

Meeting No. 1,124

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

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August 20-21, 2014

Austin, Texas

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 OF  
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MEETING NO. 1,124

WEDNESDAY, AUGUST 20, 2014.--The members of the Board of Regents of The University of Texas System convened in Standing Committee meetings on Wednesday, August 20, 2014, from 9:00 a.m. - 3:57 p.m. in the Board Room, Ninth Floor, Ashbel Smith Hall, 201 West Seventh Street, Austin, Texas, with the following participation as more specifically referenced in the Committee Minutes:

CONVENE THE BOARD IN OPEN SESSION.--At 4:00 p.m., in accordance with a notice being duly posted with the Secretary of State and there being a quorum present, Chairman Foster called the meeting of the Board to order in open session with the following participation:

ATTENDANCE.--

Present

Chairman Foster  
Vice Chairman Powell  
Vice Chairman Hicks  
Regent Aliseda  
Regent Cranberg  
Regent Hall  
Regent Hildebrand  
Regent Pejovich  
Regent Stillwell  
Regent Richards, Student Regent, nonvoting

AGENDA ITEMS

1. U. T. System Board of Regents: Annual Meeting with Officers of the U. T. System Faculty Advisory Council

The U. T. System Faculty Advisory Council met with the Board to discuss accomplishments of the Council and plans for the future. Council members who attended were:

Chair: Elizabeth Heise, Ph.D., The University of Texas at Brownsville, Chemistry and Environmental Sciences

Former Chair: Donald Molony, M.D., The University of Texas Health Science Center at Houston, Internal Medicine

Chair Elect: Ann Killary, Ph.D., The University of Texas M. D. Anderson Cancer Center, Genetics

2. U. T. System: Announcement of academic and health institution recipients of the 2014 Regents' Outstanding Teaching Awards, remarks by representative faculty, and announcement of new members of The University of Texas Kenneth I. Shine, M.D., Academy of Health Science Education

Chancellor Cigarroa congratulated the 2014 recipients of the Regents' Outstanding Teaching Awards and called on the following representative faculty members for brief remarks:

- Kevin A. Schug, Ph.D., Associate Professor and Shimadzu Distinguished Professor of Analytical Chemistry, Department of Chemistry and Biochemistry, The University of Texas at Arlington
- Linda M. McManus, Ph.D., Professor, Department of Pathology and Periodontics, The University of Texas Health Science Center at San Antonio

New members of The University of Texas Kenneth I. Shine, M.D., Academy of Health Science Education were also recognized.

The Board of Regents of The University of Texas System places the highest priority on undergraduate teaching at U. T. System universities and encourages teaching excellence by recognizing those faculty who deliver the highest quality of undergraduate instruction, demonstrate their commitment to teaching, and have a history and promising future of sustained excellence with undergraduate teaching in the classroom, in the laboratory, in the field, or online.

On August 14, 2008, the Board established the Regents' Outstanding Teaching Awards, which are a symbol of the importance the Board places on the provision of teaching and learning of the highest order, in recognition of those who serve students in an exemplary manner and as an incentive for others who aspire to such service. These teaching awards complement existing ways in which faculty excellence is recognized and incentivized.

The Board allocated \$1 million per year for the awards for The University of Texas at Austin and another \$1 million per year for the remaining academic institutions. On August 25, 2011, the Board expanded the program to the faculty at the six health institutions and allocated \$1 million per year for the awards. The allocations have been approved through Fiscal Year 2017.

Program details for the awards were approved by the Board on November 13, 2008, and have been modified to involve one-time payments of \$25,000 each to individual faculty members. Among the academic institutions, awards are made according to faculty level, with no more than 76 awards for tenured faculty, tenure-track faculty, and contingent faculty (including adjuncts, lecturers, and instructional assistants). Across the health institutions, no more than 39 awards are made annually.

RECESS.--At 5:00 p.m., the Board recessed to reconvene on August 21, 2014.

THURSDAY, AUGUST 21, 2014.--The members of the Board of Regents of The University of Texas System convened at 8:08 a.m. on Thursday, August 21, 2014, in the Board Room, Ninth Floor, Ashbel Smith Hall, 201 West Seventh Street, Austin, Texas, with the following participation.

ATTENDANCE.--

Present

Chairman Foster  
Vice Chairman Powell  
Vice Chairman Hicks  
Regent Aliseda  
Regent Cranberg  
Regent Hall  
Regent Hildebrand  
Regent Pejovich  
Regent Stillwell  
Regent Richards, Student Regent, nonvoting

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

AGENDA ITEMS

1. U. T. System Board of Regents: Approval of Consent Agenda items

Chairman Foster noted the following related to the Consent Agenda:

- Item 3 proposed to expand the scope of the current contract with Opportune for the study of University Lands business procedures for an additional \$3 million.
- Item 6 outlined the projected full-time equivalent employee counts for each University of Texas System institution. Requests to exceed annual full-time equivalent (FTE) caps will be submitted to the Governor and Legislative Budget Board as required by law for several of the health institutions.
- Item 44 requested approval for a temporary wordmark for The University of Texas Rio Grande Valley, which is subject to modification after official school colors and brands are selected.
- Item 60 concerned a contract between The University of Texas Medical Branch at Galveston and Morrison Management, Inc. for comprehensive food

service operations, including patient meals, retail food sales, catering, and vending services, at a total potential cost of \$85 million over the term of the contract.

The Board then approved the Consent Agenda, which is set forth on Pages 145 - 216.

In approving the Consent Agenda, the Board expressly authorized that any contracts or other documents or instruments approved therein may be executed by the appropriate officials of the respective U. T. System institution involved.

4. U. T. System Board of Regents: Presentation of Certificate of Appreciation to U. T. Brownsville President García

Chairman Foster recognized and thanked Dr. Juliet V. García for her outstanding service as President of The University of Texas at Brownsville. After serving as President of Texas Southmost College, Dr. García became President of U. T. Brownsville in 1992, and she retired from the presidency on August 31, 2014. Chairman Foster remarked that Dr. García devoted her life's work to public service and is a national thought leader in higher education innovation. She has always been guided by what is best for the students and that unwavering focus has been key to her successful leadership and enormous accomplishments.

Dr. García provided brief remarks and received a standing ovation. She received the following certificate of appreciation.

CERTIFICATE OF APPRECIATION  
The Board of Regents  
Expresses to  
JULIET V. GARCÍA, Ph.D.  
Its Sincere Appreciation for Her  
Distinguished Service and Outstanding Contributions  
to  
The University of Texas System  
as  
President  
The University of Texas at Brownsville  
1992 - 2014

Effective September 1, 2014, Dr. García was appointed as Special Advisor for South Texas at The University of Texas System Administration, reporting to the Executive Vice Chancellor for Academic Affairs.

[Secretary's Note: On June 25, 2014, Dr. William R. Fannin, Provost and Vice President of Academic Affairs at The University of Texas of the Permian Basin, was appointed by Chancellor Cigarroa to serve as Interim President of U. T. Brownsville

during this time of transition to launch The University of Texas Rio Grande Valley. Dr. Fannin served from September 1, 2014 through August 31, 2015. His title for budgetary purposes was Interim Chief Executive Officer.]

5. U. T. System Board of Regents: Presentation of Certificate of Appreciation to U. T. Pan American President Nelsen

Chairman Foster recognized Dr. Robert Nelsen's service to The University of Texas System as President of The University of Texas-Pan American since 2010, saying President Nelsen embraced the culturally rich Rio Grande Valley and its people as his own. He retired from the presidency on September 2, 2014. Dr. Nelsen was committed to finding ways for the University to help the region grow and prosper through manufacturing, health care, and education programs, and he set a course for U. T. Pan American centered on improving student success and enhancing community engagement.

Dr. Nelsen was not able to attend the meeting, but he received a round of applause, and the following certificate of appreciation will be sent to him.

CERTIFICATE OF APPRECIATION  
The Board of Regents  
Expresses to  
ROBERT S. NELSEN, Ph.D.  
Its Sincere Appreciation for His  
Distinguished Service and Outstanding Contributions  
to  
The University of Texas System  
as  
Professor  
The University of Texas at Dallas  
1990-2008

The University of Texas System Faculty Advisory Council  
Member 1997-2006  
Chair 2001-2003

Vice Provost  
The University of Texas at Dallas  
2007-2008

President  
The University of Texas-Pan American  
2010-2014

Dr. Nelsen was appointed as Special Advisor to the Executive Vice Chancellor for Academic Affairs at The University of Texas System Administration effective September 3, 2014.



[Secretary's Note: On June 25, 2014, Dr. Havidán Rodríguez, Provost and Vice President of Academic Affairs at The University of Texas-Pan American, was appointed by Chancellor Cigarroa to serve as Interim President of U. T. Pan American during this time of transition to launch The University of Texas Rio Grande Valley. Dr. Rodríguez served from September 3, 2014 through August 31, 2015. His title for budgetary purposes was Interim Chief Executive Officer.]

6. U. T. Austin: Introduction of S. Claiborne "Clay" Johnston, M.D., Ph.D., founding Dean of the Dell Medical School

Chairman Foster first congratulated President Powers and the leadership team at The University of Texas at Austin for receipt of a \$50 million gift commitment from the LIVESTRONG Foundation for the new Dell Medical School and for achieving the capital campaign goal of \$3 billion.

He then called on President Powers to introduce S. Claiborne "Clay" Johnston, M.D., Ph.D., Vice President for Medical Affairs and founding Dean of the U. T. Austin Dell Medical School.

Dean Johnston spoke about the history of the medical education system and the recommendation found in the seminal work of the Flexner Report of 1910 to build a medical school in Austin. He said that now, over 100 years later, the vision of Flexner is being realized.

Dean Johnston discussed the mission and mandate of the new medical school to develop new models of medical care. He explained the role of medical academia that is at the point of innovation with new treatments and new ways of diagnosing illness. He reported on the progress of accreditation of the medical program -- accreditation requests have been submitted and the review will take place in Fall 2014. Faculty searches and administrative appointments are underway, construction of the new medical school buildings are on schedule for the first class to matriculate in 2016, and the hospital is expected to be completed in late 2017. He also reported that partnerships with Central Health, Seton Healthcare, and the LIVESTRONG Foundation are developing opportunities for new models of health care.

7. U. T. System Board of Regents: Approval to implement recommendations from the Task Force on Employee/Student Relationships, including revisions to Regents' Rules and Regulations, Rule 30105 (Sexual Harassment and Misconduct and Inappropriate Consensual Relationships)

The Board authorized amendment of the Regents' *Rules and Regulations*, Rule 30105, regarding Sexual Harassment and Misconduct, to read as set forth on Page 8. The revisions implement recommendations of the Task Force on Employee/Student Relationships, appointed by former Chairman Powell.

Created on November 15, 2012, the Task Force on Employee/Student Relationships was charged with examining policies and processes related to employee/student relationships across The University of Texas System and with making recommendations for needed changes. The Task Force recommendations, adopted by the Board on December 12, 2013, noted that "what may begin as a seemingly consensual relationship can quickly transform into a sexual harassment complaint from the student."

The Regents' Rule changes, together with changes to related policies and procedures, address several recommendations of the Task Force. The Regents' Rule prohibits inappropriate consensual relationships unless they are disclosed and the conflict can be mitigated. U. T. System Administration will provide further guidance and procedures in a detailed Systemwide policy and model procedures to be included in each institutional *Handbook of Operating Procedures*.

**1. Title**

Sexual Harassment and Misconduct and Inappropriate Consensual Relationships

**2. Rule and Regulation**

Sec. 1 Environment. The educational and working environments of The University of Texas System or any of the institutions shall be free from inappropriate conduct of a sexual nature. Sexual harassment and misconduct and inappropriate consensual relationships are unprofessional and unacceptable.

Sec. 2 Adoption of Policies. The institutions of the U. T. System and System Administration shall adopt policies prohibiting sexual harassment and misconduct and inappropriate consensual relationships and procedures for review of complaints to be published in the *Handbook of Operating Procedures* of each institution.

**3. Definitions**

Sexual Harassment – Unwelcome sexual advances, requests for sexual favors, or other verbal or physical conduct of a sexual nature, submission to which is made a term or condition of a person's exercise or enjoyment of any right, privilege, power, or immunity, either explicitly or implicitly. *Texas Penal Code Ann. § 39.03(c)*. A public servant acting under color of his/her office or employment who intentionally subjects another to sexual harassment is guilty of official oppression. *Texas Penal Code Ann. § 39.03(a)(3)*. Official oppression is a Class A misdemeanor. *Texas Penal Code Ann. § 39.03(d)*.

Sexual Misconduct – Includes unwelcome sexual advances, requests for sexual favors, or verbal or physical conduct of a sexual nature directed towards another individual that does not rise to the level of sexual harassment but is unprofessional and inappropriate for the workplace or classroom.

Inappropriate Consensual Relationship – A consensual sexual relationship, romantic relationship, or dating between a university faculty member or other employee and any employee or student over whom the individual has any direct or indirect supervisory, teaching, evaluation, or advisory authority, unless the relationship has been reported in advance and a plan to manage the conflict inherent in the relationship has been approved and documented.

8. U. T. System: Approval of \$10 million from the Permanent University Fund and from Available University Funds to create the U. T. System Neuroscience and Neurotechnology Institute for Fiscal Year 2015 and \$10 million for Fiscal Year 2016

The Board approved a \$5 million allocation from the Permanent University Fund to fund equipment purchases and faculty recruitment through The University of Texas System Science and Technology Acquisition and Retention (STARs) program and \$5 million from Available University Funds to be employed through a partnership with The University of Texas at Austin to provide Systemwide research seed funding grants for Fiscal Year 2015 to create the U. T. System Neuroscience and Neurotechnology Institute.

An additional \$10 million from the Permanent University Fund and/or from Available University Funds was approved for expenditure in Fiscal Year 2016 after evaluation of progress and with concurrence of, and specific allocation by, the Board. Chairman Foster recognized Regent Pejovich for her interest in and encouragement of this initiative.

U. T. System institutions host an impressive variety of neuroscientists and the accompanying disciplines necessary to move neuroscience and neurotechnology into innovative waters, such as engineering, computer science, mathematics, material science, physics, and chemistry.

To assist U. T. scientists to compete for federal Brain Research through Advancing Innovative Neurotechnologies (BRAIN) Initiative funding and private-sector investments associated with this national initiative, a Systemwide virtual research institute will enable U. T. System researchers to build competitive collaborations. The main, but not exclusive, focus of the Institute will be on neurotechnology development and creation of innovative tools and techniques that will transform research in the field. Areas of special interest include, but are not limited to, imaging, neurocomputational techniques, development of neuro-devices for research or treatment purposes, and molecular mapping.

One significant initiative of the Institute, in partnership with The University of Texas at Austin, will be to award, after appropriate peer review processes, seed funding to multi-institutional, collaborative research projects that have a high likelihood of success scientifically and for extramural funding. This is a proven methodology widely used to incentivize collaborative research and the development of new and high impact technologies. To execute this seed funding initiative, an appropriate governance structure will be established to assure the intent of the seed funding program and the objectives of the Institute.

Collaborations among health-engineering-life sciences experts will be particularly encouraged. Funding for this initiative will be issued over a two-year time period and evaluated by success in attaining high performance metrics.

9. U. T. System: Acceptance of recommendations from the Task Force on Student Mental Health and Safety; approval to fund after-hours crisis counseling services for five years and implementation of a Systemwide bystander intervention program for three years; and allocation of \$2,552,268 of Available University Funds to U. T. Austin to operate both programs

Chairman Foster called on Chancellor Cigarroa to introduce Dr. Chris Brownson, Associate Vice President for Student Affairs at The University of Texas at Austin, and Dr. Wanda Mercer, Associate Vice Chancellor for Student Affairs in the Office of Academic Affairs, who presented the report and recommendations of The University of Texas System Task Force on Student Mental Health and Safety.

Dr. Brownson spoke about two interventions from the Task Force.

- He provided examples of life-saving measures and services that are being implemented, such as the 24-hour counseling line available to students and identification of at-risk students who are encouraged to seek care at any hour of the day or night.
- He provided examples of prevention, such as enabling professional help or bystander intervention that can have an impact on suicide prevention, high risk drinking, and hazing.

Executive Vice Chancellor Greenberg spoke about issues related to the role of institutional faculty members and possible disclosure of student information.

Chancellor Cigarroa said he had charged Dr. Brownson, a Chancellor's Health Fellow, with implementing the interventions at U. T. Austin. Regent Pejovich commended the robust policy, vital to the health of students, that will follow students through their college careers. Dr. Brownson said the initiative begins when students set foot on campus and creates a culture on campus of students caring for one another.

Noting a tie between addiction and mental illness, Vice Chairman Hicks commented on the Board's authorization on November 14, 2013, of almost \$1 million to support institutional Collegiate Recovery Programs, modeled after the U. T. Austin Center for Students in Recovery. Dr. Brownson complimented the model for bystander intervention and the support of Vice Chairman Hicks.

Vice Chairman Powell spoke about the campus notification system initiated by Regent Hall that has helped keep members of the Board aware of problems on U. T. System campuses.

The Board then

- a. accepted the recommendations in the report of the U. T. System Task Force on Student Mental Health and Safety, which is set forth on Pages 13 - 26;

- b. approved the proposal to fund after-hours crisis counseling services for five years and implementation of a Systemwide bystander intervention initiative for a three-year time period with a total for both programs of \$2,552,268; and
- c. allocated \$2,552,268 of Available University Fund (AUF) dollars to U. T. Austin to operate the programs. The proposal, which was reviewed and approved by the Office of General Counsel and the Office of Health Affairs, is set forth on Pages 27 - 31.

The U. T. System Task Force on Student Mental Health and Safety was charged with developing, for U. T. System institutions, a variety of recommendations that reflect the value that leadership places on the health and safety of each and every student. After reviewing current institutional practices and policy, the Task Force developed recommendations to ensure that worrisome student behavior can be identified in accordance with applicable medical and mental health privacy laws, that appropriate institutional responses can be initiated, and that students are provided necessary resources to seek help during stressful and crisis situations.

The scope of recommendations includes:

- 1. appropriate structure and processes of Behavioral Intervention Teams at each institution;
- 2. successful and appropriate processes to identify students with mental health concerns; and
- 3. mechanisms to support students with mental health concerns.

The Task Force also provided recommendations for students at the U. T. System health institutions who often face greater challenges in seeking appropriate mental health care.

The Task Force identified several key recommendations that are likely to increase access to crisis-related mental health care at each institution, improve the early detection and reporting of potential crisis situations, and maintain the organization and consistency of behavioral intervention teams.

The Task Force on Student Mental Health and Safety report recommends that institutions “will have a mechanism to provide after-hours telephone crisis counseling to students with the capability of assessing level of acuity, connecting students to both campus and community resources, and responding to urgent situations appropriately.”

The Office of Academic Affairs has identified crisis counseling services provided by ProtoCall as a means to address this recommendation for all institutions. The proposal for ProtoCall services will provide telephonic intake assistance, brief stabilization and support, and resource information services that are specific to each

institution and community. By leveraging U. T. System resources, the institutions will save up to 30% over the standard rate for after-hours crisis counseling call volume rates, and will receive individualized training, access to timely and relevant information, and a high level of both call volume and overall service. A contract currently in place between U. T. Austin and ProtoCall will be amended to procure these additional services. The original contract was procured with sole source justification.

The Task Force on Student Mental Health and Safety report also recommends that institutions effectively and appropriately advertise counseling mechanisms. The proposal also includes the cost of advertising and promotion of ProtoCall services over a five-year time period for all institutions. The estimated cost of ProtoCall services and related advertising is approximately \$1.1 million for the time period from Fall 2014 through Summer 2019.

In addition to crisis counseling, bystander intervention initiatives have been widely cited as a promising means to aid in the prevention of sexual assault, suicide, hazing, substance/alcohol abuse, and other mental health issues. Bystander intervention initiatives recognize and rely on the fact that U. T. System students are uniquely positioned to best observe their peers' social media, interact with their peers during class and institutional events, and support them when they are struggling. This funding proposal will create a Systemwide bystander intervention initiative that will utilize a social norms campaign and develop programming to educate students about the importance of bystander intervention. The proposal includes funding for Systemwide coordination, expert consultation, and graduate student workers to effectively disseminate the message of the campaign. Funding will also support annual innovation projects and Systemwide conferences. The estimated cost of the bystander intervention initiatives is approximately \$1.4 million from the time period from Fall 2014 through Summer 2017.



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

U. T. SYSTEM

RECOMMENDATIONS FROM THE TASK FORCE  
ON STUDENT MENTAL HEALTH AND SAFETY

Prepared by the Office of Academic Affairs  
The University of Texas System

August 2014



## Introduction

The U. T. System places high value on the health and safety of its students and strives to be a national exemplar in providing the requisite programs and resources to facilitate student health and safety. Research shows that many students arrive on university campuses with mental health concerns that can be exacerbated by the stress and pressure of academic requirements and the challenging issues students encounter developmentally and in their transition to university life. Other students might experience symptoms for the first time while on a university campus, as 18-25 is a common age of onset for many mental health disorders.

Although faculty, staff, and administrators forge close relationships with some students on campus, it is difficult to identify the early warning signs of psychological issues. Concerns are often not visibly observable and can even be difficult for individuals to detect in themselves. While mentors, advisors, and counselors exist on every campus, rates of help-seeking are low relative to the incidence of mental health concerns. Further, a lack of resources makes it challenging to keep up with growing student demand from year to year. Due to the increasing emphasis on behavioral intervention and the growing need for mental health care and counseling at universities, the Task Force on Student Mental Health and Safety Task Force was convened by the U. T. System Board of Regents to address these growing concerns.

### Task Force Charge

The Task Force on Student Mental Health and Safety is charged with reviewing current campus practices to increase the probability that worrisome student behavior is identified and that appropriate institutional responses can be initiated. The Task Force has been charged with addressing the following questions and issues:

**Charge #1:** Develop recommendations in the structure and process of Behavioral Intervention Teams (BITs) to ensure that timely and appropriate referrals are made with appropriate outcomes and dispositions.

**Charge #2:** Identify successful processes in place on campuses to identify students with mental health concerns.

**Charge #3:** Identify mechanisms to support students with mental health concerns.

**Charge #4:** Determine if additional campus data may be gathered and categorized to identify troubled students for the purposes of early intervention and outreach.

In addition to the recommendations that stem from the Task Force charge, the Task Force has developed recommendations for students at health institutions who have been less likely to seek mental health counseling and treatment due to confidentiality and licensure concerns. Finally, the Task Force has also considered the potential to leverage system resources to improve mental health among students Systemwide.

## **Charge #1: Recommendations for the Structure and Process of Behavioral Intervention Teams**

After the tragic shootings at Virginia Tech in 2007, the report issued by the Virginia Tech Review Panel provided timely and appropriate information to university campuses across the country. While some institutions had behavioral intervention initiatives already in place as a result of the Virginia Tech Report, most campuses began to establish Behavioral Intervention Teams (BITs) to identify and intervene with students displaying disturbing behavior. BITs are now becoming a standard of care at universities across the country as a mechanism for campus constituencies to share and act on information about students of concern.

U. T. System academic institutions have instituted similar models of BITs. These teams typically consist of campus representatives from Student Affairs, Student Mental Health, Student Health Services, the University Police, Associate Deans, and faculty/academic representatives. These teams often meet on a regular basis but also convene as needed to address concerning student behavior on campus.

Although U. T. System health institutions have each developed a mechanism for responding to crises on campus or within their medical facilities, the implementation of these mechanisms varies widely by campus. At most health institutions, crisis response teams allow faculty, staff, and students to respond to emergency situations. While these teams do address the most urgent crisis situations, such as responding to an active shooter within a hospital, these teams do not take the place of behavioral intervention teams.

U. T. Southwestern Medical Center and U. T. Health Science Center at San Antonio currently have BITs that function similar to the academic institutions. U. T. Medical Branch at Galveston is in the process of developing a formal BIT, and institutional officials have implemented an operating plan that addresses specific components of BITs, such as the development of online training that informs faculty and staff about how to address students experiencing distress.

U. T. M. D. Anderson Cancer Center and U. T. Health Science Center at Houston currently have a type of integrated crisis response team that relies on frequent interaction among faculty, staff, and students in master advisory groups. Group members are trained to notice “red flags” and engage appropriate emergency responders. U. T. Health Science Center at Tyler has not yet developed a BIT due to the very small number of students at the institution.

Because all BITs currently differ in structure and meeting frequency, the Task Force has provided some recommendations designed to set some minimum standards for U. T. System institutions.

In general, the purpose of BIT teams should include:

- Gathering information about students of concern. This may specifically focus on threats with the potential to become violent (as is the case with threat assessment teams) or a broader range of troublesome behaviors.

- Assessing the information about each case in a systematic way to determine the most effective response for that particular person and situation.
- Defining the plan/response to address the needs of both the student and the safety of the community. The plan should consider specifics about who, when, where, and how the response will occur.
- Implementing the response in a way that attends to the needs of the individual who is demonstrating disturbed and/or disturbing behavior and that also de-escalates a potential crisis, and reduces or removes threats. Note that for many BITs, the actual implementation of a response may be carried out by other individuals or departments, and the team itself often acts in an advisory and coordinating role.
- Monitoring the disposition of the case to gauge whether any additional follow-up is needed, whether the response was effective, and what lessons may be learned for future cases, especially in terms of implications for school policies and procedures.

Of particular importance in including these functions under one team's purview is:

- to prevent any particular instance of disturbed or disturbing behavior from falling through the organizational cracks; and
- to connect disparate (and therefore seemingly innocuous or less troubling) pieces of information that may indicate a more serious or acute problem, in the hope of preventing a dangerous or critical outcome or event.

## **Recommendations**

It is important that U. T. System institutions adopt BIT practices which respond to all of the purposes listed above. The Task Force suggests the following recommendations be implemented at U. T. System institutions:

1. Each institution will be provided a [link](#) to a recently developed guide: *Balancing Safety and Support on Campus: A Guide for Campus Teams* compiled by the Higher Education Mental Health Alliance.<sup>1</sup> This is an excellent resource which provides guidelines and examples of every aspect of BIT functions and includes references and tools with additional in-depth materials.
2. Each institution will be provided a flow chart depicting concerns and issues that institutions face and designating key decision points for individual campus personnel and the BIT team. This flow chart specifically highlights the importance and immediacy of referring to police any campus incident which involves a student who is a threat to self or others.
3. The U. T. System will require all BITs to create a process to refer individuals viewed as a threat who are no longer a part of the university community to the local law enforcement jurisdiction and/or to the law enforcement jurisdiction where the person resides.

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<sup>1</sup> Balancing Safety and Support on Campus: A Guide for Campus Teams, A Higher Education Mental Health Alliance Project, [http://www.jedfoundation.org/campus\\_teams\\_guide.pdf](http://www.jedfoundation.org/campus_teams_guide.pdf)

4. Organizational charts for each campus BIT will be provided to and maintained by the U. T. System Office of Academic Affairs and Office of Health Affairs. U. T. System will follow-up with each institution to ensure that a team is in place and functions according to established guidelines.
5. U. T. System will also maintain a list of institutional contacts and will initiate and facilitate the sharing of best practices among system institutions.

## **Charge #2: The On-Campus Processes in Place to Identify Students with Mental Health Concerns**

U. T. System institutions currently offer a variety of mechanisms for alerting campus officials about students with behavioral concerns. These reports are generated from all parts of the campus community, and in many cases, are routed directly to the campus BIT. At some institutions, staff respond and intervene when appropriate, referring only the most serious cases to the BIT. The following are examples:

### Behavioral Concerns Advice Line

The Behavior Concerns Advice Line (BCAL) is a service that provides The University of Texas at Austin's faculty, students, staff, parents, and visitors an opportunity to discuss their concerns about another individual's behavior. This service is a partnership among the Office of the Dean of Students, the Counseling and Mental Health Center (CMHC), the Employee Assistance Program (EAP) and The University of Texas Police Department (UTPD). An individual can either call the line or report their concerns using the online submission form. In most cases, the reporter can remain anonymous.

Trained staff members will assist the individual in exploring available options and strategies. Staff members will also provide appropriate guidance and resource referrals to address the particular situation. Depending on the situation, individuals may be referred to resources including but not limited to the Office of the Dean of Students/Student Emergency Services, CMHC, and the EAP. Some cases reported to BCAL will be staffed by the campus BIT team.

### Email/Online reporting

Many institutions currently offer an online mechanism for reporting behavioral health concerns. At U. T. Medical Branch - Galveston, for example, students may make a report via email or behavioral health website. Issues are then forwarded to the appropriate parties who are best equipped to handle the situation.

### Crisis Counseling/Telephone Counseling Lines

Telephone crisis counseling lines are an excellent resource for students who are reluctant to present to a college counseling center, need to access a counselor after-hours, wish to remain anonymous, or are concerned about the stigma of seeking services in person but

want to take the first step. This service also provides around the clock services that are more realistic to a student's lifestyle, and it is a crucial tool for a campus to be able to identify and intervene with students in crisis or at a heightened risk for harming themselves or others.

Telephone crisis counseling is provided by counselors who are specifically trained to deal with crisis situations as well as the variety of concerns that are experienced by university students. Telephone Counselors can listen and talk confidentially about students' concerns, discuss options and strategies, and if needed, refer to appropriate counseling and mental health services on campus or in the community. The counselors document their counseling sessions and these notes are available for download into the electronic health record of the institution.

Some of the U. T. System institutions have these lines in place, but as the call volume increases, after-hours call lines are increasingly difficult to afford for the institutions that do have them. For example, U. T. Austin has had a telephone counseling line in continuous operation for over 40 years. It was the first such service at an institution of higher education, and was started shortly after the U. T. Tower shooting. In 2010, U. T. Austin outsourced this service to ProtoCall Services, a company specializing in telephone crisis intervention on college campuses. This is a confidential service that offers an opportunity for U. T. Austin students to talk with trained counselors about their problems and concerns. A counselor is available 24 hours a day, every day of the year, including holidays.

## **Recommendations**

1. Each campus will have a mechanism to provide after-hours telephone crisis counseling to students with the capability of assessing for level of acuity, connecting students to both campus and community resources, and responding to urgent situations appropriately, up to and including hospitalization. This service should be connected to the campus counseling center so that counselors can be notified of student callers and follow up as appropriate. The Task Force recommends that the U. T. System contract for these services on behalf of institutions across the System and make the funding available for the next five years.
2. Both crisis counseling and campus reporting mechanisms for students of concern should be appropriately advertised at each institution, with staff members effectively trained in responding to behavioral health concerns on campus. The U. T. System should consider making funding available for five years to fund the advertising, promotion, and training for these services and mechanisms.

## Charge #3: On-Campus Mechanisms to Support Students with Mental Health Concerns

While responding to reported behavioral concerns on campus is of the highest importance, institutions must also provide a mental health support structure for students to access in times of need, including crises.

### Counseling and Mental Health Support Improves Persistence and Academic Outcomes

Numerous studies and reviews of the literature show that students who receive counseling are more likely to stay enrolled/graduate than their counterparts who do not receive counseling.<sup>2</sup> Across studies, the impact of counseling on retention ranged from 7% - 15% with one study reporting that the odds of staying enrolled for students who received counseling were just over three times greater than the odds for students who did not receive counseling.<sup>3</sup> In a study of students seeking counseling, 70% reported that their personal problems were impacting their academic performance.<sup>4</sup> A survey of withdrawing students revealed that 20% of prematurely exiting students had GPAs above 3.0 and 45% had GPAs above 2.0. Among those students, “personal reasons” was the most commonly cited reason for withdrawing.<sup>5</sup> Findings support the efficacy of brief counseling, with increased retention rates of 14% for students who received 1 – 7 counseling sessions compared to those who did not receive counseling.<sup>6</sup> After accounting for pre-college academic performance (high school GPA, SAT and ACT scores) counseling does not appear to increase GPA;<sup>7</sup> rather, counseling may increase retention by improving life satisfaction and reducing social and emotional adjustment difficulties, both of which have been found to predict retention as well as or better than measures of academic success.<sup>8</sup>

Nationwide, college students have identified stress as the number one impediment to academic performance.<sup>9</sup> Ronald Ehrenberg of the Cornell Higher Education Research Institute (CHERI) demonstrated that institutional spending on student services has an equal or greater impact on graduation and persistence rates compared to instructional expenditures.<sup>10</sup> The impact of increased spending on student services is most significant for students who, based on indicators of academic and economic disadvantage, have the greatest risk for leaving college prematurely.

### The University of Texas at Austin student mental health statistics

In addition to the well-documented need for mental health services for campus health and safety reasons outlined above, mental health services can also have a strong impact on a student’s academic success. 49% of respondents (110 out of 225) in the U. T. Austin Exit Survey agreed or strongly agreed that “personal, physical, mental, or emotional health concerns” influenced their

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<sup>2</sup> Bishop, 2010; Illovsy, 1997; Lee, Olson, Locke, Michelson, & Odes, 2009; Sharkin, 2004; Turner & Berry, 2000; Wilson, Mason & Ewing, 1997

<sup>3</sup> Illovsy, 1997; Turner & Berry, 2000; Wilson, Mason & Ewing, 1997 and Lee et al., 2009

<sup>4</sup> Turner & Berry, 2000

<sup>5</sup> Rummel, Acton, Costello & Pielow, 1999

<sup>6</sup> Wilson et al., 1997

<sup>7</sup> Lee et al., 2009

<sup>8</sup> Clark, Wetterson & Mason, 1999; Gerdes & Mallinckrodt, 1994

<sup>9</sup> ACHA-NCHA-II, 2012

<sup>10</sup> Webber & Ehrenberg, 2009

decision to withdraw. This was a higher level of agreement than was given to any other category (personal, academic, or financial reasons). From a Spring 2012 survey conducted by U. T. Austin colleges and schools related to student withdrawal, 54% were for mental health, medical, or personal concerns. 34% of students withdrew specifically for mental health/medical reasons, which is more than financial emergencies, academic problems, transferring to another school, housing issues, transportation issues, legal issues, military service, and being the victim of a crime all added together. The next closest reason (14%) was for caring for a family member/family emergency. 74% of Counseling and Mental Health Center (CMHC) clients who identified a negative impact of their presenting problems on their academic performance or degree progress agreed or strongly agreed with the statement “counseling is helping me improve my academic performance/progress towards my degree.” 88% of CMHC clients who were initially considering withdrawing from school reported that CMHC services helped them remain in school.

### Clinical Services

Students often struggle with issues such as anxiety, depression, family or relationship difficulties, academic pressures, concerns about friends and roommates, or worries about the future. Counseling and Mental Health Centers at institutions of higher education typically provide time-limited individual and crisis counseling for students in order to address these concerns and they also provide consultation to faculty and staff. Some centers also provide group counseling, psychiatric services, and integrated health services in collaboration with the campus primary care clinic. Counseling centers do not typically have the resources to provide substantial treatment to students, so the nature of the counseling is short term, often between three to five sessions. Most centers ensure that clinicians are available immediately for students in crisis. Wait times for a first appointment for noncrisis situations can be as much as three weeks, and time between appointments can vary between one and three weeks. Students with needs that require weekly counseling or higher levels of care are often referred to community resources. The success of this varies by campus, depending on the location and availability of mental health resources in the community. Because Texas ranked 50<sup>th</sup> among the states on per capita spending for mental health for the 2012-2013 biennium, resources can be incredibly scarce across the state, especially for students who are uninsured or underinsured.<sup>11</sup>

A national trend that has been evident at U. T. System institutions is the increasing severity of mental health concerns each year and the increasing demand for these services. More students come to campus on psychiatric medications than ever before. According to the American College Health Association, suicide is the second leading cause of death for college students. A majority of college students recently surveyed have reported feeling hopeless, exhausted, overwhelmed, anxious, and lonely within the past year. 6% of undergraduate students reported having seriously considered suicide in the past 12 months, with nearly 1 in 5 having seriously considered suicide at some time in their life.<sup>12</sup> Of those who were suicidal in the past year, nearly 75% of them have

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<sup>11</sup> Mental Health America of Texas, “Overview of the 2011 Legislative Session,” <http://www.mhatexas.org/wp-content/uploads/2012/08/Trifold.pdf>

<sup>12</sup> [Drum](#), Brownson, etc.



had a previous episode of suicidality before coming to college, and less than half actually seek help on their college campus.

### Prevention and Outreach Efforts

The students who are most at risk for self-harm or for harming others often have no contact with on-or off- campus mental health systems. In fact, three-quarters of students who die by suicide have not received mental health services. This highlights the crucial role that our institutions play in doing prevention and outreach. Prevention and outreach allows staff to operate outside of the walls of the counseling and mental health centers to reach students who don't seek available services. This includes education about wellness, emotional fitness, resiliency, and recognizing the warning signs of distress in others. Common prevention programs address the issues of suicide, interpersonal violence and sexual assault, drug and alcohol abuse, and eating disorders. The increasing demand for counseling services can drive down the availability of funding for prevention and outreach services, but these services are every bit as important as the clinical services that institutions provide.

### **Recommendations**

1. Each institution should effectively advertise entry points to mental health support structures on campus.
2. Institutions should develop mechanisms for addressing the unique needs of specific student groups, such as international students, veterans, students studying abroad, and historically marginalized student groups.
3. Institutions should ensure that reciprocal agreements for students involved in study abroad or other campus residency opportunities include provisions for mental health resources when available. Additionally, institutions should effectively make students aware of such opportunities and should provide a secure information exchange for sharing relevant information regarding concerning behavior of visiting students.

### **Charge #4: Identification of On-Campus Data-Gathering that Would Improve Early Intervention and Outreach for Students with Mental Health Concerns**

In the past decade, predictive data analytics, such as predicting trends in health care utilization and the relationship between demographics, genetics, and health, have become a valuable tool in some health care settings. Although some health care data can be used to predict general trends in mental health care services, unfortunately, there is little to no predictive relationship between available data on an individual's mental health, student demographic variables, and violent/crisis situations.

There is no research evidence to suggest the possibility of accurate identification of a single individual's likelihood to be in crisis or to be violent based on generally available demographics or health/mental health variables. A clinical interview by a mental health professional or a case



review by a behavior intervention team has a greater chance of anticipating crises or recognizing the propensity for violent or suicidal behavior, but that is predicated on the gathering of information that is clinical, intensive, individually focused, time-specific, and often dynamic. 75% of student deaths by suicide are individuals who have never entered a college counseling center to seek help, so the type of data needed to adequately predict and prevent such occurrences could not be known in the majority of these circumstances.

Research also suggests that there are many obstacles that prevent accurate identification and predictability of students who are likely to engage in violent events on campus. Because of the age of most college students, their personalities and mental health characteristics are not yet fully formed, and scientists lack diagnostic tools capable of detecting the likelihood that individuals may harm themselves or others. Further, violent events on campuses are often “embedded in a social and transactional sequence of events” involving many actions, reactions, and potential outcomes.<sup>13</sup>

Despite the lack of predictive data models, some institutions are developing ways of utilizing campus mental health clinical data to identify mental health population trends. For example, some U. T. System institutions monitor and report the means or locations that students mention as part of suicidal ideation. When trends emerge, campuses respond by placing increased security in locations that are mentioned more frequently or suicide prevention barriers in locations such as parking garages.

## **Recommendations**

1. Institutions should monitor available information for mental health trends and take preventative action when appropriate.
2. Institutions that currently monitor mental health trends should share best practices with other institutions, especially in developing strategies for analyzing trends in counseling center student data.

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<sup>13</sup> Edward P. Mulvey and Elizabeth Cauffman, “The Inherent Limits of Predicting School Violence,” *American Psychologist* (October 2001)

## Mental Health and Health-Related Institutions

Throughout the research process, the Task Force discovered that students at health-related institutions often face a different set of opportunities and challenges when faced with a decision to seek mental health care. In addition, there is a variation in opportunities available to address the unique needs of medical students. The Task Force agreed that formulating recommendations to address the needs of this unique student group required a dedicated report section to fully articulate the scope of the issue and provide suggestions for improved access and sensitivity around the stigma of seeking mental health care.

Students preparing for a career in the medical field often face higher rates of depression, burnout, and even suicide rates due to the stress, fatigue, and academic intensity. At the same time, these same students, especially those preparing for medical licensure, have unique issues and concerns about seeking counseling and mental health care.

Although mental health conditions do not automatically preclude anyone from obtaining a medical license, confidentiality concerns and the stigma associated with seeking mental health care remain obstacles to accessible mental health care for many students.

Because the current medical licensure application in Texas requires students to report detailed and sensitive information regarding past treatment of mental health care, medical students are less likely to seek care. Since most institutions provide medical services “in house,” many students are reluctant to seek counseling and medical services from physicians with whom they may potentially have a conflict of interest with in the future, especially if they serve in a faculty or teaching role that might be responsible for academically or professionally evaluating a student.

The medical school accreditation process requires that there be no potential conflict of interest among mental health providers and students. In addition, health institutions must provide timely access to diagnostic and preventative health services, including mental health care, to maintain their accreditation.

### Recommendations

1. Health institutions should provide mental health care in such a way that allows students to be referred to nonteaching clinicians to prevent any conflict of interest, confidentiality, and trust issues that might emerge between students and current or future teaching faculty. Health professionals who provide any type of psychiatric or mental health services should have no potential for involvement in the academic work of any student treated. When necessary, a referral network outside of the health institution should be utilized.
2. Health institutions should take steps to reduce the stigma of seeking mental health care on campus. The U. T. System Offices of General Counsel and Health Affairs are exploring the current requirements for medical students’ licensure reporting of previous mental health treatment and will make recommendations on how to limit barriers to care for medical students based on their concerns about this process.

3. Health institutions should allocate resources to develop proactive stress management, suicide prevention and the prevention of other common campus student issues, and mental health wellness programs that are also designed to reduce the stigma of seeking mental health treatment. Each institution should effectively advertise entry points to mental health support structures on campus.
4. Unique training should be given to mental health providers who treat this student population with an emphasis on confidentiality and privacy. Billing practices should be designed so that student information is protected.

## **Conclusion**

In addition to these recommendations, the U. T. System will work closely with institutions to ensure that System resources are effectively leveraged as described above.

The Task Force recognizes the tremendous importance that U. T. System and its institutions place on providing mental health resources for students. Protecting students, faculty, and staff from potential crisis situations is paramount. The Task Force recommendations provide additional guidance to the outstanding programs and services that campuses already employ to ensure that U. T. System institutions are safe and that students feel healthy and secure as they pursue their academic careers.

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**Proposal for U. T. System Funding of  
Counseling and Bystander Intervention Initiatives**

**The University of Texas System, Office of Academic Affairs (August 2014)**

**Background:**

The U. T. System Office of Academic Affairs was tasked with forming two task forces and developing recommendations focused on eliminating harmful hazing and high risk drinking behaviors on U. T. System campuses and evaluating mental health and safety risks for U. T. System students at academic and health institutions. As a result of the work of both task force groups, two promising practices have emerged as opportunities to improve the health and safety of all 213,000 U. T. System students over the next five years. Proposals for offering after-hours crisis counseling services at all institutions over the next five years and for the implementation of Systemwide bystander intervention initiatives for three years are detailed below. The total estimated cost of the combined proposals is \$2,552,268.

**(1) After-Hours Crisis Counseling Services for All U. T. System Students**

**Estimated Cost for 5 Years: \$1,111,000**

The U. T. System Office of Academic Affairs has coordinated with U. T. Austin and ProtoCall Services to propose crisis line services for students of all U. T. System institutions and on-campus marketing efforts to promote awareness of these services. **As detailed in Table 1, the proposed 5-year cumulative total for ProtoCall crisis line services and on-campus marketing would be approximately \$1,111,000.**

**ProtoCall would provide telephonic intake assistance, brief stabilization and support, and resource information services (unique to each institution and campus services) to students.** The 24-hour-a-day crisis support would be advantageous to students because services are available when on-campus counseling centers are traditionally closed, allowing time-critical student interaction, safety assessment, and stabilization during off-hours. On-campus counseling services would then provide traditional services through next-day follow-up.

ProtoCall employs only counseling staff with Master's degrees or higher for 24 hours a day, 365 days per year. Counselors are specially trained to handle any potential type of call that may include potential threats of self-harm or harm to others, sexual assault, hazing, alcohol and drug abuse, and domestic violence. Counselors are also skilled in addressing the needs of unique student populations such as student veterans, students of certain sexual orientation, athletes, student's studying abroad, and other groups that may have different characteristics and needs. ProtoCall counselors first act to stabilize students and avert potential crisis situations. Callers are then routed to available resources on each campus and within each geographic area that are designed to meet the demands of the situation.

ProtoCall's rate schedule is based on a fee for projected monthly call volume of 1,000 calls and a one-time set-up fee for infrastructure and customization at each campus. Representatives from each campus will be trained on the specifics of ProtoCall services and will customize ProtoCall's templates so that the telephone crisis counselors can quickly gather relevant information and make appropriate interventions. ProtoCall informs the appropriate institutions about the details of all crisis calls so that campuses can provide timely follow-up and support.

**In comparison to individual institution contracts for services, U. T. System will realize a cost savings of between 25% and 30%.** In addition to the costs of ProtoCall counseling services, U. T. System also requests funding to cover marketing and outreach efforts. Marketing materials will effectively advertise the availability of counseling services so that any and all students may take advantage of the services provided as needed. Marketing costs are included in the request in response to student feedback that encourages additional efforts to publicize these services.

If call volume increases significantly within the five year contract period, monthly call volume allowance can be increased with a 30-day notice. Please note that call volume was projected and could vary based on the awareness of services and utilization over time. Any remaining unspent funds due to lower than projected call volume can be applied to the continuation of contracted services in Year 6 (2019 – 2020).

## **(2) Bystander Intervention Initiatives for All U. T. System Institutions**

### **Estimated Cost for 3 Years: \$1,441,268**

Bystander intervention can aid in the prevention of sexual assault, suicide, mental health issues, hazing, and the negative consequences of high risk drinking or other drug use. Bystander intervention means choosing to respond to a potentially harmful situation or interaction in a manner that positively influences the outcome. U. T. System students are uniquely positioned to observe their peers' social media, interact with their peers during class and social events, and support their peers when they are struggling. By providing students with the knowledge, skills, and motivation to intervene, when appropriate, with their peers, the U. T. System can increase the health and safety of students, thereby positively impacting their academic success.

With the help of the U. T. System, an opportunity can be available to all U. T. System institutions to create bystander intervention initiatives for the health, safety, and academic success of all 213,000 students. **This proposal seeks \$1,441,268 over a three-year time period to implement this initiative. Details of the budget proposal may be found in Table 2.**

The U. T. System would coordinate the creation of a Systemwide bystander intervention program, the dissemination of promising practices and new ideas between institutions, and the evaluation of the program. This program would include the following contracted experts and staff support:

- (1) Marketing Experts: create a Systemwide concept such as U. T. Austin's "BeVocal" campaign
- (2) Graduate Student: coordinate Systemwide program and staff participation
- (3) Evaluation Expert: design a process for feedback about program efficacy

U. T. System institutions would use available funds to educate students about the importance of bystander intervention for the health and safety of peers and to promote the U. T. System bystander intervention brand through a social norms campaign to new students at orientation and to those already enrolled with t-shirts, school media outlets, and other visible items. Funding would adhere to a community collaborative funding model in which the liaison(s) for each institution would agree to join the community of other individuals within the U. T. System to share resources and collaborate.

Under this proposal, the startup phase would begin in the Fall 2014 semester. After the initial campaign messaging and logos are developed, Year One of the initiative would begin in January 2015. The Systemwide initiative would continue through 2017.

Every campus would have the opportunity to participate annually in an innovation project, whereby they would create a new theme, idea, product, marketing campaign, presentation, or other mechanism to further bystander intervention on their campus. Projects must be able to be modified so that they can be adapted by U. T. System institutions for use in a subsequent year. At the end of the project, as many as 24 new resources may be available for U. T. System use.

These ideas will be presented each year at a one day participant conference where bystander intervention experts will help to develop the skills of our campus leaders in bystander intervention, institutions will showcase and share their creations, and students from each campus will be recognized with a small scholarship to acknowledge their leadership in bystander intervention on their campus. These local campus efforts will be partially coordinated by graduate assistants on each campus, which will also allow for the creation of educational opportunities for these graduate students as we prepare them to be future leaders in this emerging field of bystander intervention.

Please note that in Table 2, institutional expenses were estimated using historical and estimated total enrollment and first-time entering student cohorts for each academic institution.



**TABLE 1: PROTOCOLL COUNSELING SERVICES 5-YEAR ESTIMATED COSTS**

YEAR	MONTHLY RATES		ANNUAL RATES			
	Monthly Call Volume Allowance	Per Call Amount	Annual Call Volume Costs - All UTS	One-Time Setup and Training Fee	Marketing and Outreach Campaign and Materials	TOTAL ANNUALIZED COSTS
YEAR 1 : 2014 - 2015	1,000	\$14.00	\$173,400	\$10,000	\$60,000	\$243,400
YEAR 2: 2015 - 2016	1,000	\$14.25	\$176,400	NA	\$36,000	\$212,400
YEAR 3: 2016 - 2017	1,000	\$14.50	\$179,400	NA	\$36,000	\$215,400
YEAR 4: 2017 - 2018	1,000	\$14.75	\$182,400	NA	\$36,000	\$218,400
YEAR 5: 2018 - 2019	1,000	\$15.00	\$185,400	NA	\$36,000	\$221,400
<b>TOTAL 5 - YEAR REQUEST</b>			<b>\$897,000</b>	<b>\$10,000</b>	<b>\$204,000</b>	<b>\$1,111,000</b>

**TABLE 2: BYSTANDER INTERVENTION PROGRAMMING 3 -YEAR ESTIMATED COSTS**

	<b>STARTUP 2014</b>	<b>YEAR 1 2014 - 2015</b>	<b>YEAR 2 2015 - 2016</b>	<b>YEAR 3 2016 - 2017</b>	<b>TOTAL</b>
Creation of Logo and Concept for UT System	\$60,000				\$60,000
Innovation Project		\$40,000	\$40,000	\$40,000	\$120,000
<b>PROGRAMMATIC EXPENSES - UTS ACADEMIC INSTITUTIONS</b>					
Bystander Intervention Marketing & Consumables		\$127,751	\$127,751	\$127,751	\$383,253
New Student Orientation		\$87,841	\$87,841	\$87,841	\$263,523
Social Norms Campaign		\$26,664	\$26,664	\$26,664	\$79,992
Campus Level Graduate Research Assistant Support (10 Hours)		\$60,000	\$60,000	\$60,000	\$180,000
Training and Education		\$24,000	\$24,000	\$24,000	\$72,000
Student Leadership Scholarships		\$4,000	\$4,000	\$4,000	\$12,000
<b>STAKEHOLDER CONFERENCE</b>					
Annual Stakeholder Conference Expenses		\$22,000	\$22,000	\$22,000	\$66,000
<b>STAFF SUPPORT - UT SYSTEM LEVEL</b>					
Consultant (UT Austin) Project Implementation Lead	\$25,000	\$25,000	\$25,000		\$75,000
Graduate Assistant (UT Austin) Project Coordination	\$7,500	\$15,000	\$15,000	\$15,000	\$52,500
Program Evaluation Expert	\$30,000				\$30,000
Bystander Intervention 2 Experts (Stipend)	\$10,000	\$10,000	\$10,000		\$30,000
Travel to UT System Institutions	\$2,000	\$2,000	\$2,000	\$2,000	\$8,000
Professional Development (Travel)	\$3,000	\$3,000	\$3,000		\$9,000
<b>TOTAL</b>	<b>\$137,500</b>	<b>\$447,256</b>	<b>\$447,256</b>	<b>\$409,256</b>	<b>\$1,441,268</b>

10. U. T. System: Approval of recommended priorities identified by the Implementation Committee of the Task Force on Engineering Education for Texas in the 21st Century

Dr. Charles R. Helms, Professor of Electrical Engineering at The University of Texas at Dallas and Chairman of the Task Force on Engineering Education for Texas in the 21st Century, reported on the activities of the Task Force's Implementation Committee.

Dr. Helms said the number of new engineers and computer scientists needed in the State of Texas over the next 10 years is 88,000, and he spoke of the following priorities identified by the Implementation Committee:

- Increase B.S. degrees in The University of Texas System engineering and computer science programs from about 3,000 currently to 5,000 by the end of the program;
- Develop programs to better serve the Houston Metroplex;
- Redouble efforts to engage industry as a true partner; and
- Expand the pipeline from high school and community colleges to U. T. System engineering and computer science programs.

As Co-Chair of the initial Task Force, Regent Cranberg moved approval of the proposal, and Regent Hildebrand seconded the motion.

It was noted that the correct name of the proposed Institute to be located in Houston, Texas, is the U. T. System Texas Energy Research, Engineering, and Education Institute (EREEI) (See related Item 11 on the next page).

Chancellor Cigarroa commented that the proposal is, at minimum, a 10-year plan, and he spoke of the need to sustain the initiative, including an alignment by U. T. System, the U. T. System institutions, and legislative requests.

On November 15, 2012, former Board Chairman Powell created a Task Force on Engineering Education for Texas in the 21st Century and charged the Task Force with reviewing and identifying key issues related to demand, capacity, efficiency, supply, and research related to engineering programs in the State of Texas; how these issues impact Texas and the nation; and what the U. T. System can do to be most responsive to the State of Texas' needs. On December 12, 2013, the U. T. System Board of Regents accepted the final report and recommendations of the Task Force.

In February 2014, an Implementation Committee was established to develop a plan based on the recommendations of the Task Force. The following three Task Force recommendations were considered by the Implementation Committee:

Recommendation 1: Expand Production of Engineers in Texas

Recommendation 2: Encourage Stronger Interactions with Industry

Recommendation 3: Encourage More Texans to Pursue Engineering Courses

11. U. T. System: Approval of \$2 million from Available University Funds to create the U. T. System Texas Energy Research, Engineering, and Education Institute (EREI) and \$10 million per year for two years in Permanent University Funds for Science and Technology Acquisition and Retention (STARs) funding to support the engineering initiative

Chairman Foster called on Chancellor Cigarroa for comments on the proposal to create a Texas Energy Research, Engineering, and Education Institute (EREI) at The University of Texas System (see related Item 10 above). Dr. Cigarroa said the proposal was modeled after the successful program at the Georgia Institute of Technology (Georgia Tech). He said that while the Institute would be based in Houston, Texas, where there is a significant presence of activities in the fields of engineering, computer science, and medicine, the role of the Institute would be to connect undergraduate, graduate, and professional students across the U. T. System institutions, the State of Texas, and industry. He spoke about the proposed role of an executive director to lead the Institute who would initially be charged to prepare a strategic plan, which would further define the role of the Institute. He said these plans would be presented to the Board.

The Board then approved \$2 million from Available University Funds (AUF) to create the U. T. System Texas Energy Research, Engineering, and Education Institute and \$10 million per year for two years in Permanent University Funds (PUF) for Science and Technology Acquisition and Retention (STARs) funding to support the engineering initiative.

On the recommendation of the U. T. System Board of Regents' Task Force on Engineering Education for Texas in the 21st Century, a public/private partnership will be developed among U. T. System institutions, industrial firms focused on the energy sector (member companies), and the Texas and federal governments. The role of the Institute will be to provide best-in-class educational and research opportunities in the energy field for students and faculty from higher education institutions in Texas and to provide a significant leverage to industrial member companies in noncompetitive research, development, and engineering. The Institute will focus initially on the oil and gas sector, including related fields such as natural gas fuel cells and water use technology.

As structured, EREEI will also provide significant benefits to the educational, research, economic development, and job creation missions of the State of Texas, the U.S. Department of Energy, and the National Science Foundation. Proprietary projects from member companies may also be accommodated if Institute facilities provide a unique capability. The total of these proprietary projects will represent only a small fraction of the total work performed.

The Institute will be located in Houston to leverage opportunities provided by the concentration of energy companies in the Houston Metroplex area and will work in concert with other U. T. System facilities in Houston, specifically the U. T. Austin Bureau of Economic Geology Houston Research Center and the U. T. Tyler Houston Engineering Center on the Houston Community College Alief-Hayes Campus to provide additional educational opportunities. Additional work involving the ongoing space science collaborations between U. T. System institutions and the National Aeronautics and Space Administration (NASA) is possible and will be encouraged.

The \$10 million per year for two years in PUF will support the recruitment of engineering faculty as U. T. System academic institutions expand the production of engineering graduates.

12. U. T. System: Approval of \$800,000 from Available University Funds for expansion of services provided by the Office of External Relations' Center for Enhancing Philanthropy and introduction of new services to U. T. System institutions to enhance philanthropy

Following a presentation by Vice Chancellor Safady on a proposal to enhance philanthropy throughout The University of Texas System, Regent Hall applauded the work of the U. T. System and U. T. System institutions in the area of philanthropy. He said the expansion strategy as proposed is clear and understandable, and the return on investment is without peer. Chancellor Cigarroa commended The University of Texas at Austin for exceeding the \$3 billion campaign goal, and he challenged the U. T. System institutions to continue to improve their level of philanthropic commitments.

The Board then approved \$800,000 from Available University Funds to expand the Center for Enhancing Philanthropy in the U. T. System's Office of External Relations to offer new services desired by U. T. System institutions to improve efforts to enhance philanthropic support for funding priorities, to ensure strong development programs utilizing best practice approaches, and to recruit and retain high-performing professionals.

In FY 2013, more than 900 development professionals, including 324 frontline fundraising officers, worked at their respective U. T. System institutions to generate more than \$1.2 billion in philanthropic commitments. Even with a strong number overall, there remains significant variation and opportunity for growth in the

outcomes of dollars raised per institution, in proficiencies in core areas among development personnel, and in recruiting and retaining high-performing professionals.

After careful deliberation with the institutional Vice Presidents for Development and a number of Presidents across the U. T. System, Vice Chancellor for External Relations Safady recommended an expansion of the Center for Enhancing Philanthropy's current services and the introduction of new programs designed to address challenges and to create new opportunities to position U. T. System institutions and the U. T. System as a nationally desirable destination for top-performing development professionals.

The following efforts were proposed and approved:

The creation of a new **Talent Management** program to make recruitment and retention of development professionals a high priority and to address the national annual turnover rate of 25%. Vacancies and searches are costly, especially in a relationship business where the calculation of losses must also take into account the need for a new officer to start again and build relationships over a two- to three-year period. This new program will facilitate searches for senior level positions, market U. T. System institutions nationally, work with human resources to develop career paths for star performers, and create a new "grow our own" program to identify and equip the next generation of fundraising officers with internships.

The creation of a new **Advancement Academy**, dedicated to ongoing training and education featuring Systemwide and national best practices. Development teaching staff will offer core learning and advanced training opportunities in primary and secondary areas of expertise to all U. T. System development professionals, allowing those who participate to receive special U. T. System certification or national Certified Fund Raising Executive certification. Training will be customized, based on the needs and requests of U. T. System institutions, and based on baseline data and trends gathered by the U. T. System over the years.

The expansion of **Capital Campaign** counsel by strengthening the campaign vetting process and ensuring campus readiness for campaign rigors. This service will also offer mid-campaign reviews, if desired by institutions to determine if recalibrations are essential to accomplish campaign goals.

The expansion of **Special Project** fundraising to address special philanthropic opportunities such as Project South Texas as well as other initiatives including those proposed by the Task Force on Engineering Education for Texas in the 21st Century and the Institute for Transformational Learning (ITL).

Personnel costs (including two new full-time employees and expanded roles of three existing full-time employees) are estimated to be \$324,000, while programmatic costs for development faculty, internships, curriculum development, travel, and marketing are expected to be \$476,000.

The Vice Chancellor for External Relations will prepare an annual report for the Chancellor, articulating performance metrics used to gauge effectiveness of the expanded Center for Enhancing Philanthropy's role. Performance metrics will also be shared with the Board of Regents during the Vice Chancellor's annual development presentation each May.

13. U. T. System: Report on activities of the Institute for Transformational Learning

Dr. Steven Mintz, Executive Director of The University of Texas System Institute for Transformational Learning, and Dr. Marni Baker Stein, Chief Innovation Officer, provided an update on the activities of the Institute for Transformational Learning (ITL). Their [presentation](#) is on file in the Office of the Board of Regents.

Since its inception in Fall 2012, the Institute for Transformational Learning has strategically focused its attention toward the development of programs that will drive innovation concentrated on student learning outcomes and higher rates of success.

An executive summary outlining the activities of the Institute as of June 2014 was included in the agenda materials.

Dr. Stein answered a question from Regent Hall concerning the offerings available. She said almost every school in the U. T. System has online courses offered for credit, and Dr. Mintz provided the inventory of courses available. Chancellor Cigarroa commented on student participation and the number of required semester credit hours. Vice Chairman Powell asked about similar programs at other universities, and Dr. Mintz said one campus in California will, in the future, have a similar program.

14. U. T. System Board of Regents: Appointment of Charles A. LeMaistre, M.D., as Chancellor Emeritus

The Board appointed Charles A. LeMaistre, M.D., as Chancellor Emeritus of The University of Texas System. Approval of this recommendation was made in accordance with the Regents' *Rules and Regulations*, Rule 20301, regarding Honorary Titles and Degrees.

Dr. Charles Aubrey LeMaistre served as the fourth Chancellor of the U. T. System. While Chancellor from 1971 to 1978, he directed an expansion of U. T. System that included new medical schools in Houston and San Antonio and new universities in Dallas, Odessa, and San Antonio. Dr. LeMaistre was named President of The University of Texas M. D. Anderson Cancer Center in 1978, where he served until 1996 and holds the title President Emeritus.

He received a B.A. degree from the University of Alabama and, in 1947, graduated from Cornell University Medical College. He completed residency at New York

Hospital and Cornell, where he also completed a postdoctoral research fellowship in infectious diseases and later was appointed Assistant Professor of Medicine. From 1957 to 1959, Dr. LeMaistre was Chairman of the Department of Preventive Medicine and Community Health at Emory University School of Medicine.

Early in his professional career, Dr. LeMaistre served on the first U.S. Surgeon General's Advisory Committee on Smoking and Health. Smoking control was an important part of his cancer prevention message when he was national President of the American Cancer Society in 1986. He chaired the 1981 National Conference on Smoking and Health, a coalition of 21 organizations, and the 1985 International Summit of Smoking Control Leaders. From 1979 to 1983, he was President of the Damon Runyon-Walter Winchell Cancer Fund. In 1992, he was appointed Chairperson of the National Aeronautics and Space Administration (NASA) and National Institutes of Health (NIH) Joint Advisory Committee on Biomedical and Behavioral Research.

Dr. LeMaistre began his association with U. T. System in 1959 as Professor of Internal Medicine at The University of Texas Southwestern Medical School where he was named Associate Dean in 1965. The next year, he was appointed Vice Chancellor for Health Affairs at U. T. System and in 1968, Executive Vice Chancellor for Health Affairs. In 1969, he was appointed Deputy Chancellor.

He received numerous awards for his contributions to smoking control, including the 1987 President's Award from the American Lung Association. In 1988, he was selected by the Texas Cancer Council for its first Gibson D. (Gib) Lewis Award for Excellence in Cancer Control, and in 1990, he was named "Mr. South Texas" by The Washington Birthday Celebration Association. In 1991, he was honored for his leadership and vision, receiving the "People of Vision" Award from the Texas Society to Prevent Blindness and being named "Outstanding Texas Leader" by the Seventh Annual John Ben Shepperd Public Leadership Forum. He also received the Caring Spirit Tribute from the Institute of Religion in 1993, and the Distinguished Service Award from the American Medical Association in 1995.

Former Chancellors Harry Hunt Ransom (1961 - 1971), E. Don Walker (1978 - 1984), and Hans M. Mark (see Item 15 below) also hold the Chancellor Emeritus title.

15. U. T. System Board of Regents: Appointment of Hans M. Mark, Ph.D., as Chancellor Emeritus

The Board appointed Hans M. Mark, Ph.D., as Chancellor Emeritus of The University of Texas System. Approval of this recommendation was made in accordance with the Regents' *Rules and Regulations*, Rule 20301, regarding Honorary Titles and Degrees.

Dr. Hans Michael Mark served as the sixth Chancellor of the U. T. System from 1984 to 1992. As Chancellor, Dr. Mark led the U. T. System to international



prominence in engineering and science. He has also served as Professor of Aerospace Engineering at U. T. Austin (1988-1998 and 2001-2014) and has held the John J. McKetta Centennial Energy Chair in Engineering. He recently retired.

Dr. Mark earned a B.S. in physics from the University of California-Berkeley and a Ph.D. in physics from the Massachusetts Institute of Technology (MIT). He actively participated in the successful efforts to bring the high-tech industries of MCC (Microelectronics & Computer Technology Corporation) and SEMATECH (Semiconductor Manufacturing Technology) to Austin and the Superconducting Super Collider to Texas. He was instrumental in bringing Pan American University into the U. T. System. Dr. Mark presided over a major increase in federal and private sector funding for the U. T. System during his term of service.

Dr. Mark began his professional career as a research assistant at MIT where he later taught. He also taught at Boston University, the University of California-Berkeley, and Stanford University. Among his administrative posts, he was Chairman of the Department of Nuclear Engineering at the University of California-Berkeley; Director of the National Aeronautics and Space Administration (NASA)-Ames Research Center in Moffett Field, California; Secretary of the U.S. Air Force; Director of Defense Research and Engineering; and Deputy Administrator of NASA where he assisted in development of the space station and oversaw 14 space shuttle flights.

His steadfast research and service earned him the Joe J. King Engineering Achievement Award and the George E. Haddaway Medal for Achievement in Aviation. He also received a number of awards for his teaching and professional services, including the Tau Beta Pi Outstanding Engineering Teacher Award from the University of California-Berkeley, the Distinguished Service Medal from NASA, Decoration for Exceptional Civilian Service from the U.S. Air Force, Distinguished Public Service Medal from the Department of Defense, and the U.S. Navy's Distinguished Public Service Award for more than 50 years of research with military relevance, the highest civilian honor.

Dr. Mark is a Fellow of the American Physical Society and a member of the American Geophysical Union, American Society of Engineering Education, and the American Nuclear Society. He is also a Fellow of the American Institute of Aeronautics and Astronautics, Society for Engineering Science, where he served as Director from 1972 to 1976, American Association for the Advancement of Science, and the American Association of University Professors.

Former Chancellors Harry Hunt Ransom (1961 - 1971), E. Don Walker (1978 - 1984), and Charles A. LeMaistre (see Item 14 above) also hold the Chancellor Emeritus title.

STANDING COMMITTEE REPORTS TO THE BOARD.--At 10:30 a.m., Chairman Foster announced the Board would hear the reports and recommendations of the Standing Committees, which are set forth on Pages 39 - 126.

REPORT AND RECOMMENDATION OF THE AUDIT, COMPLIANCE, AND MANAGEMENT REVIEW COMMITTEE (Pages 39 - 40).--Committee Chairman Pejovich reported that the Audit, Compliance, and Management Review Committee met in open session to consider the matter on its agenda and to formulate recommendations for The University of Texas System Board of Regents. Unless otherwise indicated, the action set forth in the Minute Order that follows was recommended by the Audit, Compliance, and Management Review Committee and approved in open session by the U. T. System Board of Regents.

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

There were no items referred from the Consent Agenda.

2. U. T. System: Discussion regarding restructuring of the internal audit functions at emerging research institutions

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

3. U. T. System: Report on the Systemwide internal audit activities, including an update on Institutional Audit Committee governance

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

4. U. T. System: Approval of the U. T. Systemwide Annual Internal Audit Plan for Fiscal Year 2015

The Board approved The University of Texas Systemwide Annual Audit Plan for Fiscal Year 2015. Development of the Audit Plan is based on risk assessments performed at each institution and implementation of the Audit Plan will be coordinated with the institutional auditors.

Institutional audit plans, compiled by the internal audit departments after input and guidance from the U. T. System Audit Office, the Offices of Academic or Health Affairs, and the institution's management and institutional internal audit committee, were submitted to the respective institutional internal audit committee and institutional president for review and comments. Additionally, the institutional audit plans were presented at the U. T. System Administration Internal Audit Committee meeting held on August 8, 2014. Also, the Chief Audit Executive provided feedback by conducting audit plan presentations with each institution. After the review process, each institutional internal audit committee formally approved its institution's audit plan.

5. U. T. System: Approval of non-audit services to be performed by U. T. System's external audit firm, Deloitte & Touche LLP, for U. T. Medical Branch - Galveston (for the Physician Data Integration project) and the U. T. System Office of Technology Commercialization (for a royalty license compliance review)

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

REPORT AND RECOMMENDATIONS OF THE FINANCE AND PLANNING COMMITTEE (Pages 41 - 97).--Committee Chairman Hildebrand 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 Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, referred for Committee consideration

There were no items referred from the Consent Agenda.

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

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

3. U. T. System Board of Regents: The University of Texas Investment Management Company (UTIMCO) Performance Summary Report and Investment Reports for the quarter ended May 31, 2014

The May 31, 2014 UTIMCO Performance Summary Report is set forth on Page 43.

The Investment Reports for the quarter ended May 31, 2014, are set forth on Pages 44 - 47.

Item I on Page 44 reports activity for the Permanent University Fund (PUF) investments. The PUF's net investment return for the quarter was 3.08% versus its composite benchmark return of 3.22%. The PUF's net asset value increased by \$627 million since the beginning of the quarter to \$16,912 million. The increase was due to \$291 million PUF Lands receipts, plus a net investment return of \$505 million, less distributions to the Available University Fund (AUF) of \$169 million.

Item II on Page 45 reports activity for the General Endowment Fund (GEF) investments. The GEF's net investment return for the quarter was 2.87% versus its composite benchmark return of 3.22%. The GEF's net asset value increased by \$203 million during the quarter to \$8,113 million.

Item III on Page 46 reports activity for the Intermediate Term Fund (ITF). The ITF's net investment return for the quarter was 1.74% versus its composite benchmark return of 1.67%. The net asset value increased during the quarter to \$6,560 million due to net investment return of \$114 million, plus net contributions of \$348 million, less distributions of \$48 million.

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

Item IV on Page 47 presents book and market values of cash, debt, equity, and other securities held in funds outside of internal investment pools. Total cash and equivalents, consisting primarily of institutional operating funds held in the Dreyfus and Fidelity money market funds, increased by \$21 million to \$2,210 million during the three months since the last reporting period. Market values for the remaining asset types were debt securities: \$21 million versus \$21 million at the beginning of the period; equities: \$89 million versus \$97 million at the beginning of the period; and other investments: \$1 million versus \$2 million at the beginning of the period.

# UTIMCO Performance Summary

May 31, 2014

	Net Asset Value 5/31/2014 (in Millions)	Periods Ended May 31, 2014 (Returns for Periods Longer Than One Year are Annualized)							
		<u>Short Term</u>		<u>Year to Date</u>		<u>Historic Returns</u>			
		1 Mo	3 Mos	Fiscal	Calendar	1 Yr	3 Yrs	5 Yrs	10 Yrs
<b>ENDOWMENT FUNDS</b>									
Permanent University Fund	\$ 16,912	2.39%	3.08%	11.91%	5.27%	11.81%	6.93%	11.70%	7.71%
General Endowment Fund		2.07	2.87	11.62	4.86	11.57	6.93	11.72	7.75
Permanent Health Fund	1,095	2.07	2.86	11.56	4.92	11.55	6.82	11.62	7.67
Long Term Fund	7,018	2.07	2.86	11.56	4.92	11.55	6.83	11.62	7.68
Separately Invested Funds	208	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Total Endowment Funds</b>	<b>25,233</b>								
<b>OPERATING FUNDS</b>									
Intermediate Term Fund	6,560	1.92	1.74	8.62	3.37	7.58	4.68	9.25	N/A
Debt Proceeds Fund	296	0.01	0.02	0.06	0.03	0.09	0.13	N/A	N/A
Short Term Fund	1,817	0.01	0.01	0.04	0.02	0.06	0.11	0.17	1.85
<b>Total Operating Funds</b>	<b>8,673</b>								
<b>Total Investments</b>	<b>\$ 33,906</b>								
<b>VALUE ADDED (1) (Percent)</b>									
Permanent University Fund		0.85%	(0.14%)	0.58%	0.56%	0.56%	0.90%	2.16%	1.68%
General Endowment Fund		0.53	(0.35)	0.29	0.15	0.32	0.90	2.18	1.72
Intermediate Term Fund		0.74	0.07	0.44	0.21	0.77	1.76	2.39	N/A
Debt Proceeds Fund		0.01	0.01	0.02	0.01	0.03	N/A	N/A	N/A
Short Term Fund		0.01	-	-	-	-	0.03	0.06	0.21
<b>VALUE ADDED (1) (\$ IN MILLIONS)</b>									
Permanent University Fund		\$ 139	\$ (22)	\$ 88	\$ 90	\$ 86	\$ 413	\$ 1,486	\$ 2,329
General Endowment Fund		42	(28)	21	11	24	217	826	1,313
Intermediate Term Fund		48	5	27	14	46	288	588	N/A
<b>Total Value Added</b>		<b>\$ 229</b>	<b>\$ (45)</b>	<b>\$ 136</b>	<b>\$ 115</b>	<b>\$ 156</b>	<b>\$ 918</b>	<b>\$ 2,900</b>	<b>\$ 3,642</b>

Footnote available upon request.

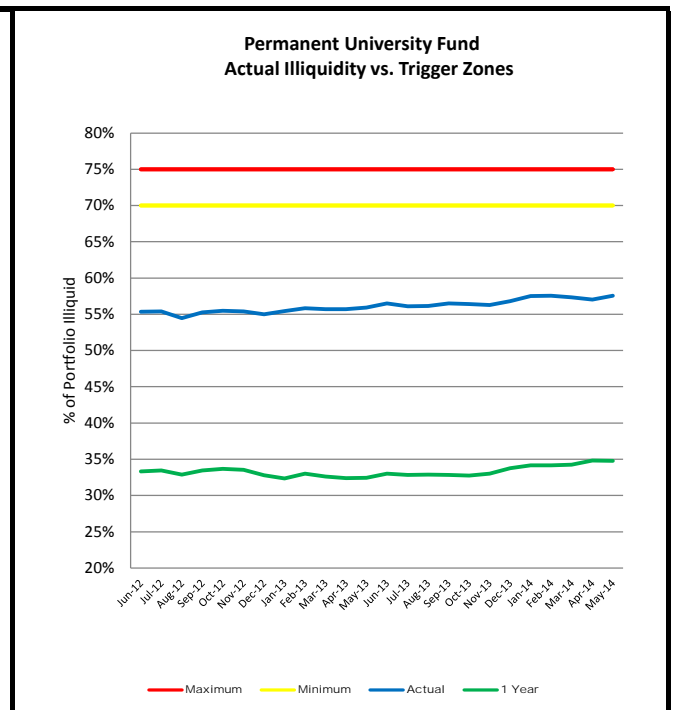
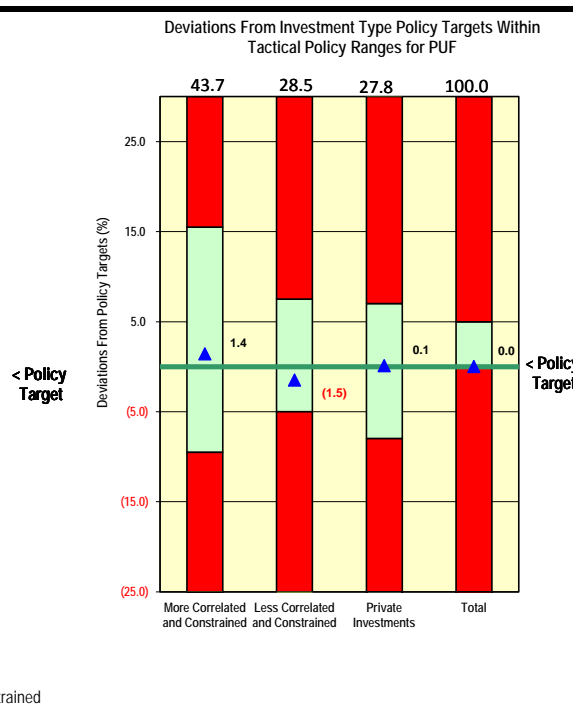
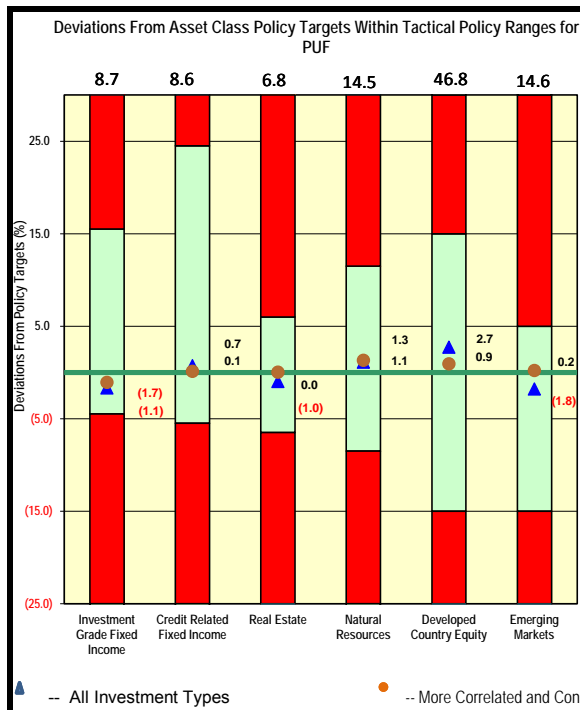
# I. PERMANENT UNIVERSITY FUND

## Investment Reports for Periods Ended May 31, 2014

Prepared in accordance with Texas Education Code Sec. 51.0032

Summary of Capital Flows			
(\$ millions)	Fiscal Year Ended August 31, 2013	Quarter Ended May 31, 2014	Fiscal Year to Date May 31, 2014
Beginning Net Assets	\$ 13,470	\$ 16,285	\$ 14,853
PUF Lands Receipts	857	291	850
Investment Return (Net of Expenses)	1,170	505	1,777
Distributions to AUF	(644)	(169)	(568)
Ending Net Assets	<u>\$ 14,853</u>	<u>\$ 16,912</u>	<u>\$ 16,912</u>

	Fiscal Year to Date				
	Returns		Value Added		
	Portfolio	Policy Benchmark	From Asset Allocation	From Security Selection	Total
<b>More Correlated and Constrained:</b>					
Investment Grade	2.04%	5.85%	-0.06%	-0.31%	-0.37%
Credit-Related	15.74%	10.83%	0.00%	0.00%	0.00%
Real Estate	15.30%	15.85%	0.00%	-0.01%	-0.01%
Natural Resources	1.60%	9.53%	-0.22%	-0.62%	-0.84%
Developed Country	18.03%	18.29%	0.01%	0.00%	0.01%
Emerging Markets	20.27%	12.13%	-0.24%	0.87%	0.63%
<b>Total More Correlated and Constrained</b>	<b>11.64%</b>	<b>13.00%</b>	<b>-0.51%</b>	<b>-0.07%</b>	<b>-0.58%</b>
<b>Less Correlated and Constrained</b>	<b>9.35%</b>	<b>6.03%</b>	<b>0.00%</b>	<b>1.03%</b>	<b>1.03%</b>
<b>Private Investments</b>	<b>15.15%</b>	<b>14.43%</b>	<b>0.02%</b>	<b>0.11%</b>	<b>0.13%</b>
<b>Total</b>	<b>11.91%</b>	<b>11.33%</b>	<b>-0.49%</b>	<b>1.07%</b>	<b>0.58%</b>



## II. GENERAL ENDOWMENT FUND

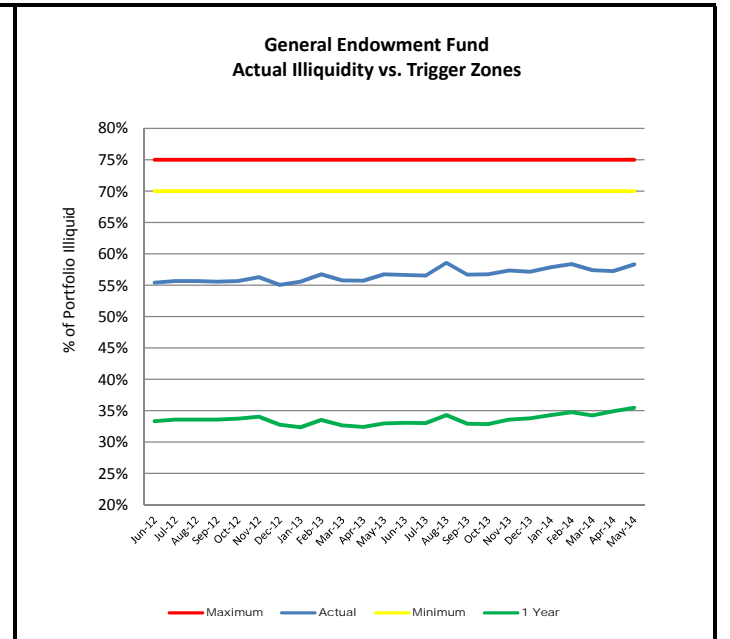
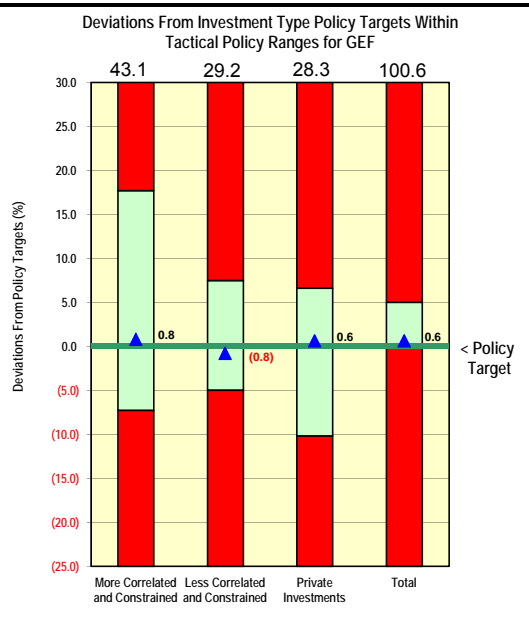
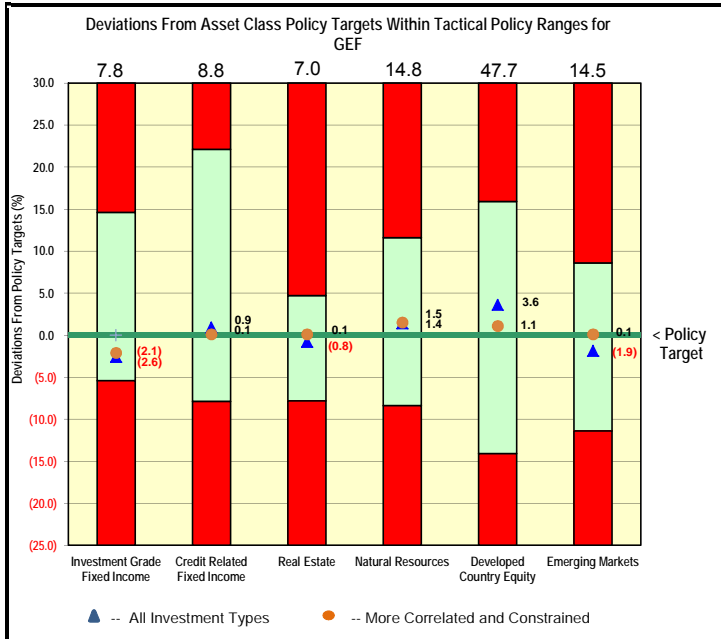
### Investment Reports for Periods Ended May 31, 2014

Prepared in accordance with Texas Education Code Sec. 51.0032

Summary of Capital Flows			
(\$ millions)	Fiscal Year Ended August 31, 2013	Quarter Ended May 31, 2014	Fiscal Year to Date August 31, 2014
Beginning Net Assets	\$ 7,105	\$ 7,910	\$ 7,396
Contributions	166	67	137
Withdrawals	(152)	(1)	(3)
Distributions	(360)	(93)	(277)
Investment Return (Net of Expenses)	637	230	860
Ending Net Assets	<u>\$ 7,396</u>	<u>\$ 8,113</u>	<u>\$ 8,113</u>

	Fiscal Year to Date				
	Returns		Value Added		
	Portfolio	Policy Benchmark	From Asset Allocation	From Security Selection	Total
<b>More Correlated and Constrained:</b>					
Investment Grade	2.74%	5.85%	-0.01%	-0.24%	-0.25%
Credit-Related	15.74%	10.83%	0.00%	0.00%	0.00%
Real Estate	15.37%	15.85%	0.00%	-0.01%	-0.01%
Natural Resources	1.65%	9.53%	-0.25%	-0.62%	-0.87%
Developed Country	18.03%	18.29%	-0.01%	0.01%	0.00%
Emerging Markets	15.62%	12.13%	-0.15%	0.38%	0.23%
<b>Total More Correlated and Constrained</b>	<b>10.95%</b>	<b>13.00%</b>	<b>-0.42%</b>	<b>-0.48%</b>	<b>-0.90%</b>
<b>Less Correlated and Constrained</b>	<b>9.35%</b>	<b>6.03%</b>	<b>0.01%</b>	<b>1.02%</b>	<b>1.03%</b>
<b>Private Investments</b>	<b>15.16%</b>	<b>14.43%</b>	<b>0.02%</b>	<b>0.14%</b>	<b>0.16%</b>
<b>Total</b>	<b>11.62%</b>	<b>11.33%</b>	<b>-0.39%</b>	<b>0.68%</b>	<b>0.29%</b>

45





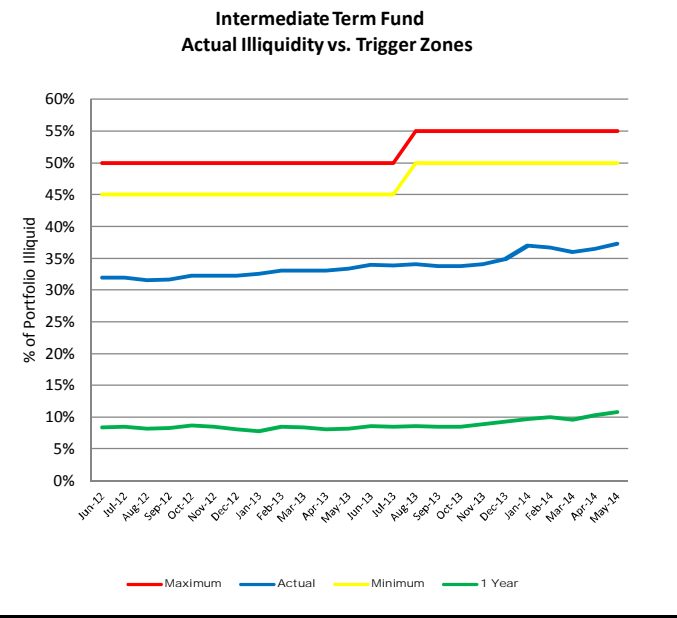
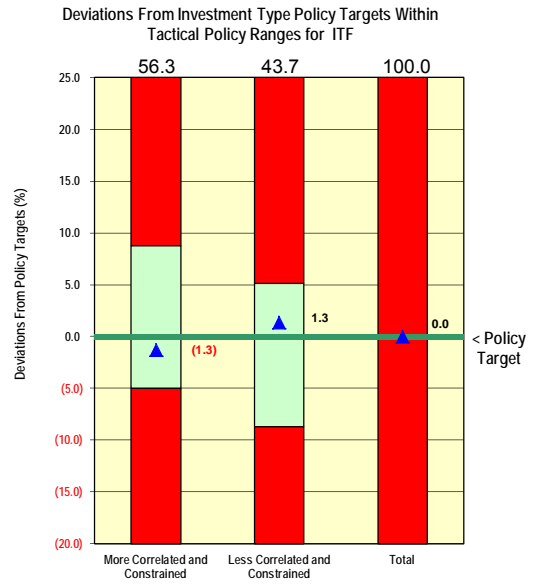
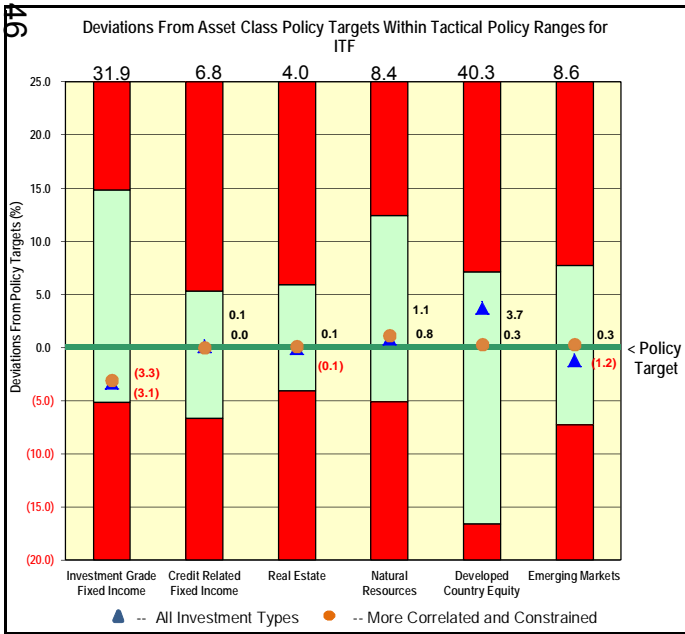
### III. INTERMEDIATE TERM FUND

#### Investment Reports for Periods Ended May 31, 2014

Prepared in accordance with Texas Education Code Sec. 51.0032

<u>Summary of Capital Flows</u>				
(\$ millions)	Fiscal Year Ended August 31, 2013	Quarter Ended May 31, 2014	Fiscal Year to Date August 31, 2014	
Beginning Net Assets	\$ 4,893	\$ 6,146	\$ 5,520	
Contributions	694	363	761	
Withdrawals	(158)	(15)	(85)	
Distributions	(158)	(48)	(136)	
Investment Return (Net of Expenses)	249	114	500	
Ending Net Assets	<u>\$ 5,520</u>	<u>\$ 6,560</u>	<u>\$ 6,560</u>	

	Fiscal Year to Date				
	Returns		Value Added		
	Portfolio	Policy Benchmark	From Asset Allocation	From Security Selection	Total
<b>More Correlated and Constrained:</b>					
Investment Grade	5.26%	5.85%	0.05%	-0.21%	-0.16%
Credit-Related	0.00%	0.00%	0.00%	0.00%	0.00%
Real Estate	15.26%	15.85%	-0.04%	-0.03%	-0.07%
Natural Resources	1.92%	9.53%	-0.12%	-0.56%	-0.68%
Developed Country	17.99%	18.29%	0.00%	0.00%	0.00%
Emerging Markets	13.76%	12.13%	-0.05%	0.09%	0.04%
<b>Total More Correlated and Constrained</b>	<b>8.24%</b>	<b>9.63%</b>	<b>-0.16%</b>	<b>-0.71%</b>	<b>-0.87%</b>
<b>Less Correlated and Constrained</b>	<b>9.31%</b>	<b>6.03%</b>	<b>0.03%</b>	<b>1.28%</b>	<b>1.31%</b>
<b>Private Investments</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
<b>Total</b>	<b>8.62%</b>	<b>8.18%</b>	<b>-0.13%</b>	<b>0.57%</b>	<b>0.44%</b>



**IV. SEPARATELY INVESTED ASSETS**  
**Summary Investment Report at May 31, 2014**  
 Report prepared in accordance with *Texas Education Code Sec. 51.0032*

ASSET TYPES	(\$ thousands)															
	FUND TYPE															
	CURRENT PURPOSE DESIGNATED		RESTRICTED		ENDOWMENT & SIMILAR FUNDS		ANNUITY & LIFE INCOME FUNDS		AGENCY FUNDS		TOTAL EXCLUDING OPERATING FUNDS		OPERATING FUNDS (DEBT PROCEEDS AND SHORT TERM FUND)		TOTAL	
	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET
<b>Cash &amp; Equivalents:</b>																
Beginning value 02/28/14	-	-	3,962	3,962	71,251	71,251	1,944	1,944	578	578	77,735	77,735	2,111,123	2,111,123	2,188,858	2,188,858
Increase/(Decrease)	-	-	(1,611)	(1,610)	21,521	21,521	(83)	(83)	(259)	(259)	19,568	19,569	1,327	1,327	20,895	20,896
Ending value 05/31/14	-	-	2,351	2,352	92,772	92,772	1,861	1,861	319	319	97,303	97,304	2,112,450	2,112,450	2,209,753	2,209,754
<b>Debt Securities:</b>																
Beginning value 02/28/14	-	-	57	58	11,270	11,821	8,791	8,947	-	-	20,118	20,826	-	-	20,118	20,826
Increase/(Decrease)	-	-	(37)	(37)	(2)	110	(275)	(224)	-	-	(314)	(151)	-	-	(314)	(151)
Ending value 05/31/14	-	-	20	21	11,268	11,931	8,516	8,723	-	-	19,804	20,675	-	-	19,804	20,675
<b>Equity Securities:</b>																
Beginning value 02/28/14	1,160	32,528	1,864	1,859	39,766	47,365	12,861	14,939	-	-	55,651	96,691	-	-	55,651	96,691
Increase/(Decrease)	-	(12,687)	1,954	1,950	1,302	2,101	(36)	581	-	-	3,220	(8,055)	-	-	3,220	(8,055)
Ending value 05/31/14	1,160	19,841	3,818	3,809	41,068	49,466	12,825	15,520	-	-	58,871	88,636	-	-	58,871	88,636
<b>Other:</b>																
Beginning value 02/28/14	-	-	952	952	6	6	516	111	503	503	1,977	1,572	-	-	1,977	1,572
Increase/(Decrease)	-	-	(228)	(228)	-	-	11	-	(303)	(303)	(520)	(531)	-	-	(520)	(531)
Ending value 05/31/14	-	-	724	724	6	6	527	111	200	200	1,457	1,041	-	-	1,457	1,041
<b>Total Assets:</b>																
Beginning value 02/28/14	1,160	32,528	6,835	6,831	122,293	130,443	24,112	25,941	1,081	1,081	155,481	196,824	2,111,123	2,111,123	2,266,604	2,307,947
Increase/(Decrease)	-	(12,687)	78	75	22,821	23,732	(383)	274	(562)	(562)	21,954	10,832	1,327	1,327	23,281	12,159
Ending value 05/31/14	1,160	19,841	6,913	6,906	145,114	154,175	23,729	26,215	519	519	177,435	207,656	2,112,450	2,112,450	2,289,885	2,320,106

Details of individual assets by account furnished upon request.

4. U. T. System Board of Regents: Approval of 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, the Liquidity Policy, and the Derivative Investment 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, including asset allocation, the Liquidity Policy, and the Derivative Investment Policy, as set forth on the following pages.

- a. Permanent University Fund (PUF)
- b. General Endowment Fund (GEF)
- c. Permanent Health Fund (PHF)
- d. Long Term Fund (LTF)
- e. Intermediate Term Fund (ITF)
- f. Liquidity Policy (See Pages 57 - 60)
- g. Derivative Investment Policy (See Pages 61 - 66)

The Master Investment Management Services Agreement (IMSA) between The University of Texas System Board of Regents and UTIMCO 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 U. T. System Board or its staff designees may request.

The UTIMCO Board last approved amendments to the Investment Policy Statements, the Liquidity Policy, and the Derivative Investment Policy on July 29, 2014.

Exhibits to the Investment Policy Statements for the PUF, GEF, PHF, LTF (Attachment 1) and ITF (Attachment 2) (Pages 50 - 53) were amended to reflect changes to the Targets and Ranges for Asset Classes and Investment Types proposed for Fiscal Year Ending (FYE) 2015. The Policy Benchmarks and Expected Annual Return (Benchmarks) targets were updated, and the one year downside deviation was adjusted to reflect the revised Asset Class and Investment Type targets for FYE 2015.

For the PUF, PHF, LTF, and ITF Investment Policy Statements, language requiring UTIMCO to recommend distribution amounts on an annual basis to the U. T. System Board of Regents was deleted. Revisions are shown in Attachment 3 on Pages 54 - 56.

All amended Investment Policy Statements are effective September 1, 2014. The Investment Policy Statements were last amended effective September 1, 2013.

Amendments to the Liquidity Policy delete certain language in the Definition of Liquidity Risk, and clarify language in the Liquidity Policy Profile.

Amendments to the Derivative Investment Policy change the Definition of Derivatives to reflect that participation notes are included with the definition of structured notes. Also, language was added to allow the Risk Manager and Chief Compliance Officer (CCO), in consultation with the Chief Investment Officer (CIO), to determine whether a particular financial instrument meets the definition of Derivative Investment and require the CIO to report these determinations to the Chairman of the Risk Committee.

The Short Term Fund and Separately Invested Funds Investment Policy Statements were reviewed, but no changes were made.

ATTACHMENT 1  
EXHIBIT FOR PUF, GEF, PHF and LTF  
ASSET CLASS AND INVESTMENT TYPE TARGETS, RANGES, AND PERFORMANCE OBJECTIVES  
EFFECTIVE SEPTEMBER 1, 2014

POLICY PORTFOLIO	FYE 2015		
	Min	Target	Max
<u>Asset Classes</u>			
Investment Grade Fixed Income	3.0%	9.0%	25.0%
Credit-Related Fixed Income	0.0%	8.5%	30.0%
Real Estate	0.0%	8.5%	12.5%
Natural Resources	5.0%	14.0%	25.0%
Developed Country Equity	30.0%	45.0%	60.0%
Emerging Markets Equity	8.0%	15.0%	25.0%
<u>Investment Types</u>			
More Correlated & Constrained	30.0%	40.0%	60.0%
Less Correlated & Constrained	25.0%	30.0%	37.5%
Private Investments	20.0%	30.0%	35.0%

\*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 2015
Barclays Capital Global Aggregate Index	6.5%
FTSE EPRA/NAREIT Developed Index Net TRI USD	2.5%
33.4% Bloomberg Commodity Total Return Index, 33.3% MSCI World Natural Resources Index and 33.3% Gold Spot price (XAU)	7.5%
MSCI World Index with net dividends	14.0%
MSCI Emerging Markets with net dividends	9.5%
Hedge Fund Research Indices Fund of Funds Composite Index	30.0%
Custom Cambridge Fund of Funds Benchmark	30.0%



POLICY/TARGET RETURN/RISKS	FYE 2015
Expected Annual Return (Benchmarks) **	6.82%
One Year Downside Deviation	9.67%
Risk Bounds	
Lower: 1 Year Downside Deviation	75%
Upper: 1 Year Downside Deviation	115%

\*\*Equal to nominal return, net of all investment-related expenses and assuming an inflation rate of 2.5%.

ATTACHMENT 1  
(continued)  
EXHIBIT FOR PUF, GEF, PHF and LTF  
ASSET CLASS AND INVESTMENT TYPE TARGETS, RANGES AND PERFORMANCE OBJECTIVES  
EFFECTIVE DATE SEPTEMBER 1, 2014

**POLICY BENCHMARKS BY ASSET CLASS AND INVESTMENT TYPE: FYE 2015**

FYE 2015		More Correlated & Constrained	Less Correlated & Constrained	Private Investments	Total
Fixed Income	Investment Grade	Barclays Capital Global Aggregate Index (6.5%)	2.5%	0.0%	9.0%
	Credit-Related	0.00%	5.0%	3.5%	8.5%
51 Real Assets	Real Estate	FTSE EPRA/NAREIT Developed Index Net TRI USD (2.5%)	0.5%	5.5%	8.5%
	Natural Resources	33.4% Bloomberg Commodity Total Return Index, 33.3% MSCI World Natural Resources Index and 33.3% Gold Spot price (XAU) (7.5%)	0.0%	6.5%	14.0%
Equity	Developed Country	MSCI World Index with Net Dividends (14.0%)	20.0%	11.0%	45.0%
	Emerging Markets	MSCI EM Index with Net Dividends (9.5%)	2.0%	3.5%	15.0%
<b>Total</b>		<b>40.0%</b>	<b>30.0%</b>	<b>30.0%</b>	<b>100.0%</b>

 Hedge Fund Research Indices Fund of Funds Composite Index  
 Custom Cambridge Fund of Funds Benchmark

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

ATTACHMENT 2  
EXHIBIT A - INTERMEDIATE TERM FUND  
ASSET CLASS AND INVESTMENT TYPE TARGETS, RANGES, AND PERFORMANCE OBJECTIVES  
EFFECTIVE SEPTEMBER 1, 2014

POLICY PORTFOLIO	FYE 2015		
	Min	Target	Max
<u>Asset Classes</u>			
Investment Grade Fixed Income	20.0%	34.5%	50.0%
Credit-Related Fixed Income	0.0%	7.5%	12.0%
Real Estate	0.0%	4.0%	10.0%
Natural Resources	2.5%	7.0%	20.0%
Developed Country Equity	20.0%	38.0%	50.0%
Emerging Markets Equity	2.5%	9.0%	17.5%
<u>Investment Types</u>			
More Correlated & Constrained	45.0%	55.0%	65.0%
Less Correlated & Constrained	35.0%	45.0%	55.0%

\*The total Asset Class & Investment Type exposure, including the amount of derivatives exposure not collateralized by Cash, may not exceed 100% of the Asset Class & Investment Type exposures excluding the amount of derivatives exposure not collateralized by Cash.

POLICY BENCHMARK (reset monthly)	FYE 2015
Barclays Capital Global Aggregate Index	30.0%
FTSE EPRA/NAREIT Developed Index Net TRI USD	3.0%
33.4% Bloomberg Commodity Total Return Index, 33.3% MSCI World Natural Resources Index and 33.3% Gold Spot price (XAU)	7.0%
MSCI World Index with net dividends	9.0%
MSCI Emerging Markets with net dividends	6.0%
Hedge Fund Research Indices Fund of Funds Composite Index	45.0%


POLICY/TARGET RETURN/RISKS	FYE 2015
Expected Annual Return (Benchmarks) **	5.28%
One Year Downside Deviation	5.96%
Risk Bounds	
Lower: 1 Year Downside Deviation	70%
Upper: 1 Year Downside Deviation	115%

\*\*Equal to nominal return, net of all investment-related expenses and assuming an inflation rate of 2.5%.

ATTACHMENT 2  
(continued)  
EXHIBIT A - INTERMEDIATE TERM FUND  
ASSET CLASS AND INVESTMENT TYPE TARGETS, RANGES AND PERFORMANCE OBJECTIVES  
EFFECTIVE DATE SEPTEMBER 1, 2014

**POLICY BENCHMARKS BY ASSET CLASS AND INVESTMENT TYPE: FYE 2015**

FYE 2015		More Correlated & Constrained	Less Correlated & Constrained	Total
Fixed Income	Investment Grade	Barclays Capital Global Aggregate Index (30.0%)	4.5%	34.5%
	Credit-Related	(0.0%)	7.5%	7.5%
Real Assets	Real Estate	FTSE EPRA/NAREIT Developed Index Net TRI USD (3.0%)	1.0%	4.0%
	Natural Resources	33.4% Bloomberg Commodity Total Return Index, 33.3% MSCI World Natural Resources Index and 33.3% Gold Spot price (XAU) (7.0%)	0.0%	7.0%
Equity	Developed Country	MSCI World Index with Net Dividends (9.0%)	29.0%	38.0%
	Emerging Markets	MSCI EM Index with Net Dividends (6.0%)	3.0%	9.0%
<b>Total</b>		<b>55.0%</b>	<b>45.0%</b>	<b>100.0%</b>

 Hedge Fund Research  
 Indices Fund of Funds  
 Composite Index

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



## **ATTACHMENT 3**

### **Investment Policy Statement Changes**

#### **Permanent University Fund**

##### **PUF Distributions**

The PUF shall balance the needs and interests of present beneficiaries with those of the future. PUF spending policy objectives shall be to:

- provide a predictable, stable stream of distributions over time;
- ensure that the inflation adjusted value of distributions is maintained over the long term; and
- ensure that the inflation adjusted value of PUF assets after distributions is maintained over rolling 10-year periods.

The goal is for the PUF's average spending rate over time not to exceed the PUF's average annual investment return after inflation and expenses in order to preserve the purchasing power of PUF distributions and underlying assets.

The *Texas Constitution* states that "The amount of any distributions to the available university fund shall be determined by the board of regents of The University of Texas System in a manner intended to provide the available university fund with a stable and predictable stream of annual distributions and to maintain over time the purchasing power of permanent university fund investments and annual distributions to the available university fund. The amount distributed to the available university fund in a fiscal year must be not less than the amount needed to pay the principal and interest due and owing in that fiscal year on bonds and notes issued under this section. If the purchasing power of permanent university fund investments for any rolling 10-year period is not preserved, the board may not increase annual distributions to the available university fund until the purchasing power of the permanent university fund investments is restored, except as necessary to pay the principal and interest due and owing on bonds and notes issued under this section. An annual distribution made by the board to the available university fund during any fiscal year may not exceed an amount equal to seven percent of the average net fair market value of permanent university fund investment assets as determined by the board, except as necessary to pay any principal and interest due and owing on bonds issued under this section. The expenses of managing permanent university fund land and investments shall be paid by the permanent university fund."

Annually, the Board of Regents will approve a distribution amount to the Available University Fund. Following approval of the distribution amount, distributions from the PUF to the AUF may be quarterly or annually at the discretion of UTIMCO Management.

## **ATTACHMENT 3**

### **Investment Policy Statement Changes**

#### **Permanent Health Fund**

##### **PHF Distributions**

The PHF shall balance the needs and interests of present beneficiaries with those of the future. PHF spending policy objectives shall be to:

- A. provide a predictable, stable stream of distributions over time;
- B. ensure that the inflation adjusted value of distributions is maintained over the long term; and
- C. ensure that the inflation adjusted value of PHF assets after distributions is maintained over the long term.

The goal is for the PHF's average spending rate over time not to exceed the PHF's average annual investment return after inflation and expense ratio in order to preserve the purchasing power of PHF distributions and underlying assets.

The Board of Regents will designate a per unit distribution amount annually.

Distributions from the PHF to the unit holders shall be made quarterly as soon as practicable on or after the last business day of November, February, May, and August of each fiscal year.

#### **Long Term Fund**

##### **LTF Distributions**

The LTF shall balance the needs and interests of present beneficiaries with those of the future. LTF spending policy objectives shall be to:

- A. provide a predictable, stable stream of distributions over time;
- B. ensure that the inflation adjusted value of distributions is maintained over the long term; and
- C. ensure that the inflation adjusted value of LTF assets after distributions is maintained over the long term.

The goal is for the LTF's average spending rate over time not to exceed the LTF's average annual investment return after inflation and expense ratio in order to preserve the purchasing power of LTF distributions and underlying assets.

## ATTACHMENT 3

### Investment Policy Statement Changes

Generally, pursuant to the Uniform Prudent Management of Institutional Funds Act, Chapter 163, *Texas Property Code*, as amended, (“Act”), subject to the intent of a donor in a gift instrument, the Board of Regents may appropriate for expenditure or accumulate so much of the LTF as it determines is prudent for the uses, benefits, purposes, and duration for which the LTF is established. Notwithstanding the preceding sentence, the Board of Regents may not appropriate for expenditure in any year an amount greater than nine percent (9%) of the LTF, calculated on the basis of market values determined at least quarterly and averaged over a period of not less than three years immediately preceding the year in which the appropriation for expenditure was made.

The Board of Regents will annually approve a per unit distribution amount.

Distributions from the LTF to the unit holders shall be made quarterly as soon as practicable on or after the last business day of November, February, May, and August of each fiscal year.

### **Intermediate Term Fund**

#### **ITF Distributions**

The ITF shall provide monthly distributions to the unit holders. The Board of Regents will approve an annual distribution amount. Distributions from the ITF to the unit holders shall be made monthly on the first business day of each month. To calculate the monthly distribution, the distribution rate (% divided by 12) will be multiplied by each unit holder’s account, determined as follows:

- Net asset value of each unit holder’s account on the last business day of the second prior month;
- Plus value of each unit holder’s net purchase/redemption amount on the first business day of the prior month;
- Less the distribution amount paid to each unit holder’s account on the first business day of the prior month.

# The University of Texas Investment Management Company

## Liquidity Policy

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Effective Date of Policy: August 21, 2014  
Date Approved by U. T. System Board of Regents: August 21, 2014  
Date Approved by UTIMCO Board: July 29, 2014  
Original Effective Date of Policy: August 7, 2003  
Supersedes: Liquidity Policy dated August 22, 2013

### **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 Cash. 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.

### **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 and any other UTIMCO Board approved SEC Rule 2a-7 money market fund rated AAAM by Standard & Poor’s or the equivalent by a Nationally Recognized Statistical Rating Organization (NRSRO),
- securities of the U.S. Treasury and U.S. Agencies and their instrumentalities with maturities of 397 days or less,
- separately managed accounts with investment guidelines equivalent to, or more stringent than, unaffiliated liquid investment funds rated AAAM by Standard & Poor’s Corporation or the equivalent by a NRSRO,
- 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

# The University of Texas Investment Management Company

## Liquidity Policy

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- 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.

### Liquidity Risk Measurement-The Liquidity Profile:

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 90 days or less 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 more than 90 days or in a shorter period of time by accepting a discount of more than 10%.

UTIMCO staff will report individual investments within the Endowment Funds and ITF categorized as follows:

- **Cash:** 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.
- **Liquid (Weekly):** Investments that could be converted to Cash within a period of one day to less than 7 days in an orderly market at a discount of 5% or less.
- **Liquid (Quarterly):** Investments that could be converted to Cash within a period of 90 days or less in an orderly market at a discount of 10% or less.
- **Liquid (Annual):** Investments that could be converted to Cash within a period of one day to less than 365 days in an orderly market at a discount of 10% or less.

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:

Liquidity above trigger zone:	<u>FY 14+</u> 30.0%
Liquidity within trigger zone:	25.0%-30.0%
Liquidity below trigger zone:	<25.0%

The allowable range for **illiquid** investments is 0% to 75% of the total portfolio for the Endowment Funds; i.e., investments for the Endowment Funds that maintain liquidity above the trigger zone do not require any action by the

# The University of Texas Investment Management Company

## Liquidity Policy

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Risk Committee. However, any **illiquid** investments made in the 70% to 75% trigger zone require prior approval by the Risk Committee. No investment may be made for the Endowment Funds which would cause illiquidity to be greater than 75%.

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

Liquidity above trigger zone:	<u>FY 14+</u> 50%
Liquidity within trigger zone:	45%-50%
Liquidity below trigger zone:	<45%

The allowable range for **illiquid** investments is 0% to 55% of the total portfolio for the ITF; i.e., investments for the ITF that maintain liquidity above the trigger zone do not require any action by the Risk Committee. However, any **illiquid** investments made in the 50% to 55% trigger zone require prior approval by the Risk Committee. No investment may be made for the ITF which would cause illiquidity to be greater than 55%.

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:

Unfunded Commitment as a percent of total invested assets:	<u>FY 14+</u> 30.0%
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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

## The University of Texas Investment Management Company Liquidity Policy

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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, including a detailed analysis of liquidity by category, 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.

# The University of Texas Investment Management Company

## Derivative Investment Policy

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Effective Date of Policy: August 21, 2014

Date Approved by U. T. System Board of Regents: August 21, 2014

Date Approved by UTIMCO Board: July 29, 2014

Supersedes: Derivative Investment Policy approved August 22, 2013

### **Purpose:**

The purpose of the Derivative Investment Policy is to set forth the applications, documentation and limitations for investment in derivatives in the Permanent University Fund (PUF), the General Endowment Fund (GEF), the Intermediate Term Fund (ITF), and the Separately Invested Funds (SIF), hereinafter referred to as the Funds. The Board of Regents approved investment policy guidelines for the Funds to allow for investment in derivatives provided that their use is in compliance with UTIMCO's Board approved Derivative Investment Policy. This Derivative Investment Policy supplements the Investment Policy Statements for the Funds.

### **Objective:**

The objective of investing in derivatives is to facilitate risk management and provide efficiency in the implementation of various investment strategies for the Funds. Derivatives can provide the Funds with more economical means to improve the Funds' risk/return profile.

### **Scope:**

This Policy applies to all derivatives in the Funds executed by UTIMCO staff and by external managers operating under an Agency Agreement. This Policy does not apply to external managers operating under limited partnership agreements, offshore corporations, or other Limited Liability Entities that limit the liability exposure of the Funds' investments. Derivative policies for external managers are established on a case-by-case basis with each external manager, as described below.

This Policy applies to both Exchange Traded Derivatives and Over the Counter (OTC) derivatives. This Policy shall not be construed to apply to index or other common or commingled funds that are not controlled by UTIMCO. These commingled investment vehicles are governed by separate investment policy statements.

### **External Managers:**

External managers are selected to manage the Funds' assets under either an Agency Agreement or through a Limited Liability Entity. An external manager operating under an Agency Agreement may engage in derivative investments only if (i) such manager has been approved to use derivatives by the UTIMCO Chief Investment Officer and (ii) the investments are consistent with the overall investment objectives of the account and in compliance with this Policy. The use of derivatives by an external manager operating under an Agency Agreement shall be approved by the UTIMCO Chief Investment Officer only for external managers that (i) demonstrate investment expertise in their use, (ii) have appropriate risk management and valuation policies and procedures, and (iii) effectively monitor and control their use.

While this Policy does not specifically include external managers operating through a Limited Liability Entity, it is noted that selecting and monitoring external managers through a Limited Liability Entity requires a clear understanding of the external managers' use of derivatives, particularly as it relates to various risk controls and leverage. The permitted uses of derivatives and leverage must be fully documented in the limited liability agreements with these managers.

### **Definition of Derivatives:**

Derivatives are financial instruments whose value is derived, in whole or part, from the value of any one or more underlying securities or assets, or index of securities or assets (such as bonds, stocks, commodities, and currencies). For the purposes of this Policy, derivatives shall include Derivative Investments but shall not include a broader range of securities, such as mortgage backed securities, structured notes (including participation notes), convertible bonds, exchange traded funds (ETFs), and Bona Fide Spot Foreign Exchange Transactions. Derivatives may be purchased through a national or international exchange or through an OTC direct arrangement with a Counterparty. Refer to the attached Exhibit A for a glossary of terms. If it is unclear whether a particular financial instrument meets the definition of Derivative Investment, the Risk Manager and Chief Compliance Officer, in consultation with the Chief Investment



## The University of Texas Investment Management Company Derivative Investment Policy

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Officer, will determine whether the financial instrument is a Derivative Investment. The Chief Investment Officer will report such determinations to the Chairman of the Risk Committee.

### **Permitted Derivative Applications:**

The primary intent of derivatives should be to hedge risk in portfolios or to implement investment strategies more effectively and at a lower cost than would be possible in the Cash Market.

Permitted Derivative Applications are Derivative Investments used:

- To implement investment strategies in a low cost and efficient manner;
- To alter the Funds' market (systematic) exposure without trading the underlying Cash Market securities through purchases or short sales, or both, of appropriate derivatives;
- To construct portfolios with risk and return characteristics that could not be created with Cash Market securities;
- To hedge and control risks; or
- To facilitate transition trading.

UTIMCO staff may not enter into any Derivative Investment that is not a Permitted Derivative Application. To the extent that a Derivative Investment is a Permitted Derivative Application but is not within the delegated authority as set forth on Exhibit B, the UTIMCO Board will be provided with an "Option to Review" following the process outlined in Exhibit A to the Delegation of Authority Policy. This "Option to Review" applies to any new Derivative Investment recommended by UTIMCO staff and approved by UTIMCO's Chief Investment Officer that is not within the delegated authority set forth on Exhibit B or the engagement of an external manager operating under an Agency Agreement that seeks to engage in a Derivative Investment that is not within the delegated authority set forth on Exhibit B. Notwithstanding the foregoing, UTIMCO's Chief Investment Officer, the Risk Manager, or Chief Compliance Officer may determine that presentation and approval of the proposed Derivative Investment at a Risk Committee meeting is warranted before engaging in the Derivative Investment.

### **Risk and Investment Policy Controls:**

Following the implementation of any Derivative Investment, the Funds' projected downside deviation and risk bounds, and projected exposure to Asset Class and Investment Type, must be within the permissible ranges as set forth in the Funds' Investment Policy Statements.

### **Documentation and Controls:**

Prior to the implementation of a new Derivative Investment by UTIMCO staff, UTIMCO staff shall document the purpose, valuation method, methods for calculating delta, delta-adjusted exposure, Asset Class and Investment Type exposure, the effect on portfolio leverage (if applicable), risks (including, but not limited to modeling, pricing, liquidity and Counterparty risks), the expected increase or reduction in risk resulting from the Derivative Investments, and the procedures in place to monitor and manage the derivative exposure. For any short exposure, UTIMCO staff shall also document the basis risk and appropriate stop-loss procedures. UTIMCO shall establish appropriate risk management procedures to monitor daily the risk of (i) internally managed Derivative Investments and (ii) externally managed accounts operating under Agency Agreements that permit derivatives. Internal control procedures to properly account and value the Funds' exposure to the Derivative Investment shall be fully documented.

### **Additional Limitations:**

**Leverage:** Leverage is inherent in many derivatives. In Cash Markets, in most cases, the cash outlay is equal to the market exposure acquired. By contrast, Derivative Investments offer the possibility of establishing – for the same cash outlay – substantially larger market exposure. Therefore, risk management and control processes must focus on the total risk assumed in a Derivative Investment. Exhibits A of the Fund's Investment Policy Statements provide a limitation on the amount of uncollateralized derivative exposure that can be utilized by the Funds whereby, the total Asset Class and Investment Type exposure, including the amount of derivatives exposure not collateralized by cash, may not exceed 105% (100% in the ITF) of the Asset Class and Investment Type exposures excluding the amount of derivatives exposure not collateralized by cash.

## The University of Texas Investment Management Company Derivative Investment Policy

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**Counterparty Risks:** Rigorous Counterparty selection criteria and netting agreements shall be required to minimize Counterparty risk for Over the Counter (OTC) derivatives. Any Counterparty in an OTC derivative transaction with the Funds must have a credit rating of at least A- (Standard and Poor's) or A3 (Moody's). All OTC derivatives, with the exception of Bona Fide Spot Foreign Exchange Transactions, must be subject to established ISDA Netting Agreements and have full documentation of all legal obligations of the Funds. In the event a Counterparty is downgraded below the minimum credit rating requirements stated above, UTIMCO staff will take appropriate action to protect the interests of the Funds, including availing itself of all potential remedies contained in the ISDA agreements. The net market value, net of collateral postings, of all OTC derivatives for any individual Counterparty may not exceed 1% of the total market value of the Funds.

### **Risk Management and Compliance:**

To ensure compliance with all terms and limitations of this Policy, all internally managed and externally managed Derivative Investments in accounts under Agency Agreements will be marked to market on a daily basis by the Funds' custodian and reviewed periodically, but no less frequently than monthly, for accuracy by the UTIMCO Risk Manager. In addition, data from the external risk model will be reviewed for accuracy and completeness by the UTIMCO Risk Manager.

Compliance with this Policy will be monitored by the UTIMCO Chief Compliance Officer using data provided by the custodian and the external risk model.

Any instances of noncompliance with this Policy will be reported immediately to the UTIMCO Chief Compliance Officer and the UTIMCO Chief Investment Officer, who will determine the appropriate remedy and report promptly to the Chairs of the Risk Committee, the Audit & Ethics Committee, and the UTIMCO Board Chairman. The UTIMCO Board Chairman may waive immediate remedial action in appropriate circumstances.

### **Reporting:**

On a quarterly basis, UTIMCO shall provide a comprehensive report to UTIMCO's Board and the Risk Committee. This report shall include all outstanding Derivative Investments, by type, entered into during the period being reported for both internal managers and external managers operating under Agency Agreements. Asset allocation as provided in the Funds' Investment Policy Statements shall incorporate the impact of uncollateralized derivative exposure associated with derivatives. For risk reporting purposes, the models used to calculate the expected profit or loss in each scenario will include the effect of delta sensitivity and other derivative sensitivity parameters as appropriate. Risk calculations will take into account leverage, correlation, and exposure parameters such as beta for equities and duration for fixed income. The UTIMCO Risk Manager will calculate risk attribution - i.e., how much of the overall risk is attributed to each Asset Class and Investment Type, including the full effect on risk of the derivatives in each. The UTIMCO Risk Manager will calculate risk attribution for each Derivative Investment.

# The University of Texas Investment Management Company

## Derivative Investment Policy

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### Derivative Investment Policy Exhibit A

#### Glossary of Terms

**Agency Agreement** – A form of legal agreement that typically grants limited investment discretion to an external investment manager to act as the investment agent of the Funds but does not limit the liability of the Funds for actions taken by that agent.

**Basket** – A group of securities and a weighting scheme, or a proprietary index. Baskets are typically defined to achieve a certain investment goal, within certain limitations. For example, a Basket could replicate an emerging market index, excluding certain companies that UTIMCO is not permitted to hold.

**Bona Fide Spot Foreign Exchange Transaction** – Generally, a foreign exchange transaction that settles via an actual delivery of the relevant currencies within two business days (T+2). In addition, an agreement, contract or transaction for the purchase or sale of an amount of foreign currency equal to the price of a foreign security with respect to which (i) the security and related foreign currency transactions are executed contemporaneously in order to effect delivery by the relevant securities settlement deadline and (ii) actual delivery of the foreign security and foreign currency occurs by such deadline (such transaction, a “Securities Conversion Transaction”). For Securities Conversion Transactions, the Commodity Futures Trading Commission (CFTC) will consider the relevant foreign exchange spot market settlement deadline to be the same as the securities settlement deadline.

**Cash Market** - The physical market for a commodity or financial instrument.

**Counterparty** - The offsetting party in an exchange agreement.

**Derivative Investment** – An investment in a Futures Contract, Forward Contract, swap, and all forms of options.

**Exchange Traded Derivatives** - A Derivative Investment traded on an established national or international exchange. These derivatives “settle” daily in that cash exchanges are made between the exchange and parties to the contracts consistent with the change in price of the instrument. Fulfillment of the contract is guaranteed by the exchange on which the derivatives are traded. Examples include S&P 500 Futures Contracts and Goldman Sachs Commodities Index Futures Contracts.

**Forward Contract** - A nonstandardized contract for the physical or electronic (through a bookkeeping entry) delivery of a commodity or financial instrument at a specified price at some point in the future. The most typical Forward Contract is a forward foreign currency contract, which involves the contemplated exchange of two currencies.

**Futures Contract** - A standardized contract for either the physical delivery of a commodity or instrument at a specified price at some point in the future, or a financial settlement derived from the change in market price of the commodity or financial instrument during the term of the contract.

**ISDA Netting Agreement** - The International Swaps and Derivatives Association (ISDA) is the global trade association representing participants in the privately negotiated derivatives industry, covering swaps and options across all asset classes. ISDA has produced generally accepted “Master Agreements,” a 1992 Master Agreement and a 2002 Master Agreement, that are used by most counterparties in OTC derivatives. Netting agreements are terms within the applicable Master Agreement that deal with the calculation of exposure for each Counterparty. These netting agreements require that exposures between counterparties will be “netted” so that payables and receivables under all existing derivatives between two Counterparties are offset in determining the net exposure between the two Counterparties.

**Limited Liability Entity** – A legal entity created to define how assets contributed to the entity by external partners to the agreement will be managed by the manager of the entity. These entities are typically limited liability partnerships, corporations, or other such entities that limit the liability of external investors to the current value of the external investors’ investment in the entity.

## The University of Texas Investment Management Company Derivative Investment Policy

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**Long Exposure to an Asset Class** – The Net Asset Value of the Asset Class and Investment Type as defined in the Funds' Investment Policy Statement.

**Option** - A derivative that conveys the right but not the obligation to buy or deliver the subject financial instrument at a specified price, at a specified future date.

**Over the Counter (OTC) derivatives** - A derivative which results from direct negotiation between a buyer and a Counterparty. The terms of such derivatives are nonstandard and are the result of specific negotiations. Settlement occurs at the negotiated termination date, although the terms may include interim cash payments under certain conditions. Examples include currency swaps and Forward Contracts, interest rate swaps, and collars.

**Replicating Derivatives** – Derivatives that are intended to replicate the return characteristics of an underlying index or any other Cash Market security.

**Swap** - A contract whereby the parties agree to exchange cash flows of defined investment assets in amounts and times specified by the contract.

# The University of Texas Investment Management Company

## Derivative Investment Policy

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### Derivative Investment Policy Exhibit B

#### Delegated Derivative Investments

Subject to the limitations contained in the Derivative Investment Policy, the UTIMCO Board hereby delegates to the UTIMCO Chief Executive Officer the authority to enter into the following Derivative Investments:

Delegated Derivative Investments:

1. Replicating Derivatives - Derivative Investments that replicate the return characteristics of a long exposure to an underlying index, Basket or commodity. These investments are generally Futures Contracts and swaps on a passive index, Basket or commodity.
2. Derivative Investments that upon their expiration would not exceed the loss of a similar investment in the cash index being referred to in the derivative contract. These investments may include swaps whereby the holder of the instrument will forgo potential upside return in exchange for downside protection or receive a multiple of a referenced return should the return of the underlying referenced index be within a certain range and may also include the selling of put options.
3. Derivative Investments that reduce Long Exposure to an Asset Class or hedge against risk, and limit maximum loss to the premium paid for the Derivative Investment, i.e., purchase options. The aggregate prorated annual premium of all Derivative Investments under this provision shall be as set forth in the respective Fund's Investment Policy Statement.
4. Futures Contracts and Forward Contracts on foreign currency if used (i) by an external fixed income manager within its investment guidelines, (ii) for hedging purposes by an external equities manager within its investment guidelines, or (iii) to hedge existing or prospective foreign currency risk by UTIMCO staff.
5. Derivative Investments used to manage bond duration or hedge equity exposure to countries, sectors or capitalization factors, or individual stock(s) swaps within the portfolio only if subsequent to the investment the portfolio would not be net short to any one of those factors. An example of such a hedge is selling Futures Contracts or call options on a country or sector index, provided the manager is exposed to that country or sector.
6. Derivative Investments used to gain Long Exposure to an Asset Class and limit maximum loss to the premium paid for the Derivative Investment.

The delegated authority set forth above should not be construed to permit UTIMCO staff to enter into Derivative Investments that are unhedged or 'naked' short positions containing unlimited loss.

Modeling: Each Delegated Derivative Investment must be such that it can be decomposed into one or more components, and each said component can be modeled using a model such as the CDS valuation model, Black-Scholes model, including modifications for foreign currency ("Quanto"), allowing both normal and log-normal distributions (the Black model), and modifications to handle dividends or other model approved by the Policy Committee.

Leverage: Each Delegated Derivative Investment must be modeled on a fully collateralized basis. During the course of the investment, cash collateral backing a Derivative Investment may be utilized to invest in other investments thereby creating leverage at the Fund level. This is only allowed if within the Funds' Investment Policy Statements.

5. U. T. System Board of Regents: Approval of the Annual Budget for FY 2015, including the capital expenditures budget and other external direct charges to the Funds, and the Annual Fee and Allocation Schedule for The University of Texas Investment Management Company (UTIMCO)

Upon recommendation of The University of Texas Investment Management Company (UTIMCO) Board of Directors, the Board approved the Annual Budget for the fiscal year ending August 31, 2015, as set forth on Page 68, which includes the capital expenditures budget and other external direct charges to the Funds, and the Annual Fee and Allocation Schedule as set forth on Page 69.

The Total Budgeted Costs consist of \$25.4 million for UTIMCO services (3.9% increase over FY 2014 budget), and \$7.4 million (4.2% decrease from FY 2014 budget) for external noninvestment manager services such as custodial, legal, audits, and consulting services. These Total Budgeted Costs represent only a portion of total investment costs as they exclude external manager fees. The Total Budgeted Costs were approved by the UTIMCO Board on July 29, 2014.

The Annual Fee and Allocation Schedule shows the allocation of the budgeted expenses among The University of Texas System funds in total. UTIMCO expenses are 6.9 basis points of forecasted assets under management at August 31, 2015. The fees are paid quarterly.

The capital expenditures budget totaling \$1.4 million is included in the total Annual Budget.

UTIMCO projects that there will be no cash reserves available to be distributed back to the U. T. System funds per the Master Investment Management Services Agreement (IMSA) between the U. T. System Board of Regents and UTIMCO.

## UTIMCO ANNUAL BUDGET

\$ in thousands	FY 2014	FY 2015	FY 2015 Budget v FY 2014 Budget	
	Budget	Budget	\$	%
Salaries, Benefits & Taxes	\$11,230	\$11,944	\$714	6.4%
Incentive Compensation	8,519	8,518	(1)	0.0%
Total Compensation	19,749	20,462	713	3.6%
Other Expenses	4,721	4,966	245	5.2%
<b>Total UTIMCO</b>	<b><u>\$24,470</u></b>	<b><u>\$25,428</u></b>	<b><u>\$958</u></b>	<b><u>3.9%</u></b>
Other Investment-related Expenses Charged to the Funds	\$7,745	\$7,422	(\$323)	-4.2%

Prepared by: UTIMCO

Date: July 18, 2014

**UTIMCO Management Fee and Direct Budgeted Investment Expenses**  
**Annual Fee and Allocation Schedule**  
For the fiscal year ending August 31, 2015

<u>Proposed Budget</u>	<u>Fund Name</u>						<u>Separate Funds</u>	<u>Total</u>
	<b>PUF</b>	<b>PHF</b>	<b>LTF</b>	<b>GEF</b>	<b>ITF</b>	<b>STF</b>		
<b>Forecasted Market Value 8/31/15 (\$ millions)</b>	18,875	1,133	7,510	PHF 8,643	6,770	1,817	503	36,608
<b>UTIMCO Management Fee</b>								
Dollars (thousands)	13,032	1,065	6,966	0	4,365	0	0	25,428
Basis Points	6.9	9.4	9.3	0	6.4	0	0	6.9
<b>Direct Expenses to the Fund, excluding UT System Direct Expenses to the Fund</b>								
Dollars (thousands)	3,426	24	26	1,974	1,972	0	0	7,422
Basis Points	1.8	0.2	0.0	2.3	2.9	0	0	2.0

Prepared by: UTIMCO  
Date: July 18, 2014



6. 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 \$600 million to be used to refund certain outstanding PUF Bonds, to refund PUF Commercial Paper Notes, to provide new money to fund construction and acquisition costs, and to pay the costs of issuance; and
- b. 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.

On August 22, 2013, the Board of Regents adopted a resolution authorizing the issuance of PUF Bonds in an amount not to exceed \$500 million. Adoption of this Resolution rescinds the resolution approved by the Board of Regents in August 2013 and provides a similar authorized amount and purposes as the prior resolution.

Adoption of this 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.

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

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

7. U. T. System Board of Regents: Adoption of a Supplemental Resolution authorizing the issuance, sale, and delivery of Revenue Financing System Bonds and authorization to complete all related transactions

The Board

- a. adopted a Supplemental Resolution, substantially in the form previously approved by The University of Texas System Board of Regents, authorizing the issuance, sale, and delivery of Board of Regents of The University of Texas System Revenue Financing System (RFS) Bonds in one or more installments in an aggregate principal amount not to exceed \$600 million to be used to refund certain outstanding RFS Bonds, to refund RFS Commercial Paper Notes, to provide new money to fund construction and acquisition costs of projects in the Capital Improvement Program, and to pay the costs of issuance; and
- b. authorized appropriate officers and employees of U. T. System as set forth in the Supplemental Resolution to take any and all actions necessary to carry out the intentions of the U. T. System Board of Regents within the limitations and procedures specified therein; to make certain covenants and agreements in connection therewith; and to resolve other matters incident and related to the issuance, sale, security, and delivery of such RFS Bonds.

On August 22, 2013, the Board of Regents adopted a resolution authorizing the issuance of additional RFS Bonds in an amount not to exceed \$500 million. Adoption of this Supplemental Resolution rescinds the remaining issuance authority under the prior resolution and would provide a similar authorized amount and purposes as the prior resolution.

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

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

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

Approval of the Supplemental Resolution also designates The University of Texas Rio Grande Valley as a Member of the Revenue Financing System in accordance with the RFS Master Resolution and provides that U. T. Rio Grande Valley will become the successor to all RFS obligations incurred by U. T. Brownsville and U. T. Pan American.

8. U. T. System Board of Regents: Adoption of resolutions authorizing certain bond enhancement agreements for Revenue Financing System debt and Permanent University Fund debt, including ratification of U. T. System Interest Rate Swap Policy

The Board adopted resolutions substantially in the form set forth on the following pages (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.

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

The U. T. System Interest Rate Swap Policy was approved by the Board of Regents as a Regental Policy on February 13, 2003, and was incorporated into the Regents' *Rules and Regulations*, Rule 70202, on December 10, 2004. The Rule was subsequently amended on August 23, 2007. Section 1371.056(l) of the *Texas Government Code* requires that while an interest rate management agreement transaction is outstanding, the governing body of the issuer shall review and ratify or modify its related risk management policy at least biennially.

On August 22, 2013, the Board approved bond enhancement agreement resolutions for FY 2014. 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 2015 and ratifies the existing U. T. System Interest Rate Swap Policy, set out as Exhibit B, as required by *Texas Government Code*, Section 1371.056. The determination to utilize bond enhancement agreements will be made based on market conditions at the time of pricing the related debt issuance. The Chancellor and the Chairman of the Board's Finance and Planning Committee will be informed in advance of any proposed transactions to be undertaken pursuant to the Resolutions.

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

August 21, 2014

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

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

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

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

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

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

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

**NOW THEREFORE BE IT RESOLVED**, that

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

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

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

to reduce the net interest to be paid by the Board with respect to any then outstanding Parity Debt or Parity Debt anticipated to be issued in the future over the term of the Bond Enhancement Agreement or (ii) the transaction is in the best interests of the Board given the market conditions at that time. Prior to entering into any such transaction, an Authorized Representative must deliver to the General Counsel of the Board a certificate setting forth the determinations of the Authorized Representative in connection with the foregoing. Each Authorized Representative is also severally authorized to execute any required novation agreement related to the execution and delivery of a new or amended Confirmation undertaken in conjunction with the novation of an existing Confirmation. The delegation to each Authorized Representative to execute and deliver Bond Enhancement Agreements on behalf of the Board under this Resolution shall expire on September 1, 2015.

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

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

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

(e) Early Termination. No Confirmation entered into pursuant to this Resolution shall contain early termination provisions at the option of the counterparty except upon the occurrence of an event of default or an additional termination event, as prescribed in the applicable Master Agreement. In addition to subsections (a) and (b) of Section 6 hereof, each Authorized Representative is hereby severally authorized to terminate any Bond Enhancement when, in his or her judgment, such termination is in the best interests of the Board given the market conditions at that time.

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

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

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

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

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

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

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

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

(b) The foregoing is not intended to be a comprehensive list of permissible types of transactions, but rather to specify additional conditions necessary to enter into the specified types of transactions. The requirements of Section 2(a) above shall apply to any transaction not specified in subsection (a) hereof.

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

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

(b) Payments under Chapter 1371 Credit Agreements. In the event an Authorized Representative elects to treat a Bond Enhancement Agreement authorized by this Resolution as a "credit agreement" under Chapter 1371 and such Bond Enhancement Agreement is executed and delivered pursuant to Chapter 1371, to the extent that the Board receives payments pursuant to such a Bond Enhancement Agreement, such payments shall be applied as follows: (i) to pay (A) debt service on the Parity Debt or anticipated issuance of Parity Debt related to the Bond Enhancement Agreement, or (B) the costs to be financed by the Parity Debt or anticipated issuance of Parity Debt related to the Bond Enhancement Agreement; provided that, if applicable, such costs shall have been approved for construction by the Board 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 Chapter 61 of the *Texas Education Code*, including Section 61.058 thereof; (ii) to pay other liabilities or expenses that are secured on parity with or senior to the Parity Debt or anticipated issuance of Parity Debt related to the Bond Enhancement Agreement; or (iii) to the extent that costs set forth in (i) and (ii) have been satisfied, for any other lawful purpose.

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

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

(b) Requirement to Terminate or Modify Agreement for Notional Amount in Excess of Anticipated Parity Debt as Issued. In the event a Bond Enhancement Agreement is entered into under this Resolution in connection with the anticipated issuance of Parity Debt and such Bond Enhancement Agreement has a notional amount that at any time exceeds the principal amount to be outstanding of such anticipated Parity Debt as actually issued, an Authorized Representative shall either terminate such Bond Enhancement Agreement or amend such Bond Enhancement Agreement to (i) reduce the notional amount of such Bond Enhancement as appropriate so that such notional amount does not exceed at any time the principal amount to be outstanding of such anticipated Parity Debt as actually issued or (ii) supplement or replace all or a portion of such anticipated Parity Debt with any then outstanding Parity Debt having the same types of interest rates (fixed or variable) as the anticipated Parity Debt as necessary to ensure that the notional amount of such Bond Enhancement Agreement does not exceed at any time the principal amount of the applicable Parity Debt.

(c) Board Recognition of Anticipated Parity Debt. No Bond Enhancement Agreement may be entered into under this Resolution with respect to the Board's obligations under an anticipated future issuance of Parity Debt unless such anticipated issuance of future debt shall have been recognized by official action of the Board pursuant to (i) the Board's prior adoption of a resolution authorizing the issuance of such debt, including, but not limited to, a resolution delegating the parameters of such issuance to an Authorized Representative or a resolution authorizing the issuance of commercial paper notes, (ii) the Board's prior approval of its then current Capital Improvement Program contemplating the financing of the projects to be financed by such anticipated issuance of debt and the amount of such debt to be issued, or (iii) the Board's action pursuant to subsection (e) hereof with respect to Parity Debt anticipated to be issued to refund outstanding Parity Debt.

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



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

#### **SECTION 7. MASTER AGREEMENTS.**

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

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

#### **SECTION 8. ADDITIONAL AUTHORIZATION; RATIFICATION AND APPROVAL OF SWAP POLICY.**

(a) Additional Agreements and Documents Authorized. Each Authorized Representative and all officers of the Board are severally authorized to execute and deliver such other agreements and documents as are contemplated by this Resolution and the Master Agreements or are otherwise necessary in connection with entering into Confirmations and Bond Enhancement Agreements as described in this

Resolution, as any such Authorized Representative or officer shall deem appropriate, including without limitation, officer's certificates, legal opinions credit support documents and any documentation pursuant to an ISDA DF Protocol, and any such actions heretofore taken are hereby ratified, approved and affirmed in all respects.

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

(c) Swap Policy. The Board has reviewed and hereby ratifies, approves and affirms the System's Interest Rate Swap Policy, a copy of which is attached hereto as Exhibit B.

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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 JPMorgan Chase Bank, National Association, dated as of May 2, 2006;

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

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

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

(vi) ISDA Master Agreement with Goldman Sachs Bank USA, dated as of August 1, 2009;

(vii) ISDA Master Agreement with Wells Fargo Bank, National Association, dated as of August 21, 2009;

(viii) ISDA Master Agreement with Barclays Bank PLC, dated as of November 4, 2010;

(ix) ISDA Master Agreement with Deutsche Bank AG, New York Branch, dated as of May 1, 2011;

(x) ISDA Master Agreement with Royal Bank of Canada, dated as of June 8, 2011;  
and

(xi) ISDA Master Agreement with Citibank, N.A., dated as of October 26, 2011.

"ISDA" – The International Swaps and Derivatives Association, Inc.

"ISDA DF Protocol" – Any protocol developed by ISDA in response to provisions of the Dodd Frank Wall Street Reform and Consumer Protection Act relating to derivatives.

"LIBOR" – London Interbank Offered Rate.

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

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

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

"Section 65.461" – Section 65.461 of the *Texas Education Code*, as amended.

"System" – The University of Texas System.

**EXHIBIT B**

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

[See Regents' *Rules and Regulations*, Rule 70202 titled Interest Rate Swap Policy]

**EXHIBIT C**

**EXECUTED MASTER AGREEMENTS**

[On File with the U. T. System Office of Business Affairs]

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

August 21, 2014

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

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

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

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

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

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

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

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

NOW THEREFORE BE IT RESOLVED, that

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

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

(a) Delegation. Each Authorized Representative is hereby severally authorized to act on behalf of the Board in accepting and executing new or amended confirmations under one or more of the Master Agreements (each, a "Confirmation" and, collectively with the applicable Master Agreement, a "Bond Enhancement Agreement") when, in his or her judgment, the execution of such Confirmation is consistent with this Resolution and the System's Interest Rate Swap Policy and either (i) the transaction is expected to reduce the net interest to be paid by the Board with respect to any then outstanding PUF Debt or PUF Debt anticipated to be issued in the future over the term of the Bond Enhancement Agreement or (ii) the transaction is in the best interests of the Board given the market conditions at that time. Prior to entering into any such transaction, an Authorized Representative must deliver to the General Counsel of the Board a certificate setting forth the determinations of the Authorized Representative in connection with the foregoing. Each Authorized Representative is also severally authorized to execute any required novation agreement related to the execution and delivery of a new or amended Confirmation undertaken in conjunction with the novation of an existing Confirmation. The delegation to each Authorized Representative to execute and deliver Bond Enhancement Agreements on behalf of the Board under this Resolution shall expire on September 1, 2015.

(b) Authorizing Law and Treatment as Credit Agreement. The Board hereby determines that any such Bond Enhancement Agreement entered into by an Authorized Representative pursuant to this Resolution is necessary or appropriate to place the Board's obligations with respect to its outstanding PUF Debt or PUF Debt anticipated to be issued in the future on the interest rate, currency, cash flow or other basis set forth in such Bond Enhancement Agreement as approved and executed on behalf of the Board by an Authorized Representative. Each Bond Enhancement Agreement constitutes a "bond enhancement agreement" under Section 65.461 of the *Texas Education Code*, as amended ("Section 65.461"). Pursuant to Section 65.461, a Bond Enhancement Agreement authorized and executed by an Authorized Representative under this Resolution shall not



be considered a “credit agreement” under Chapter 1371 of the *Texas Government Code*, as amended (“Chapter 1371”), unless specifically designated as such by such Authorized Representative. In the event an Authorized Representative elects to treat a Bond Enhancement Agreement authorized by this Resolution as a “credit agreement” under Chapter 1371 and this Resolution has not previously been submitted to the Attorney General by an Authorized Representative, such Authorized Representative shall submit this Resolution to the Attorney General for review and approval in accordance with the requirements of Chapter 1371 as the proceedings authorizing Bond Enhancement Agreements entered into by the Board pursuant to this Resolution.

(c) Costs; Maximum Term. The costs of any Bond Enhancement Agreement and the amounts payable thereunder, including but not limited to any amounts payable by the Board as a result of terminating a Bond Enhancement Agreement, shall be payable from the Residual AUF as a cost of the support and maintenance of System administration or from any other source that is legally available to make such payments.

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

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

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

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

(g) Credit Enhancement. An Authorized Representative may obtain credit enhancement for any Bond Enhancement Agreement if such Authorized Representative, as evidenced by a certificate delivered to the General Counsel to the Board, has determined that after taking into account the cost of such credit enhancement, such credit enhancement will reduce the amount payable by the Board pursuant to such Bond Enhancement Agreement; provided that the annual cost of credit enhancement on any

Bond Enhancement Agreement entered into pursuant to this Resolution may not exceed 0.50% of the notional amount of such Bond Enhancement Agreement.

### **SECTION 3. AUTHORIZATION FOR SPECIFIC TRANSACTIONS.**

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

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

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

(3) Basis swap transactions under which the Board would pay a variable rate of interest computed on one basis, such as the Securities Industry and Financial Markets Association Municipal Swap Index, and the counterparty would pay a variable rate of interest computed on a different basis, such as a designated maturity of the London Interbank Offered Rate ("LIBOR"), with respect to a given principal amount of PUF Debt then outstanding or PUF Debt anticipated to be issued in the future, as applicable. Prior to entering into such transaction, an

Authorized Representative must deliver to the General Counsel to the Board a certificate to the effect that by entering into the basis swap transaction the Board is expected to be able to (i) achieve spread income or upfront cash payments, (ii) preserve call option and advance refunding capability on its PUF Debt, (iii) lower net interest cost by effecting a percent of LIBOR synthetic refunding without issuing additional bonds or acquiring credit enhancement, (iv) lower net interest cost on PUF Debt by layering tax risk on top of a traditional or synthetic fixed rate financing, (v) preserve liquidity capacity, or (vi) avoid the mark to market volatility of a fixed-to-floating or floating-to-fixed swap in changing interest rate environments.

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

(b) The foregoing is not intended to be a comprehensive list of permissible types of transactions, but rather to specify additional conditions necessary to enter into the specified types of transactions. The requirements of Section 2(a) above shall apply to any transaction not specified in Section 3(a) above.

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

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

(b) Payments under Chapter 1371 Credit Agreements. In the event an Authorized Representative elects to treat a Bond Enhancement Agreement authorized by this Resolution as a “credit agreement” under Chapter 1371 and such Bond Enhancement Agreement is executed and delivered pursuant to Chapter 1371, to the extent that the Board receives payments pursuant to such a Bond Enhancement Agreement, such payments shall be applied as follows: (i) to pay (A) debt service on the PUF Debt or anticipated issuance of PUF Debt related to the Bond Enhancement Agreement, or (B) the costs to be financed by the PUF Debt or anticipated issuance of PUF Debt related to the Bond Enhancement Agreement; provided that, if applicable, such costs shall have been approved for construction by the Board 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 Chapter 61 of the *Texas Education Code*, including Section 61.058 thereof; (ii) to pay other liabilities or expenses that are secured on parity with or senior to the PUF Debt or anticipated issuance of PUF Debt related to the Bond Enhancement Agreement; or (iii) to the extent that costs set forth in (i) and (ii) have been satisfied, for any other lawful purpose.

**SECTION 5. BOND ENHANCEMENT AGREEMENTS IN CONNECTION WITH ANTICIPATED PUF DEBT.**

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

(b) Requirement to Terminate or Modify Agreement for Notional Amount in Excess of Anticipated PUF Debt as Issued. In the event a Bond Enhancement Agreement is entered into under this Resolution in connection with the anticipated issuance of PUF Debt and such Bond Enhancement Agreement has a notional amount that at any time exceeds the principal amount to be outstanding of such anticipated PUF Debt as actually issued, an Authorized Representative shall either terminate such Bond Enhancement Agreement or amend such Bond Enhancement Agreement (i) to reduce the notional amount of such Bond Enhancement as appropriate so that such notional amount does not exceed at any time the principal amount to be outstanding of such anticipated PUF Debt as actually issued or (ii) supplement or replace all or a portion of such anticipated PUF Debt with any then outstanding PUF Debt having the same types of interest rates (fixed or variable) as the anticipated PUF Debt as necessary to ensure that the notional amount of such Bond Enhancement Agreement does not exceed at any time the principal amount of the applicable PUF Debt.

(c) Board Recognition of Anticipated Parity Debt. No Bond Enhancement Agreement may be entered into under this Resolution with respect to the Board's obligations under an anticipated future issuance of PUF Debt unless such anticipated issuance of future debt shall have been recognized by official action of the Board pursuant to (i) the Board's prior adoption of a resolution authorizing the issuance of such debt, including but not limited to a resolution delegating the parameters of such issuance to an Authorized Representative or a resolution authorizing the issuance of commercial paper notes, (ii) the Board's prior approval of its then current Capital Improvement Program contemplating the financing of the projects to be financed by such anticipated issuance of debt and the amount of such debt to be issued, or (iii) the Board's action pursuant to subsection (e) hereof with respect to PUF Debt anticipated to be issued to refund outstanding PUF Debt.

(d) Required Description of Anticipated PUF Debt. To the extent that a Bond Enhancement Agreement is entered into under this Resolution with respect to the Board's obligations under an anticipated future issuance of PUF Debt, an Authorized Representative must also deliver to the General Counsel to the Board at the time such agreement is entered into a certificate with respect to such anticipated PUF Debt stating: (i) the anticipated issuance date of such PUF Debt or a range of anticipated dates of up to

six months for such issuance, provided that such date or range of dates may not be more than the lesser of seventy-two (72) months after the date of the applicable Confirmation or the latest date contemplated for the issuance of such PUF Debt in the Board's then current Capital Improvement Program; (ii) whether such PUF Debt will bear interest at a fixed or variable rate; (iii) if such PUF Debt will bear interest at a fixed rate, what fixed interest rate or range of interest rates with respect to such PUF Debt is anticipated; (iv) if such PUF Debt will bear interest at a variable rate, what basis is anticipated to be used to compute such variable rate; (v) the assumed maturity schedule and amortization for such PUF Debt, including the assumed interest cost; (vi) the anticipated purposes for which the proceeds of such PUF Debt will be used; and (vii) for PUF Debt anticipated to be issued for new money projects, a list or description of such projects anticipated to be financed, provided that each such project must be contemplated for financing with PUF Debt by the Board's then current Capital Improvement Program or have otherwise received Board approval for financing.

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

## **SECTION 6. MASTER AGREEMENTS.**

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

with this Resolution and in furtherance of and to carry out the intent hereof. If a New Master Agreement entered into pursuant to this subsection replaces a then effective Master Agreement with the same or a related counterparty, each Authorized Representative is hereby severally authorized to terminate such existing Master Agreement upon the New Master Agreement becoming effective and to take any and all actions necessary to transfer any Confirmations thereunder to such New Master Agreement.

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

#### **SECTION 7. ADDITIONAL AUTHORIZATION; RATIFICATION AND APPROVAL OF SWAP POLICY.**

(a) Additional Agreements and Documents Authorized. Each Authorized Representative and all officers of the Board are severally authorized to execute and deliver such other agreements and documents as are contemplated by this Resolution and the Master Agreements or are otherwise necessary in connection with entering into Confirmations and Bond Enhancement Agreements as described in this Resolution, as any such Authorized Representative or officer shall deem appropriate, including without limitation, officer's certificates, legal opinions, credit support documents and any documentation pursuant to an ISDA DF Protocol, and any such actions heretofore taken are hereby ratified, approved and affirmed in all respects.

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

(c) Swap Policy. The Board has reviewed and hereby ratifies, approves and affirms the System's Interest Rate Swap Policy, a copy of which is attached hereto as Exhibit B.

*[Remainder of page intentionally left blank]*

## EXHIBIT A

### DEFINITIONS

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

“Authorized Representative” shall have the meaning given to such term in the System’s Interest Rate Swap Policy (a copy of which is attached hereto as Exhibit B).

“Available University Fund” shall have the meaning given to such term in the recitals to this Resolution.

“Board” shall have the meaning given to such term in the recitals to this Resolution.

“Bond Enhancement Agreement” shall have the meaning given to such term in Section 2(a) hereof.

“Chapter 1371” shall have the meaning given to such term in Section 2(b) hereof.

“Confirmation” shall have the meaning given to such term in Section 2(a) hereof.

“Constitutional Provision” shall have the meaning given to such term in the recitals to this Resolution.

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

(i) ISDA Master Agreement with Bank of America, N.A., dated as of December 1, 2007;

(ii) ISDA Master Agreement with Goldman Sachs Capital Markets, L.P., dated as of December 1, 2007;

(iii) ISDA Master Agreement with JPMorgan Chase Bank, National Association, dated as of December 1, 2007;

(iv) ISDA Master Agreement with Merrill Lynch Capital Services, Inc., dated as of December 1, 2007;

(v) ISDA Master Agreement with Morgan Stanley Capital Services Inc., dated as of December 1, 2007;

(vi) ISDA Master Agreement with UBS AG, dated as of April 1, 2008;

(vii) ISDA Master Agreement with Barclays Bank PLC, dated as of February 3, 2011;

(viii) ISDA Master Agreement with Deutsche Bank AG, New York Branch, dated as of February 1, 2011;

(ix) ISDA Master Agreement with Royal Bank of Canada, dated as of June 8, 2011; and

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

“Interest of the System” shall have the meaning given to such term in the recitals to this Resolution.

“ISDA” shall mean the International Swaps and Derivatives Association, Inc.

“ISDA DF Protocol” shall mean any protocol developed by ISDA in response to provisions of the Dodd Frank Wall Street Reform and Consumer Protection Act relating to derivatives.

“LIBOR” shall have the meaning given to such term in Section 3(a)(3) hereof.

“Master Agreements” shall mean, collectively, the Executed Master Agreements and any New Master Agreements.

“New Master Agreements” shall have the meaning given to such term in Section 6(a) hereof.

“Permanent University Fund” shall have the meaning given to such term in the recitals to this Resolution.

“PUF Debt” shall have the meaning given to such term in the recitals to this Resolution.

“Residual AUF” shall have the meaning given to such term in the recitals to this Resolution.

“Section 65.461” shall have the meaning given to such term in Section 2(b) hereof.

“State” shall have the meaning given to such term in the recitals to this Resolution.

“System” shall have the meaning given to such term in the recitals to this Resolution.



**EXHIBIT B**

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

[See Regents' *Rules and Regulations*, Rule 70202 titled Interest Rate Swap Policy]

**EXHIBIT C**

**EXECUTED MASTER AGREEMENTS**

[On File with the U. T. System Office of Business Affairs]

9. U. T. System Board of Regents: Approval of aggregate amount of \$171,570,000 of equipment financing for Fiscal Year 2015 and resolution regarding parity debt

The Board

- a. approved an aggregate amount of \$171,570,000 of Revenue Financing System Equipment Financing for FY 2015 as allocated to those University of Texas System institutions set out on the following page; 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 U. T. System institutions, which are “Members” as such term is used in the Master Resolution, possess the financial capacity to satisfy their direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$171,570,000 for the purchase of equipment; and
  - this resolution satisfies the official intent requirements set forth in Section 1.150-2 of Title 26 of the *Code of Federal Regulations* that evidences the Board's intention to reimburse project expenditures with bond proceeds.

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

On August 22, 2013, the U. T. System Board of Regents approved a total of \$184,841,000 of equipment financing for Fiscal Year 2014, of which \$90,229,000 has been issued as of July 31, 2014.

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

APPROVAL OF U. T. SYSTEM EQUIPMENT FINANCING  
FY 2015

Institution	\$ Amount of Request	Description of Expected Capital Equipment	DSC*
U. T. Arlington	\$4,000,000	IT and research-related equipment	2.7x
U. T. Austin	1,500,000	IT, classroom, athletic and research equipment	3.6x
U. T. Dallas	12,000,000	IT, classroom, business and research equipment	2.1x
U. T. El Paso	5,070,000	IT, athletic and waste equipment, vehicles	1.6x
U. T. Southwestern Medical Center	40,000,000	Information resources, clinical and nonclinical equipment	2.8x
U. T. Medical Branch - Galveston	20,000,000	IT, clinical, research-related and facilities-related equipment	2.8x
U. T. Health Science Center - Houston	3,000,000	Research equipment	2.9x
U. T. Health Science Center - San Antonio	7,000,000	Clinical and research equipment	3.1x
U. T. M. D. Anderson Cancer Center	70,000,000	Medical, diagnostic and research equipment, IT systems	10.7x
U. T. Health Science Center - Tyler	9,000,000	Clinical equipment	-1.3x

<b>Total</b>	<b>\$171,570,000</b>
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\* Debt Service Coverage ("DSC") ratios based on 2013 Analysis of Financial Condition.

U. T. System Office of Finance, July 11, 2014

REPORT AND RECOMMENDATIONS OF THE ACADEMIC AFFAIRS COMMITTEE  
(Pages 98 - 106).--Committee Chairman Hicks reported that the Academic Affairs Committee met in open session to consider those matters on its agenda and to formulate recommendations for The University of Texas System Board of Regents. Unless otherwise indicated, the actions set forth in the Minute Orders that follow were recommended by the Academic Affairs Committee and approved in open session by the U. T. System Board of Regents.

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

There were no items referred from the Consent Agenda.

2. U. T. San Antonio: Amendment of the Regents' Rules and Regulations, Rule 40601, Section 1.11(a), concerning name change of the College of Architecture to the College of Architecture, Construction and Planning

The Board amended the Regents' *Rules and Regulations*, Rule 40601, concerning institutions comprising The University of Texas System, to change the name of The University of Texas at San Antonio College of Architecture to the College of Architecture, Construction and Planning at Section 1.11(a) 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:

...

- 1.11 The University of Texas at San Antonio (U. T. San Antonio)
  - (a) The University of Texas at San Antonio College of Architecture, Construction and Planning
  - (b) The University of Texas at San Antonio College of Business
  - (c) The University of Texas at San Antonio College of Education and Human Development
  - (d) The University of Texas at San Antonio College of Engineering
  - (e) The University of Texas at San Antonio Honors College
  - (f) The University of Texas at San Antonio College of Liberal and Fine Arts

- (g) The University of Texas at San Antonio College of Public Policy
- (h) The University of Texas at San Antonio College of Sciences
- (i) The University of Texas Institute of Texan Cultures at San Antonio (U. T. Institute of Texan Cultures - San Antonio)
- (j) The University of Texas at San Antonio Downtown Campus (U. T. San Antonio Downtown Campus)

This amendment to the Regents' *Rules and Regulations*, Rule 40601 more accurately reflects the range of disciplines within the College, which includes not only architecture but also construction science, historic preservation, interior design, and urban and regional planning. The name change, which has been approved by the Executive Vice Chancellor for Academic Affairs, will be forwarded to the Texas Higher Education Coordinating Board for approval.

3. U. T. Tyler: Amendment of the Regents' *Rules and Regulations*, Rule 40601, Section 1.12(d), concerning name change of the College of Engineering and Computer Science to the College of Engineering

The Board amended the Regents' *Rules and Regulations*, Rule 40601, concerning institutions comprising The University of Texas System, to change the name of The University of Texas at Tyler College of Engineering and Computer Science to the College of Engineering at Section 1.12(d) 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 at Tyler (U. T. Tyler)
  - (a) The University of Texas at Tyler College of Arts and Sciences
  - (b) The University of Texas at Tyler College of Business and Technology
  - (c) The University of Texas at Tyler College of Education and Psychology
  - (d) The University of Texas at Tyler College of Engineering
  - (e) The University of Texas at Tyler College of Nursing and Health Sciences

(f) The University of Texas at Tyler Ben and Maytee Fisch College of Pharmacy

(g) The University of Texas at Tyler University College

This amendment to Rule 40601 reflects the name change of the U. T. Tyler College of Engineering and Computer Science to the College of Engineering, which has been approved by the Executive Vice Chancellor for Academic Affairs.

The name change is the result of the decision to move the Computer Science Department into the College of Business and Technology. The Computer Science Department has two tracks: Computer Science (CS) and Computer Information Systems (CIS). CIS programs are usually housed in the College of Business due to their business applications orientation. Currently, the CIS program is loosely aligned with the College of Business and Technology as CIS students minor in business. Having the CS Department in the College of Business and Technology will create synergies in the area of computer information systems with the business area, creating educational opportunities for students. This move will also allow the CIS component to be accredited by the Association to Advance Collegiate Schools of Business International. The CS Department move to the College of Business and Technology has also been approved by the Executive Vice Chancellor for Academic Affairs.

4. U. T. San Antonio: Approval of honorific naming of the San Saba Residence Hall for Mr. and Mrs. Carlos Alvarez as the Malu and Carlos Alvarez Residence Hall

The Board approved the honorific naming of the San Saba Residence Hall at The University of Texas at San Antonio as the Malu and Carlos Alvarez Residence Hall recognize the Alvarez's generous support of U. T. San Antonio.

The San Saba Residence Hall is an 187,300 square-foot facility located centrally on the main U. T. San Antonio campus. The building, completed in 2013 with a replacement cost of \$43.6 million, is a premier facility that provides students with living, learning, and technology communities, as well as other student services. It currently houses 618 students in private, fully furnished bedrooms. Other amenities include 24-hour desk service, a community kitchen in the common area, a multipurpose room for resident gatherings, individual floor television and study lounges, and two courtyards. In addition, San Saba Hall hosts the Honor's, Engineering, and Leadership & Service Special Interest Housing communities.

Malu and Carlos Alvarez have been active supporters of U. T. San Antonio for many years. In 2006, they created the Carlos and Malu Alvarez Endowment for Student Success with a gift of \$2 million to U. T. San Antonio, which provides support for both undergraduate and graduate students through a series of programs. In addition, a 2009 donation of \$1.35 million from Mr. and Mrs. Alvarez to U. T. San Antonio created the Malu and Carlos Alvarez Graduate Research Excellence Fund for graduate student support.

Carlos Alvarez is a native of Mexico who became a U.S. citizen in 2001. He studied biochemical engineering and is a graduate of the Monterrey Institute of Technology. Mr. Alvarez is the current President and Chief Executive Officer of The Gambrinus Company, a San Antonio-based beer distributor that includes brands such as Corona Extra, Moosehead Canadian Lager, and Shiner Bock. In addition, he is a founding board member of the San Antonio-Mexico Foundation for Education, a postgraduate exchange program that allows Mexican university students to study at U. T. San Antonio.

This naming is consistent with the Regents' *Rules and Regulations*, Rule 80307, relating to the honorific naming of facilities, to recognize two outstanding individuals who have made significant contributions to U. T. San Antonio and to their community.

Secretary's Note: On November 12, 2014, notice was received to slightly vary the name of the residence hall to the Carlos and Malu Alvarez Hall at the request of the honorees.

5. U. T. Austin: Approval of preliminary authority for a Doctor of Nursing Practice Program

The Board approved

- a. preliminary authority for The University of Texas at Austin to include a Doctor of Nursing Practice Program; and
- b. notification of the proposal to the Texas Higher Education Coordinating Board.

U. T. Austin's School of Nursing requested preliminary authority for a postmaster's Doctor of Nursing Practice (DNP) program. The practice-focused doctoral program is a distinct model of doctoral education providing a terminal degree in the professional discipline of nursing. The complexity of health care, changing patient demographics, and shifting health care delivery systems require a transformation in the educational preparation of nurses practicing at an advanced level. The DNP will provide the needed education to prepare individuals to function at the most advanced level of nursing practice using evidence-based research and scientific knowledge to implement and direct care, as well as serve as administrative leaders and faculty in schools of nursing. Graduates are envisioned to perform in multiple settings and have the essential competencies necessary to function and provide leadership in the health care system of the 21st century in clinical practice, clinical leadership, clinical research, and clinical teaching. Nationally, there are 241 DNP programs, 11 of which are presently offered in Texas.



The enormous changes in health care and the move to a more complex, population-based health care delivery model require nurses to be better educated and prepared for a wide variety of innovative roles and responsibilities. The Institute of Medicine and the Robert Wood Johnson Foundation commissioned a study to explore how the nursing profession could be transformed to contribute to building a health care system that would meet the demand for safe, quality, patient-centered, and accessible and affordable care. The report of this study, *The Future of Nursing: Leading Change, Advancing Health* (2010), called for doubling the number of nurses with a doctorate (Ph.D. and DNP) by 2020 to add to the cadre of nurse faculty and researchers with attention to increasing diversity.

Since the DNP is a relatively new nursing degree, it is difficult to gauge demand for these graduates with traditional data sources such as governmental labor projections and local workforce boards. However, both report a high demand for all levels of nurses and nursing faculty. The Texas Workforce Commission expects the demand for registered nurses to increase by 33% from 2010 through 2020, which is much faster than the average for all occupations. Additionally, the U.S. Department of Labor's Bureau of Labor Statistics expects nurse practitioners to be in high demand, particularly in medically underserved areas such as inner cities and rural areas.

The DNP program will provide additional doctorally prepared nurses who can serve as clinical faculty in nursing programs across Texas. Nationwide, only 14% of nurses have a master's degree or higher. In Texas, only 8% have graduate degrees. The national nurse faculty vacancy rate is expected to grow substantially in the next few years with impending retirements; 60% of nurse faculty are age 50 or older. In Texas, 57% of nurse educators will be older than 65 in the next five years.

U. T. Austin will submit the degree program for approval by The University of Texas System Board of Regents and the Texas Higher Education Coordinating Board.

6. U. T. Permian Basin: Approval of preliminary authority for a Doctor of Education in Educational Leadership

The Board approved

- a. preliminary authority for The University of Texas of the Permian Basin to include a Doctor of Education in Educational Leadership; and
- b. notification of the proposal to the Texas Higher Education Coordinating Board.

U. T. Permian Basin requested preliminary authority to develop a Doctor of Education (Ed.D.) in Educational Leadership. The program will be offered completely online and will primarily serve a population of education professionals who work

full time and enroll in the doctoral program on a part-time basis. The Ed.D. in Educational Leadership will seek to prepare school principals, superintendents, directors of student services, and university professors in the field.

When U. T. Permian Basin began conversations with surrounding school districts in 2008 and conducted a public forum to survey the interest of educators in obtaining an Ed.D., the College of Education was overwhelmed by the number of school administrators and teachers in West Texas who expressed an interest in obtaining a terminal degree that would bring together isolated communities in the area to share knowledge and practice. The program will focus on preparing educators to think critically, to develop research that includes the needs of children and families, and to find ways to improve the educational system of the region in such areas as access, equity and fairness, school reform and improvement, accountability, and degree completion.

The 2012-2022 U.S. Bureau of Labor Statistics *Handbook on Occupational Projections* predicts that between 2012 and 2022, 75,000 school administrator positions will be needed due to job opportunity growth and/or replacement. The Texas Workforce Commission projects 1,425 total annual job openings for education administrators. This represents a 30.4% increase in positions needed to be filled. When these demand numbers are compared to the number of doctoral degrees in educational leadership and administration awarded in Texas, it is clear that the need is greater than the supply. According to the Texas Higher Education Coordinating Board, over the past five years, the average number of doctoral degrees awarded in educational leadership and administration annually is 263. In 2012-2013, only 345 individuals graduated with doctoral degrees in educational leadership and administration. An Ed.D. in Educational Leadership will serve the region well and help to address the demand in the State of Texas. In addition, U. T. Permian Basin has confidence that an online doctoral degree in Educational Leadership could assist with meeting the needs of numerous communities outside of the major urban centers. It is not uncommon in Texas for communities to be separated from institutions of higher education by 100 miles or more. This program will bridge the gap and provide access to qualified individuals and help meet the need for more education administrators in Texas.

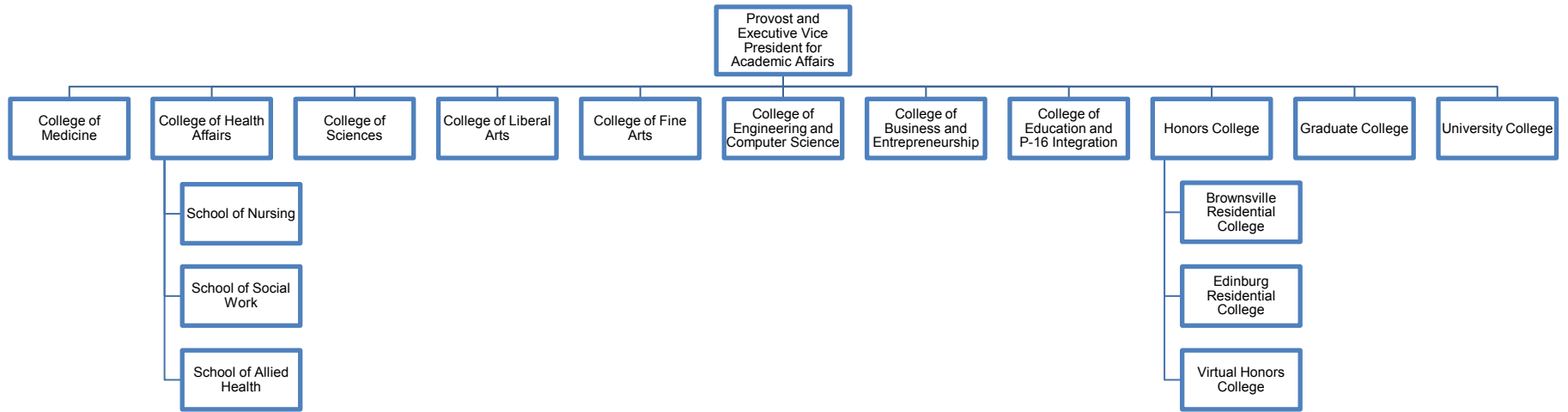
U. T. Permian Basin will submit the degree program for approval by The University of Texas System Board of Regents and the Texas Higher Education Coordinating Board.

7. U. T. Rio Grande Valley: Approval to establish an academic structure for U. T. Rio Grande Valley

The Board approved the academic structure for The University of Texas Rio Grande Valley as described on the next page and as set forth on Page 105.

President Bailey proposed a structure of colleges and schools that will form the academic foundation for U. T. Rio Grande Valley. There will be a total of 11 colleges that will report to the Provost and Executive Vice President for Academic Affairs: College of Medicine, College of Health Affairs, College of Sciences, College of Liberal Arts, College of Fine Arts, College of Engineering and Computer Science, College of Business and Entrepreneurship, College of Education and P-16 Integration, Honors College, Graduate College, and University College. Within the College of Health Affairs will be a School of Nursing, School of Social Work, and School of Allied Health.

## Academic Structure for U. T. Rio Grande Valley\*



\* Note that after the School of Medicine is fully accredited and the separation from UTHSCSA is complete, a College of Medicine and Health Affairs will be formed that will include Schools of Medicine, Nursing, Social Work, and Allied Health. Until that occurs, UTRGV will operate on an interim basis with a College of Medicine and a College of Health Affairs.

8. U. T. System: Discussion of Student Lifecycle Management: Improving student learning and outcomes

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

REPORT AND RECOMMENDATION OF THE HEALTH AFFAIRS COMMITTEE  
(Pages 107 - 110).--Committee Chairman Stillwell 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 action set forth in the Minute Order that follows was recommended by the Health Affairs Committee and approved in open session by the U. T. System Board of Regents.

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

There were no items referred from the Consent Agenda.

2. U. T. System: Approval to distribute a portion of The University of Texas System Professional Medical Liability Benefit Plan premium returns and approve rates for the Plan

Upon recommendation of The University of Texas System Professional Medical Liability Benefit Plan (Plan) Management Committee, chaired by the Vice Chancellor and General Counsel and comprised of the Chair, the Executive Vice Chancellor for Health Affairs, and the Executive Vice Chancellor for Business Affairs, after consultation with Milliman, Inc., actuary for the Plan, the Board approved that

- a. overall premium rates remain unchanged with the addition of a minimum \$100 annual premium being set for the institution premiums;
- b. \$6 million in premiums be returned to the participating U. T. System institutions based on a methodology that considers each institution's losses; and
- c. \$1.5 million to be distributed for patient safety initiatives and for an independent evaluation of the effectiveness of the patient safety initiative program.

The distribution of \$7.5 million is set forth in Exhibit 1 (Page 109).

With the implementation of tort reform in 2003, the Plan Management Committee (Committee) has consistently recommended significant reductions in total Plan assets to bring the reserve levels to those generally accepted by the industry. The Committee continues balancing Plan revenue from premiums charged and investment income with adequate capitalization from which to pay Plan claims, reserves for future claims, and administrative expenses. As part of this effort, Plan premiums were significantly reduced for several years immediately following tort reform adoption, and since 2007, the premium rates have either been reduced or unchanged. However, Plan premiums are adjusted annually for institutional loss experience.

For the coming year, the Committee recommended maintaining overall premiums at the current rate with modifications for institutional loss experience. Based on Plan investment income and efficient management of claims, the Committee recommended a return to the contributing institutions of \$6 million so that excessive reserves are not maintained. The combination of unchanged rates along with this distribution should still allow for adequate capitalization of the Plan.

The methodology for distribution of \$6 million to participating institutions considers the proportion of each institution's payment into the Plan as well as each institution's loss experience. Thus, those institutions with higher claims receive lower distributions.

In addition to the \$6 million to be distributed to participating institutions, \$1.5 million is for U. T. System efforts in clinical effectiveness, patient safety, and quality of care. Funds were authorized for these purposes in 2008, 2010, and 2013. With this funding, a grant competition has funded research, collaboration, and education in the area of patient safety and quality improvement. This funding has also enabled the expansion of clinical effectiveness courses to all U. T. System health institutions to educate health care providers in current methodologies and best practices to improve clinical care.

Exhibit 1  
**The University of Texas System Professional Medical Liability Benefit Plan**  
Distribution of Plan Returns  
FY 2014

<i>Institution</i>	<i>Premium Paid</i>	<i>Claims Expenses</i>	<i>Net Contribution Amount</i>	<i>Rebate based on Net Contribution</i>
	<i>2012-2014</i>	<i>2012-2014</i>		
UTSWMC	6,305,515	2,057,464	4,248,051	1,501,033
UTMB	4,537,759	956,408	3,581,351	1,265,457
UTHSCH	4,365,093	2,437,851	1,927,242	680,984
Medical Foundation (UTHSCH)	1,923,370	973,794	949,576	335,529
UTHSCSA	5,024,887	1,697,366	3,327,521	1,175,767
UTMDACC	3,430,384	800,110	2,630,274	929,398
UTHSCT	252,579	272	252,307	89,152
UT Arlington	4,268	-	4,268	1,508
UT Austin	56,187	3,816	52,371	18,505
UT Dallas	1,386	-	1,386	490
UT El Paso	674	-	674	238
UT Pan American	1,148	-	1,148	405
UT San Antonio	4,340	-	4,340	1,534
<b>Subtotal</b>	<b>\$ 25,907,590</b>	<b>\$ 8,927,081</b>	<b>\$ 16,980,509</b>	<b>\$ 6,000,000</b>
<b>Patient Safety Initiative</b>				<b>\$ 1,500,000</b>
<b>TOTAL DISTRIBUTION</b>				<b>\$ 7,500,000</b>



3. U. T. Southwestern Medical Center: Report on the William P. Clements, Jr. University Hospital

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

4. U. T. System: Discussion and possible appropriate action regarding development of proposal to improve care of patients with diabetes through improved data collection, management, analysis, and application

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

REPORT AND RECOMMENDATIONS OF THE FACILITIES PLANNING AND CONSTRUCTION COMMITTEE (Pages 111 - 125).--Committee Chairman Cranberg 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 Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, referred for Committee consideration

There were no items referred from the Consent Agenda.

2. U. T. System: Progress report of the Task Force on Facility Planning for the 21st Century

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

3. U. T. Austin: Jackson Geological Sciences Building HVAC and Electrical Renovation - Amendment of the FY 2015-2020 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 2015-2020 Capital Improvement Program (CIP) to include the Jackson Geological Sciences Building HVAC and Electrical Renovation project at The University of Texas at Austin as follows:

Project No.: 102-855  
 Institutionally Managed: Yes  
 Project Delivery Method: Construction Manager-at-Risk  
 Substantial Completion Date: August 2015

Total Project Cost:	<u>Source</u>	<u>Current</u>
	Designated Funds <sup>1</sup>	\$5,000,000
	Gifts	<u>\$2,000,000</u>
		<u>\$7,000,000</u>

Funding Note: <sup>1</sup> Designated Funds from Designated Tuition

- a. approve a total project cost of \$7,000,000 with funding of \$5,000,000 from Designated Funds and \$2,000,000 from Gifts;
- b. appropriate funds; and

- c. authorize U. T. Austin to manage the project budgets, appoint architects, approve facility programs, prepare final plans, and award contracts.

Project Description

This project will replace original HVAC and electrical equipment in portions of the John A. and Katherine G. Jackson Geological Sciences Building that were constructed in 1967. The equipment to be replaced will include air handlers, pumps, heating system, controls, exhaust fan, electrical switch gear and panel boards, and air terminal units. This work will result in code compliant HVAC and electrical systems within the building.

This repair and rehabilitation project has been approved by The 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 presented to the President for approval at a later date. It has been determined that this project would best be managed by U. T. Austin Facility Management personnel, who have the experience and capability to manage all aspects of the work, as the project requires extensive coordination with the building occupants.

4. U. T. Austin: Medical District Utility System Infrastructure - Approval of design development; appropriation and authorization of expenditure of funds; and resolution regarding parity debt (Final Board approval)

The Board approved the recommendations for the Medical District Utility System Infrastructure project at The University of Texas at Austin as follows:

Project No.:	102-783	
Institutionally Managed:	Yes	
Project Delivery Method:	Design-Build	
Substantial Completion Date:	July 2016	
Total Project Cost:	<u>Source</u> Revenue Financing System Bond Proceeds <sup>1</sup>	<u>Current</u> \$87,589,000
Funding Note:	<sup>1</sup> Revenue Financing System (RFS) debt to be repaid from incremental revenues from utilities being charged to the Medical District	
Investment Metric:	<ul style="list-style-type: none"> <li>• Install systems necessary to power, heat, and cool the Medical District</li> </ul>	

- a. approve design development plans;
- b. appropriate and authorize expenditure of funding in the amount of \$63,589,000 from RFS 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 \$63,589,000.

#### Debt Service

The \$63,589,000 in aggregate RFS debt will be repaid from utility rates. Annual debt service on the \$63,589,000 RFS debt is expected to be \$4,100,000. Utility rates will be set based on actual costs, and the project is expected to have sufficient coverage for debt service over the life of the project averaging 1.6 times over a 30-year period.

#### Project Description

U. T. Austin will construct a new thermal utility plant to support the new U. T. Austin Medical District. The project will add a primary 60 MMBTU (Million British Thermal Units) hot water heating system, a 53 MMBTU secondary hot water heating system, a 5.6 million gallon chilled water thermal energy storage tank, and a 15,000 ton chilled water plant. Additionally, space will be included to provide for the addition of chillers in the future, as the Medical School District expands in subsequent phases.

5. U. T. Dallas: Callier Richardson Expansion - Amendment of the FY 2015-2020 Capital Improvement Program to revise funding sources; approval of design development; appropriation of funds and authorization of expenditure; and resolution regarding parity debt (Final Board approval)

The Board amended the Fiscal Year 2015-2020 Capital Improvement Program (CIP) to include the Callier Richardson Expansion project at The University of Texas at Dallas as set forth on the next page.

Project No.: 302-764  
 Project Delivery Method: Competitive Sealed Proposals  
 Substantial Completion Date: June 2016

Total Project Cost:	<u>Source</u>	<u>Former</u>	<u>Current</u>
	Revenue Financing System Bond Proceeds <sup>1</sup>	\$15,000,000	\$15,000,000
	Gifts	\$ 5,000,000	\$ 2,500,000
	Permanent University Funds Bond Proceeds <sup>2</sup>	<u>\$ 0</u>	<u>\$ 2,500,000</u>
		\$20,000,000	\$20,000,000

Revenue Financing System Bond Proceeds<sup>1</sup> <sup>1</sup> Revenue Financing System (RFS) debt to be repaid from Designated Tuition  
<sup>2</sup> Permanent University Fund (PUF) from previously approved U. T. System Research Incentive Program (UTRIP) funding

Investment Metrics:

- Directly support the University's Strategic Plan Imperative of adding 5,000 full-time equivalent students, creating a total student population of 21,000
- Attract outstanding tenure-track faculty to support the University's Strategic Plan Imperative of growing to a total of 610 tenure-track faculty
- Attract research funding in support of the University's Strategic Plan Imperative of achieving over \$100 million per year in research expenditures

- a. amend the FY 2015-2020 Capital Improvement Program (CIP) to include PUF Bond Proceeds as a funding source;
- b. approve design development plans;
- c. appropriate and authorize expenditure of funding in the amount of \$20,000,000 with funding of \$15,000,000 from RFS Bond Proceeds, \$2,500,000 from Gifts, and \$2,500,000 from PUF Bond Proceeds; and
- d. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that
  - parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt;
  - sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System; and
  - U. T. Dallas, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct

obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$15,000,000.

Debt Service

The \$15,000,000 in aggregate RFS debt will be repaid from Designated Tuition. Annual debt service on the \$15,000,000 Revenue Financing System debt is expected to be \$976,000. The debt service coverage for the institution is expected to be at least 1.4 times and average 2.3 times over FY 2015-2020. Not all of the gift funding authorized for expenditure is fully collected or committed at this time; however, the Office of Finance has determined that the institution has sufficient local funds to cover any shortfall.

Project Description

This project will construct approximately 49,000 gross square feet (GSF) as a new addition to the existing Callier Center for Communication Disorders facility and will include approximately 4,000 GSF of renovation to the existing building to accommodate the rapid student growth in the School of Behavioral and Brain Sciences. This building addition will house state-of-the-art clinical facilities to train the next generation of practitioners and researchers in speech language pathology, audiology, and early childhood disorders such as autism, as well as provide offices, laboratories, and classrooms for new faculty to meet the growing enrollment in the school.

This project will significantly increase the capacity of U. T. Dallas to develop new research initiatives in brain bases of speech and language disorders and create new technologies for the treatment of hearing and speech problems. It will also expand the range and quality of student training, as well as provide important outreach services to the community. Total enrollment in the School of Behavioral and Brain Sciences (School) increased from 1,345 in 2006 to 2,154 students currently, with projected student enrollment of 2,750 by 2017. The School currently consists of 42 tenured/tenure-track faculty members, nine senior lecturers, 61 teaching/research assistants, and two staff members.

6. U. T. Tyler: Music Building Addition - Approval of design development; and appropriation of funds and authorization of expenditure (Final Board approval)

The Board approved the recommendations for the Music Building Addition project at The University of Texas at Tyler as follows:

Project No.: 802-838  
Institutionally Managed: Yes

Project Delivery Method: Competitive Sealed Proposals

Substantial Completion Date: August 2015

Total Project Cost: Source: Current  
 Designated Funds<sup>1</sup> \$6,500,000

Funding Note: <sup>1</sup> Designated Funds from Excess University Reserves

Investment Metric:
 

- Increase enrollment by 180 students by 2016

- a. approve design development plans; and
- b. appropriate funds and authorize expenditure of \$6,500,000 with funding from Designated Funds.

Project Description

The project will consist of an approximately 15,681 gross square foot (GSF) addition to the R. Don Cowan Fine and Performing Arts Center to meet the academic needs of the music program. The building will provide space for a band/orchestra rehearsal room, a choir rehearsal room, multiple one-on-one teaching studios, music library, faculty offices, and secure storage space for musical instruments. Also, approximately 1,285 GSF will be renovated in adjacent existing space.

Enrollment in the School of Performing Arts has seen a 69% increase in music majors in the past six years and a 48% increase in student credit hours in music and theater courses in the last four years. The National Association of Schools of Music cited inadequate space issues in recent accreditation reviews, and this building addition will resolve the deficit.

7. U. T. System: U. T. System Administration Replacement Office Building - Amendment of the FY 2015-2020 Capital Improvement Program to increase total project cost; approval of design development; appropriation of funds and authorization of expenditure; and resolution regarding parity debt (Final Board approval)

The Board amended the Fiscal Year 2015-2020 Capital Improvement Program (CIP) to include the U. T. System Administration Replacement Office Building project at The University of Texas System, as follows. Approval of the final design was conditioned on discussion with and input from Vice Chairman Powell, Regent Hildebrand, and Regent Cranberg or from other members of the Facilities Planning and Construction Committee or the Board of Regents. In addition, savings will be tracked and use of the savings for the educational mission of the U. T. System will be reported.

Project No.: 101-690  
Project Delivery Method: Construction Manager-at-Risk  
Substantial Completion Date: Early 2017

Total Project Cost:	<u>Source</u>	<u>Former</u>	<u>Current</u>
	Revenue Financing System Bond Proceeds <sup>1</sup>	\$102,417,000	\$133,100,000

Funding Note: <sup>1</sup> Revenue Financing System (RFS) debt to be repaid from the Available University Fund and lease income

Investment Metrics:

- Reduce the financial operating expenses of the current U. T. System complex by \$2-\$6 million annually
- Increase savings of Net Present Value (NPV) to \$30-\$90 million over 33 years

- a. amend the FY 2015-2020 Capital Improvement Program (CIP) to increase the total project cost from \$102,417,000 to \$133,100,000;
- b. approve design development plans;
- c. appropriate and authorize expenditure of \$133,100,000 from RFS Bond Proceeds; and
- d. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that
  - parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt;
  - sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System; and
  - U. T. System, 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 \$133,100,000.

### Debt Service

The \$133,100,000 in aggregate Revenue Financing System (RFS) debt will be repaid from the Available University Fund and lease income. Annual debt service on the \$133,100,000 Revenue Financing System debt is expected to be \$7,697,186.



## Project Description

U. T. System will consolidate its offices from five buildings in the downtown area into one building. A task force comprised of U. T. System officials has extensively studied the feasibility of different options and determined that constructing a single replacement facility with aboveground parking is the best option. This more efficient facility will lower the cost per square foot of construction and is projected to save \$2-\$6 million annually and generate net present value savings of over \$30-\$90 million over the next 30 years. These savings will be directed toward programs to support student success. The building will be located on U. T. System-owned land north of Seventh Street in downtown Austin to maintain proximity to The University of Texas at Austin, the Texas Capitol, and U. T. System employee residences.

The original project called for a 15-story building with 258,500 gross square feet (GSF) and approximately 550 parking spaces. The funding increase will expand the building to a 19-level structure (plus one level below ground) of 342,200 GSF and approximately 760 parking spaces. The additional two floors of office space and two floors of parking will allow U. T. System to lease approximately 30% of the building to outside tenants, generating additional revenue in a strong rental market. The additional revenue will increase the total projected net present value savings by over \$10 million.

The building will have a modern board room adapted for videoconferencing, U. T. System office and meeting space, as well as central conference and eating spaces, tenant leasable space, and limited retail space.

8. U. T. Austin: McDonald Observatory Fire Life Safety and Infrastructure Upgrades - Amendment of the FY 2015-2020 Capital Improvement Program to increase total project cost; approval to revise funding sources; and appropriation of funds and authorization of expenditure (Final Board approval)

The Board amended the Fiscal Year 2015-2020 Capital Improvement Program (CIP) to include the McDonald Observatory Fire Life Safety and Infrastructure Upgrades project at The University of Texas at Austin as follows:

Project No.: 102-649  
Institutionally Managed: Yes  
Project Delivery Method: Design-Build  
Substantial Completion Date: October 2015

Total Project Cost:	<u>Source</u>	<u>Former</u>	<u>Current</u>
	Permanent University Fund Bond Proceeds <sup>1</sup>	\$ 0	\$ 50,000
	Available University Funds	\$5,500,000	\$5,500,000
	Designated Funds <sup>2</sup>	<u>\$1,000,000</u>	<u>\$2,550,000</u>
		<u>\$6,500,000</u>	<u>\$8,100,000</u>

Funding Notes:

- <sup>1</sup> Permanent University Fund (PUF) includes \$48,000 from FY 12 High Priority Fire and Life Safety Project No. 102-639 and \$2,000 from FY 13 LERR (Library, Equipment, Repair and Renovation) Project No. 102-732  
<sup>2</sup> Designated Funds from Designated Tuition

- a. amend the FY 2015-2020 Capital Improvement Program (CIP) to increase the total project cost from \$6,500,000 to \$8,100,000;
- b. revise funding sources to include PUF Bond Proceeds; and
- c. appropriate and authorize expenditure of \$50,000 from PUF Bond Proceeds and an additional \$1,550,000 from Designated Funds.

Project Description

The project consists of three phases, all to be funded under the Total Project Cost. Phase 1 consists of Wastewater Treatment Plant upgrades. It includes decommissioning of the upper treatment plant and refurbishing of the lower treatment plant to bring the entire wastewater system into Texas Council on Environmental Quality (TCEQ) compliance.

Phase 2 consists of the design and construction of a new potable water well on McDonald Observatory property for the purpose of providing a more reliable groundwater source for the campus. The well will also provide the required volume of water to fight a potential fire on the mountain.

Phase 3 consists of the design and construction of a code compliant fire protection network of water storage tanks, water pumps, and water lines throughout the McDonald Observatory campus to provide the capability to fight a fire at any time and at any location. Phase 2 and Phase 3 are the result of an in-depth study commissioned by U. T. Austin in 2010 to develop a comprehensive plan to bring the fire protection infrastructure up to code requirements.

The original upper and lower wastewater treatment systems were built in the 1970s, and the breakdown of obsolete equipment results in high operation and maintenance costs and difficulty meeting TCEQ discharge permit limits. Currently, the only well providing potable water for the campus is seven miles away. The wells will provide drinking water and firefighting capabilities that will meet State Fire Marshal regulations for fighting fire on the mountain.

The increase in the total project cost is necessitated by the need to drill four test water wells, the escalation of drilling costs in West Texas, the cost of additional equipment required by TCEQ, and the need to replace over a mile of existing piping. Additionally, as a result of the increased demand on the existing system, and TCEQ and National Fire Protection Association code requirements, the scope of the fire protection work has increased significantly.

9. U. T. Medical Branch - Galveston: Ike Recovery Projects - Academic and Business Buildings, Healthcare Buildings, Infrastructure, and Research Buildings - Amendment of the FY 2015-2020 Capital Improvement Program to revise funding sources; approval to reallocate funding between projects; appropriation of funds and authorization of expenditure; and resolution regarding parity debt (Final Board approval)

The Board amended the Fiscal Year 2015-2020 Capital Improvement Program (CIP) to include Ike Recovery Projects at The University of Texas Medical Branch at Galveston as follows:

4 Ike Recovery Projects  
Combined:

Project No.: See chart on Page 123

Project Delivery Method: See chart on Page 123

Substantial Completion Date: See chart on Page 123

Total Project Cost:	Source	Former	Current
	FEMA Insurance Claims	\$ 844,360,232	\$ 631,040,000
	Private Insurance Claims	\$ 54,948,002	\$ 69,490,000
	General Revenue (State Matching Funds)	\$ 150,000,000	\$ 150,000,000
	Hospital Revenues	\$ 86,177,812	\$ 147,367,674
	Grants	\$ 192,564	\$ 2,313,936
	Gifts	\$ 0	\$ 10,467,000
	Revenue Financing System Bond Proceeds <sup>1</sup>	\$ 0	\$ 125,000,000
		\$1,135,678,610	\$1,135,678,610

Funding Note: <sup>1</sup> Revenue Financing System (RFS) to be repaid from Hospital Revenues

a. Academic and Business Buildings

- amend the FY 2015-2020 Capital Improvement Program (CIP) to decrease the total project cost from \$251,893,380 to \$147,050,000;
- appropriate funds and authorize expenditure of an additional \$12,187,000 from Private Insurance Claims, an additional \$85,000 from State Matching Funds, \$260,000 from Grants, and \$5,040,000 from RFS Bond Proceeds;

b. Healthcare Buildings

- amend the FY 2015-2020 CIP to increase the total project cost from \$285,055,178 to \$356,190,000;
- appropriate funds and authorize expenditure of an additional \$1,862,998 from Private Insurance Claims, an additional \$13,764,649

from State Matching Funds, an additional \$18,509,733 from Hospital Revenues, an additional \$491,372 from Grants, \$10,467,000 from Gifts, and \$45,210,000 from RFS Bond Proceeds;

c. Infrastructure

- amend the FY 2015-2020 CIP to increase the total project cost from \$522,184,744 to \$581,860,000;
- appropriate funds and authorize expenditure of an additional \$60,471,519 from Hospital Revenues, \$1,310,000 from Grants, and \$73,640,000 from RFS Bond Proceeds;

d. Research Buildings

- amend the FY 2015-2020 CIP to decrease the total project cost from \$76,545,308 to \$50,578,610;
- appropriate funds and authorize expenditure of an additional \$4,381,000 from Private Insurance Claims, an additional \$15,531,900 from State Matching Funds, \$60,000 from Grants, and \$1,110,000 from RFS Bond Proceeds;

e. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that

- parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt;
- sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System; and
- U. T. Medical Branch - Galveston, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$125,000,000.

Debt Service

The \$125,000,000 in aggregate RFS debt will be repaid from Hospital Revenues. Annual debt service on the \$125,000,000 RFS debt is expected to be \$5,500,000. The debt service coverage for the institution is expected to be at least 2.3 times and average 2.7 times over FY 2015-2020. Not all of the gift funding authorized for

expenditure is fully collected or committed at this time; however, the Office of Finance has determined that the institution has sufficient local funds to cover any shortfall.

### Project Description

The Board approved addition of the four Ike Recovery projects to the CIP on August 20, 2009. That action and the approved project structure have helped the work of the recovery from Hurricane Ike move forward effectively. The estimates used to determine the initial project costs were primarily focused on repair; however, as UTMB and FEMA worked through specific building assessments, it became clear that mitigation activity is a large portion of the overall effort. All four projects require phasing of construction and temporary accommodations to minimize the impact to university operations and include multiple construction phases with impacts to several building floors, interim moves of active programs, temporary utilities to support phasing, and overtime and after-hours work by the mobilized construction workforce. These costs, which are eligible for FEMA funding, coupled with the construction durations significantly impact the anticipated overall funding required. The revisions of funding and total project costs reflect the impact of reduced FEMA support, which is offset by philanthropy and RFS debt.

**U. T. Medical Branch - Galveston - Ike Recovery Projects**

**Academic and Business Buildings – Ike Recovery**

Project No.: 601-504  
 Project Delivery Method: Construction Manager-at-Risk  
 Substantial Completion Date: October 2014

Total Project Cost:	<u>Source</u>	<u>Former</u>	<u>Current</u>
	FEMA Insurance Claims	\$180,155,380	\$ 68,350,000
	Private Insurance Claims	\$ 16,283,000	\$ 28,470,000
	General Revenue (State Matching Funds)	\$ 36,455,000	\$ 36,540,000
	Hospital Revenues	\$ 19,000,000	\$ 8,390,000
	Grants	\$ 0	\$ 260,000
	Gifts	\$ 0	\$ 0
	Revenue Financing System Bond Proceeds	\$ 0	\$ 5,040,000
		<u>\$251,893,380</u>	<u>\$147,050,000</u>

**Healthcare Buildings – Ike Recovery**

Project No.: 601-505  
 Project Delivery Method: Construction Manager-at-Risk  
 Substantial Completion Date: March 2015

Total Project Cost:	<u>Source</u>	<u>Former</u>	<u>Current</u>
	FEMA Insurance Claims	\$189,280,930	\$170,110,000
	Private Insurance Claims	\$ 15,237,002	\$ 17,100,000
	General Revenue (State Matching Funds)	\$ 53,605,351	\$ 67,370,000
	Hospital Revenues	\$ 26,739,331	\$ 45,249,064
	Grants	\$ 192,564	\$ 683,936
	Gifts	\$ 0	\$ 10,467,000
	Revenue Financing System Bond Proceeds	\$ 0	\$ 45,210,000
		<u>\$285,055,178</u>	<u>\$356,190,000</u>

**Infrastructure – Ike Recovery**

Project No.: 601-506  
 Project Delivery Method: Construction Manager-at-Risk  
 Substantial Completion Date: February 2017

Total Project Cost:	<u>Source</u>	<u>Former</u>	<u>Current</u>
	FEMA Insurance Claims	\$419,685,714	\$377,210,000
	Private Insurance Claims	\$ 14,669,000	\$ 10,780,000
	General Revenue (State Matching Funds)	\$ 55,791,549	\$ 26,410,000
	Hospital Revenues	\$ 32,038,481	\$ 92,510,000
	Grants	\$ 0	\$ 1,310,000
	Gifts	\$ 0	\$ 0
	Revenue Financing System Bond Proceeds	\$ 0	\$ 73,640,000
		<u>\$522,184,744</u>	<u>\$581,860,000</u>

**Research Buildings – Ike Recovery**

Project No.: 601-507  
 Project Delivery Method: Construction Manager-at-Risk  
 Substantial Completion Date: July 2015

Total Project Cost:	<u>Source</u>	<u>Former</u>	<u>Current</u>
	FEMA Insurance Claims	\$ 55,238,208	\$ 15,370,000
	Private Insurance Claims	\$ 8,759,000	\$ 13,140,000
	General Revenue (State Matching Funds)	\$ 4,148,100	\$ 19,680,000
	Hospital Revenues	\$ 8,400,000	\$ 1,218,610
	Grants	\$ 0	\$ 60,000
	Gifts	\$ 0	\$ 0
	Revenue Financing System Bond Proceeds	\$ 0	\$ 1,110,000
		<u>\$ 76,545,308</u>	<u>\$ 50,578,610</u>

10. U. T. Medical Branch - Galveston: Jennie Sealy Replacement Hospital - Amendment of the FY 2015-2020 Capital Improvement Program to revise funding; appropriation of funds and authorization of expenditure; and resolution regarding parity debt (Final Board approval)

The Board amended the Fiscal Year 2015-2020 Capital Improvement Program (CIP) to include the Jennie Sealy Replacement Hospital project at The University of Texas Medical Branch at Galveston as follows:

Project No.:	601-253		
Project Delivery Method:	Construction Manager-at-Risk		
Substantial Completion Date:	September 2015		
Total Project Cost:	<u>Source</u>	<u>Former</u>	<u>Current</u>
	Revenue Financing System Bond Proceeds <sup>1</sup>	\$100,000,000	\$175,000,000
	Tuition Revenue Bond Proceeds	\$150,000,000	\$150,000,000
	Gifts	\$174,500,000	\$ 99,500,000
	Hospital Revenues	<u>\$ 13,500,000</u>	<u>\$ 13,500,000</u>
		\$438,000,000	\$438,000,000

Funding Note: <sup>1</sup> Revenue Financing System (RFS) debt to be repaid from Gifts and Hospital Revenues

- Investment Metrics: By 2020
- Increase hospital patient days by 20% from 101,160 to 122,000
  - Increase hospital inpatient admissions by 15% from 22,510 to 26,000

- a. amend the FY 2015-2020 Capital Improvement Program (CIP) to revise funding to increase RFS Bond Proceeds by \$75,000,000 and reduce Gifts by \$75,000,000;
- b. appropriate and authorize expenditure of an additional \$75,000,000 from RFS; 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. Medical Branch - Galveston, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$75,000,000.

### Debt Service

The \$75,000,000 in additional aggregate Revenue Financing System debt is expected to be repaid as Gifts are collected. Annual debt service on the \$75,000,000 Revenue Financing System debt is expected to be less than \$2,000,000 (interest only). Funding will be provided through RFS commercial paper notes that will be retired as Gifts are collected. The debt service coverage for the institution is expected to be at least 2.3 times and average 2.7 times over FY 2015-2020.

### Project Description

The change in funding is needed to provide bridge financing pending the receipt of Gifts. As Gift funds are received, RFS commercial paper issued to provide interim financing is expected to be retired. The Sealy & Smith Foundation has committed \$170,000,000 of philanthropy towards the Jennie Sealy Replacement Hospital project. Of the total, \$34,000,000 has been received from the Sealy & Smith Foundation to date with the remainder expected to be received in equal installments of \$11,333,000 annually through FY 2026. UTMB expects to raise an additional \$100,000,000 of Gifts, of which \$16,100,000 has been received to date. If Gift funds are not received, RFS debt will be repaid from Hospital Revenues.

This project consists of a 12-story building that includes 20 operating rooms, a day surgery unit, 54 ICU rooms, 192 medical-surgical rooms, and one shelled floor that will accommodate an additional 64 rooms at a future date.



REPORT OF THE TECHNOLOGY TRANSFER AND RESEARCH COMMITTEE  
(Page 126).--Committee Chairman Hall stated there were no items from the Technology Transfer and Research Committee to report in open session.

1. U. T. System: Report from the 2014 Chancellor's Technology Commercialization and Industry Advisory Cabinet concerning recommendations on most valuable strategies to increase innovation, invention, and knowledge transfer within the U. T. System

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

2. U. T. System: Report from the Task Force on Intellectual Property

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

3. U. T. System: Report on Student Entrepreneur Acceleration and Launch (SEAL) Program

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

4. U. T. System: Discussion of Mission and Funding Philosophy for the U. T. Horizon Fund

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

APPROVAL OF STANDING COMMITTEE RECOMMENDATIONS.--At 10:37 a.m., the Board voted and approved the Standing Committee recommendations.

RECESS TO EXECUTIVE SESSION.--At 10:39 a.m., Chairman Foster announced that the Board would recess to Executive Session pursuant to *Texas Government Code* Sections 551.071, 551.072, 551.073, 551.074, and 551.076 to consider those matters listed on the Executive Session agenda.

RECONVENE IN OPEN SESSION.--The Board reconvened in Open Session at 11:50 a.m. for action on Items 1 and 4c as discussed in Executive Session.

1. U. T. Southwestern Medical Center: Authorization to purchase one or more tracts of land for purchase prices not to exceed fair market value as determined by independent appraisals in an area bounded by Hemphill Street, West Magnolia Avenue, St. Louis Avenue, and West Rosedale Street, Fort Worth, Tarrant County, Texas, for institutional purposes in proximity to the U. T. Southwestern Moncrief Cancer Institute located at 400 West Magnolia Avenue, Fort Worth, Texas, for the construction of future medical office buildings, clinical facilities, and/or other institutional facilities

Regent Stillwell moved that the Board take the following actions on behalf of The University of Texas Southwestern Medical Center:

- a. authorize the purchase of one or more tracts of land for a purchase price not to exceed fair market value as determined by independent appraisals in an area bounded by Hemphill Street, West Magnolia Avenue, St. Louis Avenue, and West Rosedale Street, Fort Worth, Tarrant County, Texas, for one or more medical office buildings, clinical facilities, or other institutional facilities to be constructed in proximity to the U. T. Southwestern Moncrief Cancer Institute located at 400 West Magnolia Avenue, Fort Worth, Texas, plus all due diligence expenses, closing costs, and other costs and expenses to complete the acquisition of one or more tracts as deemed necessary or advisable by the Executive Director of Real Estate, for the construction of one or more medical office buildings, clinical facilities or for other institutional purposes; and
- b. authorize the Executive Director of Real Estate to execute all documents, instruments, and other agreements, subject to approval of all such documents as to legal form by the Office of General Counsel, and to take all further actions deemed necessary to carry out the purpose and intent of the foregoing actions within the parameters recommended and outlined in Executive Session.

The motion was seconded and carried unanimously.

4c. U. T. System Board of Regents: Appointment of Admiral William H. McRaven as Chancellor

Vice Chairman Powell moved that Admiral William H. McRaven be elected Chancellor of The University of Texas System effective January 5, 2015.

He further moved that Chairman Foster be authorized to conclude negotiations and execute an agreement with Admiral McRaven regarding the terms and conditions of his employment consistent with the parameters outlined in Executive Session and the terms of compensation attached to this Motion (see the following page), with the requirement that the agreement be submitted to the Board for approval via the usual budgetary procedures and in compliance with all required notice requirements.

Additionally, he moved that Admiral McRaven become a U. T. System employee during December 2014, holding the non-salaried position of Chancellor-Designate, to assure an efficient transition in U. T. System leadership.

Lastly, he moved that the Minutes reflect that, by approval of this motion, the Board has made a finding, as required by *Texas Education Code* Section 51.948, that this appointment is in the best interest of the U. T. System.

The motion was seconded and carried unanimously.

**Terms of Compensation for Admiral McRaven**

Proposed: **Guaranteed Compensation:**

Annual Salary:

FY 2014-2015: \$1,200,000 annually  
FY 2015-2016: \$1,200,000 annually  
FY 2016-2017: \$1,200,000 annually

Supplemental Retirement Payment:

FY 2014-2015: \$400,000 annual deferred compensation contribution  
FY 2015-2016: \$400,000 annual deferred compensation contribution  
FY 2016-2017: \$400,000 annual deferred compensation contribution

One-time Moving/Storage/Relocation/Transitional Living Payment of:  
\$300,000

**Non-Guaranteed Compensation:**

Annual Performance Review Bonus:  
\$200,000

Annual Retention Bonus:  
\$100,000

One-time Contract Completion Bonus:  
\$300,000

Source of Funds: \$70,231 in appropriated funds; balance from non-appropriated funds such as endowment earnings and gift funds.

Period: January 5, 2015 – December 31, 2018

Chairman Foster then said he was pleased to introduce Admiral and Mrs. William H. McRaven, and he called on Admiral McRaven for remarks.

### Remarks by Admiral William H. McRaven

Thank you very much, Chairman Foster. I have to tell you I am very excited about the opportunity to serve The University of Texas System.

When I look at what is going on around the campuses, the research facilities, the health institutions; when I see the degree of commitment and dedication of the students, the faculty and staff, and the administrators; when I see the impact the U. T. System is having on the lives of Texans everywhere, it is hard not to be impressed by this magnificent institution.

In Chancellor's Cigarroa's 2011 Framework for Advancing Excellence, he outlined some basic tenets for the U. T. System -- tenets, I believe, are universal and timeless. He said we must never settle for mediocrity, instead we must follow a continued trajectory towards greatness.

I like that term. Greatness. When people around Texas, around the nation, and around the world think of the U. T. System, greatness should be the first word that comes to mind.

His second tenet was that teaching and scholarly research go hand-in-hand, both demanding an unwavering pursuit of excellence. Great universities demand the best from their students, their faculty, their researchers, and their administrators. Great universities not only teach, they educate, they build leaders, they create thinkers and doers across every aspect of life. This University System should be known for producing tomorrow's leaders in every field of endeavor.

And his third tenet was that a great university must be resilient, adapting to the changing environment around it. I have seen the change from my current position in the military. The demographics are changing. The technology is changing. The funding model is changing. We must not only keep up with the pace of change, we must lead the change.

I want to thank the Chairman and all of the Regents for their support of my appointment. My decision to accept this position was a direct result of my personal meetings with the Regents and those who reached out to me by phone. Their passion, their commitment, their desire to make this System the best in the world was unmistakable and something my wife, Georgeann, and I wanted to be part of.

I also want to thank Chancellor Cigarroa for his phenomenal leadership over the past six years and for taking the time to call me so very soon after my appointment. His enthusiasm for the remarkable work being done and the great people doing it was obviously a source of tremendous pride.

I would also like to thank the Texas Legislature for its continued support of U. T., and I look forward to building a strong relationship with all the lawmakers who represent the people of Texas.

Finally, I am most excited about the opportunity to work with the Presidents, the faculty, the students, the Chancellor's Council, the Texas Exes, and all those who want to continue U. T.'s legacy of greatness.

Again, Chairman Foster, Vice Chairmen Powell and Hicks, Regents, Presidents, and System officers, thank you again for this tremendous honor. I look forward to serving with each of you. Thank you very much.

RECESS TO EXECUTIVE SESSION--At 12:01 p.m., Chairman Foster announced that the Board would again recess to Executive Session pursuant to *Texas Government Code* Sections 551.071, 551.072, 551.073, 551.074, and 551.076 to consider those matters listed on the Executive Session agenda.

RECONVENE IN OPEN SESSION.--The Board reconvened in Open Session at 3:35 p.m. for the following actions taken on matters discussed in Executive Session. [Items 1 and 4a were considered and acted upon earlier in the meeting (see Pages 127 and 128)].

2a. U. T. System Board of Regents: Discussion with Counsel on pending legal issues

No action was taken on this item.

2b. U. T. System Board of Regents: Discussion and appropriate action regarding legal issues related to the Office of the Attorney General's investigation of the relationship between the U. T. Austin School of Law and the Law School Foundation and related to compensation and benefits for employees of the Law School

No action was taken on this item.

2c. U. T. System: Discussion of legal issues related to investigation of admissions procedures

No action was taken on this item.

- 2d. U. T. Health Science Center - Houston: Discussion of legal issues related to review of series of allegations concerning compliance and policy issues

No action was taken on this item.

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

Regent Aliseda moved that the Board authorize the Presidents of The University of Texas at Austin, The University of Texas at Dallas, The University of Texas-Pan American, and The University of Texas at Tyler and the Vice Chancellor for External Relations to conclude negotiations necessary to finalize and accept gifts to benefit those institutions with potential naming features consistent with the terms and conditions outlined and recommended in Executive Session.

The motion was duly seconded and carried unanimously.

- 3b. U. T. Dallas: Approval of proposed negotiated gifts with potential naming features

See Item 3a above for action taken on this item.

- 3c. U. T. Pan American: Approval of proposed negotiated gifts with potential naming features

See Item 3a above for action taken on this item.

- 3d. U. T. Tyler: Approval of proposed negotiated gifts with potential naming features

See Item 3a above for action taken on this item.

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

No action was taken on this item.

- 4b. U. T. System: Discussion and appropriate action regarding individual personnel matters relating to appointment, employment, evaluation, compensation, assignment, and duties of presidents (academic and health institutions), U. T. System Administration officers (Executive Vice Chancellors and Vice Chancellors), other officers reporting directly to the Board (Chancellor, General Counsel to the Board, and Chief Audit Executive), and U. T. System and institutional employees and related personnel aspects of the operating budget for Fiscal Year 2015

See related Items 17 and 18 on the following pages for action taken on the personnel aspects of the Operating Budget for Fiscal Year 2015.

Secretary's Note: Compensation approved at this meeting (August 21, 2014) for the Chancellor, University of Texas System Executive Officers, Presidents, General Counsel to the Board, and U. T. System Chief Audit Executive included one-time merit payments. Performance incentive compensation will be considered at a future Board meeting.

- 4d. U. T. Health Science Center - Houston: Discussion of review of allegations related to individual personnel matters

No action was taken on this item.

- 4e. U. T. Austin: Approval of change in employment terms for Men's Basketball Coach Richard Dale Barnes

Vice Chairman Hicks moved that the Board approve amendments to The University of Texas at Austin Head Coach Employment Agreements with Men's Basketball Coach Richard D. Barnes and Men's Baseball Coach Garrido as recommended and outlined in Executive Session. (See related Item 4f below relating to Coach Garrido's employment agreement.)

He further moved that the Board find, as required by State law, that these proposed employment agreement amendments are in the best interest of U. T. Austin.

The motion was seconded and carried unanimously.

- 4f. U. T. Austin: Approval of change in employment terms for Men's Baseball Coach August Garrido

See Item 4e above for approval of this item.



- 4g. U. T. System: Discussion of individual personnel matters related to investigation of admissions procedures

No action was taken on this item.

## AGENDA ITEMS

16. U. T. System Board of Regents: Approval of a special one-time distribution from the Permanent University Fund into the Available University Fund for Fiscal Year 2014

Chairman Foster called on Executive Vice Chancellor Kelley for remarks on the annual Permanent University Fund (PUF) distribution rates for Fiscal Years 2014 and 2015.

On May 15, 2014, the Board approved a PUF distribution rate for FY 2015 equal to 5.5% of the trailing 12-quarter average of the net asset value of the PUF. The distribution rate for FY 2014 was set on August 22, 2013, at a rate equal to 5.5%.

Dr. Kelley commented on the benefits to The University of Texas System from the transformation of the oil and gas industry on University Lands in West Texas and from good investment returns this year. He noted that the supplemental distribution for Fiscal Year 2015 approved in May 2014 was proposed to be used to offset potential tuition increases at The University of Texas at Austin and at other U. T. System institutions and to be utilized within the constitutional limitations of the PUF and AUF (see Item 17 regarding approval of the operating budget).

He said there has been discussion on an additional one-time distribution for Fiscal Year 2014 beyond the 5.5% allocation to provide additional benefit to the U. T. System institutions. Noting his conservative approach to these distributions and the need for the PUF to continue for the long term, Dr. Kelley said he is comfortable recommending a supplemental one-time distribution for 2014.

Chairman Foster then called on Vice Chairman Powell for a motion.

### Motion by Vice Chairman Powell

I move that the Board of Regents approve a special one-time distribution from the Permanent University Fund into the Available University Fund for Fiscal Year 2014 in an amount equal to an increase in the distribution rate from the PUF of 1.5%.

I further move that the Board request the Chancellor to ask each of the nine academic institutions to develop a proposal over the next six months. These proposals, to be presented to the Chancellor, should explain how utilization of funds will support online and on-campus enrollment growth with excellence at the institutions.

This special one-time distribution, which will move the System forward on its trajectory to greatness, is not authorized to be recurring from year to year and should not be expected or assumed to be reauthorized. All uses of the money distributed will be subject to the constitutional restrictions on use of the AUF.

The motion was seconded by both Regent Cranberg and Regent Stillwell and carried unanimously.

17. U. T. System: Approval of the nonpersonnel aspects of the operating budgets for Fiscal Year 2015, including the Permanent University Fund Bond Proceeds allocation for Library, Equipment, Repair and Rehabilitation Projects, allocation for the Science and Technology Acquisition and Retention Program, and allocations for strategic priorities and campus support

Chancellor Cigarroa presented the nonpersonnel aspects of The University of Texas System Operating Budgets for Fiscal Year 2015, including Educational and General Funds, Auxiliary Enterprises, Grants and Contracts, Designated Funds, Restricted Current Funds, and Medical, Dental, Nursing, and Allied Health Faculty Services, Research and Development Plans. He presented the following items:

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

Prior to the vote on this item, Vice Chairman Hicks, Regent Stillwell, and Regent Hildebrand reported on their review of the individual personnel aspects of the U. T. System Administration operating budget for Fiscal Year 2015 (see Item 18).

The Board then approved the \$15.6 billion operating budget for the U. T. System, including the personnel aspects, 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 earlier discussions in Executive Session.

The Board appropriated Permanent University Fund (PUF) Bond Proceeds in the amount of \$30 million directly to the institutions to fund LERR Projects for Fiscal Year 2015.

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

In addition, the Board authorized \$41,788,373 of Available University Funds (AUF) and \$18,500,000 of PUF Bond Proceeds to fund strategic priorities and campus support as follows:

1. \$31,436,105 of AUF funded in FY 2015 for U. T. System Administration activities that will provide Tuition Offset at the academic institutions other than The University of Texas at Austin. Future funding will be incorporated into the annual operating budget for U. T. System Administration.
2. \$5,000,000 of AUF funded in FY 2015 and \$5,000,000 of PUF Bond Proceeds for Faculty STARs for the creation of the Neuroscience Institute at U. T. Austin (see Item 8 on Page 9).
3. \$2,552,268 of AUF funded in FY 2015 to support a Mental Health Initiative at U. T. Austin (see Item 9 on Page 10).
4. \$2,000,000 of AUF funded in FY 2015 and \$10,000,000 of PUF Bond Proceeds for Faculty STARs to support an Engineering Initiative (see Item 11 on Page 33).
- [5. The proposed \$12,500,000 of AUF to be funded in FY 2015 to support the U. T. Horizon Fund and associated administrative activities of the Office of Technology Commercialization was deferred to the November 6, 2014 meeting.]
6. \$800,000 of AUF funded in FY 2015 to support the Center for Enhancing Philanthropy at U. T. System. Future funding will be incorporated into the annual operating budget for U. T. System Administration (see Item 12 on Page 34).
7. \$3,500,000 of PUF Bond Proceeds for The University of Texas Rio Grande Valley to renovate space in the Luis V. Colom Biomedical Research Facility on The University of Texas at Brownsville campus to accommodate a group of expert researchers in metabolic biology and their equipment. The researchers are world-renowned scientists in their field of study and will immediately bring in grant money in excess of \$10,000,000.

With the exception of Tuition Offset and renovation of the Luis V. Colom Biomedical Research Facility, these items are addressed in greater detail in separate items as referenced above. All funding for Items 2 through 6 above is subject to the limitations established in the associated items.

The appropriation of PUF Bond Proceeds will be presented in the Fiscal Year 2015 LERR Budget, along with Faculty STARs, and is subject to the budget rules adopted therein and the requirements of the U. T. Systemwide *UTS168 Capital Expenditure Policy*. The allocation of LERR funds to the U. T. System institutions was developed from prioritized lists of projects submitted by the institutions and reviewed by U. T. System Administration staff. Additionally, PUF Bond Proceeds appropriated to LERR and Faculty STARs must be spent in accordance with the Article VII, Section 18 of the Texas Constitution. PUF Bond Proceeds may only be used for the purpose of acquiring land either with or without permanent improvements, constructing and equipping buildings or other permanent improvements, major repair and rehabilitation of buildings and other permanent improvements, acquiring capital equipment, and acquiring library books and library materials.

The appropriation to pay for U. T. System activities related to Tuition Offset for academic campuses other than U. T. Austin were proposed in response to the Chancellor's request to identify Systemwide expenses or other specific expenses incurred by U. T. System campuses that can be offset with AUF. The Chancellor's request was adopted by the Board on May 20, 2014. Future funding commitments will be incorporated into the U. T. System Administration operating budget and are expected to increase.

Additionally, the Chancellor was authorized to make editorial corrections therein and subsequent adjustments will be reported to the U. T. System Board of Regents through the Consent Agenda subject to the requirements of the Budget Rules and Procedures.

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 also the Executive Session item related to the personnel aspects of the U. T. System Operating Budgets (Item 4b) and related Item 18 below.

Approved salaries for U. T. System Executive Officers and Presidents are set forth on Pages 139 - 143.

Secretary's Note: Compensation approved at this meeting (August 21, 2014) for the Chancellor, University of Texas System Executive Officers, Presidents, General Counsel to the Board, and U. T. System Chief Audit Executive included one-time merit payments. Performance incentive compensation will be considered at a future Board meeting.

18. U. T. System: Approval of personnel aspects of the U. T. System Administration operating budget for Fiscal Year 2015

Following Chancellor Cigarroa's presentation of the operating budget (Item 17 above), but prior to the vote on the item, Vice Chairman Hicks, Regent Stillwell, and Regent Hildebrand reported on their review of the individual personnel aspects of The University of Texas System Administration operating budget for Fiscal Year 2015.

The Board approved the personnel aspects of the U. T. System Administration operating budget for Fiscal Year 2015 as included in the previous item (Item 17).

**THE UNIVERSITY OF TEXAS SYSTEM**

**Compensation - Executive Officers U. T. System Administration**

Salary Rates Effective September 1, 2014 for Fiscal Year Ending August 31, 2015

	Approved 2014 Rate	Approved 2015 Rate
<b><u>U. T. SYSTEM ADMINISTRATION</u></b>		
<b>Chancellor</b>		
<i>Francisco G. Cigarroa</i>		
Salary Rate	\$ 750,000	750,000
One-time Merit	112,500	50,000
Total Compensation	<u>862,500</u>	<u>800,000</u>
<b>Executive Vice Chancellor for Academic Affairs</b>		
<i>Pedro Reyes</i>		
Salary Rate	\$ 360,900	360,900
Incentive Compensation	25,264	-
Total Compensation	<u>\$ 386,164</u>	<u>360,900</u>
<b>Executive Vice Chancellor for Business Affairs</b>		
<i>Scott C. Kelley</i>		
Salary Rate	\$ 420,900	420,900
Incentive Compensation	15,795	-
Total Compensation	<u>\$ 436,695</u>	<u>420,900</u>
<b>Executive Vice Chancellor for Health Affairs</b>		
<i>Raymond S. Greenberg</i>		
Salary Rate	\$ 700,000	700,000
Total Compensation	<u>\$ 700,000</u>	<u>700,000</u>
<b>Vice Chancellor for External Relations</b>		
<i>Randa S. Safady</i>		
Salary Rate	\$ 550,000	550,000
Incentive Compensation	22,076	-
Total Compensation	<u>\$ 572,076</u>	<u>550,000</u>
<b>Vice Chancellor and General Counsel</b>		
<i>Daniel H. Sharphorn <sup>1</sup></i>		
Salary Rate	\$ 390,000	390,000
Total Compensation	<u>\$ 390,000</u>	<u>390,000</u>
<b>Vice Chancellor and Chief Governmental Relations Officer</b>		
<i>Barry McBee</i>		
Salary Rate	\$ 280,900	280,900
Incentive Compensation	18,874	-
Total Compensation	<u>\$ 299,774</u>	<u>280,900</u>

<sup>1</sup> Appointed as Vice Chancellor and General Counsel effective June 16, 2014

**THE UNIVERSITY OF TEXAS SYSTEM**

**Compensation - Executive Officers U. T. System Administration**

Salary Rates Effective September 1, 2014 for Fiscal Year Ending August 31, 2015

	Approved 2014 Rate	Approved 2015 Rate
<b><u>U. T. SYSTEM ADMINISTRATION (Cont'd)</u></b>		
<b>Vice Chancellor for Federal Relations</b>		
<i>William H. Shute</i>		
Salary Rate	\$ 276,500	276,500
Incentive Compensation	13,653	-
Total Compensation	<u>\$ 290,153</u>	<u>276,500</u>
<b>Vice Chancellor for Strategic Initiatives</b>		
<i>Stephanie Bond Huie</i>		
Salary Rate	\$ 265,000	265,000
Total Compensation	<u>\$ 265,000</u>	<u>265,000</u>
<b>Vice Chancellor for Health Affairs</b>		
<i>Amy Shaw Thomas</i>		
Salary Rate	\$ 287,900	347,900
Supplement	56,000	-
Incentive Compensation	30,231	-
Total Compensation	<u>\$ 374,131</u>	<u>347,900</u>
<b>Vice Chancellor for Research &amp; Innovation Health Affairs</b>		
<i>Patricia D. Hurn</i>		
Salary Rate	\$ 315,000	315,000
Total Compensation	<u>315,000</u>	<u>315,000</u>
<b>General Counsel to the Board of Regents</b>		
<i>Francie A. Frederick</i>		
Salary Rate	\$ 420,900	420,900
One-time Merit	63,135	75,000
Total Compensation	<u>\$ 484,035</u>	<u>495,900</u>
<b>Chief Audit Executive</b>		
<i>J. Michael Peppers</i>		
Salary Rate	\$ 365,900	365,900
One-time Merit	18,295	36,590
Total Compensation	<u>\$ 384,195</u>	<u>402,490</u>

**THE UNIVERSITY OF TEXAS SYSTEM**  
**Compensation - Academic Institution Presidents**

Salary Rates Effective September 1, 2014 for Fiscal Year Ending August 31, 2015

	Approved 2014 Rate	Approved 2015 Rate
<b><u>ACADEMIC INSTITUTION PRESIDENTS</u></b>		
<b>U. T. Arlington</b>		
<i>Vistasp M. Karbhari</i>		
Salary Rate	\$ 485,000	485,000
Total Compensation	<u>\$ 485,000</u>	<u>485,000</u>
<b>U. T. Austin</b>		
<i>William C. Powers, Jr.</i>		
Salary Rate	\$ 624,350	624,350
Incentive Compensation	22,087	-
Total Compensation	<u>\$ 646,437</u>	<u>624,350</u>
<b>U. T. Dallas</b>		
<i>David E. Daniel</i>		
Salary Rate	\$ 514,919	514,919
Deferred Compensation <sup>1</sup>	50,000	50,000
Incentive Compensation	16,735	-
Total Compensation	<u>\$ 581,654</u>	<u>564,919</u>
<b>U. T. El Paso</b>		
<i>Diana S. Natalicio</i>		
Salary Rate	\$ 391,755	391,755
Deferred Compensation <sup>1</sup>	35,000	35,000
Incentive Compensation	20,078	-
Total Compensation	<u>\$ 446,833</u>	<u>426,755</u>
<b>U. T. Permian Basin</b>		
<i>W. David Watts</i>		
Salary Rate	\$ 310,193	310,193
Deferred Compensation <sup>1</sup>	15,000	15,000
Incentive Compensation	7,987	-
Total Compensation	<u>333,180</u>	<u>325,193</u>
<b>U. T. Rio Grande Valley</b>		
<i>Guy H. Bailey<sup>2</sup></i>		
Salary Rate	\$ 600,000	600,000
Total Compensation	<u>600,000</u>	<u>600,000</u>

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

<sup>1</sup>Vests 8/31/2015

<sup>2</sup>Dr. Bailey appointed as President effective 6/15/2014

<sup>3</sup>Vests 8/31/2014



**THE UNIVERSITY OF TEXAS SYSTEM**

**Compensation - Academic Institution Presidents**

Salary Rates Effective September 1, 2014 for Fiscal Year Ending August 31, 2015

	Approved 2014 Rate	Approved 2015 Rate
<b><u>ACADEMIC INSTITUTION PRESIDENTS (Continued)</u></b>		
<b>U. T. San Antonio</b>		
<i>Ricardo Romo</i>		
Salary Rate	\$ 381,291	381,291
Deferred Compensation <sup>3</sup>	25,000	-
Incentive Compensation	10,772	-
Total Compensation	<u>\$ 417,063</u>	<u>381,291</u>
<b>U. T. Tyler</b>		
<i>Rodney H. Mabry</i>		
Salary Rate	\$ 355,749	355,749
One-time Merit	30,000	-
Incentive Compensation	13,385	-
Total Compensation	<u>\$ 399,134</u>	<u>355,749</u>

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

<sup>1</sup>Vests 8/31/2015

<sup>2</sup>Dr. Bailey appointed as President effective 6/15/2014

<sup>3</sup>Vests 8/31/2014

**THE UNIVERSITY OF TEXAS SYSTEM**

**Compensation - Health Institution Presidents**

Salary Rates Effective September 1, 2014 for Fiscal Year Ending August 31, 2015

	Approved 2014 Rate	Approved 2015 Rate
<b><u>HEALTH INSTITUTION PRESIDENTS</u></b>		
<b>U. T. Medical Branch - Galveston</b>		
<i>David L. Callender</i>		
Salary Rate	\$ 671,720	671,720
Deferred Compensation <sup>1</sup>	200,000	200,000
Practice Plan	182,640	182,640
Incentive Compensation	40,320	-
Total Compensation	<u>\$ 1,094,680</u>	<u>1,054,360</u>
<b>U. T. Health Science Center - Houston</b>		
<i>Giuseppe Colasurdo</i>		
Salary Rate	\$ 750,500	750,500
Practice Plan	199,500	199,500
Incentive Compensation	86,732	-
Total Compensation	<u>\$ 1,036,732</u>	<u>950,000</u>
<b>U. T. Health Science Center - San Antonio</b>		
<i>William Henrich</i>		
Salary Rate	\$ 698,163	698,163
Practice Plan	188,015	188,015
Total Compensation	<u>\$ 886,178</u>	<u>886,178</u>
<b>U. T. Southwestern Medical Center</b>		
<i>Daniel K. Podolsky</i>		
Salary Rate	\$ 944,316	944,316
Deferred Compensation <sup>2</sup>	100,000	100,000
Practice Plan	259,239	259,239
Incentive Compensation	66,102	-
Total Compensation	<u>\$ 1,369,657</u>	<u>1,303,555</u>
<b>U. T. M. D. Anderson Cancer Center</b>		
<i>Ronald A. DePinho</i>		
Salary Rate	\$ 1,439,100	1,439,100
Practice Plan	405,900	405,900
Incentive Compensation	45,026	-
Total Compensation	<u>\$ 1,890,026</u>	<u>1,845,000</u>
<b>U. T. Health Science Center - Tyler</b>		
<i>Kirk Calhoun</i>		
Salary Rate	\$ 409,451	409,451
Deferred Compensation <sup>2</sup>	150,000	150,000
Practice Plan	105,503	105,503
Incentive Compensation	25,575	-
Total Compensation	<u>\$ 690,529</u>	<u>664,954</u>

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

<sup>1</sup>Vests 8/31/2016

<sup>2</sup>Vests 8/31/2015

19. U. T. Austin: Chairman's remarks on the establishment of a search advisory committee for the presidency

Remarks by Chairman Foster

I am very pleased that Executive Vice Chancellor Pedro Reyes and U. T. Austin President Emeritus Larry Faulkner have agreed to co-chair the search advisory committee for the presidency at U. T. Austin. A search firm will be selected to assist in the work of the committee and the Board.

I am asking the committee to bring forward the broadest possible slate of highly qualified, experienced, and skilled leaders with the exceptional dedication and talent necessary to lead The University of Texas at Austin.

We encourage nominations, applications, and expressions of interest directed to the committee co-chairs, the search firm, or the Board.

The U. T. Austin deans and student and staff governing bodies have selected their representatives. After the faculty representatives are selected, I will appoint representatives of the Board, the presidents, and the external/alumni community.

Chancellor-Designate McRaven has already agreed to serve as one of the external/alumni members; I know his participation will be valuable.

This is a very important search, and I am confident each member of the Board understands the Board's responsibility to assist in the identification, recruitment, and selection of the best qualified individual to serve as president.

SCHEDULED MEETING.--The next regularly scheduled meeting will be held on November 5-6, 2014, in El Paso, Texas.

ADJOURNMENT.--There being no further business, the meeting was adjourned at 4:10 p.m.

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

November 4, 2014



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## U. T. SYSTEM ADMINISTRATION

1. Minutes - U. T. System Board of Regents: Approval of Minutes of the regular meetings held on May 14-15, 2014 and July 10, 2014; and the special called meetings held on May 20, 2014 and July 29, 2014
2. UTIMCO Committee Appointment - U. T. System Board of Regents: Proposed appointment of member to the Audit and Ethics Committee of the Board of Directors of The University of Texas Investment Management Company (UTIMCO)

The University of Texas Investment Management Company (UTIMCO) Board of Directors recommends that the U. T. System Board of Regents approve the appointment of H. Lee S. Hobson to the Audit and Ethics Committee of the UTIMCO Board of Directors. The other members of the Committee include John D. White (Chair), R. Steven Hicks, and Robert L. Stillwell.

Section 66.08 of the *Texas Education Code* requires that the U. T. System Board of Regents approve the appointment of members to the Audit and Ethics Committee of the UTIMCO Board of Directors. The UTIMCO Board of Directors recommended and approved this appointment on July 29, 2014, conditioned on approval of the U. T. System Board of Regents.

3. Contract (funds going out) - U. T. System: Opportune LLP to perform study of current University Lands' business process

Agency: Opportune LLP

Funds: Amendment to existing contract for an addition of \$3,000,000, bringing the estimated total to \$8,933,000

Source of Funds: Service Department Revolving Funds

Period: Commencing January 17, 2013, and continuing for a period of approximately 24 months.

Description: Amendment of existing agreement with Opportune LLP to complete documentation of the current University Lands' business processes and development of custom programming services, data conversion services, documentation and training services, and other integration functions as they pertain to the new, comprehensive oil and gas royalty reporting and accounting system. Additional programming outside the

original scope of work was necessary to accurately convert approximately 3,200,000 historical records essential for future operations. Additional support and program features have been added to the original project design.

4. Contract (funds going out) - U. T. System: Amendment of contract to allow TALX, Inc. to assist U. T. System institutions in managing compliance with certain provisions of the Affordable Care Act

Agency: TALX, Inc.

Funds: \$1,000,000 over the six-year term of the agreement

Source of Funds: Separate funding by each institution electing to use TALX's services.

Period: The amendment term includes the final two years of the original agreement, which will expire on February 29, 2016.

Description: Existing contract with TALX, Inc. provides employment related professional services to the U. T. System institutions, including unemployment compensation claims management and income and employment verifications. In July 2014, an amendment to the original contract was negotiated to assist U. T. System institutions in managing compliance with certain provisions of the Affordable Care Act (ACA).

Each institution electing to use TALX, Inc.'s ACA Management Services will pay a fee based on the institution's employee count.

U. T. System Administration initially entered into the contract with TALX, Inc. on March 1, 2010. Given the institutional need to comply with the ACA, U. T. System Administration seeks Board approval to extend the contract for all scope of services over the entire term beyond a value of \$1,000,000.

5. Other Matters - U. T. System: Approval of Newly Commissioned Peace Officers

In accordance with Section 51.203 of the *Texas Education Code*, the Board is asked to approve the Commissioning of the following Peace Officers. The Officers have completed training at the U. T. System Police Training Academy and passed the State of Texas Police Officer Licensing Examination.

Effective date: May 30, 2014

<u>Name</u>	<u>Institution</u>
Taylor L. Coglianese	U. T. Austin
Nicholas A. Cotham	U. T. Austin
Eliana E. Decker	U. T. Austin
David A. Destasi	U. T. Austin
Austin G. Dirks	U. T. Austin
Christopher A. Miller	U. T. Austin
Michael T. Murphy	U. T. Austin
Katie M. Paddon	U. T. Austin
Brett I. Watkins	U. T. Austin

Changes in staff and increased responsibilities led to a delay in updating office procedure manuals, which resulted in a failure to provide the following names in a timely fashion.

Effective Date: May 30, 2013

<u>Name</u>	<u>Institution</u>
Ashley N. Allen	U. T. Austin
Fidel Castro, Jr.	U. T. Pan American
Isaiah S. Garcia	U. T. San Antonio
Natasha R. Sawyer	U. T. Austin
Robert B. Land	U. T. Austin
Carolina Villarreal	U. T. Austin
Amberly T. Weyand	U. T. Austin

6. Approval to exceed the full-time equivalent (FTE) limitation on employees paid from appropriated funds - U. T. System: Request approval to exceed the FTE limitation for Fiscal Year 2015 as authorized by Article IX of the General Appropriations Act

<u>Institution</u>	Requested 2015 FTEs over the <u>Limitation</u>	2014 FTEs over the <u>Limitation</u>
U. T. Arlington	24.00	68.00
U. T. Brownsville	27.00	N/A
U. T. El Paso	45.00	50.00
U. T. San Antonio	33.50	70.00
U. T. Tyler	23.30	63.00
U. T. Southwestern Medical Center	75.00	75.00
U. T. Medical Branch - Galveston	240.00	330.00
U. T. Health Science Center - Houston	171.15	30.00
U. T. M. D. Anderson Cancer Center	736.20	599.00
U. T. Health Science Center - Tyler	140.10	60.54
U. T. System Administration	84.60	87.80

Also as required by Article IX, Section 6.10 of the *General Appropriations Act*, it is recommended that the U. T. System Board of Regents submit a request to the Governor's Office and the Legislative Budget Board to grant approval for these institutions to exceed the authorized number of FTE employees paid from appropriated funds. All other institutions will not exceed their cap.

**The University of Texas System**  
**Request to Exceed Full-time Equivalent (FTE) Limitation on Employees Paid From Appropriated Funds**  
**For Period September 1, 2014 through August 31, 2015**

**Request to Exceed Cap - by Function**

	<u>Faculty</u>	<u>Staff</u>	<u>Total</u>
Instruction	139.90	139.28	279.18
Academic Support	5.00	105.60	110.60
Research	46.40	169.30	215.70
Public Service	-	-	-
Hospitals and Clinics	4.80	913.40	918.20
Institutional Support	-	64.37	64.37
Student Services	-	1.00	1.00
Operations and Maintenance of Plant	-	10.80	10.80
Scholarships and Fellowships	-	-	-
Total	<u>196.10</u>	<u>1,403.75</u>	<u>1,599.85</u>

**Request to Exceed Cap - by Institution**

	<u>FY 2014 Cap</u>	<u>Request to Exceed Cap</u>		
		<u>Faculty</u>	<u>Staff</u>	<u>Total</u>
U. T. Arlington	2,147.30	24.00	-	24.00
U. T. Austin	6,520.60	-	-	-
U. T. Brownsville	459.00	27.00	-	27.00
U. T. Dallas	1,486.10	-	-	-
U. T. El Paso	1,896.90	28.00	17.00	45.00
U. T. Pan American	1,450.70	-	-	-
U. T. Permian Basin	323.00	-	-	-
U. T. San Antonio	2,402.50	18.00	15.50	33.50
U. T. Tyler	474.00	16.30	7.00	23.30
Total Academic Institutions	<u>17,160.10</u>	<u>113.30</u>	<u>39.50</u>	<u>152.80</u>
U. T. Southwestern Medical Center	1,746.50	20.00	55.00	75.00
U. T. Medical Branch - Galveston	4,807.50	-	240.00	240.00
U. T. Health Science Center - Houston	1,745.90	50.20	120.95	171.15
U. T. Health Science Center - San Antonio	2,450.00	-	-	-
U. T. M. D. Anderson Cancer Center	13,426.70	-	736.20	736.20
U. T. Health Science Center - Tyler	724.80	12.60	127.50	140.10
Total Health Institutions	<u>24,901.40</u>	<u>82.80</u>	<u>1,279.65</u>	<u>1,362.45</u>
U. T. System Administration	224.80	-	84.60	84.60 **
U. T. System Total	<u>42,286.30</u>	<u>196.10</u>	<u>1,403.75</u>	<u>1,599.85</u>

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

\*\*Does not include an additional 47.9 FTEs that will be included if the Board approves the Tuition Offset Proposal to be reviewed at the August Board meeting. Part of that proposal would approve transferring audit staff at eight academic campuses to U. T. System Administration.



**The University of Texas System**  
**Fiscal Year 2015 Request to Exceed Full-time Equivalent (FTE) Limitation on Appropriated Funds**

Function	Faculty FTE Increase	Staff FTE Increase	Total FTE Increase from Appropriated Funds	Source of Funds	Justification
<b>U. T. System Administration</b>					
Institutional Support	-	84.60	84.60	Available University Fund	Increase to FTEs primarily due to making Board approved strategic investments throughout the organization. Key areas include Systemwide information security, the UTShare information system and related shared business operations, technology efforts, the U. T. System's incubator for educational innovations, the Institute for Transformational Learning, and the new Business Development Office.
<b>TOTAL</b>	<b>-</b>	<b>84.60</b>	<b>84.60</b>		
<b>U. T. Arlington</b>					
Instruction	10.00		10.00	Educational and General	Faculty hiring has increased to address student demand for courses to meet goals to shorten time to graduate.
Research	14.00		14.00	Educational and General	New research faculty to support the university's increase in Tier One research initiatives.
<b>TOTAL</b>	<b>24.00</b>	<b>-</b>	<b>24.00</b>		
<b>U. T. Brownsville</b>					
Instruction	27.00	-	27.00		Cap for this biennium was based on historical data from FY 12 for U. T. Brownsville employees during the partnership with Texas Southmost College and not using the estimate of 494 FTEs included in the Legislative Appropriations Request for FY 14-15.
<b>TOTAL</b>	<b>27.00</b>	<b>-</b>	<b>27.00</b>		
<b>U. T. El Paso</b>					
Instruction	13.00	2.00	15.00	Educational and General	Additional full-time employees required to support enrollment demands.
Research	10.00	5.00	15.00	Educational and General	Increase in research initiatives require an increase in faculty to support the continued commitment to attain Tier One status.
Academic Support	5.00	10.00	15.00	Educational and General	Additional full-time employees required to support student success initiatives.
<b>TOTAL</b>	<b>28.00</b>	<b>17.00</b>	<b>45.00</b>		

Function	Faculty FTE Increase	Staff FTE Increase	Total FTE Increase from Appropriated Funds	Source of Funds	Justification
<b>U. T. San Antonio</b>					
Instruction	18.00	3.00	21.00	Educational and General	Faculty hiring increases relative to enrollment as a critical priority to allow sufficient course sections, shorten time to graduate, and support research initiatives.
Academic Support	-	6.00	6.00	Educational and General	Staffing levels increased to support enrollment and key initiatives and programs, such as, Graduation Rate Improvement Plan, freshman initiatives and improving the Academic Advising Program.
Institutional Support	-	4.00	4.00	Educational and General	Staffing levels increased to support enrollment, key initiatives, technology modernization, and to maintain service levels.
Research	-	2.50	2.50	Educational and General	Staffing levels to support Tier One research initiatives.
<b>TOTAL</b>	<b>18.00</b>	<b>15.50</b>	<b>33.50</b>		
<b>U. T. Tyler</b>					
Instruction	4.00	-	4.00	Educational and General	New program - nursing.
Instruction	12.30	-	12.30	Educational and General	Increase in enrollment.
Academic Support	-	4.00	4.00	Educational and General	Increase in enrollment.
Institutional Support	-	2.00	2.00	Educational and General	Increase in enrollment.
Student Services	-	1.00	1.00	Educational and General	Increase in enrollment.
<b>TOTAL</b>	<b>16.30</b>	<b>7.00</b>	<b>23.30</b>		

Function	Faculty FTE Increase	Staff FTE Increase	Total FTE Increase from Appropriated Funds	Source of Funds	Justification
<b>U. T. Southwestern Medical Center</b>					
Research	20.00	55.00	75.00	General Revenue	New special item general revenue appropriation for Texas Institute for Brain Injury and Repair in FY 14-15.
<b>TOTAL</b>	<b>20.00</b>	<b>55.00</b>	<b>75.00</b>		
<b>U. T. Medical Branch - Galveston</b>					
Hospitals and Clinics	-	204.60	204.60	Educational and General	The Legislative Appropriation Request estimates prepared in mid-FY 12 did not fully account for actual growth levels associated with the clinical development strategy.
Institutional Support	-	35.40	35.40	Educational and General	Increase in FTEs to support the clinical development strategy and other major capital projects.
<b>TOTAL</b>	<b>-</b>	<b>240.00</b>	<b>240.00</b>		
<b>U. T. Health Science Center - Houston</b>					
Instruction	20.85	77.22	98.07	General Revenue	Entering the second year of the biennium allowed for further maximization of salaries on state funds for instruction at each of the schools.
Instruction	29.35	25.76	55.11	General Revenue	New special item for psychiatric sciences. In addition, increase in research formula funding.
Institutional Support	-	14.27	14.27	General Revenue	Increases in FTEs related to Human Resources and Information Technology staffing requirements.
Operation and Maintenance of Plant	-	3.70	3.70	General Revenue	Increase in infrastructure formula funding in FY 14-15 biennium allowed for staffing increases for building and maintenance operations and police.
<b>TOTAL</b>	<b>50.20</b>	<b>120.95</b>	<b>171.15</b>		
<b>U. T. M. D. Anderson Cancer Center</b>					
Instruction	-	28.40	28.40	Patient Income	Increase in FTEs is required to provide the support for the growth in the educational and trainee programs to fulfill the instructional mission.
Research	-	99.00	99.00	Patient Income	Increase in FTEs is required to provide the research programs with the support and resources needed to fulfill the research mission.
Hospitals and Clinics	-	608.80	608.80	Patient Income	Increase in FTEs is required to provide standard of care and services to the increasing number of patients and to further improve the capacity to deliver quality cancer care.
<b>TOTAL</b>	<b>-</b>	<b>736.20</b>	<b>736.20</b>		

Function	Faculty FTE Increase	Staff FTE Increase	Total FTE Increase from Appropriated Funds	Source of Funds	Justification
<b>U. T. Health Science Center - Tyler</b>					
Instruction	5.40	2.90	8.30	Educational and General	Provide for the new Degree Granting Program and to increase the capacity to deliver educational services to a growing student population.
Academic Support	-	1.00	1.00	Educational and General	Provide for the new Degree Granting Program and to increase the capacity to deliver educational services to a growing student population.
Research	2.40	7.80	10.20	Educational and General	Provide for Chair of Cellular Biology, as well as growth of the institution's effort to increase sponsored research activities.
Hospitals and Clinics	4.80	100.00	104.80	Educational and General	Provide for significant growth in the institution's patient population specifically related to the institution's Behavioral Health, Oncology, and Managed Care programs.
Institutional Support	-	8.70	8.70	Educational and General	Provide for institutional and infrastructural support related to a growing student, faculty, and staff population due to expansion and growth of the Behavioral Health, Managed Care, Oncology, Delivery System Reform Incentive Payments (DISRIP) related projects, and physical plant and related services and activities.
Operation and Maintenance of Plant	-	7.10	7.10	Educational and General	Provide for the physical plant, safety, and housekeeping requirements related to a growing student, faculty, and staff population due to completion of Phase II (final phase) build-out of shell space in the Academic Center as well significant expansion and growth of the Behavioral Health Programs and DISRIP related projects.
<b>TOTAL</b>	<b>12.60</b>	<b>127.50</b>	<b>140.10</b>		

7. Real Estate Report - U. T. System: Summary Report of Separately Invested Assets managed by U. T. System

**THE UNIVERSITY OF TEXAS SYSTEM  
SEPARATELY INVESTED ASSETS  
Managed by U. T. System  
Summary Report at May 31, 2014**

		FUND TYPE							
		Current Purpose Restricted		Endowment and Similar Funds		Annuity and Life Income Funds		TOTAL	
		Book	Market	Book	Market	Book	Market	Book	Market
<b>Land and Buildings:</b>									
Ending Value	02/28/14	\$ 1,735,492	\$ 11,830,603	\$ 97,989,386	\$ 266,642,791	\$ 1,601,467	\$ 3,033,085	\$ 101,326,345	\$ 281,506,480
Increase or Decrease		0	0	(10,000)	3,279,478	-	-	(10,000)	3,279,478
Ending Value	05/31/2014	\$ 1,735,492	\$ 11,830,603	\$ 97,979,386	\$ 269,922,269	\$ 1,601,467	\$ 3,033,085	\$ 101,316,345	\$ 284,785,957
<b>Other Real Estate:</b>									
Ending Value	02/28/14	\$ 20,628	\$ 20,628	\$ 13,547	\$ 13,547	\$ -	\$ -	\$ 34,175	\$ 34,175
Increase or Decrease		(2,862)	(2,862)	(13,538)	(13,538)	-	-	(16,400)	(16,400)
Ending Value	05/31/2014	\$ 17,766	\$ 17,766	\$ 9	\$ 9	\$ -	\$ -	\$ 17,775	\$ 17,775

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

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

**ACADEMIC INSTITUTIONS**

8. Contract (funds coming in) - U. T. Arlington: Interagency Cooperation Contract between Texas Commission on Environmental Quality (TCEQ) and U. T. Arlington to provide subject matter experts to assist the TCEQ with data collection and analysis

Agency: Texas Commission on Environmental Quality (TCEQ), an agency of the State of Texas

Funds: \$1,662,521

Period: August 3, 2012 through August 31, 2015

Description: U. T. Arlington will provide subject matter experts to assist the TCEQ with data collection and analysis for their Safe Drinking Water Information System. The original contract dated August 3, 2012, for \$235,000 was amended on November 15, 2012, for an additional \$160,000 and again on July 22, 2013, for an additional \$587,903. The existing contract expires on August 31, 2014. TCEQ would like to extend this contract through August 31, 2015, for an additional \$679,618. This would bring the total funds for this contract to \$1,662,521.

9. New Award of Tenure and Emeritus Appointments - U. T. Arlington: New award of tenure and emeritus appointments -- amendment to the 2014-2015 budget

The following personnel actions involving new award of tenure and emeritus appointments have been administratively approved by the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the 2015 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

College, Department, and Name	From	To
<b>College of Business</b>		
Accounting		
Nandu Nagarajan	New Hire	Professor (T)
Terrance Skantz	Associate Professor	Associate Professor (T)
Information Systems and Operations Management		
Key-Yut Chen	New Hire	Professor (T)

College, Department, and Name	From	To
<b>College of Education</b>		
Curriculum and Instruction		
Holly Hungerford-Kresser	Assistant Professor	Associate Professor (T)
Peggy Semingson	Assistant Professor	Associate Professor (T)
Educational Leadership and Policy Studies		
Maria Tache	Associate Professor	Associate Professor (T)
<b>College of Engineering</b>		
Bioengineering		
Baohong Yuan	Assistant Professor	Associate Professor (T)
Computer Science and Engineering		
Christoph Csallner	Assistant Professor	Associate Professor (T)
Industrial and Manufacturing Systems Engineering		
Paul J. Componation	New Hire	Professor (T)
Mechanical and Aerospace Engineering		
Alan Bowling	Assistant Professor	Associate Professor (T)
Daejong Kim	Assistant Professor	Associate Professor (T)
<b>College of Liberal Arts</b>		
Art and Art History		
David W. Keens	Professor (T)	Professor Emeritus
Daryl Lauster	Assistant Professor	Associate Professor (T)
Communication		
Shelley Wigley	Assistant Professor	Associate Professor (T)
History		
Stanley H. Palmer	Professor (T)	Professor Emeritus
English		
Philip Gary Cohen	Professor (T)	Professor Emeritus
James Warren	Assistant Professor	Associate Professor (T)
Modern Languages		
Sonja Stephenson Watson	Assistant Professor	Associate Professor (T)
Music		
Young-Hyun Cho	Assistant Professor	Associate Professor (T)

College, Department, and Name	From	To
Political Science Jill Clark	Associate Professor (T)	Associate Professor Emeritus
Sociology and Anthropology Ritu Gairola Khanduri Jason E. Shelton	Assistant Professor Assistant Professor	Associate Professor (T) Associate Professor (T)
<b>College of Nursing</b>		
Nursing Mindi Anderson Anne Bavier Mary Lou Bond Kathryn Daniel	Assistant Professor New Hire Professor (T) Assistant Professor	Associate Professor (T) Professor (T) Professor Emeritus Associate Professor (T)
<b>College of Science</b>		
Biology Woo-Suk Chang Maeli Melotto Jorge Rodrigues	Assistant Professor Assistant Professor Assistant Professor	Associate Professor (T) Associate Professor (T) Associate Professor (T)
Chemistry and Biochemistry Frank W. Foss Jr. Brad S. Pierce	Assistant Professor Assistant Professor	Associate Professor (T) Associate Professor (T)
Physics Yue Deng Muhammad Nurul Huda David Nygren	Assistant Professor Assistant Professor New Hire	Associate Professor (T) Associate Professor (T) Professor (T)
Psychology Angela J. Liegey Dougall Linda L. Perrotti	Assistant Professor Assistant Professor	Associate Professor (T) Associate Professor (T)
<b>School of Architecture</b>		
Architecture Edward M. Baum Bradley Bell	Professor (T) Assistant Professor	Professor Emeritus Associate Professor (T)
<b>School of Social Work</b>		
Social Work Doreen Elliott	Professor (T)	Professor Emeritus
<b>School of Urban and Public Affairs</b>		
Urban and Public Affairs Colleen Casey	Assistant Professor	Associate Professor (T)



10. Other Matters - U. T. Arlington: Proposal to unbundle tuition and compulsory fees

U. T. Arlington is requesting permission to unbundle tuition and compulsory fees for billing purposes. This will create an easy and transparent tuition and fee schedule that allows all campus constituents to understand how tuition and fees are charged. Charging the tuition and fee rates separately will not result in a change to the rates students were charged in Academic Year 2013-2014, nor will it change the amount students will be charged in Academic Year 2014-2015.

11. Contract - U. T. Austin: Football Game Agreement with Ohio State University

Agency: Ohio State University

Funds: \$500,000 per game to the visiting school only, for two games total, one in Austin, Texas, and one in Columbus, Ohio

Breach of Contract: Damages up to \$1,000,000 per game

Source of Funds: Intercollegiate Athletics

Period: July 1, 2014 through September 30, 2023

Description: Football Game Agreement between Intercollegiate Athletics for Men and Ohio State University for two football games: on September 17, 2022 at Darrell K Royal-Texas Memorial Stadium, Austin, Texas, and on September 16, 2023 at Ohio Stadium, Columbus, Ohio.

12. Contract (funds coming in) - U. T. Austin: Amendment to Agreement for Baden Sports, Inc. as the "official ball carrier" for the University Interscholastic League

Agency: Baden Sports, Inc.

Funds: Renewal Term I - \$1,505,000 in cash, plus an additional estimated \$99,000 in supplied products for University Interscholastic League (UIL) championship events and UIL sanctioned events

Optional Renewal Term II - an additional estimated \$1,505,000 in cash and \$99,000 in supplied products maybe available under optional Renewal Term II

Period: Renewal Term I - July 1, 2015 through June 30, 2017  
Optional Renewal Term II - July 1, 2017 through  
June 30, 2019  
Original Agreement Term was July 1, 2010 through  
June 30, 2015

Description: Second Amendment to the Qualified Sponsorship and License Agreement for Baden Sports, Inc. to extend the term through June 30, 2017, and provide additional cash and supplied products (footballs, volleyballs, tennis balls, basketballs, baseballs, softballs, golf balls, soccer balls, and t-shirts) in return for the continued designation as the "Official Ball Carrier of the University Interscholastic League" for UIL championship events and UIL sanctioned events.

The original Agreement was approved by the Board of Regents at the November 11, 2010 meeting. Baden Sports, Inc. was selected through a competitive Request for Proposal process.

At U. T. Austin's option, the Original Agreement may be extended through June 30, 2019 (Renewal Term II).

13. Contract (funds going out) - U. T. Austin: Vanderweil Facility Advisors, Inc. to provide Facilities Condition Assessment Professional Services to Campus facilities

Agency: Vanderweil Facility Advisors, Inc.

Funds: Not to exceed \$1,224,545

Source of Funds: Repair and Renovation Funds

Period: Initial term of current contract authorized assessment services in FY 2011/2012, with three additional fiscal years' assessment through FY 2014/2015. The current, proposed authorization is for FY 2014/2015.

Description: Vanderweil Facility Advisors (VFA), Inc. provides a comprehensive facility condition assessment (FCA) that provides thorough information about all current building deficiencies, from structure to systems and components. The FCA will determine both immediate and long-term cost liabilities for building component lifecycle renewal, deferred maintenance, and code compliance based on industry-

standard cost databases from RSMeans and expert cost models. Once complete, the facility condition assessment data is stored securely in VFA facility, a facilities capital planning and asset management solution. This information is complimentary, and provides the data necessary to populate the Facilities Renewal Resource Model system utilized by U. T. System to determine the facility condition index of each campus and allows U. T. Austin to address not only current operational requirements, but also facility renewal forecasting and capital funding scenarios for capital project planning efforts.

14. New Award of Tenure and Emeritus Appointments - U. T. Austin: New award of tenure and emeritus appointments -- amendment to the 2014-2015 budget

The following personnel actions involving new award of tenure and emeritus appointments have been administratively approved by the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the 2015 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

College, Department, and Name	From	To
<b>School of Architecture</b>		
Architecture		
Francisco H. Gomes	Assistant Professor	Associate Professor (T)
Terry D. Kahn	Professor (T)	Professor Emeritus
<b>McCombs School of Business</b>		
Accounting		
Judson Caskey	Assistant Professor	Associate Professor (T)
Dain Donelson	Assistant Professor	Associate Professor (T)
Business, Government and Society		
Kishore Gawande	New Hire	Professor (T)
Marketing		
Raghunath S. Rao	Assistant Professor	Associate Professor (T)
Garrett P. Sonnier	Assistant Professor	Associate Professor (T)
<b>Moody College of Communication</b>		
Advertising		
Angeline G. Close	Assistant Professor	Associate Professor (T)
Bradford R. Love	Assistant Professor	Associate Professor (T)

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
Communication Sciences and Disorders Amy E. Booth	New Hire	Professor (T)
Communication Studies Scott R. Stroud	Assistant Professor	Associate Professor (T)
Journalism Gene Burd	Associate Professor (T)	Associate Professor Emeritus
<b>College of Education</b>		
Curriculum and Instruction Noah De Lissovoy	Assistant Professor	Associate Professor (T)
Educational Administration Jennifer J. Holme Richard J. Reddick	Assistant Professor Assistant Professor	Associate Professor (T) Associate Professor (T)
Kinesiology / Health Education Keryn E. Pasch	Assistant Professor	Associate Professor (T)
<b>Cockrell School of Engineering</b>		
Aerospace Engineering Jayant Sirohi	Assistant Professor	Associate Professor (T)
Chemical Engineering Hal S. Alper Christopher J. Ellison	Assistant Professor Assistant Professor	Associate Professor (T) Associate Professor (T)
Civil Engineering Amit Bhasin	Assistant Professor	Associate Professor (T)
Electrical and Computer Engineering Mikhail A. Belkin Andreas M. Gerstlauer Sujay Sanghavi	Assistant Professor Assistant Professor Assistant Professor	Associate Professor (T) Associate Professor (T) Associate Professor (T)
Mechanical Engineering James E. Bickel	Assistant Professor	Associate Professor (T)
<b>College of Fine Arts</b>		
Art and Art History Leslie A. Mutchler	Assistant Professor	Associate Professor (T)

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
Theatre and Dance Robert Ramirez	New Hire	Associate Professor (T)
<b>Jackson School of Geosciences</b> Geological Sciences Luc L. Lavier	Assistant Professor	Associate Professor (T)
<b>School of Law</b> Law Mira Ganor Basil S. Markesinis Julius G. Getman	Assistant Professor Professor (T) Professor (T)	Professor (T) Professor Emeritus Professor Emeritus
<b>College of Liberal Arts</b> African and African Diaspora Studies King E. Davis	Professor (T)	Professor Emeritus
Anthropology Deborah A. Bolnick Darrell Creel	Assistant Professor Associate Professor (T)	Associate Professor (T) Associate Professor Emeritus
Asian Studies Heather A. Hindman	Assistant Professor	Associate Professor (T)
Classics Adam T. Rabinowitz	Assistant Professor	Associate Professor (T)
Economics Leigh L. Linden	Assistant Professor	Associate Professor (T)
French and Italian Francois P. Lagarde	Associate Professor (T)	Associate Professor Emeritus
Geography and the Environment Rebecca M. Torres	Assistant Professor	Associate Professor (T)
Government Michael G. Findley Michael S. Wolford	Assistant Professor Assistant Professor	Associate Professor (T) Associate Professor (T)
Linguistics Rajka Smiljanic	Assistant Professor	Associate Professor (T)

College, Department, and Name	From	To
Middle Eastern Studies		
Tarek A. El-Ariss	Assistant Professor	Associate Professor (T)
Na'ama Pat-El	Assistant Professor	Associate Professor (T)
Philosophy		
Lawrence R. Buchanan	Assistant Professor	Associate Professor (T)
Psychology		
Amy E. Booth	New Hire	Professor (T)
Andreana P. Haley	Assistant Professor	Associate Professor (T)
Marlone D. Henderson	Assistant Professor	Associate Professor (T)
Cristine H. Legare	Assistant Professor	Associate Professor (T)
Marie H. Monfils	Assistant Professor	Associate Professor (T)
Jonathan W. Pillow	Assistant Professor	Associate Professor (T)
Sociology		
Leticia J. Marteleto	Assistant Professor	Associate Professor (T)
Elizabeth M. Pettit	New Hire	Professor (T)
<b>Dell Medical School</b>		
Susan C. Morris	New Hire	Professor (T)
<b>College of Natural Sciences</b>		
Chemistry		
Lauren J. Webb	Assistant Professor	Associate Professor (T)
Katherine A. Willets	Assistant Professor	Associate Professor (T)
Human Development and Family Sciences		
Lisa A. Neff	Assistant Professor	Associate Professor (T)
Mathematics		
Andrew J. Blumberg	Assistant Professor	Associate Professor (T)
Kui Ren	Assistant Professor	Associate Professor (T)
Molecular Biosciences		
Johann K. Eberhart	Assistant Professor	Associate Professor (T)
Adrian T. Keatinge-Clay	Assistant Professor	Associate Professor (T)
Sara L. Sawyer	Assistant Professor	Associate Professor (T)
John W. La Claire II	Professor (T)	Professor Emeritus

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
Neuroscience		
Ila P. Fiete	Assistant Professor	Associate Professor (T)
Hiroshi Nishiyama	Assistant Professor	Associate Professor (T)
Nicholas J. Priebe	Assistant Professor	Associate Professor (T)
Physics		
Lawrence C. Shepley	Associate Professor (T)	Associate Professor Emeritus

15. Emeritus Appointments - U. T. Austin: Approval of emeritus titles

**James W. Vick**, from Ashbel Smith Professor and Distinguished Teaching Professor to Ashbel Smith Professor Emeritus and Distinguished Teaching Professor Emeritus, Department of Mathematics (RBC No. 5756) -- amendment to the 2013-2014 budget

**Douglas R. Lloyd**, from Henry Beckman Professor in Chemical Engineering to Henry Beckman Professor Emeritus in Chemical Engineering, Cockrell School of Engineering (RBC No. 5816) -- amendment to the 2013-2014 budget

**Robert L. Talbert Jr.**, from SmithKline Centennial Professorship in Pharmacy to SmithKline Centennial Professor Emeritus in Pharmacy, College of Pharmacy (RBC No. 5955) -- amendment to the 2013-2014 budget

**Henry R. Bose**, from Mary M. Betzner Morrow Centennial Chair in Microbiology to Mary M. Betzner Morrow Centennial Chair Emeritus in Microbiology, Molecular Biosciences (RBC No. 5958) -- amendment to the 2013-2014 budget

**Robert H. Tatham**, from Shell Companies Foundation Centennial Chair in Geophysics to Shell Companies Foundation Centennial Chair Emeritus in Geophysics, Department of Geological Sciences (RBC No. 5986) -- amendment to the 2014-2015 budget

**William D. Carlson**, from Peter T. Flawn Centennial Chair in Geology and Distinguished Teaching Professor to Peter T. Flawn Centennial Chair Emeritus in Geology and Distinguished Teaching Professor Emeritus, Department of Geological Sciences (RBC No. 5989) -- amendment to the 2014-2015 budget

16. Request for Budget Change - U. T. Austin: Transfer \$2,000,000 from CBA - Business - Dean's Revolving Fund Maintenance, Operation and Equipment account to PMCS - CBA - Renovate Teaching Excellence All Expenses account to supplement funding for McCombs School of Business active learning classroom (RBC No. 5804) -- amendment to the 2012-2013 budget

17. Request for Budget Change - **U. T. Austin**: Transfer \$679,695 from HTRS - Hire Texas Renovations account to PMCS - CAM - RENO UA9/SSB Part of Hire Texas Project All Expenses account to renovate/remodel as part of the Hire Texas Project (RBC No. 5936) -- amendment to the 2013-2014 budget
18. Request for Budget Change - **U. T. Austin**: Transfer \$500,000 from MDSC - Medical School Maintenance, Operation, and Equipment account and MDSC - Medical School Unallocated Reserve account to PMCS - SZB - Medical School Space - 5th Floor All Expenses account to renovate George I. Sanchez Building 5th floor (RBC No. 5937) -- amendment to the 2013-2014 budget
19. Request for Budget Change - **U. T. Austin**: Transfer \$876,384 from VPBA - Research Infusion Operating Income account to PMCS - ARC - Loading Dock/Storage Expansion All Expenses account to provide funding for vivarium capital project (RBC No. 5940) -- amendment to the 2013-2014 budget
20. Request for Budget Change - **U. T. Austin**: Transfer \$722,032 from Economics - Masters of Arts Operating Income account to Economics - Masters of Arts Faculty Salaries, Teaching Assistants, Administrative and Professional, Tuition Remission, and Fringe Benefits account to distribute income from Option III Economics Masters of Arts degree program fee (RBC No. 5945) -- amendment to the 2013-2014 budget
21. Request for Budget Change - **U. T. Austin**: Transfer \$1,106,329 from IPSI - Literacy Conferences Operating Income account to IPSI - Literacy Conferences Classified Salaries, Fringe Benefits, Small Vendor Contracts, Maintenance Operation and Equipment, Meeting Costs, APS Agreements, Travel, Contracted Printed Services account to distribute income from all district registration fees (RBC No. 5946) -- amendment to the 2013-2014 budget
22. Request for Budget Change - **U. T. Austin**: Transfer \$1,050,000 from ITS - Operations Operating Income Telecommunications account to ITS - Operations Maintenance, Operation, and Equipment account to distribute income from monthly Information Technology Services bill, commissions for Crown Castle, Civil Right Summit and others (RBC No. 5947) -- amendment to the 2013-2014 budget
23. Request for Budget Change - **U. T. Austin**: Transfer \$550,000 from HRC - Gift Collection Revolving Fund Operating Income account to HRC - Gift Collection Revolving Fund All Expenses account to distribute income from sale of gift (RBC No. 5962) -- amendment to the 2013-2014 budget



24. Request for Budget Change - U. T. Austin: Transfer \$800,000 from UTI - UT System South Texas Replication Project Operating Income account to UTI - UT System South Texas Replication Project Administrative and Professional Salaries, Fringe Benefits, Maintenance, Operation, and Equipment, Pan Am account and Brownsville account to distribute anticipated income from pending invoice to U. T. System based on contract to support UTeach Replication Expansion (RBC No. 5963) -- amendment to the 2013-2014 budget

Description	\$ Amount	RBC #
UT SYSTEM S. TEXAS REPLICATION PROJECT		
Amount of Transfer:	800,000	5963
From: Designated Funds -		
UTI - UT System S. Texas Replication Project Operating Income	800,000	
To: Designated Funds -		
UTI - UT System S. Texas Replication Project Administrative and Professional Salaries	75,000	
UTI - UT System S. Texas Replication Project Fringe Benefits	20,000	
UTI - UT System S. Texas Replication Project Maintenance, Operation, and Equipment	5,000	
UTI - UT System S. Texas Replication Project Pan Am	350,000	
UTI - UT System S. Texas Replication Project Brownsville	350,000	

25. Request for Budget Change - U. T. Austin: Transfer \$617,076 from LAW - School of Law Continuing Legal Education, INC. Operating Income account to LAW - School of Law Continuing Legal Education, INC. Maintenance, Operation, and Equipment, and Fringe Benefits account to distribute income from Continuing Legal Education fees and registration (RBC No. 5964) -- amendment to the 2013-2014 budget

26. Request for Budget Change - U. T. Austin: Transfer \$1,200,000 from VPCS - AT&T Executive Education and Conference Center Operating Income account to VPBA - AT&T EECC Renewal and Replacement Reserve Allocated for Budget account to provide funding for approved Executive Education and Conference Center Capital Expenditure Plan (RBC No. 5965) -- amendment to the 2013-2014 budget

27. Request for Budget Change - U. T. Austin: Transfer \$790,000 from INT - International Academic Programs Operating Income account to INT - International Academic Programs Wages and Maintenance, Operation, and Equipment accounts to distribute income from Saudi Basic Industries Corporation, Bahrain Petroleum Company, King Abdullah University of Science and Technology, and Chevron programs fees (RBC No. 6029) -- amendment to the 2013-2014 budget

Description	\$ Amount	RBC #
INT - INTERNATIONAL ACADEMIC PROGRAMS		
Amount of Transfer:	790,000	6029
From: Designated Funds - INT - International Academic Programs Operating Income	790,000	
To: Designated Funds - INT - International Academic Programs Wages	15,000	
INT - International Academic Programs Maintenance, Operation, and Equipment	775,000	

28. Request for Budget Change - U. T. Austin: Transfer \$1,393,000 from INT - International Office - ESL Programs Operating Income account to INT - International Office - ESL Program Travel account and INT - International Office - ESL Program Maintenance, Operation, and Equipment account and INT - International Office - ESL Program Wages account to distribute income from English as Second Language Program tuition (RBC No. 6039) -- amendment to the 2013-2014 budget

Description	\$ Amount	RBC #
INT - INTERNATIONAL OFFICE		
Amount of Transfer:	1,393,000	6039
From: Designated Funds - INT - International Office - ESL Programs Operating Income	1,393,000	
To: Designated Funds - INT - International Office - ESL Programs Maintenance, Operation, and Equipment	863,000	
INT - International Office - ESL Programs Wages	500,000	
INT - International Office - ESL Programs Travel	30,000	

29. Request for Budget Change - U. T. Austin: Transfer \$900,000 from INT - International Student Health Insurance Fee Operating Income account to INT - International Student Health Insurance Fee Maintenance, Operation, and Equipment account to distribute income from Fall, Spring and Summer international health insurance billings (RBC No. 6052) -- amendment to the 2013-2014 budget
30. Request for Budget Change - U. T. Austin: Transfer \$2,053,802 from TPA - Texas Performing Arts Revolving Fund Income account to TPA - Texas Performing Arts Maintenance, Operation, and Equipment account to distribute income from admissions welcome event charges, merchandise sales, and Texas Performing Arts ticket sales (RBC No. 6084) -- amendment to the 2013-2014 budget
31. Employee Agreement - U. T. Austin: Head Men's Swimming and Diving Coach Agreement for Edwin C. Reese

The following Agreement has been approved by the Executive Vice Chancellor for Academic Affairs, and is recommended for approval by the U. T. System Board of Regents. If the Agreement is approved, total compensation for the contract period for Coach Reese will be in excess of \$1 million. Such employment under the Agreement is subject to the Constitution and Bylaws of the National Collegiate Athletic Association, any intercollegiate athletic conference of which The University of Texas at Austin is a member, the Regents' *Rules and Regulations*, and the policies of The University of Texas at Austin. Any violation of the provisions of such Constitution, bylaws, rules, regulations, or policies shall be grounds for suspension without pay and/or dismissal (Regents' *Rules and Regulations*, Rule 10501, Section 2.2.12 - Athletic Employment Agreements).

Item: Head Men's Swimming and Diving Coach Agreement

From: **Guaranteed compensation:**  
 Annual Salary: \$174,409  
 Annual Salary Supplement: \$15,000  
 Automobile: option of one dealer car or \$7,500 annually  
 Product Endorsement: \$2,000

**Nonguaranteed compensation:**  
 Sports Camps and Clinics: TBD, based on camp revenue  
 Team Performance Incentives: \$42,000  
 Team Academic Performance Incentives: \$10,000

To: **Guaranteed compensation:**  
 Annual Salary: \$198,000  
 Annual Salary Supplement: Removed  
 Automobile: No Change  
 Product Endorsement: No Change

**Nonguaranteed compensation:**

Sports Camps and Clinics: No Change

Team Performance Incentives: No Change

Team Academic Performance Incentives: No Change

Guaranteed

Compensation

Percent Change: 4%

Nonguaranteed

Compensation

Change: No Change

Source of funds: Intercollegiate Athletics

Description: Agreement for employment of Head Men's Swimming and Diving Coach Edwin C. Reese

Period: September 1, 2014 through August 31, 2017 (Initial Agreement effective September 1, 2005)

32. Employee Agreement - U. T. Austin: Head Men's Tennis Coach Agreement for Michael Center

The following Agreement has been approved by the Executive Vice Chancellor for Academic Affairs, and is recommended for approval by the U. T. System Board of Regents. If the Agreement is approved, total compensation for the contract period for Coach Center will be in excess of \$1 million. Such employment under the Agreement is subject to the Constitution and Bylaws of the National Collegiate Athletic Association, any intercollegiate athletic conference of which The University of Texas at Austin is a member, the Regents' *Rules and Regulations*, and the policies of The University of Texas at Austin. Any violation of the provisions of such Constitution, bylaws, rules, regulations, or policies shall be grounds for suspension without pay and/or dismissal (Regents' *Rules and Regulations*, Rule 10501, Section 2.2.12 - Athletic Employment Agreements).

Item: Head Men's Tennis Coach Agreement

From: **Guaranteed compensation:**

Annual Salary: \$156,781

Automobile: option of one dealer car or \$7,500 annually

Product Endorsement: \$2,000

**Nonguaranteed compensation:**

Sports Camps and Clinics: TBD, based on camp revenue  
Team Performance Incentives: \$42,000 Maximum  
Team Academic Performance Incentives: \$10,000 Maximum

To:

**Guaranteed compensation:**

Annual Salary: \$190,000  
Automobile: No Change  
Product Endorsement: No Change

**Nonguaranteed compensation:**

Sports Camps and Clinics: No Change  
Team Performance Incentives: No Change  
Team Academic Performance Incentives: No Change

Guaranteed  
Compensation  
Percent Change: 21%

Nonguaranteed  
Compensation  
Change: No Change

Source of funds: Intercollegiate Athletics

Description: Agreement for employment of Head Men's Tennis Coach Michael Center

Period: September 1, 2014 through August 31, 2019 (Initial Agreement effective September 1, 2005)

33. Employee Agreement - U. T. Austin: Head Men's Golf Coach Agreement for John Fields

The following Agreement has been approved by the Executive Vice Chancellor for Academic Affairs, and is recommended for approval by the U. T. System Board of Regents. If the Agreement is approved, total compensation for the contract period for Coach Fields will be in excess of \$1 million. Such employment under the Agreement is subject to the Constitution and Bylaws of the National Collegiate Athletic Association, any intercollegiate athletic conference of which The University of Texas at Austin is a member, the Regents' *Rules and Regulations*, and the policies of The University of Texas at Austin. Any violation of the provisions of such Constitution, bylaws, rules, regulations, or policies shall be grounds for suspension without pay and/or dismissal (Regents' *Rules and Regulations*, Rule 10501, Section 2.2.12 - Athletic Employment Agreements).

Item: Head Men's Golf Coach Agreement

From: **Guaranteed compensation:**  
 Annual Salary: \$154,475  
 Automobile: option of one dealer car or \$7,500 annually  
 Product Endorsement: \$44,500

**Nonguaranteed compensation:**  
 Sports Camps and Clinics: TBD, based on camp revenue  
 Team Performance Incentives: \$42,000 Maximum  
 Team Academic Performance Incentives: \$10,000 Maximum

To: **Guaranteed compensation:**  
 Annual Salary: \$208,000  
 Automobile: No Change  
 Product Endorsement: \$2,000

**Nonguaranteed compensation:**  
 Sports Camps and Clinics: No Change  
 Team Performance Incentives: No Change  
 Team Academic Performance Incentives: No Change

Guaranteed  
 Compensation  
 Percent Change: 5%

Nonguaranteed  
 Compensation  
 Change: No Change

Source of funds: Intercollegiate Athletics

Description: Agreement for employment of Head Men's Golf Coach John Fields

Period: September 1, 2014 through August 31, 2019 (Initial Agreement effective September 1, 2005)

34. Employment Agreement - U. T. Austin: Head Women's Rowing Coach Agreement for David M. O'Neill

The following Agreement has been approved by the Executive Vice Chancellor for Academic Affairs, and is recommended for approval by the U. T. System Board of Regents. If the Agreement is approved, total compensation for the contract period for Coach O'Neill will be in excess of \$1 million. Such employment under the Agreement is subject to the Constitution and Bylaws of the National Collegiate

Athletic Association, any intercollegiate athletic conference of which The University of Texas at Austin is a member, the Regents' *Rules and Regulations*, and the policies of The University of Texas at Austin. Any violation of the provisions of such Constitution, bylaws, rules, regulations, or policies shall be grounds for suspension without pay and/or dismissal. (Regents' *Rules and Regulations*, Rule 10501, Section 2.2.12 – Athletic Employment Agreements).

Item: Head Women's Rowing Coach Agreement

Proposed: **Guaranteed compensation:**

Annual Salary: \$175,000

**Nonguaranteed compensation:**

Sports Camps and Clinics: TBD, based on camp revenue

Team Performance Incentives: \$47,000 Maximum

Team Academic Performance Incentives: \$10,000 Maximum

Source of funds: Intercollegiate Athletics

Description: Agreement for employment of Head Women's Rowing Coach David M. O'Neill

Period: July 2, 2014 through July 31, 2020

35. New Award of Tenure Appointments - U. T. Brownsville: New award of tenure appointments -- amendment to the 2014-2015 budget

The following personnel actions involving new award of tenure and emeritus appointments have been administratively approved by the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the 2015 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

College, Department, and Name	From	To
<b>College of Biomedical Sciences and Health Professions</b>		
Biomedicine		
Masako Isokawa	Associate Professor	Professor (T)
<b>College of Business</b>		
Management and Marketing		
Tom Coyle	Assistant Professor	Associate Professor (T)

College, Department, and Name	From	To
<b>College of Nursing</b>		
Nursing		
Eloisa G. Tamez	Associate Professor	Professor (T)
<b>College of Liberal Arts</b>		
English		
James Frost	Associate Professor	Associate Professor (T)
Sheila Dooley	Assistant Professor	Associate Professor (T)
Elizabeth Vidaurri	Associate Master Technical Instructor	Master Technical Instructor (T)
Modern Languages		
Elena Vega-Sampayo	Assistant Professor	Associate Professor (T)
Music		
Cristina Ballatori	Assistant Professor	Associate Professor (T)
Susan De Ghize	Assistant Professor	Associate Professor (T)
Daniel Hunter-Holly	Assistant Professor	Associate Professor (T)
Susan Hurley-Glowa	Assistant Professor	Associate Professor (T)
<b>College of Education</b>		
Health and Human Performance		
Murat Karabulut	Assistant Professor	Associate Professor (T)
<b>College of Science, Mathematics and Technology</b>		
Chemistry and Environmental Sciences		
Wei Lin	Assistant Professor	Associate Professor (T)
Tarek M. Trad	Assistant Professor	Associate Professor (T)
Physics and Astronomy		
Malik Rakhmanov	Assistant Professor	Associate Professor (T)
Karen Martirosyan	Associate Professor	Associate Professor (T)
School of Engineering and Computational Science		
Nazmul Islam	Assistant Professor	Associate Professor (T)

36. Emeritus Appointments - U. T. Brownsville: Approval of emeritus titles

**Miguel Escotet**, from Dean of the College of Education and Professor of Intercultural Studies and Research to Professor Emeritus, College of Education (RBC No. 6076) -- amendment to the 2013-2014 budget



**Sue Zanne Urbis**, from Professor of Department of Music, to Professor Emeritus, College of Liberal Arts (RBC No. 6077) -- amendment to the 2013-2014 budget

**Richard Urbis**, from Professor of Department of Music, to Professor Emeritus, College of Liberal Arts (RBC No. 6078) -- amendment to the 2013-2014 budget

**Wayne Moore**, from Professor of English, to Professor Emeritus, Department of Liberal Arts (RBC No. 6098) -- amendment to the 2013-2014 budget

37. New Award of Tenure and Emeritus Appointments - U. T. Dallas: New award of tenure and emeritus appointments -- amendment to the 2014-2015 budget

The following personnel actions involving new award of tenure and emeritus appointments have been administratively approved by the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the 2015 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 Arts and Humanities</b>		
Art History		
Charissa Terranova	Assistant Professor	Associate Professor (T)
Communications/Literature		
John Gooch	Assistant Professor	Associate Professor (T)
Graduate/Literature		
Charles Hatfield	Assistant Professor	Associate Professor (T)
Historical Studies		
Cihan Muslu	Assistant Professor	Associate Professor (T)
Eric Schlereth	Assistant Professor	Associate Professor (T)
Literary Studies		
Matthew Bondurant	Assistant Professor	Associate Professor (T)
<b>School of Behavioral and Brain Sciences</b>		
Susan Jerger	Professor (T)	Professor Emeritus
<b>Erik Jonsson School of Engineering and Computer Science</b>		
Electrical Engineering		
Rashaunda Henderson	Assistant Professor	Associate Professor (T)

College, Department, and Name	From	To
<b>Naveen Jindal School of Management</b>		
Finance		
Kelsey Wei	Assistant Professor	Associate Professor (T)
Management Information Systems		
Jianqing Chen	Assistant Professor	Associate Professor (T)
<b>School of Natural Sciences and Mathematics</b>		
Chemistry		
Jie Zheng	Assistant Professor	Associate Professor (T)
Mathematical Sciences		
Swati Biswas	Assistant Professor	Associate Professor (T)
Physics		
David Lary	Associate Professor	Associate Professor (T)
Anton Malko	Assistant Professor	Associate Professor (T)
Wolfgang Rindler	Professor (T)	Professor Emeritus

38. Lease - U. T. Dallas: Authorization to lease approximately 13.3 acres of land located on the edge of the institution's campus north of Synergy Park Boulevard, Richardson, Texas, to Northside Campus Partners, LP, for the development and operation of market housing and retail uses

Description: Ground lease of approximately 13.3 acres of unimproved land. The ground tenant will construct two four-story residential apartment buildings along with two-story townhomes holding in aggregate approximately 600 beds in about 300 units, with roughly 20,000 square feet of ground-level flex/retail space and related surface and structured parking for approximately 750 vehicles at an estimated development cost of \$50 million. The ground lease will also contain provisions in which the tenant indemnifies the landlord for all matters arising from the tenant's use or occupancy of, or activities on, the premises. The Board of Regents' interest in the real property will not be subordinated to the lien of any mortgagee of the tenant's leasehold interest. Security shall be provided by Tenant, but U. T. Dallas will retain the right for its police to enforce.

Tenant: Northside Campus Partners, LP, a Texas limited partnership

- Term: 61 years, with no options to extend
- Lease Income: The initial annual base rent of \$175,000 will increase over the term by 3% annually. The tenant will also share 35% of the portion of gross revenues that are in excess of an annual percentage rent threshold, initially set at 95% of expected gross revenues. The percentage rent threshold will increase over the term by 3% annually. The annual base rent will be adjusted to market on the 31st anniversary of the lease based on an independent appraisal, subject to a floor of 90% of the prior year's annual base rent and a ceiling of 200% of the prior year's annual base rent. The lease is a net lease to Landlord; the tenant pays all expenses, including property taxes.
- Total Area: Approximately 13.3 acres; net area is less. The lease area includes roadway easements serving the property and adjacent U. T. Dallas lands.
- Purchase Rights: Landlord will retain a right of first offer should the tenant elect to market the leasehold estate. In addition, the Landlord will have the right to purchase the leasehold and improvements in the 5th, 10th, and 20th anniversaries of the lease for \$70 million, \$80 million, and \$105 million respectively. Landlord will have the right to purchase the leasehold estate at fair market value on the 30th, 40th and 50th anniversaries of the lease, subject to a tenant right to delay such purchase by up to 30 months.
- Appraisal: Fair market rental rate of \$170,500 annually, increasing by 3% per year over the term of the ground lease (Jackson Clayborn, Inc., date of valuation May 22, 2014).
- Guarantee: Construction of the project will be guaranteed by Balfour Beatty Campus Solutions, LLC; this guarantee will be subordinate to a construction guarantee to a lender, if any.

39. New Award of Tenure Appointments - U. T. El Paso: New award of tenure appointments -- amendment to the 2014-2015 budget

The following personnel actions involving new award of tenure appointments have been administratively approved by the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the 2015 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

College, Department, and Name	From	To
<b>College of Business Administration</b>		
Accounting and Information Systems Giorgio Gotti	Assistant Professor	Associate Professor (T)
Management and Marketing José H. Ablanedo Rosas Wenming Chung	Assistant Professor Assistant Professor	Associate Professor (T) Associate Professor (T)
<b>College of Education</b>		
Dean's Office Cyndi Giorgis	New Hire	Professor (T)
Teacher Education Erika L. Mein Ronald R. Wagler	Assistant Professor Assistant Professor	Associate Professor (T) Associate Professor (T)
<b>College of Engineering</b>		
Civil Engineering Carlos M. Chang	Assistant Professor	Associate Professor (T)
Industrial, Manufacturing and Systems Engineering Eric D. Smith	Assistant Professor	Associate Professor (T)
Mechanical Engineering Vinod Kumar Evgeny Shafirovich	Assistant Professor Assistant Professor	Associate Professor (T) Associate Professor (T)
Metallurgical and Materials Engineering Anupama Kaul Devesh Misra	New Hire New Hire	Professor (T) Professor (T)
<b>College of Health Sciences</b>		
Occupational Therapy Christine Chen	New Hire	Professor (T)
<b>College of Liberal Arts</b>		
Communication Roberto Avant-Mier	Associate Professor	Associate Professor (T)

College, Department, and Name	From	To
Criminal Justice Jeffrey Rojek	New Hire	Associate Professor (T)
English Ruben Espinosa	Assistant Professor	Associate Professor (T)
Languages and Linguistics Matthew V. Desing Alfredo Urzúa Beltrán	Assistant Professor Assistant Professor	Associate Professor (T) Associate Professor (T)
Political Science Cigdem Sirin Villalobos Jose de Jesus Villalobos	Assistant Professor Assistant Professor	Associate Professor (T) Associate Professor (T)
Theatre and Dance Hideaki Tsutsui	Assistant Professor	Associate Professor (T)
<b>College of Science</b>		
Biology Bruce Cushing	New Hire	Professor (T)
Geology Deana Pennington	Research Associate Professor	Associate Professor (T)
<b>School of Nursing</b>		
Nursing Hsueh-Fen (Sabrina) Kao Diane B. Monsivais	Associate Professor Assistant Professor	Associate Professor (T) Associate Professor (T)

40. New Award of Tenure and Emeritus Appointments - U. T. Pan American: New award of tenure and emeritus appointments -- amendment to the 2014-2015 budget

The following personnel actions involving new award of tenure and emeritus appointments have been administratively approved by the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the 2015 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

College, Department, and Name	From	To
<b>College of Arts and Humanities</b>		
Art		
Donna M. Sweigart	Assistant Professor	Associate Professor (T)
English		
Amy E. Cummins	Assistant Professor	Associate Professor (T)
Marci Renee McMahon	Assistant Professor	Associate Professor (T)
Frederick von Ende	Professor (T)	Professor Emeritus
History and Philosophy		
Megan E. Birk	Assistant Professor	Associate Professor (T)
Brent Steven Campney	Assistant Professor	Associate Professor (T)
Linda Christine English	Assistant Professor	Associate Professor (T)
Music and Dance		
Scott Daniel Roeder	Assistant Professor	Associate Professor (T)
<b>College of Business Administration</b>		
Accounting and Business Law		
Akinloye Akindayomi	Assistant Professor	Associate Professor (T)
Andrew Ayimbila Anabila	Assistant Professor	Associate Professor (T)
Computer Information System and Quantitative Methods		
Francis K. Andoh Baidoo	Assistant Professor	Associate Professor (T)
Economics and Finance		
Thanh Ngoc Ngo	Assistant Professor	Associate Professor (T)
Management		
Michael Alemayehu Abebe	Assistant Professor	Associate Professor (T)
<b>College of Education</b>		
Curriculum and Instruction Elementary and Secondary		
Jacob William Neumann	Assistant Professor	Associate Professor (T)
Educational Leadership		
Maria Banda Roberts	Assistant Professor	Associate Professor (T)
Educational Psychology		
Cynthia Lynn Wimberly	Assistant Professor	Associate Professor (T)

College, Department, and Name	From	To
<b>College of Engineering and Computer Science</b>		
Electrical Engineering		
Mark Yul Chu	Assistant Professor	Associate Professor (T)
<b>College of Health Sciences and Human Services</b>		
Social Work		
Sudershan Pasupuleti	New Hire	Professor (T)
<b>College of Science and Mathematics</b>		
Biology		
Teresa Patricia Feria Arroyo	Assistant Professor	Associate Professor (T)
Christopher J. Vitek	Assistant Professor	Associate Professor (T)
Mathematics		
Eleftherios Gkioulekas	Assistant Professor	Associate Professor (T)
Sean D. Lawton	Assistant Professor	Associate Professor (T)
Mrinal K. Roychowdhury	Assistant Professor	Associate Professor (T)
Physics and Geology		
Dorina Magdalena Chipara	Assistant Professor	Associate Professor (T)
<b>College of Social and Behavioral Sciences</b>		
Political Science		
Clyde Barrow	New Hire	Professor (T)
Robert D. Wrinkle	Professor (T)	Professor Emeritus
Psychology		
Joseph Hovey	New Hire	Professor (T)
Gary T. Montgomery	Professor (T)	Professor Emeritus
Laura D. Seligman	New Hire	Associate Professor (T)
Public Affairs and Security Studies		
William L. Turk	Professor (T)	Professor Emeritus
Sociology and Anthropology		
Igor Ryabov	Assistant Professor	Associate Professor (T)

41. Request for Budget Change - U. T. Pan American: Transfer \$615,000 from Designated Tuition to Unexpended Plant Funds for the purpose of funding the Parking Lot Security Cameras Project (RBC No. 5994) -- amendment to the 2013-2014 budget

42. Lease - U. T. Pan American: Authorization to lease industrial space at 5700 International Parkway, McAllen, Hidalgo County, Texas, from Verde 5700 International Parkway L.P., for computer-aided manufacturing

Description: Lease of space at 5700 International Parkway, McAllen, Hidalgo County, Texas, to be used by U. T. Pan American as industrial space for computer-aided manufacturing for its Rapid Response Manufacturing Center. Authorization is requested for U. T. Pan American's Vice President for Business Affairs to execute the lease on completion of negotiations and approval by the Real Estate Office.

Lessor: Verde 5700 International Parkway, L.P., a Texas limited partnership

Term: The term is expected to commence on November 1, 2014, and continues for 62 months with one five-year renewal.

Total Area: Approximately 30,210 square feet

Lease Cost: Approximately \$667,000 of base rent plus approximately \$181,000 in estimated operating expenses over the initial 62-month term; additional base rent and operating expenses are anticipated if the lease is renewed. Base rent is free for the first two months of the lease then rent starts at \$4.20 per square foot on an annualized basis with 2.5% base rent increases every year of the term. Estimated initial operating expenses are \$1.20 per square foot. Total tenant improvement costs are estimated to be \$1.1 million with the Lessor providing a \$70,000 allowance for construction of a new office area and restrooms, a demising wall and separately metering the space. The institution will be responsible for all other tenant improvement and equipment costs.

Source of Funds: Special Line Item Appropriation Funding



43. New Award of Tenure Appointments - U. T. Permian Basin: New award of tenure appointments -- amendment to the 2014-2015 budget

The following personnel actions involving new award of tenure appointments have been administratively approved by the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the 2015 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>		
Social Sciences		
Harold Abrams	Assistant Professor	Associate Professor (T)
Math and Computer Science		
Xinyun Zhu	Assistant Professor	Associate Professor (T)
<b>College of Education</b>		
Bilingual / ESL		
Yolanda Salgado	Assistant Professor	Associate Professor (T)

44. Logo - U. T. Rio Grande Valley: Temporary wordmark

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

The wordmark was vetted with several of the U. T. Rio Grande Valley working groups, including the Transition Committee, Change Management Committee, and Community Engagement Committee, all composed of U. T. System, U. T. Brownsville, and U. T. Pan American executives, and U. T. Rio Grande Valley President Guy Bailey. It was also presented to students at open student forums at U. T. Brownsville and U. T. Pan American, with the caveat that it is subject to change pending final input and decisions on new school colors, logo, mascot, and other identifiers.

Because of the urgent need to produce, print, and mail new enrollment, financial aid, and other administrative publications to recruit the U. T. Rio Grande Valley inaugural class of 2015, a temporary wordmark was created. It is subject to modifications after official school colors and brands are selected, and that process is underway.

It is a highly inclusive process consisting of a dedicated website encouraging public recommendations, a student committee chaired by student government presidents from U. T. Brownsville and U. T. Pan American, and a steering committee selected by President Bailey and composed of students, faculty, staff, and alumni.

The temporary colors for the wordmark are Pantone Cool Gray 10C and Pantone Orange 158C.



45. Foreign Contract (funds coming in) - U. T. San Antonio: Contract with South Korea Agency for Defense Development for research on target tracking and engagement using infrared sensors attached to high speed autonomous aerial vehicles

Agency: South Korea Agency for Defense Development, Republic of Korea

Funds: \$220,000 (Fixed-price)

Period: Effective Date is conditional upon the following:  
a. Final date of signature by both parties: June 23, 2014  
b. Date of approval of Export License (if required): Pending from U.S. Department of State  
c. Date of Issue of Irrevocable Letter of Credit by sponsoring agency: Pending from sponsoring agency

End Date: December 1, 2015

Description: Research contract to investigate solving a target tracking and engagement problem using a strap-down infrared sensor on a high speed autonomous aerial vehicle. The research will develop and test a robust aerial vehicle control law and an optimal infrared image-based and virtual field of view based estimation filter for an autonomous unmanned aerial vehicle to track and engage a fast moving surface/ground target using a single fixed and non-gimbaled infrared camera. The research will also develop a simulator to reliably test the performance of both the control law and the estimation filter.

46. New Award of Tenure and Emeritus Appointments - U. T. San Antonio: New award of tenure and emeritus appointments -- amendment to the 2014-2015 budget

The following personnel actions involving new award of tenure and emeritus appointments have been administratively approved by the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the 2015 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

College, Department, and Name	From	To
<b>College of Architecture</b>		
Construction Science		
Suat Gunhan	Assistant Professor	Associate Professor (T)
<b>College of Business</b>		
Finance		
Onur Bayar	Assistant Professor	Associate Professor (T)
Information Systems and Cyber Security		
Nicole Beebe	Assistant Professor	Associate Professor (T)
Zhechao Liu	Assistant Professor	Associate Professor (T)
Management		
Huy Le	New Hire	Associate Professor (T)
Cynthia Lengnick-Hall	Professor (T)	Professor Emeritus
Rodolpho Sandoval	Associate Professor (T)	Associate Professor Emeritus
Marketing		
Suman Basuroy	New Hire	Professor (T)
<b>College of Education and Human Development</b>		
Bicultural Bilingual Studies		
Margarita Machado-Casas	Assistant Professor	Associate Professor (T)
Peter Sayer	Assistant Professor	Associate Professor (T)
<b>College of Engineering</b>		
Biomedical Engineering		
Mark Appleford	Assistant Professor	Associate Professor (T)
Anand Ramasubramanian	Assistant Professor	Associate Professor (T)
Liang Tang	Assistant Professor	Associate Professor (T)

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
Civil and Environmental Engineering		
JoAnn Browning	New Hire	Professor (T)
Adolfo Matamoros	New Hire	Professor (T)
Electrical and Computer Engineering		
Shuo Wang	Assistant Professor	Associate Professor (T)
<b>College of Liberal and Fine Arts</b>		
Anthropology		
Kathryn Brown	Assistant Professor	Associate Professor (T)
Art and Art History		
Ronald C. Binks	Professor (T)	Professor Emeritus
Teresa Eckmann	Assistant Professor	Associate Professor (T)
Dennis Olsen	Professor (T)	Professor Emeritus
English		
Bonnie Lyons	Professor (T)	Professor Emeritus
History		
Catherine Clinton	New Hire	Professor (T)
Dwight F. Henderson	Professor (T)	Professor Emeritus
Music		
Robert Rustowicz	Associate Professor (T)	Associate Professor Emeritus
David Sebald	Associate Professor (T)	Associate Professor Emeritus
Philosophy and Classics		
Eve Browning	New Hire	Professor (T)
Political Science and Geography		
Walter Wilson	Assistant Professor	Associate Professor (T)
<b>College of Public Policy</b>		
Criminal Justice		
Marie Tillyer	Assistant Professor	Associate Professor (T)
Demography		
Corey Spark	Assistant Professor	Associate Professor (T)

College, Department, and Name	From	To
Public Administration		
Tansu Demir	Assistant Professor	Associate Professor (T)
Branco Ponomariov	Assistant Professor	Associate Professor (T)
<b>College of Sciences</b>		
Biology		
Astrid Cardona	Assistant Professor	Associate Professor (T)
Andrew Martinez	Professor (T)	Professor Emeritus
Nicole Wicha	Assistant Professor	Associate Professor (T)
Geological Sciences		
Stuart Birnbaum	Associate Professor (T)	Associate Professor Emeritus
Physic and Astronomy		
Christopher Packham	Assistant Professor	Associate Professor (T)

47. Request for Budget Change - U. T. San Antonio: Transfer \$886,000 from Utilities account to Repair and Rehabilitation-SA Project 401-667 account to fund the Science Building HVAC renovations (RBC No. 6005) -- amendment to the 2013-2014 budget

48. Employee Agreement - U. T. San Antonio: New agreement for Head Men's Football Coach Larry Coker

The following Agreement has been approved by the Executive Vice Chancellor for Academic Affairs, and is recommended for approval by the U. T. System Board of Regents. If the Agreement is approved, total compensation for the contract period for Coach Coker will be in excess of \$1 million. Such employment under the Agreement is subject to the Constitution and Bylaws of the National Collegiate Athletic Association, any intercollegiate athletic conference of which The University of Texas at San Antonio is a member, the Regents' *Rules and Regulations*, and the policies of The University of Texas at San Antonio. Any violation of the provisions of such Constitution, bylaws, rules, regulations, or policies shall be grounds for suspension without pay and/or dismissal (Regents' *Rules and Regulations*, Rule 10501, Section 2.2.12 - Board Approval).

Item: Head Men's Football Coach Agreement

From: **Guaranteed compensation:**  
Annual Salary: \$350,000  
Annual Salary Supplement: Home game suite  
Annual Personal Expense Allowance: \$0  
Automobile: one dealer car  
Product Endorsement: \$1,000

**Nonguaranteed compensation:**

Sports Camps and Clinics: Based on camp revenues  
Team Performance Incentives: \$80,333.33  
Team Academic Performance Incentives: \$0  
Speeches/Coach’s Shows: 25% of Base Salary  
Coach of the Year Honors: \$12,000

To:

**Guaranteed compensation:**

Annual Salary: FY2015 - \$400,000  
FY2016 - \$425,000  
FY2017 - \$450,000  
FY2018 - \$475,000  
FY2019 - \$500,000

Annual Salary Supplement: Home game suite; country club membership  
Annual Personal Expense Allowance: No Change  
Automobile: No Change  
Product Endorsement: No Change

**Nonguaranteed compensation:**

Sports Camps and Clinics: No Change  
Team Performance Incentives: \$185,000  
Team Academic Performance Incentives: \$10,000  
Speeches/Coach’s Shows: No Change  
Coach of the Year Honors: \$35,000

Guaranteed  
Compensation  
Percent Change: 15% (FY2015)

Nonguaranteed  
Compensation  
Change: 150%

Source of funds: Intercollegiate Athletics

Description: This agreement terminates and replaces the initial agreement for employment of Head Men’s Football Coach, Larry Coker, for the designated period following the standard coach’s employment contract prepared by the Office of General Counsel. The base salary will increase by \$25,000 annually.

Period: September 1, 2014 through August 31, 2019

49. New Award of Tenure and Emeritus Appointments - U. T. Tyler: New award of tenure and emeritus appointments -- amendment to the 2014-2015 budget

The following personnel actions involving new award of tenure and emeritus appointments have been administratively approved by the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the 2015 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

College, Department, and Name	From	To
<b>College of Arts and Sciences</b>		
Performing Arts Cameron Rose	Assistant Professor	Associate Professor (T)
Mathematics David Milan	Assistant Professor	Associate Professor (T)
Jon Regan Beckham	Assistant Professor	Associate Professor (T)
<b>College of Business and Technology</b>		
Accounting, Finance, and Business Law Tammy Cowart	Assistant Professor	Associate Professor (T)
Gus Gordon	Associate Professor	Professor (T)
Nicholas Fessler	New Hire	Associate Professor (T)
James Lumpkin	New Hire	Professor (T)
Marketing and Management Krist Swimberghe	Assistant Professor	Associate Professor (T)
Miguel Caldas	New Hire	Professor (T)
HRD and Technology Kim Nimon	New Hire	Associate Professor (T)
<b>College of Education and Psychology</b>		
School of Education William Bruce	Professor (T)	Professor Emeritus
Brenda Gilliam	Professor (T)	Professor Emeritus
Educational Leadership and Policy Studies Peggy Gill	Professor (T)	Professor Emeritus

College, Department, and Name	From	To
<b>College of Engineering and Computer Science</b>		
Civil Engineering		
J. Torey Nalbone	Associate Professor	Associate Professor (T)
<b>College of Nursing and Health Sciences</b>		
Nursing		
Beth Mastel-Smith	Associate Professor	Associate Professor (T)
Melinda Hermanns	Assistant Professor	Associate Professor (T)
Belinda Deal	Assistant Professor	Associate Professor (T)
Yong "Tai" Wang	New Hire	Professor (T)
Susan Yarbrough	New Hire	Professor (T)
Health and Kinesiology		
Xuanliang Neil Dong	Assistant Professor	Associate Professor (T)
David Criswell	New Hire	Professor (T)
<b>College of Pharmacy</b>		
Pharmacy		
L. Douglas Ried	New Hire	Professor (T)
Rahmat Talukder	New Hire	Associate Professor (T)



## HEALTH INSTITUTIONS

50. Contract (funds coming in) - U. T. Southwestern Medical Center: To provide professional and administrative services to support the operations of UT Southwestern Health Systems

Agency: UT Southwestern Health Systems

Funds: \$2,272,113

Period: September 1, 2014 through August 31, 2015

Description: U. T. Southwestern Medical Center will provide finance and administrative services, plus the leasing of U. T. Southwestern Medical Center employees to UT Southwestern Health Systems (UTSHS), in support of the UT Southwestern Accountable Care Network (UTSACN). These services and leased employees will support the general operations of UTSHS and UTSACN.

51. Contract (funds coming in) - U. T. Southwestern Medical Center: To provide professional and technical services to support the operations of UT Southwestern Moncrief Cancer Center

Agency: UT Southwestern Moncrief Cancer Center

Funds: \$7,241,530

Period: September 1, 2014 through August 31, 2015

Description: U. T. Southwestern Medical Center will provide professional and technical services. UT Southwestern Moncrief Cancer Center (MCI) will reimburse UT Southwestern for the cost of leasing employees. These services and leased employees will support the general operations of MCI.

52. Contract (funds going out) - U. T. Southwestern Medical Center: Krause Advertising to provide multimedia brand image campaign services

Agency: Krause Advertising

Funds: \$1,460,000

Source of Funds: Designated Funds - MSRDP/DSRDP/PRS practice plan professional fees

Period: September 1, 2014 through August 31, 2015

Description: Krause Advertising will provide multimedia brand image campaign services

53. Contract (funds going out) - U. T. Southwestern Medical Center: Contract with UT Southwestern Health Systems for Accountable Care Network services

Agency: UT Southwestern Health Systems

Funds: \$4,400,000

Source of Funds: Designated Funds - MSRDP Practice Plan Fees and Hospital Patient Income

Period: September 1, 2014 through August 31, 2015

Description: UT Southwestern Accountable Care Network (UTSACN) is a network of community physicians that supports U. T. Southwestern Medical Center's mission and its patient referral base. UTSACN provides assistance with managed care contracting, shared services, and clinical integration. U. T. Southwestern Medical Center will pay UT Southwestern Health System for the cost of providing this Accountable Care Network.

54. Contract (funds going out) - U. T. Southwestern Medical Center: UT Southwestern Moncrief Cancer Center to provide professional and technical services

Agency: UT Southwestern Moncrief Cancer Center

Funds: \$8,633,783

Source of Funds: Restricted Expandable Funds - Delivery System Reform Incentive Payment (DSRIP) program

Period: March 1, 2014 through August 31, 2016

Description: UT Southwestern Moncrief Cancer Center will provide program staffing, program storage services, program workspace, patient encounter services, and program outreach services in support of the Mobile Cancer Survivorship Care program.

55. Tenure Appointment - U. T. Southwestern Medical Center: Amendment to the 2013-2014 budget

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

Description	Effective Date	% Time	Full-time Salary		RBC #
			No. Mos.	Rate \$	
<b>School of Medicine</b>					
Pediatrics					
Jessica Moreland					5886
From: Clinical Professor	10/21/2013	25	12	81,250	
To: Professor (T)	1/7/2014	100	12	325,000	

Note: This item did not timely appear on the previous Consent Agenda due to a clerical issue.

56. New Award of Tenure Appointments - U. T. Southwestern Medical Center: New award of tenure appointments -- amendment to the 2014-2015 budget

The following personnel actions involving new award of tenure appointments have been administratively approved by the Executive Vice Chancellor for Health Affairs. The personnel actions have been included in the 2015 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

College, Department, and Name	From	To
<b>College of Anesthesiology and Pain Management</b> Anesthesiology and Pain Management Uttam Tambar	Assistant Professor	Associate Professor (T)
<b>College of Cell Biology</b> Cell Biology Jun-Shen Huang	Assistant Professor	Associate Professor (T)
<b>College of Clinical Sciences</b> Clinical Sciences Lindsay Cowell Song Zhang	Assistant Professor Assistant Professor	Associate Professor (T) Associate Professor (T)
<b>College of Immunobiology</b> Immunobiology Chandrashekhara Pasare	Assistant Professor	Associate Professor (T)
<b>College of Internal Medicine</b> Internal Medicine Pier Scaglioni	Assistant Professor	Associate Professor (T)
<b>College of Microbiology</b> Microbiology Nicholas Conrad	Assistant Professor	Associate Professor (T)
<b>College of Molecular Biology</b> Molecular Biology Michael Buszczak Chun-Li Zhang	Assistant Professor Assistant Professor	Associate Professor (T) Associate Professor (T)
<b>College of Obstetrics and Gynecology</b> Obstetrics and Gynecology Joseph Schaffer	Professor	Professor (T)

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>College of Pharmacology</b>		
Pharmacology		
Xuewu Zhang	Assistant Professor	Associate Professor (T)
<b>College of Psychiatry</b>		
Psychiatry		
Beth Kennard	Professor	Professor (T)
<b>College of Surgery</b>		
Surgery		
Steven Wolf	Professor	Professor (T)

57. Lease - U. T. Southwestern Medical Center: Authorization to assume the lease of space located at 701 Tuscan Drive, City of Irving, Dallas County, Texas, from Tuscan OB/GYN Associates, LLP for OB/GYN clinic use

Description: Assumption of lease of approximately 6,451 rentable square feet of space located at 701 Tuscan Drive, Irving, Texas, for use as an OB/GYN clinic. The Lessor of the property is Tuscan Medical Properties, LLC, a Delaware limited liability company.

Assignor: Tuscan OB/GYN Associates, LLP, a Texas limited liability partnership

Term: Approximately 76 months commencing on or about August 1, 2014 and expiring on November 30, 2020.

Lease Costs: \$1,561,403.82 in rent and estimated operating expenses during the term. The initial rental rate is \$21.73 per square foot annually and increases 3% per square foot each year beginning on December 1, 2015.

Source of Funds: Patient Revenue

58. Contract (funds coming in) - U. T. Medical Branch - Galveston: To provide professional radiation oncology and medical director services at Baptist Hospitals of Southeast Texas d/b/a Baptist Beaumont Hospital

Agency: Baptist Hospitals of Southeast Texas d/b/a Baptist Beaumont Hospital

Funds: Not to exceed \$2,560,000

Period: August 1, 2014 through July 31, 2017, with automatic renewals for one-year periods

Description: U. T. Medical Branch - Galveston will provide professional radiation oncology and medical director services at Baptist Beaumont Hospital.

59. Contract (funds coming in) - U. T. Medical Branch - Galveston: To provide services for the Texas Department of Criminal Justice to eligible female offenders related to parenting

Agency: Texas Department of Criminal Justice (TDCJ)

Funds: \$3,534,760

Period: March 17, 2010 through August 31, 2015

Description: U. T. Medical Branch - Galveston will continue to provide services to eligible female offenders related to parenting by providing the opportunity for mother and newborn to bond and develop a positive relationship in a secure TDCJ residential facility.

60. Contract (funds going out) - U. T. Medical Branch - Galveston: Morrison Management Specialists, Inc. to provide comprehensive food service operations to include patient meals, retail, catering, and vending services

Agency: Morrison's Management Specialists, Inc. (Morrison's)

Funds: \$85,000,000, including renewal periods

Source of Funds: Education and General; Hospital Patient Income

Period: August 3, 2014 through August 2, 2020, with two additional two-year renewals through August 31, 2024

Description: Morrison's to provide comprehensive food service operations to include patient meals, retail, catering, and vending services. In accordance with *Texas Education Code* Section 51.945, students were provided an opportunity to comment prior to determination that this food services and vending services provider should be selected by the institution.

61. New Award of Tenure Appointments - U. T. Medical Branch - Galveston: New award of tenure appointments -- amendment to the 2014-2015 budget

The following personnel actions involving new award of tenure appointments have been administratively approved by the Executive Vice Chancellor for Health Affairs. The personnel actions have been included in the 2015 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

College, Department, and Name	From	To
<b>School of Medicine</b>		
Internal Medicine		
Bill Ameredes	Associate Professor	Associate Professor (T)
Ligia Maria Belalcazar	Assistant Professor	Associate Professor (T)
Pathology		
Ranjana Nawgiri	Associate Professor	Associate Professor (T)
Michael Laposata	New Hire	Professor (T)
Pediatrics		
Karen Shattuck	Professor	Professor (T)
<b>School of Health Professions</b>		
Physical Therapy		
Janna McGaugh	Assistant Professor	Associate Professor (T)

62. Foreign Contract - U. T. Health Science Center - Houston: Program Agreement with Beijing Jiaotong University (BJTU) to provide for a method by which qualified BJTU students may earn a Bachelor of Science degree from BJTU and a Master of Health Informatics degree from U. T. Health Science Center - Houston

Agency: Beijing Jiaotong University, a public university in China

Funds: No funds will be exchanged under the agreement. Qualified BJTU students who participate in the program will enroll and pay tuition at U. T. Health Science Center - Houston

Period: Five years from execution. Program will be evaluated for possible renewal in fifth year.

Source of Funds: None

Description: Under the program, qualified BJTU students may earn a Bachelor of Science degree from BJTU and a Master of Health Informatics degree from UTHHealth over the course of five years of study. The first three years will be at BJTU and the final two years enrolled at U. T. Health Science Center - Houston, first in a certificate program, then in a Master's program.

63. New Award of Tenure and Emeritus Appointments - U. T. Health Science Center - Houston: New award of tenure and emeritus appointments -- amendment to the 2014-2015 budget

The following personnel actions involving new award of tenure and emeritus appointments have been administratively approved by the Executive Vice Chancellor for Health Affairs. The personnel actions have been included in the 2015 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

College, Department, and Name	From	To
<b>Medical School</b>		
Biochemistry and Molecular Biology		
Eric J. Wagner	Assistant Professor	Associate Professor (T)
Cardiothoracic and Vascular Surgery		
Charles "Trey" C. Miller, III	New Hire	Professor (T)
Eyal E. Porat	New Hire	Professor (T)



<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
Family and Community Medicine Angela L. Stotts	Associate Professor	Professor (T)
Integrative Biology and Pharmacology Alemayehu Gorfe (Abebe)	Assistant Professor	Associate Professor (T)
Neurosurgery Daniel H. Kim	New Hire	Professor (T)
Obstetrics, Gynecology and Reproductive Sciences Anthony Johnson Kenneth Moise, Jr.	New Hire New Hire	Professor (T) Professor (T)
Otorhinolaryngology Head and Neck Surgery Amber Luong	Assistant Professor	Associate Professor (T)
Pathology and Laboratory Medicine Jun Liu	Assistant Professor	Associate Professor (T)
Pediatrics Eric C. Eichenwald	Professor	Professor (T)
Surgery Charles E. Wade	New Hire	Professor (T)
<b>School of Biomedical Informatics</b>		
Biomedical Informatics Trevor Cohen	Associate Professor	Associate Professor (T)
Todd R. Johnson	Professor	Professor (T)
Wenjin J. Sheng	Associate Professor	Associate Professor (T)
<b>School of Public Health</b>		
Epidemiology and Disease Control, Austin Campus Shreela Sharma	Assistant Professor	Associate Professor (T)
Health Promotion and Behavioral Sciences Ross Shegog	Associate Professor	Associate Professor (T)

64. Emeritus Appointment - U. T. Health Science Center - Houston: James V. Johnson, from Professor (Clinical Professor, part-time, after retirement) to Professor Emeritus, in the School of Dentistry (RBC No. 5868) -- amendment to the 2013-2014 budget
65. Contract (funds going out) - U. T. Health Science Center - San Antonio: Tenet Healthcare Corporation/Vanguard Health System San Antonio Partners, LLC to obtain consulting services

Agency: Tenet Healthcare Corporation/Vanguard Health System  
San Antonio Partners, LLC

Funds: This amendment increases the contract from \$400,000 to \$1,500,000

Source of Funds: Practice Plan Revenue

Period: This amendment extends the contract for an additional 12 months, through January 31, 2015.

Description: Tenet Healthcare Corporation/Vanguard Health System San Antonio Partners, LLC has retained McKinsey & Company to provide services in support of developing a business plan for strategic collaboration/alignment opportunities in the San Antonio market with the U. T. Health Science Center - San Antonio. Under this agreement, the parties agree to share in the cost of the McKinsey & Company's engagement. U. T. Health Science Center - San Antonio's portion is not to exceed \$1,500,000.

66. Tenure Appointment - U. T. Health Science Center - San Antonio: Amendment to the 2013-2014 budget

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

Description	Effective Date	% Time	Full-time Salary		RBC #
			No. Mos.	Rate \$	
<b>School of Medicine</b>					
Vice President for Medical Affairs, Dean of the Medical School at The University of Texas Rio Grande Valley, and Professor					
Francisco Fernandez (T)	4/28-8/31	100	12	547,826	5952

67. New Award of Tenure and Emeritus Appointments - U. T. Health Science Center - San Antonio: New award of tenure and emeritus appointments -- amendment to the 2014-2015 budget

The following personnel actions involving new award of tenure and emeritus appointments have been administratively approved by the Executive Vice Chancellor for Health Affairs. The personnel actions have been included in the 2015 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

College, Department, and Name	From	To
<b>Dental School</b>		
Developmental Dentistry Peter T. Gakunga	Assistant Professor	Associate Professor (T)
Oral Surgery Nathaniel A. Jeske	Assistant Professor	Associate Professor (T)
<b>School of Medicine</b>		
Biochemistry Neal C. Robinson	Professor (T)	Professor Emeritus
Cardiothoracic Surgery Syed A. Husain	Associate Professor	Professor (T)

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
Cellular and Structural Biology Susan Naylor	Professor (T)	Professor Emeritus
Epidemiology and Biostatistics Jonathan Gelfond	Assistant Professor	Associate Professor (T)
Medicine Sara E. Espinoza Gabriel Fernandes Valerie A. Lawrence	Assistant Professor Professor (T) Professor (T)	Associate Professor (T) Professor Emeritus Professor Emeritus
Obstetrics and Gynecology Thomas Jansson	Associate Professor	Professor (T)
Otolaryngology/Head and Neck Surgery John M. Morehead	Assistant Professor	Associate Professor (T)
Pathology James H. Jorgensen	Professor (T)	Professor Emeritus
Physiology Benjamin A. Eaton John Johnson	Assistant Professor Professor (T)	Associate Professor (T) Professor Emeritus
<b>School of Nursing</b> Family and Community Health Systems Andrea A. Berndt Adrienne D. Linton	Assistant Professor Professor (T)	Associate Professor (T) Professor Emeritus
<b>School of Health Professions</b> Occupational Therapy Bridgett Piernik-Yoder	Assistant Professor	Associate Professor (T)

68. Other Fiscal Matters - U. T. Health Science Center - San Antonio: Approval of deferred compensation agreement for Dean Francisco Fernandez, M.D., at variance from approved institutional prototype plan

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President Henrich that the U. T. System Board of Regents approve a deferred compensation agreement for Dean Francisco Fernandez, M.D., pursuant to Section 457(f) of the *Internal Revenue Code* of 1986, as amended, as described below.

Dr. Fernandez's appointment letter includes a deferred compensation agreement to be funded by U. T. Health Science Center - San Antonio. Dr. Fernandez is the Vice President of Medical Affairs and Dean of the School of Medicine of U. T. Rio Grande Valley.

Board approval of the agreement is necessary due to the deviation from the approved institutional prototype plan that would allow Dr. Fernandez to leave employment with U. T. Health Science Center - San Antonio to become an employee of U. T. Rio Grande Valley before August 31, 2017, without forfeiting future rights to the deferred compensation account.

The agreement will provide for deferred compensation payments of \$75,000 per year for two years into a deferred compensation account subject to the terms and conditions of *Internal Revenue Code* Section 457(f). Subject to certain terms and conditions of the agreement, the deferred compensation will vest on August 31, 2017.

69. **Sale - U. T. Health Science Center - San Antonio: Authorization to sell the surface estate only of approximately 80.373 acres of land located at the southwest corner of Kitty Hawk Road and Old Cimarron Trail, Universal City, Bexar County, Texas**

Description: Sale of the surface estate only of approximately 80.373 acres of land at the southwest corner of Kitty Hawk Road and Old Cimarron Trail, Universal City, Bexar County, Texas, and authorization for the Executive Director of Real Estate to execute all documents, instruments, and other agreements, and to take all further actions deemed necessary or advisable to sell the property. The property is part of a bequest of land and financial assets from the late Mrs. Berneice Castella for the unrestricted use of U. T. Health Science Center - San Antonio. The net proceeds from the sale will be used to further the research mission of the University with an emphasis for research on diseases associated with the aging process.

Purchaser: KB HOME Lone Star, Inc., a Texas corporation, and/or its assigns

Sale Price: \$4,025,000. The sale price is supported by an appraisal performed by Atrium Real Estate Services dated effective June 19, 2014

70. Contract (funds coming in) - U. T. M. D. Anderson Cancer Center: Provide professional radiology services, medical direction, and clinical support services at Memorial Hermann hospital sites as part of a breast cancer screening network

Agency: Memorial Hermann Health System

Funds: Fees paid under this agreement will total \$7,500,000

Period: The term of this agreement will be for 60 months, commencing on November 20, 2014.

Description: This agreement establishes a breast cancer screening network within Houston and surrounding counties for breast screening and diagnostic services. U. T. M. D. Anderson Cancer Center will provide professional radiology services, medical direction, and clinical support services at several centers located at Memorial Hermann hospital sites. Memorial Hermann will pay an annual fee for each center to sublicense the U. T. M. D. Anderson Cancer Center brand and an annual Medical Director fee for oversight of the centers' medical operations. Patient services performed by U. T. M. D. Anderson personnel will be billed directly to patients and their insurance providers.

71. Contract (funds going out) - U. T. M. D. Anderson Cancer Center: Lonza Biologics Tuas Pte, Ltd to provide construction of a cell line for the creation of a master cell bank

Agency: Lonza Biologics Tuas Pte, Ltd

Funds: Total fees under this contract, including all available renewal periods, will not exceed \$4,500,000.

Source of Funds: Hospital patient income

Period: The term of the initial agreement will be for a period of 24 months, commencing on September 1, 2014 and continuing through August 31, 2016, with the option for two additional 12-month renewals.

Description: Vendor will provide services to construct a cell line for the creation of a master cell bank. The cell line to be purchased under this agreement and the product produced using the cell line will be subject to the terms of a separate license agreement covering Lonza Biologics Tuas Pte, Ltd intellectual property incorporated into the cell line.

72. Contract (funds going out) - U. T. M. D. Anderson Cancer Center: MediFit Corporate Services, Inc. to provide health and fitness management services

Agency: MediFit Corporate Services, Inc.

Funds: This fourth amendment to the agreement increases the cap amount of the agreement from \$2,499,999 to \$3,000,000.

Source of Funds: Hospital patient income

Period: The contract commenced on December 1, 2007 and the current term ends on April 30, 2015.

Description: Vendor will provide personnel to manage the daily operations of the institution's Health & Fitness Center. Services include administrative operations, providing instruction personnel for classes, and inspection of fitness equipment for any repair and maintenance needs.

73. Contract (funds going out) - U. T. M. D. Anderson Cancer Center: Visioneer, Inc., to provide software and IT professional services and support

Agency: Visioneer, Inc.

Funds: Total fees under this contract, including all available renewal periods, will not exceed \$10,500,000.

Source of Funds: Hospital patient income

Period: The term of the initial agreement will be for a period of 60 months, commencing on August 1, 2014 and continuing through July 31, 2019, with the option for two additional 12-month renewals.

Description: Vendor will provide continued IT professional services and software license for the building and maintenance of a data repository (warehouse).

74. New Award of Tenure Appointments - U. T. M. D. Anderson Cancer Center: New award of tenure appointments - amendment to the 2014-2015 budget

The following personnel actions involving new award of tenure appointments have been administratively approved by the Executive Vice Chancellor for Health Affairs. The personnel actions have been included in the 2015 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>Experimental Therapeutics</b> Shuxing Zhang	Assistant Professor	Associate Professor (T)
<b>Surgical Oncology</b> Elizabeth Gardener Grubbs	Assistant Professor	Associate Professor (T)
<b>Endocrine Neoplasia and Hormonal Disorders</b> Mouhammed Habra	Assistant Professor	Associate Professor (T)
<b>Infectious Diseases, Infection Control and Employee Health</b> Samuel Shelburne	Associate Professor	Associate Professor (T)
<b>Radiation Oncology</b> Erik Sulman	Assistant Professor	Associate Professor (T)
<b>Genetics</b> Bin Wang	Assistant Professor	Associate Professor (T)

75. Purchase - U. T. M. D. Anderson Cancer Center: Authorization to purchase approximately 0.459 acres of land and improvements located at 1040 Lehall Street, Houston, Harris County, Texas, from KBH Enterprise, LLC, a Texas limited liability company, for future programmed development of campus expansion

Description: Purchase of approximately 0.459 acres of land and improvements located at 1040 Lehall Street, Houston, Harris County, Texas, and authorization for the Executive Director of Real Estate to execute all documents, instruments, and other agreements, and to take all further actions deemed necessary or advisable to purchase the property. The improvements consist of a parking lot and an approximately 5,550 square foot building that is currently leased to a third party and is being used as an automotive repair facility. The property is currently under contract to a third party.



However, the institution is seeking authorization to purchase the property in the event the property becomes available for purchase.

Seller: KBH Enterprise, LLC, a Texas limited liability company

Purchase Price: Not to exceed fair market value as established by independent appraisal, plus all due diligence expenses, closing costs, and expenses to complete the acquisition as deemed necessary by the Executive Director of Real Estate. The appraisal is confidential pursuant to *Texas Education Code*, Section 51.951.

Source of Funds: Local Hospital Revenue

76. Lease - U. T. M. D. Anderson Cancer Center: Authorization to modify the premises area and increase the approved Lease Costs for the lease space at 2130 West Holcombe Boulevard, Houston, Harris County, Texas, from Sheridan Hills Developments, L. P., a Texas limited partnership, for use as a cancer research facility

Description: Modification to Board of Regents' approval on August 23, 2012, for U. T. M. D. Anderson Cancer Center to lease approximately 97,547 square feet of research space and approximately 3,235 square feet of storage and mechanical space and associated space at 2130 West Holcombe Boulevard, Houston, Harris County, Texas. The areas of the premises changed during negotiation of the lease and the actual figures for the premises are 95,696 square feet of research space and approximately 18,718 square feet of storage and mechanical space and associated space. The area modifications result in an increase above the total approved Lease Cost of \$39.1 million in base rent and estimated operating expenses over the initial 10-year term.

Lessor: Sheridan Hills Developments, L.P.

Term: The initial term commenced on September 1, 2013 and expires on August 31, 2023.

Lease Costs: Approximately \$40,816,303 in rent and estimated operating expenses during the initial term. This is an approximately \$1,716,303 increase to the previously-approved lease cost.

The value of the net rent and estimated operating expenses for the two five-year renewal options provided in the lease agreement is approximately \$55,926,953.

Source of Funds: Hospital Revenue and Grants

77. Contract (funds coming in) - U. T. Health Science Center - Tyler: Amendment to Interagency Cooperation Contract between Department of State Health Services (DSHS) and U. T. Health Science Center - Tyler to care for patients of DSHS' Rusk State Hospital

Agency: Department of State Health Services (DSHS), an agency of the State of Texas

Funds: \$7,547,225 calculated at \$505/bed/day for 30 beds for a period of 365 days

Period: February 1, 2013 through August 31, 2014

Description: This is an amendment (Amendment) to an Interagency Cooperation Contract (ICC) for behavioral health care services between U. T. Health Science Center - Tyler (UTHSCT) and the Department of State Health Services (DSHS). Pursuant to the Amendment, UTHSCT will continue to provide a wide array of health care services and treatment to DSHS patients located at the UTHSCT's residential units. The Amendment increases the term of the ICC by an additional seven months and increases the amount paid to UTHSCT by \$3,225,687 through the end of the contract, in response to demand for behavioral health care services for DSHS patients.

78. Contract (funds going out) - U. T. Health Science Center - Tyler: Amendment to Barham Architects, LLC contract to provide miscellaneous architectural and engineering services for projects of a limited scope

Agency: Barham Architects, LLC

Funds: Up to \$2,000,000

Source of Funds: General Revenue

Period: March 19, 2012 through March 19, 2015

Description: This is an amendment to extend the original agreement fee cap from \$999,000 to \$2,000,000. Barham Architects, LLC will provide miscellaneous architectural and engineering services for construction of behavioral health units. An increased demand for behavioral health services provided by U. T. Health Science Center - Tyler to the Department of State Health Services, per contract, has resulted in a higher demand for behavioral health units than originally anticipated.