

Meeting No. 1,036

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

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August 13-14, 2008

Austin, Texas

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MEETING NO. 1,036

WEDNESDAY, AUGUST 13, 2008.--The members of the Board of Regents of The University of Texas System convened at 12:20 p.m. on Wednesday, August 13, 2008, in the Board Room, Ninth Floor, Ashbel Smith Hall, 201 West Seventh Street, Austin, Texas, with the following participation:

ATTENDANCE.--

Present  
Chairman Caven, presiding  
Vice Chairman Huffines  
Vice Chairman Rowling  
Regent Barnhill  
Regent Dannenbaum  
Regent Dower  
Regent Foster  
Regent Gary  
Regent Longoria  
Regent McHugh

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

U. T. System Board of Regents: Presentation of certificate of appreciation to James T. Willerson, M.D., Former President of U. T. Health Science Center – Houston

On behalf of the Board, Chairman Caven thanked James T. Willerson, M.D., former President of The University of Texas Health Science Center at Houston for his extraordinary service to the institution, The University of Texas System, and the State of Texas over the past 36 years. Chairman Caven then presented a framed certificate of appreciation, as set forth on the following page, to President Willerson on the occasion of his retirement on July 31, 2008. President Willerson received a round of applause and he thanked the members of the Board for the privilege to serve the U. T. System.

CERTIFICATE OF APPRECIATION

The Board of Regents

Expresses to

JAMES T. WILLERSON, M.D.

Its Sincere Appreciation for His  
Distinguished Service and Outstanding Contributions

to

The University of Texas System

as

Professor  
The University of Texas Southwestern Medical Center at Dallas  
1972 - 1989

Professor  
1989 - 2000

Interim President  
2000 - 2001

and  
President  
2001 - 2008

at

The University of Texas Health Science Center at Houston

RECESS TO EXECUTIVE SESSION.--At 12:22 p.m. Chairman Caven 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 1:43 p.m., the Board reconvened in open session. No action was taken on matters discussed in Executive Session.

- 1a. 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 discussion was held on this item.

- 1b. 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, Chancellor ad interim, 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, 2009

Action on the personnel aspects of the Fiscal Year 2009 Operating Budget was deferred for consideration at the Board meeting on Thursday, August 14, and was approved at that time (see Item 8 on Page 43).

- 1c. U. T. System: Discussion regarding 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

No discussion was held on this item.

2. Deliberations Regarding the Purchase, Exchange, Lease, Sale, or Value of Real Property

No discussion was held on this item.

3. Negotiated Contracts for Prospective Gifts or Donations

No discussion was held on this item.

- 4a. U. T. System Board of Regents: Discussion with Counsel on pending legal issues

No action was taken on this item.

- 4b. U. T. System Board of Regents: Legal issues related to U. T. Permian Basin and Los Alamos National Laboratory collaboration

No action was taken on this item.

RECESS.--At 1:45 p.m., Chairman Caven announced the Board would recess for committee meetings for the remainder of the afternoon and first thing on the morning of August 14.

THURSDAY, AUGUST 14, 2008.--The members of the Board of Regents of The University of Texas System reconvened at 10:47 a.m. on Thursday, August 14, 2008, in the Board Room, Ninth Floor, Ashbel Smith Hall, 201 West Seventh Street, Austin, Texas, with the following participation:

ATTENDANCE.--

Present  
Chairman Caven, presiding  
Vice Chairman Huffines  
Vice Chairman Rowling  
Regent Barnhill  
Regent Dannenbaum  
Regent Dower  
Regent Foster  
Regent Gary  
Regent Longoria  
Regent McHugh

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

WELCOME TO LARRY R. KAISER, M.D., PRESIDENT OF THE UNIVERSITY OF TEXAS HEALTH SCIENCE CENTER AT HOUSTON.--Chairman Caven welcomed Larry R. Kaiser, M.D., President of The University of Texas Health Science Center at Houston, to his first Board meeting.

CONGRATULATIONS TO THE UNIVERSITY OF TEXAS M. D. ANDERSON CANCER CENTER.--Chairman Caven congratulated President John Mendelsohn and the faculty and staff of The University of Texas M. D. Anderson Cancer Center for being named, again, the Number One cancer hospital in the country by *U.S. News & World Report*.

U. T. SYSTEM BOARD OF REGENTS: APPROVAL OF MINUTES.--The Minutes of the regular meetings of the Board of Regents of The University of Texas System held on May 14-15, 2008, in Tyler, Texas, and on July 24, 2008, in Austin, Texas, were approved as prepared by the Assistant Secretary to the Board of Regents. The official copy is recorded in the *Permanent Minutes*, Volume LV, Pages 533 - 681 (May) and 700 - 742 (July).



The Minutes of the special meetings of the Board of Regents of the U. T. System held on May 21, May 23, May 27, June 11, and June 20, 2008, in Austin, Texas, were also approved as prepared by the Assistant Secretary to the Board of Regents. The official copy is recorded in the *Permanent Minutes*, Volume LV, Pages 682 - 699.

RECOGNITION OF INDIVIDUALS INVOLVED IN SETTLEMENT OF BORDER FENCE CONSTRUCTION AT THE UNIVERSITY OF TEXAS AT BROWNSVILLE/ TEXAS SOUTHMOST COLLEGE.--Chairman Caven made the following remarks to recognize individuals involved in the settlement of the border fence construction at The University of Texas at Brownsville/Texas Southmost College:

Chairman Caven's remarks

I would like to take a few minutes to recognize the many individuals who worked so diligently to find a compromise outcome that would satisfy the responsibilities of both U. T. Brownsville/Texas Southmost College (UTB/TSC) and the U.S. Department of Homeland Security (DHS) related to the construction of the proposed border fence. Let me acknowledge

- Judge Andrew Hanen for his judicial wisdom and for even-handedly keeping the parties negotiating toward a jointly acceptable outcome;
- DHS for being willing to accept a creative compromise that matches the needs and interests of the unique situation presented by the UTB/TSC campus; in particular, U.S. Border Patrol Chief David Aguilar and Rio Grande Valley Sector Chief Ronald Vitiello, and the members of their respective staffs and the DHS and Department of Justice attorneys who worked long and hard on finding an acceptable resolution;
- Vice Chancellor and General Counsel Barry Burgdorf and Deputy General Counsel Daniel Sharphorn for preserving The University of Texas System and UTB/TSC's legal rights and guiding a successful compromise, and the Office of General Counsel staff for their contributions to this successful conclusion;
- Our colleagues and partners on the TSC Board of Trustees who share our pride in UTB/TSC and who supported this extraordinary effort to find a suitable compromise; and
- Finally, Dr. Juliet García, President of UTB/TSC, for her exceptional leadership in the negotiations, and also within the UTB/TSC family and the Brownsville community, and the outstanding and committed members of her team, including, in particular: Director of Federal

Relations Benigo Reyna, Project Manager Michael Putegnat, Provost Dr. Jose Martín, Professor Jude Benavides, and lead counsel for TSC, Daniel Rentfro, Jr.

[See Item 8 on Page 43 regarding \$1 million of Intermediate Term Funds (ITF) allocated to fund obligations related to construction of a fence on the U. T. Brownsville/Texas Southmost College campus consistent with the settlement agreement with the Department of Homeland Security.]

## AGENDA ITEMS

1. U. T. System Board of Regents: Presentation by Texas Higher Education Coordinating Board representatives on formula funding recommendations for the 2010-2011 biennium

Mr. Fred Heldenfels, Vice-Chair of the Strategic Planning Committee, made a PowerPoint presentation on the Texas Higher Education Coordinating Board's recommendations related to the funding formulas for higher education for the 2010-2011 biennium. Deputy Commissioner David Gardner, representing Commissioner Raymund Paredes, and Ms. Susan Brown, Assistant Commissioner for Planning and Accountability, were also in attendance. (The [PowerPoint presentation](#) is on file in the Office of the Board of Regents.)

Mr. Heldenfels noted University of Texas System institutions are making efforts to close the gaps including the improvement of success measures. Regent Dannenbaum asked if institutions would be prohibited from allocating some of the funds for instruction and operations for incentive funding and Mr. Heldenfels replied that he does not believe there would be a prohibition.

2. U. T. System Board of Regents: Presentation by Cooper, Robertson & Partners, L. L. P., regarding the status of work on the master planning project for the Brackenridge Tract

Mr. Paul Milana, Partner-in-Charge, and Dr. David McGregor, Project Director for Cooper, Robertson & Partners, L. L. P., updated the Board on work to date on the master planning project for the Brackenridge Tract. Mr. Milana said their job is a 13-month process to explore conceptual plans for the Tract and come back to the Board in June 2009 with at least two plan options for the Tract that meet the terms of the gift from Colonel George W. Brackenridge. Mr. Milana said the planners are working under the recommendation from the Brackenridge Tract Task Force that, absent a compelling reason, the land not be sold.

Mr. Milana then summarized the community values emanating from the public to date:

- Character of the West Austin neighborhood
- Traffic issues
- Recreation and open space including golf course and facilities such as the West Austin Youth Association (WAYA)
- Graduate student housing both for The University of Texas at Austin's mission and for the value it provides the neighborhood
- Field lab
- Environmental preservation, especially conditions along the lake front and the heritage trees on the site
- Sustainability

Following this presentation, Chairman Caven made the following remarks:

#### Chairman Caven's remarks

I want to thank Mr. Milana, Dr. McGregor, and Ms. Mayne for their report. I think we are all aware of the hard work and diligence that has been involved in this first part of the master planning process ... and we are grateful for their efforts.

I expect that the members of the Board will have some questions for them and we will take those in just a moment. Before that, I want to recognize for the benefit of everyone here today that we have understood from the first that this process will be one of keen interest to many sectors of our community and state, one that will engender strong feelings, and one that will pose many different challenges.

The assessment of the status of the Brackenridge Tract and its uses by the Brackenridge Tract Task Force and the process of developing conceptual master plans for the tract, as recommended by the Task Force, were undertaken to fulfill the legal duty that the Board has to carry out the philanthropic purpose of Colonel Brackenridge's remarkable gift. And, these steps were undertaken in recognition of changes in the economy, changing and expanding needs of The University of Texas at Austin, and changes in the Austin community itself. It should, therefore, be no surprise that the likely final result of this process will be change of some kind.

Having said that, I want to emphasize that we do not know at this point what that change will be or how it will be accomplished. Nor have we made any commitments, agreements, or promises to anyone in that regard. Each member of this Board is keenly interested in this process. We will carefully and thoughtfully review these reports throughout the master planning process to make the best possible decisions in fulfilling our fiduciary duty to use the tract as Colonel Brackenridge directed -- for the purpose of advancing and promoting education at U. T. Austin.

In response to a question from Regent Gary, Mr. Milana explained that the local members of the team are a great resource.

On March 26, 2008, the U. T. System Board of Regents selected Cooper, Robertson & Partners, L. L. P. (Cooper Robertson) as the firm to develop a minimum of two conceptual master plans for the development of the Brackenridge Tract. With that selection, the Board implemented one of the recommendations of the Brackenridge Tract Task Force Report. The Task Force Report, issued in October 2007, recommended that a master planner be engaged to prepare a comprehensive analysis of the Brackenridge Tract resulting in conceptual master planning documents that identify the possibilities and constraints of the tract and that serve as a guide for the near-term and long-term uses of the tract.

A contract with the master planning firm was executed on April 21, 2008. The scope of work required under the contract is extensive and stipulates that the conceptual master plans for development of the Brackenridge Tract must be integrated planning documents that consider building sites, streets, parking and land uses; utility infrastructure and capacity; transportation within the tract and between the tract, the surrounding neighborhood, and arterials; recreational and open space, community services, and landscaping; way-finding/graphics; design guidelines, including building heights; compatibility with surrounding neighborhoods; sustainability and stewardship of resources; environmental and endangered species issues; and other relevant components. The focus of the conceptual plans is to be the strategic use of the Brackenridge Tract to support the educational mission of the University.

Specific tasks within the scope of work include, among others:

- Site analyses that result in a report of the most pressing issues and constraints that may affect redevelopment;
- Collaborative planning with U. T. Austin with respect to the existing uses of the graduate student housing on approximately 74 acres and the Brackenridge Field Laboratory on approximately 82 acres;

- Regulatory analyses that examine land use, planning, development, environmental laws, and other laws and regulations that may affect how the tract can be developed, including an analysis of the current Brackenridge Development Agreement between the Board of Regents and the City of Austin, which the Task Force recommended be allowed to terminate in 2019 when its initial term expires;
- Financial and market analyses to include an analysis of future development options for the Brackenridge Tract that will maximize income from the redevelopment of the Brackenridge Tract, using sound planning principles, to support the educational mission of U. T. Austin while contributing positively to the community;
- Opportunities for members of the U. T. Austin community, members of the Austin community, neighborhood, civic and governmental leaders, other interested groups and individuals, and the general public to give input with respect to development options and strategies for the tract;
- The development of a minimum of two conceptual plans for redevelopment of the Brackenridge Tract that comprehensively address the issues described above; and
- The development of an evaluation process that enables the Board of Regents to formally assess the strengths and weaknesses of the conceptual plans and a schedule of the steps required to implement the selected concept master plan(s).

The master planner has divided the work into two phases: analyses and conceptual plans. Cooper Robertson has estimated that the first phase, analyses, will take approximately six months to complete. Due to the extensive scope of work and the varied expertise necessary to complete the scope of work, Cooper Robertson has subcontracted with the following firms:

TBG Partners - Landscape architects and environmental consultant  
 Prime Strategies, Inc. - Traffic and transportation analyst  
 CAS Consulting & Surveyors, Inc. - Infrastructure and traffic engineers  
 Economics Research Associates - Financial and market analyst  
 HS&A - Cost estimator and academic programming  
 Du Bois, Bryant & Campbell, L. L. P. - Zoning and public policy specialist  
 Concept Development and Planning, L. L. C. - Stakeholder input and communications consultant

To date, Cooper Robertson and its team have been engaged in numerous interviews and discussions with interested parties and groups. Surveyors, traffic planners, and other subcontractors of Cooper Robertson have been

gathering data about the tract and the surrounding neighborhood. The master planning team has held a public listening session and future public meetings are planned.

3. U. T. System: Chancellor's quarterly update -- creativity and innovations in education

Chancellor ad interim Shine reported on creativity and innovations in education within The University of Texas System. He noted the capacity of faculty and students to contribute new knowledge and new insights; to reassess old knowledge, update it, and make it more relevant; to discover new ways and approaches of looking at knowledge; and to advance that knowledge for the benefit of society, not only in areas such as the physical sciences and health, but in the areas of music, literature, and how and in what way we live. He said the transmission of that new knowledge, education, is also a major responsibility.

Dr. Shine spoke about faculty creativity in research and ways to measure such creativity such as publications and peer reviews and he noted that sponsored research funding for U. T. System institutions has increased. He spoke about examples of innovations in education such as the appointment of Chancellor's Health Fellows in education, initiation of a small grants program and an awards program for outstanding educators, and new initiatives in health science and graduate education. Dr. Shine stated the University is committed to creativity in all aspects, to expand opportunities for faculty, and to educate more effectively.

4. U. T. System: Presentation on the U. T. System-wide Endowment Compliance Program

Dr. Randa Safady, Vice Chancellor for External Relations, presented a report on the Endowment Compliance Program.

5. U. T. System Board of Regents: Amendment of Regents' Rules and Regulations, Rule 50101, regarding student conduct and discipline

The Board amended the Regents' *Rules and Regulations*, Rule 50101, regarding student conduct and discipline as set forth below.

a. Sections 2.3, 4, 5, 7, and 8 were amended to read as follows:

Sec. 2.3 Drugs. Any student who is found responsible for the illegal use, possession and/or sale of a drug or narcotic on the campus of an institution is subject to discipline. If a student

is found responsible for the illegal use, possession, and/or sale of a drug or narcotic on campus, the sanction assessed shall be suspension from the institution for a specified period of time and/or suspension of rights and privileges.

...

- Sec. 4 Disciplinary Process. Disciplinary charges will be investigated by the Dean or the Dean's designee. Any student may be summoned by written request of the Dean for a meeting for purposes of the investigation and/or to discuss the allegations. The written request shall specify a place for the meeting and a time at least three weekdays after the date of the written request if the request is sent regular mail, or at least two weekdays after the date of the request if the request is sent by e-mail or hand delivered. The written request may be mailed to the address appearing in the records of the registrar, e-mailed to the student at the e-mail address on record with the U. T. System institution, or may be hand delivered to the student. If a student fails to appear without good cause, as determined by the Dean, the Dean may bar or cancel the student's enrollment or otherwise alter the status of the student until the student complies with the summons, or the Dean may proceed to implement the disciplinary procedures provided for in Section 5 of this Rule. The refusal of a student to accept delivery of the notice, the failure to maintain a current address with the registrar, or failure to read mail or e-mail shall not be good cause for the failure to respond to a summons.
- 4.1 Interim Disciplinary Action. Pending a hearing or other disposition of the allegations against a student, the Dean may take such immediate interim disciplinary action as is appropriate to the circumstances when such action is in the best interest of the institution. This includes but is not limited to a suspension and bar from the campus when it reasonably appears to the Dean from the circumstances that the continuing presence of the student poses a potential danger to persons or property or a potential threat for disrupting any activity authorized by the institution.
- 4.2 Timeliness of Hearing. When interim disciplinary action has been taken by the Dean under Section 4.1 above, a hearing of the charges against the student

will be held under the procedures specified in Section 5 below. A hearing following interim disciplinary action will generally be held within 10 days after the interim disciplinary action was taken; however, at the discretion of the Dean of Students the 10-day period may be extended for a period not to exceed an additional 10 days.

- 4.3 Withholding Transcripts, Grades, Degrees. Notwithstanding the above, the Dean may withhold the issuance of an official transcript, grade, diploma, certificate, or degree to a student alleged to have violated a rule or regulation of the U. T. System or its institutions that would reasonably allow the imposition of such penalty. The Dean may take such action pending a hearing, resolution by administrative disposition, and/or exhaustion of appellate rights if the Dean has provided the student an opportunity to provide a preliminary response to the allegations and in the opinion of the Dean, the best interests of the U. T. System or the institution would be served by this action.
- 4.4 Administrative Disposition.
- (a) In any case where the accused student elects not to dispute the facts upon which the charges are based and agrees to the sanctions the Dean assesses, the student may execute a written waiver of the hearing procedures specified in Section 5 below. This administrative disposition shall be final and there shall be no subsequent proceedings regarding the charges.
- (b) In any case where the accused student elects not to dispute the facts upon which the charges are based, but does not agree with the sanctions assessed by the Dean, the student may execute a written waiver of the hearing procedures specified in Section 5 below yet retain the right to appeal the decision of the Dean only on the issue of penalty. The appeal regarding the penalty will be to the president of an institution.



Sec. 5 Hearing Process. In those cases in which the accused student disputes the facts upon which the charges are based, such charges shall be heard and determined by a fair and impartial Hearing Officer.

5.1 Notice of Hearing. Except in those cases where immediate interim disciplinary action has been taken, the accused student shall be given at least 10 days written notice of the date, time, and place for such hearing and the name of the Hearing Officer. The notice shall include a statement of the charge(s) and a summary statement of the evidence supporting such charge(s). The notice shall be delivered in person to the student or mailed to the student at the address appearing in the registrar's records. A notice sent by mail will be considered to have been received on the third day after the date of mailing, excluding any intervening Sunday. The date for a hearing may be postponed by the Hearing Officer for good cause or by agreement of the student and Dean.

5.2 Impartiality of the Hearing Officer. The accused student may challenge the impartiality of the Hearing Officer. The challenge must be in writing, state the reasons for the challenge, and be submitted to the Hearing Officer through the Office of the Dean at least three days prior to the hearing. The Hearing Officer shall be the sole judge of whether he or she can serve with fairness and objectivity. In the event the Hearing Officer disqualifies himself or herself, a substitute will be chosen in accordance with procedures of the institution.

5.3 Burden of Proof. Upon a hearing of the charges, the Dean or other institutional representative has the burden of going forward with the evidence and has the burden of proving the charges by the greater weight of the credible evidence.

5.4 Duties of Hearing Officer. The Hearing Officer is responsible for conducting the hearing in an orderly manner and controlling the conduct of the witnesses and participants in the hearing. The Hearing Officer shall rule on all procedural matters and on objections regarding exhibits and testimony of witnesses, may question witnesses, and is entitled to have the advice and assistance of legal counsel from the Office of

General Counsel of the System. The Hearing Officer shall render and send to the Dean and the accused student a written decision that contains findings of fact and a conclusion as to whether the accused student is responsible for the violations as charged. Upon a finding of responsibility the Hearing Officer shall assess a penalty or penalties specified in Section 6 below. When an accused student is found responsible for the illegal use, possession, or sale of a drug or narcotic on campus, the assessment of a minimum penalty provided in Section 2.3 above is required.

- 5.5 Minimal Rights. The hearing shall be conducted in accordance with procedures adopted by the institution that assure the institutional representative and the accused student the following minimal rights:
- (a) Each party shall provide the other party a list of witnesses, a brief summary of the testimony to be given by each, and a copy of documents to be introduced at the hearing at least five days prior to the hearing.
  - (b) Each party shall have the right to appear, present testimony of witnesses and documentary evidence, cross-examine witnesses, and be assisted by an advisor of choice. The advisor may be an attorney. If the accused student's advisor is an attorney, the Dean's advisor may be an attorney from the Office of General Counsel of the System. An advisor may confer with and advise the Dean or accused student, but shall not be permitted to question witnesses, introduce evidence, make objections, or present argument to the Hearing Officer.
  - (c) The Dean may recommend a penalty to be assessed by the Hearing Officer. The recommendation may be based upon past practice of the institution for violations of a similar nature, the past disciplinary record of the student, or other factors deemed relevant by the Dean. The accused student shall be entitled to respond to the recommendation of the Dean.

(d) The hearing will be recorded. If either party desires to appeal the decision of the Hearing Officer, the official record will consist of the recording of the hearing, the documents received in evidence, and the decision of the Hearing Officer. At the request of the president of an institution the recording of the hearing will be transcribed and both parties will be furnished a copy of the transcript.

...

Sec. 7 Appeal. A student may appeal a disciplinary sanction assessed by the Dean in accordance with Section 4.4(b) above. Either the Dean or the student may appeal the decision of the Hearing Officer. An appeal shall be in accordance with the following procedures:

7.1 Appeal Procedures. The appealing party must submit a written appeal stating the specific reasons for the appeal and any argument to the president of the institution with a copy to the other party. The appeal must be stamped as received by the President's Office no later than 14 days after the appealing party has been notified of the sanction assessed by the Dean or the decision of the Hearing Officer. If the notice of penalty assessed by the Dean or the decision of the Hearing Officer is sent by mail, the date the notice or decision is mailed initiates the 14-day period for the appeal. The non-appealing party may submit a response to the appeal, which must be received by the President's Office no later than five days after receipt of the appeal, with a copy to the other party. An appeal of the sanction assessed by the Dean in accordance with Section 4.4(b) above will be reviewed solely on the basis of the written argument of the student and the Dean. The appeal of the decision of the Hearing Officer will be reviewed solely on the basis of the record from the hearing. The Dean will submit the record from the hearing to the president as soon as it is available to the Dean. At the discretion of the president, both parties may present oral argument in an appeal from the decision of the Hearing Officer.

- 7.2 President's Authority. The president may approve, reject, or modify the decision in question or may require that the original hearing be reopened for the presentation of additional evidence and reconsideration of the decision. It is provided, however, that upon a finding of responsibility in a case involving the illegal use, possession, and/or sale of a drug or narcotic on campus, the sanction may not be reduced below the sanction as prescribed by Section 2.3 above.
- 7.3 Communication of Decision. The action of the president shall be communicated in writing to the student and the Dean within 30 days after the appeal and related documents have been received. The decision of the president is the final appellate review.

Sec. 8 Disciplinary Record. Each institution shall maintain a permanent written disciplinary record for every student assessed a sanction of suspension, expulsion, denial or revocation of degree, and/or withdrawal of diploma. A record of scholastic dishonesty shall be maintained for at least five years unless the record is permanent in conjunction with the above stated penalties. A disciplinary record shall reflect the nature of the charge, the disposition of the charge, the penalty assessed, and any other pertinent information. This disciplinary record shall be maintained by the Office of the Dean of Students. It shall be treated as confidential, and shall not be accessible to or used by anyone other than the Dean or university officials with legitimate educational interests, except upon written authorization of the student or in accordance with applicable State or federal laws or court order or subpoena.

- b. The following Definitions (Number 3) were amended to read as follows:

Campus – Consists of all real property, buildings, or facilities owned or controlled by the institution.

...

Hearing Officer – An individual or individuals selected in accordance with procedures adopted by the institution pursuant to the recommendation of the Chief Student Affairs Officer to hear disciplinary charges, make findings of fact, and, upon a finding of guilt, impose an appropriate sanction(s).

...

Day – A calendar day except for days on which the University is officially closed or when regularly scheduled classes are suspended due to emergent situations.

Weekday – Monday through Friday, excluding any day that is an official holiday of the institution or when regularly scheduled classes are suspended due to emergent situations.

The Offices of General Counsel and Academic Affairs have been meeting with the institutional Vice Presidents for Student Affairs and their judicial officers on matters of student conduct and discipline. The amendments, which are summarized below, allow for a more understandable administration of student discipline while still retaining the basic and important tenets of due process.

- Allows for e-mail communication with students through their e-mail address on record with The University of Texas System institution for the purpose of summoning the student for a meeting with the dean.
- Gives the Dean of Students some flexibility in scheduling conferences and/or hearings relative to mandated timelines.
- Allows the Dean of Students in cases of interim disciplinary action to withhold the issuance of transcripts, grades, diplomas or degrees, pending a full hearing on the facts of the case.
- When a student does not dispute the facts of a case and agrees to the administratively imposed sanctions, the administrative disposition is final.
- Deletes a redundant reference to the recommended penalty for illegal use, possession, and/or sale of drugs.
- Shortens the maximum time for submitting an appeal to be considered by 14 days by requiring the necessary documentation for the reasons for the appeal at the same time a written notice of appeal is submitted to the President and adds five days for the non-appealing party to submit a response.
- Specifies that disciplinary records are to be maintained by the Office of the Dean of Students.
- Clarifies the definitions of weekday and day.
- Makes other minor/technical changes.

6. U. T. System Board of Regents: Approval to amend Regents' *Rules and Regulations*, Rule 30201 regarding Leave Policies to add new section on Servicemember Family Leave

The Regents' *Rules and Regulations*, Rule 30201, regarding Leave Policies, was amended to add a new Section 12 regarding Servicemember Family Leave as set forth below. Remaining sections of the Rule were renumbered.

Sec. 12 Servicemember Family Leave. As specified by the Family and Medical Leave Act of 1993 (29 *United States Code* § 2601) and accompanying regulations governing the Act and as set forth in approved institutional and System policies, any eligible employee who is the spouse, son, daughter, parent, or next of kin of a covered servicemember who is recovering from a serious illness or injury sustained in the line of duty while on active duty may request and receive a leave of absence without pay for up to 26 workweeks during a single 12-month period to care for the servicemember. Eligibility criteria are defined in the Act. An eligible employee is entitled to a combined total of 26 workweeks of leave under Sections 11 and 12 of this Rule during the single 12-month period described in this Section. This does not limit the leave available under Section 11 for any other 12-month period. Further, after the 26 weeks of leave expire, an employee may be eligible for a leave of absence without pay pursuant to Section 3 of this Rule.

The National Defense Authorization Act, which was recently signed into law, expands the Family and Medical Leave Act (FMLA) by creating two new leave entitlements for employees whose family members are called to active duty. The first new entitlement allows employees to take up to 12 weeks of FMLA leave if the employee suffers a "qualifying exigency" because his or her spouse, child, or parent is on active duty or has been notified of an impending call to active duty in support of an operation against opposing military forces, a declared war, or a declared national emergency. Because this new entitlement is listed in the statute as another reason for which an employee is entitled to take FMLA leave (i.e., along with the birth of a child, a serious health condition), this new entitlement does not necessitate a change to Rule 30201. This new entitlement becomes effective when the Department of Labor issues regulations defining "qualifying exigency."

The second new entitlement, which became effective on January 28, 2008, allows employees to take up to 26 weeks of FMLA leave during a single 12-month period to care for a spouse, child, parent, or next of kin who suffers a serious injury or illness while on active duty. An employee is entitled to a combined total of 26 weeks of FMLA leave during a single 12-month period, but this does not limit the availability of FMLA leave for any other 12-month period. The amendment conforms the Rule to current statutory authority by adding a section describing this new entitlement.

7. U. T. System Board of Regents: Approval of amendments to The University of Texas Investment Management Company (UTIMCO) Code of Ethics

Upon recommendation of the Board of Directors of The University of Texas Investment Management Company (UTIMCO), the Board approved the revised UTIMCO Code of Ethics as provided on Pages 22 - 42. Vice Chairman Huffines and Regent McHugh were absent for the vote.

Regent Longoria requested that the Code of Ethics be revised to require UTIMCO to keep a log of the transactions of directors or employees allowed by the Code changes; to review these transactions annually for compliance; and to present an annual report to The University of Texas System Board of Regents.

Section 66.08 of the *Texas Education Code* requires that the U. T. System Board of Regents approve the UTIMCO Code of Ethics (Code) and any changes thereto. The changes are based on the joint efforts of the UTIMCO staff, Vinson & Elkins (UTIMCO outside counsel), and U. T. System staff. U. T. System General Counsel finds that the changes are consistent with *Texas Education Code* Section 66.08. A general discussion of the proposed amendments was held at the May 15, 2008 meeting of the Board of Regents and amendments were approved at the July 23, 2008 meeting of the UTIMCO Board.

The most significant changes to the Code include deletion of provisions prohibiting a UTIMCO Board member (Director) the ability to invest, and consequently, UTIMCO's inability to invest in private investments held by one or the other. Under the amended Code, Directors and UTIMCO would be permitted to hold private investments in the same business entity provided that the Director's private investment does not constitute a pecuniary interest as defined by Section 3.01(b) of the Code.

[Note: Regent Longoria also requested that the Code be further revised to include relatives of directors or employees in Section 3.01(a), and Mr. Bruce Zimmerman, Chief Executive Officer and Chief Investment Officer of UTIMCO, stated that he believed the revision to Section 3.01(a) was workable. However, after careful review and discussion between Regent Longoria and Mr. Zimmerman, it was found that the inclusion of "relatives" beyond those already defined in the Code was confusing and unnecessary.]

Following is a summary of the changes to the Code of Ethics:

Section 1.11(c) - (e) – Added additional requirements for UTIMCO Employees and Directors related to copying, removal, and return of confidential information to UTIMCO.

Section 1.13(c) – Broadened language regarding activities that include entertainment or recreation to include "other sponsored events."

Section 2.09(b) – Deleted explicit language regarding responsibility of UTIMCO Office Manager to provide address of the UTIMCO Audit and Ethics Committee Chairman.

Section 3.03 - 3.04 – Changed language to permit a Director to invest in private investments also held by UTIMCO provided the Director's investment does not constitute a pecuniary interest as defined by Section 3.01(b) of the Code.

Section 3.06 – Deleted references to Director regarding divestment of private investments owned prior to the date on which the Director assumed a position on the UTIMCO Board to make this section consistent with the changes to Section 3.03 - 3.04.

Section 3.08 – Changed the procedure for Employee and Employee Entity preclearance of personal securities transactions.

Section 3.09 – Deleted references to consultant because no Director has the discretion to select a consultant and the general prohibitions and restrictions on business transactions between a Director/Director entity and UTIMCO contained in other provisions of the Code adequately address and prevent such conflicts of interest.

Section 3.12(c) – Added provision prohibiting former Directors and Employees from disclosing confidential information without UTIMCO's written consent, except as permitted or required by law.

Section 4.02(b) – Added language to clarify that UTIMCO Chairman of the Board must approve any postponement of a deadline to file the CEO's financial disclosure statement.

Section 4.04 – Changed language to clarify Director's and Employee's responsibilities with respect to certification of pecuniary interests and ownership of private investments in a business entity in which UTIMCO seeks to invest.

Miscellaneous editorial changes were also made.





**THE UNIVERSITY OF TEXAS  
INVESTMENT MANAGEMENT COMPANY**

# CODE OF ETHICS

Approved by the Board of Regents August 14, 2008

**THE UNIVERSITY OF TEXAS INVESTMENT  
MANAGEMENT COMPANY  
CODE OF ETHICS**

**Subchapter A. GENERAL PROVISIONS**

**Sec. 1.01. General Principles.** (a) The Board of Regents of The University of Texas System has ultimate fiduciary responsibility for causing the funds within its investment authority to be managed in accordance with applicable law.

(b) The standard mandated by Article VII, Section 11b, of the Texas Constitution concerning the permanent university fund, the standard mandated by the Board of Regents concerning all of the funds within its investment authority under the Investment Management Services Agreement between the Board of Regents and The University of Texas Investment Management Company (UTIMCO), and the standard mandated by the Board of Regents' Investment Policy Statements require those funds to be invested in such investments 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 the assets of the fund rather than a single investment."

(c) Pursuant to the Investment Management Services Agreement, the Board of Regents has appointed UTIMCO as its investment manager with respect to those funds for which the Board of Regents has investment responsibility. In the agreement, UTIMCO has acknowledged that it acts as a fiduciary of the Board of Regents in the discharge of its investment management responsibilities and is obligated to manage the investments of the funds pursuant to policies of the Board of Regents that incorporate and adhere to the prudent investor standard. Accordingly, both the Board of Regents and UTIMCO have fiduciary interests in assuring that the Directors and Employees of UTIMCO possess the requisite knowledge, skill, and experience to manage the funds in accordance with the prudent investor standard described in Subsection (b) of this section and other applicable law.

(d) This Code of Ethics (Code) sets forth the basic principles and guidelines for Directors and Employees of UTIMCO, in addition to and in accordance with the requirements of Section 66.08 of the *Texas Education Code*, the Texas Non-Profit Corporation Act, and other applicable laws.

(e) This Code of Ethics anticipates that many of UTIMCO's Directors and Employees will be active investors, either individually or on behalf of others, in the same asset categories as the funds managed by UTIMCO on behalf of the Board of Regents. Without seeking to disqualify those Directors and Employees from service to UTIMCO except to the extent necessary or appropriate to avoid conflicts of interest or otherwise conform to applicable law, this Code holds all Directors and Employees to high standards of conduct consistent with their special relationship of trust, confidence, and responsibility to UTIMCO. This Code also recognizes UTIMCO's unique role as the dedicated investment manager of the Board of Regents in investing the funds in furtherance of the education mission of the Board of Regents, the institutions of The University of Texas System, and other beneficiaries of the funds.

(f) In addition to strict compliance with legal requirements, all Directors and Employees are expected to be guided by the basic principles of loyalty, prudence, honesty and fairness in conducting UTIMCO's affairs.

**Sec. 1.02. Definitions.** In this Code:

- (1) "Audit and Ethics Committee" means the standing Audit and Ethics Committee established by UTIMCO bylaws.
- (2) "Board" means the Board of Directors of UTIMCO.
- (3) "Board of Regents" means the Board of Regents of The University of Texas System.
- (4) "CEO" means the Chief Executive Officer of UTIMCO.
- (5) "Chief Compliance Officer" means the person designated from time to time as the chair of the Employee Ethics and Compliance Committee.
- (6) "Director" means a member of the Board of Directors of UTIMCO.
- (7) "Director entity" means an investment fund or other entity controlled by a UTIMCO Director.
- (8) "Employee" means a person working for UTIMCO in an employer-employee relationship.
- (9) "Employee entity" means an investment fund or other entity controlled by a UTIMCO Employee.

- (10) “General Counsel” means the lawyer or firm of lawyers designated from time to time as the external General Counsel of UTIMCO.
- (11) “Key Employee” means an Employee who has been designated by the Board as one who exercises significant decision-making authority by virtue of the position the Employee holds with UTIMCO.
- (12) “Personal securities transactions” means:
- (A) transactions for a Director’s or Employee’s own account, including an individual retirement account; or
  - (B) transactions for an account, other than an account over which the Director or Employee has no direct or indirect influence or control, in which the Director or Employee, or the Director’s or Employee’s spouse, minor child, or other dependent Relative:
    - (i) is an income or principal beneficiary or other equity owner of the account; or
    - (ii) receives compensation for managing the account for the benefit of persons other than such person or his or her family.
- (13) “Private investment” means any debt obligation or equity interest that is not a publicly traded security, including a “private investment” in a publicly traded company.
- (14) “Publicly traded company” means a business entity with a class of securities that consists of publicly traded securities.
- (15) “Publicly traded securities” means securities of a class that is listed on a national securities exchange or quoted on the NASDAQ national market system in the United States or that is publicly traded on any foreign stock exchange or other foreign market.
- (16) “Relative” means a person related within the third degree by consanguinity or the second degree by affinity determined in accordance with Sections 573.021 – 573.025, *Government Code*. For purposes of this definition:
- (i) examples of a relative within the third degree by consanguinity are a child, grandchild, great-

grandchild, parent, grandparent, great-grandparent, brother, sister, uncle, aunt, niece, or nephew;

- (ii) examples of a relative within the second degree by affinity are a spouse, a person related to a spouse within the second degree by consanguinity, or a spouse of such a person;
- (iii) a person adopted into a family is considered a relative on the same basis as a natural born family member; and
- (iv) a person is considered a spouse even if the marriage has been dissolved by death or divorce if there are surviving children of that marriage.

(17) “UTIMCO” means The University of Texas Investment Management Company.

(18) “UTIMCO entity” means an investment fund or other entity controlled by UTIMCO.

**Sec. 1.03. Definition of “Control.”** (a) For purposes of this Code, UTIMCO or a Director or Employee is presumed to control an investment fund or other entity if UTIMCO’s or the Director’s or Employee’s management role with or investment in the fund or entity enables UTIMCO or the Director or Employee, as appropriate, to direct the operating or financial decisions of the fund or entity. However, the presumption of control by a Director or Employee shall be rebutted if the General Counsel advises the Board that, based upon a review and confirmation of relevant facts provided by the respective Director or Employee, it is the opinion of the General Counsel that the Director or Employee does not have ultimate control of the operating or financial decisions of a particular fund or entity.

(b) Without limiting the provisions of Subsection (a), UTIMCO or a Director or Employee is not presumed to control an investment fund or other entity if UTIMCO or the Director or Employee, as appropriate, does not have a management role, if the terms of the investment do not give UTIMCO or the Director or Employee, as appropriate, the legal right to direct the operating or financial decisions of the fund or entity, and if UTIMCO or the Director or Employee, as appropriate, does not attempt to direct the operating or financial decisions.

**Sec. 1.04. Decision-Making Based on Merit.** (a) UTIMCO Directors and Employees shall base UTIMCO business transactions on professional

integrity and competence, financial merit and benefit to UTIMCO, and, if required or prudent, on a competitive basis.

(b) UTIMCO Directors and Employees may not base any UTIMCO business decisions on family or personal relationships.

**Sec. 1.05. Compliance with Law.** Directors and Employees shall comply with all applicable laws, and should be specifically knowledgeable of Section 66.08, *Education Code* (Investment Management), Section 39.02, *Penal Code* (Abuse of Official Capacity), and Section 39.06, *Penal Code* (Misuse of Official Information).

**Sec. 1.06. Compliance with Professional Standards.** Directors and Employees who are members of professional organizations, such as the CFA Institute, shall comply with any standards of conduct adopted by the organizations of which they are members.

**Sec. 1.07. Accounting and Operating Controls.** Directors and Employees shall observe the accounting and operating controls established by law and UTIMCO policies, including restrictions and prohibitions on the use of UTIMCO property for personal or other purposes not related to UTIMCO business.

**Sec. 1.08. General Standards of Conduct for Directors and Employees.**

(a) It is the policy of UTIMCO that a Director or Employee should not:

- (1) accept or solicit any gift, favor, or service that might reasonably tend to influence the Director or Employee in the discharge of his or her duties for UTIMCO or that the Director or Employee knows or should know is being offered with the intent to influence the Director's or Employee's conduct on behalf of UTIMCO;
- (2) accept other employment or engage in a business or professional activity that the Director or Employee might reasonably expect would require or induce the Director or Employee to disclose confidential information acquired by reason of his or her position with UTIMCO;
- (3) accept other employment or compensation that could reasonably be expected to impair the Director's or Employee's independence of judgment in the performance of his or her duties for UTIMCO;
- (4) make personal investments that could reasonably be expected to create a substantial conflict between the

Director's or Employee's private interest and the interests of UTIMCO; or

- (5) intentionally or knowingly solicit, accept, or agree to accept any benefit for having exercised the Director's or Employee's authority or performed the Director's or Employee's duties at UTIMCO in favor of another.

**Sec. 1.09. Honesty and Loyalty.** (a) Directors and Employees shall be honest in the exercise of their duties and may not take actions that will discredit UTIMCO.

(b) Directors and Employees should be loyal to the interests of UTIMCO to the extent that their loyalty is not in conflict with other duties that legally have priority.

**Sec. 1.10. Relationship with UTIMCO Not Used for Personal Gain.**

(a) Directors and Employees may not use their relationship with UTIMCO to seek or obtain personal gain beyond agreed compensation or any properly authorized expense reimbursement.

(b) This section does not prohibit the use of UTIMCO as a reference or prohibit communicating to others the fact that a relationship with UTIMCO exists as long as no misrepresentation is involved.

**Sec. 1.11. Confidential Information.** (a) Directors and Employees may not disclose confidential information unless duly authorized personnel determine that the disclosure is either permitted or required by law.

(b) Directors and Employees shall use confidential information for UTIMCO purposes and not for their own personal gain or for the gain of third parties.

(c) Directors and Employees may not copy confidential information, for any reason, except as required to fulfill their duties for UTIMCO.

(d) Employees may not remove confidential information from the premises of UTIMCO, except as required to fulfill their duties for UTIMCO and then only for so long as required to fulfill their duties.

(e) Employees must return to UTIMCO all confidential information in their possession immediately upon request or immediately upon the termination of Employee's employment with UTIMCO, whichever comes first.

**Sec. 1.12. Nepotism.** (a) UTIMCO may not employ a person who is a Relative of a Director. This subsection does not prohibit the continued employment of a person who has been working for UTIMCO for at least 30 consecutive days before the date of the related Director's appointment.

(b) UTIMCO may not employ a person who is a Relative of a Key Employee, of a consultant, or of any owner, director, or officer of a consultant. This subsection does not prohibit the continued employment of a person who has been working for UTIMCO for at least 30 consecutive days:

- (1) before the date of the selection of the Key Employee or consultant; or
- (2) before becoming a Relative.

(c) An Employee may not exercise discretionary authority to hire, evaluate, or promote a Relative.

(d) An Employee may not directly or indirectly supervise a Relative. In this subsection, "supervise" means to oversee with the powers of direction and decision-making the implementation of one's own or another's intentions, and normally involves assigning duties, overseeing and evaluating work, and approving leave.

(e) This section does not prohibit the employment of a Relative of an Employee for a short-term special project as a non-exempt Employee if the Employee seeking to employ a Relative discloses the relationship in advance to the Chief Compliance Officer and obtains prior approval from that officer for the employment.

**Sec. 1.13. Gifts and Entertainment.** (a) A Director or Employee may not accept a gift that the Director or Employee knows or should know is being offered or given because of the Director's or Employee's position with UTIMCO. This prohibition applies to gifts solicited or accepted for the personal benefit of the Director or Employee as well as to gifts to third parties.

(b) The prohibitions in this Code do not apply to the following gifts if acceptance does not violate a law:

- (1) gifts given on special occasions between Employees and/or Directors;



- (2) books, pamphlets, articles, or other similar materials that contain information directly related to the job duties of a Director or Employee and that are accepted by the Director or Employee on behalf of UTIMCO for use in performing his or her job duties;
- (3) gifts from the Relatives of a Director or Employee that are based solely on a personal relationship between the Director or Employee and his or her Relative;
- (4) business meals and receptions when the donor or a representative of the donor is present;
- (5) ground transportation in connection with business meetings, meals, or receptions;
- (6) fees for seminars or conferences that relate to the Director's or Employee's job duties and that are sponsored by UTIMCO's consultants or agents, prospective consultants or agents, or persons or entities whose interests may be affected by UTIMCO; and
- (7) items of nominal intrinsic value, such as modest items of food and refreshment on infrequent occasions, gifts on special occasions, and unsolicited advertising or promotional material such as plaques, certificates, trophies, paperweights, calendars, note pads, and pencils, but excluding cash or negotiable instruments.

(c) Attendance of Directors or Employees at seminars, conferences or other sponsored events that involve entertainment or recreation and that are hosted in person and paid for by UTIMCO's consultants or agents, prospective consultants or agents, or persons or entities whose interests may be affected by UTIMCO may in some cases be in the best interest of UTIMCO. An Employee must obtain specific written approval to attend such events from the CEO or Chief Compliance Officer. Approval may be withheld for elaborate entertainment events such as ski trips, hunting trips, or stays at expensive resorts.

(d) A Director or Employee may not accept a gift if the source of the gift is not identified or if the Director or Employee knows or has reason to know that a prohibited gift is being offered through an intermediary.

(e) A Director or Employee who receives a prohibited gift should return the gift to its source or, if that is not possible or feasible, donate the gift to charity.

**Sec. 1.14. Communications with General Counsel.** When the General Counsel of UTIMCO is a firm of lawyers, one principal within that firm must be identified to receive all written and oral communications made pursuant to this Code.

**Sec. 1.15. Key Employees.** The Board shall designate by position with UTIMCO those Employees who exercise significant decision-making authority. These Employees are “Key Employees” for purposes of this Code.

### **Subchapter B. CONFLICTS OF INTEREST**

**Sec. 2.01. Definition of Conflict of Interest.** (a) A conflict of interest exists for a Director or Employee when the Director or Employee has a personal or private commercial or business relationship that could reasonably be expected to diminish the Director’s or Employee’s independence of judgment in the performance of the Director’s or Employee’s responsibilities to UTIMCO.

(b) For example, a person’s independence of judgment is diminished when the person is in a position to take action or not take action with respect to UTIMCO or its business and the act or failure to act is or reasonably appears to be influenced by considerations of personal gain or benefit rather than motivated by the interests of UTIMCO.

**Sec. 2.02. Exceptions for Minimal Stock Ownership.** It is not a conflict of interest solely because a Director or Employee has an investment in the stock of a publicly traded company that is owned, purchased, sold, or otherwise dealt with by UTIMCO if the Director’s or Employee’s interest in the stock is not more than five percent of any class and if the Director or Employee is not a director or officer of the company.

**Sec. 2.03. Duty to Avoid Conflicts of Interest.** (a) Directors and Employees should avoid personal, employment, or business relationships that create conflicts of interest.

(b) A Director or Employee may not take action personally or on behalf of UTIMCO that will result in a reasonably foreseeable conflict of interest. If a Director or Employee believes that an action is in the best interest of UTIMCO but could foreseeably result in a conflict of interest, the Director must disclose that fact to the General Counsel or the Employee must disclose that fact to the Chief Compliance Officer before taking the action.

**Sec. 2.04. Duty to Disclose and Cure Conflicts.** A Director or Employee who becomes aware of a conflict of interest has an affirmative duty to disclose and cure the conflict in a manner provided for in this Code.

**Sec. 2.05. Curing Conflicts of Interest.** (a) A Director or Employee who becomes aware, or reasonably should have become aware, of a conflict of interest shall cure the conflict by promptly eliminating it, except as provided by Subsection (b).

(b) A Director or Employee may cure a conflict by prudently withdrawing from action on a particular matter in which a conflict exists if:

- (1) the Director or Employee may be and is effectively separated from influencing the action taken;
- (2) the action may properly be taken by others;
- (3) the nature of the conflict is not such that the Director or Employee must regularly and consistently withdraw from decisions that are normally the Director's or Employee's responsibility with respect to UTIMCO; and
- (4) the conflict is not a prohibited transaction resulting from a Director or Employee having a pecuniary interest in a business entity as described in Section 3.01 of this Code.

(c) A Director or Employee who cannot or does not wish to eliminate or cure a conflict of interest shall terminate his or her relationship with UTIMCO as quickly as responsibly and legally possible.

**Sec. 2.06. Disclosing and Refraining from Participation.** (a) A Director must disclose any conflicts of interest regarding matters that are before the Board, absent himself or herself from any relevant deliberations, and refrain from voting on the matter.

(b) An Employee must disclose any conflicts of interest and refrain from giving advice or making decisions about matters affected by the conflict unless the Board, after consultation with the General Counsel, expressly waives the conflict.

**Sec. 2.07. Waivers of Conflicts of Interest.** (a) The Board shall decide at an official meeting whether to waive any conflict of interest disclosed under Section 2.06(b) of this Code.

(b) To assist it in deciding whether to grant waivers, the Board may develop criteria for determining the kinds of relationships that do not constitute material conflicts.

(c) Any waiver of a conflict of interest, including the reasons supporting the waiver, must be included in the minutes of the meeting.

(d) The Chief Compliance Officer shall maintain records of all waivers granted, including the reasons supporting the waivers.

**Sec. 2.08. Procedures for Director's Disclosure of Conflict of Interest.** A Director must disclose conflicts of interest in writing to the General Counsel before a UTIMCO Board meeting. If disclosure is made at a Board meeting, the minutes of the meeting must include the disclosure of the conflict.

**Sec. 2.09. Procedures for Employee's Disclosure of Conflict of Interest.**

(a) An Employee must promptly disclose conflicts of interest in writing to the Chief Compliance Officer through the financial disclosure and ethics compliance statement required by Section 4.03 of this Code. The Chief Compliance Officer shall report to the Audit and Ethics Committee regarding the statements the officer receives under this subsection.

(b) If a person with a duty to disclose a conflict has a reasonable cause to believe that disclosure to the Chief Compliance Officer will be ineffective, the person shall disclose the conflict to the Audit and Ethics Committee by filing a written disclosure with the chair of the Committee.

(c) A copy of the disclosure provided to either the Chief Compliance Officer or the Audit and Ethics Committee shall be provided to the Employee's supervisor unless the person with the conflict of interest believes that the disclosure would be detrimental to the resolution of the conflict.

**Sec. 2.10. Referrals.** Referral of information from a Director related to investment opportunities outside of a posted open meeting of the Board must be made using the procedures provided by the Regents' *Rules and Regulations*, Rule 70201, Section 12.

### **Subchapter C. PROHIBITED TRANSACTIONS AND INTERESTS**

**Sec. 3.01. Prohibitions Related to UTIMCO.** (a) UTIMCO or a UTIMCO entity may not enter into an agreement or transaction with:

- (1) a Director or Employee acting in other than an official capacity on behalf of UTIMCO;
- (2) a Director entity, Employee entity, or other business entity, including an investment fund, in which a Director or Employee has a pecuniary interest;
- (3) a former Director or Employee, an investment fund or other entity controlled by a former Director or Employee, or a business entity in which a former Director or Employee has a pecuniary interest, on or before the first anniversary of the date the person ceased to be a Director or Employee; or
- (4) an investment fund or account managed by a Director, Director entity, Employee, or Employee entity as a fiduciary or agent for compensation, other than funds for which the Board of Regents has investment responsibility and for which UTIMCO has been appointed as investment manager.

(b) For purposes of this Code, a person has a “pecuniary interest” in a business entity if the person:

- (1) owns five percent or more of the voting stock or shares of the business entity; or
- (2) owns five percent or more of the fair market value of the business entity; or
- (3) received more than five percent of the person’s gross income for the preceding calendar year from the business entity.

**Sec. 3.02. UTIMCO Investment Policies for Publicly Traded Companies.**

UTIMCO and UTIMCO entities shall implement procedures and safeguards to insure that none of the funds for which the Board of Regents has investment responsibility and for which UTIMCO has been appointed as investment manager is invested by UTIMCO or a UTIMCO entity in the publicly traded securities of a publicly traded company in which a Director or Employee has a pecuniary interest.

**Sec. 3.03. UTIMCO Investments in Private Investments of Certain Business Entities.** UTIMCO or a UTIMCO entity may not:

- (1) invest in the private investments of a business entity if a Director or Director entity then owns a pecuniary interest in the same business entity as defined by Section 3.01(b) of this Code; or

- (2) invest in the private investments of a business entity if an Employee or Employee entity then owns a private investment in the same business entity; or
- (3) co-invest with a Director or Director entity in the private investments of the same business entity if after the co-investment, the Director's or Director entity's private investment constitutes a pecuniary interest in the business entity as defined by Section 3.01(b) of this Code; or
- (4) co-invest with an Employee or Employee entity in the private investments of the same business entity.

**Sec. 3.04. Director Investments in Private Investments of Certain Business Entities.** (a) A Director or a Director entity may not:

- (1) invest in the private investments of a business entity if UTIMCO or a UTIMCO entity, then owns a private investment in the same business entity if after the investment, the Director's or Director entity's private investment constitutes a pecuniary interest in the business entity as defined by Section 3.01(b) of this Code; or
- (2) co-invest with UTIMCO or a UTIMCO entity in the private investments of the same business entity if after the co-investment, the Director's or Director entity's private investment constitutes a pecuniary interest in the business entity as defined by Section 3.01(b) of this Code; or
- (3) co-invest with an Employee or an Employee entity in the private investments of the same business entity.

(b) The prohibitions provided by this section apply to a Director's spouse, minor children, or other dependent Relatives.

**Sec. 3.05. Employee Investments in Private Investments of Certain Business Entities.** (a) An Employee or Employee entity may not:

- (1) invest in the private investments of a business entity if UTIMCO, a UTIMCO entity, a Director, or a Director entity then owns a private investment in the same business entity; or

- (2) co-invest with UTIMCO, a UTIMCO entity, a Director, or a Director entity in the private investments of the same business entity.

(b) The prohibitions provided by this section apply to an Employee's spouse, minor children, or other dependent Relatives.

**Sec. 3.06. Divestment Not Required For Certain Private Investments.**

An Employee or Employee entity that owns a private investment in a business entity on the date on which the Employee assumes a position with UTIMCO is not required by Section 3.05 of this Code to divest that private investment as long as the private investment does not constitute a pecuniary interest in a business entity as defined by Section 3.01(b) of this Code. Any transactions concerning the private investment that might occur after that date are subject to this Code.

**Sec. 3.07. Director Personal Securities Transactions.** (a) A Director or Director entity may buy or sell a publicly traded security of an issuer that is held by UTIMCO but may not engage in a personal securities transaction if the Director has actual knowledge that an internal portfolio manager of UTIMCO has placed a buy/sell order for execution.

(b) The prohibition provided by this section applies to a Director's spouse, minor child, or other dependent Relative.

**Sec. 3.08. Employee Personal Securities Transactions.** (a) Employees are prohibited from using advance knowledge of a UTIMCO decision to buy or sell a security for the personal financial gain of the Employee.

(b) An Employee or Employee entity may engage in a personal securities transaction without obtaining preclearance for the transaction from the Chief Compliance Officer with respect to a security that is not a security of an issuer that is held by UTIMCO and included on the UTIMCO maintained list of securities holdings. The UTIMCO list of securities holdings will be posted on the UTIMCO intranet and updated as securities holdings change. An employee may rely on the posted list when engaging in personal securities transactions.

(c) Before an Employee or Employee entity may engage in a personal securities transaction with respect to a security of an issuer that is included on the UTIMCO maintained list of securities holdings, the Employee or Employee entity must obtain preclearance for the transaction from the Chief Compliance Officer. Preclearance is effective for one trading day only.

(d) The Chief Compliance Officer shall verify that no buy/sell order has been placed by a UTIMCO internal manager with respect to the security of an issuer held by and included on the UTIMCO maintained list of securities holdings that is the subject of the Employee's personal securities transaction. If such a buy/sell order has been placed, an Employee or Employee entity may not conduct the personal securities transaction for those securities until at least one trading day after the buy/sell order has been completed or canceled.

(e) The Chief Compliance Officer shall document preclearances in a personal securities transaction log for each Employee, which will provide a record of all requests and approvals or denials of preclearances.

(f) An Employee who engages in a personal securities transaction must provide transactional disclosure for each transaction by completing a transactional disclosure form and filing it with the Chief Compliance Officer not later than the tenth calendar day after the trade date. The form must contain the:

- (1) name and amount of the security involved;
- (2) date and nature of the transaction;
- (3) price at which the transaction was effected; and
- (4) name of the broker through whom the transaction was effected.

(g) The preclearance and transactional disclosure requirements apply only to equity or equity-related transactions, including stocks, convertibles, preferreds, options on securities, warrants, and rights, etc., for domestic and foreign securities, whether publicly traded or privately placed. The preclearance and transactional disclosure requirements do not apply to bonds other than convertible bonds, mutual funds, co-mingled trust funds, exchange traded funds, financial futures, and options on futures.

(h) This section applies to an Employee's spouse, minor child, or other dependent Relative.

**Sec 3.09. Interest in Brokerage Firm** (a) A Director may not direct trades or exercise discretion over the selection of brokerage firms.

(b) An Employee may not have stock or other ownership or profit sharing interest in a brokerage firm selected by the Employee for



UTIMCO business if the Employee has the discretion to direct trading and therefore the discretion to select brokerage firms.

(c) The restrictions provided by this section apply to:

- (1) stock held for an Employee's own account;
- (2) stock or other ownership or profit sharing interests held by an Employee's spouse; or
- (3) stock held for an account, other than an account over which the Employee has no direct or indirect influence or control, in which the Employee has a beneficial interest, such as accounts involving the spouse, minor child, or other dependent Relative.

(d) The restrictions provided by this section do not prohibit the ownership of stock in a company that may own stock in a brokerage firm if the brokerage firm is not the dominant or primary business of the parent company.

**Sec. 3.10. Employee's Outside Employment or Business Activity.** (a) An Employee may not engage in outside employment, business, or other activities that detract from the ability to reasonably fulfill the full-time responsibilities to UTIMCO.

(b) A Key Employee must obtain advance written approval from the CEO for any outside employment or business, including service as director, officer, or investment consultant or manager for another person or entity. The CEO must obtain advance approval from the Board for any outside employment.

(c) An Employee, with the prior approval of the Board, may serve as a director of a company in which UTIMCO has directly invested its assets. The Board's approval must be conditioned on the extension of UTIMCO's Directors and Officers Insurance Policy coverage to the Employee's service as director of the investee company. All compensation paid to an Employee for service as director of an investee company shall be endorsed to UTIMCO and applied against UTIMCO's fees.

**Sec. 3.11. Further Restrictions on Directors and Employees.** A Director or Employee may not:

- (1) participate in a matter before UTIMCO that involves a business, contract, property, or investment held by the person if it is reasonably foreseeable that UTIMCO action on

the matter would confer a benefit to the person by or through the business, contract, property, or investment;

- (2) recommend or cause discretionary UTIMCO business to be transacted with or for the benefit of a Relative;
- (3) accept offers by reason of the person's position with UTIMCO to trade in any security or other investment on terms more favorable than available to the general investing public;
- (4) borrow from investment managers, outside service providers, professional advisors or consultants, banks, or other financial institutions with which UTIMCO has a business relationship unless the entity is normally engaged in such lending in the usual course of business, in which case the transaction must be on customary terms offered to others under similar circumstances to finance proper and usual activities; or
- (5) represent any person in any action or proceeding before or involving the interests of UTIMCO except as a duly authorized representative or agent of UTIMCO.

**Sec. 3.12. Former Directors and Employees.** (a) A former Director or Employee may not make any communication to or appearance before a current Director or Employee before the second anniversary, in the case of a former Director, or the first anniversary, in the case of a former Employee, of the date the former Director or Employee ceased to be a Director or Employee if the communication is made:

- (1) with the intent to influence; and
- (2) on behalf of any person in connection with any matter on which the former Director or Employee seeks action by UTIMCO.

(b) A Director or Employee who knowingly communicates with a former Director or Employee in violation of this prohibition is subject to disciplinary action, including removal from serving as a Director.

(c) A former Director or Employee may not disclose confidential information without UTIMCO's written consent or except as permitted or required by law.

**Subchapter D. FINANCIAL DISCLOSURE, COMPLIANCE,  
AND ENFORCEMENT**

**Sec. 4.01. Employee Ethics and Compliance Committee.** (a) The CEO shall appoint an Employee Ethics and Compliance Committee composed of UTIMCO personnel.

(b) The Chief Compliance Officer appointed by the Audit and Ethics Committee shall be the chair of the Employee Ethics and Compliance Committee.

(c) The Employee Ethics and Compliance Committee shall:

- (1) provide ethics training for UTIMCO personnel; and
- (2) issue opinions on the proper interpretation of this Code.

(d) An Employee may file a written request with the Employee Ethics and Compliance Committee for an opinion on the proper interpretation of this Code, and may rely on that opinion with respect to compliance with this Code.

**Sec. 4.02. Financial Disclosure Statements.** (a) Directors and Employees shall file financial disclosure statements with the Chief Compliance Officer.

(b) Directors and Employees shall file the financial disclosure statement not later than the 30<sup>th</sup> day after the date of appointment or employment, and not later than April 30 of each year thereafter. The CEO may postpone a filing deadline for not more than 60 days on the written request of a Director or Employee (other than the CEO), or for an additional period for good cause as determined by the chair of the Board. A CEO's request to postpone his/her filing deadline must be approved by the chair of the Board.

(c) UTIMCO must maintain a financial disclosure statement for at least five years after the date it is filed.

(d) Directors who are required to file disclosure statements with the Texas Ethics Commission shall file those statements in the form prescribed by law.

**Sec. 4.03. Ethics Compliance Statements.** (a) Directors and Employees, including acting or interim Employees, must file ethics compliance statements with the Chief Compliance Officer.

(b) Directors and Employees shall sign, date, and file the ethics compliance statements not later than the 60<sup>th</sup> day after the date of appointment or employment. Thereafter, any person who is a Director or Employee on December 31 of any year must file the compliance statement not later than April 30 of the following year.

(c) In the ethics compliance statement, the Director or Employee must acknowledge that he or she has received and read this Code, that he or she will comply with its provisions, and that it is his or her duty to report any act by other Directors or Employees when he or she has knowledge of a violation of this Code. An Employee must also acknowledge that adherence to this Code is a condition of employment. The statement must also disclose any conflicts of interest or violations of the Code of which the Director or Employee is aware.

(d) Key Employees must acknowledge their Key Employee status in the ethics compliance statement.

(e) The ethics compliance statement must include a reminder that a Director or Employee is required to update a statement if a change in circumstances occurs that would require reporting under this Code.

(f) An Employee's signed statement shall be maintained in the Employee's personnel file. The Chief Compliance Officer shall maintain the Directors' signed statements.

**Sec. 4.04. Certification of No Pecuniary Interest.** (a) Before the Board enters into an agreement or transaction with a business entity, including an investment fund, each Director and Key Employee shall certify that he or she does not have a pecuniary interest, as defined by Section 3.01(b) of this Code, in the business entity.

(b) Before the Board invests in the private investments of a business entity, (i) each Director shall certify that neither the Director nor any Director entity has a pecuniary interest, as defined by Section 3.01(b) of this Code, in the same business entity; and (ii) each Key Employee shall certify that neither the Key Employee nor any Key Employee entity owns a private investment in the same business entity.

**Sec. 4.05. Disciplinary Action Disclosure Statements.** (a) Directors and Key Employees shall file disciplinary action disclosure statements that disclose any proceedings, actions, or hearings by any professional organization or other entity involving the Director or Key Employee.

(b) Directors and Key Employees must file the disciplinary action disclosure statement with the Chief Compliance Officer not later than April 30 of the first year of designation as a Director or Key Employee.

(c) A Director or Key Employee must promptly update a statement if any action occurs that would cause a Director's or Employee's answers to change.

**Sec. 4.06. Custodian of Records.** For open records purposes, the Chief Compliance Officer is the custodian of the disclosure statements required by this Code.

**Sec. 4.07. Enforcement.** (a) The CEO is responsible for implementing this Code with respect to Employees. The Board shall enforce this Code with respect to Employees through the CEO.

(b) An Employee who violates this Code may be subject to the full range of disciplinary options under UTIMCO personnel policies and practices, including termination.

(c) The Board shall enforce this Code with respect to individual Directors through resolutions of reprimand, censure, or other appropriate parliamentary measures, including requests for resignation.

**Sec. 4.08. Duty to Report.** (a) A Director who has knowledge of a violation of this Code shall report the violation to the General Counsel.

(b) An Employee who has knowledge of a violation of this Code shall report the violation to the Chief Compliance Officer or to a member of the Audit and Ethics Committee.

(c) Retaliatory action may not be taken against a person who makes a good faith report of a violation involving another person.

**Sec. 4.09. Notice to Audit and Ethics Committee.** (a) The CEO shall notify the Audit and Ethics Committee in writing not later than February 15 of each year concerning:

(1) any approval given for outside employment by Key Employees, including the nature of the employment; and

(2) any disciplinary action disclosed by Directors or Key Employees.

8. U. T. System: Approval of the nonpersonnel aspects of the operating budgets for the fiscal year ending August 31, 2009, and Permanent University Fund Bond Proceeds allocation for Library, Equipment, Repair and Rehabilitation Projects for Fiscal Year 2009

Following a presentation by Associate Vice Chancellor, Controller and Chief Budget Officer, Mr. Randy Wallace, on the recommended Fiscal Year 2009 Operating Budget including the Library, Equipment, Repair and Rehabilitation (LERR) Budget, Chairman Caven provided the following remarks and motion on the nonpersonnel aspects of The University of Texas System Operating Budgets for the fiscal year ending August 31, 2009, including Auxiliary Enterprises, Grants and Contracts, Designated Funds, Restricted Current Funds, and Medical and Dental Services, Research and Development Plans.

Chairman Caven's remarks

Let me add that in reviewing the proposed budget, the Board has had the benefit of input from the Special Compensation Committee, which reviewed lists showing compensation for the 10 most highly compensated individuals at each institution and has reviewed compensation proposals related to individuals covered by the Board's policy on documenting the reasonableness of compensation. Also, please note that approval of the budget includes approval of the personnel issues as summarized in the budget supplement, including the appointment of emeritus faculty.

Motion

I move that the U. T. System Operating Budgets for the fiscal year ending August 31, 2009, including the compensation for those individuals requiring Board approval as recommended to and considered by the Board in Executive Session yesterday; Auxiliary Enterprises; Grants and Contracts; Designated Funds; Restricted Current Funds; and Medical and Dental Services, Research and Development Plans, be approved, with delegation to the Chancellor to authorize new or extended deferred compensation agreements, with the concurrence of the appropriate Executive Vice Chancellor, consistent with the Board's discussion in Executive Session.

Approval of the budget for Fiscal Year 2009 includes the appropriation of \$50 million of Permanent University Fund (PUF) Bond Proceeds to fund LERR projects, with \$30 million of that to be appropriated directly to U. T. System institutions. In addition, approval of the budget includes \$20 million of PUF Bond Proceeds for the Science and

Technology Acquisition and Retention (STARs) Program to provide additional funding to build and enhance research infrastructure to attract and retain the best qualified faculty.

It is further recommended that LERR appropriations not expended or obligated by contract or purchase order within six months after the close of Fiscal Year 2009 are to be available for future System-wide reallocation.

I also recommend that up to \$1 million of Intermediate Term Funds (ITF) be allocated to fund obligations related to construction of a fence on The University of Texas at Brownsville/Texas Southmost College campus consistent with the settlement agreement with the Department of Homeland Security.

Additionally, it is recommended that the Chancellor be authorized to make editorial corrections therein and that subsequent adjustments be reported to the U. T. System Board of Regents through the docket.

I have had a chance to reflect on the conversation yesterday at the Academic Affairs Committee meeting on the importance of teaching and its evaluation. You will recall that three presidents, from quite different academic institutions in the System, led a discussion on the great emphasis we all place on providing the very highest quality educational experience for all our students at all campuses. I know you will join with me in congratulating each of the presidents for their obvious shared commitment to educating the next generations of Texans in what I have come to learn is the very essence of higher education -- teaching and learning, informed and enriched, by scholarship and discovery.

My reflection on these important subjects leads me to propose to my fellow Regents, whom I know are equally committed to teaching and its continuous innovation, that we strongly emphasize their importance by some new far-reaching initiatives.

First, I propose we allocate \$1 million annually for five years for a Regents' teaching recognition and incentive compensation program for The University of Texas at Austin and \$1 million annually for five years for the other eight academic institutions. Our faculty are extremely dedicated to teaching and while there are existing ways to encourage teaching accomplishments, we should do more.

Additionally, I believe we should recognize faculty research that not only enriches teaching, but that adds to the competitiveness of Texas, through technology transfer and commercialization. Accordingly, I propose that the Board allocate \$1 million annually for five years to

stimulate commercialization and technology transfer at U. T. Austin. These additional funds will enable our flagship institution to further take the lead in serving the economic development of Texas.

Lastly, the day-to-day work of the U. T. faculty in teaching, scholarship, and discovery clearly makes fundamental contributions in so many different ways. I believe we should ask the academic presidents to work with the Office of Academic Affairs to demonstrate the diversity and excellence of these contributions by the faculty, and the many different ways in which they are achieved. The U. T. System annual accountability report would be enhanced by including information about faculty activities and the resulting contributions to their institutions.

As Regents, we all share the responsibility to provide the very best education for the students of the U. T. System. I truly believe that our investment in these types of initiatives will serve to strengthen our commitment to this responsibility.

Therefore, I would like to modify the recommendation for operating budget approval made to the Board to include additional funding of \$15 million as follows:

- \$1 million each year for five years to benefit U. T. Austin through the establishment of a teaching excellence incentive compensation program,
- \$1 million each year for five years to benefit The University of Texas at Arlington, U. T. Brownsville, The University of Texas at Dallas, The University of Texas at El Paso, The University of Texas – Pan American, The University of Texas of the Permian Basin, The University of Texas at San Antonio, and The University of Texas at Tyler through the establishment of teaching excellence incentive compensation programs, and
- \$1 million each year for five years to support technology transfer and commercialization at U. T. Austin.

I propose that these programs be funded by allocating:

- Up to \$5 million of ITF at \$1 million per year for five years for the general teaching excellence incentive program, and
- Up to \$10 million of Available University Funds (AUF) to support excellence in teaching at U. T. Austin and to fund the technology transfer and commercialization center at U. T. Austin.



I further recommend that we task Executive Vice Chancellor Prior and the Office of Academic Affairs to work out the specific details of the new teaching excellence and commercialization incentives and present the proposals for Board approval at the November meeting.

While supportive of the motion, Vice Chairman Rowling noted the constraints on the allocation of funds, saying the AUF may be allocated only to U. T. Austin whereas ITF may be allocated to the other eight academic institutions. He said that spreading the funds around more is not an option.

Regent Dannenbaum asked if more funds could be allocated in the future for technology commercialization and technology transfer programs at the health-related institutions and, possibly, at the eight other academic institutions and Chairman Caven repeated the constraints on use of the AUF.

Regent Longoria seconded the motion, which carried by acclamation. Chairman Caven was recorded as abstaining from vote on the portion of the budget related to the U. T. System Audit Office.

The U. T. System operating budgets are a part of the official copy of the Minutes and are made a part of the record of this meeting.

See the Executive Session item related to the personnel aspects of the U. T. System Operating Budget (Item 1b on Page 3). Approved salaries for U. T. System Executive Officers and Presidents are set forth on Pages 47 - 55.

# Compensation for Academic Presidents

THE UNIVERSITY OF TEXAS SYSTEM

SALARIES OF THE ACADEMIC INSTITUTION PRESIDENTS

Approved for Fiscal Year Ending August 31, 2009

## ACADEMIC INSTITUTION PRESIDENTS

### **U.T. Arlington**

*James Spaniolo*

	Approved 2008 Rate	Approved 2009 Rate	Dollar Increase	Percentage Increase
Salary Rate	\$ 389,000	408,450	19,450	5.0%
Deferred Compensation	-	-	-	-
<b>Total Compensation</b>	<b>\$ 389,000</b>	<b>408,450</b>	<b>19,450</b>	<b>5.0%</b>

### **U.T. Austin**

*William C. Powers, Jr.*

Salary Rate	\$ 577,500	600,600	23,100	4.0%
Deferred Compensation**	50,000	50,000	-	-
<b>Total Compensation</b>	<b>\$ 627,500</b>	<b>650,600</b>	<b>23,100</b>	<b>3.7%</b>

### **U.T. Brownsville**

*Juliet V. Garcia*

Salary Rate	\$ 286,274	297,725	11,451	4.0%
Deferred Compensation***	25,000	25,000	-	0.0%
<b>Sub-Total Compensation</b>	<b>\$ 311,274</b>	<b>322,725</b>	<b>11,451</b>	<b>3.7%</b>
<b>Total Compensation</b>	<b>\$ 311,274</b>	<b>322,725</b>	<b>11,451</b>	<b>3.7%</b>

Mercer Report to the Board of Regents Executive Compensation - Market Update - June 2008 Regionally Adjusted Data*			
Proposed Salary 50th Percentile relative to median		Proposed Salary 75th Percentile relative to 75th %ile	
378,000	8.1%	432,000	-5.5%
612,000	6.3%	645,000	0.9%
250,000	29.1%	267,000	20.9%

Note: All Presidents are paid \$65,945 from General Revenue and the difference is paid from other institutional fund sources

\*Regionally Adjusted Data includes Base Salary and Deferred Compensation

\*\*Vests 8/31/2010

\*\*\*Vests 8/31/2008

# Compensation for Academic Presidents

THE UNIVERSITY OF TEXAS SYSTEM

SALARIES OF THE ACADEMIC INSTITUTION PRESIDENTS

Approved for Fiscal Year Ending August 31, 2009

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## ACADEMIC INSTITUTION PRESIDENTS (Cont'd)

### U.T. Dallas

*David E. Daniel*

	Approved 2008 Rate	Approved 2009 Rate	Dollar Increase	Percentage Increase
Salary Rate	\$ 468,404	491,824	23,420	5.0%
Deferred Compensation**	25,000	35,000	10,000	-
Sub-Total Compensation	\$ 493,404	526,824	33,420	6.8%
Total Compensation	\$ 493,404	526,824	33,420	6.8%

### U.T. El Paso

*Diana S. Natalicio*

Salary Rate	\$ 364,000	382,200	18,200	5.0%
Deferred Compensation***	30,000	30,000	-	0.0%
Sub-Total Compensation	\$ 394,000	412,200	18,200	4.6%
One-time Merit	10,000	-	(10,000)	-
Total Compensation	\$ 404,000	412,200	8,200	2.0%

### U.T. Pan American

*Blandina Cárdenas*

Salary Rate	\$ 283,000	294,320	11,320	4.0%
Deferred Compensation	-	-	-	-
Sub-Total Compensation	\$ 283,000	294,320	11,320	4.0%
One-time Merit	10,000	-	(10,000)	-
Total Compensation	\$ 293,000	294,320	1,320	0.5%

Note: All Presidents are paid \$65,945 from General Revenue and the difference is paid from other institutional fund sources

\*Regionally Adjusted Data includes Base Salary and Deferred Compensation

\*\*Vests 8/31/2012

\*\*\*Vests 8/31/2009

Mercer Report to the Board of Regents Executive Compensation - Market Update - June 2008 Regionally Adjusted Data*			
Proposed Salary 50th Percentile relative to median		Proposed Salary 75th Percentile relative to 75th %ile	
345,000	52.7%	376,000	40.1%
305,000	35.1%	331,000	24.5%
248,000	18.7%	265,000	11.1%

# Compensation for Academic Presidents

THE UNIVERSITY OF TEXAS SYSTEM

SALARIES OF THE ACADEMIC INSTITUTION PRESIDENTS

Approved for Fiscal Year Ending August 31, 2009

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**ACADEMIC INSTITUTION PRESIDENTS (Cont'd)**

**U.T. Permian Basin**

*W. David Watts*

	Approved 2008 Rate	Approved 2009 Rate	Dollar Increase	Percentage Increase
Salary Rate	\$ 285,000	296,400	11,400	4.0%
Deferred Compensation**	15,000	15,000	-	100.0%
Sub-Total Compensation	<u>\$ 300,000</u>	<u>311,400</u>	<u>11,400</u>	<u>3.8%</u>
One-time Merit	10,000	-	(10,000)	-
Total Compensation	<u><u>\$ 310,000</u></u>	<u><u>311,400</u></u>	<u><u>1,400</u></u>	<u><u>0.5%</u></u>

**U.T. San Antonio**

*Ricardo Romo*

Salary Rate	\$ 353,600	364,208	10,608	3.0%
Deferred Compensation***	25,000	25,000	-	0.0%
Total Compensation	<u><u>\$ 378,600</u></u>	<u><u>389,208</u></u>	<u><u>10,608</u></u>	<u><u>2.8%</u></u>

**U.T. Tyler**

*Rodney H. Mabry*

Salary Rate	\$ 329,025	342,186	13,161	4.0%
Deferred Compensation****	30,000	30,000	-	-
Total Compensation	<u><u>\$ 359,025</u></u>	<u><u>372,186</u></u>	<u><u>13,161</u></u>	<u><u>3.7%</u></u>

Mercer Report to the Board of Regents Executive Compensation - Market Update - June 2008 Regionally Adjusted Data*			
Proposed Salary 50th Percentile relative to median		Proposed Salary 75th Percentile relative to 75th %ile	
257,000	21.2%	270,000	15.3%
289,000	34.7%	307,000	26.8%
260,000	43.1%	274,000	35.8%

Note: All Presidents are paid \$65,945 from General Revenue and the difference is paid from other institutional fund sources

\*Regionally Adjusted Data includes Base Salary and Deferred Compensation

\*\*Vests 8/31/2009

\*\*\*Vests 8/31/2008

\*\*\*\*Vests 8/31/2013

# Compensation for Health Presidents

THE UNIVERSITY OF TEXAS SYSTEM

SALARIES OF HEALTH INSTITUTION PRESIDENTS

Approved for Fiscal Year Ending August 31, 2009

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## HEALTH INSTITUTION PRESIDENTS

### U.T. Medical Branch - Galveston

*David L. Callender*

	Approved 2008 Rate	Approved 2009 Rate	Dollar Increase	Percentage Increase
Salary Rate	\$ 609,325	639,790	30,465	5.0%
Deferred Compensation**	150,000	175,000	25,000	16.7%
Practice Plan	165,675	173,958	8,283	5.0%
<b>Total Compensation</b>	<b>\$ 925,000</b>	<b>988,748</b>	<b>63,748</b>	<b>6.9%</b>

### U.T. Health Science Center - Houston

*Lawrence R. Kaiser\*\*\**

	Approved 2008 Rate	Approved 2009 Rate	Dollar Increase	Percentage Increase
Salary Rate	\$ 844,743	844,743	-	0.0%
Deferred Compensation	-	-	-	0.0%
Practice Plan	205,257	205,257	-	0.0%
<b>Total Compensation</b>	<b>\$ 1,050,000</b>	<b>1,050,000</b>	<b>-</b>	<b>0.0%</b>

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

*Francisco G. Cigarroa*

	Approved 2008 Rate	Approved 2009 Rate	Dollar Increase	Percentage Increase
Salary Rate	\$ 585,197	608,717	23,520	4.0%
Deferred Compensation****	100,000	125,000	25,000	25.0%
Practice Plan	157,595	163,898	6,303	4.0%
<b>Sub Total Compensation</b>	<b>\$ 842,792</b>	<b>897,615</b>	<b>54,823</b>	<b>6.5%</b>
One-time Merit	-	45,000	45,000	
<b>Total Compensation</b>	<b>\$ 842,792</b>	<b>942,615</b>	<b>99,823</b>	<b>11.8%</b>

Mercer Report to the Board of Regents Executive Compensation - Market Update - June 2008 Regionally Adjusted Data*			
50th Percentile	Proposed Salary relative to median	75th Percentile	Proposed Salary relative to 75th %ile
633,000	56.2%	746,000	32.5%
636,000	65.1%	715,000	46.9%
587,000	52.9%	647,000	38.7%

Note: All Presidents are paid \$65,945 from General Revenue and the difference is paid from other institutional fund sources

\*Regionally Adjusted Data includes Base Salary and Deferred Compensation

\*\*Vests 8/31/2010

\*\*\*Dr. Kaiser will begin employment on 8/1/2008.

\*\*\*\*Vests 8/31/2009

# Compensation for Health Presidents

THE UNIVERSITY OF TEXAS SYSTEM

SALARIES OF HEALTH INSTITUTION PRESIDENTS

Approved for Fiscal Year Ending August 31, 2009

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**HEALTH INSTITUTION PRESIDENTS (Cont'd)**

**U.T. Southwestern Medical Center - Dallas**

*Daniel K. Podolsky\*\**

	Approved 2008 Rate	Approved 2009 Rate	Dollar Increase	Percentage Increase
Salary Rate	\$ -	902,297	-	0.0%
Deferred Compensation	-	60,000	-	0.0%
Practice Plan	-	247,703	-	0.0%
<b>Total Compensation</b>	<b>\$ -</b>	<b>1,210,000</b>	<b>-</b>	<b>0.0%</b>

**U.T. M. D. Anderson Cancer Center**

*John Mendelsohn*

Salary Rate	\$ 729,919	802,910	72,991	10.0%
Deferred Compensation***	250,000	250,000	-	0.0%
Practice Plan	200,230	220,253	20,023	10.0%
<b>Total Compensation</b>	<b>\$ 1,180,149</b>	<b>1,273,163</b>	<b>93,014</b>	<b>7.9%</b>

**U.T. Health Science Center - Tyler**

*Kirk Calhoun*

Salary Rate	\$ 375,895	390,930	15,035	4.0%
Deferred Compensation****	45,000	45,000	-	0.0%
Practice Plan	96,857	100,731	3,874	4.0%
<b>Total Compensation</b>	<b>\$ 517,752</b>	<b>536,661</b>	<b>18,909</b>	<b>3.7%</b>

Mercer Report to the Board of Regents Executive Compensation - Market Update - June 2008 Regionally Adjusted Data*			
50th Percentile	Proposed Salary relative to median	75th Percentile	Proposed Salary relative to 75th %ile
791,000	53.0%	864,000	40.0%
949,000	34.2%	1,174,000	8.4%
333,000	61.2%	397,000	35.2%

Note: All Presidents are paid \$65,945 from General Revenue and the difference is paid from other institutional fund sources

\*Regionally Adjusted Data includes Base Salary and Deferred Compensation

\*\* Dr. Podolsky will begin employment on 9/2/2008.

\*\*\*Vests 8/31/2010

\*\*\*\*Vests 8/31/2009

# Compensation for System Administration Executive Vice Chancellors, Vice Chancellors, and Other Staff

THE UNIVERSITY OF TEXAS SYSTEM

(With Comparative Data)

Approved for Fiscal Year Ending August 31, 2009

Mercer Report to the Board of Regents Executive Compensation - Market Update -June 2008 Regionally Adjusted Data*			
	Proposed Salary relative to median	Proposed Salary relative to 75th %ile	
50th Percentile	75th Percentile	50th Percentile	75th Percentile
708,000	-1.1%	788,000	-11.2%
322,000	17.4%	369,000	2.4%
292,000	24.3%	322,000	12.7%
704,000	-14.8%	n/a	n/a

**U. T. SYSTEM ADMINISTRATION**

**Chancellor ad interim**

*Kenneth I. Shine\*\**

	Approved 2008 Rate	Approved 2009 Rate	Dollar Increase	Percentage Increase
Salary Rate	\$ 575,000	600,000	25,000	4.3%
Deferred Compensation	-	-	-	0.0%
Supplement	100,000	100,000	-	0.0%
Sub-Total Compensation	\$ 675,000	700,000	25,000	3.7%
One-time Merit	40,000	-	(40,000)	
Total Compensation	\$ 715,000	700,000	(15,000)	-2.1%

**Executive Vice Chancellor for Academic Affairs**

*David B. Prior*

Salary Rate	\$ 360,000	378,000	18,000	5.0%
Sub-Total Compensation	\$ 360,000	378,000	18,000	5.0%
One-time Merit	-	15,000	15,000	
Total Compensation	\$ 360,000	393,000	33,000	9.2%

**Executive Vice Chancellor for Business Affairs**

*Scott C. Kelley*

Salary Rate	\$ 330,000	363,000	33,000	10.0%
Total Compensation	\$ 330,000	363,000	33,000	10.0%
One-time Merit	-	20,000	20,000	
Total Compensation	\$ 330,000	383,000	53,000	16.1%

**Executive Vice Chancellor for Health Affairs**

*Kenneth I. Shine\*\**

Salary Rate	\$ 575,000	600,000	25,000	4.3%
Sub-Total Compensation	\$ 575,000	600,000	25,000	4.3%
One-time Merit	40,000	-	(40,000)	
Total Compensation	\$ 615,000	600,000	(15,000)	-2.4%

\*Regionally Adjusted Data includes Base Salary and Deferred Compensation

\*\*Dr. Shine, Executive Vice Chancellor for Health Affairs, began serving as Chancellor ad interim 5/1/2008 for which he receives a supplement of \$100,000.

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# Compensation for System Administration Executive Vice Chancellors, Vice Chancellors, and Other Staff

## THE UNIVERSITY OF TEXAS SYSTEM

(With Comparative Data)

Approved for Fiscal Year Ending August 31, 2009

	Approved 2008 Rate	Approved 2009 Rate	Dollar Increase	Percentage Increase	Mercer Report to the Board of Regents Executive Compensation - Market Update -June 2008 Regionally Adjusted Data*				
					50th Percentile	Proposed Salary relative to median	75th Percentile	Proposed Salary relative to 75th %ile	
<b>U. T. SYSTEM ADMINISTRATION (Cont'd)</b>									
<b>Vice Chancellor for Administration</b>									
<i>Tonya Moten Brown</i>									
Salary Rate	\$ 262,650	270,530	7,880	3.0%					
Total Compensation	\$ 262,650	270,530	7,880	3.0%	233,000	16.1%	n/a	n/a	
<b>Vice Chancellor for External Relations</b>									
<i>Randa S. Safady**</i>									
Salary Rate	\$ 400,000	412,000	12,000	3.0%					
Sub-Total Compensation	\$ 400,000	412,000	12,000	3.0%	216,000	90.7%	280,000	47.1%	
One-time Merit	30,000	20,000	-10,000						
Total Compensation	430,000	432,000	2,000	0.5%					
<b>Vice Chancellor and General Counsel</b>									
<i>Barry Burgdorf</i>									
Salary Rate	\$ 325,000	400,000	75,000	23.1%					
Sub-Total Compensation	\$ 325,000	400,000	75,000	23.1%	244,000	63.9%	264,000	51.5%	
One-time Merit	30,000	30,000	-						
Total Compensation	\$ 355,000	430,000	75,000	21.1%					

\*Regionally Adjusted Data includes Base Salary and Deferred Compensation

\*\*Randa Safady received a salary increase effective 4/1/2008. Based on statutes and Board Policies, she is ineligible for a merity salary increase until 10/1/2008 .



# Compensation for System Administration Executive Vice Chancellors, Vice Chancellors, and Other Staff

## THE UNIVERSITY OF TEXAS SYSTEM

(With Comparative Data)

Approved for Fiscal Year Ending August 31, 2009

					Mercer Report to the Board of Regents Executive Compensation - Market Update -June 2008 Regionally Adjusted Data*			
					Proposed Salary		Proposed Salary	
					50th Percentile	relative to median	75th Percentile	relative to 75th %ile
	Approved 2008 Rate	Approved 2009 Rate	Dollar Increase	Percentage Increase				
<b>U. T. SYSTEM ADMINISTRATION (Cont'd)</b>								
<b>Vice Chancellor for Governmental Relations</b>								
<i>Barry McBee</i>								
Salary Rate	\$ 250,000	260,000	10,000	4.0%				
Total Compensation	\$ 250,000	260,000	10,000	4.0%	192,000	35.4%	214,000	21.5%
One-time Merit	10,000	-	(10,000)					
Total Compensation	\$ 260,000	260,000	-	0.0%				
<b>Vice Chancellor for Federal Relations</b>								
<i>William Shute</i>								
Salary Rate	\$ 221,810	235,118	13,308	6.0%				
Total Compensation	\$ 221,810	235,118	13,308	6.0%	238,000	-1.2%	n/a	n/a
<b>Vice Chancellor for Research and Technology Transfer</b>								
<i>H. Keith McDowell</i>								
Salary Rate	\$ 250,000	257,500	7,500	3.0%				
Supplement**	25,000	25,750	750	3.0%				
Total Compensation	\$ 275,000	283,250	8,250	3.0%	286,000	-1.0%	304,000	-6.8%
<b>Vice Chancellor for Strategic Management</b>								
<i>Geri Malandra</i>								
Salary Rate	\$ 275,000	283,250	8,250	3.0%				
Total Compensation	\$ 275,000	283,250	8,250	3.0%	227,000	24.8%	n/a	n/a

\*Regionally Adjusted Data includes Base Salary and Deferred Compensation

\*\*As a retiree, Dr. McDowell is not benefits eligible. To offset this loss, he will receive a supplement equal to 10% of his base salary.

# Compensation for System Administration Executive Vice Chancellors, Vice Chancellors, and Other Staff

## THE UNIVERSITY OF TEXAS SYSTEM

(With Comparative Data)

Approved for Fiscal Year Ending August 31, 2009

Mercer Report to the Board of Regents Executive Compensation - Market Update -June 2008 Regionally Adjusted Data*			
	Proposed Salary relative to median	Proposed Salary relative to 75th %ile	
50th Percentile	75th Percentile	50th Percentile	75th Percentile
n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a
243,000	31.8%	n/a	n/a
167,000	59.1%	207,000	28.3%

	Approved 2008 Rate	Approved 2009 Rate	Dollar Increase	Percentage Increase
<b>U. T. SYSTEM ADMINISTRATION (Cont'd)</b>				
<b>Vice Chancellor for Health Affairs</b>				
<i>Amy Shaw Thomas</i>				
Salary Rate	\$ 199,014	225,000	25,986	13.1%
Total Compensation	\$ 199,014	225,000	25,986	13.1%
One-time Merit	2,500	-	-2,500	
Total Compensation	\$ 201,514	225,000	23,486	11.7%
<b>Vice Chancellor for Finance and Business Development</b>				
<i>Philip Aldridge</i>				
Salary Rate	\$ 230,855	260,855	30,000	13.0%
Total Compensation	\$ 230,855	260,855	30,000	13.0%
One-time Merit	5,000	-	-5,000	
Total Compensation	\$ 235,855	260,855	25,000	10.6%
<b>General Counsel to the Board of Regents</b>				
<i>Francie A. Frederick</i>				
Salary Rate	\$ 290,000	320,250	30,250	10.4%
Deferred Compensation	15,000	-	(15,000)	
Sub-Total Compensation	\$ 305,000	320,250	15,250	5.0%
One-time Merit	-	-	-	
Total Compensation	305,000	320,250	15,250	5.0%
<b>Chief Audit Executive</b>				
<i>Charles G. Chaffin**</i>				
Salary Rate	\$ 255,440	265,657	10,217	4.0%
Sub-Total Compensation	\$ 255,440	265,657	10,217	4.0%
One-time Merit	-	5,000	5,000	
Total Compensation	255,440	270,657	15,217	6.0%

\*Regionally Adjusted Data includes Base Salary and Deferred Compensation

\*\*Served as System-wide Compliance Officer in FY 2008. Search for new System-wide Compliance Officer is in progress.

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9. U. T. System: Allocation of \$25.3 million of Permanent University Fund Bond Proceeds for Fire and Life Safety projects for the following institutions:
- The University of Texas at Arlington
  - The University of Texas at Austin
  - The University of Texas Medical Branch at Galveston
  - The University of Texas Health Science Center at San Antonio

The Board approved the allocation of \$25,300,000 of Permanent University Fund (PUF) Bond Proceeds for fire and life safety capital projects at The University of Texas at Arlington, The University of Texas at Austin, The University of Texas Medical Branch at Galveston, and The University of Texas Health Science Center at San Antonio.

The PUF allocations are set out below:

Project Cost Breakdown in \$ millions by Fiscal Year				
CAMPUS	PUF FY09	PUF FY10	PUF FY11	TOTAL
UT ARLINGTON	1.4	1.4	1.3	4.1
UT AUSTIN	4.8	4.8	4.7	14.3
UT MB GALVESTON	0.6	0.6	0.6	1.8
UTHSC SAN ANTONIO	<u>1.7</u>	<u>1.7</u>	<u>1.7</u>	<u>5.1</u>
TOTALS	8.5	8.5	8.3	25.3

The total project cost of the fire and life safety projects at the four institutions is currently estimated at approximately \$51,900,000 as reflected on Table 1 on Page 57. The balance of the project funding will be matched over the next five years and will be brought back to the Board for approval of the total project cost for each project including identified funding sources and approval of amendments to the FY 2008-2013 Capital Improvement Program (CIP).

**Table 1  
Project Cost Breakdown by Campus in \$ millions:**

Campus	High <sup>1</sup> Priority	Med/Low <sup>2</sup> Priority	Total	PUF FY09	PUF FY10	PUF FY11	Campus + LERR Funds	3 YR PUF + Campus + LERR	LERR History Per Yr	50% LERR Per Yr	50% LERR 3 Yrs
UT ARLINGTON	8.2	0.1	8.3	1.4	1.4	1.3	4.1	8.2	2.4	1.2	3.6
UT AUSTIN	28.5	10.4	38.9	4.8	4.8	4.7	14.2	28.5	3.8	1.9	5.7
UT BROWNSVILLE	0.0	0.0	0.0				0.0	0.0	0.0	0.0	0.0
UT DALLAS	2.2	0.1	2.3				2.2	2.2	2.2	1.1	3.3
UT EL PASO	0.6	0.7	1.3				0.6	0.6	3.3	1.7	5.0
UT PAN AMERICAN	0.0	0.0	0.0				0.0	0.0	0.0	0.0	0.0
UT PERMIAN BASIN	0.0	0.1	0.1				0.0	0.0	0.9	0.5	1.4
UT SAN ANTONIO	0.3	7.6	7.9				0.3	0.3	2.4	1.2	3.6
UT TYLER	0.0	0.0	0.0				0.0	0.0	0.8	0.4	1.2
<b>TOTAL ACADEMIC</b>	<b>39.8</b>	<b>19.0</b>	<b>58.8</b>	<b>6.2</b>	<b>6.2</b>	<b>6.0</b>	<b>21.4</b>	<b>39.8</b>	<b>15.8</b>	<b>7.9</b>	<b>23.7</b>
UT SOUTHWESTERN MC	0.9	4.8	5.7				0.9	0.9	2.3	1.2	3.5
UT MB GALVESTON	4.9	3.2	8.1	0.6	0.6	0.6	3.1	4.9	2.0	1.0	3.0
UT HSC HOUSTON	2.6	0.2	2.8				2.6	2.6	1.9	1.0	2.9
UT HSC SAN ANTONIO	10.3	6.9	17.2	1.7	1.7	1.7	5.2	10.3	2.2	1.1	3.3
UT M.D. ANDERSON CC	0.0	0.0	0.0				0.0	0.0	1.9	1.0	2.9
UT HSC TYLER	0.0	0.0	0.0				0.0	0.0	2.1	1.1	3.2
<b>TOTAL HEALTH</b>	<b>18.7</b>	<b>15.1</b>	<b>33.8</b>	<b>2.3</b>	<b>2.3</b>	<b>2.3</b>	<b>11.8</b>	<b>18.7</b>	<b>12.4</b>	<b>6.2</b>	<b>18.6</b>
<b>SYSTEM ADMINISTRATION</b>											
<b>TOTAL SYSTEM</b>	<b>58.5</b>	<b>34.1</b>	<b>92.6</b>	<b>8.5</b>	<b>8.5</b>	<b>8.3</b>	<b>33.2</b>	<b>58.5</b>	<b>28.2<sup>3</sup></b>	<b>14.1</b>	<b>42.3</b>

<sup>1</sup> High Priority – residential, medical, high rise, large assembly and laboratory buildings

<sup>2</sup> Medium and Low Priority – academic, support business and industrial support buildings

<sup>3</sup> Excludes \$25.4 million for System Administration LERR funded projects

10. U. T. System: Approval to purchase software licenses and hardware for deployment of an Enterprise Compliance and Configuration Management System and hardware for deployment of a U. T. Network Intrusion Detection System

The Board approved \$4,360,000 of Available University Funds (AUF) to purchase software licenses and hardware for deployment of an Enterprise Compliance and Configuration Management System and hardware for deployment of a University of Texas System Network Intrusion Detection System as follows:

- a. Enterprise Compliance and Configuration Management System, in the amount of \$4,000,000 to include purchase of configuration software licenses that will be used on servers and workstations at U. T. System institutions to ensure these devices are configured in a manner that is secure and complies with established standards, and
- b. U. T. Network Intrusion Detection System (IDS), in the amount of \$360,000 for purchase of intrusion detection appliances to be deployed on the U. T. System network to detect attacks against University information systems.

Configuration management software was ranked by 12 U. T. System Chief Information Security Officer as being the technology having the most potential for bolstering information security across the U. T. System. A Request for Proposal (RFP) process is nearing conclusion to purchase the most competitive product for deployment across the U. T. System.

The U. T. System network connects all U. T. System institutions to each other and to the Internet. Following a pilot study, intrusion detection devices will be purchased and placed strategically along the U. T. System network to identify attacks being launched against U. T. System institutions and to automatically alert appropriate institutional personnel.

For the pilot study, the IDS system was deployed across one-third of the U. T. System network and proved to be highly effective in identifying attacks. U. T. System institutions taking part in the pilot study report that the service adds value to their existing defenses as part of a holistic strategy to identify attacks and reduce risk of exposure of confidential information.

11. U. T. System: Report on Tier One Universities

Executive Vice Chancellor Prior began the presentation on Tier One Universities by saying that the State of Texas has two Tier One universities: The University of Texas at Austin and The Texas A&M University at College

Station. While there is some concern about the level of funding and competitiveness of these universities, he said there is interest in the state for more Tier One universities. He stated the Texas Higher Education Coordinating Board has identified Texas Tech, the University of Houston, the University of North Texas, The University of Texas at Arlington, The University of Texas at Dallas, The University of Texas at El Paso, and The University of Texas at San Antonio as emerging research universities.

Dr. Prior then asked President Powers and President Daniel for comments. President Powers said that if Texas is going to be the leading state, it will depend on a robust education system and a national or Tier One university, will require community colleges, K-12 education, and regional universities. He added that there is an important nature of a major research university that adds to the education and economy of a state; U. T. Austin is expected to have an \$8.2 billion impact yearly. He said research universities are highly leveraged and he pointed out that other states are outspending Texas. President Powers further discussed the financial, internal, and political issues of major research universities and suggested that since legislative committees are asking for assistance in developing a plan for the state, The University of Texas System take a leadership role.

President Daniel made a PowerPoint presentation intended to stimulate discussion on the matter of more Top Tier Universities for the state and required funding and partnerships. Regent Dower encouraged the presidents to engage students in these discussions.

12. U. T. System Board of Regents: Update on progress of the Chancellor search

Chairman Caven provided a brief update on the progress of the Chancellor search, saying that he and Vice Chairman Huffines and Vice Chairman Rowling have been working with the search firm, Greenwood/Asher and Associates, to review resumés and nominations and to have a series of discussions with individuals across the country. He said the process is time-consuming and arduous but finalists for the position should be identified by late Fall 2008.

13. U. T. System Board of Regents: Presentation of certificate of appreciation

Chairman Caven thanked C. Kern Wildenthal, M.D., Ph.D., President of The University of Texas Southwestern Medical Center at Dallas for his extraordinary service to the institution, The University of Texas System, and the State of Texas over the past 38 years. Chairman Caven then presented a framed certificate of appreciation, as follows, to President Wildenthal, who will resign from the presidency on September 1, 2008.

President and Mrs. Marnie Wildenthal received a round of applause and following a PowerPoint presentation on Reflections in Retirement, Dr. Wildenthal thanked the members of the Board for the privilege to serve the U. T. System. (Dr. Wildenthal's [PowerPoint presentation](#) is on file in the Office of the Board of Regents.)

CERTIFICATE OF APPRECIATION

The Board of Regents

Expresses to

C. KERN WILDENTHAL, M.D., PH.D.

Its Sincere Appreciation for His

Distinguished Service and Outstanding Contributions

to

The University of Texas System

as

Professor  
1970 - 1976

Dean  
1976 - 1986

and  
President  
1986 - 2008

at

The University of Texas Southwestern Medical Center at Dallas

RECESS FOR COMMITTEE MEETINGS AND COMMITTEE REPORTS TO THE BOARD.--At 12:00 p.m., the Board recessed for meetings of the Standing Committees, and Chairman Caven announced the Board would reconvene to approve the report and recommendations of the committees.

The meetings of the Standing Committees were conducted in open session, and the reports and recommendations thereof are set forth on Pages 61 - 204.

REPORT AND RECOMMENDATIONS OF THE AUDIT, COMPLIANCE, AND MANAGEMENT REVIEW COMMITTEE (Page 61).--Committee Chairman Foster reported the Audit, Compliance, and Management Review Committee had no matters to consider on its agenda.

1. U. T. System Board of Regents: Approval of the Audit, Compliance, and Management Review Committee Charter and the Responsibilities Checklist

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

2. U. T. System: Report on the System-wide internal audit activity

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

3. U. T. System: Report on the System-wide annual audit plan process

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

4. U. T. System: Report on the plan for the Fiscal Year 2008 U. T. System Consolidated Annual Financial Report audit

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

5. U. T. System: Report on the System-wide compliance program

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



REPORT AND RECOMMENDATIONS OF THE FINANCE AND PLANNING COMMITTEE (Pages 62 - 165).--Committee Chairman Rowling 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. 135

The Board approved *Docket No. 135* in the form distributed by the General Counsel to the Board of Regents. It is attached following Page 205 in the official copy of the *Minutes* and 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 following appointments were approved, were found to be in the best interest of the U. T. System as required by *Texas Education Code* Section 51.948, and notice of actions related to approval of the letter agreements and contracts was provided to the Legislative Budget Board:

- C. Kern Wildenthal, M.D., Ph.D., President of The University of Texas Southwestern Medical Center at Dallas as Assistant to the President for Community Affairs at U. T. Southwestern Medical Center – Dallas and Special Assistant to the Executive Vice Chancellor for Health Affairs at U. T. System Administration. This was an additional docket item that had been mailed to members of the Board in advance, was before the Board on green paper, and had been posted with the Secretary of State.
- Daniel K. Podolsky, M.D., as President of U. T. Southwestern Medical Center – Dallas (Page Docket – 72); and
- Larry R. Kaiser, M.D., as President of The University of Texas Health Science Center at Houston (Page Docket – 87).

To avoid any appearance of a possible conflict of interest,

- Vice Chairman Huffines abstained from vote on the contracts with The University of Texas at Arlington and Oncor Electric Delivery Company, LLC on Page Docket – 4 because he serves on the board of Energy Future Holdings and Oncor Electric Delivery is an affiliated company.

- Regent Foster abstained from vote on the contracts between AT&T Mobility Texas LLC and The University of Texas at Austin on Pages Docket 13 – 14 and The University of Texas – Pan American on Page Docket – 46 because of stockholdings.
  - Regent Foster also abstained from vote on the contract between U. T. Austin and Dallas MTA, L. P., dba Verizon Wireless, on Page Docket –14 and the contract with U. T. Austin and Anatole Partners III, dba Hilton Anatole on Page Docket – 15 because of stockholdings.
  - Regent Longoria abstained from vote on the contract with The University of Texas M. D. Anderson Cancer Center and CenterPoint Energy Texas Gas Operations on Page Docket – 97 because she serves on the board of CenterPoint Energy.
2. U. T. System Board of Regents: Approval of the Board of Directors of The University of Texas Investment Management Company (UTIMCO) recommendations for amendments to the Investment Policy Statements for the Permanent University Fund, the General Endowment Fund, the Permanent Health Fund, the Long Term Fund, the Intermediate Term Fund, and the Liquidity Policy

Upon recommendation of the Board of Directors of The University of Texas Investment Management Company (UTIMCO), the Board approved amendments to the following Investment Policy Statements and the Liquidity Policy, including asset allocation, as set forth on the referenced pages:

- a. Permanent University Fund (PUF) Exhibit A (See Pages 66 - 69)
- b. General Endowment Fund (GEF) Exhibit A (See Pages 70 - 73)
- c. Permanent Health Fund (PHF) Exhibit B (See Pages 74 - 77)
- d. Long Term Fund (LTF) Exhibit B (See Pages 78 - 81)
- e. Intermediate Term Fund (ITF) (See Page 82)
- f. Liquidity Policy (See Pages 83 - 85)

The Master Investment Management Services Agreement (IMSA) requires that UTIMCO review the current Investment Policies for each Fund at least annually. The review includes distribution (spending) guidelines, long-term investment return expectations and expected risk levels, Asset Class and Investment Type allocation targets and ranges for each eligible Asset Class and Investment Type, expected returns for each Asset Class, Investment

Type, and Fund, designated performance benchmarks for each Asset Class and/or Investment Type, and such other matters as The University of Texas System Board or its staff designees may request.

The UTIMCO Board approved these amendments on July 23, 2008, and the U. T. System Board of Regents approved the amendments on July 24, 2008.

Amendments to Exhibits to the Investment Policy Statements for the PUF, GEF, PHF, LTF and ITF reflect mid-course corrections to the implementation plan proposed for Fiscal Year Ending (FYE) 2009 and FYE 2010, as well as recommended targets and ranges through FYE 2011.

In addition, the Exhibits reflect UTIMCO's recommendations related to revisions to benchmarks as summarized below:

- Clarify that the Real Estate benchmark, the National Association of Real Estate Investment Trusts (NAREIT) Equity Index, means the FTSE European Public Real Estate Association (EPRA)/NAREIT Global Index. It was the original intent that the NAREIT Equity Index be a global index and UTIMCO staff has consistently used the FTSE EPRA/NAREIT as the index or benchmark since the March 1, 2008, effective date of the Investment Policy Statements.
- Change the Natural Resources index from the Dow Jones-AIG Commodity Index Total Return to a combination index of 50% Dow Jones-AIG Commodity Index Total Return and 50% MSCI World Natural Resources Index.
- Change the benchmark of the Private Investments Real Estate Asset Class to the National Council of Real Estate Investment Fiduciaries (NACRIF) Custom Index instead of the Venture Economics Custom Index.

The Expected Annual Return, Expected Target Annual Return, and the one-year downside deviation have been adjusted to reflect the revised Asset Class and Investment Type targets for FYE 2009 and FYE 2010. The Expected Annual Return, Expected Target Annual Return, and the one-year downside deviation have been added for FYE 2011.

There were no recommended changes to the Short Term Fund (STF) Investment Policy Statement and the Separately Invested Funds (SIF) Investment Policy Statement that were amended by the Board of Regents on November 10, 2005, and July 13, 2006, respectively.

Amendments to the Liquidity Policy are as follows:

- The Liquidity Policy Profile for the Endowment Funds has been changed to incorporate new liquidity limits and trigger zones for FYE 2009 and 2010. Additionally, FYE 2011 has been added.
- The Liquidity Policy Profile for the ITF has been updated to add FYE 2011.
- "Unfunded Commitments" maximum permitted amounts have been changed for FYE 2008, 2009, and 2010, and the maximum permitted amount for FYE 2011 has been added.

**EXHIBIT A - PERMANENT UNIVERSITY FUND  
ASSET CLASS AND INVESTMENT TYPE TARGETS, RANGES AND PERFORMANCE OBJECTIVES  
EFFECTIVE DATE SEPTEMBER 1, 2008**

POLICY PORTFOLIO	FYE 2009			FYE 2010			FYE 2011		
	Min	Target	Max	Min	Target	Max	Min	Target	Max
<u>Asset Classes</u>									
Investment Grade Fixed Income	5.0%	7.5%	15.0%	5.0%	7.5%	15.0%	5.0%	7.5%	15.0%
Credit-Related Fixed Income	10.0%	13.5%	17.5%	10.0%	14.5%	20.0%	10.0%	14.5%	20.0%
Real Estate	5.0%	7.5%	15.0%	5.0%	8.0%	15.0%	5.0%	8.5%	15.0%
Natural Resources	5.0%	8.5%	15.0%	5.0%	9.5%	15.0%	5.0%	10.0%	15.0%
Developed Country Equity	40.0%	46.5%	52.5%	37.5%	43.0%	50.0%	37.5%	41.0%	47.5%
Emerging Markets Equity	12.5%	16.5%	22.5%	12.5%	17.5%	22.5%	12.5%	18.5%	22.5%
<u>Investment Types</u>									
More Correlated & Constrained Investments	37.5%	44.5%	50.0%	35.0%	41.5%	47.5%	35.0%	41.0%	47.5%
Less Correlated & Constrained Investments	27.5%	33.0%	37.5%	27.5%	33.0%	37.5%	27.5%	33.0%	37.5%
Private Investments	18.0%	22.5%	28.0%	21.0%	25.5%	31.0%	21.0%	26.0%	33.0%

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

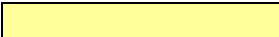

POLICY BENCHMARK (reset monthly)	FYE 2009	FYE 2010	FYE 2011
Lehman Brothers Global Aggregate Index	5.5%	5.5%	5.5%
Lehman Brothers Global High-Yield Index	1.0%	1.0%	2.0%
FTSE EPRA/NAREIT Global Index	5.5%	5.0%	4.5%
50% Dow Jones-AIG Commodity Index Total Return and 50% MSCI World Natural Resources Index	5.5%	4.5%	4.0%
MSCI World Index with net dividends	17.0%	15.5%	14.5%
MSCI Emerging Markets with net dividends	10.0%	10.0%	10.5%
MSCI Investable Hedge Fund Index	33.0%	33.0%	33.0%
Venture Economics Custom Index	20.5%	22.5%	22.0%
NACRIEF Custom Index	2.0%	3.0%	4.0%

POLICY/TARGET RETURN/RISKS	FYE 2009	FYE 2010	FYE 2011
Expected Annual Return (Benchmarks)	8.78%	8.86%	8.85%
Expected Target Annual Return (Active)	9.72%	9.90%	9.87%
One Year Downside Deviation	8.72%	8.71%	8.67%
<b>Risk Bounds</b>			
Lower: 1 Year Downside Deviation	85%	85%	85%
Upper: 1 Year Downside Deviation	115%	115%	115%

**EXHIBIT A  
(continued)  
PERMANENT UNIVERSITY FUND  
ASSET CLASS AND INVESTMENT TYPE TARGETS, RANGES AND PERFORMANCE OBJECTIVES  
EFFECTIVE DATE SEPTEMBER 1, 2008**

**POLICY BENCHMARKS BY ASSET CLASS AND INVESTMENT TYPE: FYE 2009**

FYE 2009		More Correlated & Constrained	Less Correlated & Constrained	Private Investments	Total
Fixed Income	Investment Grade	<b>Lehman Brothers Global Agg (5.5%)</b>	2.0%	0.0%	7.5%
	Credit-Related	<b>Lehman Brothers Global High-Yield (1.0%)</b>	6.0%	6.5%	13.5%
Real Assets	Real Estate	<b>FTSE EPRA/NAREIT Global Index (5.5%)</b>	0.0%	<b>Custom NACRIEF 2.0%</b>	7.5%
	Natural Resources	<b>50% DJ-AIG Commodity Index Total Return and 50% MSCI World Natural Resources Index (5.5%)</b>	1.5%	1.5%	8.5%
Equity	Developed Country	<b>MSCI World Index with Net Dividends (17.0%)</b>	18.5%	11.0%	46.5%
	Emerging Markets	<b>MSCI EM Index with Net Dividends (10.0%)</b>	5.0%	1.5%	16.5%
<b>Total</b>		<b>44.5%</b>	<b>33.0%</b>	<b>22.5%</b>	<b>100.0%</b>


 MSCI Investable Hedge Fund Index  
 Venture Economics Custom Index

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

**EXHIBIT A**  
**(continued)**  
**PERMANENT UNIVERSITY FUND**  
**ASSET CLASS AND INVESTMENT TYPE TARGETS, RANGES AND PERFORMANCE OBJECTIVES**  
**EFFECTIVE DATE SEPTEMBER 1, 2008**

**POLICY BENCHMARKS BY ASSET CLASS AND INVESTMENT TYPE: FYE 2010**

FYE 2010		More Correlated & Constrained	Less Correlated & Constrained	Private Investments	Total
Fixed Income	Investment Grade	<b>Lehman Brothers Global Agg (5.5%)</b>	2.0%	0.0%	7.5%
	Credit-Related	<b>Lehman Brothers Global High-Yield (1.0%)</b>	6.0%	7.5%	14.5%
Real Assets	Real Estate	<b>FTSE EPRA/NAREIT Global Index (5.0%)</b>	0.0%	<b>Custom NACRIEF 3.0%</b>	8.0%
	Natural Resources	<b>50% DJ-AIG Commodity Index Total Return and 50% MSCI World Natural Resources Index (4.5%)</b>	2.5%	2.5%	9.5%
Equity	Developed Country	<b>MSCI World Index with Net Dividends (15.5%)</b>	17.5%	10.0%	43.0%
	Emerging Markets	<b>MSCI EM Index with Net Dividends (10.0%)</b>	5.0%	2.5%	17.5%
<b>Total</b>		<b>41.5%</b>	<b>33.0%</b>	<b>25.5%</b>	<b>100.0%</b>

 MSCI Investable Hedge Fund Index  
 Venture Economics Custom Index

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

**EXHIBIT A**  
**(continued)**  
**PERMANENT UNIVERSITY FUND**  
**ASSET CLASS AND INVESTMENT TYPE TARGETS, RANGES AND PERFORMANCE OBJECTIVES**  
**EFFECTIVE DATE SEPTEMBER 1, 2008**

**POLICY BENCHMARKS BY ASSET CLASS AND INVESTMENT TYPE: FYE 2011**

FYE 2011		More Correlated & Constrained	Less Correlated & Constrained	Private Investments	Total
Fixed Income	Investment Grade	<b>Lehman Brothers Global Agg (5.5%)</b>	2.0%	0.0%	7.5%
	Credit-Related	<b>Lehman Brothers Global High-Yield (2.0%)</b>	6.0%	6.5%	14.5%
Real Assets	Real Estate	<b>FTSE EPRA/NAREIT Global Index (4.5%)</b>	0.0%	<b>Custom NACRIEF 4.0%</b>	8.5%
	Natural Resources	<b>50% DJ-AIG Commodity Index Total Return and 50% MSCI World Natural Resources Index (4.0%)</b>	3.0%	3.0%	10.0%
Equity	Developed Country	<b>MSCI World Index with Net Dividends (14.5%)</b>	17.0%	9.5%	41.0%
	Emerging Markets	<b>MSCI EM Index with Net Dividends (10.5%)</b>	5.0%	3.0%	18.5%
<b>Total</b>		<b>41.0%</b>	<b>33.0%</b>	<b>26.0%</b>	<b>100.0%</b>

 MSCI Investable Hedge Fund Index  
 Venture Economics Custom Index

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



**EXHIBIT A - GENERAL ENDOWMENT FUND  
ASSET CLASS AND INVESTMENT TYPE TARGETS, RANGES AND PERFORMANCE OBJECTIVES  
EFFECTIVE DATE SEPTEMBER 1, 2008**

POLICY PORTFOLIO	FYE 2009			FYE 2010			FYE 2011		
	Min	Target	Max	Min	Target	Max	Min	Target	Max
<u>Asset Classes</u>									
Investment Grade Fixed Income	5.0%	7.5%	15.0%	5.0%	7.5%	15.0%	5.0%	7.5%	15.0%
Credit-Related Fixed Income	10.0%	13.5%	17.5%	10.0%	14.5%	20.0%	10.0%	14.5%	20.0%
Real Estate	5.0%	7.5%	15.0%	5.0%	8.0%	15.0%	5.0%	8.5%	15.0%
Natural Resources	5.0%	8.5%	15.0%	5.0%	9.5%	15.0%	5.0%	10.0%	15.0%
Developed Country Equity	40.0%	46.5%	52.5%	37.5%	43.0%	50.0%	37.5%	41.0%	47.5%
Emerging Markets Equity	12.5%	16.5%	22.5%	12.5%	17.5%	22.5%	12.5%	18.5%	22.5%
<u>Investment Types</u>									
More Correlated & Constrained Investments	37.5%	44.5%	50.0%	35.0%	41.5%	47.5%	35.0%	41.0%	47.5%
Less Correlated & Constrained Investments	27.5%	33.0%	37.5%	27.5%	33.0%	37.5%	27.5%	33.0%	37.5%
Private Investments	18.0%	22.5%	28.0%	21.0%	25.5%	31.0%	21.0%	26.0%	33.0%

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

POLICY BENCHMARK (reset monthly)	FYE 2009	FYE 2010	FYE 2011
Lehman Brothers Global Aggregate Index	5.5%	5.5%	5.5%
Lehman Brothers Global High-Yield Index	1.0%	1.0%	2.0%
FTSE EPRA/NAREIT Global Index	5.5%	5.0%	4.5%
50% Dow Jones-AIG Commodity Index Total Return and 50% MSCI World Natural Resources Index	5.5%	4.5%	4.0%
MSCI World Index with net dividends	17.0%	15.5%	14.5%
MSCI Emerging Markets with net dividends	10.0%	10.0%	10.5%
MSCI Investable Hedge Fund Index	33.0%	33.0%	33.0%
Venture Economics Custom Index	20.5%	22.5%	22.0%
NACREIF Custom Index	2.0%	3.0%	4.0%

POLICY/TARGET RETURN/RISKS	FYE 2009	FYE 2010	FYE 2011
Expected Annual Return (Benchmarks)	8.78%	8.86%	8.85%
Expected Target Annual Return (Active)	9.72%	9.90%	9.87%
One Year Downside Deviation	8.72%	8.71%	8.67%
Risk Bounds			
Lower: 1 Year Downside Deviation	85%	85%	85%
Upper: 1 Year Downside Deviation	115%	115%	115%

**EXHIBIT A  
(continued)  
GENERAL ENDOWMENT FUND  
ASSET CLASS AND INVESTMENT TYPE TARGETS, RANGES AND PERFORMANCE OBJECTIVES  
EFFECTIVE DATE SEPTEMBER 1, 2008**

**POLICY BENCHMARKS BY ASSET CLASS AND INVESTMENT TYPE: FYE 2009**

FYE 2009		More Correlated & Constrained	Less Correlated & Constrained	Private Investments	Total
Fixed Income	Investment Grade	<b>Lehman Brothers Global Agg (5.5%)</b>	2.0%	0.0%	7.5%
	Credit-Related	<b>Lehman Brothers Global High-Yield (1.0%)</b>	6.0%	6.5%	13.5%
Real Assets	Real Estate	<b>FTSE EPRA/NAREIT Global Index (5.5%)</b>	0.0%	Custom NACRIEF 2.0%	7.5%
	Natural Resources	<b>50% DJ-AIG Commodity Index Total Return and 50% MSCI World Natural Resources Index (5.5%)</b>	1.5%	1.5%	8.5%
Equity	Developed Country	<b>MSCI World Index with Net Dividends (17.0%)</b>	18.5%	11.0%	46.5%
	Emerging Markets	<b>MSCI EM Index with Net Dividends (10.0%)</b>	5.0%	1.5%	16.5%
<b>Total</b>		<b>44.5%</b>	<b>33.0%</b>	<b>22.5%</b>	<b>100.0%</b>

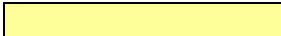
 MSCI Investable Hedge Fund Index  
 Venture Economics Custom Index

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

**EXHIBIT A  
(continued)  
GENERAL ENDOWMENT FUND  
ASSET CLASS AND INVESTMENT TYPE TARGETS, RANGES AND PERFORMANCE OBJECTIVES  
EFFECTIVE DATE SEPTEMBER 1, 2008**

**POLICY BENCHMARKS BY ASSET CLASS AND INVESTMENT TYPE: FYE 2010**

FYE 2010		More Correlated & Constrained	Less Correlated & Constrained	Private Investments	Total
Fixed Income	Investment Grade	<b>Lehman Brothers Global Agg (5.5%)</b>	2.0%	0.0%	7.5%
	Credit-Related	<b>Lehman Brothers Global High-Yield (1.0%)</b>	6.0%	7.5%	14.5%
Real Assets	Real Estate	<b>FTSE EPRA/NAREIT Global Index (5.0%)</b>	0.00%	Custom NACRIEF 3.0%	8.0%
	Natural Resources	<b>50% DJ-AIG Commodity Index Total Return and 50% MSCI World Natural Resources Index (4.5%)</b>	2.5%	2.5%	9.5%
Equity	Developed Country	<b>MSCI World Index with Net Dividends (15.5%)</b>	17.5%	10.0%	43.0%
	Emerging Markets	<b>MSCI EM Index with Net Dividends (10.0%)</b>	5.0%	2.5%	17.5%
<b>Total</b>		<b>41.5%</b>	<b>33.0%</b>	<b>25.5%</b>	<b>100.0%</b>


 MSCI Investable Hedge Fund Index  
 Venture Economics Custom Index

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

EXHIBIT A  
(continued)  
GENERAL ENDOWMENT FUND  
ASSET CLASS AND INVESTMENT TYPE TARGETS, RANGES AND PERFORMANCE OBJECTIVES  
EFFECTIVE DATE SEPTEMBER 1, 2008

**POLICY BENCHMARKS BY ASSET CLASS AND INVESTMENT TYPE: FYE 2011**

FYE 2011		More Correlated & Constrained	Less Correlated & Constrained	Private Investments	Total
Fixed Income	Investment Grade	<b>Lehman Brothers Global Agg (5.5%)</b>	2.0%	0.0%	7.5%
	Credit-Related	<b>Lehman Brothers Global High-Yield (2.0%)</b>	6.0%	6.5%	14.5%
Real Assets	Real Estate	<b>FTSE EPRA/NAREIT Global Index (4.5%)</b>	0.0%	Custom NACRIEF 4.0%	8.5%
	Natural Resources	<b>50% DJ-AIG Commodity Index Total Return and 50% MSCI World Natural Resources Index (4.0%)</b>	3.0%	3.0%	10.0%
Equity	Developed Country	<b>MSCI World Index with Net Dividends (14.5%)</b>	17.0%	9.5%	41.0%
	Emerging Markets	<b>MSCI EM Index with Net Dividends (10.5%)</b>	5.0%	3.0%	18.5%
<b>Total</b>		<b>41.0%</b>	<b>33.0%</b>	<b>26.0%</b>	<b>100.0%</b>

 MSCI Investable Hedge Fund Index  
 Venture Economics Custom Index

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

**EXHIBIT B - GENERAL ENDOWMENT FUND  
ASSET CLASS AND INVESTMENT TYPE TARGETS, RANGES AND PERFORMANCE OBJECTIVES  
EFFECTIVE DATE SEPTEMBER 1, 2008**

POLICY PORTFOLIO	FYE 2009			FYE 2010			FYE 2011		
	Min	Target	Max	Min	Target	Max	Min	Target	Max
<u>Asset Classes</u>									
Investment Grade Fixed Income	5.0%	7.5%	15.0%	5.0%	7.5%	15.0%	5.0%	7.5%	15.0%
Credit-Related Fixed Income	10.0%	13.5%	17.5%	10.0%	14.5%	20.0%	10.0%	14.5%	20.0%
Real Estate	5.0%	7.5%	15.0%	5.0%	8.0%	15.0%	5.0%	8.5%	15.0%
Natural Resources	5.0%	8.5%	15.0%	5.0%	9.5%	15.0%	5.0%	10.0%	15.0%
Developed Country Equity	40.0%	46.5%	52.5%	37.5%	43.0%	50.0%	37.5%	41.0%	47.5%
Emerging Markets Equity	12.5%	16.5%	22.5%	12.5%	17.5%	22.5%	12.5%	18.5%	22.5%
<u>Investment Types</u>									
More Correlated & Constrained Investments	37.5%	44.5%	50.0%	35.0%	41.5%	47.5%	35.0%	41.0%	47.5%
Less Correlated & Constrained Investments	27.5%	33.0%	37.5%	27.5%	33.0%	37.5%	27.5%	33.0%	37.5%
Private Investments	18.0%	22.5%	28.0%	21.0%	25.5%	31.0%	21.0%	26.0%	33.0%

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

POLICY BENCHMARK (reset monthly)	FYE 2009	FYE 2010	FYE 2011
Lehman Brothers Global Aggregate Index	5.5%	5.5%	5.5%
Lehman Brothers Global High-Yield Index	1.0%	1.0%	2.0%
FTSE EPRA/NAREIT Global Index	5.5%	5.0%	4.5%
50% Dow Jones-AIG Commodity Index Total Return and 50% MSCI World Natural Resources Index	5.5%	4.5%	4.0%
MSCI World Index with net dividends	17.0%	15.5%	14.5%
MSCI Emerging Markets with net dividends	10.0%	10.0%	10.5%
MSCI Investable Hedge Fund Index	33.0%	33.0%	33.0%
Venture Economics Custom Index	20.5%	22.5%	22.0%
NACREIF Custom Index	2.0%	3.0%	4.0%

POLICY/TARGET RETURN/RISKS	FYE 2009	FYE 2010	FYE 2011
Expected Annual Return (Benchmarks)	8.78%	8.86%	8.85%
Expected Target Annual Return (Active)	9.72%	9.90%	9.87%
One Year Downside Deviation	8.72%	8.71%	8.67%
<b>Risk Bounds</b>			
Lower: 1 Year Downside Deviation	85%	85%	85%
Upper: 1 Year Downside Deviation	115%	115%	115%

**EXHIBIT B**  
(continued)

**GENERAL ENDOWMENT FUND**  
**ASSET CLASS AND INVESTMENT TYPE TARGETS, RANGES AND PERFORMANCE OBJECTIVES**  
**EFFECTIVE DATE SEPTEMBER 1, 2008**

**POLICY BENCHMARKS BY ASSET CLASS AND INVESTMENT TYPE: FYE 2009**

FYE 2009		More Correlated & Constrained	Less Correlated & Constrained	Private Investments	Total
Fixed Income	Investment Grade	<b>Lehman Brothers Global Agg (5.5%)</b>	2.0%	0.0%	7.5%
	Credit-Related	<b>Lehman Brothers Global High-Yield (1.0%)</b>	6.0%	6.5%	13.5%
Real Assets	Real Estate	<b>FTSE EPRA/NAREIT Global Index (5.5%)</b>	0.00%	<b>Custom NACRIEF 2.0%</b>	7.5%
	Natural Resources	<b>50% DJ-AIG Commodity Index Total Return and 50% MSCI World Natural Resources Index (5.5%)</b>	1.5%	1.5%	8.5%
Equity	Developed Country	<b>MSCI World Index with Net Dividends (17.0%)</b>	18.5%	11.0%	46.5%
	Emerging Markets	<b>MSCI EM Index with Net Dividends (10.0%)</b>	5.0%	1.5%	16.5%
<b>Total</b>		<b>44.5%</b>	<b>33.0%</b>	<b>22.5%</b>	<b>100.0%</b>

 MSCI Investable Hedge Fund Index  
 Venture Economics Custom Index

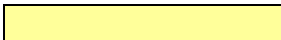

Investment Policy/Benchmarks are indicated in Black/Bold  
Reportable Targets are indicated in Gray

**EXHIBIT B**  
(continued)

**GENERAL ENDOWMENT FUND**  
**ASSET CLASS AND INVESTMENT TYPE TARGETS, RANGES AND PERFORMANCE OBJECTIVES**  
**EFFECTIVE DATE SEPTEMBER 1, 2008**

**POLICY BENCHMARKS BY ASSET CLASS AND INVESTMENT TYPE: FYE 2010**

FYE 2010		More Correlated & Constrained	Less Correlated & Constrained	Private Investments	Total
Fixed Income	Investment Grade	<b>Lehman Brothers Global Agg (5.5%)</b>	2.0%	0.0%	7.5%
	Credit-Related	<b>Lehman Brothers Global High-Yield (1.0%)</b>	6.0%	7.5%	14.5%
Real Assets	Real Estate	<b>FTSE EPRA/NAREIT Global Index (5.0%)</b>	0.0%	Custom NACRIEF 3.0%	8.0%
	Natural Resources	<b>50% DJ-AIG Commodity Index Total Return and 50% MSCI World Natural Resources Index (4.5%)</b>	2.5%	2.5%	9.5%
Equity	Developed Country	<b>MSCI World Index with Net Dividends (15.5%)</b>	17.5%	10.0%	43.0%
	Emerging Markets	<b>MSCI EM Index with Net Dividends (10.0%)</b>	5.0%	2.5%	17.5%
<b>Total</b>		<b>41.5%</b>	<b>33.0%</b>	<b>25.5%</b>	<b>100.0%</b>

 MSCI Investable Hedge Fund Index  
 Venture Economics Custom Index

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

**EXHIBIT B  
(continued)  
GENERAL ENDOWMENT FUND  
ASSET CLASS AND INVESTMENT TYPE TARGETS, RANGES AND PERFORMANCE OBJECTIVES  
EFFECTIVE DATE SEPTEMBER 1, 2008**

**POLICY BENCHMARKS BY ASSET CLASS AND INVESTMENT TYPE: FYE 2011**

FYE 2011		More Correlated & Constrained	Less Correlated & Constrained	Private Investments	Total
Fixed Income	Investment Grade	<b>Lehman Brothers Global Agg (5.5%)</b>	2.0%	0.0%	7.5%
	Credit-Related	<b>Lehman Brothers Global High-Yield (2.0%)</b>	6.0%	6.5%	14.5%
Real Assets	Real Estate	<b>FTSE EPRA/NAREIT Global Index (4.5%)</b>	0.0%	Custom NACRIEF 4.0%	8.5%
	Natural Resources	<b>50% DJ-AIG Commodity Index Total Return and 50% MSCI World Natural Resources Index (4.0%)</b>	3.0%	3.0%	10.0%
Equity	Developed Country	<b>MSCI World Index with Net Dividends (14.5%)</b>	17.0%	9.5%	41.0%
	Emerging Markets	<b>MSCI EM Index with Net Dividends (10.5%)</b>	5.0%	3.0%	18.5%
<b>Total</b>		<b>41.0%</b>	<b>33.0%</b>	<b>26.0%</b>	<b>100.0%</b>

 MSCI Investable Hedge Fund Index  
 Venture Economics Custom Index

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



**EXHIBIT B - GENERAL ENDOWMENT FUND**  
**ASSET CLASS AND INVESTMENT TYPE TARGETS, RANGES AND PERFORMANCE OBJECTIVES**  
**EFFECTIVE DATE SEPTEMBER 1, 2008**

POLICY PORTFOLIO	FYE 2009			FYE 2010			FYE 2011		
	Min	Target	Max	Min	Target	Max	Min	Target	Max
<u>Asset Classes</u>									
Investment Grade Fixed Income	5.0%	7.5%	15.0%	5.0%	7.5%	15.0%	5.0%	7.5%	15.0%
Credit-Related Fixed Income	10.0%	13.5%	17.5%	10.0%	14.5%	20.0%	10.0%	14.5%	20.0%
Real Estate	5.0%	7.5%	15.0%	5.0%	8.0%	15.0%	5.0%	8.5%	15.0%
Natural Resources	5.0%	8.5%	15.0%	5.0%	9.5%	15.0%	5.0%	10.0%	15.0%
Developed Country Equity	40.0%	46.5%	52.5%	37.5%	43.0%	50.0%	37.5%	41.0%	47.5%
Emerging Markets Equity	12.5%	16.5%	22.5%	12.5%	17.5%	22.5%	12.5%	18.5%	22.5%
<u>Investment Types</u>									
More Correlated & Constrained Investments	37.5%	44.5%	50.0%	35.0%	41.5%	47.5%	35.0%	41.0%	47.5%
Less Correlated & Constrained Investments	27.5%	33.0%	37.5%	27.5%	33.0%	37.5%	27.5%	33.0%	37.5%
Private Investments	18.0%	22.5%	28.0%	21.0%	25.5%	31.0%	21.0%	26.0%	33.0%

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

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POLICY BENCHMARK (reset monthly)	FYE 2009	FYE 2010	FYE 2011
Lehman Brothers Global Aggregate Index	5.5%	5.5%	5.5%
Lehman Brothers Global High-Yield Index	1.0%	1.0%	2.0%
FTSE EPRA/NAREIT Global Index	5.5%	5.0%	4.5%
50% Dow Jones-AIG Commodity Index Total Return and 50% MSCI World Natural Resources Index	5.5%	4.5%	4.0%
MSCI World Index with net dividends	17.0%	15.5%	14.5%
MSCI Emerging Markets with net dividends	10.0%	10.0%	10.5%
MSCI Investable Hedge Fund Index	33.0%	33.0%	33.0%
Venture Economics Custom Index	20.5%	22.5%	22.0%
NACRIEF Custom Index	2.0%	3.0%	4.0%

POLICY/TARGET RETURN/RISKS	FYE 2009	FYE 2010	FYE 2011
Expected Annual Return (Benchmarks)	8.78%	8.86%	8.85%
Expected Target Annual Return (Active)	9.72%	9.90%	9.87%
One Year Downside Deviation	8.72%	8.71%	8.67%
Risk Bounds			
Lower: 1 Year Downside Deviation	85%	85%	85%
Upper: 1 Year Downside Deviation	115%	115%	115%

**EXHIBIT B**  
(continued)

**GENERAL ENDOWMENT FUND**  
**ASSET CLASS AND INVESTMENT TYPE TARGETS, RANGES AND PERFORMANCE OBJECTIVES**  
**EFFECTIVE DATE SEPTEMBER 1, 2008**

**POLICY BENCHMARKS BY ASSET CLASS AND INVESTMENT TYPE: FYE 2009**

FYE 2009		More Correlated & Constrained	Less Correlated & Constrained	Private Investments	Total
Fixed Income	Investment Grade	<b>Lehman Brothers Global Agg (5.5%)</b>	2.0%	0.0%	7.5%
	Credit-Related	<b>Lehman Brothers Global High-Yield (1.0%)</b>	6.0%	6.5%	13.5%
Real Assets	Real Estate	<b>FTSE EPRA/NAREIT Global Index (5.5%)</b>	0.0%	Custom NACRIEF 2.0%	7.5%
	Natural Resources	<b>50% DJ-AIG Commodity Index Total Return and 50% MSCI World Natural Resources Index (5.5%)</b>	1.5%	1.5%	8.5%
Equity	Developed Country	<b>MSCI World Index with Net Dividends (17.0%)</b>	18.5%	11.0%	46.5%
	Emerging Markets	<b>MSCI EM Index with Net Dividends (10.0%)</b>	5.0%	1.5%	16.5%
<b>Total</b>		<b>44.5%</b>	<b>33.0%</b>	<b>22.5%</b>	<b>100.0%</b>

 MSCI Investable Hedge Fund Index  
 Venture Economics Custom Index

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

**EXHIBIT B**  
(continued)  
**GENERAL ENDOWMENT FUND**  
**ASSET CLASS AND INVESTMENT TYPE TARGETS, RANGES AND PERFORMANCE OBJECTIVES**  
**EFFECTIVE DATE SEPTEMBER 1, 2008**

**POLICY BENCHMARKS BY ASSET CLASS AND INVESTMENT TYPE: FYE 2010**

FYE 2010		More Correlated & Constrained	Less Correlated & Constrained	Private Investments	Total
Fixed Income	Investment Grade	<b>Lehman Brothers Global Agg (5.5%)</b>	2.0%	0.0%	7.5%
	Credit-Related	<b>Lehman Brothers Global High-Yield (1.0%)</b>	6.0%	7.5%	14.5%
Real Assets	Real Estate	<b>FTSE EPRA/NAREIT Global Index (5.0%)</b>	0.00%	Custom NACRIEF 3.0%	8.0%
	Natural Resources	<b>50% DJ-AIG Commodity Index Total Return and 50% MSCI World Natural Resources Index (4.5%)</b>	2.5%	2.5%	9.5%
Equity	Developed Country	<b>MSCI World Index with Net Dividends (15.5%)</b>	17.5%	10.0%	43.0%
	Emerging Markets	<b>MSCI EM Index with Net Dividends (10.0%)</b>	5.0%	2.5%	17.5%
<b>Total</b>		<b>41.5%</b>	<b>33.0%</b>	<b>25.5%</b>	<b>100.0%</b>

 MSCI Investable Hedge Fund Index  
 Venture Economics Custom Index

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

**EXHIBIT B**  
**(continued)**  
**GENERAL ENDOWMENT FUND**  
**ASSET CLASS AND INVESTMENT TYPE TARGETS, RANGES AND PERFORMANCE OBJECTIVES**  
**EFFECTIVE DATE SEPTEMBER 1, 2008**

**POLICY BENCHMARKS BY ASSET CLASS AND INVESTMENT TYPE: FYE 2011**

FYE 2011		More Correlated & Constrained	Less Correlated & Constrained	Private Investments	Total
Fixed Income	Investment Grade	<b>Lehman Brothers Global Agg (5.5%)</b>	2.0%	0.0%	7.5%
	Credit-Related	<b>Lehman Brothers Global High-Yield (2.0%)</b>	6.0%	6.5%	14.5%
Real Assets	Real Estate	<b>FTSE EPRA/NAREIT Global Index (4.5%)</b>	0.0%	<b>Custom NACRIEF 4.0%</b>	8.5%
	Natural Resources	<b>50% DJ-AIG Commodity Index Total Return and 50% MSCI World Natural Resources Index (4.0%)</b>	3.0%	3.0%	10.0%
Equity	Developed Country	<b>MSCI World Index with Net Dividends (14.5%)</b>	17.0%	9.5%	41.0%
	Emerging Markets	<b>MSCI EM Index with Net Dividends (10.5%)</b>	5.0%	3.0%	18.5%
<b>Total</b>		<b>41.0%</b>	<b>33.0%</b>	<b>26.0%</b>	<b>100.0%</b>

 MSCI Investable Hedge Fund Index  
 Venture Economics Custom Index

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

**EXHIBIT A - INTERMEDIATE TERM FUND  
ASSET CLASS AND INVESTMENT TYPE TARGETS, RANGES, AND PERFORMANCE OBJECTIVES  
EFFECTIVE DATE SEPTEMBER 1, 2008**

POLICY PORTFOLIO	FYE 2009			FYE 2010			FYE 2011		
	Min	Target	Max	Min	Target	Max	Min	Target	Max
<u>Asset Classes</u>									
Investment Grade Fixed Income	20.0%	37.0%	55.0%	20.0%	37.0%	55.0%	20.0%	37.0%	55.0%
Credit-Related Fixed Income	0.0%	5.5%	7.5%	0.0%	5.5%	7.5%	0.0%	5.5%	7.5%
Real Estate	5.0%	10.0%	15.0%	5.0%	10.0%	15.0%	5.0%	10.0%	15.0%
Natural Resources	0.0%	7.0%	10.0%	0.0%	7.0%	10.0%	0.0%	7.0%	10.0%
Developed Country Equity	20.0%	30.5%	45.0%	20.0%	30.5%	40.0%	20.0%	30.50%	40.0%
Emerging Markets Equity	0.0%	10.0%	15.0%	0.0%	10.0%	15.0%	0.0%	10.0%	15.0%
<u>Investment Types</u>									
More Correlated & Constrained	70.0%	75.0%	80.0%	70.0%	75.0%	80.0%	70.0%	75.0%	80.0%
Less Correlated & Constrained Investments	20.0%	25.0%	30.0%	20.0%	25.0%	30.0%	20.0%	25.0%	30.0%

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

POLICY BENCHMARK (reset monthly)	FYE 2009	FYE 2010	FYE 2011
Lehman Brothers Global Aggregate Index	33.0%	33.0%	33.0%
Lehman Brothers Global High-Yield Index	2.0%	2.0%	2.0%
FTSE EPRA/NAREIT Global Index	10.0%	10.0%	10.0%
50% Dow Jones-AIG Commodity Index Total Return and 50% MSCI World Natural Resources Index	5.0%	5.0%	5.0%
MSCI World Index with net dividends	20.0%	20.0%	20.0%
MSCI Emerging Markets with net dividends	5.0%	5.0%	5.0%
MSCI Investable Hedge Fund Index	25.0%	25.0%	25.0%

POLICY/TARGET RETURN/RISKS	FYE 2009	FYE 2010	FYE 2011
Expected Annual Return (Benchmarks)	7.16%	7.16%	7.16%
Expected Target Annual Return (Active)	7.83%	7.83%	7.83%
One Year Downside Deviation	6.38%	6.38%	6.38%
Risk Bounds			
Lower: 1 Year Downside Deviation	85%	85%	85%
Upper: 1 Year Downside Deviation	115%	115%	115%

# The University of Texas Investment Management Company

## Liquidity Policy

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Effective Date of Policy: August 14, 2008  
Original Effective Date of Policy: August 7, 2003  
Supersedes: Liquidity Policy dated December 6, 2007

### **Purpose:**

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

### **Objective:**

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

### **Scope:**

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

### **Definition of Liquidity Risk:**

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

### **Definition of Cash:**

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

- the existing Dreyfus Institutional Preferred Money Market Fund mandate,
- the Custodian’s late deposit interest bearing liquid investment fund,
- municipal short term securities,
- commercial paper rated in the two highest quality classes by Moody’s Investor Service, Inc. (P1 or P2) or Standard & Poor’s Corporation (A1 or A2 or the equivalent),
- negotiable certificates of deposit with a bank that is associated with a holding company whose short-term rating meets the commercial paper rating criteria specified above or that has a certificate of deposit rating of 1 or better by Duff & Phelps, and
- repurchase agreements and reverse repurchase agreements transacted with a dealer that is approved by UTIMCO and selected by the Federal Reserve as a Primary Dealer in U.S. Treasury securities and rated A-1 or P-1 or the equivalent.

# The University of Texas Investment Management Company

## Liquidity Policy

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### Liquidity Risk Measurement-The Liquidity Profile:

Capital market theory does not provide a precise technique to measure liquidity risk. For the purposes of this Liquidity Policy, potential liquidity risk will be monitored by measuring the aggregate liquidity profile of the Endowment Funds and ITF. All individual investments within the Endowment Funds and ITF will be segregated into two categories:

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

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

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

### Liquidity Policy Profile:

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

	<u>FY 08</u>	<u>FY 09</u>	<u>FY 10</u>	<u>FY 11</u>
Liquidity above trigger zone:	42.5%	35.0%	30.0%	28.0%
Liquidity within trigger zone:	37.5%-42.5%	30.0%-35.0%	25.0%-30.0%	23.0%-28.0%
Liquidity below trigger zone:	<37.5%	<30.0%	<25.0%	<23.0%

Investments that maintain liquidity below the trigger zone do not require any action by the UTIMCO Board or the Risk Committee. Liquidity within the trigger zone requires special action by the UTIMCO Board or the Risk Committee. For example, the allowable range for **illiquid** investments in FY 08 is up to 62.5% of the total portfolio. However, any **illiquid** investments made in the 57.5% to 62.5% trigger zone require prior approval by the Risk Committee or the UTIMCO Board. Risk Committee review of new investments in the illiquid trigger zone will supplement, rather than replace, the procedures established by the UTIMCO Board for the approval of new investments.

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

	<u>FY 08</u>	<u>FY 09</u>	<u>FY 10</u>	<u>FY 11</u>
Liquidity above trigger zone:	65%	65%	65%	65%
Liquidity within trigger zone:	55%-65%	55%-65%	55%-65%	55%-65%
Liquidity below trigger zone:	<55%	<55%	<55%	<55%

# The University of Texas Investment Management Company

## Liquidity Policy

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The allowable range for **illiquid** investments is 0% to 45% of the total portfolio for the ITF. However, any **illiquid** investments made in the 35% to 45% trigger zone require prior approval by the Risk Committee or the UTIMCO Board. Risk Committee review of new investments in the illiquid trigger zone will supplement, rather than replace, the procedures established by the UTIMCO Board for the approval of new investments.

### Unfunded Commitments:

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

	<u>FY 08</u>	<u>FY 09</u>	<u>FY 10</u>	<u>FY11</u>
Unfunded Commitment as a percent of total invested assets:	25.0%	27.5%	32.5%	32.5%

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

### Documentation and Controls:

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

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

### Reporting:

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



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

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

4. U. T. System: Approval to exceed the full-time equivalent limitation on employees paid from appropriated funds

The Board approved allowing those institutions, as set forth in the table on Page 87, to exceed the number of full-time equivalent (FTE) employees paid from appropriated funds for Fiscal Year 2009 that are authorized in Article III of the General Appropriations Act. Also, as required by Article IX, Section 6.10 of the General Appropriations Act, the Board approved submission of a request to the Governor's Office and the Legislative Budget Board to grant approval for these institutions to exceed the authorized number of FTE employees paid from appropriated funds.

The General Appropriations Act places a limit on the number of FTE employees paid from appropriated funds that an institution may employ without written approval of the Governor and the Legislative Budget Board. To exceed the FTE limitation, a request must be submitted by the governing board and must include the date on which the board approved the request, a statement justifying the need to exceed the limitation, the source of funds to be used to pay the salaries, and an explanation as to why the functions of the proposed additional FTEs cannot be performed within current staffing levels.

The University of Texas at Austin, The University of Texas at Dallas, The University of Texas – Pan American, The University of Texas Health Science Center at Houston, The University of Texas Health Science Center at San Antonio, and The University of Texas Health Science Center at Tyler will be under the FTE cap and did not exceed the FTE limitation.

[Note from the Assistant Secretary to the Board of Regents:

On September 2, 2008, the U. T. System Board of Regents submitted the required letter and supporting materials to the Governor's Office and the Legislative Budget Board.]

**The University of Texas System**  
**Request to Exceed Full-time Equivalent Limitation on Employees Paid From Appropriated Funds**  
**For Period September 1, 2008 through August 31, 2009**

**Request to Exceed Cap - by Function**

	<u>Faculty</u>	<u>Staff</u>	<u>Total</u>
Instruction	677.28	301.00	978.28
Academic Support	-	7.23	7.23
Research	89.89	235.12	325.01
Public Service	1.53	11.13	12.66
Hospitals and Clinics	91.40	1,423.00	1,514.40
Institutional Support	-	246.92	246.92
Student Services	-	43.59	43.59
Operations and Maintenance of Plant	-	520.52	520.52
Scholarships and Fellowships	-	0.93	0.93
Total	<u>860.10</u>	<u>2,789.44</u>	<u>3,649.54</u>

**Request to Exceed Cap - by Institution**

	<u>FY 2009 Cap</u>	<u>Request to Exceed Cap</u>		
		<u>Faculty</u>	<u>Staff</u>	<u>Total</u>
U. T. Arlington	2,247.90	3.00	7.00	10.00
U. T. Austin	6,619.10	-	-	-
U. T. Brownsville	554.00	117.89	126.93	244.82
U. T. Dallas	1,322.60	-	-	-
U. T. El Paso	1,797.90	15.00	-	15.00
U. T. Pan American	1,896.10	-	-	-
U. T. Permian Basin	306.40	2.43	-	2.43
U. T. San Antonio	2,041.00	121.00	138.00	259.00
U. T. Tyler	481.80	23.80	17.00	40.80
Total Academic Institutions	<u>17,266.80</u>	<u>283.12</u>	<u>288.93</u>	<u>572.05</u>
U. T. Southwestern Medical Center	1,240.10	458.58	492.61	951.19
U. T. Medical Branch - Galveston	5,534.70	56.00	276.70	332.70
U. T. Health Science Center - Houston	1,869.60	-	-	-
U. T. Health Science Center - San Antonio	2,516.70	-	-	-
U. T. M. D. Anderson Cancer Center	11,947.20	62.40	1,721.20	1,783.60
U. T. Health Science Center - Tyler	740.70	-	-	-
Total Health Institutions	<u>23,849.00</u>	<u>576.98</u>	<u>2,490.51</u>	<u>3,067.49</u>
U. T. System Administration	<u>249.00</u>	<u>-</u>	<u>10.00</u>	<u>10.00</u>
U. T. System Total	<u>41,364.80</u>	<u>860.10</u>	<u>2,789.44</u>	<u>3,649.54</u>

\* U. T. Austin, U. T. Dallas, U. T. Pan American, U. T. Health Science Center - Houston, U. T. Health Science Center - San Antonio, and U. T. Health Science Center - Tyler will not exceed their cap.

5. U. T. System: Approval of Optional Retirement Program (ORP) employer contribution rates for Fiscal Year 2009 and delegation of authority to approve the ORP employer contribution rates for future years

The Board approved the Optional Retirement Program (ORP) employer contribution rates for Fiscal Year 2009 as follows:

- a. 8.5% for all institutions and The University of Texas System Administration with respect to employees who participated in the ORP prior to September 1, 1995; and
- b. for all other employees, an employer contribution rate as recommended by each institution and set forth on Page 90.

Further, the Board delegated to the Chancellor authority to approve the ORP employer contribution rates for future years in accordance with rules issued by the Texas Higher Education Coordinating Board. Regents' *Rules and Regulations*, Rule 30202, will be amended accordingly.

Prior to September 1, 1995, the ORP employer contribution rate was 8.5% for all ORP participants. An enactment by the 74th Texas Legislature reduced ORP employer contributions to participants from 8.5% to 6.0%, effective September 1, 1995. However, U. T. System was permitted to "grandfather" those employees participating in the ORP during the 1994-95 biennium. This resulted in a two-tiered ORP employer contribution rate for U. T. System employees: those who participated in ORP during the 1994-95 biennium continued to receive 8.5%, while those who did not participate during the 1994-95 biennium received 6.0%.

The 78th Texas Legislature enacted *Texas Government Code* Section 830.2015, which expanded the definition of a grandfathered employee from one who had participated during the 1994-95 biennium to one who had participated in ORP prior to September 1, 1995. The legislation also granted permissive authority for institutions of higher education to set the ORP employer contribution rate for grandfathered and nongrandfathered participants at any percentage level between the amount appropriated by the State and 8.5%. In the General Appropriations Act, the 80th Legislature increased the appropriated rate from 6.0% to 6.58% for the 2008-09 biennium. It is not required that the rate be the same for grandfathered employees nor that the rate be the same for all U. T. System institutions.

Given the diversity of the U. T. System institutions and the differential budget impact for each institution, each institutional president was asked to propose its ORP employer contribution rates for grandfathered and nongrandfathered participants as noted in the chart on Page 90. It should be noted that all institutions are making progress toward 8.5% for nongrandfathered employees.

- a. For Fiscal Year 2009, with respect to grandfathered employees hired prior to September 1, 1995, all U. T. System institutions elected to continue the current 8.5% employer contribution rate.
- b. For nongrandfathered participants hired after September 1, 1995, the following nine institutions (The University of Texas at Arlington, The University of Texas at Austin, The University of Texas at Brownsville, The University of Texas at Dallas, The University of Texas at El Paso, The University of Texas – Pan American, The University of Texas Southwestern Medical Center at Dallas, The University of Texas Health Science Center at Houston, and The University of Texas Health Science Center at San Antonio) elected to increase the ORP employer contribution rate from the rate established by the Board for Fiscal Year 2008.
- c. Six institutions (The University of Texas of the Permian Basin, The University of Texas at San Antonio, The University of Texas at Tyler, The University of Texas Medical Branch at Galveston, The University of Texas M. D. Anderson Cancer Center, and The University of Texas Health Science Center at Tyler) and U. T. System Administration will continue the contribution rate of 8.5% as approved by the Board for Fiscal Year 2008.

The governing board of an institution of higher education has the authority to set the ORP employer contribution rates in accordance with rules issued by the Coordinating Board. Under those rules, the governing board is to determine the employer contribution rates once per year, to be effective for the entire year. All institutions plan to implement the employer contribution rates effective September 1, 2008, with the exception of U. T. Austin. Because of the number of employees this will impact and the required analysis of each individual's tax deferrals to ensure compliance with the *Internal Revenue Code*, U. T. Austin will implement the new employer contribution rate change beginning with paychecks issued on or after January 1, 2009. Due to the large number of participants at U. T. Austin who may be subject to contribution limits, it is easier to calculate ORP contributions based on a tax year rather than a fiscal year.

**The University of Texas System  
FY 2009 Optional Retirement Program Contribution Rates**

	<b>2008 Approved Rate</b>	<b>2009 Proposed Rate</b>	<b>2009 Participants</b>	<b>2009 Total Cost</b>	<b>Cost Above 6.58%</b>
<b>Grandfathered Employees</b>					
U. T. Arlington	8.50%	8.50%	550	3,465,612	785,143
U. T. Austin*	8.50%	8.50%	1,309	15,212,429	3,436,219
U. T. Brownsville	8.50%	8.50%	129	852,557	192,578
U. T. Dallas	8.50%	8.50%	185	1,836,200	414,985
U. T. El Paso	8.50%	8.50%	244	1,652,609	373,295
U. T. Pan American	8.50%	8.50%	166	1,107,149	250,085
U. T. Permian Basin	8.50%	8.50%	27	164,670	37,196
U. T. San Antonio	8.50%	8.50%	315	2,868,733	647,996
U. T. Tyler	8.50%	8.50%	57	361,167	81,581
U. T. Southwestern Medical Center - Dallas	8.50%	8.50%	483	7,590,305	1,714,516
U. T. Medical Branch - Galveston	8.50%	8.50%	607	8,189,698	1,849,908
U. T. Health Science Center - Houston	8.50%	8.50%	456	5,879,904	1,328,164
U. T. Health Science Center - San Antonio	8.50%	8.50%	448	5,108,176	1,153,847
U. T. M. D. Anderson Cancer Center	8.50%	8.50%	403	8,069,125	1,822,673
U. T. Health Science Center - Tyler	8.50%	8.50%	39	382,913	86,493
U. T. System Administration	8.50%	8.50%	33	370,875	83,769
<b>TOTAL</b>			<b>5,451</b>	<b>\$ 63,112,122</b>	<b>\$ 14,258,448</b>

	<b>2008 Approved Rate</b>	<b>2009 Proposed Rate</b>	<b>2009 Participants</b>	<b>2009 Total Cost</b>	<b>Cost Above 6.58%</b>
<b>Nongrandfathered Employees</b>					
U. T. Arlington	7.00%	7.50%	317	1,808,390	221,829
U. T. Austin*	7.50%	8.00%	1,445	12,547,770	2,227,230
U. T. Brownsville	6.58%	8.50%	179	943,246	213,063
U. T. Dallas	7.50%	8.00%	307	2,972,145	527,500
U. T. El Paso	6.58%	7.50%	415	2,032,970	249,377
U. T. Pan American	7.50%	8.00%	326	1,653,673	293,527
U. T. Permian Basin	8.50%	8.50%	74	417,852	94,385
U. T. San Antonio	8.50%	8.50%	487	3,555,317	803,082
U. T. Tyler	8.50%	8.50%	177	1,042,213	235,418
U. T. Southwestern Medical Center - Dallas	7.50%	8.00%	1,427	13,307,502	2,362,082
U. T. Medical Branch - Galveston	8.50%	8.50%	1,329	10,810,084	2,441,807
U. T. Health Science Center - Houston	6.58%	7.50%	741	7,493,968	919,260
U. T. Health Science Center - San Antonio	6.58%	7.50%	687	4,911,464	602,473
U. T. M. D. Anderson Cancer Center	8.50%	8.50%	1,119	17,625,579	3,981,307
U. T. Health Science Center - Tyler	8.50%	8.50%	39	1,081,725	244,342
U. T. System Administration	8.50%	8.50%	38	476,724	107,684
<b>TOTAL</b>			<b>9,107</b>	<b>\$ 82,680,622</b>	<b>\$ 15,524,366</b>

\*U. T. Austin will implement on or after 1/1/2009.

6. U. T. System Board of Regents: Approval of a new University of Texas Investment Management Company (UTIMCO) Compensation Program

Upon recommendation of The University of Texas Investment Management Company (UTIMCO) Board of Directors, the Board approved a new UTIMCO Compensation Program (Plan) effective July 1, 2008, as set forth on Pages 93 - 126. This Plan was approved by the UTIMCO Board of Directors on July 23, 2008, and supersedes the UTIMCO Compensation Program that was approved by the Board on November 9, 2007 (Prior Plan). The Plan is to be effective for the full Plan Year beginning July 1, 2008.

The Prior Plan consisted of two elements: base salary and an annual incentive plan. Except as noted in the discussion below, the Plan maintains the structure of the Prior Plan with minor editorial changes but supersedes the Prior Plan. The UTIMCO Board engaged Mercer as its compensation consultant to review the design of the Plan and provide advice and counsel to the UTIMCO Board and the UTIMCO Compensation Committee.

#### Entity Performance

Entity performance is the performance of the Total Endowments Assets (weighted at 85%) and the Intermediate Term Fund (weighted at 15%). UTIMCO recommended that the performance of the Total Endowment Assets [combination of the Permanent University Fund (PUF) and the General Endowment Fund (GEF)] be measured solely on the Total Endowment Assets relative performance to its benchmark (Total Endowment Assets' Policy Portfolio Return) and eliminate the requirement that it also be measured against the Peer Group. Previously, the Total Endowment Assets was measured against a weight of 75% of its benchmark and a weight of 25% of its Peer Group. This change has been incorporated into Section 5.8 and in Table 2 in Appendix D.

#### Other

- Provisions have been incorporated setting forth the responsibilities of the UTIMCO Audit and Ethics Committee and UTIMCO Chief Executive Officer relative to the joint recommendations that must be made to the UTIMCO Compensation Committee regarding the General Counsel and Chief Compliance Officer's base salary, performance goals and achievement of performance goals, performance incentives, and designation of the position of General Counsel and Chief Compliance Officer as a Participant in the Plan. These changes have been incorporated in Section 4.2, Section 5.4, Section 5.5, and Section 5.8(c).
- Individual Performance Goals have been renamed as Qualitative Performance Goals to allow for consideration of criteria in addition to individual performance in evaluating the level of achievement of a Participant's performance for a Performance Period. Consideration of

UTIMCO's performance relative to its Peer Group has been added as one of the criteria on which qualitative performance goals may be based. This change has been incorporated in Section 5.4(b) and Section 5.8(c).

- Section 5.3(b) has been changed to clarify that when compelling individual circumstances justify a shorter period of time and such circumstances are recorded in the minutes of a meeting of the UTIMCO Board, an employee in an Eligible Position may be designated as a Participant in the Plan during the last six months of a Performance Period.
- Section 5.8(b)(2) related to private investments incorporates two benchmarks: (1) the Venture Economics benchmark for private investments other than Real Estate; and (2) a National Council of Real Estate Investment Fiduciaries (NACRIEF) Custom Index for private investments in Real Estate. The NACRIEF Custom Index benchmark was approved by the UTIMCO Board on July 23, 2008.
- The definition of Peer Group in Section 8.17 has been changed based on the collective recommendations of Cambridge Associates LLC and Mercer to include all endowment funds with more than 10 full-time employee positions, with allocations to alternative assets in excess of 40%, and with assets greater than \$2.5 billion, all to be determined as of the last day of each of the three immediately preceding Performance Periods as set forth in Appendix B; provided, however, that the Total Endowment Assets are excluded from the Peer Group. The Peer Group in Appendix B will be updated when the information is available.
- The sample methodology in Appendix A has been updated to reflect the new threshold, target, and maximum performance standards.
- Table 1 in Appendix C has been updated based on Mercer's recommendations regarding weightings and incentive award opportunities.
- Table 2 in Appendix D has been updated to incorporate the new Asset Classes and Investment Types methodology and benchmarks set forth in the Investment Policies adopted by the UTIMCO Board effective March 1, 2008. Table 2 has also been updated to include new threshold, target, and maximum performance standards and to add a specific asset class benchmark for Internal Investment Grade Fixed Income. The new benchmarks and performance standards incorporated in Table 2 were approved by the UTIMCO Board on July 23, 2008.

Note from the Assistant Secretary to the Board:

Appendix B of the Compensation Plan regarding the UTIMCO Peer Group was subject to approval by the UTIMCO Board on November 7, 2008, and would be updated as needed at that time.



# **UTIMCO COMPENSATION PROGRAM**

**Effective July 1, 2008**

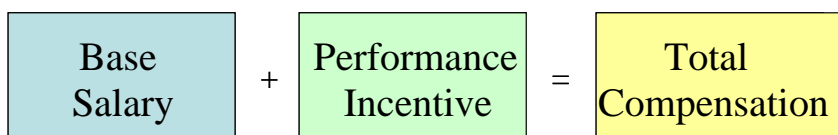


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## 1. COMPENSATION PROGRAM STRUCTURE AND EFFECTIVE DATE

The UTIMCO Compensation Program (“Compensation Program” or “Plan”) consists of two elements: base salary and an annual incentive plan (the “Performance Incentive Plan”):



The base salary portion of the Compensation Program sets forth a structure and guidelines for establishing and adjusting the salaries of key investment and operations staff employees. The Performance Incentive Plan portion of the Compensation Program sets forth the criteria for calculating and receiving annual incentive awards for key investment and operations staff who are eligible Participants in the Performance Incentive Plan. Provisions of the Compensation Program relating solely to the base salary portion of the Compensation Program are described in Section 4. Provisions of the Compensation Program relating solely to the Performance Incentive Plan portion of the Compensation Program are described in Section 5. Sections 1, 2, 3, 6, 7, and 8 of the Compensation Program relate to both the base salary portion and the Performance Incentive Plan portion except where otherwise specified in any such Section.

**Effective Date:** Except as provided in Section 7.9, this document, with an “Effective Date” of July 1, 2008, supersedes the UTIMCO Compensation Program that was effective July 1, 2007.

## 2. COMPENSATION PROGRAM OBJECTIVES

UTIMCO’s Compensation Program serves a number of objectives:

- To attract and retain key investment and operations staff of outstanding competence and ability.
- To encourage key investment staff to develop a strong commitment to the performance of the assets for which UTIMCO has been delegated investment responsibility.
- To motivate key investment staff to focus on maximizing real, long-term returns for all funds managed by UTIMCO while assuming appropriate levels of risk.
- To facilitate teamwork so that members of UTIMCO operate as a cohesive group.

## 3. TOTAL COMPENSATION PROGRAM PHILOSOPHY

UTIMCO aspires to attract and retain high caliber employees from nationally recognized

peer institutions and the investment management community in general. UTIMCO strives to provide a total compensation program that is competitive nationally, with the elements of compensation evaluated relative to comparably sized university endowments, foundations, in-house managed pension funds, and for-profit investment management firms with a similar investment philosophy (e.g., externally managed funds).

UTIMCO's total Compensation Program is positioned against the competitive market as follows:

- Base salaries are targeted at the market median (e.g., 50th percentile).
- Target total compensation (salary plus target Incentive Award Opportunity) is positioned at the market median.
- Maximum total compensation (salary plus maximum Incentive Award Opportunity) is targeted at the market 75th percentile if performance is outstanding. (For this purpose, 0 is the lowest point and 100 is the highest.)

Although base salaries, as well as target and maximum total compensation, have a targeted positioning relative to market, an individual employee's actual total compensation may vary from the targeted positioning based on the individual's experience, education, knowledge, skills, and performance as well as UTIMCO's investment performance as described in this document. Except as provided in Sections 5.8 and 5.9 for purposes of determining the length of historical performance, base salaries and Incentive Award Opportunities (as well as the actual Performance Incentive Awards) are not determined based on seniority at UTIMCO.

## **4. BASE SALARY ADMINISTRATION**

### ***4.1. Salary Structure***

- (a) Base salaries are administered through a Salary Structure as set forth in this Section 4.1. Each employment position has its own salary range, with the midpoint set approximately equal to the market median base salary for employment positions with similar job content and level of responsibility
- (b) The salary range midpoints will be determined by the Compensation Committee based on consultation with an outside compensation consultant and with UTIMCO management. Salary range midpoints for key management, investment, and operations positions will be updated at least every three years based on a salary benchmarking study conducted by a qualified compensation consultant selected by the Compensation Committee. In years in which the Compensation Committee does not commission a formal salary survey, the base salary midpoints may be adjusted at the Compensation Committee's discretion based on expected annual salary structure adjustments as reported in one or more published compensation planning surveys.

## ***4.2. Salary Adjustments***

- (a) The base salary of the CEO is determined by the Board. The base salary of the Chief Compliance Officer (“CCO”) will be determined by the Compensation Committee based on the joint recommendation of the Audit and Ethics Committee and the CEO and the base salaries of the other key investment and operations employees are determined by the Compensation Committee. Base salaries will be set within the salary range for each employment position. An individual’s base salary within the range may be higher or lower than the salary range midpoint based on his or her level of experience, education, knowledge, skills, and performance. On an exception basis, the Board may set individual base salaries outside of the salary range if an individual either substantially exceeds or does not meet all of the market criteria for a particular position.
- (b) Individuals may receive an annual adjustment (increase or decrease) of their base salaries at the discretion of the Compensation Committee or, in the case of the CEO, at the discretion of the Board. Base salary adjustments, if any, will be determined based on each individual employee’s experience, education, knowledge, skills, and performance; provided that, in the case of the CCO, any such adjustment shall be based on the joint recommendation of the Audit and Ethics Committee and the CEO. Employees are not guaranteed an annual salary increase.

## **5. PERFORMANCE INCENTIVE PLAN**

### ***5.1. Purpose of the Performance Incentive Plan***

The purpose of the Performance Incentive Plan is to provide annual Performance Incentive Awards to eligible Participants based on specific objective criteria relative to UTIMCO’s and each Participant’s performance. The primary objectives of the Performance Incentive Plan are outlined in Section 2.

### ***5.2. Performance Period***

- (a) For purposes of the Performance Incentive Plan, the “Performance Period” begins on July 1 of each year and ends the following June 30.
- (b) Except as otherwise provided under Sections 5.8 and 5.9, performance for each year in the historical performance period will be measured between July 1 and the following June 30 of the applicable year for gauging achievement of the Entity and Asset Class/Investment Type Performance Goals.

### ***5.3. Eligibility and Participation***

- (a) Each employee of UTIMCO will be a “Participant” in the Performance Incentive Plan for a Performance Period if (and only if) he or she is both (i) employed by UTIMCO in an employment position that is designated as an

“Eligible Position” for that Performance Period and (ii) selected by the Board as eligible to participate in the Performance Incentive Plan for that Performance Period. “Eligible Positions” for a Performance Period include senior management, investment staff, and other key positions as designated by the CEO and approved by the Board as Eligible Positions for that Performance Period. An employment position that is an Eligible Position in one Performance Period is not automatically an Eligible Position in any subsequent Performance Period, and each Eligible Position must be confirmed or re-confirmed by the Board as being an “Eligible Position” for the applicable Performance Period. Similarly, an employee who is eligible to participate in the Performance Incentive Plan in one Performance Period is not automatically eligible to participate in any subsequent Performance Period (notwithstanding that such employee may be employed in an Eligible Position in that subsequent Performance Period), and each employee must be designated or re-designated by the Board as being eligible to participate in the Performance Incentive Plan for the applicable Performance Period. The Board will confirm the Eligible Positions and designate the eligible employees who will become Participants for a Performance Period within the first 90 days of the Performance Period or, if later, as soon as administratively feasible after the start of the Performance Period. The Board in its discretion may also designate the employment position of a newly hired or promoted employee as an “Eligible Position” and may designate such newly hired or promoted employee as eligible to participate in the Performance Incentive Plan for a Performance Period (or remainder of a Performance Period) within 30 days of such hire or promotion or, if later, as soon as administratively feasible after such hire or promotion. A list of Eligible Positions for each Performance Period is set forth in Table 1, which is attached as Appendix C. Table 1 will be revised each Performance Period to set forth the Eligible Positions for that Performance Period as soon as administratively practicable after confirmation of such Eligible Positions by the Board for such Performance Period, and such revised Table 1 will be attached as Appendix C.

- (b) An employee in an Eligible Position who has been selected by the Board to participate in the Performance Incentive Plan will become a Participant on the later of (i) the date he or she is employed in an Eligible Position or (ii) the date he or she is selected by the Board to participate in the Performance Incentive Plan; provided, however, that the Board in its discretion may designate any earlier or later date (but not earlier than such employee’s date of hire and not later than such employee’s date of termination of employment) upon which such employee will become a Participant, and such employee will instead become a Participant on such earlier or later date. The preceding notwithstanding, except as provided below, an employee may not commence participation in the Performance Incentive Plan and first become a Participant during the last six months of any Performance Period; provided however, that the Board may select an employee to participate in the Performance Incentive Plan during the last six months of the Performance Period when compelling individual circumstances justify a shorter period of

time and such circumstances are recorded in the minutes of a meeting of the Board in which event participation of the employee in the Performance Incentive Plan will begin on the participation date selected by the Board for the employee but not earlier than the employee's date of hire (assuming such employee is employed by UTIMCO in an Eligible Position on such date).

- (c) An employee will cease to be a Participant in the Performance Incentive Plan on the earliest to occur of: (i) the date such employee is no longer employed in an Eligible Position; (ii) the date of termination of such employee's employment with UTIMCO for any reason (including voluntary and involuntary termination, death, and disability); (iii) the date of termination of the Performance Incentive Plan; (iv) the date such employee commences a leave of absence; (v) the date such employee begins participation in any other UTIMCO incentive program; (vi) the date the Board designates that such employee's employment position is not an Eligible Position (or fails to designate the employee's employment position as an Eligible Position with respect to a Performance Period); or (vii) any date designated by the Board as the date on which such employee is no longer a Participant.
- (d) Except as provided in Sections 5.10(b) and (c), only individuals who are Participants on the last day of a Performance Period are eligible to receive Performance Incentive Awards under the Performance Incentive Plan for that Performance Period.

#### **5.4. Performance Goals**

- (a) Within the first 60 days of each Performance Period, except as provided below, the CEO will recommend goals ("Performance Goals") for each Participant (other than the Performance Goals for the CEO, which are determined as provided in Section 5.4(c), and the Performance Goals for employees who are hired or promoted later during a Performance Period) subject to approval by the Compensation Committee within the first 90 days of the Performance Period. The CEO will also recommend Performance Goals for employees who are hired or promoted during the Performance Period and become Participants at the time those employees are designated as Participants (with such Performance Goals subject to confirmation by the Compensation Committee as soon as administratively feasible after such Performance Goals are recommended). If the position of the CCO is determined to be an Eligible Position and the employee in the Eligible Position has been designated by the Compensation Committee as a Participant in the Performance Incentive Plan for the Performance Period, the Performance Goals of the employee holding the position of CCO will be determined jointly by the Audit and Ethics Committee and the CEO. References to the CCO hereafter assume that the position of CCO has been determined to be an Eligible Position and the employee holding the position of CCO has been determined to be a Participant in the Performance Incentive Plan for the Performance Period. If the position of CCO has not been

determined to be an Eligible Position for the Performance Period the provisions hereafter specific to the CCO have no force and effect.

- (b) There are three categories of Performance Goals:
- (1) Entity Performance (measured as described in Section 5.8(a))
  - (2) Asset Class/Investment Type Performance (measured as described in Section 5.8(b))
  - (3) Qualitative Performance (measured as described in Section 5.8(c))

Except for the CEO and CCO, Qualitative Performance Goals will be defined jointly by each Participant and his or her supervisor, subject to approval by the CEO and subject to final approval by the Compensation Committee. Qualitative Performance Goals for the CCO will be defined jointly by the Audit and Ethics Committee and the CEO. Qualitative Performance Goals may be established in one or more of the following areas:

- Leadership
  - Implementation of operational goals
  - Management of key strategic projects
  - Effective utilization of human and financial resources
  - UTIMCO investment performance relative to the Peer Group
- (c) The CEO's Performance Goals will be determined and approved by the Board.
- (d) Each Performance Goal for each Eligible Position is assigned a weight for the Performance Period. The Audit and Ethics Committee and the CEO will jointly recommend to the Compensation Committee the weightings of the Performance Goals for the CCO. For each Performance Period, the Compensation Committee will approve (or adjust as it deems appropriate) the weightings of the Performance Goals at the same time it approves the Performance Goals. The weightings for each Eligible Position are set forth in Table 1, which is attached as Appendix C. Table 1 will be revised each Performance Period to set forth the weightings for the Eligible Positions for that Performance Period as soon as administratively practicable after such weightings are approved by the Compensation Committee for such Performance Period. Notwithstanding the identified weighting for a Performance Goal for an Eligible Position, the Compensation Committee, may adjust the weightings (up or down) for any Participant for a Performance Period when it considers the identified weighting for a Performance Goal to be inappropriate for such Participant because of his or her length of service with UTIMCO, his or her tenure in the respective Eligible Position, his or her

prior work experience, or other factors as deemed appropriate by the Compensation Committee; provided that, in the case of the CCO, any such adjustment shall be based on the joint recommendation of the Audit and Ethics Committee and the CEO. The weightings for the Performance Goals for each Performance Period are subject to approval by the Board.

#### ***5.5. Incentive Award Opportunity Levels and Performance Incentive Awards***

- (a) At the beginning of each Performance Period, each Eligible Position is assigned an “Incentive Award Opportunity” for each Performance Goal for the Participants in that Eligible Position. The Audit and Ethics Committee and CEO will jointly recommend the Incentive Award Opportunity for the CCO to the Compensation Committee. Each Incentive Award Opportunity is determined by the Compensation Committee (and subject to approval by the Board) and is expressed as a percentage of base salary earned during the Performance Period. The Incentive Award Opportunities include a threshold, target, and maximum award for achieving commensurate levels of performance of the respective Performance Goal.
- (b) Incentive Award Opportunities for each Performance Period are set forth in Table 1, which is attached as Appendix C. Table 1 will be revised each Performance Period to set forth the Incentive Award Opportunities for that Performance Period as soon as administratively practicable after approval of the Incentive Award Opportunities by the Board for such Performance Period, and such revised Table 1 will be attached as Appendix C.
- (c) Actual “Performance Incentive Awards” are the amounts that are actually awarded to Participants for the respective Performance Period. Actual Performance Incentive Awards will range from zero (if a Participant performs below threshold on all Performance Goals) to the maximum Incentive Award Opportunity (if a Participant performs at or above maximum on all Performance Goals) depending on performance relative to objectives. Awards are capped at maximum levels regardless of whether a Participant exceeds the stated maximum Performance Goals.
- (d) Following the end of each Performance Period, the Compensation Committee will review the actual performance of each Participant against the Performance Goals of the respective Participant and determine the Participant’s level of achievement of his or her Performance Goals. The Compensation Committee will seek, and may rely on, the independent confirmation of the level of Performance Goal achievement from an external investment consultant to evaluate Entity Performance and Asset Class/Investment Type Performance. The CEO will submit a written report to the Compensation Committee, which documents the Participant’s performance relative to the Participant’s Performance Goals set at the beginning of the Performance Period, and upon which the Compensation Committee may rely in evaluating the Participant’s performance. The Audit and Ethics Committee and the CEO will jointly determine the CCO’s level of



achievement relative to the CCO's Performance Goals. The Board will determine the CEO's level of achievement relative to the CEO's Performance Goals.

- (e) Performance Incentive Awards will be calculated for each Participant based on the percentage achieved of each Performance Goal, taking into account the weightings for the Participant's Entity Performance, Asset Class/Investment Type Performance, and Qualitative Performance Goals and each Participant's Incentive Award Opportunity. The methodology for calculating Incentive Award Opportunities and Performance Incentive Awards is presented on Appendix A. Performance Incentive Awards will be interpolated in a linear fashion between threshold and target as well as between target and maximum.
- (f) Within 150 days following the end of a Performance Period, the Compensation Committee will review all Performance Incentive Award calculations, based on the certification of its advisors, and make any changes it deems appropriate. The Compensation Committee will submit its recommendations to the Board for approval. Subject to the provisions of Section 7.1, the Board will approve Performance Incentive Awards.
- (g) Following the approval of a Performance Incentive Award by the Board, each Participant will be notified as to the amount, if any, of his or her Performance Incentive Award as well as the terms, provisions, conditions, and limitations of the Nonvested Deferred Award portion of such Performance Incentive Award.

#### ***5.6. Form and Timing of Payouts of Performance Incentive Awards***

Approved Performance Incentive Awards will be paid as follows:

- (a) Seventy percent of the Performance Incentive Award will be paid to the Participant ("Paid Performance Incentive Award") within 150 days of the completion of the Performance Period on a date selected in the discretion of UTIMCO and in no event later than the last day of the calendar year in which the Performance Period ends, and
- (b) Thirty percent of the Performance Incentive Award will be treated as a "Nonvested Deferred Award" subject to the terms of Section 5.7 and paid in accordance with that Section.

#### ***5.7. Nonvested Deferred Awards***

- (a) For each Performance Period, a hypothetical account on UTIMCO's books ("Nonvested Deferred Award Account") will be established for each Participant. As of the date that the corresponding Paid Performance Incentive Award is paid to the Participant, each Participant's Nonvested Deferred Award for a Performance Period will be credited to his or her

Nonvested Deferred Award Account established for that Performance Period; provided, however, that, in the case of any Participant who is not employed by UTIMCO on the date such Nonvested Deferred Award would be so credited to his or her Nonvested Deferred Award Account, such Nonvested Deferred Award will not be credited to such Participant's Nonvested Deferred Award Account but will instead be forfeited. The Nonvested Deferred Award Accounts will be credited (or debited) monthly with an amount equal to the net investment returns of the Total Endowment Assets ("Net Returns") for the month multiplied by the balance of the respective Participant's Nonvested Deferred Award Account(s) as of the last day of the month. When the Nonvested Deferred Award is initially credited to the Nonvested Deferred Award Account, the Nonvested Deferred Award Account will be credited (or debited) with Net Returns for the month of the initial credit of a Nonvested Deferred Award, but the Net Returns will be prorated to reflect the number of days of the month during which the amounts were credited to the Nonvested Deferred Award Account. Participants are not entitled to their Nonvested Deferred Award Accounts unless and until they become vested in those accounts in accordance with Section 5.7(b).

- (b) Assuming and contingent upon continued employment with UTIMCO, except as provided in Section 5.10(c), a Participant will become vested in, and entitled to payment of, his or her Nonvested Deferred Award Account for each respective Performance Period according to the following schedule:
- (1) On the first anniversary of the last day of the Performance Period for which the Nonvested Deferred Award was earned, one third of the amount then credited to the Participant's Nonvested Deferred Award Account for that Performance Period will be vested and paid to the Participant.
  - (2) On the second anniversary of the end of the Performance Period for which the Nonvested Deferred Award was earned, one half of the amount then credited to the Participant's Nonvested Deferred Award Account for that Performance Period will be vested and paid to the Participant.
  - (3) On the third anniversary of the end of the Performance Period for which the Nonvested Deferred Award was earned, the remaining amount then credited to the Participant's Nonvested Deferred Award Account for that Performance Period will be vested and paid to the Participant.
  - (4) Nonvested Deferred Award Accounts payable under the above paragraphs of this Section 5.7(b) will be paid on a date selected in the discretion of UTIMCO after the applicable portion of any such Nonvested Deferred Award Account becomes vested and in no event later than the last day of the calendar year in which the applicable portion of such Nonvested Deferred Award Account becomes vested.

## **5.8. Performance Measurement Standards**

### **(a) Entity Performance**

- (1) Entity Performance for purposes of the Performance Incentive Plan is the performance of the Total Endowment Assets (weighted at 85%) and the Intermediate Term Fund (weighted at 15%).
- (2) The performance of the Total Endowment Assets is measured based on the TEA's performance relative to the TEA Policy Portfolio Return (TEA benchmark).
- (3) The performance of the Intermediate Term Fund will be measured based on the performance of the ITF relative to the ITF Policy Portfolio Return (ITF benchmark). The performance standards related to the Intermediate Term Fund for the Performance Period beginning July 1, 2006, are reflected in Table 2 on Appendix D. Performance standards related to the ITF for each Performance Period beginning after June 30, 2008, will be set forth on a revised table for each such Performance Period and set forth on Appendix D as soon as administratively practicable after such standards are determined. Performance of the Intermediate Term Fund is measured net of fees, meaning performance is measured after factoring in all administrative and other fees incurred for managing the ITF.
- (4) Except as provided in Section 5.9, performance of the Total Endowment Assets (based on the TEA benchmark) and the Intermediate Fund (based on the ITF benchmark) will be measured based on a three-year rolling historical performance of each such fund.

### **(b) Asset Class/Investment Type Performance**

- (1) Asset Class/Investment Type Performance is the performance of specific asset classes and investment types within the Total Endowment Assets and the Intermediate Term Fund (such as developed country, private investments, etc.) based on the standards set forth in this Section 5.8(b). Except as provided in paragraph (2) below and Section 5.9, Asset Class/Investment Type Performance will be measured relative to the appropriate benchmark based on three-year rolling historical performance. Performance standards for each asset class and investment type will vary depending on the ability to outperform the respective benchmark. The benchmarks for each asset class and investment type, as well as threshold, target, and maximum performance standards for the Performance Period beginning July 1, 2006, is set forth on Appendix D. The benchmarks for each asset class and investment type as well as threshold, target, and maximum performance standards for Performance Periods beginning after June 30, 2009, will be set forth in a revised table for each such Performance

Period as soon as administratively practicable after such benchmarks and standards are set, and such revised table will be attached as Appendix D.

- (2) Performance for private investments is calculated differently from other asset classes and investment types due to its longer investment horizon and illiquidity of assets. Except for private investments in Real Estate, performance of private investments is determined based on the performance of partnership commitments made since 2001 based on internal rates of return (IRR's) relative to the respective Venture Economics benchmarks. Performance of private investments in Real Estate will be determined based on the performance of partnership commitments made relative to a NACRIEF Custom Index benchmark.

(c) Qualitative Performance

- (1) The level of a Participant's Qualitative Performance will be measured by the CEO (in the case of the CCO, jointly by the Audit and Ethics Committee and the CEO), subject to approval by the Compensation Committee, based on the level of attainment (below threshold, threshold, target, or maximum) of the Participant's Qualitative Performance Goals for the Performance Period.
- (2) For purposes of determining the level of attainment of each Participant's Qualitative Performance Goals for the Performance Period, the Participant will have attained below threshold level if he or she fails to successfully complete at least 50% of his or her Qualitative Performance Goals for that Performance Period, threshold level if he or she successfully completes 50% of his or her Qualitative Performance Goals for that Performance Period, target level if he or she successfully completes 75% of his or her Qualitative Performance Goals for that Performance Period, and maximum level if he or she successfully completes 100% of his or her Qualitative Performance Goals for that Performance Period (with interpolation for levels of attainment between threshold, target, and maximum).
- (3) In determining the percentage of successful completion of a Participant's Qualitative Performance Goals, the CEO, and in the case of the CCO, the Audit and Ethics Committee (in the initial determination) and the Compensation Committee (in its review of the attained levels for approval) need not make such determination based solely on the number of Qualitative Performance Goals successfully completed but may take into account the varying degrees of importance of the Qualitative Performance Goals, changes in the Participant's employment duties occurring after the Qualitative Performance Goals are determined for the Performance Period, and any other facts and circumstances determined by the CEO, and in the case of the CCO, the Audit and Ethics Committee, or Compensation

Committee (as applicable) to be appropriate for consideration in evaluation of the level of achievement of the Participant's Qualitative Performance Goals for the Performance Period.

**5.9. Modifications of Measurement Period for Measuring Entity and Asset Class/Investment Type Performance Goals**

- (a) Although generally Entity Performance and most Asset Class/Investment Type Performance are measured based on three-year rolling historical performance, newly hired Participants will be phased into the Performance Incentive Plan so that Entity Performance and Asset Class/Investment Type Performance are measured over a period of time consistent with each Participant's tenure at UTIMCO. This provision ensures that a Participant is measured and rewarded over a period of time consistent with the period during which he or she influenced the performance of the entity or a particular asset class and investment type. In the Performance Period in which a Participant begins participation in the Performance Incentive Plan, the Entity Performance and Asset Class/Investment Type Performance components of the Incentive Award Opportunity will be based on one full year of historical performance (i.e., the performance for the Performance Period during which the Participant commenced Performance Incentive Plan participation). During a Participant's second year of Performance Incentive Plan participation, the Entity Performance and Asset Class/Investment Type Performance components of the Incentive Award Opportunity will be based on two full years of historical performance. In the third year of a Participant's Performance Incentive Plan participation and beyond, the Entity and Asset Class/Investment Type Performance components of the Incentive Award Opportunity will be based on the three full years of rolling historical performance.
- (b) For purposes of measuring the Intermediate Term Fund component of Entity and Asset Class/Investment Type Performance, the three-year historical performance cycle will not be utilized until the Intermediate Term Fund has three years of historical performance as part of the Performance Incentive Plan and, until that time, the actual years of historical performance will be used as the measurement period. The Intermediate Term Fund was formed on February 1, 2006, and is added as a measurement of performance under the Performance Incentive Plan effective July 1, 2006. Therefore, as of June 30, 2007, the ITF had one year of historical performance that will be measured for purposes of determining Entity and Asset Class/Investment Type Performance; as of June 30, 2008, the ITF had two consecutive years of historical performance that will be measured for purposes of determining Entity and Asset Class/Investment Type Performance; and as of June 30, 2009, and for each Performance Period thereafter, three consecutive years of historical performance will be utilized for purposes of measuring the ITF prong of Entity and Asset Class Performance.

- (c) For purposes of measuring Entity and Asset Class/Investment Type Performance, the three-year historical performance cycle will not be utilized for any specific asset class and investment type (or subset of an asset class and investment type) until that asset class and investment type (or subset of that asset class and investment type) has three years of historical performance as part of the Performance Incentive Plan and, until that time, the actual years (full and partial) of historical performance of that asset class and investment type (or subset of that asset class and investment type) while part of the Performance Incentive Plan will be used as the measurement period.
- (d) For purposes of measuring Entity and Asset Class/Investment Type Performance of an asset class and investment type (or subset of an asset class and investment type) that is removed from the Performance Incentive Plan prior to completion of the then in-progress three-year historical performance cycle, the three-year historical performance cycle will not be utilized for that removed asset class and investment type (or subset of an asset class and investment type), but instead the actual number of full months that the removed asset class and investment type was part of the Performance Incentive Plan during the then in-progress three-year historical performance cycle will be used as the measurement period.
- (e) For purposes of measuring Asset Class/Investment Type Performance for a particular Participant of an asset class and investment type (or subset of an asset class and investment type) that is removed from or added to the Participant's responsibility during the then in-progress three-year historical performance cycle, the three-year historical performance cycle will not be utilized for that removed or added asset class and investment type (or subset of an asset class and investment type), but instead the actual number of full months that the removed or added asset class and investment type was part of the Participant's responsibility during the then in-progress three-year historical performance cycle will be used as the measurement period for evaluating the Asset Class/Investment Type Performance with respect to such Participant.

#### ***5.10. Termination Provisions***

- (a) Except as otherwise provided in this Section 5.10, any Participant who ceases to be a Participant (either because of termination of employment with UTIMCO or for any other reason stated in Section 5.3(c)) prior to the end of a Performance Period will not be eligible to receive payment of any Performance Incentive Award for that or any subsequent Performance Periods. In addition, a Participant will only continue to vest in Nonvested Deferred Awards while he or she is employed with UTIMCO and will forfeit any Nonvested Deferred Awards at termination of employment with UTIMCO.
- (b) If a Participant ceases to be a Participant in the Performance Incentive Plan under Section 5.3(c) prior to the end of a Performance Period because his or

her employment position is no longer an Eligible Position (but such employee continues to be employed with UTIMCO), such Participant's Performance Incentive Award for the current Performance Period, if any, will be calculated on a prorated basis from the first day of the Performance Period to the Performance Measurement Date immediately preceding or, if applicable, coinciding with the date the Participant ceases to be in an Eligible Position, and such individual will not be entitled to any Performance Incentive Awards for any Performance Period thereafter (unless he or she again becomes a Participant in accordance with Sections 5.3(a) and (b)). All Nonvested Deferred Awards of such individual continue to vest and be paid subject to the provisions of Section 5.7(b).

- (c) If a Participant ceases to be a Participant in the Performance Incentive Plan under Section 5.3(c) prior to the end of a Performance Period because his or her employment with UTIMCO terminates due to death or Disability, the Participant's Performance Incentive Award for the Performance Period in which termination occurs, in lieu of any other Performance Incentive Award under the Performance Incentive Plan, will be paid at target on a prorated basis from the first day of the Performance Period to the Performance Measurement Date immediately preceding or, if applicable, coinciding with the date of the Participant's death or Disability, and such individual will not be entitled to any Performance Incentive Awards for any Performance Period thereafter (unless he or she again becomes a Participant in accordance with Sections 5.3(a) and (b)). All Nonvested Deferred Award Accounts of such terminated individual will vest immediately and be paid on a date selected in the discretion of UTIMCO and in no event later than the last day of the calendar year in which such termination occurs. Payments under this provision will be made to the estate or designated beneficiaries of the deceased Participant or to the disabled Participant, as applicable.
- (d) If a Participant ceases to be a Participant in the Performance Incentive Plan under Section 5.3(c) prior to the end of a Performance Period because he or she commences a leave of absence, such Participant's Performance Incentive Award for the current Performance Period, if any, will be calculated on a prorated basis from the first day of the Performance Period to the Performance Measurement Date immediately preceding or coinciding with the date the Participant commences such leave of absence, and such individual will not be entitled to any Performance Incentive Awards for any Performance Period thereafter (unless he or she again becomes a Participant in accordance with Sections 5.3(a) and (b)). All Nonvested Deferred Awards of such individual continue to vest and be paid subject to the provisions of Section 5.7(b).
- (e) In the case of any Participant who ceases to be a Participant in the Performance Incentive Plan prior to the end of Performance Period and is entitled to a Performance Incentive Award or a prorated Performance Incentive Award under this Section 5.10, such Performance Incentive Award will be calculated at the time and in the manner provided in Section 5.5 and

Appendix A and paid in accordance with Section 5.6 and will not be calculated or paid prior to such time.

## **6. COMPENSATION PROGRAM AUTHORITY AND RESPONSIBILITY**

### ***6.1. Board as Plan Administrator***

Except as otherwise specifically provided in this Compensation Program with respect to powers, duties, and obligations of the Compensation Committee, the Compensation Program will be administered by the Board.

### ***6.2. Powers of Board***

The Board has all powers specifically vested herein and all powers necessary or advisable to administer the Compensation Program as it determines in its discretion, including, without limitation, the authority to:

- (1) Establish the conditions for the determination and payment of compensation by establishing the provisions of the Performance Incentive Plan.
- (2) Select the employees who are eligible to be Participants in the Performance Incentive Plan.
- (3) Delegate to any other person, committee, or entity any of its ministerial powers and/or duties under the Compensation Program as long as any such delegation is in writing and complies with the UTIMCO Bylaws.

## **7. COMPENSATION PROGRAM INTERPRETATION**

### ***7.1. Board Discretion***

- (a) Consistent with the provisions of the Compensation Program, the Board has the discretion to interpret the Compensation Program and may from time to time adopt such rules and regulations that it may deem advisable to carry out the Compensation Program. All decisions made by the Board in selecting the Participants approved to receive Performance Incentive Awards, including the amount thereof, and in construing the provisions of the Compensation Program, including without limitation the terms of any Performance Incentive Awards, are final and binding on all Participants.
- (b) Notwithstanding any provision of the Compensation Program to the contrary and subject to the requirement that the approval of Performance Incentive Awards that will result in an increase of 5% or more in the total Performance Incentive Awards calculated using the methodology set out on Appendix A must have the prior approval of the U.T. System Board of Regents, the Board has the discretion and authority to make changes in the terms of the Compensation Program in determining a Participant's eligibility for, or



amount of, a Performance Incentive Award for any Performance Period whenever it considers that circumstances have occurred during the Performance Period so as to make such changes appropriate in the opinion of the Board, provided, however, that any such change will not deprive or eliminate an award of a Participant after it has become vested and that such circumstances are recorded in the minutes of a meeting of the Board.

### ***7.2. Duration, Amendment, and Termination***

The Board has the right in its discretion to amend the Compensation Program or any portion thereof from time to time, to suspend it for a specified period, or to terminate it entirely or any portion thereof. However, if the Performance Incentive Plan is suspended or terminated during a Performance Period, Participants will receive a prorated Performance Incentive Award based on performance achieved and base salary earned through the Performance Measurement Date immediately preceding such suspension or termination. The Compensation Program will be in effect until suspension or termination by the Board; provided, however, that if the Board so determines at the time of any suspension or termination of the Performance Incentive Plan, Nonvested Deferred Awards credited to Participants' Nonvested Deferred Award Account(s) as of the effective date of such suspension or termination will continue to be administered under the terms of the Performance Incentive Plan after any suspension or termination, except as the Board otherwise determines in its discretion at the time of such suspension or termination.

### ***7.3. Recordkeeping and Reporting***

- (a) All records for the Compensation Program will be maintained by the Managing Director of Accounting, Finance, and Administration at UTIMCO. Relative performance data and calculations will be reviewed by UTIMCO's external auditor before Performance Incentive Awards are finalized and approved by the Board.
- (b) UTIMCO will provide all Participants with a comprehensive report of the current value of their respective Nonvested Deferred Award Account balances, including a complete vesting status of those balances, on at least a quarterly basis.

### ***7.4. Continued Employment***

Nothing in the adoption of the Compensation Program or the awarding of Performance Incentive Awards will confer on any employee the right to continued employment with UTIMCO or affect in any way the right of UTIMCO to terminate his or her employment at any time.

### ***7.5. Non-transferability of Awards***

Except for the rights of the estate or designated beneficiaries of Participants to receive payments, as set forth herein, Performance Incentive Awards under the

Performance Incentive Plan, including both the Paid Performance Incentive Award portion and the Nonvested Deferred Award portion, are non-assignable and non-transferable and are not subject to anticipation, adjustment, alienation, encumbrance, garnishment, attachment, or levy of any kind. The preceding notwithstanding, the Compensation Program will pay any portion of a Performance Incentive Award that is or becomes vested in accordance with an order that meets the requirements of a “qualified domestic relations order” as set forth in Section 414(p) of the *Internal Revenue Code* and Section 206(d) of ERISA.

#### **7.6. *Unfunded Liability***

- (a) Neither the establishment of the Compensation Program, the award of any Performance Incentive Awards, nor the creation of Nonvested Deferred Awards Accounts will be deemed to create a trust. The Compensation Program will constitute an unfunded, unsecured liability of UTIMCO to make payments in accordance with the provisions of the Compensation Program. Any amounts set aside by UTIMCO to assist it in the payment of Performance Incentive Awards or other benefits under the Compensation Program, including without limitation, amounts set aside to pay for Nonvested Deferred Awards, will be the assets of UTIMCO, and no Participant will have any security or other interest in any assets of UTIMCO or the U.T. System Board of Regents by reason of the Compensation Program.
- (b) Nothing contained in the Compensation Program will be deemed to give any Participant, or any personal representative or beneficiary, any interest or title to any specific property of UTIMCO or any right against UTIMCO other than as set forth in the Compensation Program.

#### **7.7. *Compliance with State and Federal Law***

No portion of the Compensation Program will be effective at any time when such portion violates an applicable state or federal law, regulation, or governmental order or directive.

#### **7.8. *Federal, State, and Local Tax and Other Deductions***

All Performance Incentive Awards under the Compensation Program will be subject to any deductions (1) for tax and withholding required by federal, state, or local law at the time such tax and withholding is due (irrespective of whether such Performance Incentive Award is deferred and not payable at such time) and (2) for any and all amounts owed by the Participant to UTIMCO at the time of payment of the Performance Incentive Award. UTIMCO will not be obligated to advise an employee of the existence of the tax or the amount that UTIMCO will be required to withhold.

### **7.9. *Prior Plan***

- (a) Except as provided in the following paragraphs of this Section 7.9, this Compensation Program supersedes any prior version of the Compensation Program (“Prior Plan”).
- (b) All nonvested deferred awards under a Prior Plan will retain the vesting schedule in effect under the Prior Plan at the time such awards were allocated to the respective Participant’s account. In all other respects, as of the Effective Date, those nonvested deferred amounts will (1) be credited or debited with the Net Returns over the remaining deferral period in accordance with Section 5.7(a), and (2) be subject to the terms and conditions for Nonvested Deferred Awards under the Performance Incentive Plan as set forth in this restated document.

## 8. DEFINITION OF TERMS

- 8.1. Asset Class/Investment Type Performance** is the performance of specific asset classes and investment types within the Total Endowment Assets and the Intermediate Term Fund (such as developed country, private investments, etc.) based on the standards set forth in Section 5.8(b).
- 8.2. Board** is the UTIMCO Board of Directors.
- 8.3. Compensation Committee** is the Compensation Committee of the UTIMCO Board of Directors.
- 8.4. Compensation Program** is defined in Section 1.
- 8.5. Disability** means a condition whereby a Participant either (i) is unable to engage in any substantial gainful activity by reason of a medically determinable physical or mental impairment that is expected either to result in death or to last for a continuous period of not less than 12 months or (ii) is, by reason of a medically determinable physical or mental impairment that is expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than three months under a disability plan maintained or contributed to by UTIMCO for the benefit of eligible employees.
- 8.6. Effective Date** is defined in Section 1.
- 8.7. Eligible Position** is defined in Section 5.3(a).
- 8.8. Entity Performance** represents the performance of the Total Endowment Assets and the Intermediate Term Fund (based on the measurement standards set forth in Section 5.8(a)).
- 8.9. Incentive Award Opportunity** is defined in Section 5.5(a).
- 8.10. Intermediate Term Fund or ITF** is The University of Texas System (“U.T. System”) Intermediate Term Fund established by the U.T. System Board of Regents as a pooled fund for the collective investment of operating funds and other intermediate and long-term funds held by the U.T. System institutions and U.T. System Administration. Performance of the Intermediate Term Fund is measured net of fees, meaning performance is measured after factoring in all administrative and other fees incurred for managing the Intermediate Term Fund.
- 8.11. Intermediate Term Fund Policy Portfolio Return** is the benchmark return for the Intermediate Term Fund policy portfolio and is calculated by summing the neutrally weighted index returns (percentage weight for each asset class and investment type multiplied by the benchmark return for the asset class and investment type) for the various asset classes and investment types in the Intermediate Term Fund policy portfolio for the Performance Period.
- 8.12. Net Returns** is the investment performance return of the Total Endowment Assets, net of fees. Net of fees factors in all administrative and other fees for

managing the Total Endowment Assets. The net investment return will be calculated as follows:

$$\frac{\text{Permanent University Fund Beginning Net Asset Value}}{\text{Total Endowment Beginning Net Asset Value}} \times \text{Permanent University Fund Net Investment Return}$$

Plus

$$\frac{\text{General Endowment Fund Beginning Net Asset Value}}{\text{Total Endowment Beginning Net Asset Value}} \times \text{General Endowment Fund Net Investment Return}$$

**8.13. Nonvested Deferred Award** is defined in Section 5.6(b).

**8.14. Nonvested Deferred Award Account** is defined in Section 5.7(a).

**8.15. Paid Performance Incentive Award** is defined in Section 5.6(a).

**8.16. Participant** is defined in Section 5.3(a).

**8.17. Peer Group** is a peer group of endowment funds maintained by the Board's external investment advisor that is comprised of all endowment funds with more than 10 full-time employee positions, allocations to alternative assets in excess of 40%, and with assets greater than \$2.5 billion, all to be determined as of the last day of each of the three immediately preceding Performance Periods as set forth on Appendix B; provided, however, that the Total Endowment Assets are excluded from the Peer Group. The Peer Group will be updated from time to time as deemed appropriate by the Board, and Appendix B will be amended accordingly.

**8.18. Performance Goals** are defined in Section 5.4.

**8.19. Performance Incentive Award** is the component of a Participant's total compensation that is based on specific performance goals and awarded as current income or deferred at the end of a Performance Period in accordance with Section 5 and Appendix A.

**8.20. Performance Incentive Plan** is as defined in Section 1 and described more fully in Section 5.

**8.21. Performance Measurement Date** is the close of the last business day of the month.

**8.22. Performance Period** is defined in Section 5.2.

**8.23. Prior Plan** is defined in Section 7.9.

**8.24. Salary Structure** is described in Section 4.1.

**8.25. Total Endowment Assets or TEA** means the combination of the Permanent University Fund and the General Endowment Fund, but does not include any other endowment funds monitored by UTIMCO such as the Separately Invested Fund. Performance of the Total Endowment Assets is measured net of fees, meaning performance is measured after factoring in all administrative and other fees incurred for managing the Total Endowment Assets.

**8.26. Total Endowment Assets Policy Portfolio Return** is the benchmark return for the Total Endowment Assets policy portfolio and is calculated by summing the neutrally weighted index returns (percentage weight for each asset class and investment type multiplied by the benchmark return for the asset class and investment type) for the various asset classes and investment types in the Total Endowment Assets policy portfolio for the Performance Period.

## **Appendix A**

### **Performance Incentive Award Methodology (for Performance Periods beginning on or after July 1, 2008)**

#### **I. Determine “Incentive Award Opportunities” for Each Participant<sup>1</sup>**

- Step 1. Identify the weights to be allocated to each of the three Performance Goals for each Participant’s Eligible Position. The weights vary for each Eligible Position each Performance Period and are set forth in Table 1 on Appendix C for the applicable Performance Period. The total of the weights ascribed to the three Performance Goals must add up to 100% for each Participant. For example, Table 1 on Appendix C may reflect for a Performance Period for the CEO that the weight allocated to the Entity Performance Goal is 60%, the weight allocated to the Asset Class/Investment Type Performance Goal is 0%, and the weight allocated to the Individual Performance Goal is 40%.
- Step 2. Identify the percentage of base salary for the Participant’s Eligible Position that determines the Performance Incentive Award for achievement of the Threshold, Target, and Maximum levels of the Performance Goals. The percentages vary for each Eligible Position each Performance Period and are set forth in Table 1 on Appendix C for the applicable Performance Period. For example, Table 1 on Appendix C may show that for a Performance Period the applicable percentages for determining the Performance Incentive Award for the CEO are 50% of his or her base salary for achievement of Threshold level performance of all three Performance Goals, 100% of his or her base salary for achievement of Target level performance of all three Performance Goals, and 200% of his or her base salary for achievement of Maximum level performance of all three Performance Goals.
- Step 3. Calculate the dollar amount of the potential Threshold, Target, and Maximum awards (the “Incentive Award Opportunities”) for each Participant by multiplying the Participant’s base salary for the Performance Period by the applicable percentage (from Step #2 above). For example, assuming the CEO has a base salary of \$575,000 for a Performance Period, based on the assumed percentages set forth in Step #2 above, the CEO will be eligible for a total award of \$287,500 (50% of his or her base salary) if he or she achieves Threshold level performance of all three Performance Goals, \$575,000 (100% of his or her base salary) if he or she achieves

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<sup>1</sup> These Incentive Award Opportunities represent amounts that each Participant will be awarded if he or she achieves his or her Performance Goals at varying levels and are calculated at the beginning of each Performance Period or, if later, the date such Participant commences participation in the Performance Incentive Plan.

Target level performance of all three Performance Goals, and \$1,150,000 (200% of his or her base salary) if he or she achieves Maximum level performance of all three Performance Goals.

- Step 4. Because a Participant may achieve different levels of performance in different Performance Goals and be eligible for different levels of awards for that achievement (e.g., he or she may achieve Target performance in the Entity Performance Goal and be eligible to receive a Target award for that goal and achieve Maximum performance in the Qualitative Performance Goal and be eligible to receive a Maximum award for that Performance Goal), it is necessary to determine the Incentive Award Opportunity of the Threshold, Target, and Maximum award for each separate Performance Goal (and, because achievement of the Entity Performance Goal is determined in part by achievement of the Total Endowment Assets and in part by achievement of the Intermediate Term Fund, a Threshold, Target, and Maximum Incentive Award Opportunity separately for the TEA and the ITF must be determined). This is done by multiplying the dollar amount of the Threshold, Target, and Maximum awards for the performance of all three Performance Goals calculated in Step #3 above for the Participant by the weight allocated for that Participant to the particular Performance Goal (and, further, by multiplying the Incentive Award Opportunity for the Entity Performance by the weight ascribed to achievement of the Total Endowment Assets (85%) and by the weight ascribed to achievement of the Intermediate Term Fund (15%)).
- Step 5. After Steps #3 and #4 above are performed for each of the three levels of performance for each of the three Performance Goals, there will be 12 different Incentive Award Opportunities for each Participant. For example, for the CEO (based on an assumed base salary of \$575,000, the assumed weights for the Performance Goals set forth in Step #1 above, and the assumed percentages of base salary for the awards set forth in Step #2 above), the 12 different Incentive Award Opportunities for achievement of the Performance Goals for the Performance Period are as follows:



**Incentive Award Opportunities for CEO**  
(based on assumed base salary of \$575,000)

Performance Goal	Weight	Threshold Level Award	Target Level Award	Maximum Level Award
Entity (TEA v. TEA Policy Portfolio Return)	.51% (.85 x .60)	\$146,625	\$293,250	\$586,500
Entity (ITF v. ITF Policy Portfolio Return)	9.0% (.15 x .60)	\$25,875	\$51,750	\$103,500
Asset Class/Investment Type	0%	\$0	\$0	\$0
Qualitative	40%	\$115,000	\$230,000	\$460,000
Total	100%	\$287,500 (50% of salary)	\$575,000 (100% of salary)	\$1,150,000 (200% of salary)

**II. Calculate Performance Incentive Award for Each Participant**

- Step 6. Identify the achievement percentiles or achieved basis points that divide the Threshold, Target, and Maximum levels for each Performance Goal. These divisions for the level of achievement of the Entity and Asset Class/Investment Type Performance Goals are set forth in the table for the applicable Performance Period as set forth on Appendix D. The measurement for the level of achievement (i.e., Threshold, Target, or Maximum) for the Qualitative Performance Goal is initially determined each Performance Period by the Participant’s supervisor, if any, (in the case of the CCO, jointly by the Audit and Ethics Committee and the CEO), and then is approved (or adjusted) by the Compensation Committee as it deems appropriate in its discretion. If the Participant has no supervisor, the measurement for the level of achievement for the Qualitative Performance Goal is determined each Performance Period by the Compensation Committee. The Board will determine the CEO’s level of achievement relative to the CEO’s Performance Goals.
- Step 7. Determine the percentile or basis points achieved for each Performance Goal for each Participant using the standards set forth in Sections 5.5 and 5.8 of the Compensation Program, as modified in Section 5.9. Determine the level of achievement of each Participant’s Qualitative Performance Goal.
- Step 8. Calculate the amount of each Participant’s award attributable to each Performance Goal by identifying the Incentive Award Opportunity amount for each Performance Goal (e.g., as assumed and set forth for the CEO in the table in Step #5 above) commensurate with the Participant’s level of achievement for that Performance Goal (determined in Steps #6 and #7 above). An award for achievement percentiles in between the stated Threshold, Target, and Maximum levels is determined by linear interpolation. For example, if +100 bps of the TEA benchmark portion of the Total Endowment Assets portion of the Entity Performance Goal has

been achieved, that +100 bps is between the Target (+75bps) and the Maximum (+150bps) levels, so to determine the amount of the award attributable to +100 bps of achievement of the TEA benchmark portion of the Total Endowment Assets portion of the Entity Performance Goal, perform the following steps: (i) subtract the difference between the dollar amounts of the Target and Maximum Incentive Award Opportunities for the Participant (e.g., for the CEO, as illustrated in the table in Step #5, the difference is \$293,250 (\$586,500-\$293,250)); (ii) divide 25 (the bps difference between the Target level of +75 bps and the attained level of +100 bps) by 75 (the bps difference between the Target level and Maximum level) to get the fraction 25/75 to determine the pro rata portion of the difference between Target and Maximum actually achieved; (iii) multiply the amount determined in the preceding Step (i) by the fraction determined in the preceding Step (ii) ( $\$293,250 \times 25/75 = \$97,750$ ); and (iv) add the amount determined in the preceding Step (iii) to the Target Incentive Award Opportunity for the Participant to get the actual award for the Participant attributable to each Performance Goal ( $\$97,750 + \$293,250 = \$391,000$ ).

Step 9. In determining the Asset Class/Investment Type Performance portion of an award for a Performance Period for each Participant who is responsible for more than one asset class and investment type during that Performance Period, first, the Participant's attained level of achievement (i.e., Below Threshold, Threshold, Target, or Maximum) is determined for each asset class and investment type for which such Participant is responsible by comparing the actual performance to the appropriate benchmark for the asset class and investment type; then, the award is calculated for the determined level of achievement for each such asset class and investment type by multiplying the award commensurate with the level of achievement by the weight assigned to the Asset Class/Investment Type Performance Goal for such Participant; then, the various asset classes and investment types for which the Participant is responsible are assigned a pro rata weight (i.e., the assets in such asset class and investment type relative to the total assets under such Participant's responsibility); then, each determined award for a separate asset class and investment type is multiplied by the weight for that asset class and investment type; and, finally, the weighted awards are totaled to produce the Participant's award attributable to Asset Class/Investment Type Performance.

Step 10. In determining the award attributable to the Entity Performance Goal, achievement of the Total Endowment Assets portion of the Entity Performance Goal (and the commensurate award) is weighted at 85% (and then multiplied by the weight assigned to the Entity Performance Goal for the Participant), and achievement of the Intermediate Term Fund portion of the Entity Performance Goal (and commensurate award) is weighted at 15% (and then multiplied by the weight assigned to the Entity Performance Goal for the Participant). For example, assuming a base salary of \$575,000, if the CEO achieved the Target level (+75 bps) of the TEA

benchmark portion of the Total Endowment Assets portion of the Entity Performance Goal, and achieved the Maximum level (+100 bps) of the Intermediate Term Fund portion of the Entity Performance Goal, he or she would have earned an award of \$396,750 for his or her level of achievement of the Entity Performance Goal as follows: \$293,250 for Target level of achievement of the TEA benchmark portion of the TEA portion of Entity Performance Goal (.85 x .60 x \$575,000) plus \$103,500 for Maximum level of achievement of the ITF portion of the Entity Performance Goal (.15 x .60 x \$1,150,000).

- Step 11. No award is given for an achievement percentile below Threshold, and no award above the Maximum award is given for an achievement percentile above the Maximum level.
- Step 12. Subject to any applicable adjustment in Step #13 below, add the awards determined in Steps #8, #9, and #10 above for each Performance Goal (as modified by Step #11) together to determine the total amount of the Participant's Performance Incentive Award for the Performance Period.
- Step 13. In the case of any Participant who becomes a Participant in the Performance Incentive Plan after the first day of the applicable Performance Period, such Participant's Performance Incentive Award (determined in Step #12) will be prorated to reflect the actual portion of the Performance Period in which he or she was a Participant. In the case of a Participant who ceases to be a Participant prior to the end of a Performance Period, his or her entitlement to any Performance Incentive Award is determined under Section 5.10 and, in the case of such entitlement, such Participant's Performance Incentive Award, if any, will be prorated and adjusted as provided in Section 5.10.

## Appendix B

### UTIMCO Peer Group

- Amherst College
- Baylor College of Medicine
- Boston College
- Brown University
- California Institute of Technology
- Case Western Reserve University
- Columbia University
- Cornell University
- Dartmouth College
- Duke University
- Emory University
- Grinnell College
- Indiana University and Foundation
- Johns Hopkins University
- Massachusetts Institute of Technology
- New York University
- Northwestern University
- Ohio State University and Foundation
- Pennsylvania State University
- Pomona College
- Princeton University
- Purdue University
- Rice University
- Smith College
- Southern Methodist University
- Stanford University
- Swarthmore College
- The Rockefeller University
- The Texas A&M University System and Foundations
- UNC at Chapel Hill and Foundations
- University of California
- University of Chicago
- University of Cincinnati
- University of Delaware
- University of Illinois and Foundation
- University of Michigan
- University of Minnesota and Foundation
- University of Nebraska and Foundation
- University of Notre Dame
- University of Pennsylvania
- University of Pittsburgh
- University of Richmond
- University of Rochester
- University of Southern California
- University of Virginia
- University of Washington
- University of Wisconsin Foundation
- Vanderbilt University
- Washington University
- Wellesley College
- Williams College
- Yeshiva University

Source: Cambridge Associates. Represents University endowments (excluding Harvard, Yale, and Total Endowment Assets) with total assets in excess of \$1 billion as of each fiscal year end June 2005, 2006, 2007.

# **Appendix C**

## **Eligible Positions Weightings Incentive Award Opportunities for each Eligible Position (for each Performance Period)**

**TABLE 1 (For the Performance Periods beginning after June 30, 2008)**

Eligible Position	Weighting			Incentive Award Opportunity (% of Salary)			
	Entity	Asset Class/ Investment Type	Individual	< Threshold	Threshold	Target	Maximum
<i>Investment Professionals</i>							
CEO & Chief Investment Officer	60%	0%	40%	0%	50%	100%	200%
President & Deputy CIO	30%	50%	20%	0%	45%	90%	190%
Managing Director	25%	50%	25%	0%	45%	90%	190%
Senior Director, Investment	20%	40%	40%	0%	25%	50%	100%
Senior Portfolio Manager	20%	40%	40%	0%	25%	50%	100%
Portfolio Manager	20%	40%	40%	0%	25%	50%	100%
Director, Investment	20%	40%	40%	0%	20%	40%	80%
Director, Risk Management	30%	0%	70%	0%	20%	40%	80%
Associate and Senior Associate, Investment	15%	30%	55%	0%	18%	35%	70%
Associate, Risk Management	30%	0%	70%	0%	18%	35%	70%
Analyst and Senior Analyst, Investment	10%	20%	70%	0%	13%	25%	50%
Analyst, Risk Management	30%	0%	70%	0%	13%	25%	50%
<i>Operations/Support Professionals</i>							
Senior Managing Director	20%	0%	80%	0%	30%	60%	120%
Managing Director	20%	0%	80%	0%	25%	50%	100%
General Counsel & Chief Compliance Officer	0%	0%	100%	0%	25%	50%	100%
Manager	20%	0%	80%	0%	20%	40%	80%

## **Appendix D**

### **Benchmarks for Asset Class/Investment Type Threshold, Target, and Maximum Performance Standards (for Performance Periods beginning on or after July 1, 2006)**

#### **Performance Standards for Intermediate Term Fund (for Performance Periods beginning on or after July 1, 2006)**

**TABLE 2 (7/1/06 through 6/30/07)**

Asset Class	Benchmark	Policy Portfolio Weights		Performance Standards		
		Total Endowment	ITF	Threshold	Target	Maximum
		Assets				
(% of Portfolio)	(% of Portfolio)					
Entity: Peer Group (Total Endowment Funds)	Peer group (Endowments w/>>\$1 B assets)	n/a	n/a	40th %ile	60th %ile	75th %ile
Entity: Benchmark (Intermediate Term Fund)	Policy Portfolio	n/a	n/a	+0 bps	+32.5 bps	+65 bps
US Public Equity	Russell 3000 Index	20%	15%	+0 bps	+31 bps	+62 bps
Non-US Developed Equity	MSCI EAFE Index with net dividends	10%	5%	+0 bps	+37.5 bps	+75 bps
Emerging Markets Equity	MSCI Emerging Markets Index with net dividends	7%	5%	+0 bps	+75 bps	+150 bps
Directional Hedge Funds	MSCI Investable Hedge Fund Index	10%	12.5%	+0 bps	+65 bps	+130 bps
Absolute Return Hedge Funds	MSCI Investable Hedge Fund Index	15%	12.5%	+0 bps	+50 bps	+100 bps
Private Equity	Custom Benchmark Created from Venture Economics Database	11%	0%	+0 bps	+103.5 bps	+207 bps
Venture Capital	Custom Benchmark Created from Venture Economics Database	4%	0%	+0 bps	+103.5 bps	+207 bps
REITS	Dow Jones Wilshire Real Estate Securities Index	5%	10%	+0 bps	+37.5 bps	+75 bps
Commodities	Combination index: 66.7% Goldman Sachs Commodity Index minus .5% plus 33.3% DJ-AIG Commodity Index	3%	5%	+0 bps	+17.5 bps	+35 bps
TIPS	Lehman Brothers US TIPS Index	5%	10%	+0 bps	+2.5 bps	+5 bps
Fixed Income	Lehman Brothers Aggregate Bond Index	10%	25%	+0 bps	+12.5 bps	+25 bps
Cash	90 day t-bills	0%	0%	+0 bps	+0 bps	+0 bps

**UPDATED TABLE 2 (7/1/07 through 6/30/08)**

Asset Class	Benchmark	Policy Portfolio Weights		Performance Standards		
		Total Endowment	ITF	Threshold	Target	Maximum
		Assets				
(% of Portfolio)	(% of Portfolio)					
Entity: Peer Group (Total Endowment Funds)	Peer group (Endowments w/>>\$1 B assets)	n/a	n/a	40th %ile	60th %ile	75th %ile
Entity: Benchmark (Total Endowment Funds)	Policy Portfolio	n/a	n/a	+0 bps	+100 bps	+150 bps
Entity: Benchmark (Intermediate Term Fund)	Policy Portfolio	n/a	n/a	+0 bps	+32.5 bps	+65 bps
US Public Equity	Russell 3000 Index	20%	15%	+0 bps	+31 bps	+62 bps
Non-US Developed Equity	MSCI EAFE Index with net dividends	10%	5%	+0 bps	+37.5 bps	+75 bps
Emerging Markets Equity	MSCI Emerging Markets Index with net dividends	7%	5%	+0 bps	+75 bps	+150 bps
Directional Hedge Funds	MSCI Investable Hedge Fund Index	10%	12.5%	+0 bps	+65 bps	+130 bps
Absolute Return Hedge Funds	MSCI Investable Hedge Fund Index	15%	12.5%	+0 bps	+50 bps	+100 bps
Private Equity	Custom Benchmark Created from Venture Economics Database	11%	0%	+0 bps	+103.5 bps	+207 bps
Venture Capital	Custom Benchmark Created from Venture Economics Database	4%	0%	+0 bps	+103.5 bps	+207 bps
REITS	Dow Jones Wilshire Real Estate Securities Index	5%	10%	+0 bps	+37.5 bps	+75 bps
Commodities	Combination index: 66.7% Goldman Sachs Commodity Index minus .5% plus 33.3% DJ-AIG Commodity Index	3%	5%	+0 bps	+17.5 bps	+35 bps
TIPS	Lehman Brothers US TIPS Index	5%	10%	+0 bps	+2.5 bps	+5 bps
Fixed Income	Lehman Brothers Aggregate Bond Index	10%	25%	+0 bps	+12.5 bps	+25 bps
Internal Credit	Credit Related Composite Index	0%	0%	+0 bps	+12.5 bps	+25 bps
Cash	90 day t-bills	0%	0%	+0 bps	+0 bps	+0 bps



**UPDATED TABLE 2 (7/1/08 through 6/30/09)**

Asset Class/Investment Type	Benchmark	Policy Portfolio Weights		Performance Standards		
		Total	ITF	Threshold	Target	Maximum
		Endowment (% of Portfolio)	(% of Portfolio)			
Entity: Benchmark (Total Endowment Funds)	Policy Portfolio	n/a	n/a	+0 bps	+75 bps	+150 bps
Entity: Benchmark (Intermediate Term Fund)	Policy Portfolio	n/a	n/a	+0 bps	+50 bps	+100 bps
Investment Grade Fixed Income	Lehman Brothers Global Aggregate Index	7.0%	33.0%	+0 bps	+12.5 bps	+25 bps
Credit-Related Fixed Income	Lehman Brothers Global High-Yield Index	1.2%	2.0%	+0 bps	+25 bps	+50 bps
Real Estate	FTSE EPRA/NAREIT Global Index	5.5%	10.0%	+0 bps	+37.5 bps	+75 bps
Natural Resources	Combination index - 50% Dow Jones-AIG Commodities Index + 50% MSCI World Natural Resources Index	5.3%	5.0%	+0 bps	+37.5 bps	+75 bps
Developed Country Equity	MSCI World Index with net dividends	19.5%	20.0%	+0 bps	+35 bps	+70 bps
Emerging Markets Equity	MSCI Emerging Markets with net dividends	10.5%	5.0%	+0 bps	+75 bps	+150 bps
Hedge Funds (Less Correlated & Constrained Investments)	MSCI Investable Hedge Fund Index	33.0%	25.0%	+0 bps	+125 bps	+250 bps
Private Investments (excludes Real Estate)	Venture Economics Custom Index	17.0%	0%	+0 bps	+100 bps	+200 bps
Private Investments Real Estate	NACREIF Custom Index	1.0%	0%	+0 bps	+37.5 bps	+75 bps
Specific asset class benchmark:						
Internal Investment Grade Fixed Income	US Lehman Aggregate			+0 bps	+12.5 bps	+25 bps

7. U. T. System Board of Regents: Approval of the Annual Budget, including the capital expenditures budget, and Annual Fee and Allocation Schedule for The University of Texas Investment Management Company (UTIMCO)

The University of Texas Investment Management Company (UTIMCO) Board of Directors recommended and the Board approved the Annual Budget as set forth on Page 128, which includes the capital expenditures budget, and the Annual Fee and Allocation Schedule for the fiscal year ending August 31, 2009, as set forth on Pages 129 - 130.

The Annual Budget of \$66.8 million for Fiscal Year 2009 was approved by the UTIMCO Board on July 23, 2008. The Budget is an increase of 3.4% over the prior year budget and an 8.8% increase over the Fiscal Year 2008 forecast.

The Annual Fee and Allocation Schedule shows the allocation of the budgeted expenses among University of Texas System funds. The fees are to be paid quarterly.

<b>UTIMCO</b> (in thousands)	<b>FY 2008 Budget</b>	<b>FY 2008 Forecast</b>	<b>FY 2009 Budget</b>	<b>Increase/(Decrease)</b>	
				<b>\$</b>	<b>%</b>
<b>SUMMARY</b>					
<b>UTIMCO Personnel</b>	<b>\$11,457</b>	<b>\$10,322</b>	<b>\$12,489</b>	<b>\$2,167</b>	<b>21%</b>
<b>UTIMCO Other</b>	<b><u>3,912</u></b>	<b><u>3,680</u></b>	<b><u>4,055</u></b>	<b><u>375</u></b>	<b>10%</b>
<b>Total UTIMCO</b>	<b>15,369</b>	<b>14,002</b>	<b>16,544</b>	<b>2,542</b>	<b>18%</b>
<b>Other, Non-Investment Manager</b>	<b><u>6,511</u></b>	<b><u>5,920</u></b>	<b><u>6,042</u></b>	<b><u>122</u></b>	<b>2%</b>
<b>Total Non-Investment Manager</b>	<b>21,880</b>	<b>19,922</b>	<b>22,586</b>	<b>2,664</b>	<b>13%</b>
<b>Investment Manager - Invoiced</b>	<b><u>42,715</u></b>	<b><u>41,455</u></b>	<b><u>44,203</u></b>	<b><u>2,748</u></b>	<b>7%</b>
<b>Total</b>	<b><u>\$64,595</u></b>	<b><u>\$61,377</u></b>	<b><u>\$66,789</u></b>	<b><u>\$5,412</u></b>	<b>9%</b>
<b>DETAIL</b>					
<b>UTIMCO Personnel</b>					
Salaries	\$6,011	\$5,397	\$6,956	\$1,559	29%
Bonus	3,258	3,343	3,566	223	7%
Benefits	1,177	954	1,293	339	36%
Taxes	418	333	478	145	44%
Hiring	440	124	50	(74)	-60%
Subscriptions, Dues, Education	<u>153</u>	<u>171</u>	<u>146</u>	<u>(25)</u>	-15%
<b>Total</b>	<b>\$11,457</b>	<b>\$10,322</b>	<b>\$12,489</b>	<b>\$2,167</b>	<b>21%</b>
<b>UTIMCO Other</b>					
Travel & Meetings	\$463	\$567	\$859	\$292	51%
Online, Data, Contract Services	772	654	743	89	14%
Lease	943	950	983	33	3%
Depreciation	608	537	612	75	14%
Insurance	252	240	236	(4)	-2%
Office Expenses	334	367	363	(4)	-1%
Professional Services	<u>542</u>	<u>365</u>	<u>259</u>	<u>(106)</u>	-29%
<b>Total</b>	<b>\$3,912</b>	<b>\$3,680</b>	<b>\$4,055</b>	<b>\$375</b>	<b>10%</b>
<b>Other, Non-Investment Manager</b>					
Custodian	\$1,536	\$1,672	\$1,725	\$53	3%
Measurement & Analytics	1,530	1,366	1,327	(39)	-3%
Consultants	1,325	736	950	214	29%
Investment-related Legal	1,160	1,160	1,115	(45)	-4%
Audit	754	830	776	(54)	-7%
Printing	195	153	139	(14)	-9%
Other	<u>10</u>	<u>3</u>	<u>10</u>	<u>7</u>	233%
<b>Total</b>	<b>\$6,511</b>	<b>\$5,920</b>	<b>\$6,042</b>	<b>\$122</b>	<b>2%</b>
<b>Investment Manager - Invoiced</b>					
Management Fees	\$18,989	\$22,138	\$23,897	\$1,759	8%
Performance Fees	<u>23,726</u>	<u>19,317</u>	<u>20,306</u>	<u>989</u>	5%
<b>Total</b>	<b>\$42,715</b>	<b>\$41,455</b>	<b>\$44,203</b>	<b>\$2,748</b>	<b>7%</b>
<b>Capital Expenditures</b>					
Ongoing	\$194	\$189	\$220	\$31	16%
Expansion	<u>162</u>	<u>427</u>	<u>0</u>	<u>(427)</u>	-100%
<b>Total</b>	<b>\$356</b>	<b>\$616</b>	<b>\$220</b>	<b>(396)</b>	<b>-64%</b>



**UTIMCO Budget  
Annual Fee and Allocation Schedule  
For the fiscal year ending August 31, 2009**

	The Permanent University Fund (PUF)	The University of Texas			The University of Texas System Intermediate Term Fund (ITF)	Short Term Fund (STF)	Separately Invested Endowments and Charitable Trust Accounts	Total
		The Permanent Health Fund (PHF)	System Long Term Fund (LTF)	General Endowment Fund (GEF)				
<b>(\$ millions)</b>								
Market Value 2/29/08	\$ 11,906	\$ 1,101	\$ 5,497	\$ 6,598	\$ 3,937	\$ 1,390	\$ 192	\$ 24,023
UTIMCO Management Fee (includes all operating expenses associated with the general management of the Funds)	\$ 8.1	\$ 0.9	\$ 4.6		\$ 2.9			\$ 16.5
Allocation Ratio	49%	6%	28%		17%			100%
<b>Direct Expenses of the Fund</b>								
External Management Fees	\$ 11.6	\$ -	\$ -	\$ 6.6	\$ 5.8			\$ 24.0
External Management Fees - Performance Based	10.8	-	-	5.9	3.6			20.3
Other Direct Costs	2.8	-	0.2	1.9	1.1			6.0
<b>Total Direct Expenses of the Fund</b>	<b>25.2</b>	<b>-</b>	<b>0.2</b>	<b>14.4</b>	<b>10.5</b>			<b>50.3</b>
<b>TOTAL</b>	<b>\$ 33.3</b>	<b>\$ 0.9</b>	<b>\$ 4.8</b>	<b>\$ 14.4</b>	<b>\$ 13.4</b>			<b>\$ 66.8</b>
<b>Percentage of Market Value (in basis points)</b>								
UTIMCO Services	6.8	8.3	8.4	-	7.3			6.9
Direct Expenses of the Fund	21.1	0.3	0.3	21.8	26.8			20.9
<b>TOTAL</b>	<b>27.9</b>	<b>8.6</b>	<b>8.7</b>	<b>21.8</b>	<b>34.1</b>			<b>27.8</b>

8. U. T. System Board of Regents: Approval to amend Regents' *Rules and Regulations*, Rule 80303, regarding Use of the Available University Fund

The Board amended Regents' *Rules and Regulations*, Rule 80303, regarding Use of the Available University Fund (AUF) to read as set forth on Pages 132 - 134.

These amendments are intended to make the Rule consistent with the recent change to the Permanent University Fund (PUF) distribution policy, provisions in the new Capital Expenditure Policy reviewed by the Board at the May 15, 2008, meeting and effective as of July 1, 2008, and current practice in the way that the AUF is managed.

Following is a summary of the changes:

- Section 1 - Eliminated the requirement to maintain the "highest possible credit ratings" for the PUF.
- Section 2.1 - Clarified that the six-year forecast of the AUF is provided to the Finance and Planning Committee of the Board as needed, rather than every quarter.
- Section 2.2 - Updated the PUF distribution language to conform with current policy.
- Section 2.3 - Updated the Capital Improvement Program (CIP) language to conform with the Capital Expenditure Policy.
- Section 3.1 - Created consistency with Section 2.1.

**1. Title**

Use of the Available University Fund

**2. Rule and Regulation**

Sec. 1 Impact of Spending. Any staff recommendation to appropriate funds from the Available University Fund (AUF) or from Permanent University Fund (PUF) Bond Proceeds will be presented in the context of that appropriation's impact on: (a) AUF funding for the support and maintenance of U. T. Austin, (b) bond ratings, and (c) projected AUF balances. These impacts will be considered to provide a consistent and dependable level of funding.

Sec. 2 Required Reports. To determine the appropriate level of spending of the AUF, the following reports will be provided to the Board of Regents:

- 2.1 A forecast of at least six years of the income and expenditures of the AUF will be presented as needed to the Board of Regents' Finance and Planning Committee. The University of Texas Investment Management Company (UTIMCO) shall provide to the Office of Finance a forecast of the PUF distributions to the AUF that will be the basis of the AUF forecast. Included as part of the AUF forecast will be the projected amount of remaining PUF debt capacity calculated in accordance with this policy.
- 2.2 In conjunction with the annual U. T. System budget process, UTIMCO shall recommend to the Board of Regents in May of each year an amount to be distributed to the AUF during the next fiscal year. UTIMCO's recommendation on the annual distribution shall be an amount equal to 4.75% of the trailing 12-quarter average of the net asset value of the PUF for the quarter ending February of each 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 Benchmark set out in the Permanent University Fund Investment Policy Statement.

- 2.3 The CIP will be updated quarterly and reviewed with the Board of Regents every year. The updated CIP will include an estimated start date for each project, which will be based on the criteria set forth in Section 3.2 below, project readiness, projected fund availability, and relative urgency of need for the completed project.
- Sec. 3 Individual Projects. The following items will be done when preparing requests of AUF expenditures:
- 3.1 As a part of each agenda item requesting approval of AUF expenditures or PUF funded projects, a statement indicating compliance with this policy shall be included.
  - 3.2 In preparing recommendations for projects to be approved, the staff will be guided by the following justification criteria:
    - (a) consistency with institution's mission;
    - (b) project need;
    - (c) unique opportunity;
    - (d) matching funds/leverage;
    - (e) cost effectiveness;
    - (f) state of existing facility condition; and
    - (g) other available funding sources.
  - 3.3 No project will be recommended for approval, if in any of the forecasted years the required appropriations from the AUF or PUF bond proceeds would cause:
    - (a) the forecasted AUF expenditures for program enrichment at U. T. Austin to fall below 45% of the sum of the projected U. T. System share of the net divisible AUF annual income and interest income on AUF balances [subject to the limits imposed by (b) and (c) below];



(b) debt service coverage to be less than 1.50:1.00; and

(c) the forecasted end of year AUF balance to be less than \$30 million.

Sec. 4 System Administration Budget. Operating expenditures of the U. T. System Administration will be carefully controlled to maximize the opportunity to meet the capital needs of the institutions of the U. T. System and the operating budget needs of U. T. Austin. Wherever possible, alternate funding from institutions, State funds, or other sources will be sought. Programs for which alternative funding cannot be obtained will be evaluated for possible reductions or phase-out.

9. U. T. System Board of Regents: Adoption of Twentieth Supplemental Resolution authorizing Revenue Financing System Bonds; authorization to complete all related transactions; and resolution regarding parity debt

The Board

- a. adopted the Twentieth Supplemental Resolution to the Master Resolution, containing terms in substantially the form approved by the Board of Regents on November 13, 2003, authorizing the issuance, sale, and delivery of Board of Regents of The University of Texas System Revenue Financing System Bonds in one or more installments in an aggregate principal amount not to exceed \$800 million for the purpose of refunding a portion of the outstanding Revenue Financing System Commercial Paper Notes, Series A; to provide new money to fund construction and acquisition costs of projects in the Capital Improvement Program (CIP); to current or advance refund certain outstanding Revenue Financing System Bonds to produce present value debt service savings; and to pay the costs of issuance and any original issue discount; and
- b. authorized appropriate officers and employees of the U. T. System as set forth in the Twentieth Supplemental Resolution to take any and all actions necessary to carry out the intentions of the U. T. System Board of Regents, within the limitations and procedures specified therein, make certain covenants and agreements in connection therewith; and to resolve other matters incident and related to the issuance, sale, security, and delivery of such Bonds.

As required by Section 5(a) of the Master Resolution, the Board further determined that upon the delivery of bonds authorized by this Resolution it will have sufficient funds to meet the financial obligations of the System, including sufficient Pledged Revenues to satisfy the Annual Debt Service Requirements of the Financing System and to meet all financial obligations of the Board relating to the Financing System and that the Members on whose behalf such bonds are issued possess the financial capacity to satisfy their direct obligations after taking such bonds into account.

On February 14, 1991, the U. T. System Board of Regents adopted a Master Resolution establishing the Revenue Financing System (RFS) to create a cost-effective, System-wide financing structure for institutions of the U. T. System. Since that time, the Board has adopted 19 supplemental resolutions to provide debt financing for projects that have received the requisite U. T. System Board of Regents and Texas Higher Education Coordinating Board approvals.

The Resolution authorizes refunding a portion of the outstanding Revenue Financing System Commercial Paper Notes, Series A, refunding certain outstanding RFS Bonds for savings, and new money to fund construction and

acquisition costs of projects in the CIP. Generally, commercial paper debt is issued to fund projects during the construction phase and the debt is not amortized. Once construction is complete, the commercial paper is refunded with bonds. Depending on the level of interest rates at the time of pricing, outstanding commercial paper and new money for construction may be financed with long-term debt.

Adoption of the Twentieth Supplemental Resolution (Resolution) authorizes the refunding of certain outstanding RFS Bonds provided that an advance refunding exceed a minimum 3% present value debt service savings threshold. An advance refunding involves issuing bonds to refund outstanding bonds in advance of the call date. Refunding bonds are issued at lower interest rates, thereby producing debt service savings. Adoption of this Resolution will provide the flexibility to select the particular bonds to be refunded depending on market conditions at the time of pricing. The particular bonds to be refunded will be called for redemption on the first practical optional redemption date for each series of refunded bonds occurring after the delivery of the refunding bonds.

In addition, the Resolution authorizes remarketing, tender, auction and broker-dealer agreements customarily utilized in connection with the types of variable rate instruments authorized.

Note: The Twentieth Supplemental Resolution and forms of auction agreement and broker-dealer agreement contain terms that are substantially the same as those contained in the Thirteenth through Nineteenth Supplemental Resolutions and forms of auction agreement and broker-dealer agreement previously approved by the Board on November 13, 2003, for use as standard agreements.

10. U. T. System Board of Regents: Adoption of a Resolution authorizing the issuance, sale, and delivery of Permanent University Fund Bonds, and authorization to complete all related transactions

The Board

- a. adopted a 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 Permanent University Fund (PUF) Bonds in one or more installments in an aggregate principal amount not to exceed \$450 million to be used to refund certain outstanding Permanent University Fund Bonds, to refund all or a portion of the then outstanding Permanent University Fund Flexible Rate Notes, Series A, to refund Permanent University Fund Commercial Paper Notes, to provide new money to fund construction and acquisition costs and to pay the costs of issuance; and

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

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

As provided in the Resolution, the potential bonds to be refunded include the outstanding PUF Bonds, Series 2002A, Series 2004A&B, Series 2005A&B, and Series 2006A-C.

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

Proceeds from the Bonds related to refunding outstanding debt will be used to purchase U.S. government or other eligible securities to be placed in one or more escrow accounts. Proceeds from the escrowed securities will be used to redeem the refunded bonds, the refunded Flexible Rate Notes, and the refunded Commercial Paper Notes.

11. U. T. System Board of Regents: Adoption of Amended and Restated First Supplemental Resolution to the Master Resolution establishing the Revenue Financing System Commercial Paper Note Program; repeal of the Fifth Supplemental Resolution; authorization for officers of U. T. System to complete all transactions related thereto; and resolution regarding parity debt

The Board

- a. adopted the Amended and Restated First Supplemental Resolution to the Master Resolution authorizing the issuance, sale, and delivery of Board of Regents of The University of Texas System Revenue Financing System Commercial Paper Notes, Series A and Taxable Commercial Paper Notes, Series B, in an aggregate principal amount not to exceed \$1.25 billion;
- b. repealed the Fifth Supplemental Resolution to the Master Resolution authorizing the issuance, sale, and delivery of Board of Regents of The University of Texas System Revenue Financing System Taxable Commercial Paper Notes, Series B; and
- c. authorized appropriate officers and employees of the U. T. System as set forth in the Amended and Restated First Supplemental Resolution to take any and all actions necessary to carry out the intentions of the U. T. System Board of Regents, within the limitations and procedures specified therein; 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 Notes.

As required by Section 5(a) of the Master Resolution, the Board further determined that upon the delivery of Notes authorized by this Resolution, it will have sufficient funds to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues to satisfy the Annual Debt Service Requirements of the Revenue Financing System and to meet all financial obligations of the Board relating to the Revenue Financing System and that the Members on whose behalf such Notes are issued possess the financial capacity to satisfy their direct obligations after taking such Notes into account.

The U. T. System's Revenue Financing System Tax-Exempt Commercial Paper Note Program was established on April 12, 1990. Since that time, the size of the Program has been increased periodically, up to the current authorization of \$750 million, to meet the financing needs of the U. T. System. The U. T. System's Revenue Financing System Taxable Commercial Paper Note Program was established on May 13, 2004.

Adoption of this Resolution combines both the Tax-Exempt and Taxable Commercial Paper Programs under the Amended and Restated First Supplemental Resolution and repeals the separate Taxable Commercial Paper Program authorization under the Fifth Supplemental Resolution. The increase in program authorization from \$750 million tax-exempt authorization and \$50 million taxable authorization to \$1.25 billion aggregate authorization is needed to facilitate the financing of capital projects reflected in the FY 2008-2013 Capital Improvement Program (CIP). The Tax-Exempt Commercial Paper Program capacity was increased from \$350 million to \$750 million on August 8, 2002. Since that time, the U. T. System's CIP has more than doubled and the existing program authorization has been reached repeatedly. Increased commercial paper capacity will permit the U. T. System to continue to provide efficient interim financing and additional timing flexibility in accessing the long-term capital markets, while combining the programs under a single resolution for greater efficiency.

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

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

12. U. T. System Board of Regents: Adoption of a Resolution authorizing the Permanent University Fund Commercial Paper Notes, Series A and Taxable Commercial Paper Notes, Series B; and authorization to complete all related transactions

The Board

- a. adopted a Resolution authorizing the Permanent University Fund (PUF) Commercial Paper Notes, Series A and Taxable Commercial Paper Notes, Series B up to an aggregate principal amount at any one time outstanding not to exceed \$500 million; and
- b. authorized appropriate officers and employees of The University of Texas System as set forth in the Resolution to take any and all actions necessary to carry out the intentions of the U. T. System Board of Regents within the limitations and procedures specified therein; to make certain covenants and agreements in connection therewith; and to resolve other matters incident and related to the issuance, sale, security, and delivery of such notes.

The U. T. System's PUF Flexible Rate Notes, Series A program, which provides interim financing for eligible projects, was established in 1985. Since that time, the size of the program has been increased periodically to meet the financing needs of the U. T. System. The existing Flexible Rate Note Program capacity was increased from \$250 million to \$400 million on November 13, 2002. Since that time, the U. T. System's Capital Improvement Program (CIP) has more than doubled while the size of the PUF interim financing program has not increased.

The increase in program authorization from \$400 million to \$500 million is needed to facilitate the financing of capital projects reflected in the FY 2008-2013 CIP. Increased PUF interim financing capacity will permit the U. T. System to continue to provide efficient interim financing and additional timing flexibility in accessing the long-term capital markets.

Adoption of this Resolution replaces the existing Flexible Rate Note Program with a Commercial Paper Program virtually identical to the U. T. System's Revenue Financing System Commercial Paper Program, which provides the U. T. System the ability to issue both taxable and tax-exempt commercial paper depending on the project characteristics. Replacing the Flexible Rate Note Program with a Commercial Paper Program will provide greater efficiency and will provide the ability to finance both taxable and tax-exempt projects under a single resolution.

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

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

Note: The related [Resolution](#) is on file in the Office of the Board of Regents.

13. U. T. System: Approval of aggregate amount of \$122,756,000 of equipment financing for Fiscal Year 2009 and resolution regarding parity debt

The Board

- a. approved an aggregate amount of \$122,756,000 of Revenue Financing System Equipment Financing as allocated to those University of Texas System institutions set out on Page 142; and

- b. resolved in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that
- parity debt shall be issued to pay the cost of equipment including costs incurred prior to the issuance of such parity debt;
  - sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System;
  - the institutions and U. T. System Administration, which are "Members" as such term is used in the Master Resolution, possess the financial capacity to satisfy their direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$122,756,000 for the purchase of equipment; 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.

On April 14, 1994, the U. T. System Board of Regents approved the use of Revenue Financing System debt for equipment purchases in accordance with the Guidelines Governing Administration of the Revenue Financing System. The current guidelines specify that the equipment to be financed must have a useful life of at least three years. The debt is amortized twice a year with full amortization not to exceed 10 years.

The Board approved \$102,957,000 of equipment financing in Fiscal Year 2008, of which \$52,477,000 has been issued through July 1, 2008.



APPROVAL OF U. T. SYSTEM EQUIPMENT FINANCING  
FY 2009

Institution	\$ Amount of Request	Description of Expected Equipment Purchases	DSC*
U. T. Austin	\$5,500,000	Classroom equipment, research equipment, information technology equipment, and athletics equipment	5.4x
U. T. Dallas	5,000,000	General purpose equipment and information technology equipment	2.7x
U. T. El Paso	256,000	Facilities maintenance equipment and vehicle purchases	2.3x
U. T. Southwestern Medical Center - Dallas	40,000,000	Information technology equipment, clinical and hospital equipment, and non-clinical equipment	3.6x
U. T. Medical Branch - Galveston	14,000,000	General purpose equipment	2.3x
U. T. Health Science Center - San Antonio	4,000,000	Research equipment, clinical equipment, and infrastructure equipment	4.2x
U. T. M. D. Anderson Cancer Center	50,000,000	Medical equipment, research equipment, and diagnostic equipment	5.2x
U.T. Health Science Center - Tyler	4,000,000	Clinical equipment	6.1x

<b>Total</b>	<b>\$122,756,000</b>
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\* Debt Service Coverage ("DSC") based on actual results for FY07.

U. T. System Office of Finance, June 23, 2008

14. U. T. System Board of Regents: Adoption of resolutions authorizing certain bond enhancement agreements for Revenue Financing System debt and Permanent University Fund debt

The Board adopted resolutions substantially in the form set out on Pages 144 - 164 (the Resolutions) authorizing appropriate officers of The University of Texas System to enter into bond enhancement agreements related to its Revenue Financing System (RFS) and Permanent University Fund (PUF) debt programs in accordance with the U. T. System Interest Rate Swap Policy and to take any and all actions necessary to carry out the intentions of the U. T. System Board of Regents.

*Regents' Rules and Regulations*, Rule 70202, concerning the Interest Rate Swap Policy, was approved by the U. T. System Board of Regents on February 13, 2003, and amended on August 23, 2007.

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

On August 23, 2007, the Board approved bond enhancement agreement resolutions for FY 2008. Approval of this item authorizes the execution of bond enhancement agreement transactions related to RFS and PUF debt in accordance with the U. T. System Interest Rate Swap Policy for FY 2009. The determination to utilize bond enhancement agreements will be made based on market conditions at the time of pricing the related debt issuance. The Chairman of the Board of Regents and the Chairman of the Finance and Planning Committee will be informed in advance of any proposed transactions to be undertaken pursuant to the resolutions.

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

August 14, 2008

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

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

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

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

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

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

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

**NOW THEREFORE BE IT RESOLVED**, that

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

**SECTION 2. AUTHORIZATION OF BOND ENHANCEMENT AGREEMENTS.**

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

to reduce the net interest to be paid by the Board with respect to any then outstanding Parity Debt or Parity Debt anticipated to be issued in the future over the term of the Bond Enhancement Agreement or (ii) the transaction is in the best interests of the Board given the market conditions at that time. The delegation to each Authorized Representative to execute and deliver Bond Enhancement Agreements on behalf of the Board under this Resolution shall expire on September 1, 2009.

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

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

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

(e) Early Termination. No Confirmation entered into pursuant to this Resolution shall contain early termination provisions at the option of the counterparty except upon the occurrence of an event of default or an additional termination event, as prescribed in the applicable Master Agreement.

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

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

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

**SECTION 4. AUTHORIZATION FOR SPECIFIC TRANSACTIONS.** In addition to the authority otherwise granted in this Resolution, each Authorized Representative is hereby severally granted continuing authority to enter into the following specific transactions pursuant to a Confirmation upon satisfaction of the following respective conditions:

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

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

(C) Basis swap transactions under which the Board would pay a variable rate of interest computed on one basis, such as the Securities Industry and Financial Markets Association Municipal Swap Index, and the counterparty would pay a variable rate of interest computed on a different basis, such as the London Interbank Offered Rate ("LIBOR"), with respect to a designated maturity or principal amount of outstanding Parity Debt and Parity Debt anticipated to be issued in the future, as applicable. Prior to entering into such transaction, an Authorized Representative must deliver to the General Counsel to the Board a certificate to the effect that by entering into the basis swap transaction the Board is expected to be able to (i) achieve spread income or upfront cash payments, (ii) preserve call option and

advance refunding capability on its Parity Debt, (iii) lower net interest cost by effecting a percent of LIBOR synthetic refunding without issuing additional bonds or acquiring credit enhancement, (iv) lower net interest cost on Parity Debt by layering tax risk on top of a traditional fixed rate financing, (v) preserve liquidity capacity, or (vi) avoid the mark to market volatility of a fixed-to-floating or floating-to-fixed swap in changing interest rate environments.

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

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

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

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

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

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

(b) Requirement to Terminate or Modify Agreement for Notional Amount in Excess of Anticipated Parity Debt as Issued. In the event a Bond Enhancement Agreement is entered into under this Resolution in connection with the anticipated issuance of Parity Debt and such Bond Enhancement Agreement has a notional amount that at any time exceeds the principal amount to be outstanding of such anticipated Parity Debt as actually issued, an Authorized Representative shall either terminate such Bond Enhancement Agreement or amend such Bond Enhancement Agreement to (i) reduce the notional amount

of such Bond Enhancement as appropriate so that such notional amount does not exceed at any time the principal amount to be outstanding of such anticipated Parity Debt as actually issued or (ii) supplement or replace all or a portion of such anticipated Parity Debt with any then outstanding Parity Debt having the same types of interest rates (fixed or variable) as the anticipated Parity Debt as necessary to ensure that the notional amount of such Bond Enhancement Agreement does not exceed at any time the principal amount of the applicable Parity Debt.

(c) Board Recognition of Anticipated Parity Debt. No Bond Enhancement Agreement may be entered into under this Resolution with respect to the Board's obligations under an anticipated future issuance of Parity Debt unless such anticipated issuance of future debt shall have been recognized by official action of the Board pursuant to either (i) the Board's prior adoption of a resolution authorizing the issuance of such debt, including a resolution delegating the parameters of such issuance to an Authorized Representative or a resolution authorizing the issuance of commercial paper notes, (ii) the Board's prior approval of its then current Capital Improvement Program contemplating the financing of the projects to be financed by such anticipated issuance of debt and the amount of such debt to be issued, or (iii) the Board's action pursuant to subsection (e) hereof with respect to Parity Debt anticipated to be issued to refund outstanding Parity Debt.

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

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

**SECTION 7. MASTER AGREEMENTS.**

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

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

**SECTION 8. ADDITIONAL AUTHORIZATION.**

(a) Additional Agreements and Documents Authorized. Each Authorized Representative and all officers or officials of the Board are severally authorized to execute and deliver such other agreements and documents as are contemplated by this Resolution and the Master Agreements or are otherwise necessary in connection with entering into Confirmations and Bond Enhancement Agreements as described in this Resolution, as any such officer or official shall deem appropriate, including without limitation, officer's certificates, legal opinions, and credit support documents.

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

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## EXHIBIT A

### DEFINITIONS

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

"Authorized Representative" – As defined in the System's Interest Rate Swap Policy (a copy of which is attached hereto as Exhibit B).

"Board" – The Board of Regents of The University of Texas System.

"Bond Enhancement Agreement" – Collectively, each Confirmation and the applicable Master Agreement.

"Chapter 1371" – Chapter 1371 of the *Texas Government Code*, as amended.

"Confirmation" – Each confirmation entered into by an Authorized Representative on behalf of the Board pursuant to this Resolution.

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

(i) ISDA Master Agreement with Bank of America, N.A., dated as of December 6, 2005;

(ii) [ISDA Master Agreement with Goldman Sachs Mitsui Marine Derivative Products, L.P., dated as of December 6, 2005;]

(iii) ISDA Master Agreement with JPMorgan Chase Bank, National Association, dated as of May 2, 2006;

(iv) ISDA Master Agreement with Lehman Brothers Commercial Bank, dated as of December 6, 2005 and Amended and Restated as of April 21, 2006;

(v) ISDA Master Agreement with Merrill Lynch Capital Services, Inc., dated as of May 1, 2006;

(vi) ISDA Master Agreement with Morgan Stanley Capital Services Inc., dated as of December 6, 2005;

(vii) ISDA Master Agreement with UBS AG, dated as of November 1, 2007; and

(viii) ISDA Master Agreement with Royal Bank of Canada, dated as of April 4, 2008.  
"ISDA" – The International Swaps and Derivatives Association, Inc.

"LIBOR" – London Interbank Offered Rate.

"Master Agreements" – Collectively, the Executed Master Agreements and any New Master Agreements.

"Master Resolution" – The First Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System adopted by the Board on February 14, 1991, and amended on October 8, 1993, and August 14, 1997.

"New Master Agreements" – Any ISDA Master Agreements entered into by an Authorized Representative pursuant to Section 7(a) of this Resolution.

"Section 65.461" – Section 65.461 of the *Texas Education Code*.

"System" – The University of Texas System.

**EXHIBIT B**

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

[On file with the Board]

**EXHIBIT C**

**EXECUTED MASTER AGREEMENTS**

[On File with the Board]

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

August 14, 2008

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

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

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

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

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

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

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

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

NOW THEREFORE BE IT RESOLVED, that

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

**SECTION 2. AUTHORIZATION OF BOND ENHANCEMENT AGREEMENTS.**

(a) Delegation. Each Authorized Representative is hereby severally authorized to act on behalf of the Board in accepting and executing new or amended confirmations under one or more of the Master Agreements (each, a “Confirmation” and, collectively with the applicable Master Agreement, a “Bond Enhancement Agreement”) when, in his or her judgment, the execution of such Confirmation is consistent with this Resolution and the U.T. System Interest Rate Swap Policy and either (i) the transaction is expected to reduce the net interest to be paid by the Board with respect to any then outstanding PUF Debt or PUF Debt anticipated to be issued in the future over the term of the Bond Enhancement Agreement or (ii) the transaction is in the best interests of the Board given the market conditions at that time. The delegation to each Authorized Representative to execute and deliver Bond Enhancement Agreements on behalf of the Board under this Resolution shall expire on September 1, 2009.

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

(c) Costs; Maximum Term. The costs of any Bond Enhancement Agreement and the amounts payable thereunder shall be payable from the Residual AUF as a cost of the support and maintenance of System administration or from any other source that is legally available to make such payments. In the event an Authorized Representative elects to terminate a Bond Enhancement Agreement, any amounts payable by the Board as a result of such termination shall be payable from the Residual AUF; provided, that if such Bond Enhancement Agreement is designated as a “credit agreement” under Chapter 1371 pursuant to Section 2(b) hereof and such Bond Enhancement Agreement is entered into in connection with PUF Debt anticipated to be issued in the future, any such amounts payable by the Board as a result of such termination may be payable from the Residual AUF or from the proceeds of the PUF Debt to which such Bond Enhancement Agreement relates as a “project cost” under Chapter 1371.

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

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

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

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

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

**SECTION 3. AUTHORIZATION FOR SPECIFIC TRANSACTIONS.** In addition to the authority otherwise granted in this Resolution, each Authorized Representative is hereby severally granted continuing authority to enter into the following specific transactions pursuant to a Confirmation (or other agreement or instrument deemed necessary by an Authorized Representative) upon satisfaction of the following respective conditions:

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

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

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

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

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

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

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



anticipated issuance of PUF Debt related to the Bond Enhancement Agreement; or (iii) to the extent that costs set forth in (i) and (ii) have been satisfied, for any other lawful purpose.

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

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

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

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

(d) Required Description of Anticipated PUF Debt. To the extent that a Bond Enhancement Agreement is entered into under this Resolution with respect to the Board's obligations under an anticipated future issuance of PUF Debt, an Authorized Representative must also deliver to the General Counsel to the Board at the time such agreement is entered into a certificate with respect to such anticipated PUF Debt stating: (i) the anticipated issuance date of such PUF Debt or a range of anticipated dates of up to six months for such issuance, provided that such date or range of dates may not be more than the lesser of seventy-two (72) months after the date of the applicable Confirmation or the latest date contemplated for the issuance of such PUF Debt in the Board's then current Capital Improvement Program; (ii) whether such PUF Debt will bear interest at a fixed or variable rate; (iii) if such PUF Debt will bear interest at a fixed rate, what fixed

interest rate or range of interest rates with respect to such PUF Debt is anticipated; (iv) if such PUF Debt will bear interest at a variable rate, what basis is anticipated to be used to compute such variable rate; (v) the assumed maturity schedule and amortization for such PUF Debt, including the assumed interest cost; (vi) the anticipated purposes for which the proceeds of such PUF Debt will be used; and (vii) for PUF Debt anticipated to be issued for new money projects, a list or description of such projects anticipated to be financed, provided that each such project must be contemplated for financing with PUF Debt by the Board's then current Capital Improvement Program or have otherwise received Board approval for financing.

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

#### **SECTION 6. MASTER AGREEMENTS.**

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

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

**SECTION 7. ADDITIONAL AUTHORIZATION.**

(a) Additional Agreements and Documents Authorized. Each Authorized Representative and all officers or officials of the Board are severally authorized to execute and deliver such other agreements and documents as are contemplated by this Resolution and the Master Agreements or are otherwise necessary in connection with entering into Confirmations and Bond Enhancement Agreements as described in this Resolution, as any such officer or official shall deem appropriate, including without limitation, officer's certificates, legal opinions, and credit support documents.

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

## **EXHIBIT A**

### **DEFINITIONS**

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

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

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

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

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

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

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

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

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

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

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

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

(iv) ISDA Master Agreement with Lehman Brothers Special Financing Inc., dated as of December 1, 2007;

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

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

(vii) ISDA Master Agreement with UBS AG, dated as of April 1, 2008.

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

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

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

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

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

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

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

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

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

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

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

**EXHIBIT B**

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

[On file with the Board]

**EXHIBIT C**

**EXECUTED MASTER AGREEMENTS**

[On file with the Board]

15. U. T. System: Report on the negotiation of a contract to hedge the price and sell a portion of the future oil and gas royalty production from the Permanent University Fund (PUF) Lands

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



REPORT AND RECOMMENDATIONS OF THE ACADEMIC AFFAIRS COMMITTEE (Pages 166 - 169).--Committee Chairman Barnhill 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. Arlington: Authorization to accept a gift of 0.5969 of an acre located at 841 West Mitchell Street, Arlington, Texas, and described as Lot 24 A-R, Block 6, College Hills Addition, Arlington, Tarrant County, Texas, from The University of Texas at Arlington Alumni Association, a Texas nonprofit corporation; authorization to lease back the land to the Alumni Association as the site for the alumni center operated by the Alumni Association; and finding of public purpose

On behalf of The University of Texas at Arlington, the Board granted authorization to

- a. accept a gift of 0.5969 of an acre located at 841 West Mitchell Street, Arlington, Texas, and described as Lot 24 A-R, Block 6, College Hills Addition, Arlington, Tarrant County, Texas, from The University of Texas at Arlington Alumni Association, a Texas nonprofit corporation (the Alumni Association);
- b. lease back the land to the Alumni Association as the site for the alumni center operated by the Alumni Association;
- c. determine that the lease of the land to the Alumni Association for the stated reason serves a public purpose appropriate to the function of U. T. Arlington, and that the consideration to The University of Texas System and U. T. Arlington for the lease of the land is adequate; and
- d. 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.

U. T. Arlington will accept a gift of 0.5969 of an acre of land from the Alumni Association and lease back the land to the Alumni Association for the continued operation of its alumni center, which is located on the parcel. The alumni center consists of a single-story office building containing approximately 5,800 square feet and related site improvements. The center will not be conveyed to U. T. Arlington at the present, but at the lease termination, U. T. Arlington can elect to accept title to the building or to

require the Alumni Association to demolish the building. The mission of the Alumni Association is to establish and promote lasting, supportive relationships among students, alumni, U. T. Arlington, and the community.

The tract is located adjacent to the U. T. Arlington campus and therefore is a prudent land acquisition for the campus. There are other parcels of university-owned land bordering the property that are in use as open space, surface parking, and university housing.

In recognition of the gift of land valued at \$117,000 and the Alumni Association's direct support of U. T. Arlington's mission, the institution will lease back the 0.5969 of an acre of gifted land upon which the Alumni Association building is located to the Alumni Association for 50 years with two options to renew for 10 years each for a nominal rental of \$100 per year. The ground lease will limit the uses of the property by the Alumni Association to only those uses related to the purposes of its mission and that of U. T. Arlington.

A Memorandum of Understanding dated October 1, 2007, between U. T. Arlington and the Alumni Association provides that U. T. Arlington will pay the costs of utilities, building maintenance, and custodial services through September 30, 2009, in consideration of the contributions of the Alumni Association to the development and maintenance of U. T. Arlington's educational programs, and the subleases of space at a below-market rate to U. T. Arlington's Development Office. After September 30, 2009, the Alumni Association will be responsible for the cost of all facility operating expenses.

The Attorney General of the State of Texas has advised in Opinion No. MW-373 (1981) that, for the use of university property at a below-market rental to comply with the Texas Constitution, three requirements must be met: (1) the use of the property must serve a public purpose, appropriate to the function of the university, (2) adequate consideration must be received by the university, and (3) the university must maintain controls over the user's activities to ensure that the public purpose is achieved.

U. T. Arlington has determined that the lease to the Alumni Association meets the requirements in the following manner: the property will continue to serve as an alumni center, encouraging development efforts benefiting the institution, providing scholarships to students attending U. T. Arlington, and increasing the awareness and goodwill of the institution's alumni toward the institution. The consideration to U. T. Arlington, in addition to the continued use of the property as an alumni center to benefit U. T. Arlington, is the Alumni Association's gift of land, appraised at \$117,000. Finally, the ground lease will contain controls making a change in use an event of default that would permit U. T. Arlington to impose market rent.

2. U. T. Arlington: Approval of acceptance of gift of outdoor art

In accordance with Regents' *Rules and Regulations*, Rule 60101, Section 3.1, the Board approved the acceptance of a gift of a Chi Epsilon Monument from the national chapter of the Chi Epsilon National Honor Society for installation on the campus of The University of Texas at Arlington.

Established in 1922, Chi Epsilon is the national honor society for civil engineering and the national headquarters is located at U. T. Arlington.

The official emblem of Chi Epsilon is a key that represents the full front view of a surveyor's transit. The jewel represents the objective of the transit, the hole is the eye piece, the notches on the sides are leveling screws, and the stem represents the tripod. Many chapters across the country have erected a symbolic monument on their campuses to represent the Chi Epsilon key, and thereby have a visual reminder of the values of scholarship, character, practicality, and sociability that represent Chi Epsilon.

The monument will consist of a 2-foot, 6-inch tall concrete and brick pedestal, and a 3-foot tall bronze Chi Epsilon key and will be similar to, and will be located in the vicinity of, the existing Tau Beta Pi (the National Engineering Honor Society) monument located on the pedestrian walkway between Nedderman and Woolf Halls. The U. T. Arlington chapter has already produced design drawings for the monument, and has raised funds for its construction.

The installation cost for the monument is estimated at \$2,250. The amount has already been raised through contributions from the U. T. Arlington Facilities Management Office, faculty members, alumni, and other fund-raising activities. Chi Epsilon will be providing the key for the monument, acquired through other gifts and contributions to the organization. The key requires minimal maintenance with no expense for upkeep. The student Chi Epsilon initiates will polish the key each long semester as part of their initiation.

3. U. T. Austin: Approval of acceptance of gift of outdoor art

In accordance with Regents' *Rules and Regulations*, Rule 60101, Section 3.1, the Board accepted a gift of an Olmec Head sculpture from the Universidad Veracruzana, Xalapa, State of Veracruz, Mexico, for installation on the campus of The University of Texas at Austin.

The gift is a copy of Colossal Head #1, originally found at the archaeological site of San Lorenzo in the State of Veracruz. The sculptor, Mr. Ignacio Pirez Solano, created the work from locally quarried basalt at the behest of then-Governor of Veracruz Miguel Aleman Velasco, who sought to create greater

awareness of the Olmec culture. The sculpture, thought to portray important Olmec rulers, is valued at \$45,000, weighs 18 tons, and measures approximately 10 feet high x 7 feet wide x 5 feet deep. The estimate for shipping from Xalapa to Austin, including customs fees at the border, is approximately \$8,000, to be covered from local and indirect cost return funds.

The sculpture will be installed in front of a breezeway between the Nettie Lee Benson Latin American Collection and the Center for American History, directly next to the Sid Richardson Hall parking lots.

Installation of this Olmec Head statue on the U. T. Austin campus will provide opportunities to learn about the Gulf Coast Olmec culture, an early Mesoamerican civilization. The Olmec Head will require minimal maintenance as it is made of solid stone and is able to withstand all weather conditions.

4. U. T. System: Discussions on academic leadership matters - importance of teaching and its evaluation

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

REPORT AND RECOMMENDATIONS OF THE HEALTH AFFAIRS COMMITTEE (Pages 170 - 182).--Committee Chairman McHugh 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. Medical Branch – Galveston: Authorization to sell or exchange Lots 1 through 4, Block 666, Lots 2 through 7, Block 667, a portion of the abandoned 7th Street right-of-way between Blocks 666 and 667, and the reversionary interest in Lots 11 through 13, Block 667, 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; authorization to acquire in exchange from The Sealy & Smith Foundation or Magnolia Holding Company 109 and 113 13th Street, 1302 and 1306 Strand, and 619 and 621 Post Office, Galveston, Galveston County, Texas, for future programmed use for campus expansion; and authorization to ground lease from The Sealy & Smith Foundation or Magnolia Holding Company Lots 1 through 4 and 8 through 14, Block 666, Lots 2 through 13, Block 667, a portion of the vacated alley between Blocks 666 and 667, and a portion of the abandoned 6th Street, 7th Street, and Avenue B rights-of-way, Galveston, Galveston County, Texas, for use as the site for the proposed replacement Jennie Sealy Hospital (not brought up for vote)

The item related to transactions of land for use as the site for the proposed replacement Jennie Sealy Hospital at The University of Texas Medical Branch at Galveston was not brought up for vote.

2. U. T. Health Science Center – San Antonio: Authorization to ground lease approximately 6.944 acres of vacant land located in Block 179, San Benito Land and Water Company's Subdivision, Harlingen, Cameron County, Texas, to the Department of Veterans Affairs or its assignee for fair market rental as determined by an independent appraisal for construction by the tenant and operation by the Department of Veterans Affairs of a comprehensive ambulatory clinic for the care of veterans and other uses that are mission-aligned with U. T. Health Science Center – San Antonio

On behalf of The University of Texas Health Science Center at San Antonio, the Board

- a. authorized a ground lease of approximately 6.944 acres of vacant land located in Block 179, San Benito Land and Water Company's Subdivision, Harlingen, Cameron County, Texas, to the Department

of Veterans Affairs or its assignee for fair market rental as determined by an independent appraisal for construction by the tenant and operation by the Department of Veterans Affairs of a comprehensive ambulatory clinic for the care of veterans and other uses that are mission-aligned with U. T. Health Science Center – San Antonio; and

- b. authorized the Executive Director of Real Estate to execute the lease and 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.

The Department of Veterans Affairs (VA) and U. T. Health Science Center – San Antonio have been in discussions regarding the possible ground lease of approximately 6.944 acres in Harlingen, Texas, adjacent to the Regional Academic Health Center (RAHC) for the construction by the tenant of a comprehensive ambulatory clinic for the care of veterans. The clinic will provide enhanced patient care for veterans in the Lower Rio Grande Valley and South Texas and will augment opportunities for health professional education, graduate medical education, and clinical research and, thereby, the growth potential for the RAHC.

The lease site is part of a larger parcel consisting of approximately 26.2 acres in two adjacent tracts that were gifted to the Board of Regents by the Valley Baptist Medical Center for the purposes of undergraduate and graduate medical education programs, health research, health education of the public, and other health professional education programs in the Lower Rio Grande Valley. Because of use restrictions in the gift deed, the institution is also seeking the consent of Valley Baptist Medical Center to the proposed ground lease.

The VA leases clinical space in one of the buildings on the RAHC campus from U. T. Health Science Center – San Antonio. The new comprehensive ambulatory clinic will be in a separate, freestanding building.

The VA will obtain an option to ground lease the 6.944 acres and will then solicit offers from private developers, with the goal of assigning the ground lease option to the selected developer for the construction by the developer of an outpatient clinic on the land. Under VA procurement rules, U. T. Health Science Center – San Antonio cannot play a role in selecting the developer. The Health Science Center, however, is to have a role in working with the VA and the VA's architectural and engineering firm in developing the scope of work for the solicitation of offers.

The clinic will contain approximately 170,000 gross square feet and 120,000 net usable square feet and a parking garage with approximately

600 parking spaces. The VA will lease the completed facilities from the developer for a term not to exceed 20 years, which is the maximum term of a space lease by the VA.

The term of the ground lease will be for an initial period of 20 years, plus the initial design, permitting, and construction period and plus one or more renewal options of 10 years each; the total number of renewal options is still being negotiated. If the VA space lease ends before the expiration of the ground lease, then the Health Science Center and Valley Baptist Medical Center would have the first and second options, respectively, to lease the facilities. If neither U. T. Health Science Center – San Antonio nor Valley Baptist Medical Center elects to lease the facilities, the facilities may be leased by the ground tenant to a third party for a use consistent with the mission of the Health Science Center and subject to the ground landlord's approval. At the expiration or termination of the lease, the improvements will become the property of the ground tract.

3. U. T. M. D. Anderson Cancer Center: Authorization to purchase approximately 0.354 of an acre of land and the improvements located at 7701 Almeda Road, Houston, Harris County, Texas, from Mr. John M. Powell, Jr., for a purchase price not to exceed fair market value as established by independent appraisals for future use for campus administrative and support functions

On behalf of The University of Texas M. D. Anderson Cancer Center, the Board

- a. authorized the purchase of the land and improvements located at 7701 Almeda Road, Houston, Harris County, Texas, from Mr. John M. Powell, Jr., 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 future use for campus administrative and support functions; and
- b. authorized 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.

Acquisition of the subject property is part of the land assemblage being undertaken by U. T. M. D. Anderson Cancer Center to accommodate the

relocation of important but noncritical functions that will allow greater use of core facilities in the heart of the Texas Medical Center for patient treatment and research.

The subject property is improved with a house that will be demolished after closing. The site is adjacent to tracts of land that were approved by the Board on November 9, 2007, for acquisition by U. T. M. D. Anderson Cancer Center.

U. T. M. D. Anderson Cancer Center has concluded that the main campus in the Texas Medical Center and the south campus should be reserved for use for research and critical patient care functions. Accordingly, many administrative and support activities currently in the main and south campuses will be relocated to the area in which the subject property and adjacent tracts are located.

The acquisition will be funded with Local Hospital Margins.

4. U. T. M. D. Anderson Cancer Center: Authorization to ground lease approximately 56,408 square feet of unimproved land located at 7505 Almeda Road, Houston, Harris County, Texas, to the American Cancer Society, High Plains Division, Inc., a Texas nonprofit corporation, for the construction and operation by the tenant of a medium-term housing facility for cancer patients; and finding of public purpose

On behalf of The University of Texas M. D. Anderson Cancer Center, the Board

- a. authorized a ground lease of approximately 56,408 square feet of unimproved land located at 7505 Almeda Road, Houston, Harris County, Texas, to the American Cancer Society (the Cancer Society), High Plains Division, Inc., a Texas nonprofit corporation, for the construction and operation by the tenant of a medium-term housing facility for cancer patients;
- b. authorized a determination that the lease of the land to the Cancer Society for the stated reason serves a public purpose appropriate to the function of U. T. M. D. Anderson Cancer Center and that the consideration to The University of Texas System and the Cancer Center for the lease of the land is adequate; and
- c. authorized the Executive Director of Real Estate to execute the lease and all documents, instruments, or 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.



The Cancer Society has a facility program called Hope Lodge that provides free housing to cancer patients. The Hope Lodge facilities include psychological and social support services for patients and their families. Hope Lodge facilities are funded by the Cancer Society's fundraising efforts and are generally developed only on donated land.

To facilitate the construction and development of a Hope Lodge in the Texas Medical Center, U. T. M. D. Anderson Cancer Center will ground lease to the Cancer Society the tract of land located at 7505 Almeda Road, consisting of approximately 56,408 square feet. The land is about 1.5 miles from the main campus of U. T. M. D. Anderson Cancer Center and was acquired in June 2007 for \$47 per square foot (\$2.65 million). The permitted use under the lease will be limited solely to the construction and operation of a Hope Lodge facility. The facility, which will provide free housing, will have the capacity to serve 50 cancer patients.

The lease will be for an initial term of 20 years, plus three 10-year options exercisable at the Cancer Society's option. The ground rental will be a nominal \$1.00 per year, in recognition of the mission-related purpose of Hope Lodge.

The ground lease will provide that if the Hope Lodge or a similar facility is not constructed within a given period or permanently ceases operation, or if the leased property is used for any other purpose, the lease will terminate. The lease will require that the Hope Lodge operate specifically as free lodging for cancer patients. Additionally, the lease will require that the Cancer Society provide on-site psychological and social support services for patients and their families.

The Attorney General of the State of Texas has advised in Opinion No. MW-373 (1981), that, for the use of university property without cash rental payments to comply with the Texas Constitution, three requirements must be met: (1) the use of the property must serve a public purpose, appropriate to the function of the university; (2) adequate consideration must be received by the university; and (3) the university must maintain controls over the user's activity to ensure that the public purpose is achieved.

The Cancer Center has concluded that a Hope Lodge facility would enable U. T. M. D. Anderson Cancer Center to offer its services to more patients, especially low-to-moderate income patients, and assist the institution in pursuing the fulfillment of its mission "to eliminate cancer in Texas, the nation, and the world through outstanding programs that integrate patient care." The ground lease to the Cancer Society would serve the public purpose of offering free housing to cancer patients undergoing treatment, many of which patients will be treated by U. T. M. D. Anderson Cancer Center, although occupancy will not be restricted to U. T. M. D. Anderson Cancer Center patients.

Nevertheless, the institution has concluded that its patients will be well represented in the facility, based on data showing that approximately 80% of those occupying housing at similar facilities in the Texas Medical Center, such as the existing Hospitality Apartments (which do not exclusively serve cancer patients), are patients of the Cancer Center.

5. U. T. System: Approval to set The University of Texas System Professional Medical Liability Benefit Plan premium rates for Fiscal Year 2009 and distribute a portion of Plan premium returns

The Board approved that for The University of Texas System Professional Medical Liability Benefit Plan (Plan)

- a. Plan Participant premium rates for faculty and residents for Fiscal Year 2009 be reduced by 5% from the rates for Fiscal Year 2008;
- b. all other Plan Participant premium rates, including institutional, international, and medical student rates, for Fiscal Year 2009 remain unchanged from the rates for Fiscal Year 2008; and
- c. \$15.625 million be distributed from Plan returns as follows:  
\$15 million to the participating U. T. System institutions based on a formula combining the loss ratio and premium contributions for each participating institution and \$625,000 to supplement ongoing patient safety efforts.

The Board approved the premium rates for faculty and residents for Fiscal Year 2009 as set forth in Exhibit 1 (Pages 177 - 178). The Board also approved the distribution of \$15.625 million to participating institutions as set forth in Exhibit 2 (Page 179).

On March 26, 2008, the Board of Regents endorsed a three-year plan recommended by the Plan Administrator to reduce the reserves held in the Plan to base reserve requirements according to generally accepted industry standards. This premium reduction and distribution is in keeping with the three-year plan.

A new distribution methodology is incorporated in the institutional returns. Previous distributions have been based solely on the institution's pro rata share of premiums paid into the Plan in the preceding year. This year's Plan will encourage loss reduction by giving consideration to an institution's loss ratio, or claims history, on an equal basis as the pro rata share paid in premiums by the institution. Both factors are considered from a three-year perspective rather than only a one-year perspective to remove volatility inherent in utilizing loss data. After application of this methodology, an

adjustment was made to ensure that institutions with loss ratios more favorable than the U. T. System average receive no less than they would have under the previous methodology.

In addition to the \$15 million to be distributed to all participating institutions, \$625,000 will be distributed for System-wide patient safety initiatives. The Board of Regents adopted a \$3 million three-year System-wide patient safety budget on March 26, 2008. This \$625,000 will fund a conference and fellowship program associated with the Clinical Safety and Effectiveness Course.

Exhibit 1

**The University of Texas System Professional Medical Liability Benefit Plan**  
Summary of Recommended Annual Rates\* by Risk Class by Institution

**Physician Risk Class 1**

<u>Institution</u>	<b>Recommended Rates for 9/1/2008</b>	
	<u>Faculty</u>	<u>Resident</u>
UTMDACC	\$576	\$552
UTSWMC	576	552
UTMB	960	888
UTHSCH	924	864
UTHSCSA	696	648
UTHSCT	828	780
UTAustin	696	648
UTA	696	648
UTSA	696	648

**Physician Risk Class 2**

<u>Institution</u>	<b>Recommended Rates for 9/1/2008</b>	
	<u>Faculty</u>	<u>Resident</u>
UTMDACC	\$912	\$852
UTSWMC	912	852
UTMB	1,488	1,404
UTHSCH	1,452	1,356
UTHSCSA	1,080	1,020
UTHSCT	1,296	1,212
UTAustin	1,080	1,020
UTA	1,080	1,020
UTSA	1,080	1,020

**Physician Risk Class 3**

<u>Institution</u>	<b>Recommended Rates for 9/1/2008</b>	
	<u>Faculty</u>	<u>Resident</u>
UTMDACC	\$1,464	\$1,368
UTSWMC	1,452	1,356
UTMB	2,388	2,232
UTHSCH	2,316	2,172
UTHSCSA	1,728	1,620
UTHSCT	2,076	1,944
UTAustin	1,728	1,620
UTA	1,728	1,620
UTSA	1,728	1,620

**Physician Risk Class 4**

<u>Institution</u>	<b>Recommended Rates for 9/1/2008</b>	
	<u>Faculty</u>	<u>Resident</u>
UTMDACC	\$2,712	\$2,544
UTSWMC	2,700	2,532
UTMB	4,440	4,152
UTHSCH	4,308	4,020
UTHSCSA	3,216	3,012
UTHSCT	3,852	3,600
UTAustin	3,216	3,012
UTA	3,216	3,012
UTSA	3,216	3,012

Exhibit 1 (cont'd)

**The University of Texas System Professional Medical Liability Benefit Plan**  
Summary of Recommended Annual Rates by Risk Class by Institution

**Physician Risk Class 5**

<u>Institution</u>	<b>Recommended Rates for 9/1/2008</b>	
	<u>Faculty</u>	<u>Resident</u>
UTMDACC	\$3,996	\$3,744
UTSWMC	3,984	3,720
UTMB	6,528	6,120
UTHSCH	6,336	5,928
UTHSCSA	4,740	4,452
UTHSCT	5,664	5,304
UTAustin	4,740	4,452
UTA	4,740	4,452
UTSA	4,740	4,452

**General Dentist Risk Class A**

<u>Institution</u>	<b>Recommended Rates for 9/1/2008</b>	
	<u>Faculty</u>	<u>Resident</u>
UTMDACC	\$204	\$192
UTSWMC	204	192
UTMB	336	312
UTHSCH	324	312
UTHSCSA	240	228
UTHSCT	288	276
UTAustin	240	228
UTA	240	228
UTSA	240	228

**Oral Surgery Risk Class B**

<u>Institution</u>	<b>Recommended Rates for 9/1/2008</b>	
	<u>Faculty</u>	<u>Resident</u>
UTMDACC	\$912	\$852
UTSWMC	912	852
UTMB	1,488	1,404
UTHSCH	1,452	1,356
UTHSCSA	1,080	1,020
UTHSCT	1,296	1,212
UTAustin	1,080	1,020
UTA	1,080	1,020
UTSA	1,080	1,020

\*For ease in administration, all premium rates have been rounded.

Exhibit 2  
**The University of Texas System Professional Medical Liability Benefit Plan**  
Proposed Distribution of Plan Returns

<u>Institution</u>	<u>2005-2007 Premium Paid</u>	<u>2005-2007 Claims</u>	<u>Loss Ratio</u>	<u>Distribution (50% Loss Ratio/50% Premium)</u>
UTMDACC	\$ 7,244,211	\$ 1,931,702	27%	\$ 2,580,567
UTSWMC	11,855,822	6,278,441	53%	2,969,145
UTMB	16,190,807	7,331,600	45%	4,229,864
UTHSCH	7,678,411	6,334,966	83%	1,534,767
Medical Foundation	5,255,328	4,335,835	83%	1,050,438
UTHSCSA	10,853,688	6,408,560	59%	2,491,397
UTHSCT	685,923	874,028	127%	119,049
UTAustin	108,163	231,618	214%	16,656
UTA	12,711	-	0%	4,529
UTSA	10,069	-	0%	3,588
Subtotal	<u>\$59,895,133</u>	<u>\$33,726,750</u>	56% (avg.)	<u>\$15,000,000</u>
Patient Safety Initiatives				<u>\$ 625,000</u>
<b>TOTAL PROPOSED DISTRIBUTION</b>				<u><b>\$15,625,000</b></u>

6. U. T. System Board of Regents: Amendment to the Regents' *Rules and Regulations*, Rule 40601, Sections 1.12(a), 1.13(a), and 1.15(a) regarding changing the name of the School of Allied Health Sciences to the School of Health Professions at U. T. Southwestern Medical Center – Dallas, U. T. Medical Branch – Galveston, and U. T. Health Science Center – San Antonio; and Section 1.16(d) regarding changing the name of the School of Health Sciences to the School of Health Professions at U. T. M. D. Anderson Cancer Center

The Regents' *Rules and Regulations*, Rule 40601, Sections 1.12(a), 1.13(a), 1.15(a), and 1.16(d), 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:

...

1.12 The University of Texas Southwestern Medical Center at Dallas (U. T. Southwestern Medical Center – Dallas)

(a) The University of Texas Southwestern School of Health Professions at Dallas (U. T. Southwestern School of Health Professions – Dallas)

...

1.13 The University of Texas Medical Branch at Galveston (U. T. Medical Branch – Galveston)

(a) The University of Texas Medical Branch at Galveston School of Health Professions (U. T. School of Health Professions – Galveston)

...

1.15 The University of Texas Health Science Center at San Antonio (U. T. Health Science Center – San Antonio)

(a) The University of Texas Health Science Center at San Antonio School of Health Professions (U. T. Health Science Center – San Antonio School of Health)

...

1.16 The University of Texas M. D. Anderson Cancer Center  
(U. T. M. D. Anderson Cancer Center)

...

(d) The University of Texas M. D. Anderson Cancer Center  
School of Health Professions (U. T. M. D. Anderson  
School of Health Professions)

.....

The first schools of allied health sciences evolved from hospital-based training programs and associated vocational and technical training programs, and have transitioned over the years from the concept of technical health occupations to entail academic preparation, external accreditation, national board examinations, and advanced independent practice. The new name identifies the advances in healthcare education at these schools and reflects current national trends in the health professions.

7. U. T. System: Report on the health workforce in Texas

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

8. U. T. System: Quarterly report on health matters, including initiatives in health science educational experiences, by Executive Vice Chancellor Shine (Deferred)

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

9. U. T. Southwestern Medical Center – Dallas: Approval to name the Exchange Park facility as the Paul M. Bass Administrative and Clinical Center

An additional agenda item had been sent to members of the Board, was before them on yellow paper, and had been posted with the Secretary of State related to the naming of the Exchange Park facility at The University of Texas Southwestern Medical Center at Dallas. The Board approved the naming of the facility as the Paul M. Bass Administrative and Clinical Center in recognition of a gift of \$6 million from the Southwestern Medical Foundation. Vice Chairman Huffines was recorded as abstaining from vote because of a personal relationship.



The Exchange Park building complex, located at 6333 Forest Park Road near the North Campus development at U. T. Southwestern Medical Center – Dallas, was purchased in July 2008 for \$38 million, following Regental approval on May 15, 2008. The building comprises 646,591 gross square feet and includes administrative and clinical offices. The naming of the facility is a part of a negotiated gift from Southwestern Medical Foundation in which \$6 million will be committed to U. T. Southwestern over five years for purposes to be mutually agreed upon by both parties.

Mr. Paul Bass has donated an extraordinary amount of volunteer time and leadership to U. T. Southwestern, serving as chairman of the Southwestern Medical Foundation from 1995-2008 and as the catalyst for substantial gifts for U. T. Southwestern. Mr. Bass also served as chairman of the boards of Zale Lipshy University Hospital and St. Paul University Hospital when the hospitals were private 501(c)(3) entities, and he played a pivotal role in enabling them to be acquired by U. T. Southwestern under uniquely favorable terms. Mr. Bass has also served as chairman of the board of Parkland Memorial Hospital.

REPORT AND RECOMMENDATIONS OF THE FACILITIES PLANNING AND CONSTRUCTION COMMITTEE (Pages 183 - 204).--In the absence of Committee Chairman Huffines, Regent Longoria 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. System: Report on Approval Classifications; final approval for Repair and Rehabilitation projects Items 2 through 5; use of Gift Funding on Capital Improvement Program projects; and impact of oil on commodity prices increasing construction costs

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

2. U. T. Austin: Peter T. Flawn Academic Center Renovation - Amendment of the FY 2008-2013 Capital Improvement Program to include project; approval of total project cost; and appropriation of funds (Final Board approval)

The Board amended the Fiscal Year 2008-2013 Capital Improvement Program (CIP) to include the Peter T. Flawn Academic Center Renovation project at The University of Texas at Austin as follows:

Project No.: 102-406  
 Project Delivery Method: Construction Manager at Risk  
 Substantial Completion Date: April 2012

Total Project Cost:	<u>Source</u>	<u>Current</u>
	Interest on Local Funds	\$20,000,000

- a. approve a total project cost of \$20,000,000 with funding from Interest on Local Funds; and
- b. appropriate funding.

Project Description

The project will improve the critical building systems and upgrade the life safety components as required to comply with codes to provide a complete renovation/reconstruction of the third and fourth floors of the Peter T. Flawn Academic Center at U. T. Austin. The renovation work includes upgrades to the fire alarm system components, telecommunications and data systems, and repair/replacement of the mechanical, electrical, and plumbing systems

to comply with the latest campus design standards, accessibility standards, and environmental regulations. The project will also upgrade and extend the existing fire sprinkler system to serve the entire building.

This repair and rehabilitation 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 approved by the Chancellor at a later date.

3. U. T. Austin: Law School Renovations - Amendment of the FY 2008-2013 Capital Improvement Program to include project; approval of total project cost; appropriation of funds; and authorization of institutional management (Final Board approval)

The Board amended the Fiscal Year 2008-2013 Capital Improvement Program (CIP) to include the Law School Renovations project at The University of Texas at Austin as follows:

Project No.:	102-408	
Institutionally Managed:	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	
Project Delivery Method:	Competitive Sealed Proposals	
Substantial Completion Date:	August 2009	
Total Project Cost:	<u>Source</u> Designated Funds	<u>Current</u> \$6,500,000

- a. approve a total project cost of \$6,500,000, including \$3,500,000 for fire and life safety and other code-required upgrades, with funding from Designated Funds;
- b. appropriate funds; and
- c. authorize U. T. Austin to manage the total project budgets, appoint architects, approve facility programs, prepare final plans, and award contracts.

The project will convert 12,500 gross square feet of law library reference space into approximately 15 additional faculty offices, conference rooms, and administrative assistant space.

The School of Law is in immediate need of additional faculty office space, as it plans to hire as many as 15 new tenured/tenure-track faculty during the next five years, and there is not adequate office space for new hires. Appropriate faculty offices and associated administrative space are needed to attract new faculty and to keep current faculty. The School of Law has not added faculty offices since Jesse H. Jones Hall was built in 1980; however, Law School faculty and staff members have increased substantially. The second floor

library space is separate from the rest of the library, is no longer used intensively, and is immediately below the third floor faculty offices. The library space contains books with information that is now primarily accessed online, and few students use it for a study place. The law library has two full floors in addition to this space for stacks and study which are adequate for the library's needs.

This repair and rehabilitation project has been approved by University of Texas 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. Austin Facility Management personnel who have the experience and capability to manage all aspects of the work.

4. U. T. Austin: Lee and Joe Jamail Texas Swimming Center Renovation/ Renewal - Amendment of the FY 2008-2013 Capital Improvement Program to include project; approval of total project cost; appropriation of funds; and authorization of institutional management (Final Board approval)

The Board amended the Fiscal Year 2008-2013 Capital Improvement Program (CIP) to include the Lee and Joe Jamail Texas Swimming Center Renovation/Renewal project at The University of Texas at Austin as follows:

Project No.:	102-409	
Institutionally Managed:	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	
Project Delivery Method:	Competitive Sealed Proposals	
Substantial Completion Date:	September 2009 for Phase I	
Total Project Cost:	<u>Source</u>	<u>Current</u>
	Interest on Local Funds	\$ 7,500,000
	Auxiliary Enterprise Balances	\$ 7,500,000
		\$15,000,000

- a. approve a total project cost of \$15,000,000 with funding of \$7,500,000 from Interest on Local Funds and \$7,500,000 from Auxiliary Enterprise Balances;
- b. appropriate funds; and
- c. authorize U. T. Austin to manage the total project budgets, appoint architects, approve facility programs, prepare final plans, and award contracts.

The project will be a phased renovation to be completed over a five-year period. The first phase of the project will renovate the following major systems: pool mechanical system; building heating, ventilation, and air

conditioning (HVAC) system; pool basin and deck; and architectural and structural building systems. The pool mechanical renovation includes replacing existing pool mechanical systems. The building HVAC system renovation includes a complete redesign of existing building mechanical systems to minimize corrosion and replace all existing obsolete, deteriorating HVAC building and electrical distribution systems. The pool basin and deck renovation includes replacing original tile and waterproofing, bulkhead guide rails, and embedded support systems. Architectural and structural building system renovations include the preparation and painting of the roof structural steel, replacing the ceiling grid system, installing an ADA ramp and elevator, and installing perimeter deck drains.

This repair and rehabilitation project has been approved by University of Texas 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. Austin Facility Management personnel who have the experience and capability to manage all aspects of the work.

5. U. T. Health Science Center - San Antonio: Renovate Multipurpose Classrooms in Library - Amendment of the FY 2008-2013 Capital Improvement Program to include project; approval of total project cost; appropriation of funds; and authorization of institutional management (Final Board approval)

The Board amended the Fiscal Year 2008-2013 Capital Improvement Program (CIP) to include the Renovate Multipurpose Classrooms in Library project at The University of Texas Health Science Center at San Antonio as follows:

Project No.: 402-411  
 Institutionally Managed: Yes  No   
 Project Delivery Method: Competitive Sealed Proposals  
 Substantial Completion Date: August 2009

Total Project Cost:	<u>Source</u>	<u>Current</u>
	Permanent University Fund Bond Proceeds	\$2,500,000
	Unexpended Plant Funds	<u>\$2,800,000</u>
		\$5,300,000

- a. approve a total project cost of \$5,300,000 with funding of \$2,500,000 from Permanent University Fund (PUF) Bond Proceeds and \$2,800,000 from Unexpended Plant Funds;
- b. appropriate funding; and

- c. authorize U. T. Health Science Center - San Antonio to manage the total project budgets, appoint architects, approve facility programs, prepare final plans, and award contracts.

The project will provide 10 additional classrooms in the Dolph Briscoe, Jr. Library and link them with other classroom space in the Lecture Hall. The renovation includes the relocation of the Multidiscipline Teaching Laboratories from the current location within the School of Medicine to the library. A casual sitting space for students will be included to encourage interactions between students and to establish a 24/7 learning environment for the students.

The \$2,500,000 from PUF was allocated on August 23, 2007, to the School of Medicine Transformation Initiative.

This repair and rehabilitation project has been approved by University of Texas 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. Health Science Center - San Antonio Facility Management personnel who have the experience and capability to manage all aspects of the work.

- 6. U. T. Austin: Darrell K Royal - Texas Memorial Stadium Maintenance and Renovation Project - Amendment of the FY 2008-2013 Capital Improvement Program to increase the total project cost; 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 Darrell K Royal - Texas Memorial Stadium Maintenance and Renovation project at The University of Texas at Austin as follows:

Project No.:	102-370		
Project Delivery Method:	Construction Manager at Risk		
Substantial Completion Date:	August 2009		
Total Project Cost: DKR-TMS Maintenance and Renovation (Project No. 102-370)	Source	Former	Current
	Revenue Financing System Bond Proceeds	\$21,000,000	\$21,000,000
	Gifts	\$ 4,000,000	\$ 8,000,000
		\$25,000,000	\$29,000,000
Investment Metrics:	<ul style="list-style-type: none"> <li>• Add 4,000 new seats in South Grandstand by 2009</li> <li>• Increase revenue from seats and licensing by \$2M annually by 2009</li> <li>• Increase assignable square feet by 48,000 by 2009</li> </ul>		

- a. amend the Fiscal Year 2008-2013 Capital Improvement Program to increase the total project cost from \$25,000,000 to \$29,000,000 with funding from Gifts;
- 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. 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 \$21,000,000.

#### Debt Service

The \$21,000,000 in Revenue Financing System debt will be repaid from auxiliary revenues. Annual debt service on the \$21,000,000 Revenue Finance System debt is expected to be \$1,500,000. The institution's debt service coverage is expected to average 1.3 times over FY 2009-2014.

#### Previous Board Action

On February 7, 2008, the project was included in the CIP with a preliminary project cost of \$25,000,000 with funding of \$21,000,000 from Revenue Financing System Bond Proceeds and \$4,000,000 from Gifts.

#### Project Description

The project involves a collection of projects at L. Theo Bellmont Hall, the south end zone, modifications to W. A. "Tex" Moncrief, Jr. - V. F. "Doc"

Neuhaus Athletic Center (Center), and the East Grandstand. The increase in total project cost is necessary to add the Football Academic Center, Hall of Fame Museum, and training offices to the Center. Gift funds of \$4,000,000 initially raised for the Darrell K Royal - Texas Memorial Stadium Expansion project will be transferred to this project, thus reducing the total project cost of the Expansion project from \$176,537,000 to \$172,537,000.

The plans include interior renovations for offices in L. Theo Bellmont Hall; replacement of temporary bleachers in the south end zone with 4,000 seats; addition of a screen device on the back of the scoreboard at the south end zone; replacement of the existing tent structure with a new tent; addition of the Football Academic Center and Hall of Fame Museum; enclosure of the existing covered walk with heating, ventilation, and air conditioning (HVAC) systems at the Center; replacement and additions of exterior gates, drive-ways, parking, and paving improvements at the east plaza at the entrance to the Center; improved security and site access around Gate 32; addition of a new exterior egress stair at the southwest corner of the Center; replacement of HVAC systems at the east grandstand suites; addition of training offices at the field level of the Center; and waterproofing replacement and concrete repair work at the east grandstands.

*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. El Paso: College of Health Sciences/School of Nursing - Approval of design development; approval to revise the funding sources; 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 College of Health Sciences/School of Nursing project at The University of Texas at El Paso as follows:

Project No.:	201-383		
Project Delivery Method:	Construction Manager at Risk		
Substantial Completion Date:	February 2011		
Total Project Cost:	<u>Source</u>	<u>Former</u>	<u>Current</u>
	Permanent University Fund Bond Proceeds	\$50,000,000	\$50,000,000
	Gifts	\$10,000,000	----
	Revenue Financing System Bond Proceeds	-----	\$10,000,000
		\$60,000,000	\$60,000,000



Investment Metrics:

By 2015:

- Increased external research funding in health sciences
- Growth in enrollment in master's degree programs in the health professions
- Growth in enrollment in doctoral programs in the health professions
- Growth in enrollment in the undergraduate Nursing programs
- Growth in the number of degrees awarded annually in health-related disciplines
- Growth in endowment funding in the College of Health Sciences and in the School of Nursing

- a. approval of design development plans;
- b. revise the funding source of \$10,000,000 from Gifts to Revenue Financing System Bond Proceeds;
- c. appropriate funds and authorize expenditure of \$50,000,000 from Permanent University Fund (PUF) Bond Proceeds and \$10,000,000 from Revenue Financing System Bond Proceeds;
- 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. El Paso, 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 \$10,000,000.

### Debt Service

The \$10,000,000 in Revenue Financing System debt will be repaid from gift and grant funds. Annual debt service on the \$10,000,000 Revenue Financing System debt is expected to be \$726,000. The institution's debt service coverage is expected to average 2.8 times over FY 2009-2014.

### Previous Board Actions

On August 23, 2007, the Board approved the allocation of \$50,000,000 from PUF Bond Proceeds and \$10,000,000 from Gifts for the project. On November 9, 2007, the project was included in the Capital Improvement Program (CIP) with a total project cost of \$60,000,000 with funding of \$50,000,000 from PUF and \$10,000,000 from Gifts.

### Project Description

The project consists of construction of a new building of approximately 137,898 gross square feet to house a new health science complex to replace the existing College of Health Sciences and School of Nursing facilities. This building will be Phase 1 of a two-stage project to address the growing space deficit and improve the quality of teaching, learning, research, and public service for the nearly 2,500 undergraduate and graduate students in the health-related programs. The facility will include classrooms, faculty offices, research laboratories, and a state-of-the-art simulation lab as well as student study areas. Phase II will complete the relocation of all remaining programs to the health sciences 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 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. El Paso: Physical Sciences/Engineering Core Facility - Amendment of the FY 2008-2013 Capital Improvement Program to increase the total project cost; approval to revise the funding sources; approval of design development for the new portion of the project; designation of the building as the Chemistry and Computer Science Building; 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 new portion of the Physical Sciences/Engineering Core Facility project at The University of Texas at El Paso as follows:

Project No.:	201-268		
Project Delivery Method:	Construction Manager at Risk		
Substantial Completion Date:	April 2011		
Total Project Cost:	Source	Former	Current
	Permanent University Fund Bond Proceeds	\$ 8,500,000	\$ 8,500,000
	Tuition Revenue Bond Proceeds	\$76,500,000	\$76,500,000
	Revenue Financing System Bond Proceeds	----	\$ 400,000
		\$85,000,000	\$85,400,000
Total Project Cost for the Repair and Rehabilitation Portion:	Source	Former	Current
	Tuition Revenue Bond Proceeds	\$21,000,000	\$14,800,000
	Revenue Financing System Bond Proceeds		\$ 400,000
			\$15,200,000
Total Project Cost for the Chemistry and Computer Science Building:	Source	Former	Current
	Permanent University Fund Bond Proceeds	\$ 8,500,000	\$ 8,500,000
	Tuition Revenue Bond Proceeds	\$55,500,000	\$61,700,000
		\$64,000,000	\$70,200,000
Investment Metrics:	<ul style="list-style-type: none"> <li>• Increase Chemistry and Computer Science faculty retention and recruitment efforts by 2012</li> <li>• Facilitate efforts to enhance the stature of the Chemistry and Computer Science department</li> <li>• Improve facilities to encourage interdisciplinary interaction and research opportunities among faculty and students</li> <li>• Increase extramural funding by 2012</li> <li>• Provide increased space for research laboratories, teaching and learning facilities and faculty offices in the departments of Chemistry and Computer Science</li> </ul>		

- a. amend the FY 2008-2013 Capital Improvement Program (CIP) to increase the total project cost from \$85,000,000 to \$85,400,000;
- b. revise the funding sources from \$76,500,000 from Tuition Revenue Bond Proceeds and \$8,500,000 from Permanent University Fund (PUF) Bond Proceeds to \$76,500,000 from Tuition Revenue Bond Proceeds, \$8,500,000 from PUF Bond Proceeds; and \$400,000 from Revenue Financing System Bond Proceeds;
- c. approve design development plans for the new portion;
- d. approve the designation of the new building portion of the project as the Chemistry and Computer Science Building;
- e. appropriate remaining funds and authorize expenditure of funds in the amount of \$55,500,000 from Tuition Revenue Bond Proceeds and \$8,500,000 from PUF Bond Proceeds, and \$400,000 from Revenue Financing System Bond Proceeds;
- 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. El Paso, 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 \$55,900,000.

#### Debt Service

The 79th Legislature authorized \$55,500,000 of Tuition Revenue Bonds for a physical science and engineering core facility. While the debt service is payable from pledged revenues, it is expected that the State will reimburse

debt service on Tuition Revenue Bonds through general revenue appropriations. The \$400,000 in Revenue Financing System debt will be repaid from institutional funds. Annual debt service on the \$400,000 Revenue Financing System debt is expected to be \$35,000. The institution's debt service coverage is expected to average 2.8 times over FY 2009-2014.

#### Previous Board Actions

On August 11, 2006, the project was included in the CIP with a preliminary project cost of \$85,000,000 with funding of \$76,500,000 from Tuition Revenue Bond Proceeds and \$8,500,000 from PUF Bond Proceeds. In September 2006, the Chancellor approved the design development plans for the renovation portion of the project. On November 16, 2006, the Board approved the appropriation of the funding in the amount of \$21,000,000 from Tuition Revenue Bonds for the repair and rehabilitation portion of the project. On November 16, 2006, the Board approved reducing the total project cost from \$85,000,000 to \$83,800,000 with funding of \$1,200,000 from PUF allocated to allow for the purchase of a commercial building property located at 3401 North Mesa Street. On February 7, 2008, the Board approved moving the \$1,200,000 in PUF funding back into the project for construction since the property purchase transaction was not completed.

#### Project Description

U. T. El Paso will designate the new building to be constructed as the Chemistry and Computer Science Building to be located at the southeast corner of the Engineering Annex Building. A large forum space will be located within the new building serving as a welcoming space to the Hawthorne Street entry. The forum will provide the interaction among students and faculty that is so important to the concept of the new building. The new facility will be approximately 145,827 gross square feet to include research space, teaching laboratories, support spaces for the laboratories, classrooms, department and faculty offices, and shell space for future expansion.

The increase in total project cost is the unexpended balance of Revenue Financing System Bond Proceed funding previously approved by the U. T. System Board of Regents on November 9, 2007, for the acquisition of the Schuster property. The increase will be used for the asbestos abatement, demolition, and parking lot paving for improvements to the property that will house the child care center.

The funding for the repair and rehabilitation portion of the Physical Sciences/ Engineering Core Facility project will be reduced from \$21,000,000 to \$14,800,000 and the appropriated balance in the amount of \$6,200,000 will be transferred to the new construction for the project. The increase of \$400,000 will remain in the repair and rehabilitation portion of the project. The Chemistry and Computer Science Building has a total project cost of \$70,200,000.

*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. Permian Basin: Student Multipurpose Center - 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 Multipurpose Center project at The University of Texas of the Permian Basin as follows:

Project No.:	501-340	
Project Delivery Method:	Competitive Sealed Proposals	
Substantial Completion Date:	July 2010	
Total Project Cost:	Source	Current
	Revenue Financing System Bond Proceeds	\$12,000,000

- Investment Metrics:
- The number of meals served to students will increase by 15% during FY 2011
  - The number of students utilizing the new fitness area will increase 10% during FY 2011
  - Enrollment in classes for FY 2011 will increase by 5% because of the available on-campus child care
  - Student retention will increase by approximately 4% with the new Student Multipurpose Center providing more of a traditional campus environment

- a. approve design development plans;
- b. appropriate funds and authorize expenditure of funds;
- 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. Permian Basin, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$12,000,000.

#### Debt Service

The \$12,000,000 in Revenue Financing System debt will be repaid from student fees. Annual debt service on the \$12,000,000 Revenue Financing System debt is expected to be \$872,000. The project's debt service coverage is expected to average at least 1.3 times over FY 2011-2015. The student fee that is expected to support the Revenue Financing System debt was approved by the U. T. Permian Basin student body on January 24, 2007. The fee was subsequently approved by the 80th Texas Legislature, effective June 15, 2007.

#### Previous Board Action

On May 10, 2006, the project was included in the Capital Improvement Program (CIP) with a total project cost of \$12,000,000 with funding from Revenue Financing System Bond Proceeds.

#### Project Description

The building will be approximately 28,698 gross square feet located south of and adjacent to the Mesa Building. The multipurpose facility will offer food service, coffee shop, convenience store, fitness area, child care, student senate and student life offices, game rooms, study areas, and an outdoor shaded pavilion.

*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.

10. U. T. Permian Basin: The Wagner Noël Performing Arts Center - Amendment of the FY 2008-2013 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 Wagner Noël Performing Arts Center project at The University of Texas of the Permian Basin as follows:

Project No.:	501-262		
Project Delivery Method:	Construction Manager at Risk		
Substantial Completion Date:	September 2011		
Total Project Cost:	Source	Former	Current
	Permanent University Fund Bond Proceeds	\$ 6,500,000	\$12,500,000
	Gifts	\$14,500,000	\$16,000,000
	Tuition Revenue Bond Proceeds	\$45,000,000	\$45,000,000
	Grants	---	\$ 7,500,000
		\$66,000,000	\$81,000,000

- Investment Metrics:
- Visibility of music and fine arts programs within the community and the region will increase by more than 5% from FY 2011 to FY 2012
  - Enrollment in the music and fine arts programs will increase by more than 10% with additional classroom and recital hall space from FY 2011 to FY 2012
  - Attendance at major performances will increase by 10% after opening year
  - Use of the facility/number of performances, recitals, and other functions will increase by 10% from FY 2011 to FY 2012
- a. amend the Fiscal Year 2008-2013 Capital Improvement Program (CIP) to increase the total project cost from \$66,000,000 to \$81,000,000;
  - b. revise the funding sources from \$45,000,000 from Tuition Revenue Bond Proceeds, \$14,500,000 from Gifts, and \$6,500,000 from Permanent University Fund (PUF) Bond Proceeds to \$45,000,000 from Tuition Revenue Bond Proceeds, \$16,000,000 from Gifts, \$12,500,000 from Permanent University Fund Bond Proceeds, and \$7,500,000 from Grants;
  - 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. Permian Basin, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$45,000,000.

#### Debt Service

The 79th Legislature authorized \$45,000,000 of Tuition Revenue Bonds for an arts, convocation, and classroom center. While the debt service is payable from pledged revenues, it is expected that the State will reimburse debt service on Tuition Revenue Bonds through general revenue appropriations.

#### Previous Board Actions

On June 20, 2006, the project was included in the CIP as the Arts, Convocation, and Classroom Facility at the Center for Energy and Economic Diversification (CEED) with a total project cost of \$45,000,000 with funding from Tuition Revenue Bond Proceeds. On August 10, 2006, the Board approved the increase in the total project cost to \$51,000,000 with funding of \$45,000,000 from Tuition Revenue Bond Proceeds, \$3,000,000 from PUF Bond Proceeds, and \$3,000,000 from Gifts. On April 20, 2007, the project was redesignated as The Wagner Noël Performing Arts Center.

On August 23, 2007, the Board approved increasing the total project cost to \$66,000,000 with funding of \$45,000,000 from Tuition Revenue Bonds, \$6,500,000 from PUF, and \$14,500,000 from Gifts. On June 20, 2008, the Board approved the additional allocation of up to \$6,000,000 from PUF and a \$7,500,000 Grant acquired from the Texas Department of Transportation.

The additional \$6,000,000 of PUF funding being will provide matching funds to assist U. T. Permian Basin in its efforts to raise an additional \$4,000,000 of

Gifts for an endowment to fund operating expenses for the project. Therefore, the additional PUF funding will be released on a 60/40 pro rata basis as the \$4,000,000 of additional Gifts are raised.

### Project Description

The project to be located at the CEED consists of 97,700 gross square feet to provide a performing arts center with supporting spaces. The main auditorium seats 1,800 and will also serve as a convocation center for various functions. The center will also feature a separate 200 seat recital hall with retractable seating for multiple use functions. The site will contain parking for approximately 1,000 vehicles.

The oil and gas production industry has significantly impacted the Midland/Odessa construction climate. The price of oil has essentially doubled over the past eight months to an all time high exceeding \$130 per barrel. As a result, oil field activity has boomed in the area. Construction labor and project management expertise remains in very short supply in this small, relatively isolated market with oil companies paying significantly more than area construction companies. Unemployment is down below 3%. The net result is that labor rates have risen significantly in the last year in the region indicating wage increases for critical craft labor of between 30%-100% over the affected period.

The geographic isolation of Midland/Odessa makes it difficult to draw on the construction communities of other metropolitan areas. The nearest market, Lubbock, is two hours away and shares some of the same limitations and cost drivers as Midland/Odessa. The nearest large markets (the Dallas/Fort Worth Metroplex, Amarillo, El Paso, and San Antonio) are approximately 300 miles away. Contractors working in this area from these markets must factor per diem expenses into their cost of work, as well as hourly wage premiums to attract craft labor away from their "home market" for the duration of the project. Trades being imported into the area include concrete formwork, drywall installation, electrical, steel erection, complex heating/ventilation/air conditioning, external/internal finishes and specialty trades.

Regional manpower shortages began to affect local bids in a significant way in 2007. The combined effect of higher oil prices, commodity escalation, and increased construction activity resulted in proposals on local projects that vary significantly from existing pricing models of contractors, consultants, and Office of Facilities Planning and Construction (OFPC). The Wagner Noël Performing Arts Center project will require sophisticated subcontractors from outside the region, attracted by higher hourly salaries and per diem allowances for temporary accommodations. While OFPC believes that the contractor's contingencies are somewhat high, considering the early stage of

design, they are an appropriate way to mitigate risk. Should the market prove more competitive during subcontract buy-out, the project will be well positioned to add desired elements back into the project in a cost-effective way and achieve overall savings.

In December 2007, the Construction Manager-at-Risk, Hunt Construction Group, as part of their pre-construction services, provided OFPC with a construction cost estimate at Schematic Design that was 50% over target budget. OFPC has worked with the project stakeholders to refine needs and scope and challenged the project team to develop cost reduction strategies that maintain the programmatic intent of this facility. While some reductions were achieved, labor contingencies continue to drive the early Construction Manager's estimates for this project. Accordingly, the initial CIP conceptual estimate of \$66 million will need to be increased approximately 22% to \$81,000,000. This represents a not-to-exceed amount for the total project cost of the facility.

Fundraising efforts to date for this project have been successful with approximately \$20 million in pledges received. An additional fundraising effort is about to be undertaken to raise \$4 to \$6 million of additional local funds to accommodate increased construction costs and associated facility operating expenses.

*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.

11. U. T. Medical Branch - Galveston: Student Housing – Request for 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) (Deferred)

The item related to a Student Housing project at The University of Texas Medical Branch at Galveston was deferred.

12. U. T. Austin: Art Building and Museum Renovation - Amendment of the FY 2008-2013 Capital Improvement Program to increase the total project cost; revise the funding source; appropriation of funds; and resolution regarding parity debt (Final Board approval)

The Board approved the recommendations for the Art Building and Museum Renovation project at The University of Texas at Austin as follows:

Project No.:	102-273		
Project Delivery Method:	Construction Manager at Risk		
Substantial Completion Date:	December 2009		
Total Project Cost:	Source	Former	Current
	Gifts	\$3,500,000	
	Revenue Financing System Bond Proceeds		\$7,000,000

- a. amend the Fiscal Year 2008-2013 Capital Improvement Program (CIP) to increase the total project cost from \$3,500,000 to \$7,000,000;
- b. revise the funding source from \$3,500,000 from Gifts to \$7,000,000 from Revenue Financing System Bond Proceeds;
- c. appropriation of funds; and
- d. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that
  - parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt;
  - sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System; and
  - U. T. 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 \$7,000,000.

Debt Service

The \$7,000,000 in Revenue Financing System debt will be repaid from Designated Funds. Annual debt service on the \$7,000,000 Revenue

Financing System debt is expected to be \$509,000. The institution's debt service coverage is expected to average 2.2 times over FY 2009-2014.

Previous Board Action

On June 20, 2006, the project was included in the CIP with a total project cost of \$3,500,000 with funding from Gifts.

Project Description

The project includes renovation of existing administrative and gallery spaces in the Art Building and Museum occupied by the Jack S. Blanton Museum of Art. The Department of Art and Art History will occupy the renovated space to become studio labs for graduate students in the art program. Space will also be used for administrative offices. The increase to the total project cost is needed to allow for the new main entry on the east side of the existing Art Building and significant renovation to the existing gallery for the display of faculty and student work. Within the renovated area, the project will also address fire and life safety systems.

The Art Building and Museum, located at the corner of San Jacinto Boulevard and 23rd Street, was originally constructed in 1962. Two later additions were constructed on the north side of the original building.

Approval of design development plans and authorization of expenditure of funds will be approved by the Chancellor at a later date.

13. U. T. Austin: Utility Infrastructure Project - Phase II - Amendment of the FY 2008-2013 Capital Improvement Program to increase the total project cost; appropriation of additional funds and authorization of expenditure; and resolution regarding parity debt (Final Board approval)

The Board approved the recommendations for the Utility Infrastructure Project - Phase II at The University of Texas at Austin as follows:

Project No.:	102-322		
Institutionally Managed:	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	
Project Delivery Method:	Construction Manager at Risk		
Substantial Completion Date:	August 2009		
Total Project Cost:	<u>Source</u>	<u>Former</u>	<u>Current</u>
	Revenue Financing System Bond Proceeds	\$54,050,000	\$57,750,000

- a. amend the FY 2008-2013 Capital Improvement Program (CIP) to increase the total project cost from \$54,050,000 to \$57,750,000;
- b. appropriate and authorize expenditure of additional funds of \$3,700,000 from Revenue Financing System Bond Proceeds; and

- c. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that
- parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt;
  - sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System; and
  - U. T. Austin, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$3,700,000.

#### Debt Service

The \$3,700,000 in Revenue Financing System debt will be repaid from designated funds. Annual debt service on the \$3,700,000 Revenue Financing System debt is expected to be \$269,000. The institution's debt service coverage is expected to average 2.2 times over FY 2009-2014.

#### Previous Board Action

On November 16, 2006, the project was included in the CIP with a total project cost of \$49,500,000 and funding was appropriated from Revenue Financing System Bond Proceeds. On October 19, 2007, the Chancellor approved the increase in total project cost from \$49,500,000 to \$54,050,000 with additional funding of \$4,550,000 appropriated from Revenue Financing System Bond Proceeds.

#### Project Description

The institutionally managed repair and rehabilitation project includes a series of phased projects to replace a gas turbine generator and waste heat boiler, upgrade cooling systems in Chilling Stations 3 and 4, and construct a new thermal energy storage tank (TES) for chilled water. The increased cost is for the expanded scope of the TES project to meet the larger-than-anticipated cooling requirements of the Experimental Science Building as well as the central area of the main campus. The installation of larger pumps and related piping systems as well as a connection to chilled water lines leading to the central campus will be required to meet the utility needs.

14. U. T. Pan American: Old Computer Center Renovation - Amendment of the FY 2008-2013 Capital Improvement Program to increase the total project cost and appropriation and authorization of expenditure of additional funds (Final Board approval)

The Board approved the recommendations for the Old Computer Center Renovation project at The University of Texas - Pan American as follows:

Institutional Managed: Yes  No   
Project Delivery Method: Competitive Sealed Proposals  
Substantial Completion Date: December 2008  
Total Project Cost: 

<u>Source</u>	<u>Former</u>	<u>Current</u>
Higher Education Assistance Funds	\$2,000,000	\$3,000,000

- a. amend the Fiscal Year 2008-2013 Capital Improvement Program (CIP) to increase the total project cost from \$2,000,000 to \$3,000,000; and
- b. appropriate funds and authorize expenditure of additional funds in the amount of \$1,000,000 from Higher Education Assistance Funds (HEAF).

Previous Board Action

On August 23, 2007, the project was included in the CIP with a total project cost of \$2,000,000 with funding from HEAF.

Project Description

The institutionally managed project involves the upgrades for mechanical, electrical, and plumbing components in the building to accommodate technological capacity for the next five years. The increase in total project cost is necessary for the renovation of offices to house the expanding Office of Research and Sponsored Programs.

RECONVENE BOARD OF REGENTS AS COMMITTEE OF THE WHOLE.--  
At 12:10 p.m., the Board reconvened as a committee of the whole.

SCHEDULED MEETING.--The next regularly scheduled meeting will be held on  
November 12-13, 2008, in El Paso, Texas.

ADJOURNMENT.--There being no further business, the meeting was adjourned  
at 12:10 p.m.

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

November 3, 2008



**THE UNIVERSITY OF TEXAS SYSTEM ADMINISTRATION  
DOCKET NO. 135**

July 28, 2008

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 August 14, 2008. The Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, the Vice Chancellor and General Counsel, and I concur in these recommendations.

<u>Institutions</u>	<u>Pages</u>
The University of Texas System Administration	Docket 1 - 3
The University of Texas at Arlington	Docket 4 - 11
The University of Texas at Austin	Docket 12 - 24
The University of Texas at Brownsville	Docket 25 - 29
The University of Texas at Dallas	Docket 30 - 37
The University of Texas at El Paso	Docket 38 - 45
The University of Texas - Pan American	Docket 46 - 50
The University of Texas of the Permian Basin	Docket 51 - 57
The University of Texas at San Antonio	Docket 58 - 64
The University of Texas at Tyler	Docket 65 - 69
The University of Texas Southwestern Medical Center at Dallas	Docket 70 - 75
The University of Texas Medical Branch at Galveston	Docket 76 - 81
The University of Texas Health Science Center at Houston	Docket 82 - 90
The University of Texas Health Science Center at San Antonio	Docket 91 - 95
The University of Texas M. D. Anderson Cancer Center	Docket 96 -103
The University of Texas Health Science Center at Tyler	Docket 104 -105

Kenneth I. Shine  
Chancellor ad interim  
and Executive Vice Chancellor for Health Affairs

xc: Other Members of  
the Board

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## U. T. SYSTEM ADMINISTRATION

### AMENDMENTS TO THE 2007-08 BUDGET

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

#### TRANSFER OF FUNDS

<u>Description</u>	<u>\$ Amount</u>	<u>RBC #</u>
PERMANENT UNIVERSITY FUNDS		
1. Amount of Transfer:	900,000	058
From: Permanent University Funds		
To: Permanent University Fund Management Expenses		
Transfer needed to fund legal and consultant fees to study the Permanent University Fund forward sale.		
PLANT FUNDS		
2. Amount of Transfer:	1,505,000	059
From: Available University Funds		
To: Fire and Life Safety	100,000	
Security Camera Upgrades	55,000	
Plaza Waterproofing	150,000	
Colorado Building Renovation	210,000	
Ashbel Smith Hall ADA Improvements	800,000	
Bauer House Repairs	190,000	
Transfer needed to fund various fire and life safety upgrades, building renovations, and ADA improvements (building entry and restroom) to U. T. System Administration buildings and Bauer House repairs.		

## OTHER MATTERS

### APPROVAL OF NEWLY COMMISSIONED U. T. SYSTEM PEACE OFFICERS

In accordance with Chapter 51.203 of the *Texas Education Code*, the U. T. System Board of Regents is requested to approve formally the commissioning of the individuals listed below as peace officers effective June 13, 2008. The following officers have completed a course of training that included mandated Texas Commission on Law Enforcement Officer Standards and Education courses at The University of Texas System Police Training Academy and have successfully passed the State of Texas Peace Officer Licensing Examination.

<u>Name</u>	<u>Institution</u>
Michael D. Alves	U. T. Austin
Andre M. Boronell	U. T. Austin
Fidencio Castaneda III	U. T. Pan American
Stephanie N. Cisneros	U. T. Austin
Rafael DelaTejera	U. T. Pan American
Alec Henry	U. T. Medical Branch - Galveston
Caitlin P. Jensen	U. T. Austin
Ronnie L. Johnson	U. T. Medical Branch - Galveston
Kori K. Long	U. T. Health Science Center - Houston
Robert H. Major III	U. T. San Antonio
Joe Raymond Mitchel	U. T. Dallas
Erica F. Murphy	U. T. Health Science Center - Houston
James W. Schock II	U. T. Austin

# REAL ESTATE REPORT

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

Summary Report at May 31, 2008

	FUND TYPE							
	Current Purpose Restricted		Endowment & Similar Funds		Annuity & Life Income Funds		TOTAL	
	Book	Market	Book	Market	Book	Market	Book	Market
<b>Land &amp; Buildings:</b>								
Ending Value 02/29/08	\$ 3,665,534	\$ 29,025,159	\$ 104,705,997	\$ 253,482,098	\$ 1,789,250	\$ 1,819,766	\$ 110,160,780	\$ 284,327,023
Increase or Decrease	(44,999)	(35,899)	(75,000)	30,887,620	-	-	(119,999)	30,851,721
Ending Value 05/31/08	<u>\$ 3,620,535</u>	<u>\$ 28,989,260</u>	<u>\$ 104,630,997</u>	<u>\$ 284,369,718</u>	<u>\$ 1,789,250</u>	<u>\$ 1,819,766</u>	<u>\$ 110,040,781</u>	<u>\$ 315,178,744</u>
<b>Other Real Estate:</b>								
Ending Value 02/29/08	\$ 88,285	\$ 88,285	\$ 151,613	\$ 151,613	\$ -	\$ -	\$ 239,898	\$ 239,898
Increase or Decrease	(1,668)	(1,668)	(10,572)	(10,572)	-	-	(12,240)	(12,240)
Ending Value 05/31/08	<u>\$ 86,617</u>	<u>\$ 86,617</u>	<u>\$ 141,041</u>	<u>\$ 141,041</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 227,658</u>	<u>\$ 227,658</u>

Report prepared in accordance with Sec. 51.0032 of the *Texas Education Code*.

Details of individual assets by account furnished on request.

Note: Surface estates are managed by the U. T. System Real Estate Office. Mineral estates are managed by U. T. System University Lands – West Texas Operations. 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: Oncor Electric Delivery Company, LLC  
Funds: \$54,000  
Period: Effective September 1, 2008 and running until such time as electrical services are no longer needed and easement is abandoned  
Description: License agreement whereby Oncor will place or install underground electrical distribution facilities on a portion of the Arlington Regional Data Center campus, a U. T. Arlington managed property owned by U. T. System located at 200 East Loop 820, Fort Worth, Texas.
2. Agency: Oncor Electric Delivery Company, LLC  
Funds: \$36,000  
Period: Effective September 1, 2008 and running until such time as electrical services are no longer needed and easement is abandoned  
Description: License agreement whereby Oncor will place or install underground electrical distribution facilities to provide for permanent electrical service to Lipscomb Hall located north of West Mitchell Street between South Pecan Street and South Center Street on the main campus of U. T. Arlington.

## **CHANGES TO ADMISSIONS CRITERIA**

The following changes, in congressional style, to the admission criteria and the criteria for the award of institutional scholarships or fellowships are proposed for inclusion in the Graduate Catalog at The University of Texas at Arlington. The changes 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:

### **Summary of Changes to Admission Criteria**

Please note: Three proposed changes to the admission requirements to the MS Program in Real Estate are presented below:

- 1) Two letters of reference will be required instead of three.
- 2) Index score leading to consideration for probationary admission will be changed from 1080 to 1120.
- 3) Applicants will be informed that index scores below 1100, instead of 1040, generally do not support admission but that the applicant's record has been examined for other evidence of potential for success in such cases.

**AMENDMENTS TO THE 2007-08 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>	
<b>COLLEGE OF BUSINESS</b>					
Marketing					
1. Roger A. Dickinson					2551
From: Professor (T)		100	09	111,518	
To: Professor Emeritus	6/9-8/31			0	
<b>COLLEGE OF LIBERAL ARTS</b>					
Music					
2. Ray C. Lichtenwalter					2554
From: Adjunct Professor (T)		100	09	60,433	
To: Professor Emeritus	6/9-8/31			0	
3. Bill G. Snodgrass					2557
From: Adjunct Associate Professor (T)		100	09	54,778	
To: Professor Emeritus	6/9-8/31			0	
<b>COLLEGE OF SCIENCE</b>					
Earth and Environmental Sciences					
4. William L. Balsam					2550
From: Professor (T)		100	09	74,868	
To: Professor Emeritus	6/9-8/31			0	

**AMENDMENTS TO THE 2007-08 BUDGET (CONTINUED)**

**TENURE APPOINTMENTS (CONTINUED)**

<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>	
<b>SCHOOL OF ARCHITECTURE</b>					
Architecture					
5. Carroll L. Wright, Jr.					2558
From: Professor (T)		100	09	72,484	
To: Professor Emeritus	6/9-8/31			0	
<b>SCHOOL OF NURSING</b>					
Nursing					
6. Susan Grove Suggs					2555
From: Adjunct Professor (T)		100	09	93,812	
To: Professor Emeritus	6/9-8/31			0	
<b>SCHOOL OF SOCIAL WORK</b>					
Social Work					
7. Wayne D. Duehn					2552
From: Professor (T)		100	09	64,378	
To: Professor Emeritus	6/9-8/31			0	

## NEW AWARD OF TENURE

The following personnel actions involving new award of tenure have been administratively approved by the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the 2009 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>College of Business</b>		
<b>Administration</b>		
Information Systems and Operations Management Sridhar Nerur	Assistant Professor (NT)	Associate Professor (T)
Management George Benson Wendy Casper	Assistant Professor (NT) Assistant Professor (NT)	Associate Professor (T) Associate Professor (T)
<b>College of Education</b>		
Education Leadership and Policy Studies David Stader	Assistant Professor (NT)	Associate Professor (T)
<b>College of Engineering</b>		
Civil and Environmental Engineering Stephen Mattingly	Assistant Professor (NT)	Associate Professor (T)
Computer Science and Engineering Hao Che Yu Lei Gergely Zaruba	Assistant Professor (NT) Assistant Professor (NT) Assistant Professor (NT)	Associate Professor (T) Associate Professor (T) Associate Professor (T)
Electrical Engineering Babak Fahimi Sungyong Jung Qilian Liang	Assistant Professor (NT) Assistant Professor (NT) Assistant Professor (NT)	Associate Professor (T) Associate Professor (T) Associate Professor (T)
<b>College of Liberal Arts</b>		
Art R. Leighton McWilliams	Assistant Professor (NT)	Associate Professor (T)
English Kevin Porter	Assistant Professor (NT)	Associate Professor (T)

**NEW AWARD OF TENURE (CONTINUED)**

College, Department, and Name                      From                      To

**College of Liberal Arts (Continued)**

Sociology and Anthropology

Robert Kunovich	Assistant Professor (NT)	Associate Professor (T)
Christian Zlalniski	Assistant Professor (NT)	Associate Professor (T)

**School of Architecture**

Architecture

Steven Quevedo	Assistant Professor (NT)	Associate Professor (T)
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**School of Social Work**

Social Work

Randall Basham	Assistant Professor (NT)	Associate Professor (T)
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## SMALL CLASS REPORT, FALL 2007 AND SPRING 2008

Pursuant to Section 51.403 of the *Texas Education Code* and Section 5.301 of the Texas Higher Education Coordinating Board *Rules*, a report for the record regarding the teaching of small classes has been filed. The institution has reviewed the data in this report and, as appropriate, made administrative changes to ensure that teaching such small classes continues to be justified. The detailed listing of small classes is available in The University of Texas System Office of Academic Affairs and is summarized as follows:

### Organized Undergraduate Classes with Fewer than 10 Enrolled Students

Primary Reasons for Teaching	Fall	Spring	Total	Prior Year Total
a. Required for Graduation	2	1	3	13
b. To keep proper sequence	0	2	2	4
c. New program	0	0	0	0
d. Cross listed	0	0	0	0
e. First time offered	0	0	0	0
f. Accreditation or licensing standard	0	0	0	0
g. Limited facilities	0	0	0	0
Subtotal	2	3	5	17
h. Voluntarily offered	6	5	12	14
Total	8	8	17	31
Semester Credit Hours generated in small classes	75	141	216	387
Percentage of total Semester Credit Hours offered in small classes	0.04%	0.08%	0.06%	0.09%

**SMALL CLASS REPORT, FALL 2007 AND SPRING 2008 (CONTINUED)**

**Organized Graduate Classes with  
Fewer than 5 Enrolled Students**

Primary Reasons for Teaching	Fall	Spring	Total	Prior Year Total
a. Required for graduation	0	1	1	7
b. To keep proper sequence	1	0	1	4
c. New program	0	0	0	0
d. Cross listed	0	0	0	3
e. First time offered	0	0	0	0
f. Accreditation or licensing standard	0	0	0	0
g. Limited facilities	0	0	0	0
Subtotal	1	1	2	14
h. Voluntarily offered	0	0	0	0
Total	1	1	2	14
Semester Credit Hours generated in small classes	12	12	24	141
Percentage of total Semester Credit Hours offered in small classes	0.03%	0.03%	0.03%	0.19%



## U. T. AUSTIN

### GIFTS

The following gifts have been received, have been administratively approved by the President or his delegate, and are recommended for approval by the U. T. System Board of Regents:

1. Donor Name: The Meadows Foundation  
College/School/ Department: College of Education  
Purpose: Meadows Center for Preventing Educational Risk  
Asset Type: Pledge  
Value: \$1,500,000 pledged with a \$300,000 payment
  
2. Donor Name: The Packard Humanities Institute  
College/School/ Department: College of Liberal Arts, Department of Classics  
Purpose: Unrestricted  
Asset Type: Cash  
Value: \$1,671,230
  
3. Donor Name: The Welch Foundation  
College/School/ Department: Various  
Purpose: Grants for research in chemistry  
Asset Type: Cash  
Value: \$1,120,000

## 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: AT&T Mobility TX LLC  
Funds: \$1,500 per month for the term of the license  
Period: August 15, 2008 through the earlier of  
(a) August 31, 2009 or (b) sixty (60) days after  
the U. T. System Board of Regents, on behalf of  
U. T. Austin, gives AT&T Mobility TX LLC written  
notice of commencement of the Distributed Antenna  
System serving the U. T. Austin campus  
Description: License agreement replaces lease agreement to  
expire August 15, 2008, to allow for completion of the  
Distributed Antenna System and to ensure cellular  
coverage during the U. T. Austin football season  
beginning August 30, 2008. The license agreement is  
for a telecommunications tower site located on the  
rooftop of the Art Building and Museum (2301 San  
Jacinto Boulevard).
2. Agency: AT&T Mobility TX LLC  
Funds: \$1,500 per month for the term of the license  
Period: August 15, 2008 through the earlier of  
(a) August 31, 2009 or (b) sixty (60) days after  
the U. T. System Board of Regents, on behalf of  
U. T. Austin, gives AT&T Mobility TX LLC written  
notice of commencement of the Distributed Antenna  
System serving the U. T. Austin campus  
Description: License agreement replaces lease agreement to  
expire August 15, 2008, to allow for completion of the  
Distributed Antenna System and to ensure cellular  
coverage during the U. T. Austin football season  
beginning August 30, 2008. The license agreement is  
for a telecommunications tower site located on the  
rooftop of Manor Garage (2017 Robert Dedman  
Drive).

## CONTRACTS (CONTINUED)

### GENERAL CONTRACTS (CONTINUED)

#### FUNDS COMING IN (CONTINUED)

3. Agency: AT&T Mobility TX LLC  
Funds: \$1,500 per month for the term of the license  
Period: September 9, 2008 through the earlier of  
(a) August 31, 2009 or (b) sixty (60) days after  
the U. T. System Board of Regents, on behalf of  
U. T. Austin, gives AT&T Mobility TX LLC written  
notice of commencement of the Distributed Antenna  
System serving the U. T. Austin campus  
Description: License agreement replaces a lease agreement to  
expire August 15, 2008, to allow for completion of the  
Distributed Antenna System and to ensure cellular  
coverage during the U. T. Austin football season  
beginning August 30, 2008. The license agreement is  
for a telecommunications tower site located on the  
rooftop of Robert A. Welch Hall (24<sup>th</sup> Street and  
Speedway).
4. Agency: Dallas MTA, L. P. (dba Verizon Wireless)  
Funds: \$1,500 per month for the term of the license  
Period: August 15, 2008 through the earlier of  
(a) August 31, 2009 or (b) sixty (60) days after  
the U. T. System Board of Regents, on behalf of  
U. T. Austin, gives Dallas MTA, L. P. (d/b/a Verizon  
Wireless) written notice of commencement of the  
Distributed Antenna System serving the U. T. Austin  
campus  
Description: License agreement replaces a lease agreement to  
expire August 15, 2008, to allow for completion of the  
Distributed Antenna System and to ensure cellular  
coverage during the U. T. Austin football season  
beginning August 30, 2008. The license agreement is  
for a telecommunications tower site located on the  
rooftop of Manor Garage (2017 Robert Dedman  
Drive).

**CONTRACTS (CONTINUED)**

**GENERAL CONTRACTS (CONTINUED)**

**FUNDS GOING OUT**

5. Agency: University of Wyoming  
Funds: \$900,000  
Period: Effective April 11, 2008 through December 1, 2012  
Description: The U. T. Austin and University of Wyoming teams will compete in a series of three football games over the period 2009 through 2012. The University of Wyoming will pay U. T. Austin \$250,000 for one game to be played in Laramie, Wyoming. U. T. Austin will pay the University of Wyoming a total of \$1,150,000 for two games to be played in Austin.
6. Agency: Anatole Partners III, LLC dba Hilton Anatole  
Funds: \$1,300,000  
Period: Effective August 29, 2008 through July 25, 2009  
Description: Hilton Anatole will provide classroom and meeting room space for U. T. Austin's Red McCombs School of Business, Texas MBA at the Dallas/Ft. Worth program.

**AMENDMENTS TO THE 2007-08 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>	
<b>RED McCOMBS SCHOOL OF BUSINESS</b>					
Information, Risk, and Operations Management Professor					
1. Sridhar Seshadri (T)	8/18-8/31	100	09	185,000	2516
<b>JACKSON SCHOOL OF GEOSCIENCES</b>					
Geological Sciences Professor					
2. Kerry H. Cook (T)	8/18-8/31	100	09	165,000	2544
Associate Professor					
3. Elizabeth J. Catlos (T)	8/18-8/31	100	09	102,500	2545
<b>COLLEGE OF LIBERAL ARTS</b>					
Sociology					
4. Teresa A. Sullivan					2568
From: Professor (T)		100	09	143,434	
To: Professor Emeritus	9/1-5/31				0

Approval of the above designation was not previously submitted on the docket or through the institution operating budget. This represents a request for approval of Professor Emeritus effective June 5, 2006.

**AMENDMENTS TO THE 2007-08 BUDGET (CONTINUED)**

**TRANSFERS OF FUNDS**

<u>Description</u>	<u>\$ Amount</u>	<u>RBC #</u>
<b>SERVICE DEPARTMENTS FUNDS</b>		
University of Texas Libraries – Library Resource Sharing Project		
5. Amount of Transfer:	4,000,000	2543
From: Operating Income		
To: Books		
Transfer funds from the income account to increase expense budget to cover prepaid expenses and pending invoices.		
<b>AUXILIARY ENTERPRISES FUNDS</b>		
Frank C. Erwin, Jr. Special Events Center		
6. Amount of Transfer:	2,000,000	2517
From: Operating Income		
To: Other Expenses		
Temporary budget transfer to provide spending authority for the Frank C. Erwin, Jr. Special Events Center expense account. Event expense and cost reimbursements will be offset by income accruals and postings for FY 2008, including ticket sales proceeds, concessions, and advertising.		
<b>PLANT FUNDS</b>		
Division of Housing and Food Service		
7. Amount of Transfer:	895,000	2578
From: Housing and Food Service – General Repair/Replacement Reserve		
To: Project Management and Consulting Services Kinsolving – Ground Floor Division Offices – All Expenses		
Funding for renovation of business offices and restroom on the ground floor of Kinsolving Dormitory.		

## NEW AWARD OF TENURE

The following personnel actions involving new award of tenure have been administratively approved by the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the 2009 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>Red McCombs School of Business</b>		
Finance		
Lorenzo Garlappi	Assistant Professor (NT)	Associate Professor (T)
Information, Risk, and Operations Management		
Robert E. McCulloch	New Hire	Century Club Professor (T)
Huseyin Tanriverdi	Assistant Professor (NT)	Associate Professor (T)
<b>College of Communication</b>		
Advertising		
Sejung M. Choi	Assistant Professor (NT)	Associate Professor (T)
Communication Sciences and Disorders		
Swathi Kiran	Assistant Professor (NT)	Associate Professor (T)
Communication Studies		
Matthew S. McGlone	Assistant Professor (NT)	Associate Professor (T)
School of Journalism		
Donna De Cesare	Assistant Professor (NT)	Associate Professor (T)
<b>College of Education</b>		
Curriculum and Instruction		
Lisa J. Cary	Assistant Professor (NT)	Associate Professor (T)
Maria E. Franquiz	New Hire	Associate Professor (T)
Cynthia S. Salinas	Assistant Professor (NT)	Associate Professor (T)
Educational Psychology		
Douglas G. Allen	New Hire	Associate Professor (T)
Keenan A. Pituch	Assistant Professor (NT)	Associate Professor (T)
Alissa R. Sherry	Assistant Professor (NT)	Associate Professor (T)

**NEW AWARD OF TENURE (CONTINUED)**

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>College of Education (Continued)</b>		
Kinesiology and Health Education		
Jonathan B. Dingwell	Assistant Professor (NT)	Associate Professor (T)
<b>College of Engineering</b>		
Aerospace Engineering and Engineering Mechanics		
Rui Huang	Assistant Professor (NT)	Associate Professor (T)
Chad M. Landis	Assistant Professor (NT)	Associate Professor (T)
Biomedical Engineering		
Stanislav Emelianov	Assistant Professor (NT)	Associate Professor (T)
Mia K. Markey	Assistant Professor (NT)	Associate Professor (T)
Civil, Architectural, and Environmental Engineering		
Maria G. Juenger	Assistant Professor (NT)	Associate Professor (T)
Jorge A. Prozzi	Assistant Professor (NT)	Associate Professor (T)
Jeffrey A. Siegel	Assistant Professor (NT)	Associate Professor (T)
Electrical and Computer Engineering		
Jeffrey G. Andrews	Assistant Professor (NT)	Associate Professor (T)
Ranjit Gharpurey	Assistant Professor (NT)	Associate Professor (T)
Michael E. Orshansky	Assistant Professor (NT)	Associate Professor (T)
Zhigang Pan	Assistant Professor (NT)	Associate Professor (T)
Mechanical Engineering		
Paulo J. Ferreira	Assistant Professor (NT)	Associate Professor (T)
Erhan Kutanoglu	Assistant Professor (NT)	Associate Professor (T)
Petroleum and Geosystems Engineering		
Tadeusz W. Patzek	New Hire	Cockrell Family Chair in Engineering No.11 (T)
Sanjay Srinivasan	Assistant Professor (NT)	Associate Professor (T)



## NEW AWARD OF TENURE (CONTINUED)

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>College of Fine Arts</b>		
Art and Art History		
Andrea Giunta	New Hire	Professor (T)
Athanasio Papalexandrou	Assistant Professor (NT)	Associate Professor (T)
Sarah and Ernest Butler School of Music		
Lorenzo F. Candelaria	Assistant Professor (NT)	Associate Professor (T)
Anne E. Epperson	New Hire	Professor (T)
Nikita Storojev	Assistant Professor (NT)	Associate Professor (T)
Bion Tsang	Assistant Professor (NT)	Associate Professor (T)
Laurie S. Young	Assistant Professor (NT)	Associate Professor (T)
<b>John A. and Katherine G. Jackson School of Geosciences</b>		
Geological Sciences		
John C. Lassiter	Assistant Professor (NT)	Associate Professor (T)
<b>School of Information</b>		
Information		
William F. Aspray, Jr.	New Hire	Bill and Lewis Suit Professor (T)
<b>College of Liberal Arts</b>		
Anthropology		
Maria D. Wade	Assistant Professor (NT)	Associate Professor (T)
English		
Aaron V. Jordan	Assistant Professor (NT)	Associate Professor (T)
Domino R. Perez	Assistant Professor (NT)	Associate Professor (T)
Dean H. Young	New Hire	William S. Livingston Endowed Chair in Writing (T)
Geography and the Environment		
Diana K. Davis	Assistant Professor (NT)	Associate Professor (T)
Germanic Studies		
Zsuzsanna I. Abrams	Assistant Professor (NT)	Associate Professor (T)

## NEW AWARD OF TENURE (CONTINUED)

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>College of Liberal Arts (Continued)</b>		
Government Tasha S. Philpot	Assistant Professor (NT)	Associate Professor (T)
History Laurie B. Green Jacqueline Jones	Assistant Professor (NT) New Hire	Associate Professor (T) Professor (T)
Middle Eastern Studies Samer M. Ali	Assistant Professor (NT)	Associate Professor (T)
Philosophy Ian Proops	New Hire	Associate Professor (T)
Psychology Eyal Seidemann	Assistant Professor (NT)	Associate Professor (T)
Religious Studies Thomas A. Tweed	New Hire	The Gwyn Shive, Anita Nordan Lindsay and Joe and Cherry Gray Professor (T)
Sociology Javier Auyero	New Hire	Joe and Teresa Lozano Long Endowed Professor #3 (T)
Gloria Gonzalez-Lopez Andres Villarreal	Assistant Professor (NT) Assistant Professor (NT)	Associate Professor (T) Associate Professor (T)
Spanish and Portuguese Hector Dominguez-Ruvalcaba	Assistant Professor (NT)	Associate Professor (T)
<b>College of Natural Sciences</b>		
Astronomy Eiichiro Komatsu	Assistant Professor (NT)	Associate Professor (T)
Chemistry and Biochemistry Rick Russell	Assistant Professor (NT)	Associate Professor (T)

## NEW AWARD OF TENURE (CONTINUED)

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>College of Natural Sciences (Continued)</b>		
Mathematics		
David D. Ben-Zvi	Assistant Professor (NT)	Associate Professor (T)
Daniel F. Knopf	Assistant Professor (NT)	Associate Professor (T)
Physics		
Alexander A. Demkov	Assistant Professor (NT)	Associate Professor (T)
Integrative Biology		
Thomas E. Juenger	Assistant Professor (NT)	Associate Professor (T)
Molecular Cell and Developmental Biology		
John B. Wallingford	Assistant Professor (NT)	Associate Professor (T)
Molecular Genetics and Microbiology		
Scott W. Stevens	Assistant Professor (NT)	Associate Professor (T)
Neurobiology		
Seema Agarwala	Assistant Professor (NT)	Associate Professor (T)
Nace L. Golding	Assistant Professor (NT)	Associate Professor (T)
Hitoshi Morikawa	Assistant Professor (NT)	Associate Professor (T)
<b>School of Nursing</b>		
Nursing		
Regina Johnson	Assistant Professor (NT)	Associate Professor (T)
<b>College of Pharmacy</b>		
Pharmacy		
Shawn B. Bratton	Assistant Professor (NT)	Associate Professor (T)
Walter L. Fast	Assistant Professor (NT)	Associate Professor (T)
<b>Lyndon B. Johnson School of Public Affairs</b>		
Alan J. Kuperman	Assistant Professor (NT)	Associate Professor (T)

## SMALL CLASS REPORT, FALL 2007 AND SPRING 2008

Pursuant to Section 51.403 of the *Texas Education Code* and Section 5.301 of the Texas Higher Education Coordinating Board *Rules*, a report for the record regarding the teaching of small classes has been filed. The institution has reviewed the data in this report and, as appropriate, made administrative changes to ensure that teaching such small classes continues to be justified. The detailed listing of small classes is available in The University of Texas System Office of Academic Affairs and is summarized as follows:

### Organized Undergraduate Classes with Fewer than 10 Enrolled Students

Primary Reasons for Teaching	Fall	Spring	Total	Prior Year Total
a. Required for graduation	28	54	82	114
b. To keep proper sequence	97	101	198	189
c. New program	9	10	19	7
d. Cross listed	0	0	0	19
e. First time offered	8	11	19	14
f. Accreditation or licensing standard	11	12	23	18
g. Limited facilities	13	20	33	26
Subtotal	166	208	374	387
h. Voluntarily offered	14	25	39	47
Total	180	233	413	434
Semester Credit Hours generated in small classes	3,073	3,952	7,025	7,236
Percentage of total Semester Credit Hours offered in small classes	0.61%	0.84%	0.72%	0.76%

**SMALL CLASS REPORT, FALL 2007 AND SPRING 2008 (CONTINUED)**

**Organized Graduate Classes with  
Fewer than 5 Enrolled Students**

<u>Primary Reasons for Teaching</u>	<u>Fall</u>	<u>Spring</u>	<u>Total</u>	<u>Prior Year Total</u>
a. Required for graduation	26	30	56	35
b. To keep proper sequence	33	44	77	109
c. New program	3	2	5	4
d. Cross listed	0	0	0	2
e. First time offered	4	3	7	10
f. Accreditation or licensing standard	15	10	25	22
g. Limited facilities	0	4	4	2
Subtotal	81	93	174	184
h. Voluntarily offered	6	11	17	15
Total	87	104	191	199
Semester Credit Hours generated in small classes	753	926	1,679	1,669
Percentage of total Semester Credit Hours offered in small classes	0.62%	0.79%	0.70%	0.69%

**U. T. BROWNSVILLE**

**OTHER FISCAL ITEMS**

**EMPLOYMENT AGREEMENTS**

The following agreement has been awarded, has been approved by the Executive Vice Chancellor for Academic Affairs, and is recommended for approval by the U. T. System Board of Regents. Such employment under this agreement is subject to the Constitution and Bylaws of the National Collegiate Athletic Association, any intercollegiate athletic conference of which The University of Texas at Brownsville is a member, and the Regents' *Rules and Regulations* and the policies of The University of Texas at Brownsville. The violation of the provisions of such constitution, bylaws, rules, regulations, or policies shall be grounds for suspension without pay or dismissal.

1. Item: Head Women's Volleyball Coach  
Funds: \$24,276 annually  
Period: June 9, 2008 through December 21, 2008  
Description: Initial agreement for employment of Head Women's Volleyball Coach, John Barnes, for the above designated period following the standard coach's employment contract prepared by the Office of General Counsel.
  
2. Item: Head Men's Baseball Coach  
From: \$41,616 annually  
To: \$41,616 annually  
Salary  
Percent  
Change: n/a  
Description: Renewal agreement for employment of Head Men's Baseball Coach, Joel Barta, for the above designated period following the standard coach's employment contract prepared by the Office of General Counsel.  
  
Incentive  
Change: None  
  
Period: June 1, 2008 through May 31, 2009

## NEW AWARD OF TENURE

The following personnel actions involving new award of tenure have been administratively approved by the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the 2009 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>College of Applied Technology and General Studies</b>		
Applied Business Technology Angela Monroe	Assistant Master Technical Instructor (NT)	Associate Master Technical Instructor (T)
<b>College of Liberal Arts</b>		
English and Communication Javier A. Martinez	Assistant Professor (NT)	Associate Professor (T)
<b>College of Science, Mathematics and Technology</b>		
Biological Sciences David W. Hicks	Associate Professor (NT)	Associate Professor (T)
Daniele Provenzano	Associate Professor (NT)	Associate Professor (T)
Engineering Fabio Urbani	Assistant Professor (NT)	Assistant Professor (T)
Physics and Astronomy Fredrick Jenet	Assistant Professor (NT)	Associate Professor (T)
<b>School of Business</b>		
Business Administration Gautam Hazarika	Assistant Professor (NT)	Associate Professor (T)
Lauran Schmid	Assistant Professor (NT)	Associate Professor (T)
<b>School of Education</b>		
Curriculum and Instruction Joseph R. Corbeil	Assistant Professor (NT)	Associate Professor (T)
Health and Human Performance David Wittenburg	Assistant Professor (NT)	Associate Professor (T)
School Specialties Selma D. Yznaga	Assistant Professor (NT)	Associate Professor (T)

**NEW AWARD OF TENURE (CONTINUED)**

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>School of Health Sciences</b> Nursing Suzanne Dougherty	Assistant Professor (NT)	Assistant Master Technical Instructor (T)



## SMALL CLASS REPORT, FALL 2007 AND SPRING 2008

Pursuant to Section 51.403 of the *Texas Education Code* and Section 5.301 of the Texas Higher Education Coordinating Board *Rules*, a report for the record regarding the teaching of small classes has been filed. The institution has reviewed the data in this report and, as appropriate, made administrative changes to ensure that teaching such small classes continues to be justified. The detailed listing of small classes is available in The University of Texas System Office of Academic Affairs and is summarized as follows:

### Organized Undergraduate Classes with Fewer than 10 Enrolled Students

Primary Reasons for Teaching	Fall	Spring	Total	Prior Year Total
a. Required for graduation	34	34	68	54
b. To keep proper sequence	26	29	55	17
c. New program	3	4	7	32
d. Cross listed	2	2	4	5
e. First time offered	7	11	18	3
f. Accreditation or licensing standard	2	0	2	2
g. Limited facilities	0	0	0	1
Subtotal	74	80	154	114
h. Voluntarily offered	0	2	2	2
Total	74	82	156	116
Semester Credit Hours generated in small classes	1,282	1,400	2,682	2,080
Percentage of total Semester Credit Hours offered in small classes	3.48%	4.23%	3.83%	3.57%

**SMALL CLASS REPORT, FALL 2007 AND SPRING 2008 (CONTINUED)**

**Organized Graduate Classes with  
Fewer than 5 Enrolled Students**

<u>Primary Reasons for Teaching</u>	<u>Fall</u>	<u>Spring</u>	<u>Total</u>	<u>Prior Year Total</u>
a. Required for graduation	3	9	12	15
b. To keep proper sequence	5	5	10	8
c. New program	1	3	4	5
d. Cross listed	0	0	0	0
e. First time offered	0	1	1	4
f. Accreditation or licensing standard	0	1	1	0
g. Limited facilities	0	0	0	0
Subtotal	9	19	28	32
h. Voluntarily offered	0	1	1	1
Total	9	20	29	33
Semester Credit Hours generated in small classes	93	176	269	285
Percentage of total Semester Credit Hours offered in small classes	2.21%	4.49%	3.31%	3.69%

## U. T. DALLAS

### AFFILIATION AGREEMENTS

The following nonstandard affiliation agreement has been administratively approved as to form and content by the Executive Vice Chancellor for Academic Affairs and the Office of General Counsel. U. T. Dallas and the other entities will cosponsor exchange programs in areas of interest and benefit to both institutions to promote interest in teaching and research activities and to deepen the understanding of economic, cultural, and social environments of the respective institutions.

1. Agency: Southern Arizona VA Hospital  
Period: May 7, 2008 until terminated by either party with six months written notice  
Description: This agreement establishes an agreement for the academic purposes of enhanced patient care, education, and research.

**AMENDMENTS TO THE 2007-08 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>	
<b>ENGINEERING AND COMPUTER SCIENCE</b>					
Electrical Engineering					
1. William Pervin					2523
From: Professor (T)		100	09	91,574	
To: Professor Emeritus	6/1-8/31			0	
<b>NATURAL SCIENCES AND MATHEMATICS</b>					
Physics					
2. Diandra Leslie-Pelecky (T)	5/1-5/31	100	09	100,000	2566
Geosciences					
3. James L. Carter					2583
From: Associate Professor (T)		100	09	69,915	
To: Associate Professor Emeritus	6/1-8/31			0	

## OTHER FISCAL ITEMS

### EMPLOYMENT AGREEMENTS

The following agreements have been awarded, have been approved by the Executive Vice Chancellor for Academic Affairs, and are recommended for approval by the U. T. System Board of Regents. Such employment under these agreements is subject to the Constitution and Bylaws of the National Collegiate Athletic Association, any intercollegiate athletic conference of which The University of Texas at Dallas is a member, and the Regents' *Rules and Regulations* and the policies of The University of Texas at Dallas. The violation of the provisions of such constitution, bylaws, rules, regulations, or policies shall be grounds for suspension without pay or dismissal.

- Item: Head Golf Coach

From: \$36,900 annually

To: \$36,900 annually

Salary  
Percent  
Change: n/a

Description: Renewal agreement for employment of Head Golf Coach, Eddie Bull, for the designated period following the standard coach's employment contract prepared by the Office of General Counsel.

Incentive  
Change: None

Period: June 1, 2008 through May 31, 2009

**OTHER FISCAL ITEMS (CONTINUED)**

**EMPLOYMENT AGREEMENTS (CONTINUED)**

2. Item: Head Baseball Coach
- From: \$43,420 annually
- To: \$43,420 annually
- Salary  
Percent  
Change: n/a
- Description: Renewal agreement for employment of Head Baseball Coach, Shane Shewmake, for the designated period following the standard coach's employment contract prepared by the Office of General Counsel.
- Incentive  
Change: None
- Period: June 1, 2008 through May 31, 2009
3. Item: Head Softball Coach
- From: \$39,253 annually
- To: \$39,253 annually
- Salary  
Percent  
Change: n/a
- Description: Renewal agreement for employment of Head Softball Coach, Kim Sotomayor, for the designated period following the standard coach's employment contract prepared by the Office of General Counsel.
- Incentive  
Change: None
- Period: June 1, 2008 through May 31, 2009

**OTHER FISCAL ITEMS (CONTINUED)**

**EMPLOYMENT AGREEMENTS (CONTINUED)**

4. Item: Head Tennis Coach
- From: \$37,260 annually
- To: \$37,260 annually
- Salary  
Percent  
Change: n/a
- Description: Renewal agreement for employment of Head Tennis Coach, Bryan Whitt, for the designated period following the standard coach's employment contract prepared by the Office of General Counsel.
- Incentive  
Change: None
- Period: June 1, 2008 through May 31, 2009

## NEW AWARD OF TENURE

The following personnel actions involving new award of tenure have been administratively approved by the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the 2009 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>School of Behavioral and Brain Sciences</b>		
Psychology		
Bart Rypma	Associate Professor (NT)	Associate Professor (T)
<b>School of Engineering and Computer Science</b>		
Computer Science		
Kendra Cooper	Assistant Professor (NT)	Associate Professor (T)
Weili Wu	Assistant Professor (NT)	Associate Professor (T)
Electrical Engineering		
Hlaing Minn	Assistant Professor (NT)	Associate Professor (T)
<b>School of Management</b>		
Accounting		
Stanimir Markov	Assistant Professor (NT)	Associate Professor (T)
Economics		
Ernan Haruvy	Assistant Professor (NT)	Associate Professor (T)
Marketing		
Norris Bruce	Assistant Professor (NT)	Associate Professor (T)
<b>School of Natural Sciences and Mathematics</b>		
Science Education		
Mary Urquhart	Assistant Professor (NT)	Associate Professor (T)
Statistics		
Pankaj Choudhary	Assistant Professor (NT)	Associate Professor (T)



## SMALL CLASS REPORT, FALL 2007 AND SPRING 2008

Pursuant to Section 51.403 of the *Texas Education Code* and Section 5.301 of the Texas Higher Education Coordinating Board *Rules*, a report for the record regarding the teaching of small classes has been filed. The institution has reviewed the data in this report and, as appropriate, made administrative changes to ensure that teaching such small classes continues to be justified. The detailed listing of small classes is available in The University of Texas System Office of Academic Affairs and is summarized as follows:

### Organized Undergraduate Classes with Fewer than 10 Enrolled Students

Primary Reasons for Teaching	Fall	Spring	Total	Prior Year Total
a. Required for graduation	7	18	25	21
b. To keep proper sequence	17	29	46	33
c. New program	0	0	0	0
d. Cross listed	0	0	0	0
e. First time offered	2	5	7	3
f. Accreditation or licensing standard	0	0	0	0
g. Limited facilities	4	0	4	0
Subtotal	30	52	82	57
h. Voluntarily offered	7	12	19	14
Total	37	64	101	71
Semester Credit Hours generated in small classes	639	1,042	1,681	1,178
Percentage of total Semester Credit Hours offered in small classes	0.56%	0.97%	0.76%	0.53%

**SMALL CLASS REPORT, FALL 2007 AND SPRING 2008 (CONTINUED)**

**Organized Graduate Classes with  
Fewer than 5 Enrolled Students**

<u>Primary Reasons for Teaching</u>	<u>Fall</u>	<u>Spring</u>	<u>Total</u>	<u>Prior Year Total</u>
a. Required for graduation	0	2	2	1
b. To keep proper sequence	7	5	12	10
c. New program	0	0	0	0
d. Cross listed	0	0	0	0
e. First time offered	0	1	1	4
f. Accreditation or licensing standard	0	0	0	0
g. Limited facilities	0	0	0	0
Subtotal	7	8	15	15
h. Voluntarily offered	1	7	8	6
Total	8	15	23	21
Semester Credit Hours generated in small classes	73	117	190	164
Percentage of total Semester Credit Hours offered in small classes	0.21%	0.32%	0.27%	0.24%

## U. T. EL PASO

### CONTRACTS

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

#### GENERAL CONTRACTS

##### FUNDS GOING OUT

1. Agencies: Basic IDIQ, Inc.; Byers Construction, Inc.; ESA Construction Company of Texas, Inc.; Henry Benning Construction, Inc.; Noble General Contractors; and Powers General Contractors, Inc.
- Funds: \$5,000,000 per year
- Period: June 1, 2008 through May 31, 2009 with four additional one-year options for renewal
- Description: The job order contracts were solicited through the competitive procurement process for minor construction, repair, rehabilitation, or alteration of facilities occurring on campus. The multiple award contracts allow the use of general contractors to efficiently accomplish these types of projects.

**AMENDMENTS TO THE 2007-08 BUDGET**

**TENURE APPOINTMENTS**

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

The following Requests for Budget Changes (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>	
<b>COLLEGE OF SCIENCE</b>					
Geological Sciences					
1. William C. Cornell					2376
From: Associate Professor (T)		100	09	70,243	
To: Associate Professor Emeritus	6/1			0	
<b>COLLEGE OF LIBERAL ARTS</b>					
Art					
2. Charles Fensch					1865
From: Professor (T)		100	09	79,666	
To: Professor Emeritus	6/1			0	

## OTHER FISCAL ITEMS

### EMPLOYMENT AGREEMENTS

The following agreement has been awarded, has been approved by the Executive Vice Chancellor for Academic Affairs, and is recommended for approval by the U. T. System Board of Regents. Such employment under this agreement is subject to the Constitution and Bylaws of the National Collegiate Athletic Association, any intercollegiate athletic conference of which The University of Texas at El Paso is a member, and the Regents' *Rules and Regulations* and the policies of The University of Texas at El Paso. The violation of the provisions of such constitution, bylaws, rules, regulations, or policies shall be grounds for suspension without pay or dismissal.

- Item: Head Women's Basketball Coach  
From: \$105,000 annually  
To: \$155,000 annually  
Salary  
Percent  
Change: 47.62  
Description: Amendment to agreement for employment of Head Women's Basketball Coach, Keitha Adams, for the designated period following the standard coach's employment contract prepared by the Office of General Counsel.  
Incentive  
Change: n/a  
Period: June 1, 2008 through August 31, 2013

## NEW AWARD OF TENURE

The following personnel actions involving new award of tenure have been administratively approved by the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the 2009 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>College of Business Administration</b>		
Economics and Finance		
William B. Elliott	Associate Professor (NT)	Associate Professor (T)
Zuobao Wei	Assistant Professor (NT)	Associate Professor (T)
Information and Decision Sciences		
Somnath Mukhopadhyay	Assistant Professor (NT)	Associate Professor (T)
<b>College of Education</b>		
Educational Leadership and Foundations		
Rodolfo Rincones	Associate Professor (NT)	Associate Professor (T)
Richard Sorenson	Assistant Professor (NT)	Associate Professor (T)
Teacher Education		
Timothy Cashman	Assistant Professor (NT)	Associate Professor (T)
Brian Giza	Assistant Professor (NT)	Associate Professor (T)
<b>College of Liberal Arts</b>		
Communication		
Stacey Sowards	Assistant Professor (NT)	Associate Professor (T)
Creative Writing		
Daniel Chacon	Assistant Professor (NT)	Associate Professor (T)
English		
Ezra Cappell	Assistant Professor (NT)	Associate Professor (T)
Music		
Dena Kay Jones	Assistant Professor (NT)	Associate Professor (T)
Political Science		
Charles Boehmer	Assistant Professor (NT)	Associate Professor (T)
Gaspere Genna	Assistant Professor (NT)	Associate Professor (T)
Luis Antonio Payan	Assistant Professor (NT)	Associate Professor (T)
Sociology and Anthropology		
Gang Lee	Assistant Professor (NT)	Associate Professor (T)

## NEW AWARD OF TENURE (CONTINUED)

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>College of Science</b>		
Biological Sciences		
Igor C. Almeida	Associate Professor (NT)	Associate Professor (T)
Jianying Zhang	Assistant Professor (NT)	Associate Professor (T)
Geological Sciences		
Jose Miguel Hurtado, Jr.	Assistant Professor (NT)	Associate Professor (T)
Mathematical Sciences		
Miguel Argaez	Assistant Professor (NT)	Associate Professor (T)
Ori Rosen	Associate Professor (NT)	Associate Professor (T)
Naijun Sha	Assistant Professor (NT)	Associate Professor (T)
Physics		
Eric A. Hagedorn	Associate Professor (NT)	Associate Professor (T)

## 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 Mr. Blazquez 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:         | Ricardo R. Blazquez  |
| Title:        | Executive Director, Center for Inter-American and Border Studies   |
| Position:     | Member, Border Export Council  |
| Period:       | January 18, 2008 through January 17, 2013  |
| Compensation: | None   |
| Description:  | Mr. Blazquez was appointed by the Department of Commerce to the Export Council for Commerce representing Texas. The Council advises the President through the Secretary of Commerce on export enhancement and works with industry encouraging U.S. companies to increase exports and enter new markets. Its members serve at the pleasure of the President and its activities are subject to the Federal Advisory Committee Act. |



## SMALL CLASS REPORT, FALL 2007 AND SPRING 2008

Pursuant to Section 51.403 of the *Texas Education Code* and Section 5.301 of the Texas Higher Education Coordinating Board *Rules*, a report for the record regarding the teaching of small classes has been filed. The institution has reviewed the data in this report and, as appropriate, made administrative changes to ensure that teaching such small classes continues to be justified. The detailed listing of small classes is available in The University of Texas System Office of Academic Affairs and is summarized as follows:

### Organized Undergraduate Classes with Fewer than 10 Enrolled Students

Primary Reasons for Teaching	Fall	Spring	Total	Prior Year Total
a. Required for graduation	6	4	10	21
b. To keep proper sequence	2	5	7	13
c. New program	0	0	0	2
d. Cross listed	1	0	1	10
e. First time offered	3	0	3	0
f. Accreditation or licensing standard	0	0	0	1
g. Limited facilities	0	0	0	3
Subtotal	12	9	21	50
h. Voluntarily offered	3	9	12	23
Total	15	18	33	73
Semester Credit Hours generated in small classes	191	219	410	765
Percentage of total Semester Credit Hours offered in small classes	0.10%	0.13%	0.11%	0.21%

**SMALL CLASS REPORT, FALL 2007 AND SPRING 2008 (CONTINUED)**

**Organized Graduate Classes with  
Fewer than 5 Enrolled Students**

<u>Primary Reasons for Teaching</u>	<u>Fall</u>	<u>Spring</u>	<u>Total</u>	<u>Prior Year Total</u>
a. Required for graduation	2	1	3	7
b. To keep proper sequence	4	2	6	1
c. New program	2	0	2	0
d. Cross listed	1	0	1	11
e. First time offered	0	0	0	2
f. Accreditation or licensing standard	0	0	0	0
g. Limited facilities	0	0	0	0
Subtotal	9	3	12	21
h. Voluntarily offered	1	1	2	7
Total	10	4	14	28
Semester Credit Hours generated in small classes	116	37	153	217
Percentage of total Semester Credit Hours offered in small classes	0.59%	0.19%	0.39%	0.56%

**U. T. PAN AMERICAN**  
**CONTRACTS**

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

**GENERAL CONTRACTS**

**FUNDS COMING IN**

1. Agency: AT&T Mobility Texas LLC  
Funds: \$32,400 for the first year, with escalations for future years as detailed in the agreement, for the term of the license.  
Period: May 15, 2008 through May 15, 2018  
Description: License of site for telecommunications facilities. The license agreement is to lease approximately 637.5 square feet on the rooftop and 4<sup>th</sup> floor of the Library. Licensee shall use the premises only for the purpose of housing and operating certain telecommunications equipment and for no other purpose.

## NEW AWARD OF TENURE

The following personnel actions involving new award of tenure have been administratively approved by the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the 2009 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>College of Arts and Humanities</b>		
Art		
Leila Hernandez	Assistant Professor (NT)	Associate Professor (T)
Communications		
Timothy P. Mottet	Professor (NT)	Professor (T)
English		
Eric M. Williamson	Associate Professor (NT)	Professor (T)
Joe Markus Noe	Assistant Professor (NT)	Associate Professor (T)
Gary T. Schneider	Assistant Professor (NT)	Associate Professor (T)
<b>College of Business Administration</b>		
Accounting and Business Law		
Jesus Tanguma	Assistant Professor (NT)	Associate Professor (T)
Economics and Finance		
Andre V. Mollick	Associate Professor (NT)	Associate Professor (T)
Dave O. Jackson	Assistant Professor (NT)	Associate Professor (T)
Management, Marketing, and International Business		
Chiquan Guo	Assistant Professor (NT)	Associate Professor (T)
<b>College of Education</b>		
Curriculum and Instruction		
Maria E. Reyes	Associate Professor (NT)	Professor (T)
Carmen M. Pena	Assistant Professor (NT)	Associate Professor (T)
Educational Leadership		
Francisco J. Guajardo	Assistant Professor (NT)	Associate Professor (T)
Health and Kinesiology		
Dana R. Shackelford	Assistant Professor (NT)	Associate Professor (T)

**NEW AWARD OF TENURE (CONTINUED)**

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>College of Health Sciences and Human Services</b>		
Occupational Therapy		
Shirley A. Wells	Assistant Professor (NT)	Associate Professor (T)
<b>College of Science and Engineering</b>		
Biology		
Zen Faulkes	Assistant Professor (NT)	Associate Professor (T)
Michael W. Persans	Assistant Professor (NT)	Associate Professor (T)
Electrical Engineering		
Junfei Li	Assistant Professor (NT)	Associate Professor (T)
Mathematics		
Paul F. Bracken	Associate Professor (NT)	Associate Professor (T)
Karen Yagdjian	Associate Professor (NT)	Associate Professor (T)
Dambaru D. Bhatta	Assistant Professor (NT)	Associate Professor (T)
Zhijun Qiao	Assistant Professor (NT)	Associate Professor (T)
Mechanical Engineering		
Javier A. Kypuros	Assistant Professor (NT)	Associate Professor (T)
Physics and Geology		
Yuankun Lin	Associate Professor (NT)	Associate Professor (T)
<b>College of Social and Behavioral Sciences</b>		
Political Science		
Sonia Alianak	Assistant Professor (NT)	Associate Professor (T)
William L. Turk	Assistant Professor (NT)	Associate Professor (T)

## SMALL CLASS REPORT, FALL 2007 AND SPRING 2008

Pursuant to Section 51.403 of the *Texas Education Code* and Section 5.301 of the Texas Higher Education Coordinating Board *Rules*, a report for the record regarding the teaching of small classes has been filed. The institution has reviewed the data in this report and, as appropriate, made administrative changes to ensure that teaching such small classes continues to be justified. The detailed listing of small classes is available in The University of Texas System Office of Academic Affairs and is summarized as follows:

### Organized Undergraduate Classes with Fewer than 10 Enrolled Students

Primary Reasons for Teaching	Fall	Spring	Total	Prior Year Total
a. Required for graduation	29	23	52	26
b. To keep proper sequence	14	18	32	22
c. New program	4	10	14	4
d. Cross listed	39	39	78	58
e. First time offered	2	4	6	1
f. Accreditation or licensing standard	0	0	0	1
g. Limited facilities	1	0	1	5
Subtotal	89	94	183	117
h. Voluntarily offered	46	75	121	87
Total	135	169	304	204
Semester Credit Hours generated in small classes	1,920	2,164	4,084	2,446
Percentage of total Semester Credit Hours offered in small classes	1.05%	1.29%	1.17%	0.70%

**SMALL CLASS REPORT, FALL 2007 AND SPRING 2008 (CONTINUED)**

**Organized Graduate Classes with  
Fewer than 5 Enrolled Students**

<u>Primary Reasons for Teaching</u>	<u>Fall</u>	<u>Spring</u>	<u>Total</u>	<u>Prior Year Total</u>
a. Required for graduation	5	3	8	16
b. To keep proper sequence	0	3	3	11
c. New program	1	4	5	0
d. Cross listed	17	10	27	28
e. First time offered	1	2	3	2
f. Accreditation or licensing standard	0	0	0	0
g. Limited facilities	0	0	0	0
Subtotal	24	22	46	57
h. Voluntarily offered	19	37	56	20
Total	43	59	102	77
Semester Credit Hours generated in small classes	254	373	627	507
Percentage of total Semester Credit Hours offered in small classes	1.77%	2.74%	2.25%	1.80%

## U. T. PERMIAN BASIN

### OTHER FISCAL ITEMS

#### EMPLOYMENT AGREEMENTS

The following agreements have been awarded, have been approved by the Executive Vice Chancellor for Academic Affairs, and are recommended for approval by the U. T. System Board of Regents. Such employment under these agreements is subject to the Constitution and Bylaws of the National Collegiate Athletic Association, any intercollegiate athletic conference of which The University of Texas of the Permian Basin is a member, and the Regents' *Rules and Regulations* and the policies of The University of Texas of the Permian Basin. The violation of the provisions of such constitution, bylaws, rules, regulations, or policies shall be grounds for suspension without pay or dismissal.

1. Item: Assistant Athletic Director and Head Women's Basketball Coach  
Funds: \$18,400 annually  
Period: September 1, 2008 through August 31, 2009  
Description: Initial agreement for employment of Assistant Athletic Director and Head Women's Basketball Coach, Adam B. Collins, for the designated period following the standard coach's employment contract prepared by the Office of General Counsel.
  
2. Item: Head Men's Baseball Coach  
From: \$30,236 annually  
To: \$33,143 annually  
Salary  
Percent  
Change: 9.61  
Description: Renewal agreement for employment of Head Men's Baseball Coach, Brian E. Reinke, for the designated period following the standard coach's employment contract prepared by the Office of General Counsel.  
  
Incentive  
Change:  
  
Period: September 1, 2008 through August 31, 2009



**OTHER FISCAL ITEMS (CONTINUED)**

**EMPLOYMENT AGREEMENTS (CONTINUED)**

3. Item: Head Men's and Women's Swimming Coach
- From: \$18,662 annually
- To: \$19,222 annually
- Salary  
Percent  
Change: 3.00
- Description: Renewal agreement for employment of Head Men's and Women's Swimming Coach, Robin T. Rankin, for the designated period following the standard coach's employment contract prepared by the Office of General Counsel.
- Incentive  
Change: None
- Period: September 1, 2008 through August 31, 2009
4. Item: Head Men's and Women's Soccer Coach
- From: \$31,010 annually
- To: \$32,340 annually
- Salary  
Percent  
Change: 4.29
- Description: Renewal agreement for employment of Head Men's and Women's Soccer Coach, Dennis R. Peterson, for the designated period following the standard coach's employment contract prepared by the Office of General Counsel.
- Incentive  
Change: None
- Period: September 1, 2008 through August 31, 2009

**OTHER FISCAL ITEMS (CONTINUED)**

**EMPLOYMENT AGREEMENTS (CONTINUED)**

5. Item: Head Men's Basketball Coach
- From: \$15,239 annually
- To: \$19,393 annually
- Salary  
Percent  
Change: 27.26
- Description: Renewal agreement for employment of Head Men's Basketball Coach, James R. Lee, for the designated period following the standard coach's employment contract prepared by the Office of General Counsel.
- Incentive  
Change: None
- Period: September 1, 2008 through August 31, 2009
6. Item: Head Men's and Women's Cross Country/Track Coach
- From: \$8,458 annually
- To: \$16,776 annually
- Salary  
Percent  
Change: 98.34
- Description: Renewal agreement for employment of Head Men's and Women's Cross Country/Track Coach, Pamela Gray, for the designated period following the standard coach's employment contract prepared by the Office of General Counsel.
- Incentive  
Change: None
- Period: September 1, 2008 through August 31, 2009

**OTHER FISCAL ITEMS (CONTINUED)**

**EMPLOYMENT AGREEMENTS (CONTINUED)**

7. Item: Head Women's Softball Coach
- Funds: \$14,440 annually
- Period: September 1, 2008 through August 31, 2009
- Description: Initial agreement for employment of Head Women's Softball Coach, Angela J. Kenney, for the designated period following the standard coach's employment contract prepared by the Office of General Counsel.
8. Item: Athletic Director and Head Women's Volleyball Coach
- From: \$53,539 annually
- To: \$55,146 annually
- Salary  
Percent  
Change: 3.00
- Description: Renewal agreement for employment of Athletic Director and Head Women's Volleyball Coach, Steven J. Aicinena, for the designated period following the standard coach's employment contract prepared by the Office of General Counsel.
- Incentive  
Change: None
- Period: September 1, 2008 through August 31, 2009.

## NEW AWARD OF TENURE

The following personnel actions involving new award of tenure have been administratively approved by the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the 2009 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>College of Arts and Science</b>		
Computer Science Cherry Owen	Assistant Professor (NT)	Associate Professor (T)
History Derek Catsam	Assistant Professor (NT)	Associate Professor (T)
<b>School of Business</b>		
Business Shirley Davenport	Assistant Professor (NT)	Associate Professor (T)

**SMALL CLASS REPORT, FALL 2007 AND SPRING 2008**

Pursuant to Section 51.403 of the *Texas Education Code* and Section 5.301 of the Texas Higher Education Coordinating Board *Rules*, a report for the record regarding the teaching of small classes has been filed. The institution has reviewed the data in this report and, as appropriate, made administrative changes to ensure that teaching such small classes continues to be justified. The detailed listing of small classes is available in The University of Texas System Office of Academic Affairs and is summarized as follows:

**Organized Undergraduate Classes with  
Fewer than 10 Enrolled Students**

Primary Reasons for Teaching	Fall	Spring	Total	Prior Year Total
a. Required for graduation	7	5	12	10
b. To keep proper sequence	7	15	22	32
c. New program	2	2	4	11
d. Cross listed	0	0	0	2
e. First time offered	3	2	5	2
f. Accreditation or licensing standard	0	0	0	4
g. Limited facilities	2	0	2	0
Subtotal	21	24	45	61
h. Voluntarily offered	0	1	1	9
Total	21	25	46	70
Semester Credit Hours generated in small classes	336	517	853	1,222
Percentage of total Semester Credit Hours offered in small classes	0.98%	1.67%	1.31%	1.91%

**SMALL CLASS REPORT, FALL 2007 AND SPRING 2008 (CONTINUED)**

**Organized Graduate Classes with  
Fewer than 5 Enrolled Students**

<u>Primary Reasons for Teaching</u>	<u>Fall</u>	<u>Spring</u>	<u>Total</u>	<u>Prior Year Total</u>
a. Required for graduation	0	2	2	0
b. To keep proper sequence	0	0	0	2
c. New program	0	0	0	0
d. Cross listed	0	0	0	0
e. First time offered	0	0	0	0
f. Accreditation or licensing standard	0	0	0	0
g. Limited facilities	0	0	0	0
Subtotal	0	2	2	2
h. Voluntarily offered	0	0	0	0
Total	0	2	2	2
Semester Credit Hours generated in small classes	0	21	21	18
Percentage of total Semester Credit Hours offered in small classes	0.00%	0.65%	0.32%	0.27%

**U. T. SAN ANTONIO**  
**AMENDMENTS TO THE 2007-08 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>
<b>DESIGNATED FUNDS</b>		
Tomas Rivera Center for Student Success Renovation		
1. Amount of Transfer:	1,700,000	2586
From: Student Service Fees		
To: Tomas Rivera Center – Athletics/ Multidisciplinary Studies Renovation		

This adjustment is needed to fund the Multidisciplinary Studies Building renovation which will house the new location of the Tomas Rivera Center for Student Success and Athletics administration offices.

## OTHER FISCAL ITEMS

### EMPLOYMENT AGREEMENTS

The following agreement has been awarded, has been approved by the Executive Vice Chancellor for Academic Affairs, and is recommended for approval by the U. T. System Board of Regents. Such employment under this agreement is subject to the Constitution and Bylaws of the National Collegiate Athletic Association, any intercollegiate athletic conference of which The University of Texas at San Antonio is a member, and the Regents' *Rules and Regulations* and the policies of The University of Texas at San Antonio. The violation of the provisions of such constitution, bylaws, rules, regulations, or policies shall be grounds for suspension without pay or dismissal.

- Item: Assistant Vice President and Director, Intercollegiate Athletics

From: \$135,391 annually

To: \$141,000 annually

Salary  
Percent  
Change: 4.14

Description: Renewal agreement for employment Assistant Vice President and Director, Intercollegiate Athletics, Lynn Hickey, for the designated period following the standard athletics director's employment contract prepared by the Office of General Counsel.

Incentive  
Change: None

Period: September 1, 2008 through August 31, 2011



## NEW AWARD OF TENURE

The following personnel actions involving new award of tenure have been administratively approved by the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the 2009 Annual Operating Budget of each institution and are consistent with the *Regents' Rules and Regulations*, Rule 31007.

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>College of Business</b>		
Economic Melody Lo	Assistant Professor (NT)	Associate Professor (T)
Management Science and Statistics Anuradha Roy	Assistant Professor (NT)	Associate Professor (T)
<b>College of Education and Human Development</b>		
Bicultural-Bilingual Studies Wayne Wright	Assistant Professor (NT)	Associate Professor (T)
Educational Leadership and Policy Studies Michael Jennings	Assistant Professor (NT)	Associate Professor (T)
<b>College of Engineering</b>		
Mechanical Engineering Hai-Chao Han	Assistant Professor (NT)	Associate Professor (T)
<b>College of Liberal and Fine Arts</b>		
Art and Art History Scott Sherer	Assistant Professor (NT)	Associate Professor (T)
English Sue Hum	Assistant Professor (NT)	Associate Professor (T)
Music Stacey Davis Rita Linard	Assistant Professor (NT) Assistant Professor (NT)	Associate Professor (T) Associate Professor (T)
<b>College of Public Policy</b>		
Criminal Justice Roger Enriquez	Assistant Professor (NT)	Associate Professor (T)

**NEW AWARD OF TENURE (CONTINUED)**

College, Department, and Name                      From                      To

**College of Sciences**

Computer Science

Turgay Korkman

Qi Tian

Carola Wenk

Assistant Professor (NT)

Assistant Professor (NT)

Assistant Professor (NT)

Associate Professor (T)

Associate Professor (T)

Associate Professor (T)

## 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. Eschbach with The University of Texas 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:         | Karl Eschbach, Ph.D.  |
| Title:        | Associate Professor and Interim Director of the Institute<br>For Demographic and Socioeconomic Research   |
| Position:     | State Demographer   |
| Period:       | Serves at the pleasure of the Governor  |
| Compensation: | None  |
| Description:  | Governor Perry has appointed Dr. Eschbach as State<br>Demographer to distribute census information for the State, as<br>well as Texas population estimates and projections, and<br>information from federal, state, and other government sources. |

## SMALL CLASS REPORT, FALL 2007 AND SPRING 2008

Pursuant to Section 51.403 of the *Texas Education Code* and Section 5.301 of the Texas Higher Education Coordinating Board *Rules*, a report for the record regarding the teaching of small classes has been filed. The institution has reviewed the data in this report and, as appropriate, made administrative changes to ensure that teaching such small classes continues to be justified. The detailed listing of small classes is available in The University of Texas System Office of Academic Affairs and is summarized as follows:

### Organized Undergraduate Classes with Fewer than 10 Enrolled Students

Primary Reasons for Teaching	Fall	Spring	Total	Prior Year Total
a. Required for graduation	17	10	27	24
b. To keep proper sequence	14	22	36	29
c. New program	4	6	10	8
d. Cross listed	20	24	44	41
e. First time offered	5	6	11	4
f. Accreditation or licensing standard	0	0	0	0
g. Limited facilities	2	2	4	22
Subtotal	62	70	132	128
h. Voluntarily offered	8	10	18	13
Total	70	80	150	141
Semester Credit Hours generated in small classes	1,200	1,363	2,563	2,401
Percentage of total Semester Credit Hours offered in small classes	0.41%	0.50%	0.45%	0.43%

**SMALL CLASS REPORT, FALL 2007 AND SPRING 2008 (CONTINUED)**

**Organized Graduate Classes with  
Fewer than 5 Enrolled Students**

<u>Primary Reasons for Teaching</u>	<u>Fall</u>	<u>Spring</u>	<u>Total</u>	<u>Prior Year Total</u>
a. Required for graduation	12	11	23	19
b. To keep proper sequence	7	7	14	22
c. New program	5	8	13	8
d. Cross listed	11	13	24	9
e. First time offered	8	4	12	12
f. Accreditation or licensing standard	0	0	0	0
g. Limited facilities	1	2	3	0
Subtotal	44	45	89	70
h. Voluntarily offered	4	7	11	13
Total	48	52	100	83
Semester Credit Hours generated in small classes	367	481	848	628
Percentage of total Semester Credit Hours offered in small classes	1.62%	2.22%	1.92%	1.36%

U. T. TYLER

AMENDMENTS TO THE 2007-08 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 Academic 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>	
OFFICE OF THE PROVOST AND ACADEMIC AFFAIRS Health Sciences Provost, Vice President for Academic Affairs, and Professor					
1. Peter J. Fos (T)	6/1-8/31	100	12	172,000	2565

## NEW AWARD OF TENURE

The following personnel actions involving new award of tenure have been administratively approved by the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the 2009 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>College of Arts and Sciences</b>		
Art		
Jill Blondin	Assistant Professor (NT)	Associate Professor (T)
Dewane Hughes	Assistant Professor (NT)	Associate Professor (T)
History		
Daniel Murphree	Assistant Professor (NT)	Associate Professor (T)
Literature and Languages		
Carolyn Tilghman	Assistant Professor (NT)	Associate Professor (T)
Mathematics		
Sheldon Davis	New Hire	Professor (T)
Music		
Molly Johnson	Assistant Professor (NT)	Associate Professor (T)
<b>College of Business and Technology</b>		
Business Administration		
Guen-Hwan Shin	Assistant Professor (NT)	Associate Professor (T)
Barbara Wooldridge	Associate Professor (NT)	Associate Professor (T)
<b>College of Engineering and Computer Science</b>		
Electrical Engineering		
Mukul Shirvaikar	Associate Professor (NT)	Professor (T)
Mechanical Engineering		
Y. J. Lin	New Hire	Professor (T)
<b>College of Nursing and Health Sciences</b>		
Health and Kinesiology		
T. Scott Marzilli	New Hire	Professor (T)

**NEW AWARD OF TENURE (CONTINUED)**

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>College of Education and Psychology</b> School of Education Bambi Bailey	New Hire	Associate Professor (T)



## SMALL CLASS REPORT, FALL 2007 AND SPRING 2008

Pursuant to Section 51.403 of the Texas Education Code and Section 5.301 of the Texas Higher Education Coordinating Board *Rules*, a report for the record regarding the teaching of small classes has been filed. The institution has reviewed the data in this report and, as appropriate, made administrative changes to ensure that teaching such small classes continues to be justified. The detailed listing of small classes is available in The University of Texas System Office of Academic Affairs and is summarized as follows:

### Organized Undergraduate Classes with Fewer than 10 Enrolled Students

Primary Reasons for Teaching	Fall	Spring	Total	Prior Year Total
a. Required for graduation	27	25	52	52
b. To keep proper sequence	18	19	37	37
c. New program	3	2	5	9
d. Cross listed	2	1	3	0
e. First time offered	0	0	0	1
f. Accreditation or licensing standard	1	0	1	0
g. Limited facilities	3	7	10	0
Subtotal	54	54	108	99
h. Voluntarily offered	2	3	5	1
Total	56	57	113	100
Semester Credit Hours generated in small classes	894	894	1,788	1,637
Percentage of Total Semester Credit Hours offered in small classes	1.41%	1.52%	1.46%	1.38%

**SMALL CLASS REPORT, FALL 2007 AND SPRING 2008 (CONTINUED)**

**Organized Graduate Classes with  
Fewer than 5 Enrolled Students**

<u>Primary Reasons for Teaching</u>	<u>Fall</u>	<u>Spring</u>	<u>Total</u>	<u>Prior Year Total</u>
a. Required for graduation	5	4	9	9
b. To keep proper sequence	0	1	1	9
c. New program	0	0	0	1
d. Cross listed	0	0	0	1
e. First time offered	1	2	3	2
f. Accreditation or licensing standard	0	0	0	0
g. Limited facilities	0	0	0	0
Subtotal	6	7	13	22
h. Voluntarily offered	2	3	5	4
Total	8	10	18	26
Semester Credit Hours generated In small classes	53	96	149	212
Percentage of total Semester Credit Hours offered in small classes	1.01%	1.79%	1.40%	2.17%

## 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 Hospital District d/b/a/ Parkland Health & Hospital System  
Funds: \$73,534,702  
Period: March 1, 2008 through September 30, 2008  
Description: Services agreement to provide patient care.
2. Agency: VA North Texas Healthcare System  
Funds: \$75,000,000  
Period: November 14, 2006 through September 30, 2011  
Description: To provide scientific studies (research) of various Gulf War veterans' illnesses.
3. Agency: VA North Texas Healthcare System  
Funds: \$556,468  
Period: March 1, 2007 through February 28, 2009  
(amendment to agreement)  
Description: To provide Project Management Core (research) of various Gulf War veterans' illnesses.

##### FUNDS GOING OUT

4. Agency: Beach Plumbing, Inc.  
Funds: \$2,200,000  
Period: June 1, 2008 through August 31, 2011  
(first amendment to agreement)  
Description: To provide temporary plumbing trade labor construction on the U. T. Southwestern Medical Center - Dallas campus.
5. Agency: Holman Boiler Works, Inc.  
Funds: \$1,410,000  
Period: June 5, 2008 through February 1, 2009  
Description: To provide material and perform work to upgrade boiler emissions equipment on the U. T. Southwestern Medical Center - Dallas campus.

**CONTRACTS (CONTINUED)**

**GENERAL CONTRACTS (CONTINUED)**

**FUNDS GOING OUT (CONTINUED)**

6. Agency: Holman Boiler Works, Inc.  
Funds: \$1,100,000  
Period: June 5, 2008 through February 1, 2009  
Description: To provide material and perform work to upgrade boiler emissions equipment on the U. T. Southwestern Medical Center - Dallas campus.
7. Agency: International Business Machines Corporation  
Funds: \$1,902,461  
Period: September 17, 2007 through October 30, 2008  
Description: To provide implementation of an Electronic Medical Record System. International Business Machines Corporation was chosen following a competitive bid process.

**ADDITIONAL DOCKET ITEM  
FINANCE AND PLANNING COMMITTEE  
August 14, 2008**

**OTHER FISCAL ITEMS**

**EMPLOYMENT AGREEMENTS**

The following agreement is recommended for approval by the U. T. System Board of Regents. Such employment under this agreement is subject to the Regents' *Rules and Regulations*, Rule 10501, Sections 3.1 and 3.3 and Rule 20201, *Texas Education Code* Section 51.948, and *Texas Government Code*, Chapter 669.

1. Item: Assistant to the President for Community Affairs and Special Assistant to the Executive Vice Chancellor for Health Affairs  
  
Funds: \$841,557 for appointments through stated budget period  
  
Period: September 2, 2008 through August 31, 2009  
  
Description: The appointment of C. Kern Wildenthal, M.D., Ph.D. as President of U. T. Southwestern Medical Center - Dallas will end September 2, 2008. A deferred compensation payment of \$230,000 will also be made in accordance with the terms of his deferred compensation agreement. In addition to his on-going appointment as Professor of Internal Medicine and Physiology (with tenure), Dr. Wildenthal, will serve as Assistant to the President for Community Affairs of U. T. Southwestern Medical Center - Dallas, assisting the President in development activities, building relationships with community leaders, and representing the University at civic functions on behalf of the President. He will also be appointed as Special Assistant to the Executive Vice Chancellor for Health Affairs for U. T. System Administration, assisting the Executive Vice Chancellor on education and research opportunities in Austin and Central Texas.

## OTHER FISCAL ITEMS (CONTINUED)

### 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. Such employment under this agreement is subject to the Regents' *Rules and Regulations*, Rules 10501 and 20201 and *Texas Education Code*, Section 51.948.

1. Item: President  
Funds: \$902,297 annually (plus \$60,000 deferred compensation)  
Period: Beginning September 2, 2008  
Description: Agreement for employment of Daniel K. Podolsky, M.D., as President of The University of Texas Southwestern Medical Center at Dallas. The President reports to the Chancellor and the Executive Vice Chancellor for Health Affairs and shall hold office without fixed term subject to the pleasure of the Chancellor. In addition to base salary, Dr. Podolsky will receive a supplement from practice plan funds of \$247,703 contingent on availability of funds.  
U. T. Southwestern Medical Center - Dallas will reimburse club and professional memberships as approved by the Executive Vice Chancellor for Health Affairs, continuing education expenses, and reasonable travel expenses. Additionally, U. T. Southwestern Medical Center - Dallas will make direct payment for the actual costs of reasonable expenses related to moving household, personal, and professional possessions. Dean Alfred Gilman has proposed a tenure appointment, without salary during Dr. Podolsky's term as President, in the Department of Medicine at U. T. Southwestern Medical Center - Dallas.

## NEW AWARD OF TENURE

The following personnel actions involving new award of tenure have been administratively approved by the Executive Vice Chancellor for Health Affairs. The personnel actions have been included in the 2009 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>Southwestern Medical School</b>		
Biochemistry Joseph Ready	Assistant Professor (NT)	Associate Professor (T)
Cell Biology Wen-Hong Li	Assistant Professor (NT)	Associate Professor (T)
Internal Medicine Anne Satterthwaite	Assistant Professor (NT)	Associate Professor (T)
Neuroscience Kimberly Huber Gang Yu	Assistant Professor (NT) Assistant Professor (NT)	Associate Professor (T) Associate Professor (T)
Obstetrics and Gynecology Mala Mahendroo	Assistant Professor (NT)	Associate Professor (T)
Ophthalmology David Weakley	Professor (NT)	Professor (T)
Pharmacology Yuh Min Chook	Assistant Professor (NT)	Associate Professor (T)
Physiology Youxing Jiang	Assistant Professor (NT)	Associate Professor (T)

## SMALL CLASS REPORT, FALL 2007 AND SPRING 2008

Pursuant to Section 51.403 of the *Texas Education Code* and Section 5.26 of the Texas Higher Education Coordinating Board *Rules*, a report for the record regarding the teaching of small classes has been filed. The institution has reviewed the data in this report and, as appropriate, made administrative changes to ensure that teaching such small classes continues to be justified. The detailed listing of small classes is available in The University of Texas System Office of Health Affairs and is summarized as follows:

### Organized Undergraduate Classes with Fewer than 10 Enrolled Students

Primary Reasons for Teaching	Fall	Spring	Total	Prior Year Total
a. Required for graduation	7	4	11	13
b. To keep proper sequence	0	0	0	0
c. New program	0	0	0	0
d. Cross listed	0	0	0	0
e. First time offered	0	0	0	0
f. Accreditation or licensing standard	0	0	0	0
g. Limited facilities	2	0	2	7
Subtotal	9	4	13	20
h. Voluntarily offered	1	4	5	7
Total	10	8	18	44



**SMALL CLASS REPORT, FALL 2007 AND SPRING 2008 (CONTINUED)**

**Organized Graduate Classes with  
Fewer than 5 Enrolled Students**

<u>Primary Reasons for Teaching</u>	<u>Fall</u>	<u>Spring</u>	<u>Total</u>	<u>Prior Year Total</u>
a. Required for graduation	5	3	8	40
b. To keep proper sequence	0	0	0	0
c. New program	0	0	0	0
d. Cross listed	0	0	0	0
e. First time offered	0	0	0	0
f. Accreditation or licensing standard	0	0	0	0
g. Limited facilities	44	31	75	13
Subtotal	49	34	83	53
h. Voluntarily offered	8	11	19	8
Total	57	45	102	61

## U. T. MEDICAL BRANCH - GALVESTON

### 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 Hospital District  
Funds: \$2,050,000  
Period: March 1, 2008 through February 28, 2009  
Description: U. T. Medical Branch - Galveston will provide primary health care services to juvenile detainees assigned to the Dallas County Juvenile Department.
  
2. Agency: SJ Medical Center, LLC d/b/a St. Joseph Medical Center  
Funds: Estimated \$18,615,000  
Period: February 1, 2008 through January 31, 2011  
Description: U. T. Medical Branch - Galveston will provide anesthesiology services for patients treated at the Hospital's main campus located at 1401 St. Joseph Parkway, Houston, Texas.
  
3. Agency: Texas Youth Commission (TYC)  
Funds: \$22,971,016  
Period: June 1, 2008 through August 31, 2009  
Description: U. T. Medical Branch - Galveston will provide comprehensive health care services to all youth at TYC facilities.

**AMENDMENTS TO THE 2007-08 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>	
<b>SCHOOL OF MEDICINE</b>					
Internal Medicine					
Director of Endocrinology					
Professor					
1. Nicola Abate (T)	4/1-8/31	100	12	200,000	2478
Otolaryngology					
Neuroscience and Cell Biology					
Professor					
2. Manning J. Correia					2471
From: Professor (T)		100	12	186,600	
To: Professor Emeritus	7/1-8/31				0

## NEW AWARD OF TENURE

The following personnel actions involving new award of tenure have been administratively approved by the Executive Vice Chancellor for Health Affairs. The personnel actions have been included in the 2009 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>School of Medicine</b>		
Anesthesiology		
Amr E. Abouleish	Professor (NT)	Professor (T)
Lee C. Woodson	Professor (NT)	Professor (T)
Biochemistry and Molecular Biology		
Chungming Liu	Assistant Professor (NT)	Associate Professor (T)
Internal Medicine		
Emilio B. Gonzalez	Professor (NT)	Professor (T)
Mukaila Raji	Associate Professor (NT)	Associate Professor (T)
Internal Medicine and Preventive Medicine and Community Health		
Karen A. Szauter	Associate Professor (NT)	Professor (T)
Obstetrics and Gynecology		
Z. Helen Wu	Assistant Professor (NT)	Associate Professor (T)
Pathology		
Douglas M. Watts	Professor (NT)	Professor (T)
Pediatrics		
Patricia S. Beach	Professor (NT)	Professor (T)
Surgery and Biochemistry and Molecular Biology		
Marc G. Jeschke	Assistant Professor (NT)	Associate Professor (T)
Surgery		
Lois A. Killewich	Associate Professor (NT)	Professor (T)
Taylor S. Riall	Assistant Professor (NT)	Associate Professor (T)

## 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. Vaidya with The University of Texas Medical Branch at Galveston. 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:         | Smita Vaidya, M.D.  |
| Title:        | Professor, Department of Pathology and Director, Tissue Antigen Laboratory  |
| Position:     | Member, Chronic Kidney Disease Task Force   |
| Period:       | Appointed April 14, 2008 to serve at the pleasure of the Governor   |
| Compensation: | None  |
| Description:  | Governor Perry has appointed Dr. Vaidya to the Chronic Kidney Disease Task Force. The task force is charged with developing recommendations for Texas health care professionals on the creation of more aggressive treatments for chronic kidney disease. |

## SMALL CLASS REPORT, FALL 2007 AND SPRING 2008

Pursuant to Section 51.403 of the *Texas Education Code* and Section 5.26 of the Texas Higher Education Coordinating Board *Rules*, a report for the record regarding the teaching of small classes has been filed. The institution has reviewed the data in this report and, as appropriate, made administrative changes to ensure that teaching such small classes continues to be justified. The detailed listing of small classes is available in The University of Texas System Office of Health Affairs and is summarized as follows:

### Organized Undergraduate Classes with Fewer than 10 Enrolled Students

Primary Reasons for Teaching	Fall	Spring	Total	Prior Year Total
a. Required for graduation	6	2	8	0
b. To keep proper sequence	19	19	38	26
c. New program	0	0	0	0
d. Cross listed	0	0	0	0
e. First time offered	0	0	0	1
f. Accreditation or licensing standard	0	0	0	0
g. Limited facilities	0	0	0	0
Subtotal	25	21	46	27
h. Voluntarily offered	3	3	6	3
Total	28	24	52	30

**SMALL CLASS REPORT, FALL 2007 AND SPRING 2008 (CONTINUED)**

**Organized Graduate Classes with  
Fewer than 5 Enrolled Students**

<u>Primary Reasons for Teaching</u>	<u>Fall</u>	<u>Spring</u>	<u>Total</u>	<u>Prior Year Total</u>
a. Required for graduation	2	1	3	8
b. To keep proper sequence	22	19	41	32
c. New program	0	0	0	0
d. Cross listed	0	0	0	0
e. First time offered	1	0	1	2
f. Accreditation or licensing standard	0	0	0	0
g. Limited facilities	0	0	0	0
Subtotal	25	20	45	42
h. Voluntarily offered	9	5	14	0
Total	34	25	59	42

## U. T. HEALTH SCIENCE CENTER - HOUSTON

### GIFTS

The following gifts have been received, have been administratively approved by the President or his delegate, and are recommended for approval by the U. T. System Board of Regents:

1. Donor Name: The Brown Foundation, Inc.  
College/School/ Department: Institution  
Purpose: Support the Program in Regenerative Medicine for the School of Health Information Sciences  
Asset Type: Pledge  
Value: \$2,000,000, to be paid \$666,667 per year during fiscal years ending June 30, 2008 and 2009, and \$666,666 during fiscal year ending June 30, 2010
  
2. Donor Name: The Cullen Foundation  
College/School/ Department: Institution  
Purpose: Support the Open to Health Capital Campaign for the Dental Branch  
Asset Type: Pledge  
Value: \$1,500,000, to be paid in three installments of \$500,000 each in 2008, 2009, and 2010



## **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 COMING IN**

1. Agency: Memorial Hermann Hospital System, MHS Physicians of Texas, and U. T. Physicians  
Funds: \$4,600,000  
Period: July 1, 2008 through June 30, 2011  
Description: MHS Physicians of Texas shall commence management and operation of the clinical practice of U. T. Health Science Center - Houston's Department of Neurosurgery.

**AMENDMENTS TO THE 2007-08 BUDGET**

**TENURE APPOINTMENTS**

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

The following Request 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>	
MEDICAL SCHOOL					
Biochemistry					
1. Kevin D. Ridge					2488
From: Associate Professor		100	12	109,091	
To: Associate Professor (T)	9/1-8/31	100	12	109,091	

Approval of the new award of tenure presented above was not previously submitted on the docket or through the institution operating budget. This represents a request for approval of tenure retroactive for Kevin D. Ridge effective March 1, 2004.

## NEW AWARD OF TENURE

The following personnel actions involving new award of tenure have been administratively approved by the Executive Vice Chancellor for Health Affairs. The personnel actions have been included in the 2009 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>Dental Branch</b>		
Restorative Dentistry and Biomaterials		
Sudarat Kiat-Amnuay	Assistant Professor (NT)	Associate Professor (T)
<b>School of Public Health</b>		
Biostatistics		
Momiaio Xiong	Associate Professor (NT)	Associate Professor (T)
Epidemiology and Disease Control		
Victor Cardenas	Associate Professor (NT)	Associate Professor (T)
Sharon P. Cooper	Professor (NT)	Professor (T)
Health Promotion and Behavioral Sciences		
Belinda M. Reininger	Assistant Professor (NT)	Associate Professor (T)
Scott T. Walters	Assistant Professor (NT)	Associate Professor (T)
Management, Policy, and Community Health		
H. Shelton Brown III	Assistant Professor (NT)	Associate Professor (T)
<b>School of Nursing</b>		
Nursing Systems		
Lorraine Frazier	Associate Professor (NT)	Professor (T)
<b>Medical School</b>		
Psychiatry and Behavioral Sciences		
Scott D. Lane	Associate Professor (NT)	Associate Professor (T)

## NEW AWARD OF TENURE (CONTINUED)

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>Medical School (Continued)</b>		
Internal Medicine - Infectious Diseases		
Luis Ostrosky-Zeichner	Associate Professor (NT)	Associate Professor (T)
Pediatrics and Internal Medicine (Hematology)		
Miguel A. Escobar	Assistant Professor (NT)	Associate Professor (T)
Neurology		
Jaroslav A. Aronowski	Associate Professor (NT)	Professor (T)
Pediatrics		
Jason L. Anthony	Assistant Professor (NT)	Associate Professor (T)
Eduardo M. Castillo	Assistant Professor (NT)	Associate Professor (T)
J. Marc Rhoads	Professor (NT)	Professor (T)
Surgery		
Rosemary Kozar	Associate Professor (NT)	Professor (T)

## 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. Such employment under this agreement is subject to the Regents' *Rules and Regulations*, Rules 10501 and 20201 and *Texas Education Code*, Section 51.948.

1. Item: President  
Funds: \$844,743 annually  
Period: Beginning August 1, 2008  
Description: Agreement for employment of Lawrence Kaiser, M.D. as President of The University of Texas Health Science Center at Houston. The President reports to the Chancellor and the Executive Vice Chancellor for Health Affairs and shall hold office without fixed term subject to the pleasure of the Chancellor. In addition to base salary, Dr. Kaiser will receive a supplement from practice plan funds of \$205,257 contingent on availability of funds. U. T. Health Science Center – Houston will reimburse club and professional memberships as approved by the Executive Vice Chancellor for Health Affairs, continuing education expenses, and reasonable travel expenses. Additionally, U. T. Health Science Center – Houston will make direct payment for the actual costs of reasonable expenses related to moving household, personal, and professional possessions. Dean Guiseppe Colasurdo has proposed a tenure appointment, without salary during Dr. Kaiser's term as President, in the Department of Surgery at U. T. Health Science Center - Houston.

## OTHER MATTERS

### THE UNIVERSITY OF TEXAS SYSTEM MEDICAL FOUNDATION, INC.

In accordance with the Articles of Incorporation, approval by the U. T. System Board of Regents is recommended for the following individuals to the Board of Directors for The University of Texas System Medical Foundation, Inc.

#### Reappointment Commencing January 1, 2008

<u>Name and Title</u>	<u>Address</u>	<u>Term Expires</u>
L. Maximilian Buja, M.D. Executive Vice President for Academic Affairs at The University of Texas Health Science Center at Houston	7000 Fannin, Houston, Texas 77030	December 31, 2008
Michael W. Bungo, M.D. Professor, Internal Medicine, Cardiology, at the Medical School	5656 Kelly, Houston, Texas 77026	December 31, 2008
Patricia M. Butler, M.D. Associate Dean for Educational Programs at the Medical School	6431 Fannin, Houston, Texas 77030	December 31, 2008

The University of Texas System Medical Foundation, Inc. is a nonprofit corporation organized strictly for educational and scientific purposes. The Foundation functions within the framework of The University of Texas Health Science Center at Houston for the purpose of training graduate medical students, referred to as House staff or Residents. As part of their training, House staff are contracted with and paid a stipend plus fringe benefits for their services by local hospitals participating in the Affiliated Hospitals Residency Training Program at Houston.

The Bylaws and Articles of Incorporation of The University of Texas System Medical Foundation, Inc. provide that directors succeeding the initial directors shall be appointed by the U. T. System Board of Regents for terms of one year.

## SMALL CLASS REPORT, FALL 2007 AND SPRING 2008

Pursuant to Section 51.403 of the *Texas Education Code* and Section 5.26 of the Texas Higher Education Coordinating Board *Rules*, a report for the record regarding the teaching of small classes has been filed. The institution has reviewed the data in this report and, as appropriate, made administrative changes to ensure that teaching such small classes continues to be justified. The detailed listing of small classes is available in The University of Texas System Office of Health Affairs and is summarized as follows:

### Organized Undergraduate Classes with Fewer than 10 Enrolled Students

Primary Reasons for Teaching	Fall	Spring	Total	Prior Year Total
a. Required for graduation	6	12	18	4
b. To keep proper sequence	4	2	6	2
c. New program	0	0	0	0
d. Cross listed	0	0	0	0
e. First time offered	0	0	0	0
f. Accreditation or licensing standard	0	0	0	0
g. Limited facilities	2	2	4	3
Subtotal	12	16	28	9
h. Voluntarily offered	4	0	4	1
Total	16	16	32	10

**SMALL CLASS REPORT, FALL 2007 AND SPRING 2008 (CONTINUED)**

**Organized Graduate Classes with  
Fewer than 5 Enrolled Students**

Primary Reasons for Teaching	Fall	Spring	Total	Prior Year Total
a. Required for graduation	31	26	56	45
b. To keep proper sequence	22	39	61	64
c. New program	9	9	18	12
d. Cross listed	4	2	6	44
e. First time offered	9	2	11	5
f. Accreditation or licensing standard	8	9	17	0
g. Limited facilities	3	0	3	0
Subtotal	86	87	173	170
h. Voluntarily offered	18	17	35	12
Total	104	104	208	182



**U. T. HEALTH SCIENCE CENTER - SAN ANTONIO**

**AMENDMENTS TO THE 2007-08 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>	
SCHOOL OF NURSING					
Dean's Office					
Dean of the Nursing School					
1. Eileen T. Breslin (T)	4/1-8/31	100	12	275,000	2512

## NEW AWARD OF TENURE

The following personnel actions involving new award of tenure have been administratively approved by the Executive Vice Chancellor for Health Affairs. The personnel actions have been included in the 2009 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>School of Medicine</b>		
Family and Community Medicine		
Manuel Oscos-Sanchez	Assistant Professor (NT)	Associate Professor (T)
James Tysinger	Associate Professor (NT)	Professor (T)
Medicine		
Kenneth Cusi	Assistant Professor (NT)	Professor (T)
Eric Mortensen	Assistant Professor (NT)	Associate Professor (T)
Devang Patel	Assistant Professor (NT)	Associate Professor (T)
Neurology		
Jose Cavazos	Assistant Professor (NT)	Associate Professor (T)
Orthopaedics		
Thomas Zgonis	Assistant Professor (NT)	Associate Professor (T)
Obstetrics and Gynecology		
Deborah Conway	Assistant Professor (NT)	Associate Professor (T)
<b>Dental School</b>		
Dental Diagnostic Science		
Michaell Huber	Associate Professor (NT)	Associate Professor (T)
Periodontics		
Brian Mealey	Associate Professor (NT)	Professor (T)
Restorative Dentistry		
Edward Wright	Assistant Professor (NT)	Associate Professor (T)
<b>Graduate School of Biomedical Sciences</b>		
Biochemistry		
Borries Demeler	Assistant Professor (NT)	Associate Professor (T)
Phillip LoVerde	Professor (NT)	Professor (T)
Cellular and Structural Biology		
Kristine Vogel	Assistant Professor (NT)	Assistant Professor (T)

**NEW AWARD OF TENURE (CONTINUED)**

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>Graduate School of Biomedical Sciences (Continued)</b>		
Molecular Medicine		
Hai Rao	Assistant Professor (NT)	Associate Professor (T)
Physiology		
Robert Brenner	Assistant Professor (NT)	Associate Professor (T)
Brad Rothberg	Assistant Professor (NT)	Associate Professor (T)
<b>School of Allied Health Sciences</b>		
Respiratory Care		
Helen Sorenson	Assistant Professor (NT)	Associate Professor (T)
David Vines	Assistant Professor (NT)	Associate Professor (T)

## SMALL CLASS REPORT, FALL 2007 AND SPRING 2008

Pursuant to Section 51.403 of the *Texas Education Code* and Section 5.26 of the Texas Higher Education Coordinating Board *Rules*, a report for the record regarding the teaching of small classes has been filed. The institution has reviewed the data in this report and, as appropriate, made administrative changes to ensure that teaching such small classes continues to be justified. The detailed listing of small classes is available in The University of Texas System Office of Health Affairs and is summarized as follows:

### Organized Undergraduate Classes with Fewer than 10 Enrolled Students

Primary Reasons for Teaching	Fall	Spring	Total	Prior Year Total
a. Required for graduation	21	7	28	4
b. To keep proper sequence	0	9	9	42
c. New program	0	0	0	0
d. Cross listed	4	2	6	0
e. First time offered	0	1	1	0
f. Accreditation or licensing standard	0	0	0	0
g. Limited facilities	0	1	1	13
Subtotal	25	20	45	59
h. Voluntarily offered	3	12	15	30
Total	28	32	60	89

**SMALL CLASS REPORT, FALL 2007 AND SPRING 2008 (CONTINUED)**

**Organized Graduate Classes with  
Fewer than 5 Enrolled Students**

<u>Primary Reasons for Teaching</u>	<u>Fall</u>	<u>Spring</u>	<u>Total</u>	<u>Prior Year Total</u>
a. Required for graduation	15	18	33	25
b. To keep proper sequence	4	17	21	23
c. New program	0	0	0	0
d. Cross listed	2	1	3	6
e. First time offered	0	0	0	5
f. Accreditation or licensing standard	2	0	2	1
g. Limited facilities	3	8	11	3
Subtotal	26	44	70	63
h. Voluntarily offered	8	9	17	14
Total	34	53	87	77

## U. T. M. D. ANDERSON CANCER CENTER

### GIFTS

The following gifts have been received, have been administratively approved by the President or his delegate, and are recommended for approval by the U. T. System Board of Regents:

1. Donor Name: James C. Kennedy  
College/School/ Department: Institution  
Purpose: Undesignated  
Asset Type: Interest in Limited Partnership  
Value: \$5,000,000
  
2. Donor Name: Anonymous  
College/School/ Department: Institution  
Purpose: Advanced Research Management and Data Analysis Project  
Asset Type: Cash  
Value: \$2,000,000

## 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: United Resources Networks  
Funds: Hospital Agreement: Inpatient Services: For oncology services requiring an admission, payor will pay U. T. M. D. Anderson Cancer Center the lesser of (1) the sum of the applicable per diem payment listed below, or (2) billed charges. In the event that billed charges exceed \$50,000 for an admission, payor will pay 70% of billed charges for the entire admission. Per Diem Rates:  
Hospital ICU Per Diem = \$4,000  
Non-ICU Per Diem (Medical/Surgical) = \$2,850  
Outpatient Services: For oncology services not requiring an admission, payor will pay 85% of billed charges.  
Physician's Agreement: For all oncology services, payor will pay providers 85% of billed charges.  
Period: Effective June 1, 2008, with no end date. Contract is effective for an initial period of 12 months and can be automatically renewed for successive 12 month terms.  
Description: Managed Care Agreement
2. Agency: CenterPoint Energy Texas Gas Operations  
Funds: \$1  
Period: Effective upon approval and will terminate either when an easement is granted to replace the license, or CenterPoint Energy Texas Gas Operations no longer needs the license because electric service terminates or is relocated.  
Description: Agreement grants a non-exclusive perpetual license to CenterPoint Energy Texas Gas Operations for natural gas distribution facilities at and below ground level lying and serving facilities owned by U. T. M. D. Anderson Cancer Center.

## CONTRACTS (CONTINUED)

### GENERAL CONTRACTS (CONTINUED)

#### FUNDS GOING OUT

3. Agency: OVAG International AG  
Funds: The cost will be paid on a flat 17% commission of collected amounts and will not exceed \$600,000 per year without prior written consent. It is anticipated that the institution may utilize all renewal periods so the total payments under the term of this contract, with renewals, will be approximately \$2,400,000.  
Period: January 1, 2008 through December 31, 2008. Agreement may be renewed for up to three additional 12-month periods.  
Description: Vendor will accept all delinquent international accounts that the institution chooses to refer for collection for both hospital service fees and physician service fees. Vendor will provide all personnel and expenses necessary to perform collection services, will perform collection services in compliance with all applicable laws, and will provide the institution with required reports and information regarding collection services.
4. Agency: Cryogene Partners, G.P.  
Funds: Payments not to exceed \$5,000,000 without prior written consent. Fees are based on the monthly aggregate volume of cubic foot storage space utilized dependent on ownership of storage equipment, as well as set fees for additional services.  
Period: July 1, 2008 through June 30, 2011. Agreement may be renewed for three additional 12-month terms.  
Description: Vendor will provide a consistent process for long-term storage and maintenance of critical research biological specimens, including but not limited to, necessary personnel, maintaining environmental conditions, archiving, monitoring, tracking, receipt and delivery of samples, and labeling of specimens in secure quality controlled environment.



**AMENDMENTS TO THE 2007-08 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>	
RESEARCH					
Provost and Executive Vice President Vice President, Global Academic Programs and Professor					
1. Karen Fields (T)	5/5-8/31	100	12	365,000	2486
Carcinogenesis Professor					
2. Richard Wood (T)	5/30-8/31	100	12	255,000	2473

## NEW AWARD OF TENURE

The following personnel actions involving new award of tenure have been administratively approved by the Executive Vice Chancellor for Health Affairs. The personnel actions have been included in the 2009 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>Behavioral Science</b>		
Susan K. Peterson	Assistant Professor (NT)	Associate Professor (T)
Cindy L. Carmack Taylor	Assistant Professor (NT)	Associate Professor (T)
<b>Experimental Therapeutics</b>		
John S. McMurray	Associate Professor (NT)	Associate Professor (T)
<b>Breast Medical Oncology</b>		
Sharon Hermes Giordano	Assistant Professor (NT)	Associate Professor (T)
<b>Sarcoma Medical Oncology</b>		
Jonathan C. Trent II	Assistant Professor (NT)	Associate Professor (T)
<b>Pediatrics</b>		
Joya Chandra	Assistant Professor (NT)	Associate Professor (T)
<b>Clinical Cancer Prevention</b>		
Ashraful M. Hoque	Assistant Professor (NT)	Associate Professor (T)
<b>Biomedical Engineering</b>		
Konstantin V. Sokolov	Assistant Professor (NT)	Associate Professor (T)
<b>Biostatistics</b>		
Guosheng Yin	Assistant Professor (NT)	Associate Professor (T)
<b>Pathology</b>		
Abdul Hafeez Diwan	Assistant Professor (NT)	Associate Professor (T)
Constance Albarracin	Assistant Professor (NT)	Associate Professor (T)
Ignacio Ivan Wistuba	Associate Professor (NT)	Professor (T)
<b>Radiation Oncology</b>		
Joe Y. Chang	Assistant Professor (NT)	Associate Professor (T)
Michael O'Reilly	Assistant Professor (NT)	Associate Professor (T)
Thomas M Guerrero	Assistant Professor (NT)	Associate Professor (T)
<b>Immunology</b>		
Michel Gilliet	Assistant Professor (NT)	Associate Professor (T)

**NEW AWARD OF TENURE (CONTINUED)**

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>Urology</b> Ashish Kamat	Assistant Professor (NT)	Associate Professor (T)
<b>Cancer Genetics</b> Angabin Matin	Assistant Professor (NT)	Associate Professor (T)

## 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 Mr. Leach with The University of Texas M. D. Anderson Cancer Center. 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:         | Leon J. Leach  |
| Title:        | Executive Vice President   |
| Position:     | Member, Health and Human Services Council  |
| Period:       | July 3, 2008 through February 1, 2013  |
| Compensation: | None   |
| Description:  | Governor Perry has reappointed Mr. Leach to the Health and Human Services Council. The Council assists in developing policies and rules for the Health and Human Services Commission and makes recommendations regarding management and operation of the Commission. |

## SMALL CLASS REPORT, FALL 2007 AND SPRING 2008

Pursuant to Section 51.403 of the *Texas Education Code* and Section 5.26 of the Texas Higher Education Coordinating Board *Rules*, a report for the record regarding the teaching of small classes has been filed. The institution has reviewed the data in this report and, as appropriate, made administrative changes to ensure that teaching such small classes continues to be justified. The detailed listing of small classes is available in The University of Texas System Office of Health Affairs and is summarized as follows:

### Organized Undergraduate Classes with Fewer than 10 Enrolled Students

Primary Reasons for Teaching	Fall	Spring	Total	Prior Year Total
a. Required for graduation	20	18	38	38
b. To keep proper sequence	0	0	0	0
c. New program	0	0	0	0
d. Cross listed	0	0	0	0
e. First time offered	0	0	0	0
f. Accreditation or licensing standard	0	0	0	0
g. Limited facilities	0	0	0	0
Subtotal	20	18	38	38
h. Voluntarily offered	0	0	0	0
Total	20	18	38	38

Note: U. T. M. D. Anderson Cancer Center does not teach classes with fewer than five students.

## U. T. HEALTH SCIENCE CENTER - TYLER

### 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. Calhoun with The University of Texas Health Science Center at Tyler. 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:         | Kirk A. Calhoun, M.D.   |
| Title:        | President   |
| Position:     | Member, State Health Services Council   |
| Period:       | June 12, 2008 through February 1, 2011  |
| Compensation: | None  |
| Description:  | Governor Perry has appointed Dr. Calhoun to the State Health Services Council. The Council makes recommendations to the Department of State Health Services regarding the management, operation, policies, and rules for public health, mental health, and substance abuse. |

**OTHER MATTERS (CONTINUED)**

**ADOPTION OF LOGO**

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

The proposed Pantone Marking System colors are blue 294 and orange 166.

