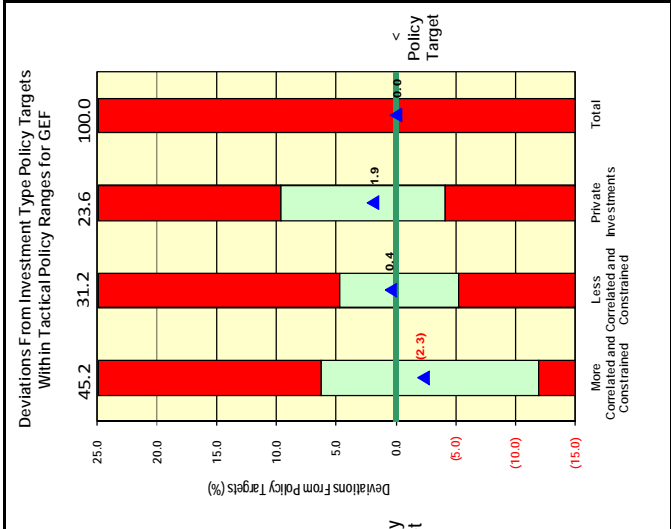
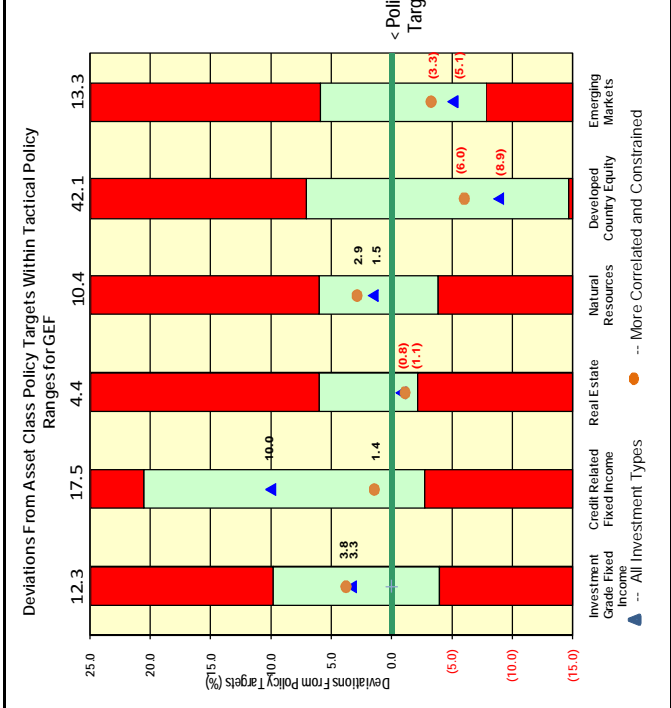
II. GENERAL ENDOWMENT FUND

Investment Reports for Periods Ended May 31, 2010

Prepared in accordance with Texas Education Code Sec. 51.0032

Summary of Capital Flows			
(\$ millions)	Fiscal Year Ended	Quarter Ended	Fiscal Year to Date
	August 31, 2009	May 31, 2010	May 31, 2010
Beginning Net Assets	\$ 6,310	\$ 5,794	\$ 5,359
Contributions	185	117	187
Withdrawals	(11)	(2)	(4)
Distributions	(279)	(75)	(222)
Investment Return (Net of Expenses)	(846)	39	563
Ending Net Assets	\$ 5,359	\$ 5,873	\$ 5,873

	Fiscal Year to Date				
	Returns	Value Added			
	Portfolio	Policy Benchmark	From Asset Allocation	From Security Selection	Total
More Correlated and Constrained:					
Investment Grade	2.37%	-0.57%	-0.20%	0.21%	0.01%
Credit-Related	34.57%	13.37%	0.38%	0.06%	0.44%
Real Estate	8.40%	7.68%	-0.06%	0.03%	-0.03%
Natural Resources	10.14%	1.00%	0.01%	0.51%	0.52%
Developed Country	6.16%	1.04%	-0.02%	0.98%	0.96%
Emerging Markets	11.60%	11.92%	-0.09%	-0.03%	-0.12%
Total More Correlated and Constrained	8.08%	4.35%	0.02%	1.76%	1.78%
Less Correlated and Constrained	10.29%	2.74%	0.23%	2.14%	2.37%
Private Investments	14.91%	14.27%	0.51%	-0.32%	0.19%
Total	10.29%	5.95%	0.76%	3.58%	4.34%



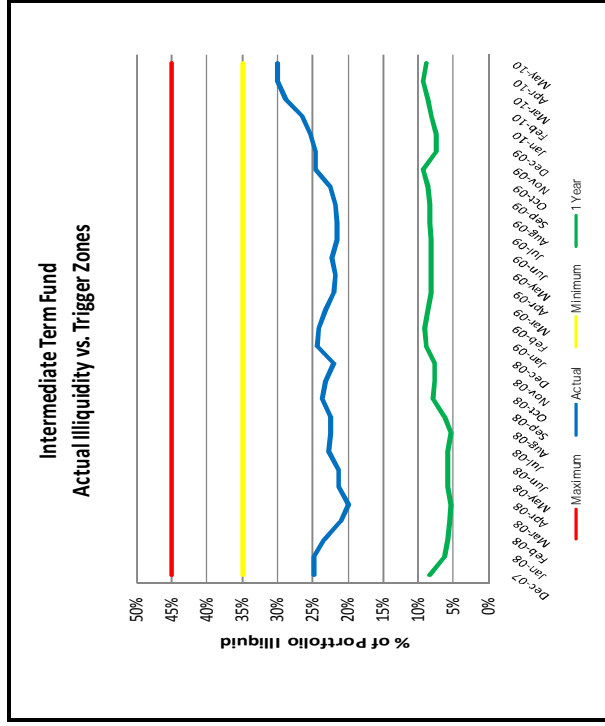
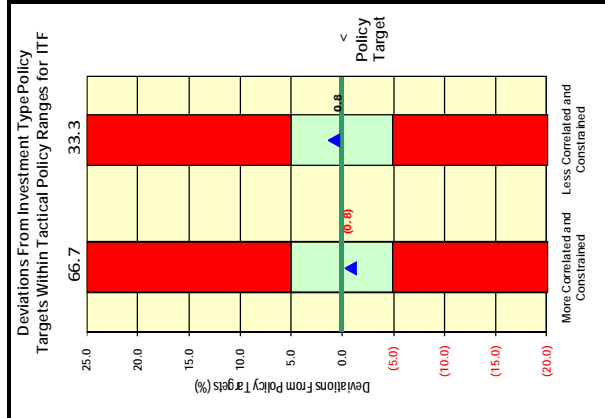
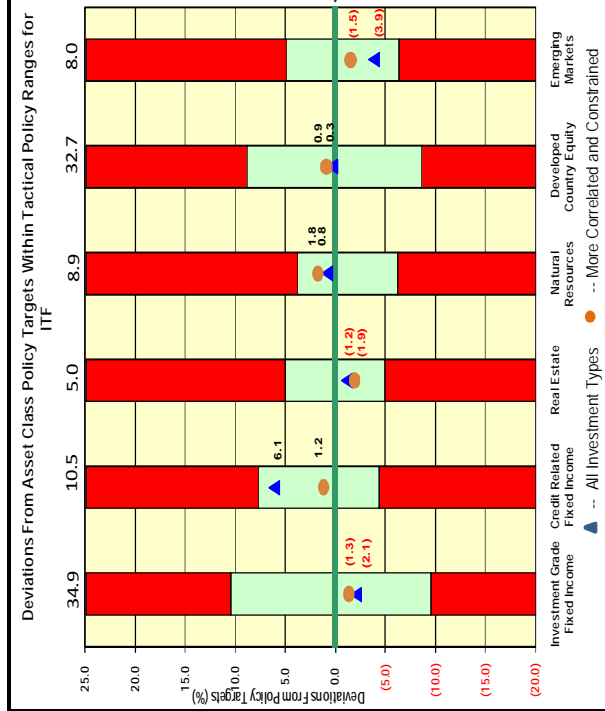
III. INTERMEDIATE TERM FUND

Investment Reports for Periods Ended May 31, 2010

Prepared in accordance with Texas Education Code Sec. 51.0032

Summary of Capital Flows			
(\$ millions)	Fiscal Year Ended August 31, 2009	Quarter Ended May 31, 2010	Fiscal Year to Date May 31, 2010
Beginning Net Assets	\$ 3,875	\$ 4,028	\$ 3,572
Contributions	251	75	374
Withdrawals	(178)	(22)	(76)
Distributions	(98)	(31)	(89)
Investment Return (Net of Expenses)	(278)	(15)	254
Ending Net Assets	\$ 3,572	\$ 4,035	\$ 4,035

	Fiscal Year to Date				
	Returns	Value Added			
	Portfolio	Policy Benchmark	From Asset Allocation	From Security Selection	Total
More Correlated and Constrained:					
Investment Grade	1.90%	-0.57%	-0.14%	0.85%	0.71%
Credit-Related	33.86%	13.37%	0.27%	0.18%	0.45%
Real Estate	8.96%	7.68%	-0.28%	0.13%	-0.15%
Natural Resources	8.66%	1.00%	0.13%	0.50%	0.63%
Developed Country	6.59%	1.04%	-0.14%	0.77%	0.63%
Emerging Markets	11.93%	11.92%	0.02%	0.00%	0.02%
Total More Correlated and Constrained	5.61%	2.38%	-0.14%	2.43%	2.29%
Less Correlated and Constrained	10.26%	2.74%	0.05%	1.98%	2.03%
Private Investments	0.00%	0.00%	0.00%	0.00%	0.00%
Total	6.99%	2.67%	-0.09%	4.41%	4.32%



IV. SEPARATELY INVESTED ASSETS
Summary Investment Report at May 31, 2010
 Report prepared in accordance with Texas Education Code Sec. 51.0032

ASSET TYPES	(\$ thousands)																	
	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 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	39,751	39,751	
Increase/(Decrease)	-	(5,902)	(5,902)	(21,614)	(21,614)	(16)	(16)	249	249	(27,283)	(27,283)	67,034	67,034	67,034	67,034	1,873,859	1,873,859	
Ending value 05/31/10	-	1,658	1,658	95,463	95,463	1,311	1,311	4,787	4,787	103,219	103,219	1,770,640	1,770,640	1,901,142	1,901,142	1,873,859	1,873,859	
Debt Securities:																		
Beginning value 02/28/10	-	301	300	11,305	12,401	10,406	10,822	-	-	22,012	23,523	-	-	22,012	23,523	-	-	
Increase/(Decrease)	-	-	-	411	430	149	294	-	-	560	724	-	-	560	724	-	-	
Ending value 05/31/10	-	301	300	11,716	12,831	10,555	11,116	-	-	22,572	24,247	-	-	22,572	24,247	-	-	
Equity Securities:																		
Beginning value 02/28/10	17	3,546	357	28,921	28,409	13,572	11,654	-	-	42,867	43,935	-	-	42,867	43,935	-	-	
Increase/(Decrease)	-	406	30	423	(680)	(664)	(773)	-	-	(211)	(1,028)	-	-	(211)	(1,028)	-	-	
Ending value 05/31/10	17	3,952	387	29,344	27,729	12,908	10,881	-	-	42,656	42,907	-	-	42,656	42,907	-	-	
Other:																		
Beginning value 02/28/10	-	638	638	2	2	370	137	918	918	1,928	1,695	-	-	1,928	1,695	-	-	
Increase/(Decrease)	-	(245)	(245)	-	-	-	-	722	722	477	477	-	-	477	477	-	-	
Ending value 05/31/10	-	393	393	2	2	370	137	1,640	1,640	2,405	2,172	-	-	2,405	2,172	-	-	
Total Assets:																		
Beginning 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	39,924	39,924
Increase/(Decrease)	-	406	(6,117)	(6,128)	(20,780)	(21,864)	(531)	(495)	971	971	(26,457)	(27,110)	67,034	67,034	40,577	40,577	1,943,165	1,943,165
Ending value 05/31/10	17	3,952	2,739	136,525	136,025	25,144	23,445	6,427	6,427	170,852	172,545	1,770,640	1,770,640	1,941,492	1,943,165	1,943,165	1,943,165	

Details of individual assets by account furnished upon request.

6. U. T. System Board of Regents: Update on The University of Texas Investment Management Company (UTIMCO) organization, including investment manager activity and expenses

Mr. Bruce Zimmerman, Chief Executive Officer and Chief Investment Officer of The University of Texas Investment Management Company (UTIMCO), reported on the UTIMCO organization, investment manager activity, technology, audits, and expenses. He noted the organization has been stable over the past year and has passed all audits.

7. U. T. System Board of Regents: Discussion of trends in investment management

Dr. Keith Brown, Advisor to the Chairman of the UTIMCO Board, recipient of a Regents' Outstanding Teaching Award (2009), University Distinguished Teaching Professor and Faye Sarofim Fellow at the Red McCombs School of Business at The University of Texas at Austin, discussed trends in investment management.

8. U. T. System Board of Regents: Discussion of investment portfolio and strategy

Mr. Bruce Zimmerman, Chief Executive Officer and Chief Investment Officer of The University of Texas Investment Management Company (UTIMCO), reported on the investment portfolio and investment strategy.

ADJOURN JOINT MEETING.--At 2:34 p.m., Vice Chairman Foster thanked members of both Boards for their interest and input, saying he looks forward to next year's meeting and a continued close and productive working relationship throughout the year. The joint meeting adjourned at 2:35 p.m.

CONVENE MEETING OF THE U. T. SYSTEM BOARD OF REGENTS.--At 3:00 p.m., Chairman McHugh convened the meeting of The University of Texas System Board of Regents in open session.

Chairman McHugh announced that University of Texas Health Science Center at Tyler President Calhoun was named Chair of the Executive Committee that governs the National Association of Public Hospitals and Health Systems, the largest organization of public hospitals and health systems in the United States.

She also congratulated University of Texas at Dallas President Daniel on his appointment by the National Academy of Engineering and the National Research Council to a committee that will study the cause of the recent Deepwater Horizon drilling rig explosion and oil spill in the Gulf of Mexico.

PRESENTATION OF THE U. T. ACADEMY OF HEALTH SCIENCE EDUCATION.-- Executive Vice Chancellor Shine introduced the President of The University of Texas Academy of Health Science Education, Jonathan MacClements, M.D., Director of Medical Education in the Department of Family Medicine at The University of Texas Health Science Center at Tyler. Dr. MacClements then introduced the following officers and past presidents of the Academy who were in attendance at the meeting and he provided a history of the Academy.

- L. Maximilian Buja, M.D., The University of Texas Health Science Center at Houston, Founding President of the Academy
- Susan Cox, M.D., The University of Texas Southwestern Medical Center at Dallas, a Past-President of the Academy
- Steve Lieberman, M.D., The University of Texas Medical Branch at Galveston, a Past-President of the Academy
- Janet Williams, M.D., The University of Health Science Center at San Antonio, President-Elect of the Academy
- Robert Esterl, M.D., U. T. Health Science Center – San Antonio, Permanent Secretary of the Academy

RECESS TO EXECUTIVE SESSION.--At 3:18 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, and 551.074 to consider those matters listed on the Executive Session agenda.

RECONVENE IN OPEN SESSION.--At 4:58 p.m., the Board reconvened in open session and took the following actions on matters discussed in Executive Session.

1. U. T. Austin: Authorization to ground lease approximately 1.43 acres consisting of Lots 1 through 7, Block 48, Division "D," and known as 600 West 24th Street, Austin, Travis County, Texas, to EDR Austin, LLC, a Delaware limited liability company, for a term of 60 years plus a construction period expiring no later than September 1, 2013, for the construction and operation of residential, ground floor retail, and related parking facilities

Regent Stillwell moved that The University of Texas System Board of Regents take the following actions on behalf of The University of Texas at Austin:

- a. authorize the ground lease of approximately 1.43 acres consisting of Lots 1 through 7, Block 48, Division "D," and known as 600 West 24th Street, Austin, Travis County, Texas, to EDR Austin, LLC, a Delaware limited liability company, for a term of 60 years plus a construction period expiring no later than September 1, 2013, for the construction and operation of residential, ground floor retail, and related parking facilities in accordance with the parameters outlined in Executive Session; and
- b. 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 action within the parameters outlined in Executive Session.

The motion was seconded by Regent Hicks and carried unanimously.

- 2a. U. T. Austin: Approval of negotiated gifts with potential naming features

Upon motion by Regent Hicks, seconded by Vice Chairman Longoria, the Board of Regents authorized 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 carried by acclamation.

2b. U. T. Pan American: Approval of negotiated gifts with potential naming features

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

The motion was seconded by Regent Dannenbaum and carried unanimously.

2c. U. T. M. D. Anderson Cancer Center: Discussion and appropriate action regarding proposed negotiated gifts

No action was taken on this item.

3. U. T. System Board of Regents: Discussion with Counsel on pending legal issues

No action was taken on this item.

4a. U. T. System: Discussion of individual personnel matters relating to appointment, employment, evaluation, compensation, assignment, and duties of U. T. System and institutional employees including employees covered by Regents' Rules and Regulations, Rule 20204, regarding compensation for highly compensated employees, and Rule 20203, regarding compensation for key executives

No action was taken on this item.

4b. U. T. System: Discussion regarding individual personnel matters relating to appointment, employment, evaluation, compensation, assignment, and duties of presidents (academic and health institutions), U. T. System Administration officers (Executive Vice Chancellors and Vice Chancellors), other officers reporting directly to the Board (Chancellor, General Counsel to the Board, and Chief Audit Executive), and U. T. System and institutional employees and related personnel aspects of the operating budget for the fiscal year ending August 31, 2011

No action was taken on this item.

RECESS.--The Board recessed at 5:03 p.m.

THURSDAY, JULY 15, 2010.--The members of the Board of Regents of The University of Texas System convened this meeting at 9:05 a.m. on Thursday, July 15, 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, presiding
Vice Chairman Foster
Vice Chairman Longoria
Regent Dannenbaum
Regent Gary
Regent Hicks
Regent Pejovich
Regent Powell
Regent Stillwell
Regent Kalkwarf, 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 NEW REGENTS PEJOVICH AND KALKWARF.--Chairman McHugh again welcomed Regent Brenda Pejovich and Student Regent Kyle J. Kalkwarf to their first Board meeting. She also noted that Regent Hicks has been reappointed to a term expiring February 1, 2015.

[On July 1, 2010, James R. Huffines submitted his resignation to Governor Perry.

On July 2, 2010, Regent Pejovich was appointed to the Board by Governor Perry to fill the term of Regent Hicks that will expire on February 1, 2011. She took the oath of office on July 14, 2010, prior to the beginning of the Board meeting at 12:40 p.m.

On July 2, 2010, Governor Perry also reappointed Regent Hicks to fill the term vacated by Regent Huffines that expires on February 1, 2015. He also took the oath of office on July 14, 2010.]

Chairman McHugh stated that since the formation of this Board in 1881, appointment as a Regent has been considered a unique honor. That honor, and its related responsibilities, must never be taken lightly, she said, and she further advised the newest members of the Board that as they go forth as new Regents, they will be faced with countless complex decisions.

To assist in contemplating those tough issues, she quoted former Chairman James Huffines who suggested Regents ask themselves three basic questions:

1. What impact will this decision have on the students of today and the students of tomorrow?
2. What impact will this decision have on the long-term future of the State of Texas?
3. How will this decision improve excellence throughout The University of Texas System?

Chairman McHugh added that former Chairman Huffines had also urged Board members to be vigilant against mediocrity or any force that hampers success by protecting the status quo, noting that “Regents must stand firm and be forever committed to moving the U. T. System forward in an enlightened manner.”

Chairman McHugh said she is confident that in a few years members of the Board will look back with a sense of great pride and humility on the privilege of having served as a Regent. She advised the following:

- Be courageous and visionary in your service.
- As time permits, study the history of the Board and gain a greater appreciation for the wisdom and vision of our predecessors.
- Think long term as you make decisions.
- And, always bear in mind your responsibility to future generations of Texans.

For the record, Chairman McHugh assigned Regent Pejovich to serve on the following committees:

Academic Affairs Committee
Finance and Planning Committee
Student, Faculty, and Staff Campus Life Committee

AGENDA ITEMS

1. U. T. Austin: Approval to rename Simkins Hall and Simkins Park as Creekside Residence Hall and Creekside Park, respectively

Upon motion by Regent Gary, seconded by Vice Chairman Longoria and Regent Powell, the Board renamed Simkins Hall and Simkins Park at The University of Texas at Austin as Creekside Residence Hall and Creekside Park, respectively.

Simkins Hall at U. T. Austin was named by the Board of Regents on September 18, 1954, for Mr. William Stewart Simkins, a Law School professor at U. T. Austin from 1899-1929. The residence hall was built to house male law and graduate students and is a small, outdated building that will be reviewed in the near future to determine if continued use as a residence is viable.

On March 26, 1976, the Board of Regents named Simkins Park for Judge Eldred J. Simkins, a member of the Board from 1882-1896. The Park is a small triangle of land near the dormitory.

Before calling for a vote, Chairman McHugh called on Regent Gary for the following remarks:

Remarks by Regent Gary

From time to time, we are reminded of ugly periods in our nation's history regarding civil rights by situations like this. When it happens, the question is: What do you do about it? How does the community respond to these types of challenges?

I salute President Powers for taking very quick action to resolve what could have been a very divisive situation in setting up the 21-member advisory committee to consider the facts and to recommend an appropriate action. All of this was headed up very adeptly by Dr. Gregory Vincent, Vice President for Diversity and Community Engagement.

In my opinion, the process was thoughtful and expeditious and included input from all the key stakeholders: students, faculty, administrators, alumni, and community representatives. Particularly, I salute the students and their participation through the leadership of their student government organization. We also had input from African-American legislators, alumni, and various community groups who were strongly in favor of a name change.

The participants maintained a professional and rational demeanor throughout, which can be very difficult to do given an emotional issue like this, and they allowed the process to work.

Governor Perry appointed me to the Board of Regents almost three years ago. During that time, I have had the opportunity to interact with students, faculty, administration, alumni, and my fellow Regents. Based on those experiences alone, there has never been any doubt in my mind as to which direction they were going to go on this subject. The history behind the name was not in line with today's University of Texas and its core values.

Lastly, The University of Texas is not unique in this regard. I suspect there are numerous symbols of various types rooted in racial and ethnic hatred that dishonor university campuses and other institutions across America where the negative history of the symbol is not known. The difference here is that we acquired specific knowledge in the present case. I believe that we acted appropriately and further, on a positive note, took advantage of this opportunity to restate the University's position regarding the importance of diversity and inclusiveness. Going forward, I hope that we can now reflect on the progress made to date by the University, which has been significant, and renew our commitment toward continued focus on furthering diversity and inclusiveness across The University of Texas System.

The motion carried unanimously.

2. U. T. Austin: Creation of an advisory council for the School of Undergraduate Studies (Regents' *Rules and Regulations*, Rule 60302, relating to advisory councils)

Pursuant to the Regents' *Rules and Regulations*, Rule 60302, relating to advisory councils, the Board approved the creation and operation of a School of Undergraduate Studies Advisory Council at The University of Texas at Austin.

Creation of the School of Undergraduate Studies was approved by the Texas Higher Education Coordinating Board on May 13, 2008. The School is an official college-level unit reporting directly to the Executive Vice President and Provost and is the initial home for students who choose not to select a major on applying to U. T. Austin or for those who are admitted to the University but not into the majors they have chosen. The School serves students by sustaining a dynamic common curriculum and by enriching the undergraduate experience through innovative advising, learning communities, interdisciplinary

programs, and undergraduate research. Special advising resources are offered to help new students explore potential majors before making a selection and to support continuing students who are considering a change of major. In Fall 2009, the School of Undergraduate Studies accepted its first cohort of 800 students. With a projected enrollment of 1,500-2,000 in 2010-11, the School would become the sixth largest college at U. T. Austin.

The School of Undergraduate Studies Advisory Council will assist the School in the continuing enhancement and support of its goals, including providing advice and counsel to the Dean, center directors, and the development officer to connect the School's programs and students to the community at-large. The Council will serve as an advocacy group both on and off campus, and will assist in promoting good relations between the School and the rest of the University, the state, and the nation. The Council will generate financial assistance for the School's mission of undergraduate excellence by taking an active role in private fundraising efforts and by advocating for increased support. By assisting the School's undergraduates to find internships and other job opportunities, the Council will serve as a liaison with business, industry, and government agencies and will acquaint students with leadership opportunities. The Advisory Council will achieve these aims through a membership of diverse individuals whose stature and contributions will foster valuable connections and bring credit to the School of Undergraduate Studies.

3. U. T. Austin: Approval of a distribution agreement with the Ex-Students' Association granting an exception to the U. T. System Gift Acceptance Procedures regarding regulation of endowment distributions for one endowment

The Board determined that distributions from a certain endowment for the benefit of The University of Texas at Austin to the Ex-Students' Association (Texas Exes) serve the educational purposes of U. T. Austin, and pursuant to Regents' *Rules and Regulations*, Rule 70101, Section 6, directs that such distributions be held and managed by the Texas Exes to provide for scholarships to U. T. Austin students thereby granting an exception to any other provisions of The University of Texas System Gift Acceptance Procedures that may be to the contrary. Such determination and direction is conditioned upon the Texas Exes signing an agreement, approved by the Office of External Relations and the Office of General Counsel, with the Board of Regents that, among other things, maintains sufficient controls by the Board of Regents to ensure that the educational purposes, endowment restrictions, and State of Texas and federal nondiscrimination restrictions are met.

The Ex-Students' Association Endowed Scholarships ("Scholarship") was established by the U. T. System Board of Regents on August 11, 1988, with a \$25,000 gift from the Texas Exes for the award of scholarships to students at U. T. Austin. The funds contributed by the Texas Exes to the Scholarship over the years have come from contributions from local chapters. Contributing local chapters have established local selection committees that award scholarships to graduates from local high schools. Some of the gifts received a 50% match from The Regents' Endowed Student Fellowship and Scholarship Program, a former matching program. The current market value of the Scholarship is approximately \$2,400,000, and U. T. System issues to the Texas Exes about 90 checks a year to fund individual chapter scholarships.

To simplify the administration of the Scholarship, the Texas Exes has requested that the Board of Regents authorize a quarterly distribution from the Scholarship each year to the Texas Exes, which it will hold to fund the scholarship payments for the various scholarship recipients during the year.

The Chancellor, the Vice Chancellor for External Relations, the Vice Chancellor and General Counsel, and the President of U. T. Austin have determined that i) quarterly distributions from the Scholarship directly to the Texas Exes to pool for payment of scholarships for selected U. T. Austin students would serve the educational purposes of U. T. Austin, and ii) quarterly distributions to the Texas Exes to pool for ultimate distribution to numerous scholarship recipients are the most efficient method of administering the endowed scholarship distributions.

4. U. T. Dallas: Approval to rename selected streets on campus, including honorific namings for former institutional presidents and others who have made significant contributions to the institution

The Board approved the renaming of selected streets on The University of Texas at Dallas campus to enhance campus navigation and to honor former presidents of the institution and individuals who have made significant contributions to the institution. In response to a question from Vice Chairman Longoria regarding due diligence, President Daniel said the individuals are well-known and due diligence has been done.

Many of the streets names on the campus are generic in nature, such as Drive A, Drive E, Drive F, and Drive L, and renaming these streets for people, for school spirit, and for functionality will make streets easier to remember, more easily identified and navigable, and more memorable.

The following list of street names will replace selected, generic street names as determined by the institution:

- Gifford Avenue, to be named for Dr. Gifford Johnson, a past President of the Graduate Research Center of the Southwest, the precursor for U. T. Dallas. He was a loyal supporter of U. T. Dallas until his death in 2009.
- Johnson Avenue, to be named for the first Acting President of U. T. Dallas, Dr. Francis S. Johnson who served from 1969-1971. Dr. Johnson was an eminent space scientist. He died in 2009.
- Hite Avenue, to be named for Mr. Morris Hite, who served as the institution's first development board chair and who was instrumental in securing State approval for establishment of the institution and for advancing the School of Management. He died in 1983.
- Jordan Avenue, to be named for President Emeritus Bryce Jordan, the first President of U. T. Dallas who served from 1971-1981. Dr. Jordan was a visionary academic and campus planner who crafted the first strategic plan, which called for an interdisciplinary campus to complement its stellar reputation for science and mathematics.
- Jenifer Avenue, to be named for the third President of U. T. Dallas, Dr. Franklyn G. Jenifer, who served from 1994-2005. President Emeritus Jenifer saw enrollment increase 61% during his tenure and saw a dramatic physical transformation of the campus as major new facilities were constructed.

(Note: Rutford Avenue was previously named for President Emeritus Robert H. Rutford, the second President of U. T. Dallas who served from 1982-1994.)

- Comet Avenue, Orange Avenue, Green Avenue, and Whoosh Way to be named after the U. T. Dallas Comets athletic teams whose colors are orange and green and whose rallying cry is "UTD Whoosh."
- Loop Road for the new loop road to be constructed on the campus to ease traffic flow and enhance safety.
- Various functional names for short access roads off of the main streets that lead to buildings, such as Student Union Road, Facilities Services Road, Library Circle, and Callier Drive, named after the buildings to which the roads provide access.

5. U. T. Health Science Center – San Antonio: Approval to establish a Doctor of Nursing Practice degree program and to submit a change in the institution's Table of Programs to the Coordinating Board for approval

Pursuant to the Regents' *Rules and Regulations*, Rule 40307, related to academic program approval standards, the Board

- a. established a Doctor of Nursing Practice (DNP) degree program at The University of Texas Health Science Center at San Antonio; and
- b. approved the submission of the proposal to the Texas Higher Education Coordinating Board for review and appropriate action.

In addition, the Coordinating Board will be asked to change U. T. Health Science Center – San Antonio's Table of Programs to reflect authorization for the DNP program.

U. T. Health Science Center – San Antonio will offer the new DNP degree program through its School of Nursing. The purpose of the DNP program is to prepare graduates for a tripartite advanced practice, advanced administrative, or public health role. The new DNP degree will replace the current advanced practice concentrations in the Master of Nursing (MSN) degree and provides an alternative to the research-focused doctorate (Ph.D.) for nurses who desire a terminal degree in specialty nursing practice.

All students in the DNP program will complete required core courses and must meet the student learner objectives and the American Association of Colleges of Nursing essentials foundational outcome competencies. Total semester credit hours will vary by specific track: post-baccalaureate or post-master's entry. The current advanced practice majors will transition to the DNP program, and students in these majors are expected to graduate in the next three years.

The U. T. Health Science Center – San Antonio School of Nursing has 112 faculty members organized into three departments: acute, chronic, and family nursing care. Forty-five faculty members hold doctoral degrees, nine are enrolled in doctoral education, and two are completing DNP programs out-of-state.

During the first two years of operation, the DNP degree program is expected to be sustained financially by a combination of institutional tuition funds and graduate school tuition generated by the School of Nursing Master's and Ph.D. in Nursing programs. The cost for transitioning to the DNP is not expected to increase dramatically and, rather than requesting additional

funding, the institution plans on reallocating expenditures to pay the costs to the School of Nursing for the DNP program. Faculty salaries are expected to be the primary cost; secondary costs include program administration, clinical support, and information technology resources.

6. U. T. System Board of Regents: Appointment of Vice Chairman Longoria, Mr. Charles W. Tate, and Mr. Erle Nye as members of the Audit and Ethics Committee of The University of Texas Investment Management Company (UTIMCO)

Upon recommendation of The University of Texas Investment Management Company (UTIMCO) Board of Directors, Vice Chairman Foster recommended that Vice Chairman Longoria, Mr. Charles W. Tate, and Mr. Erle Nye be appointed as members of the Audit and Ethics Committee of the UTIMCO Board of Directors.

Vice Chairman Foster, Chairman of the UTIMCO Board of Directors, stated that Vice Chairman Longoria is Chair of the UTIMCO Audit and Ethics Committee.

Section 66.08 of the *Texas Education Code* requires that the U. T. System Board of Regents approve the appointment of members of the Audit and Ethics Committee of the UTIMCO Board of Directors.

Vice Chairman Longoria abstained from vote on this item.

RECESS TO EXECUTIVE SESSION.--At 9:23a.m., Chairman McHugh announced the Board would recess to convene in Executive Session pursuant to *Texas Government Code* Sections 551.071 and 551.074 to consider those matters listed on the Executive Session agenda.

RECONVENE IN OPEN SESSION.--At 12:07 p.m., the Board reconvened in open session. There was no action taken on Executive Session items.

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

No action was taken on this item.

- 2a. U. T. System: Discussion of individual personnel matters relating to appointment, employment, evaluation, compensation, assignment, and duties of U. T. System and institutional employees including employees covered by Regents' Rules and Regulations, Rule 20204, regarding compensation for highly compensated employees, and Rule 20203, regarding compensation for key executives

No action was taken on this item.

- 2b. U. T. System: Discussion regarding individual personnel matters relating to appointment, employment, evaluation, compensation, assignment, and duties of presidents (academic and health institutions), U. T. System Administration officers (Executive Vice Chancellors and Vice Chancellors), other officers reporting directly to the Board (Chancellor, General Counsel to the Board, and Chief Audit Executive), and U. T. System and institutional employees and related personnel aspects of the operating budget for the fiscal year ending August 31, 2011

No action was taken on this item.

SCHEDULED MEETING.--The next regularly scheduled meeting will be held on August 11-12, 2010, in Austin, Texas.

ADJOURNMENT.--There being no further business, the meeting was adjourned at 12:09 p.m.

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

August 11, 2010