



SCHEDULE OF EVENTS FOR BOARD OF REGENTS' MEETING

May 9-10, 2017
Austin, Texas

*U. T. System Administration, Ashbel Smith Hall, 9th Floor, 201 West Seventh Street
Office of the Board of Regents: 512.499.4402*

Tuesday, May 9, 2017

Meeting of the Board - Open Session	9:15 a.m.
Finance and Planning Committee	10:00 a.m.
Audit, Compliance, and Management Review Committee	11:15 a.m.
Meeting of the Board - Executive Session (Working Lunch)	12:15 p.m.
Facilities Planning and Construction Committee	2:00 p.m.
Health Affairs Committee	3:00 p.m.
Academic Affairs Committee	3:45 p.m.
Recess	4:45 p.m. <i>approximately</i>

Wednesday, May 10, 2017

Meeting of the Board - Open Session	9:00 a.m.
Meeting of the Board - Executive Session (Working Lunch)	11:15 a.m. <i>approximately</i>
Meeting of the Board - Open Session	12:45 p.m. <i>approximately</i>
Adjourn	1:00 p.m. <i>approximately</i>



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

**May 9-10, 2017
Austin, Texas**

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<u>Tuesday, May 9, 2017</u>	
CONVENE THE BOARD IN OPEN SESSION TO CONSIDER AGENDA ITEMS	9:15 a.m.
1. U. T. System Board of Regents: Approval of Chairman’s recommended Committee Chairmen and Regental representatives; and notification of appointments to Standing Committees and Liaison roles for the record (Regents’ Rules and Regulations, Rule 10402, regarding Committees and Other Appointments) and recommendations regarding committee names and committee structures	Action 6
2. U. T. System: Report on U. T. System commercialization performance	Report/Discussion 225 <i>Ms. Goonewardene</i>
3. U. T. System: Report on creative industry partnerships	Report/Discussion 235 <i>Ms. Goonewardene</i> <i>Ferran Prat, Ph.D., J.D.,</i> <i>U. T. M. D. Anderson</i> <i>Cancer Center</i>
COMMITTEE MEETINGS	10:00 a.m. - 12:15 p.m.
RECONVENE THE BOARD IN OPEN SESSION TO RECESS TO EXECUTIVE SESSION PURSUANT TO TEXAS GOVERNMENT CODE, CHAPTER 551 (Working lunch at noon)	12:15 p.m.
1. Personnel Matters Relating to Appointment, Employment, Evaluation, Assignment, Duties, Discipline, or Dismissal of Officers or Employees – Section 551.074	
a. U. T. Southwestern Medical Center: Periodic comprehensive performance review of institutional president (Regents’ Rules and Regulations, Rule 20201, Section 5, regarding Evaluation of Presidents)	
b. U. T. System: Discussion and appropriate action regarding individual personnel matters relating to appointment, employment, assignment, and duties of individual System Administration and institutional officers or employees involved in the delivery of capital projects for U. T. Austin and U. T. Medical Branch - Galveston	

- 2. Deliberation Regarding Security Devices or Security Audits – Section 551.076
 - U. T. System Board of Regents: Discussion and appropriate action regarding update on safety and security issues, including security audits and the deployment of security personnel and devices**
- 3. Consultation with Attorney Regarding Legal Matters or Pending and/or Contemplated Litigation or Settlement Offers – Section 551.071
 - a. **U. T. System: Discussion and appropriate action regarding legal issues concerning delegation of responsibility for capital projects under oversight of the Office of Facilities Planning and Construction**
 - b. **U. T. System: Discussion and appropriate action regarding legal issues concerning returning direct oversight of internal audit functions to certain academic institutions**

RECONVENE THE BOARD IN OPEN SESSION TO RECESS TO COMMITTEE MEETINGS

2:00 p.m.

COMMITTEE MEETINGS

2:00 p.m. - 4:45 p.m.

Wednesday, May 10, 2017

RECONVENE THE BOARD IN OPEN SESSION TO CONSIDER AGENDA ITEMS

Board Meeting **Page**

9:00 a.m.

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

9:05 a.m.

Action

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- 5. **U. T. System Board of Regents: Award of Regents' Outstanding Student Awards in Arts and Humanities -- creative writing winners**

9:15 a.m.

Presentation

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Dr. Leslie

- 6. **U. T. System: Annual Meeting with Officers of the U. T. System Student Advisory Council**

9:25 a.m.

Report/Discussion

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Mr. James Ruedlinger, Chair

- 7. **U. T. System: Discussion and appropriate action regarding returning direct oversight of internal audit functions to U. T. Arlington, U. T. Dallas, U. T. El Paso, U. T. Permian Basin, U. T. Rio Grande Valley, U. T. San Antonio, and U. T. Tyler, including allocation of funding**

10:05 a.m.

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Deputy Chancellor Daniel

- 8. **U. T. System: Discussion and appropriate action regarding delegation of responsibility for the delivery of institutional capital projects at U. T. Austin and U. T. Medical Branch - Galveston to the institutional presidents**

10:15 a.m.

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Dr. Kelley

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	<i>10:25 a.m.</i> Report <i>Mr. McBee</i>
10. U. T. System: Discussion of U. T. System priorities and budget process	17
	<i>10:35 a.m.</i> Discussion
11. U. T. System: Approval of the Fiscal Year 2018 Budget Preparation Policies and Calendar for budget operations	17
	<i>10:50 a.m.</i> Action
12. U. T. System Board of Regents: Presentation of Certificate of Appreciation to U. T. M. D. Anderson Cancer Center President Ronald A. DePinho and Comments	18
	<i>10:55 a.m.</i> Presentation
13. U. T. System Board of Regents: Presentation of Certificate of Appreciation to Student Regent Varun P. Joseph and Comments	19
	<i>11:00 a.m.</i> Presentation
STANDING COMMITTEE RECOMMENDATIONS AND REPORTS TO THE BOARD	<i>11:05 a.m.</i>
RECESS TO EXECUTIVE SESSION PURSUANT TO TEXAS GOVERNMENT CODE, CHAPTER 551	<i>11:15 a.m.</i>
1. Deliberations Regarding the Purchase, Exchange, Lease, Sale, or Value of Real Property – Section 551.072	
U. T. Austin: Discussion regarding the lease or value of property related to the Brackenridge Tract, including Lions Municipal Golf Course, Austin, Travis County, Texas	
2. Negotiated Contracts for Prospective Gifts or Donations – Section 551.073	
a. U. T. System Academic Institutions: Discussion and appropriate action regarding proposed negotiated gifts with potential naming features	
b. U. T. System Health Institutions: Discussion and appropriate action regarding proposed negotiated gifts with potential naming features	
3. Consultation with Attorney Regarding Legal Matters or Pending and/or Contemplated Litigation or Settlement Offers – Section 551.071	
a. U. T. System Board of Regents: Discussion with Counsel on pending legal issues	
b. U. T. Health Science Center - San Antonio and U. T. Rio Grande Valley: Discussion and appropriate action regarding legal issues associated with request to transfer an endowment from U. T. Health Science Center - San Antonio to U. T. Rio Grande Valley	
c. U. T. System Board of Regents: Discussion and appropriate action regarding legal issues concerning pending legal claims by and against U. T. System	

- d. **U. T. Rio Grande Valley: Discussion and appropriate action regarding legal issues related to Transition and Settlement Agreement with Doctors Hospital at Renaissance, LTD**
 - e. **U. T. Austin: Discussion regarding legal issues related to the utilization of the Brackenridge Tract, including Lions Municipal Golf Course, Austin, Travis County, Texas**
 - f. **U. T. Health Science Center - Tyler: Discussion and appropriate action regarding legal issues related to the Northeast Texas Consortium of Colleges and Universities**
4. Personnel Matters Relating to Appointment, Employment, Evaluation, Assignment, Duties, Discipline, or Dismissal of Officers or Employees – Section 551.074
- a. **U. T. System: Discussion and appropriate action regarding individual personnel matters relating to appointment, employment, evaluation, compensation, assignment, and duties of presidents (academic and health institutions), U. T. System Administration officers (Deputy Chancellor, Executive Vice Chancellors and Vice Chancellors), other officers reporting directly to the Board (Chancellor, General Counsel to the Board, and Chief Audit Executive), members of the Board of Regents, and U. T. System and institutional employees**
 - b. **U. T. Austin: Discussion and appropriate action regarding terms of employment agreement for Thomas J. Herman as Head Football Coach (Regents' *Rules and Regulations*, Rule 10501, Subsection 2.2.12, regarding Athletic Employment Agreements and Rule 20204, regarding highly compensated employees) and related Personal Service and License Agreement with 1-0 Culture LLC**
 - c. **U. T. Health Science Center - Houston: Discussion and appropriate action regarding a proposed increase in compensation for Cesar Nahas, M.D., Associate Professor in the Department of Cardiothoracic and Vascular Surgery of Radiation Oncology (Regents' *Rules and Regulations*, Rule 20204, regarding compensation for highly compensated employees)**
 - d. **U. T. Permian Basin: Discussion and appropriate action regarding the appointment of Dr. Sandra K. Woodley as President**
 - e. **U. T. System: Discussion and appropriate action regarding individual personnel matters relating to assignment and duties of the Chancellor, including responsibilities associated with the admissions procedures set forth in Regents' *Rules and Regulations*, Rule 40303**

RECONVENE IN OPEN SESSION TO CONSIDER ACTION, IF ANY, ON EXECUTIVE SESSION ITEMS

12:45 p.m.

ADJOURN

1:00 p.m.

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

RECOMMENDATION

In accordance with the Regents' *Rules and Regulations*, Rule 10402, Chairman Foster will request the concurrence of the U. T. System Board of Regents on recommended appointments of Committee Chairmen and Representatives of the Board, including Regental appointments to The University of Texas Investment Management Company (UTIMCO).

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

RECOMMENDATION

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

5. **U. T. System Board of Regents: Award of Regents' Outstanding Student Awards in Arts and Humanities -- creative writing winners**

REPORT

Executive Vice Chancellor Leslie will report on the results of the Regents' Outstanding Student Awards in Arts and Humanities.

BACKGROUND INFORMATION

In recognition of its support of the arts and humanities, on February 9, 2012, the Board of Regents authorized the Office of Academic Affairs to establish the Regents' Outstanding Student Awards in Arts and Humanities. The awards program is designed to provide a framework that fosters excellence in student performance, rewards outstanding students, stimulates the arts and humanities, and promotes continuous quality in education. This year's awards are for creative writing.

The nominees were evaluated on creativity, originality, imagery, artistic quality, and mastery of expression, with the following recognitions:

Ms. Nooshin Ghanbari, U. T. Austin, for outstanding poetry writing

Mr. Frederick Tran, U. T. Arlington, for outstanding short fiction

6. **U. T. System: Annual Meeting with Officers of the U. T. System Student Advisory Council**

INTRODUCTION

The U. T. System Student Advisory Council will meet with the Board of Regents to discuss recommendations of the Council and plans for the future. The Council's recommendations are set forth on the following pages.

Council members scheduled to attend are:

Chair: Mr. James Ruedlinger, U. T. Arlington, Organizational Communication

Tuition and Fees Working Group: Ms. Kelly Zoch, U. T. San Antonio, Finance

Student Success Working Group: Ms. Akshitha Padigela, U. T. Dallas, Finance

Graduate Education Working Group: Mr. Alex Perakis, U. T. M. D. Anderson Cancer Center, Graduate School of Biomedical Sciences, Ph.D. candidate, Immunology

Diversity and Inclusion Working Group: Mr. Kevin Helgren, U. T. Austin, Neuroscience, Psychology, Liberal Arts Honors

Legislative Working Group: Mr. Andrew Hubbard, U. T. San Antonio, Finance

BACKGROUND INFORMATION

The U. T. System Student Advisory Council was established in 1989 to provide input to the U. T. System Board of Regents working through and with the Chancellor and U. T. System Administration on issues of student concern. The operating guidelines of the Council require that recommendations have a multi-institutional focus and that the Council explore individual campus issues with institutional administrators prior to any consideration thereof. The Student Advisory Council consists of two student representatives from each U. T. System institution enrolling students, and meets three times yearly in Austin. The Standing Committees of the Council are Academic Affairs, Student Involvement and Campus Life, Health and Graduate Affairs, and Financial and Legislative Affairs.



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Student Advisory Council
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TO: Chancellor William H. McRaven

FROM: 2016 – 2017 U. T. System Student Advisory Council

DATE: May 10, 2017

It is truly an honor for us to have the opportunity to present the work we have accomplished over the past academic year. Representing all fourteen U. T. System institutions, the Student Advisory Council has worked tirelessly to identify Systemwide policy issues facing our student body, engage in research and constructive dialogue with stakeholders, and provide what we believe to be the next steps in tackling some of these issues head-on. This year members of the Council decided to focus on five key areas: Tuition Accessibility, Graduate Education, Diversity and Inclusion, Student Success, and Legislative Affairs.

We applaud the strides you have made to improve The University of Texas System. We also hope to provide beneficial feedback on current policy issues as the official mechanism to voice student opinion on the direction of the U. T. System. This year, your direction to increase the depth of our recommendations and to provide the steps we believe are necessary to carry out the recommendation drove our efforts.

It has been our pleasure to serve the student body of The University of Texas System in this past year. We hope that our research and policy recommendations have indeed risen to your challenge. Unlike in past years, the Council decided to distribute targeted and relevant information, research, and policy recommendations in the form of memoranda. The memoranda were directed to key members of U. T. System Administration who have engaged with us on identifying and implementing both meaningful and feasible policy solutions. We have provided an attached list of each of the projects conducted in each of the five key areas and a status/progress update on each of those initiatives.

We thank you, Chancellor, for the opportunity to serve the students and the U. T. System institutions. We are grateful for the time you have taken to listen to both our praise and concerns. We hope our findings may provide value to The University of Texas System and improve each student's experience at our institutions.

Sincerely,

James Ruedlinger, Jr.
Chair, 2016- 2017 Student Advisory Council
U. T. Arlington, Class of Spring 2017

cc: Dr. David Daniel, Deputy Chancellor; Dr. Steve Leslie, Executive Vice Chancellor for Academic Affairs; Dr. Ray Greenberg, Executive Vice Chancellor for Health Affairs



**ATTACHMENT: 2016 – 2017 Student Advisory Council
Summary of Policy Projects and Status Updates, by Working Group**

Working Group	Working Group Leadership	Policy Issue/Project	Status Update
Tuition Accessibility	Sachin Shah, U. T. Southwestern Medical Center Kelly Zoch, U. T. San Antonio	The goal of the working group on tuition and fees is to address the process of changing tuition and fees at U. T. System institutions and to provide student feedback on how the process might be improved. Key issues include timeliness, transparency, and student input.	A policy memorandum outlining identified issues was distributed to U. T. System leadership in April 2017 so that recommendations specific to timeliness of the process and student feedback mechanisms could be addressed during planning for the next tuition and fee cycle.
Diversity and Inclusion	Kevin Helgren, U. T. Austin Cory Hamilton, U. T. Health Science Center – Tyler	The goal of the working group is to define the scope of diversity and inclusion challenges facing students Systemwide, to research implementation and efficacy of efforts at national peer systems and institutions, and to recommend potential policy solutions or next steps to key leadership.	A meeting was held on April 6, 2017 at U. T. System to discuss key findings and potential next steps. Deputy Chancellor Daniel and Chief Human Resources Officer Kim Sullivan are actively engaged in conversation about these issues. A policy memorandum was shared with U. T. System leadership in April 2017.
Graduate Education	Alix Baycroft, U. T. Health Science Center – Houston Alex Perakis, U. T. M. D. Anderson Cancer Center	The group engaged in policy research and proposed recommendations to improve clarity about expectations among graduate students and faculty in advisory roles.	A policy memorandum proposing a policy and proposed content of graduate student compacts was shared with key leadership and the U. T. System Faculty Advisory Council (FAC). SAC hopes to engage FAC and U. T. System leadership in the upcoming year for feedback on the proposed compacts and implementation.
		The working group sought student feedback regarding the sustainability of the Graduate Student Career Symposia (Mikiten Graduate Research Symposium).	A policy memorandum was shared with U. T. System staff and leadership expressing support for the continued sustainability of the symposia as a means to educate students and expand opportunities for graduate students in non-academic career paths.



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Graduate Education (continued)		<p>The working group conducted research into best practices and policies regarding paid parental leave for graduate students, specifically the paid parental leave policy for the National Institute of Health funded students for Kirschstein-NRSA trainees.</p>	<p>The group recommended no further policy action at this time but shared a recommended list of further questions about policy, practice, and implementation issues that future Student Advisory Council members should consider if they choose to focus on this issue in future years.</p>
		<p>The working group researched the potential use of telemedicine to address student mental health demand. They researched options for sharing best practices in mental health services among the U. T. System institutions.</p>	<p>A policy memorandum was shared with U. T. System Administration and institutional stakeholders including the Office of Academic Affairs and the Office of Health Affairs as well as institutional counseling center directors and student health providers. An op-ed regarding the importance of utilizing mental health services already in place, written in collaboration with U. T. System staff, may be published during the May 2017 National Mental Health Awareness Month.</p>
Student Success	<p>Akshitha Padigela, U. T. Dallas</p> <p>Laura Baker, U. T. Arlington</p>	<p>The goal of this working group is to engage in efforts related to the Chancellor's Quantum Leap in Student Success, specifically related to best practices and policy recommendations in the area of undergraduate advising.</p>	<p>Each member of the group engaged U. T. System academic institutions in identifying data and information about the advising process. A memorandum outlining a few key findings (based on the data), and outlining a few policy recommendations was shared with Dr. Rebecca Karoff, Student Success Quantum Leap Lead and other key leadership in April 2017. Two members of the working group continue to be engaged as student representatives in the Quantum Leap affinity group project. Information</p>



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			and data were also shared with the Quantum Leap research team.
Legislative Affairs	Andrew Hubbard, U. T. San Antonio	The Council prepared three legislative value statements that expressed the positions and priorities of the group. Value statements addressed public support for higher education, tuition autonomy, and student well-being.	A memorandum outlining the value statement was shared U. T. System Administration. Members continue to engage in weekly calls to discuss relevant legislation and policy efforts related to the three value statements.

7. **U. T. System: Discussion and appropriate action regarding returning direct oversight of internal audit functions to U. T. Arlington, U. T. Dallas, U. T. El Paso, U. T. Permian Basin, U. T. Rio Grande Valley, U. T. San Antonio, and U. T. Tyler, including allocation of funding**

RECOMMENDATION

The Chancellor concurs with the recommendation of the Deputy Chancellor, the Executive Vice Chancellor for Business Affairs, and the Chief Audit Executive that an allocation be made of \$15,366,630 of Permanent University Fund (PUF) Bond Proceeds to seven academic campuses and return of direct oversight and funding of campus auditors to the campuses effective September 1, 2017.

There are potential efficiencies associated with centralizing campus audit functions at U. T. System Administration. However, the experience of direct oversight at U. T. System Administration of internal auditors at the seven academic campuses has been that potential benefits have been minimal and are outweighed by the functional benefits of an institutional-level reporting relationship for the internal auditors. It was concluded that the appropriate course of action is to return the seven academic institutions to the previous institution direct oversight model. This will also result in a return to a consistent structure for all 14 academic and health institutions.

This action would transfer campus audit functions from U. T. System Administration to the seven academic campuses effective September 1, 2017. The change would affect 48.25 audit positions. The seven academic campuses are expected to employ most if not all of the current campus-stationed, U. T. System-employed auditors, but employment decisions regarding specific audit staff members would reside with the campuses.

To allow time for campuses to absorb the cost of the auditors, the U. T. System would provide each campus with funding equal to three years of salary, fringe benefits, travel, and operating costs of current audit staff. This would allow campuses, in effect, three years to absorb the cost of the audit staff without any additional financial burden. This would also eliminate \$5.1 million in annual AUF spending by U. T. System Administration. It may be necessary in three years to revisit the adequacy of the funding support provided to the campuses, depending on future developments.

Because of legal restrictions on the use of funds, the U. T. System would provide campuses with funding in the form of Permanent University Fund (PUF) debt. Each campus may determine whether the institution wishes to receive the entire three-year allocation of PUF funding to allow for specific capital projects or to receive an annual supplement to the Library, Equipment, Repair and Rehabilitation (LERR) budget distributed annually and also funded with PUF debt. The expectation is that the campuses would use the PUF funding for eligible capital projects where they currently had planned to use institution resources and in turn redirect funds to cover the cost of auditors.

The chart below represents how the \$15,366,630 would be allocated:

Campus	PUF for Campus
Arlington	\$1,863,441
Dallas	\$2,894,781
El Paso	\$3,096,561
Permian Basin	\$ 954,618
Rio Grande Valley	\$2,771,181
San Antonio	\$2,808,177
Tyler	\$ 977,871
TOTAL	\$15,366,630

BACKGROUND INFORMATION

On August 21, 2014, the U. T. System Board of Regents requested that U. T. System Administration identify ways to transfer costs from academic campuses to U. T. System Administration so that a tuition increase would not be necessary. The “tuition offset” was straightforward for U. T. Austin, which may receive Available University Fund (AUF) allocations from U. T. System to cover operating expenses. For the other academic campuses, the tuition offset program involved transferring several types of services and expenses, including the institutional internal auditors, to U. T. System Administration. The auditors remain physically located at the campuses and perform audit functions for the campuses as part of a centrally managed audit program, but they became employees of U. T. System Administration effective September 1, 2014. The U. T. System Administration campus audit function involves 48.25 full-time equivalent (FTE) campus auditors at an annual cost of \$5,122,210 in salaries, fringe benefits, and operating expenditures.

8. **U. T. System: Discussion and appropriate action regarding delegation of responsibility for the delivery of institutional capital projects at U. T. Austin and U. T. Medical Branch - Galveston to the institutional presidents**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Deputy Chancellor, the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Health Affairs, and the Executive Vice Chancellor for Business Affairs that the Office of Facilities Planning and Construction be authorized to delegate responsibility for the delivery of institutional capital projects at U. T. Austin and U. T. Medical Branch - Galveston to the respective institutional presidents.

BACKGROUND INFORMATION

Executive Vice Chancellor Kelley, who chaired the U. T. System Executive Committee on Outsourcing, will make a presentation and present a recommendation concerning the responsibility for delivery of institutional capital projects at U. T. Austin and U. T. Medical Branch - Galveston.

In Fall 2016, the U. T. System Executive Committee on Outsourcing was formed to evaluate potential outsourcing options for decentralized project management services supplied by the U. T. System Office of Facilities Planning and Construction (OFPC). The Committee convened in December 2016 and met as a group three additional times. After review and discussion of existing OFPC services, the Committee developed six scenarios for delegating oversight to selected institutional presidents or outsourcing to private sector firms.

Based on reviews of the various options, the Committee recommends that the Presidents of U. T. Austin and U. T. Medical Branch - Galveston be delegated authority to manage the project delivery of their institution's capital program. These new delegations will be similar to those existing at U. T. M. D. Anderson Cancer Center and U. T. Southwestern Medical Center.

9. **U. T. System: Discussion of issues from the 85th Texas Legislative Session**

10. **U. T. System: Discussion of U. T. System Administration budget and priorities**

11. **U. T. System: Approval of the Fiscal Year 2018 Budget Preparation Policies and Calendar for budget operations**

12. **U. T. System Board of Regents: Presentation of Certificate of Appreciation to U. T. M. D. Anderson Cancer Center President Ronald A. DePinho and Comments**

13. **U. T. System Board of Regents: Presentation of Certificate of Appreciation to Student Regent Varun P. Joseph and Comments**



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AUDIT, COMPLIANCE, AND MANAGEMENT REVIEW
COMMITTEE**

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Board Meeting: 5/10/2017
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Convene	<i>11:15 a.m.</i>		
1. U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, assigned for Committee consideration	<i>11:15 a.m.</i> Discussion	Action	22
2. U. T. System: Discussion and appropriate action regarding amendment of Regents' <i>Rules and Regulations</i>, Rule 20401 (Audit and Compliance Programs) to more accurately reflect current responsibilities of the U. T. System Chief Compliance and Risk Officer	<i>11:16 a.m.</i> Action	Action	23
3. U. T. System: Report on institutional and Systemwide compliance programs	<i>11:20 a.m.</i> Report/Discussion <i>Mr. James Dockery, U. T. Dallas Ms. Allyson Kinzel, U. T. M. D. Anderson Cancer Center Mr. Toby Boenig, U. T. Medical Branch - Galveston Dr. Arthur Culpepper</i>	Not on Agenda	25
4. U. T. System: Report on the results of the Fiscal Year 2016 U. T. Systemwide Endowment Compliance Program	<i>11:35 a.m.</i> Report/Discussion <i>Dr. Safady</i>	Not on Agenda	26
5. U. T. Medical Branch - Galveston: Report of the results of a nontraditional information technology audit of social engineering	<i>11:50 a.m.</i> Report/Discussion <i>Ms. Kimberly Hagara, U. T. Medical Branch - Galveston</i>	Not on Agenda	42

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6. U. T. System: Report on the State Auditor's Office Statewide Single Audit for FY 2016	12:05 p.m. Report/Discussion <i>Mr. Peppers</i>	Not on Agenda	57
7. U. T. System: Report on the Systemwide internal audit activities and audit administrative items, including Priority Findings, Annual Audit Plan status, and Chief Audit Executive Annual Statements; and consideration and approval of Institutional Audit Committee chair changes	12:10 p.m. Action <i>Mr. Peppers</i>	Not on Agenda	60
Adjourn	12:15 p.m.		

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

RECOMMENDATION

No [Consent Agenda](#) items are assigned for review by this Committee.

2. **U. T. System: Discussion and appropriate action regarding amendment of Regents' Rules and Regulations, Rule 20401 (Audit and Compliance Programs), Section 2 to more accurately reflect current responsibilities of the U. T. System Chief Compliance and Risk Officer**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Deputy Chancellor, the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and the Vice Chancellor and General Counsel that the Regents' *Rules and Regulations*, Rule 20401 (Audit and Compliance Programs), be amended to replace Section 2 as set forth below to more accurately reflect current responsibilities of the U. T. System Chief Compliance and Risk Officer:

Sec. 2 Compliance Program. The Chancellor, as chief executive officer of the U. T. System, is responsible for ensuring the implementation of a Systemwide compliance program for the U. T. System. U. T. System Administration shall adopt a policy further implementing the Systemwide compliance program.

The Systemwide compliance program shall be headed by a Chief Compliance and Risk Officer (CCRO) and is a fundamental part of the management structure of U. T. System Administration. The primary responsibility of the CCRO is developing the infrastructure for the effective operation of the Systemwide compliance program. The CCRO is also responsible for apprising System Administration and the Audit, Compliance, and Management Review Committee (ACMRC) of the compliance functions and activities at System Administration, The University of Texas Investment Management Company (UTIMCO), and each institution.

BACKGROUND INFORMATION

After an external assessment of the U. T. Systemwide compliance function was finalized in 2016, System Administration has taken great strides to reconstitute the Office of Systemwide Compliance, including the appointment of a Chief Compliance and Risk Officer, a Deputy Chief Compliance and Risk Officer, a Chief Inquiry Officer, as well as bringing the responsibility for ethics and privacy into the compliance function.

A key recommendation of the report was to revise and operate under a functional Systemwide Compliance Charter, under the direct governance of the Systemwide Executive Compliance Committee.

With the additional leadership of the Institutional Compliance Advisory Council, the Office of Systemwide Compliance and the Executive Compliance Committee have approved a new Systemwide Compliance Charter to govern the priorities and operations of the Office of Systemwide Compliance.

With the Charter in place, amendments to Regents' Rule 20401 (Audit and Compliance Programs) and U. T. Systemwide Policy, UTS119 (Institutional Compliance Program) are

recommended to avoid duplication, to empower the newly adopted Charter, and to provide the foundation for a successful Systemwide Compliance Program.

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

3. U. T. System: Report on institutional and Systemwide compliance programs

REPORT

Mr. Phil Dendy, Chief Compliance and Risk Officer at The University of Texas System, will introduce the following members of the Institutional Compliance Advisory Committee (ICAC) for a report on high compliance risk areas and the direction of the ICAC.

- Mr. James Dockery, Assistant Vice President, Institutional Equity and Compliance at U. T. Dallas and Chair of the ICAC;
- Ms. Allyson Kinzel, Vice President and Chief Compliance Officer at U. T. M. D. Anderson Cancer Center and Vice Chair of the ICAC;
- Mr. Toby Boenig, Vice President and Chief Compliance Officer at U. T. Medical Branch - Galveston and Vice Chair of the ICAC; and
- Dr. Arthur Culpepper, Executive Director and Deputy Compliance Officer at U. T. System Administration and member of the ICAC.

BACKGROUND INFORMATION

After an external assessment was finalized in 2016, U. T. System Administration reconstituted the Office of Systemwide Compliance, including the appointment of a Chief Compliance and Risk Officer, a Deputy Compliance Officer, and a Chief Inquiry Officer, and has moved responsibility for monitoring and oversight for ethics and privacy into the compliance function.

Systemwide Compliance's key partners are the compliance departments of the 14 U. T. System institutions represented through the ICAC. Though newly reestablished, the ICAC is engaged in providing oversight and support in identifying key compliance risks on a Systemwide basis.

The Chief Compliance and Risk Officer recommends that future Audit, Compliance, and Management Review Committee meetings involve in-depth discussions of particular compliance risks. Before focusing on specific areas, a broad conversation is needed to provide context to these discussions. The ICAC Chair, Vice Chairs, and the Deputy Compliance Officer will discuss the establishment of institution-driven, Systemwide committees to further monitor high-risk areas, emerging issues, and the manner in which these issues are being addressed at the institutions and Systemwide.

4. **U. T. System: Report on the results of the Fiscal Year 2016 U. T. Systemwide Endowment Compliance Program**

REPORT

Vice Chancellor Safady will report on the U. T. Systemwide Endowment Compliance Program for the fiscal year ended August 31, 2016, using a PowerPoint presentation set forth on the following pages.

Endowment Compliance Program FY 2016

Dr. Randa Safady, Vice Chancellor for External Relations

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



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Summary of Presentation

- Endowment Compliance Program overview — why have it and how it works
- Information on all endowments held by U. T. System Board of Regents, U. T.-affiliated foundations, and others
- Data on Board-held endowments only
- Overview of annual reporting process
- Summary of findings from FY 2016 report

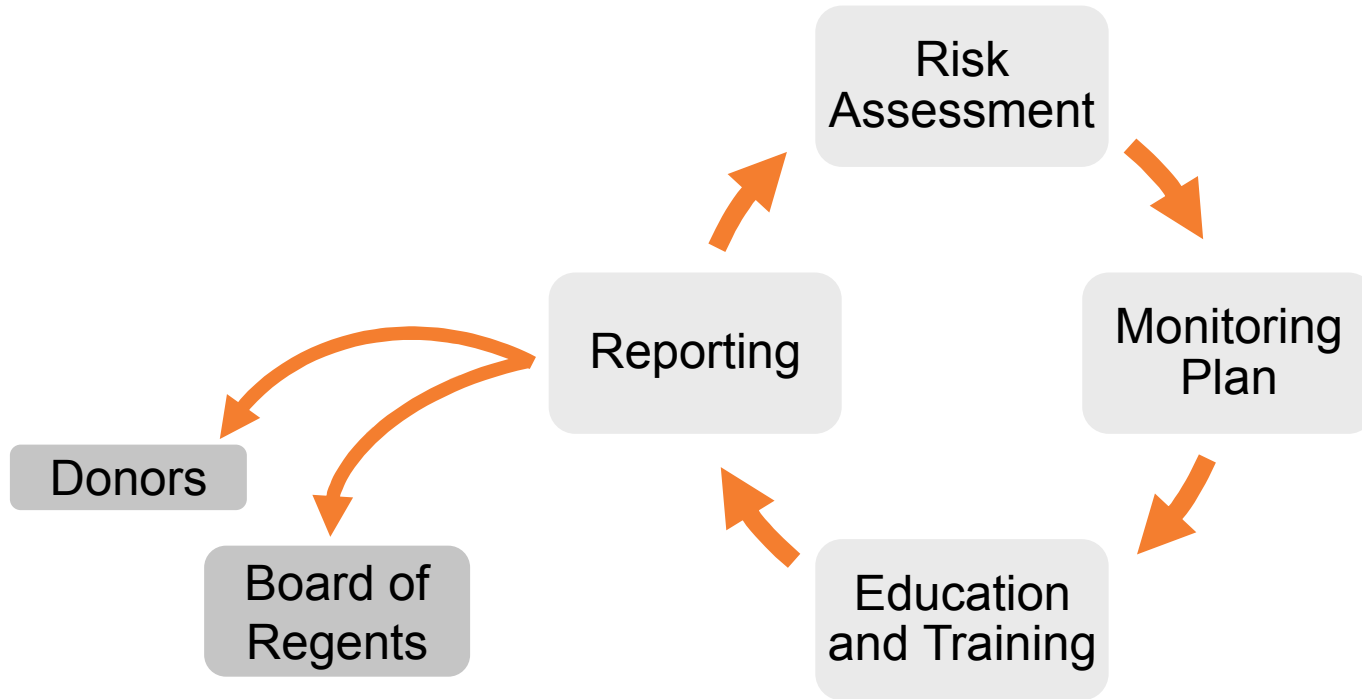


Purpose of Program

- U. T. System Board of Regents' Rule 60102:
"...Administration and management of the endowments are the joint responsibility of the U. T. System and each institution."
- To **honor donor intent**, confirmed by timely reporting
- To **utilize endowment resources** most effectively
- To **standardize management** of endowments
- To **ensure awareness** of compliance issues across U. T. System institutions
- To **encourage philanthropy** through increased donor trust



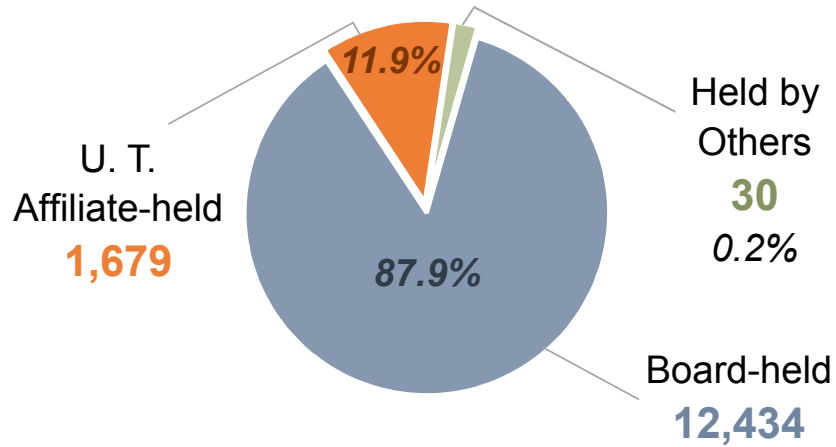
Elements of Endowment Compliance Program



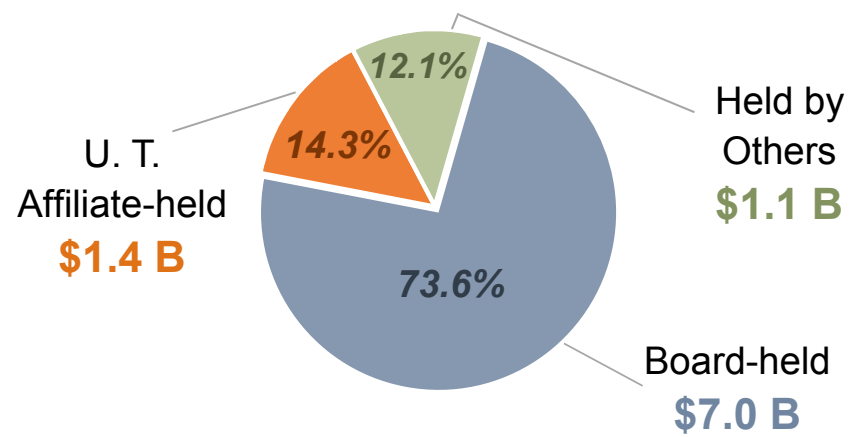
Total Endowments

In FY 2016, there were **14,143** total endowments, with a total Market Value of **\$9.5 Billion**, held as follows:

Number of Endowments

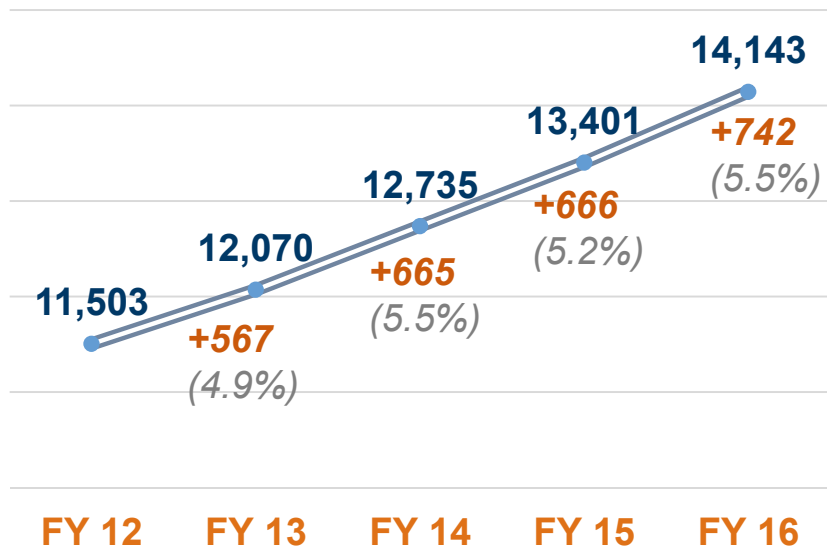


Market Value

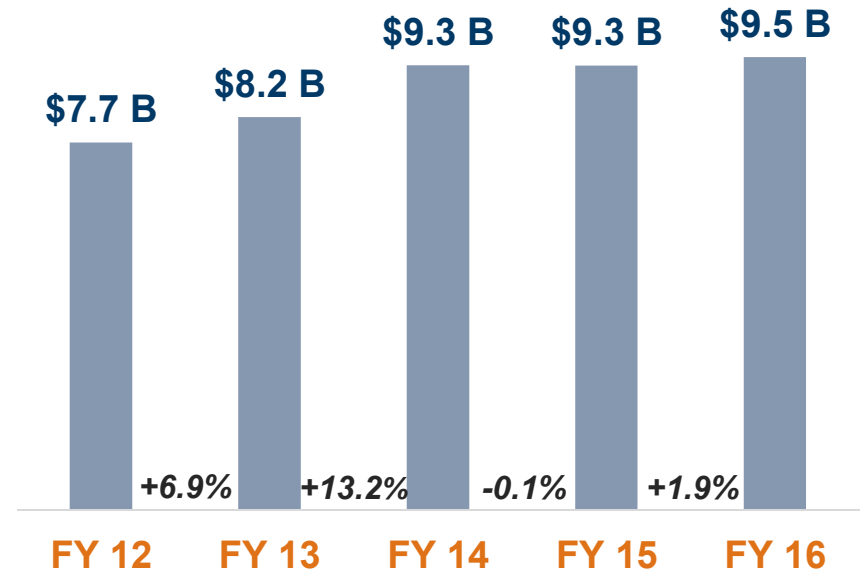


Total Endowments – Five Year Trends

Number of Endowments



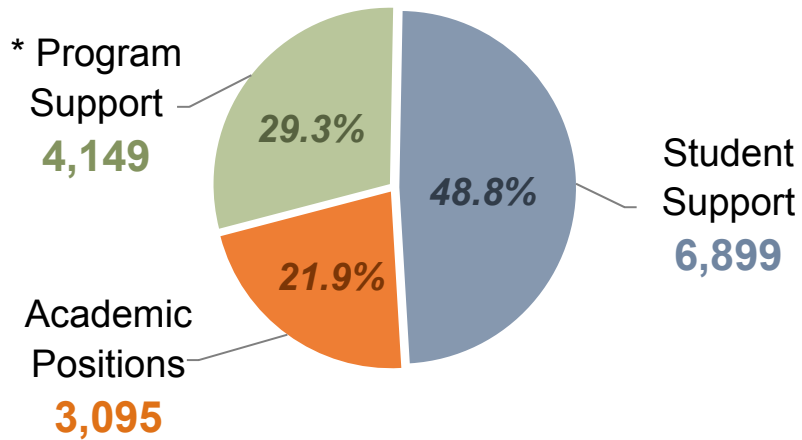
Market Value



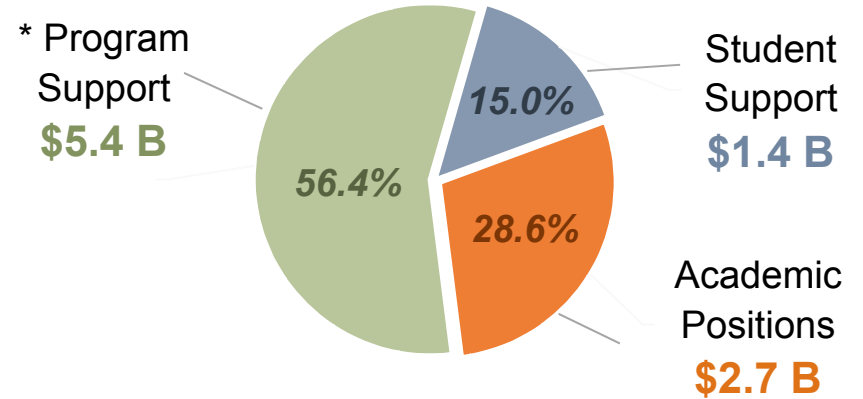
Total Endowments – by Type

Endowments typically fall into three categories: **Student Support**, **Academic Positions**, and **Program Support**

Number of Endowments



Market Value



* Program Support includes endowments designated to research



Endowment Growth Systemwide

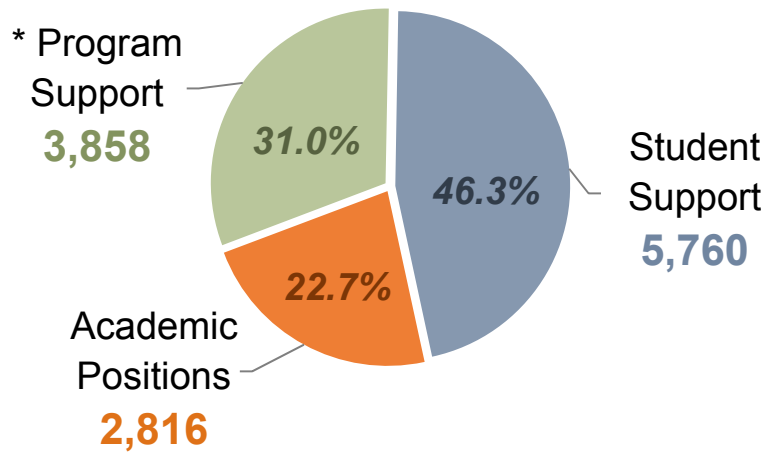
	Total Number of Endowments	Number Increase Over Previous Year		Total Market Value	Market Value Increase Over Previous Year
U. T. Arlington	670	10	2 %	\$ 129.4 M	2 %
U. T. Austin	7,057	380	6 %	\$ 3.7 B	1 %
U. T. Dallas	457	52	13 %	\$ 442.1 M	11 %
U. T. El Paso	723	26	4 %	\$ 186.6 M	1 %
U. T. Permian Basin	150	4	3 %	\$ 48.8 M	2 %
U. T. Rio Grande Valley	501	50	11 %	\$ 84.3 M	6 %
U. T. San Antonio	436	34	8 %	\$ 133.9 M	10 %
U. T. Tyler	280	10	4 %	\$ 79.0 M	-0.4 %
U. T. Southwestern Medical Center	972	28	3 %	\$ 1.4 B	4 %
U. T. Medical Branch - Galveston	846	36	4 %	\$ 1.6 B	-3 %
U. T. Health Science Center - Houston	598	51	9 %	\$ 303.7 M	10 %
U. T. Health Science Center - San Antonio	498	19	4 %	\$ 236.0 M	9 %
U. T. M. D. Anderson Cancer Center	551	25	5 %	\$ 1.0 B	1 %
U. T. Health Science Center - Tyler	44	2	5 %	\$ 12.7 M	0.5%
U. T. System Administration	352	15	4 %	\$ 55. 6 M	-2 %
Multi Institution	8	0	0 %	\$ 18.6 M	-4 %
	14,143	742	6 %	\$ 9.5 B	1.9 %



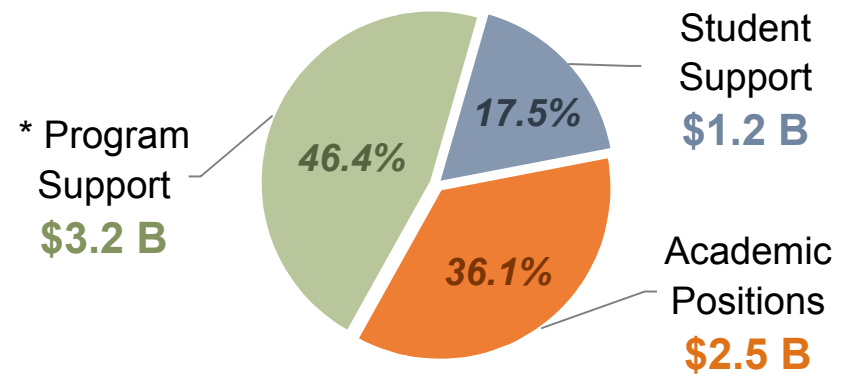
Board-Held Endowments – Numbers by Type

In FY 2016, the **12,434** Board-Held endowments had a total Market Value of **\$7.0 Billion**, allocated among the three endowment types as follows:

Number of Endowments



Market Value

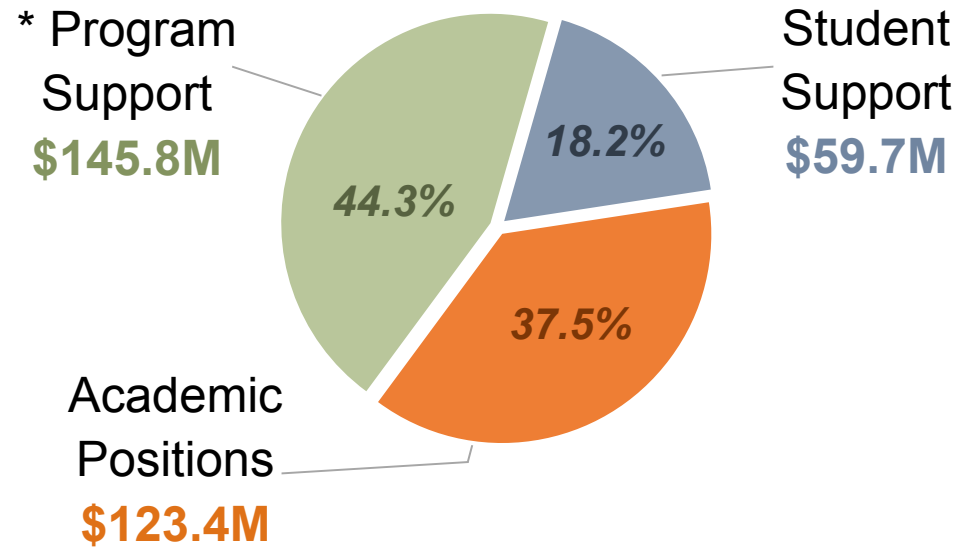


* Program Support includes 899 endowments, with \$1.6 Billion Market Value, designated to research



Board-Held Endowments – Distributions

The total Available Distributions from all Board-held Endowments was **\$328.9 Million**, allocated across the three endowment types as follows:



* Program Support includes endowments designated to research



Annual Report – Monitored Risk Factors

- Each U. T. System institution and U. T. System Administration reviews between 1/3 and all of its endowments (based on its total number), focusing on five primary risk factors:
 - **Inappropriate spending of endowment distributions**
 - **No spending of endowment distributions (without justifiable reasons)**
 - **Excessive accumulations of endowment distributions (without justifiable reasons)**
 - **Reinvestment of >10% of annual distributions (without justifiable reasons)**
 - **Fully-funded academic positions unfilled for 24 months or longer**



Annual Report – Monitored Risk Factors (cont.)

- Each U. T. System institution and U. T. System Administration also reviews:
 - **Endowment compliance staff training (nature of training, number trained)**
 - **Annual reporting to donors and institution executive officers**
- Each U. T. System institution and U. T. System Administration submits an annual report on compliance activity and findings
- Annual Endowment Compliance Report data is reviewed and analyzed in the U. T. System Office of External Relations
- Findings are reported to the U. T. System institution president, U. T. System Chancellor and executive officers, and U. T. System Board of Regents



Summary of Findings – FY 2016

Findings from the review of **6,096** (46%) of **13,200** endowments included in the report:

Report Criteria	For Endowments Reviewed		
	# Reviewed	# in Compliance	% in Compliance
Inappropriate Spending of Endowment Distributions	6,157	6,096	99.01 %
No Spending of Endowment Distributions (without Justifiable Reasons)	6,096	6,032	98.95 %
Excessive Accumulations of Endowment Distributions (without Justifiable Reasons)	6,096	5,966	97.87 %
Reinvestment of >10% of Endowment Distributions (without Justifiable Reasons)	6,096	6,096	100 %
Fully-funded Endowed Academic Positions Unfilled for ≥ 24 Months (100% reviewed)	2,674	2,519	94.20 %



Summary of Findings – FY 2016 (cont.)

- During the reporting period, Board-held and U. T. affiliate-held endowment distributions totaled **\$345 million**, and the institutions spent 88.5% of that.
- By endowment type, percentages of total expenditures were as follows:
 - **Student Support – 94% of annual distributions were spent (\$56.7 M of \$60.4 M)**
 - **Academic Positions – 91% of annual distributions were spent (\$115.4 M of \$127.5 M)**
 - **Program Support – 85% of annual distributions were spent (\$133.1 M of \$157.1 M)**



Looking Forward

- Decreasing the accumulations of endowment distributions remains a top priority, particularly with scholarship endowments.
- Fully automating the Annual Endowment Compliance Report system has proved difficult, but we are working to improve the process.
- New Long Term Fund allocation to help fund development will also yield more endowments, and with that, more compliance.
- Increasing current endowment funding levels may help alleviate accumulation of funds issue that exists at some institutions.



5. **U. T. Medical Branch - Galveston: Report of the results of a nontraditional information technology audit of social engineering**

REPORT

Ms. Kimberly Hagara, Vice President for Audit Services at U. T. Medical Branch - Galveston, will make a presentation on a nontraditional information technology audit of social engineering. A PowerPoint presentation is set forth on the following pages.

Social Engineering: a NonTraditional IT Audit

Ms. Kimberly Hagara, Vice President, Audit Services
U. T. Medical Branch - Galveston

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



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Agenda

- The Risk: What is Social Engineering?
- The Project: UTMB Health's Story
- The Controls: Internal Audit Considerations
- The Trusted Advisor: Internal Audit and Cybersecurity



What is Social Engineering?

- Phishing and Spear Phishing
- Vishing and SMS Texting
- Baiting and Physical Exploits



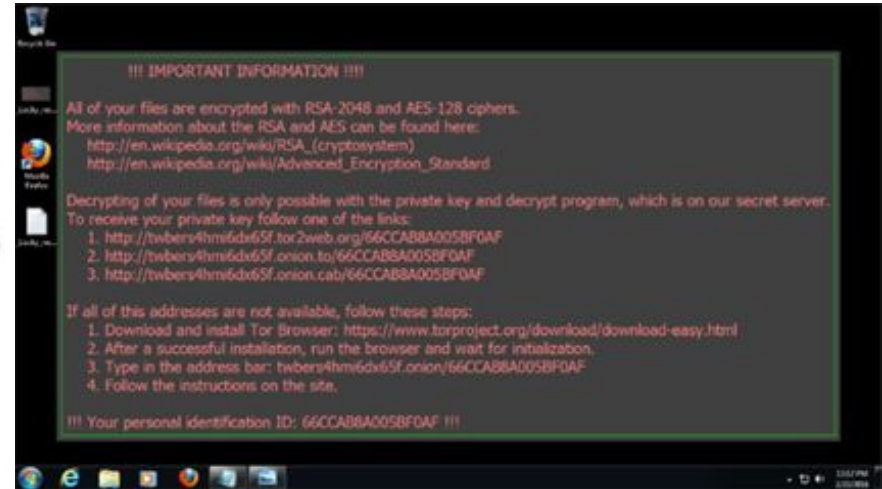
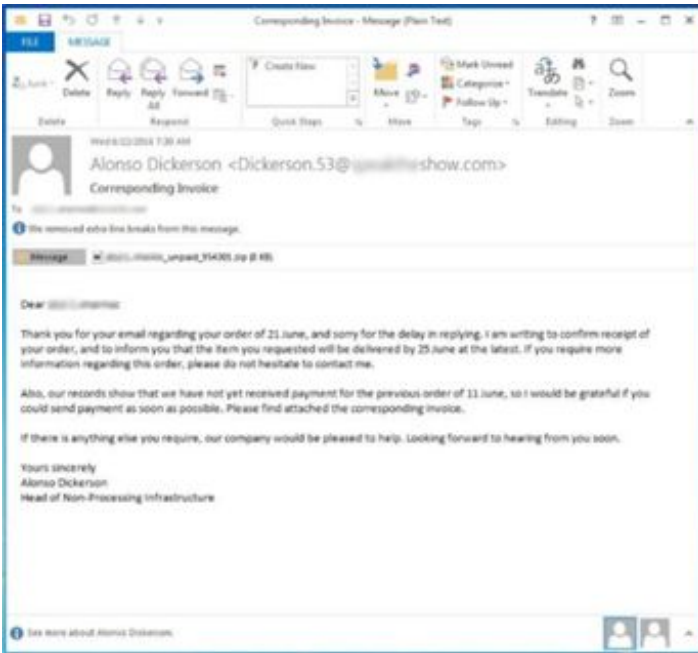
What Could Go Wrong?



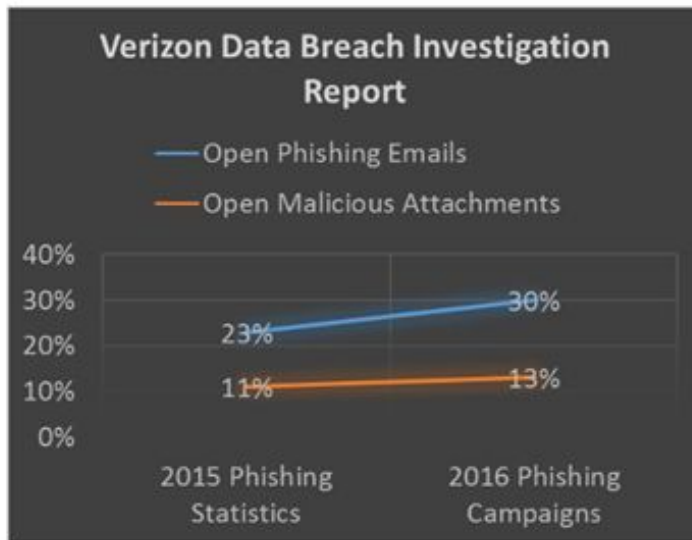
- Employee W2 extracts – Seasonal exploit
- Wire fraud schemes – Executive exploit



What Could Go Wrong? (cont.)



Data Behind the Risk



- 89% of phishing attacks originate from organized crime syndicates (source: Verizon)
- 95% of all attacks on enterprise networks are the result of spear phishing (source: SANS Institute)
- Phishing will remain the primary method of attack delivery through the year 2020 (source: Gartner)



Risk Scenarios – Threat/NonThreat?

Social Engineering Technique	Risk Scenario	Risk Exposure*	Level of Effort by Cyber-Criminal
Phishing	Opening a malicious email?	Very Low	Very Low
Phishing	Clicking a malicious link?	Low	Very Low
Phishing / Baiting	Opening a malicious file?	Medium	Very Low
Baiting	Inserting a malicious USB drive?	Medium	Medium
Phishing / Baiting	Running program / executable?	Very High	Very Low
Phishing / Baiting	Running a macro in a malicious file?	Very High	Very Low
Phishing / Baiting / Vishing	User credential theft?	Very High	Very Low
In-Person Exploit	Theft of IT Assets, Sensitive Data	Very High	Medium – Very High

*Assumes a moderate level of security and system hardening is in place



Engagement Premise

- Replicate real world scenarios (both internal and external threats) with varied levels of sophistication and without any notification of testing activities
- Assess the ease of gaining access to buildings, infrastructure, automated information systems, or confidential/sensitive data through methods primarily relying upon human interaction, persuasion, or deception (i.e., “a sense of susceptibility, or vulnerability”)
- Take reasonable care to do no harm
- Educational, nonpunitive, anecdotal findings
- Facilitate development of action plan for sustained improvement
- ...and ultimately get a feel for what it might mean to “operationalize” this type of testing



Engagement Stakeholders

Tone from the Top

- Senior Vice President and General Counsel (sponsor)
- Vice President and Chief Compliance Officer (owner)
- Vice President, Legal Affairs
- Police Chief, Assistant Chief, Lt. (Operations/Patrol)
- Chief Audit Executive
- Chief Information Officer
- Information Security Officer
- Public Information Officer



From the Bottom Up

- IT Audit Manager (engagement lead)
- IT Auditor (chauffer)
- Privacy Officer (guard rails)
- Web Developers (2)
- Helpdesk tickets
- Exchange Engineer
- Advocate from the trenches
- Hall monitor
- Police Technical Manager



Engagement Tactics

- 40+ buildings, 100+ walkabouts
- 150+ baits
- Multiple campus/satellite locations; offices, closets, PCs
- Phishing (e.g., password stringency test, inbox notifications)
- Spear Phishing (e.g., April Fools' Day)
- Vishing (e.g., IT maintenance impersonation)



Engagement Takeaways

- Internal Audit's relationship with executive management says a great deal about your culture.
- At the end of the day, layered security defenses are porous and ultimately your employees become your perimeter!
- Employees can be your greatest vulnerability or your best defense against social engineering attacks.



It's more than just phishing . . .

- Lost and found procedures
- Incident response procedures
- Building entrances
- Building interiors (restricted/secured space)
- Extent of police presence and camera coverage
- Hardcopy (disposal to destruction)
- Desktop configurations (are controls what you expected)
- Nonsanctioned software use
- Vulnerability scans (end user devices)
- Extent of encryption
- Publically displayed login credentials

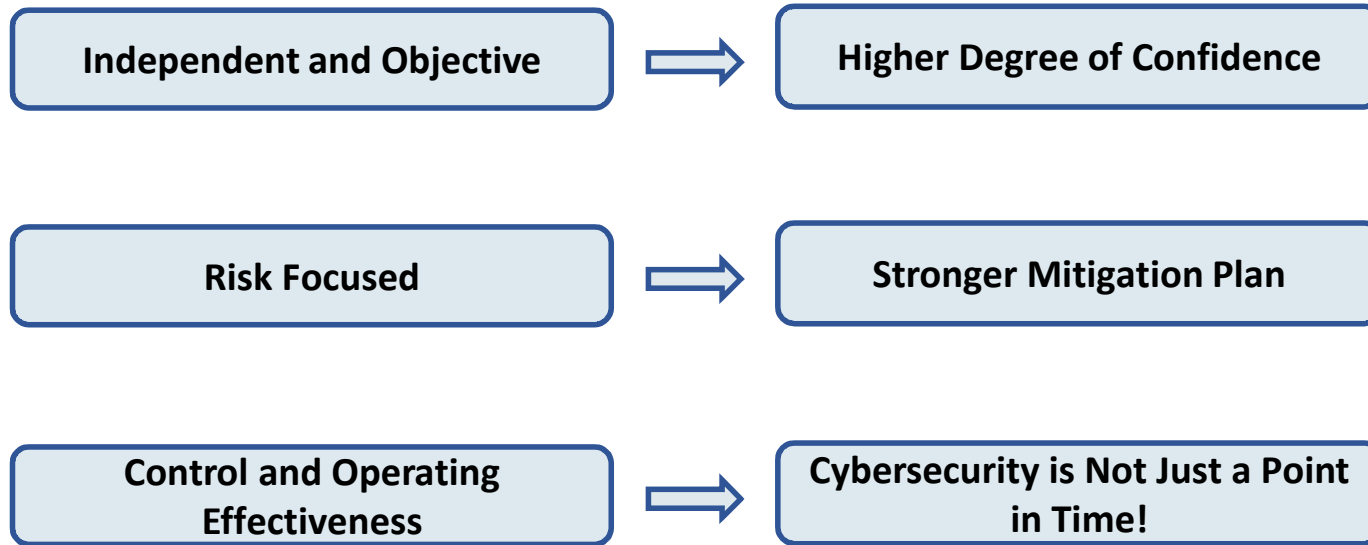


Adding Value

- As risks continue to evolve, so too must the internal audit function.
- Progressive approaches; different conversations and levels of services
- Help drive organizational change; reducing the exposure to social engineering threats
- Provide insights and recommendations on an important risk matter



The Case for Internal Audit & Cybersecurity



6. **U. T. System: Report on the State Auditor's Office Statewide Single Audit for FY 2016**

REPORT

Chief Audit Executive Peppers will report on the State Auditor's Office State of Texas Federal and Financial Portions of the Statewide Single Audit for Fiscal Year 2016. A summary is set forth on the following pages.

BACKGROUND INFORMATION

The Texas State Auditor's Office performs the Statewide Single Audit annually. The Statewide Single Audit includes a federal portion, which is an audit of compliance and controls over the State's federal awards, and a financial portion, which includes an audit of the basic financial statements for the State of Texas. These reports are submitted to the federal government to fulfill Single Audit reporting requirements.

The University of Texas System
State Auditor's Office FY 2016 Statewide Single Audit
Summary of Results

State of Texas Compliance with Federal Requirements for Federal Programs

As a condition of receiving federal funding, the Title 2, U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) requires non-federal entities that expend at least \$750,000 in federal awards in a fiscal year to obtain annual Single Audits. To supplement the audit procedures performed by KPMG for the annual Single Audit of federal expenditures for the State of Texas for Fiscal Year (FY) 2016, the State Auditor's Office (SAO) audited student financial aid at U. T. Arlington, U. T. Austin, U. T. Dallas, U. T. El Paso, U. T. Rio Grande Valley, and U. T. San Antonio. The SAO performs this audit every year, and institutions are chosen on a rotational basis with the size of their programs factored into the selection process. Procedures included assessing compliance with regulatory requirements and internal controls over federal funds. The SAO classifies findings identified in the samples as a significant deficiency/non-compliance or material weakness/non-compliance, the latter of which indicates a more serious reportable issue.

Compliance with Federal Requirements for the Student Financial Assistance Cluster of Federal Programs for the Fiscal Year Ended August 31, 2016¹ (February 28, 2017)

The Student Financial Assistance (SFA) Cluster audits test compliance with federal requirements in up to 12 areas, such as eligibility, cash management, and reporting. Overall, the State of Texas complied in all material respects with the federal requirements for the SFA Cluster of federal programs in FY 2016. The audit resulted in a total of 21 findings/recommendations at six U. T. System institutions for a total questioned cost of \$1,919, as outlined below.

- U. T. Arlington (questioned cost: \$0)
- U. T. Austin (questioned cost: \$130)
- U. T. Dallas (questioned cost: \$0)
- U. T. El Paso (questioned cost: \$1,789)
- U. T. Rio Grande Valley (questioned cost: \$0)
- U. T. San Antonio (questioned cost: \$0)

Eighteen of the findings were primarily categorized as significant deficiencies and non-compliance, but three were designated as material weaknesses (i.e., U. T. Arlington – related to enrollment reporting; U. T. El Paso – related to return of Title IV funds; and U. T. Rio Grande Valley – related to verification of special tests and provisions). Institutional management has taken action to correct errors, as needed, and responded appropriately to the recommendations with several institutions having taken steps towards implementation.

In addition, corrective actions were taken for several findings from the SAO's previous SFA Cluster audits, and management provided updated corrective action plans for the remaining open recommendations. Some of the open recommendations were reissued as new findings in the FY 2016 audit report.

¹ <http://www.sao.texas.gov/reports/main/17-027.pdf>

**The University of Texas System
State Auditor's Office FY 2016 Statewide Single Audit
Summary of Results**

Compliance with Federal Requirements for the Research and Development Cluster of Federal Programs for the Fiscal Year Ended August 31, 2016

The SAO did not audit the Research and Development (R&D) Clusters for the federal portion of the statewide Single Audit for FY 2016, but it did perform work to follow up on unresolved R&D Cluster findings issued in prior year audits. Corrective actions were taken for several findings from the SAO's previous R&D Cluster audits, and management provided updated corrective action plans for the recommendations that remained open.

Compliance with Federal Requirements for Selected Major Programs for the Fiscal Year Ended August 31, 2016² (February 28, 2017)

U. T. Medical Branch - Galveston (UTMB) received funds from the Disaster Grants – Public Assistance (Presidentially Declared Disasters) Program. UTMB had one finding (Significant Deficiency/ Questioned Cost: \$0) related to various general IT controls. UTMB management responded appropriately to the related recommendation. In addition, the SAO performed follow-up on the one finding from the previous audit report and found it had been implemented.

State of Texas Financial Portion of the Statewide Single Audit Report for the Year Ended August 31, 2016³ (February 28, 2017)

The SAO did not conduct audit procedures on the U. T. System institutions' financial statements as part of the audit of the State of Texas *Comprehensive Annual Financial Report* for the Fiscal Year Ended August 31, 2016, as they relied on the external audit of the U. T. System FY 2016 financial statements, which was performed by Deloitte. However, as part of the State of Texas financial portion of the statewide Single Audit report, the SAO made recommendations related to strengthening processes to ensure the completeness, accuracy, and review of the FY 2016 Schedules of Expenditures of Federal Awards (SEFAs) to U. T. Arlington, U. T. Austin, U. T. El Paso, and U. T. Rio Grande Valley.

Additionally, while corrective actions were taken for several findings from the SAO's previous financial portion of the Statewide Single Audit, some of the open recommendations were reissued as new findings in the FY 2016 audit report related to the SEFAs.

² <http://www.sao.texas.gov/reports/main/17-314.pdf>

³ <http://www.sao.texas.gov/reports/main/17-555.pdf>

7. **U. T. System: Report on the Systemwide internal audit activities and audit administrative items, including Priority Findings, Annual Audit Plan status, and Chief Audit Executive Annual Statements; and consideration and approval of Institutional Audit Committee Chair changes**

RECOMMENDATION

Chief Audit Executive Peppers will report on

- a. the status of Systemwide Priority Findings (see the PowerPoint on the following pages);
- b. the Fiscal Year 2017 Annual Audit Plan status as of February 28, 2017, provided to the Audit, Compliance, and Management Review Committee (ACMRC) members prior to the meeting; and
- c. the Chief Audit Executive Annual Statements.

Chief Audit Executive Peppers, on behalf of the Presidents at U. T. Arlington, U. T. Austin, U. T. Medical Branch - Galveston, U. T. M. D. Anderson Cancer Center, and U. T. Health Science Center - Tyler, recommends for formal approval by the ACMRC, the appointment of the following individual(s) to serve as Chairs of the Institutional Audit Committees:

- Mr. Randal Rose, President of the Arlington market for J.P. Morgan, at U. T. Arlington (reappointment);
- Mr. William O'Hara, former Executive Vice President of Morgan Stanley Dean Witter & Co., at U. T. Austin (reappointment);
- Mr. Keith McFatridge, President and Shareholder of McFatridge & Associates, P.C., at U. T. Medical Branch - Galveston;
- Ms. Patricia Curtis Bodin, former Chief Information Officer and Vice President of Global Information Technology of ExxonMobil, at U. T. M. D. Anderson Cancer Center; and
- Mr. David Iglesias, Owner of Iglesias Law Firm, PLLC, at U. T. Health Science Center - Tyler.

Details on the qualifications of the new candidates were provided to the ACMRC members prior to the meeting.

BACKGROUND INFORMATION

A Priority Finding is defined as "an issue identified by an audit that, if not addressed timely, could directly impact achievement of a strategic or important operational objective of a U. T. System institution or the U. T. System as a whole." A Priority Findings Matrix is used by the chief audit executives to aid in the determination of a Priority Finding. The matrix provides three

categories of standard factors to consider, each alone with the potential to result in a Priority Finding. They are: Qualitative Risk Factors (evaluates the probability and consequences across seven high risks), Operational Control Risk Factors (evaluates operational vulnerability to risks by considering the existence of management oversight and effective alignment of operations), and Quantitative Risk Factors (evaluates the level of financial exposure or lost revenue).

The Chief Audit Executive Annual Statement process is a way to routinely and consistently obtain assurance that the chief audit executives are receiving adequate support to conduct the necessary audit services and that there are institutional internal audit departmental processes for certifying compliance with the Institute of Internal Auditors' International Professional Practices Framework and internal auditor independence and objectivity. Each of the chief audit executives responded positively to the statement, noting no exceptions or requests to attend an ACMRC executive session meeting.

At the May 14, 2014 committee meeting, the ACMRC reviewed and approved nominations from all the institutional presidents for external member chairs of their institutional audit committees. Any subsequent changes in the external member chairs are presented to the ACMRC annually for review and approval. Delegated approval was provided by the ACMRC Chairman and the Chancellor for those candidates who began terms between May ACMRC meetings.

U. T. Systemwide Priority Findings

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

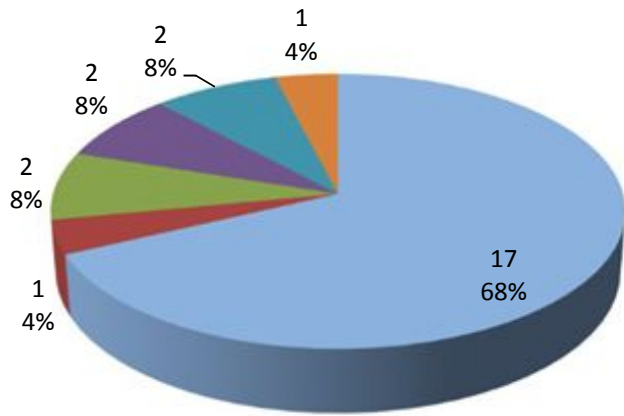
U. T. System Board of Regents' Meeting
Audit, Compliance, and Management Review Committee
May 2017



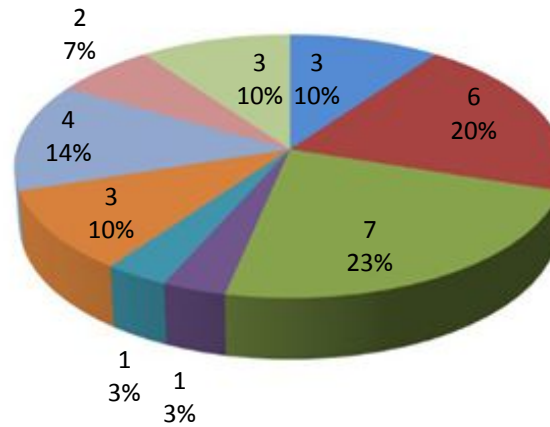
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Priority Findings By Area and Risk Factors



- INFORMATION TECHNOLOGY
- RISK MANAGEMENT
- FINANCE
- RESEARCH
- ENROLLMENT MANAGEMENT
- PATIENT CARE OPERATIONS



- REPUTATION
- INFORMATION SECURITY
- COMPLIANCE
- LIFE SAFETY
- DESIGNED CONTROLS
- CAPITAL IMPACT
- ACCOMPLISHMENT OF OBJECTIVES



Priority Findings Status – Changes Since Last Report

	<u>Reported Feb 2017</u>	<u>Implemented</u>	<u>New</u>	<u>Reported May 2017</u>
IT related Priority Findings	15	(3)	5	17
Non-IT related Priority Findings	<u>9*</u>	<u>(5)</u>	<u>4</u>	<u>8</u>
Total Priority Findings	24	(8)**	9***	25
Past Due Priority Findings	2			0

*This number was corrected from the previous report at the February 2017 U. T. System Board of Regents' meeting.

**Priority Findings were implemented at UTAUS (1 Risk Management), UTEP (1 IT), UTMB (1 Human Resources), UTMDACC (1 Research and 2 IT), and U. T. System Administration (1 Academic Support). One Priority Finding at UTEP related to Research from a State Auditor's Office (SAO) report was closed. The significance of this finding was lowered and will be tracked at the institutional level.

***New Priority Findings: UTA – Enrollment Management (1) *SAO report*; UTEP – Finance (2) *SAO reports*; UTRGV – Enrollment Management (1) *SAO report*; UTMDACC – IT (5)





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Committee Meeting: 5/9/2017

Board Meeting: 5/10/2017
Austin, Texas

	Committee Meeting	Board Meeting	Page
Convene	<i>10:00 a.m.</i>		
1. U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, assigned for Committee consideration	<i>10:00 a.m.</i> Discussion	Action	67
2. U. T. System: Key Financial Indicators Report and Monthly Financial Report	<i>10:02 a.m.</i> Report/Discussion <i>Dr. Kelley</i>	Not on Agenda	68
3. U. T. System: Approval of the Fiscal Year 2018 Budget Preparation Policies and Calendar for budget operations	<i>10:17 a.m.</i> Action <i>Mr. Wallace</i>	Action	93
4. U. T. System Board of Regents: Discussion of matters related to University Lands	<i>10:20 a.m.</i> Report/Discussion <i>Mr. Houser</i>	Not on Agenda	97
5. U. T. System Board of Regents: The University of Texas Investment Management Company (UTIMCO) Update and Investment Reports for the quarter ended February 28, 2017	<i>10:30 a.m.</i> Report/Discussion <i>Mr. Mark Warner, Interim CEO and CIO</i>	Report	110
6. U. T. System Board of Regents: Discussion and appropriate action related to proposed appointments to the Board of Directors of The University of Texas Investment Management Company (UTIMCO)	<i>10:45 a.m.</i> Action	Action	126
7. U. T. System Board of Regents: Discussion and appropriate action regarding amendments to Articles of Incorporation and Bylaws of The University of Texas Investment Management Company (UTIMCO) related to the legal name of the corporation	<i>10:50 a.m.</i> Action	Action	127

	Committee Meeting	Board Meeting	Page
8. U. T. System Board of Regents: Approval of annual distributions from the Permanent Health Fund, the Long Term Fund, and the Intermediate Term Fund	10:55 a.m. Action <i>Dr. Kelley</i>	Action	128
9. U. T. System Board of Regents: Update on the U. T. System Internal Lending Program	11:00 a.m. Discussion <i>Dr. Kelley</i>	Not on Agenda	130
Adjourn	11:15 a.m.		

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

RECOMMENDATION

The proposed Consent Agenda items assigned to this Committee are [Items 2 - 13](#).

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

REPORT

Dr. Scott C. Kelley, Executive Vice Chancellor for Business Affairs, will discuss the Key Financial Indicators Report and the March Monthly Financial Report. The Monthly Financial Report is set forth on [Pages 69 - 92](#). The reports represent the consolidated and individual operating detail of the U. T. System institutions.

The Key Financial Indicators Report compares the Systemwide quarterly results of operations, key revenues and expenses, reserves, and key financial ratios in a graphical presentation from Fiscal Year 2013 through February 2017. Ratios requiring balance sheet data are provided for Fiscal Year 2012 through Fiscal Year 2016.

The Key Financial Indicators Report is located on [Pages 316 - 323](#) at the back of the book.

THE UNIVERSITY OF TEXAS SYSTEM
OFFICE OF THE CONTROLLER

MONTHLY FINANCIAL REPORT
(unaudited)

MARCH 2017



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**THE UNIVERSITY OF TEXAS SYSTEM
MONTHLY FINANCIAL REPORT
(Unaudited)
FOR THE SEVEN MONTHS ENDING
March 31, 2017**

**The University of Texas System
Monthly Financial Report**

Foreword

The Monthly Financial Report (MFR) compares the results of operations between the current year-to-date cumulative amounts and the prior year-to-date cumulative amounts. Explanations are provided for institutions having the largest variances in Adjusted Income (Loss) year-to-date as compared to the prior year, both in terms of dollars and percentages. In addition, although no significant variance may exist, institutions with losses may be discussed.

The data is reported in three sections: (1) Operating Revenues, (2) Operating Expenses, and (3) Other Nonoperating Adjustments. Presentation of state appropriation revenues are required under GASB 35 to be reflected as nonoperating revenues, so all institutions will report an Operating Loss prior to this adjustment. The MFR provides an Adjusted Income (Loss), which takes into account the nonoperating adjustments associated with core operating activities. An Adjusted Margin (as a percentage of operating and nonoperating revenue adjustments) is calculated for each period and is intended to reflect relative operating contributions to financial health.

UNAUDITED

The University of Texas System Consolidated
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2017

	March Year-to-Date FY 2017	March Year-to-Date FY 2016	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition and Fees	1,013,951,598.82	957,955,280.56	55,996,318.26	5.8%
Sponsored Programs	1,852,348,483.01	1,795,627,618.51	56,720,864.50	3.2%
Net Sales and Services of Educational Activities	378,052,712.31	363,160,571.04	14,892,141.27	4.1%
Net Sales and Services of Hospitals	3,310,364,615.02	3,125,647,854.25	184,716,760.77	5.9%
Net Professional Fees	1,038,101,078.77	957,804,352.55	80,296,726.22	8.4%
Net Auxiliary Enterprises	406,698,768.16	360,809,591.61	45,889,176.55	12.7%
Other Operating Revenues	300,895,164.26	259,944,938.51	40,950,225.75	15.8%
Total Operating Revenues	8,300,412,420.35	7,820,950,207.03	479,462,213.32	6.1%
Operating Expenses				
Salaries and Wages	4,929,702,868.86	4,657,822,206.98	271,880,661.88	5.8%
Payroll Related Costs	1,360,568,245.18	1,264,680,089.15	95,888,156.03	7.6%
Membership Dues	17,677,098.71	-	17,677,098.71	100.0%
Registration Fees/Meetings/Conferences	35,813,803.26	-	35,813,803.26	100.0%
Cost of Goods Sold	89,715,632.58	85,926,963.88	3,788,668.70	4.4%
Professional Fees and Services	284,720,344.21	314,793,772.42	(30,073,428.21)	-9.6%
Other Contracted Services	494,168,751.35	467,376,756.16	26,791,995.19	5.7%
Fees and Other Charges	36,787,628.73	-	36,787,628.73	100.0%
Travel	85,397,715.21	80,371,587.71	5,026,127.50	6.3%
Materials and Supplies	1,093,584,829.62	1,030,114,692.16	63,470,137.46	6.2%
Utilities	164,893,204.68	159,423,667.93	5,469,536.75	3.4%
Communications	64,987,945.09	67,218,682.53	(2,230,737.44)	-3.3%
Repairs and Maintenance	196,144,923.01	186,857,716.52	9,287,206.49	5.0%
Rentals and Leases	102,005,600.11	99,137,237.34	2,868,362.77	2.9%
Printing and Reproduction	21,811,697.99	21,832,603.11	(20,905.12)	-0.1%
Royalty Payments	8,881,148.12	-	8,881,148.12	100.0%
Bad Debt Expense	641,467.70	561,534.61	79,933.09	14.2%
Insurance Costs/Premiums	45,449,664.87	-	45,449,664.87	100.0%
Claims and Losses	11,542,081.31	5,451,402.66	6,090,678.65	111.7%
Increase in Net OPEB Obligation	412,434,268.17	388,991,548.75	23,442,719.42	6.0%
Pension Expense	146,023,729.25	124,188,614.35	21,835,114.90	17.6%
Scholarships and Fellowships	274,050,875.47	264,421,854.02	9,629,021.45	3.6%
Depreciation and Amortization	804,190,718.99	740,161,045.75	64,029,673.24	8.7%
Federal Sponsored Program Pass-Through to Other State Agencies	13,960,199.43	15,617,314.73	(1,657,115.30)	-10.6%
State Sponsored Program Pass-Through to Other State Agencies	3,221,057.48	10,973,801.85	(7,752,744.37)	-70.6%
Other Operating Expenses	118,353,365.68	262,687,623.84	(144,334,258.16)	-54.9%
Total Operating Expenses	10,816,728,865.06	10,248,610,716.45	568,118,148.61	5.5%
Operating Loss	(2,516,316,444.71)	(2,427,660,509.42)	(88,655,935.29)	-3.7%
Other Nonoperating Adjustments				
State Appropriations	1,348,193,530.47	1,318,904,661.42	29,288,869.05	2.2%
Nonexchange Sponsored Programs	194,799,219.70	208,773,612.15	(13,974,392.45)	-6.7%
Gift Contributions for Operations	262,943,742.04	300,918,649.54	(37,974,907.50)	-12.6%
Net Investment Income	618,463,206.76	525,845,686.13	92,617,520.63	17.6%
Interest Expense on Capital Asset Financings	(200,439,593.90)	(159,452,753.75)	(40,986,840.15)	-25.7%
Net Other Nonoperating Adjustments	2,223,960,105.07	2,194,989,855.49	28,970,249.58	1.3%
Adjusted Income (Loss) including Depreciation & Amortization	(292,356,339.64)	(232,670,653.93)	(59,685,685.71)	-25.7%
Adjusted Margin % including Depreciation & Amortization	-2.7%	-2.3%		
Investment Gain (Losses)	1,888,724,653.12	(1,222,227,534.72)	3,110,952,187.84	254.5%
Adj. Inc. (Loss) with Investment Gains (Losses)	1,596,368,313.48	(1,454,898,188.65)	3,051,266,502.13	209.7%
Adj. Margin % with Investment Gains (Losses)	12.7%	-16.3%		
Adjusted Income (Loss) excluding Depreciation & Amortization	511,834,379.35	507,490,391.82	4,343,987.53	0.9%
Adjusted Margin % excluding Depreciation & Amortization	4.8%	5.0%		

**The University of Texas System
Comparison of Adjusted Income (Loss)
For the Seven Months Ending March 31, 2017**

	Including Depreciation and Amortization Expense			
	March		March	
	Year-to-Date FY 2017		Year-to-Date FY 2016	Variance
				Fluctuation Percentage
U. T. System Administration	\$ (473,813,385.08) (1)	\$ (485,556,831.45)	11,743,446.37	2.4%
U. T. Arlington	12,598,463.70	23,555,053.75	(10,956,590.05) (2)	-46.5%
U. T. Austin	106,127,849.98	124,610,715.07	(18,482,865.09)	-14.8%
U. T. Dallas	(7,372,252.50)	4,406,214.94	(11,778,467.44) (3)	-267.3%
U. T. El Paso	(12,530,536.58) (4)	(11,138,662.30)	(1,391,874.28)	-12.5%
U. T. Permian Basin	1,562,814.94	(3,263,086.51)	4,825,901.45 (5)	147.9%
U. T. Rio Grande Valley	577,813.60	7,670,604.43	(7,092,790.83) (6)	-92.5%
U. T. San Antonio	(8,990,974.12)	3,099,158.19	(12,090,132.31) (7)	-390.1%
U. T. Tyler	(2,045,885.93)	(6,518,211.60)	4,472,325.67 (8)	68.6%
U. T. Southwestern Medical Center	68,596,093.87	119,451,557.31	(50,855,463.44) (9)	-42.6%
U. T. Medical Branch - Galveston	(9,266,459.72)	(13,311,551.83)	4,045,092.11 (10)	30.4%
U. T. Health Science Center - Houston	19,484,442.70	53,916,808.49	(34,432,365.79) (11)	-63.9%
U. T. Health Science Center - San Antonio	8,054,179.63	13,669,697.80	(5,615,518.17) (12)	-41.1%
U. T. M. D. Anderson Cancer Center	216,398,795.91	122,906,414.92	93,492,380.99 (13)	76.1%
U. T. Health Science Center - Tyler	(10,633,379.30)	(8,393,419.56)	(2,239,959.74) (14)	-26.7%
Elimination of AUF Transfer	(201,103,920.74)	(177,775,115.58)	(23,328,805.16)	-13.1%
Total Adjusted Income (Loss)	(292,356,339.64)	(232,670,653.93)	(59,685,685.71)	-25.7%
Investment Gains (Losses)	1,888,724,653.12	(1,222,227,534.72)	3,110,952,187.84	254.5%
Total Adjusted Income (Loss) with Investment Gains (Losses) Including Depreciation and Amortization	\$ 1,596,368,313.48	\$ (1,454,898,188.65)	\$ 3,051,266,502.13	209.7%

	Excluding Depreciation and Amortization Expense			
	March		March	
	Year-to-Date FY 2017		Year-to-Date FY 2016	Variance
				Fluctuation Percentage
U. T. System Administration	\$ (463,083,819.25)	\$ (475,114,297.69)	12,030,478.44	2.5%
U. T. Arlington	41,471,825.71	50,258,275.78	(8,786,450.07)	-17.5%
U. T. Austin	267,711,183.31	268,985,715.07	(1,274,531.76)	-0.5%
U. T. Dallas	35,508,809.47	41,495,714.94	(5,986,905.47)	-14.4%
U. T. El Paso	5,466,048.83	7,110,582.37	(1,644,533.54)	-23.1%
U. T. Permian Basin	9,712,118.77	4,883,163.49	4,828,955.28	98.9%
U. T. Rio Grande Valley	23,271,717.86	29,747,306.94	(6,475,589.08)	-21.8%
U. T. San Antonio	19,063,931.48	31,014,836.58	(11,950,905.10)	-38.5%
U. T. Tyler	6,712,976.07	1,586,684.13	5,126,291.94	323.1%
U. T. Southwestern Medical Center	163,363,464.62	210,864,671.73	(47,501,207.11)	-22.5%
U. T. Medical Branch - Galveston	77,705,230.89	55,453,183.58	22,252,047.31	40.1%
U. T. Health Science Center - Houston	55,344,658.60	89,916,303.38	(34,571,644.78)	-38.4%
U. T. Health Science Center - San Antonio	38,387,512.96	44,586,364.47	(6,198,851.51)	-13.9%
U. T. M. D. Anderson Cancer Center	436,007,811.31	326,532,063.47	109,475,747.84	33.5%
U. T. Health Science Center - Tyler	(3,705,170.54)	(2,055,060.84)	(1,650,109.70)	-80.3%
Elimination of AUF Transfer	(201,103,920.74)	(177,775,115.58)	(23,328,805.16)	-13.1%
Total Adjusted Income (Loss)	511,834,379.35	507,490,391.82	4,343,987.53	0.9%
Total Adjusted Income (Loss) Excluding Depreciation and Amortization	\$ 511,834,379.35	\$ 507,490,391.82	\$ 4,343,987.53	0.9%

THE UNIVERSITY OF TEXAS SYSTEM
EXPLANATION OF VARIANCES ON THE MONTHLY FINANCIAL REPORT
For the Seven Months Ending March 31, 2017

Explanations are provided for institutions having the largest variances in adjusted income (loss) year-to-date as compared to the prior year, both in terms of dollars and percentages. Explanations are also provided for institutions with a current year-to-date adjusted loss and/or a projected year-to-date loss.

- (1) U. T. System Administration incurred a year-to-date loss of \$473.8 million primarily as a result of an accrual of \$412.4 million for other postemployment benefits (OPEB) expense and an accrual of \$146.0 million for pension expense for the entire *U. T. System* for the first seven months of 2017. Excluding depreciation and amortization expense, *U. T. System Administration's* adjusted loss was \$463.1 million or -149.7% of revenues. *U. T. System Administration* anticipates ending the year with a \$914.9 million loss, -213.9% of projected revenues, which includes \$18.4 million of depreciation and amortization expense, as well as a \$707.0 million accrual for OPEB and a \$250.3 million accrual for pension expense.
- (2) U. T. Arlington - The \$11.0 million (46.5%) decrease in adjusted income over the same period last year was primarily attributable to an increase in other contracted services due to payments in 2017 for services incurred in 2016 for the Accelerated Online Programs, as well as increased expenses for the Accelerated Online Programs due to increased enrollment. Excluding depreciation and amortization expense, *U. T. Arlington's* adjusted income was \$41.5 million or 11.1% of revenues.
- (3) U. T. Dallas - The \$11.8 million (267.3%) decrease in adjusted income over the same period last year was primarily attributable to the following: a decrease in nonexchange sponsored programs as a result of a reduction in the Texas Research Incentive Program funds received in 2017; an increase in depreciation and amortization expense as a result of the addition of new buildings and infrastructure; and an increase in interest expense on capital asset financings due to debt issued for the new Engineering Building. As a result of these factors, *U. T. Dallas* incurred a year-to-date loss of \$7.4 million. Excluding depreciation and amortization expense, *U. T. Dallas'* adjusted income was \$35.5 million or 9.9% of revenues. *U. T. Dallas* anticipates ending the year with a \$12.6 million loss, -2.0% of projected revenues, which includes \$73.5 million of depreciation and amortization expense.
- (4) U. T. El Paso incurred a year-to-date loss of \$12.5 million primarily due to the following: an increase in salaries and wages and payroll related costs due to a 2% merit increase for faculty and staff implemented in 2017; an increase in tuition exemption scholarship expense, primarily related to the Hazelwood and Hazelwood Legacy programs; an increase in depreciation expense over the last five years as a result of the rapid growth of new buildings and enhanced research infrastructure; and an increase in interest expense on capital asset financings. Excluding depreciation and amortization expense, *U. T. El Paso's* adjusted income was \$5.5 million or 2.1% of revenues. *U. T. El Paso* anticipates ending the year with a \$14.5 million loss, -3.4% of projected revenues, which includes \$32.0 million of depreciation and amortization expense. *U. T. El Paso* is continuing measures to reduce spending, including a hiring freeze on positions that are not mission critical, a freeze on all non-academic travel, mandatory departmental budget cuts, restrictions on the purchase of equipment and capital assets, utility savings efforts, and other cost savings measures.
- (5) U. T. Permian Basin - The \$4.8 million (147.9%) increase in adjusted income over the same period last year was primarily attributable to an increase in state appropriations related to Tuition Revenue Bonds authorized by the Texas Legislature. Although *U. T. Permian Basin* is currently reporting a positive margin of \$1.6 million, *U. T. Permian Basin* anticipates ending the year with a \$1.4 million loss, -1.5% of projected revenues, which includes \$14.8 million of depreciation and amortization expense. The projected loss is primarily attributable to the following: an increase in salaries and wages to accommodate enrollment growth combined with a 2% salary increase; an increase in payroll related costs due to rising premium sharing costs; an increase in materials and supplies as a result of noncapital furnishings purchased for the new residence/dining hall and the Student Success Center; and an increase in other contracted services due to increased payments to Chartwells for dining services and increased support for the Wagner Noel Performing Arts Center. Excluding depreciation and amortization expense, *U. T. Permian Basin's* adjusted income was \$9.7 million or 17.0% of revenues.
- (6) U. T. Rio Grande Valley - The \$7.1 million (92.5%) decrease in adjusted income over the same period last year was primarily attributable to an increase in salaries and wages and payroll related costs as a result of one-time merit payments in 2017 and an increase in the number of full-time equivalents. In addition, other contracted services increased primarily due to increased expenses for the new School of Medicine and the Pharr San Juan Alamo Independent School District Early Head Start Center. Materials and supplies also increased as a result of increased expenses for the new School of Medicine, the Mathematics and Science Academy, Graduate College Office, Library and Learning Enrichment, vivarium activity, computing system maintenance and noncapital facility renovations. Excluding depreciation and amortization expense, *U. T. Rio Grande Valley's* adjusted income was \$23.3 million or 8.0% of revenues.
- (7) U. T. San Antonio - The \$12.1 million (390.1%) decrease in adjusted income over the same period last year was primarily due to following: a decrease in net investment income; a decrease in state appropriations due to an overstatement throughout the prior year; and an increase in interest expense on capital asset financings due to debt issued for athletic projects, fire and safety renovations, and network upgrades, as well as the new Science and Engineering Building. As a result, *U. T. San Antonio* incurred a year-to-date loss of \$9.0 million. Excluding depreciation and amortization expense, *U. T. San Antonio's* adjusted income was \$19.1 million or 6.2% of revenues. *U. T. San Antonio* anticipates ending the year with a \$15.5 million loss, -2.9% of projected revenues, which includes \$48.1 million of depreciation and amortization expense.

- (8) U. T. Tyler - The \$4.5 million (68.6%) decrease in adjusted loss over the same period last year was primarily due to an increase in net student tuition and fees as a result of increased enrollment and designated tuition rates. Net sales and services of educational activities also increased as a result of pharmacy revenue now including the second year student cohort. Despite the decrease in adjusted loss, U. T. Tyler still incurred a year-to-date loss of \$2.0 million primarily due to the following: an increase in salaries and wages and payroll related costs driven by merit increases and an increase in the number of full-time equivalents; an increase in interest expense on capital asset financings due to debt issued for the new STEM Business Building; and a decrease in gift contributions for operations as a result of one-time gifts received in 2016. Excluding depreciation and amortization expense, U. T. Tyler's adjusted income was \$6.7 million or 7.9% of revenues. U. T. Tyler anticipates ending the year with a \$7.7 million loss, -5.5% of projected revenues, which includes \$15.0 million of depreciation and amortization expense.
- (9) U. T. Southwestern Medical Center - The \$50.9 million (42.6%) decrease in adjusted income over the same period last year was primarily attributable to a decrease in gift contributions for operations as a result of a number of large gifts received in 2016 with no such comparable gifts in 2017. Excluding depreciation and amortization expense, Southwestern's adjusted income was \$163.4 million or 10.0% of revenues.
- (10) U. T. Medical Branch - Galveston - The \$4.0 million (30.4%) decrease in adjusted loss over the same period last year was primarily attributable to an increase in net sales and services of hospitals and net professional fees as a result of volume growth, higher acuity cases and growth in private prison contract revenue. Despite the decrease in adjusted loss, UTMB still incurred a year-to-date loss of \$9.3 million as a result of the following: an increase in salaries and wages and payroll related costs; an increase in depreciation and amortization expense mainly due to the completion of the Jennie Sealy Hospital and League City Campus Hospital, as well as software upgrades; an increase in cost of goods sold largely due to increased pharmacy costs; and an increase in interest expense on capital asset financings due to debt issued for the Jennie Sealy Hospital. Additionally, on January 4, 2017, UTMB experienced a fire in the John Sealy Hospital building which required the evacuation and subsequent relocation of more than 100 patients. The loss of the space in the John Sealy Hospital and the relocation of those services to the Jennie Sealy Hospital had a negative impact on net patient care revenue of approximately \$9.3 million. PricewaterhouseCoopers has been engaged to assist in computing the business interruption loss. Excluding depreciation and amortization expense, UTMB's adjusted income was \$77.7 million or 6.5% of revenues. UTMB anticipates ending the year with a \$20.2 million loss, which represents -1.0% of projected revenues and includes \$161.0 million of depreciation and amortization expense. This projection does not include any potential insurance recoveries related to business interruption as a result of the fire in the John Sealy Hospital.
- (11) U. T. Health Science Center - Houston - The \$34.4 million (63.9%) decrease in adjusted income as compared to the same period last year was primarily attributable to an increase in salaries and wages and payroll related costs due to the addition of numerous positions to accommodate the planned growth of the physician practice plan. Excluding depreciation and amortization expense, UTHSC-Houston's adjusted income was \$55.3 million or 6.0% of revenues.
- (12) U. T. Health Science Center - San Antonio - The \$5.6 million (41.1%) decrease in adjusted income over the same period last year was primarily due to an increase in salaries and wages and payroll related costs. In addition, interest expense on capital asset financings increased due to debt issued to acquire the Professional Administrative Resource Center and to construct a new ambulatory facility, as well as increased debt service for Tuition Revenue Bonds authorized by the Texas Legislature. Excluding depreciation and amortization expense, UTHSC-San Antonio's adjusted income was \$38.4 million or 7.8% of revenues.
- (13) U. T. M. D. Anderson Cancer Center - The \$93.5 million (76.1%) increase in adjusted income over the same period last year was primarily attributable to an increase in net sales and services of hospitals due to an increase in inpatient and outpatient activity. A decrease in professional fees and services expense as a result of the completion of the Electronic Health Record system (EHR) and ICD-10 also contributed to the increase in adjusted income. Excluding depreciation and amortization expense, M. D. Anderson's adjusted income was \$436.0 million or 15.9% of revenues.
- (14) U. T. Health Science Center - Tyler - The \$2.2 million (26.7%) increase in adjusted loss over the same period last year was primarily due to an increase in salaries and wages and payroll related costs as a result of a larger employee base, accompanied by increased compensable absence expenses and premium sharing costs. Professional fees and services expense also increased due to higher usage levels of contracted physician services and new contractual expenses related to the Northeast Texas Initiative Texas Community College Consortium subcontract. UTHSC-Tyler also recognized \$3.6 million less in Delivery System Reform Incentive Payments (DSRIP) revenue as compared to the prior year. In addition, UTHSC-Tyler recorded a one-time charge of \$1.3 million in February 2017 to reserve for the possibility of a Medicare recoupment from a 2011 claims outlier review. As a result of these factors, UTHSC-Tyler incurred a year-to-date loss of \$10.6 million. Excluding depreciation and amortization expense, UTHSC-Tyler's adjusted loss was \$3.7 million or -3.3% of revenues. UTHSC-Tyler anticipates ending the year at break-even as a result of ongoing expense reduction initiatives, continued growth in clinical services with a corresponding increase in net patient revenues, and additional DSRIP and sponsored programs revenue recognized once metrics and deliverables are fully achieved.

GLOSSARY OF TERMS

OPERATING REVENUES:

NET STUDENT TUITION - All student tuition and fee revenues earned at the UT institution for educational purposes, net of tuition discounting.

SPONSORED PROGRAMS - Funding received from local, state and federal governments or private agencies, organizations or individuals, excluding Federal Pell Grant Program which is reported as nonoperating. Includes amounts received for services performed on grants, contracts, and agreements from these entities for current operations. This also includes indirect cost recoveries and pass-through federal and state grants.

NET SALES AND SERVICES OF EDUCATIONAL ACTIVITIES - Revenues that are related to the conduct of instruction, research, and public service and revenues from activities that exist to provide an instructional and laboratory experience for students that create goods and services that may be sold.

NET SALES AND SERVICES OF HOSPITALS - Revenues (net of discounts, allowances, and bad debt expense) generated from UT health institution's daily patient care, special or other services, as well as revenues from health clinics that are part of a hospital.

NET PROFESSIONAL FEES - Revenues (net of discounts, allowances, and bad debt expense) derived from the fees charged by the professional staffs at UT health institutions as part of the Medical Practice Plans. These revenues are also identified as Practice Plan income. Examples of such fees include doctor's fees for clinic visits, medical and dental procedures, professional opinions, and anatomical procedures, such as analysis of specimens after a surgical procedure, etc.

NET AUXILIARY ENTERPRISES - Revenues derived from a service to students, faculty, or staff in which a fee is charged that is directly related to, although not necessarily equal to the cost of the service (e.g., bookstores, dormitories, dining halls, snack bars, inter-collegiate athletic programs, etc.).

OTHER OPERATING REVENUES - Other revenues generated from sales or services provided to meet current fiscal year operating expenses, which are not included in the preceding categories (e.g., certified nonprofit healthcare company revenues, donated drugs, interest on student loans, etc.) Other receipts for settlements, judgments and lawsuits are considered nonoperating revenues.

OPERATING EXPENSES:

SALARIES AND WAGES - Expenses for all salaries and wages of individuals employed by the institution including full-time, part-time, longevity, hourly, seasonal, etc. Includes salary augmentation and incentive compensation.

PAYROLL RELATED COSTS - Expenses for all employee benefits paid by the institution or paid by the state on behalf of the institution. Includes supplemental retirement annuities.

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

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

COST OF GOODS SOLD - Purchases of goods for resale and raw materials purchased for use in the manufacture of products intended for sale to others.

PROFESSIONAL FEES AND SERVICES - Payments for services rendered on a fee, contract, or other basis by a person, firm, corporation, or company recognized as possessing a high degree of learning and responsibility. Includes such items as services of a consultant, legal counsel, financial or audit fees, medical contracted services, guest lecturers (not employees) and expert witnesses.

OTHER CONTRACTED SERVICES - Payments for services rendered on a contractual basis by a person, firm, corporation or company that possess a lesser degree of learning and responsibility than that required for Professional Fees and Services. Includes such items as temporary employment expenses, janitorial services, dry cleaning services, etc.

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

TRAVEL - Payments for travel costs incurred by employees and board members for meetings and training.

MATERIALS AND SUPPLIES - Payments for consumable items. Includes, but is not limited to: computer consumables, office supplies, paper products, soap, lights, plants, fuels and lubricants, chemicals and gasses, medical supplies and copier supplies. Also includes postal services, and subscriptions and other publications not for permanent retention.

UTILITIES - Payments for the purchase of electricity, natural gas, water, and thermal energy.

COMMUNICATIONS - Electronically transmitted communications services (telephone, internet, computation center services, etc.).

REPAIRS AND MAINTENANCE - Payments for the maintenance and repair of equipment, furnishings, motor vehicles, buildings and other plant facilities, and waste disposal. Includes, but is not limited to repair and maintenance to copy machines, furnishings, equipment - including medical and laboratory equipment, office equipment and aircraft.

RENTALS AND LEASES - Payments for rentals or leases of furnishings and equipment, vehicles, land and office buildings (all rental of space).

PRINTING AND REPRODUCTION - Printing and reproduction costs associated with the printing/copying of the institution's documents and publications.

ROYALTY PAYMENTS - Payments incurred for copyright and patent royalties.

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

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

CLAIMS AND LOSSES - Payments for claims from self-insurance programs. Other claims for settlements, judgments and lawsuits are considered nonoperating expenses.

INCREASE IN NET OPEB OBLIGATION - The change in the actuarially estimated liability of the cost of providing healthcare benefits to UT System's employees after they separate from employment (retire).

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

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

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

FEDERAL SPONSORED PROGRAM PASS-THROUGHS TO OTHER STATE AGENCIES - Pass-throughs to other Texas state agencies, including other universities, of federal grants and contracts.

STATE SPONSORED PROGRAM PASS-THROUGHS TO OTHER STATE AGENCIES - Pass-throughs to other Texas state agencies, including Texas universities.

OTHER OPERATING EXPENSES - Other operating expenses not identified in other line items above (e.g., certified non-profit healthcare company expenses, property taxes, credit card fees, hazardous waste disposal expenses, etc.). Other claims for settlements, judgments and lawsuits are considered nonoperating expenses.

OPERATING LOSS - Total operating revenues less total operating expenses before other nonoperating adjustments like state appropriations.

OTHER NONOPERATING ADJUSTMENTS:

STATE APPROPRIATIONS - Appropriations from the State General Revenue fund, which supplement the UT institutional revenue in meeting operating expenses, such as faculty salaries, utilities, and institutional support.

NONEXCHANGE SPONSORED PROGRAMS - Funding received for the Federal Pell Grant Program, the portion of "state appropriations" funded by the American Recovery and Reinvestment Act, Texas Research Incentive Program (TRIP) and Enrollment Growth funding.

GIFT CONTRIBUTIONS FOR OPERATIONS - Consist of gifts from donors received for use in current operations, excluding gifts for capital acquisition and endowment gifts. Gifts for capital acquisition which can only be used to build or buy capital assets are excluded because they cannot be used to support current operations. Endowment gifts must be held in perpetuity and cannot be spent. The distributed income from endowment gifts must be spent according to the donor's stipulations.

NET INVESTMENT INCOME (on institutions' sheets) - Interest and dividend income on treasury balances, bank accounts, Short Term Fund, Intermediate Term Fund and Long Term Fund. It also includes distributed earnings from the Permanent Health Fund and patent and royalty income.

NET INVESTMENT INCOME (on the consolidated sheet) - Interest and dividend earnings of the Permanent University Fund, Short Term Fund, Intermediate Term Fund, Long Term Fund and Permanent Health Fund. This line item also includes the Available University Fund surface income, oil and gas royalties, and mineral lease bonus sales.

INTEREST EXPENSE ON CAPITAL ASSET FINANCINGS - Interest expenses associated with bond and note borrowings utilized to finance capital improvement projects by an institution. This consists of the interest portion of mandatory debt service transfers under the Revenue Financing System, Tuition Revenue bond and Permanent University Fund (PUF) bond programs. PUF interest expense is reported on System Administration as the debt legally belongs to the Board of Regents.

ADJUSTED INCOME (LOSS) including Depreciation and Amortization - Total operating revenues less total operating expenses including depreciation and amortization expense plus net other nonoperating adjustments.

ADJUSTED MARGIN % including Depreciation and Amortization - Percentage of Adjusted Income (Loss) including depreciation and amortization expense divided by Total Operating Revenues plus Net Nonoperating Adjustments less Interest Expense on Capital Asset Financings.

AVAILABLE UNIVERSITY FUND TRANSFER - Includes Available University Fund (AUF) transfer to System Administration for Educational and General operations and to UT Austin for Excellence Funding. These transfers are funded by investment earnings from the Permanent University Fund (PUF), which are required by law to be reported in the PUF at System Administration. On the MFR, investment income for System Administration has been reduced for the amount of the System Administration transfer so as not to overstate investment income for System Administration. The AUF transfers are eliminated at the consolidated level to avoid overstating System-wide revenues, as the amounts will be reflected as transfers at year-end.

INVESTMENT GAINS (LOSSES) - Realized and unrealized gains and losses on investments.

ADJUSTED INCOME (LOSS) excluding Depreciation and Amortization - Total operating revenues less total operating expenses excluding depreciation and amortization expense plus net other nonoperating adjustments.

ADJUSTED MARGIN % excluding Depreciation and Amortization - Percentage of Adjusted Income (Loss) excluding depreciation and amortization expense divided by Total Operating Revenues plus Net Nonoperating Adjustments less Interest Expense on Capital Asset Financings.

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The University of Texas System Administration
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2017

	March Year-to-Date FY 2017	March Year-to-Date FY 2016	Variance	Fluctuation Percentage
Operating Revenues				
Sponsored Programs	10,380,608.87	11,631,794.00	(1,251,185.13)	-10.8%
Net Sales and Services of Educational Activities	20,348,799.79	24,147,196.07	(3,798,396.28)	-15.7%
Other Operating Revenues	50,470,688.93	15,286,810.39	35,183,878.54	230.2%
Total Operating Revenues	81,200,097.59	51,065,800.46	30,134,297.13	59.0%
Operating Expenses				
Salaries and Wages	45,944,368.64	38,020,732.36	7,923,636.28	20.8%
Payroll Related Costs	10,330,912.07	8,624,368.54	1,706,543.53	19.8%
Membership Dues	439,483.99	-	439,483.99	100.0%
Registration Fees/Meetings/Conferences	316,467.20	-	316,467.20	100.0%
Professional Fees and Services	8,357,731.10	8,671,708.18	(313,977.08)	-3.6%
Other Contracted Services	25,691,311.20	15,342,152.01	10,349,159.19	67.5%
Fees and Other Charges	55,857.83	-	55,857.83	100.0%
Travel	984,181.93	887,253.00	96,928.93	10.9%
Materials and Supplies	14,818,040.44	12,769,789.26	2,048,251.18	16.0%
Utilities	291,181.21	193,850.79	97,330.42	50.2%
Communications	6,036,933.22	6,086,758.44	(49,825.22)	-0.8%
Repairs and Maintenance	9,760,599.52	15,310,072.95	(5,549,473.43)	-36.2%
Rentals and Leases	4,521,113.65	3,393,535.52	1,127,578.13	33.2%
Printing and Reproduction	190,323.65	1,048,401.17	(858,077.52)	-81.8%
Insurance Costs/Premiums	18,786,993.60	-	18,786,993.60	100.0%
Claims and Losses	11,542,081.31	5,451,402.66	6,090,678.65	111.7%
Increase in Net OPEB Obligation	412,434,268.17	388,991,548.75	23,442,719.42	6.0%
Pension Expense	146,023,729.25	124,188,614.35	21,835,114.90	17.6%
Scholarships and Fellowships	513,177.16	393,891.67	119,285.49	30.3%
Depreciation and Amortization	10,729,565.83	10,442,533.76	287,032.07	2.7%
State Sponsored Program Pass-Through to Other State Agencies	1,550,627.43	1,112,462.12	438,165.31	39.4%
Other Operating Expenses	2,494,731.52	23,987,369.06	(21,492,637.54)	-89.6%
Total Operating Expenses	731,813,679.92	664,916,444.59	66,897,235.33	10.1%
Operating Loss	(650,613,582.33)	(613,850,644.13)	(36,762,938.20)	-6.0%
Other Nonoperating Adjustments				
State Appropriations	1,473,617.69	1,654,901.11	(181,283.42)	-11.0%
Nonexchange Sponsored Programs	13,631,388.87	13,712,379.80	(80,990.93)	-0.6%
Gift Contributions for Operations	863,781.97	881,522.07	(17,740.10)	-2.0%
Net Investment Income	147,190,234.84	89,758,103.22	57,432,131.62	64.0%
Interest Expense on Capital Asset Financings	(51,340,678.37)	(37,884,758.35)	(13,455,920.02)	-35.5%
Net Other Nonoperating Adjustments	111,818,345.00	68,122,147.85	43,696,197.15	64.1%
Adjusted Income (Loss) including Depreciation & Amortization	(538,795,237.33)	(545,728,496.28)	6,933,258.95	1.3%
Adjusted Margin % including Depreciation & Amortization	-220.5%	-347.4%		
Available University Fund Transfer	64,981,852.25	60,171,664.83	4,810,187.42	8.0%
Adjusted Income (Loss) with AUF Transfer	(473,813,385.08)	(485,556,831.45)	11,743,446.37	2.4%
Adjusted Margin % with AUF Transfer	-153.2%	-223.5%		
Investment Gain (Losses)	1,534,971,880.45	(571,598,248.97)	2,106,570,129.42	368.5%
Adj. Inc. (Loss) with AUF Transfer & Invest. Gains (Losses)	\$1,061,158,495.37	(1,057,155,080.42)	\$2,118,313,575.79	200.4%
Adj. Margin % with AUF Transfer & Invest. Gains (Losses)	57.5%	298.3%		
Adjusted Income (Loss) with AUF Transfer excluding Depreciation & Amortization	(463,083,819.25)	(475,114,297.69)	12,030,478.44	2.5%
Adjusted Margin % with AUF Transfer excluding Depreciation & Amortization	-149.7%	-218.7%		

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The University of Texas at Arlington
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2017

	March Year-to-Date FY 2017	March Year-to-Date FY 2016	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition and Fees	164,704,428.45	143,024,341.81	21,680,086.64	15.2%
Sponsored Programs	41,455,028.07	38,284,667.65	3,170,360.42	8.3%
Net Sales and Services of Educational Activities	10,888,318.25	11,326,892.60	(438,574.35)	-3.9%
Net Auxiliary Enterprises	24,226,761.45	23,795,175.43	431,586.02	1.8%
Other Operating Revenues	6,553,214.80	5,395,264.13	1,157,950.67	21.5%
Total Operating Revenues	247,827,751.02	221,826,341.62	26,001,409.40	11.7%
Operating Expenses				
Salaries and Wages	163,083,928.40	146,105,563.29	16,978,365.11	11.6%
Payroll Related Costs	40,490,665.69	35,960,137.32	4,530,528.37	12.6%
Membership Dues	704,651.36	-	704,651.36	100.0%
Registration Fees/Meetings/Conferences	877,591.63	-	877,591.63	100.0%
Cost of Goods Sold	3,767.88	3,622.76	145.12	4.0%
Professional Fees and Services	7,446,385.37	5,366,058.37	2,080,327.00	38.8%
Other Contracted Services	41,461,939.05	32,196,174.35	9,265,764.70	28.8%
Fees and Other Charges	537,766.64	-	537,766.64	100.0%
Travel	4,446,766.71	3,956,893.59	489,873.12	12.4%
Materials and Supplies	14,029,824.06	13,681,606.21	348,217.85	2.5%
Utilities	5,833,333.57	5,833,333.33	0.24	-
Communications	4,216,400.95	4,883,593.72	(667,192.77)	-13.7%
Repairs and Maintenance	6,184,504.94	4,199,576.61	1,984,928.33	47.3%
Rentals and Leases	1,881,867.01	2,229,248.64	(347,381.63)	-15.6%
Printing and Reproduction	1,702,548.46	1,584,452.38	118,096.08	7.5%
Royalty Payments	98,715.69	-	98,715.69	100.0%
Bad Debt Expense	116,413.41	153,796.71	(37,383.30)	-24.3%
Insurance Costs/Premiums	162,435.84	-	162,435.84	100.0%
Scholarships and Fellowships	20,781,350.09	19,129,784.92	1,651,565.17	8.6%
Depreciation and Amortization	28,873,362.01	26,703,222.03	2,170,139.98	8.1%
Federal Sponsored Program Pass-Through to Other State Agencies	3,560,477.97	2,785,271.93	775,206.04	27.8%
State Sponsored Program Pass-Through to Other State Agencies	97,359.61	85,184.27	12,175.34	14.3%
Other Operating Expenses	6,489,613.56	7,660,874.05	(1,171,260.49)	-15.3%
Total Operating Expenses	353,081,669.90	312,518,394.48	40,563,275.42	13.0%
Operating Loss	(105,253,918.88)	(90,692,052.86)	(14,561,866.02)	-16.1%
Other Nonoperating Adjustments				
State Appropriations	80,937,243.92	76,698,411.42	4,238,832.50	5.5%
Nonexchange Sponsored Programs	32,105,665.70	33,955,734.98	(1,850,069.28)	-5.4%
Gift Contributions for Operations	3,173,438.14	2,891,666.96	281,771.18	9.7%
Net Investment Income	8,824,215.75	7,550,197.62	1,274,018.13	16.9%
Interest Expense on Capital Asset Financings	(7,188,180.93)	(6,848,904.37)	(339,276.56)	-5.0%
Net Other Nonoperating Adjustments	117,852,382.58	114,247,106.61	3,605,275.97	3.2%
Adjusted Income (Loss) including Depreciation & Amortization	12,598,463.70	23,555,053.75	(10,956,590.05)	-46.5%
Adjusted Margin % including Depreciation & Amortization	3.4%	6.9%		
Investment Gain (Losses)	4,108,703.97	(20,834,453.97)	24,943,157.94	119.7%
Adj. Inc. (Loss) with Investment Gains (Losses)	16,707,167.67	2,720,599.78	13,986,567.89	514.1%
Adj. Margin % with Investment Gains (Losses)	4.4%	0.8%		
Adjusted Income (Loss) excluding Depreciation & Amortization	41,471,825.71	50,258,275.78	(8,786,450.07)	-17.5%
Adjusted Margin % excluding Depreciation & Amortization	11.1%	14.7%		

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The University of Texas at Austin
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2017

	March Year-to-Date FY 2017	March Year-to-Date FY 2016	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition and Fees	285,833,333.33	281,166,666.67	4,666,666.66	1.7%
Sponsored Programs	331,746,294.04	326,365,780.49	5,380,513.55	1.6%
Net Sales and Services of Educational Activities	256,594,158.00	240,196,827.99	16,397,330.01	6.8%
Net Auxiliary Enterprises	227,508,190.53	193,055,611.13	34,452,579.40	17.8%
Other Operating Revenues	7,190,665.38	4,815,551.72	2,375,113.66	49.3%
Total Operating Revenues	1,108,872,641.28	1,045,600,438.00	63,272,203.28	6.1%
Operating Expenses				
Salaries and Wages	728,755,968.22	691,808,442.20	36,947,526.02	5.3%
Payroll Related Costs	211,657,466.62	200,962,639.40	10,694,827.22	5.3%
Membership Dues	2,165,346.39	-	2,165,346.39	100.0%
Registration Fees/Meetings/Conferences	17,608,774.84	-	17,608,774.84	100.0%
Cost of Goods Sold	14,390,124.43	15,528,251.44	(1,138,127.01)	-7.3%
Professional Fees and Services	19,250,737.99	17,617,827.23	1,632,910.76	9.3%
Other Contracted Services	103,371,976.41	90,066,337.17	13,305,639.24	14.8%
Fees and Other Charges	8,179,038.64	-	8,179,038.64	100.0%
Travel	25,859,328.31	23,554,917.96	2,304,410.35	9.8%
Materials and Supplies	83,373,228.86	75,816,348.48	7,556,880.38	10.0%
Utilities	53,313,998.99	49,874,055.96	3,439,943.03	6.9%
Communications	20,797,041.27	22,738,691.39	(1,941,650.12)	-8.5%
Repairs and Maintenance	40,528,306.50	41,119,163.90	(590,857.40)	-1.4%
Rentals and Leases	13,461,491.43	12,936,171.63	525,319.80	4.1%
Printing and Reproduction	4,968,591.53	4,909,457.47	59,134.06	1.2%
Royalty Payments	3,559,411.16	-	3,559,411.16	100.0%
Bad Debt Expense	316,841.09	275,316.10	41,524.99	15.1%
Insurance Costs/Premiums	881,517.86	-	881,517.86	100.0%
Scholarships and Fellowships	81,666,666.67	70,000,000.00	11,666,666.67	16.7%
Depreciation and Amortization	161,583,333.33	144,375,000.00	17,208,333.33	11.9%
Federal Sponsored Program Pass-Through to Other State Agencies	1,770,645.11	2,088,476.20	(317,831.09)	-15.2%
State Sponsored Program Pass-Through to Other State Agencies	136,301.40	9,230,625.00	(9,094,323.60)	-98.5%
Other Operating Expenses	36,122,016.99	67,428,440.53	(31,306,423.54)	-46.4%
Total Operating Expenses	1,633,718,154.04	1,540,330,162.06	93,387,991.98	6.1%
Operating Loss	(524,845,512.76)	(494,729,724.06)	(30,115,788.70)	-6.1%
Other Nonoperating Adjustments				
State Appropriations	202,395,739.33	215,070,564.63	(12,674,825.30)	-5.9%
Nonexchange Sponsored Programs	25,085,577.43	25,666,666.67	(581,089.24)	-2.3%
Gift Contributions for Operations	98,986,350.25	95,314,044.74	3,672,305.51	3.9%
Net Investment Income	134,169,379.97	132,275,055.35	1,894,324.62	1.4%
Interest Expense on Capital Asset Financings	(30,767,604.98)	(26,761,007.84)	(4,006,597.14)	-15.0%
Net Other Nonoperating Adjustments	429,869,442.00	441,565,323.55	(11,695,881.55)	-2.6%
Adjusted Income (Loss) including Depreciation & Amortization	(94,976,070.76)	(53,164,400.51)	(41,811,670.25)	-78.6%
Adjusted Margin % including Depreciation & Amortization	-6.1%	-3.5%		
Available University Fund Transfer	201,103,920.74	177,775,115.58	23,328,805.16	13.1%
Adjusted Income (Loss) with AUF Transfer	106,127,849.98	124,610,715.07	(18,482,865.09)	-14.8%
Adjusted Margin % with AUF Transfer	6.0%	7.4%		
Investment Gain (Losses)	122,935,726.44	(196,921,355.19)	319,857,081.63	162.4%
Adj. Inc. (Loss) with AUF Transfer & Invest. Gains (Losses)	\$229,063,576.42	(72,310,640.12)	\$301,374,216.54	416.8%
Adj. Margin % with AUF Transfer & Invest. Gains (Losses)	12.1%	-4.8%		
Adjusted Income (Loss) with AUF Transfer excluding Depreciation & Amortization	267,711,183.31	268,985,715.07	(1,274,531.76)	-0.5%
Adjusted Margin % with AUF Transfer excluding Depreciation & Amortization	15.1%	15.9%		

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The University of Texas at Dallas
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2017

	March Year-to-Date FY 2017	March Year-to-Date FY 2016	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition and Fees	178,277,436.29	165,902,459.09	12,374,977.20	7.5%
Sponsored Programs	35,743,977.00	34,103,711.31	1,640,265.69	4.8%
Net Sales and Services of Educational Activities	11,940,822.90	10,665,571.87	1,275,251.03	12.0%
Net Auxiliary Enterprises	19,472,506.18	16,261,330.91	3,211,175.27	19.7%
Other Operating Revenues	2,956,385.56	2,679,908.70	276,476.86	10.3%
Total Operating Revenues	248,391,127.93	229,612,981.88	18,778,146.05	8.2%
Operating Expenses				
Salaries and Wages	174,727,142.75	166,212,902.41	8,514,240.34	5.1%
Payroll Related Costs	41,692,221.68	39,039,536.07	2,652,685.61	6.8%
Membership Dues	662,651.12	-	662,651.12	100.0%
Registration Fees/Meetings/Conferences	1,592,930.14	-	1,592,930.14	100.0%
Professional Fees and Services	5,438,984.71	6,042,457.82	(603,473.11)	-10.0%
Other Contracted Services	9,421,494.73	9,209,761.07	211,733.66	2.3%
Fees and Other Charges	683,084.37	-	683,084.37	100.0%
Travel	4,310,764.71	3,740,655.60	570,109.11	15.2%
Materials and Supplies	18,488,688.44	19,307,223.83	(818,535.39)	-4.2%
Utilities	6,177,309.80	6,492,063.06	(314,753.26)	-4.8%
Communications	1,029,135.51	422,249.78	606,885.73	143.7%
Repairs and Maintenance	5,259,680.82	3,465,406.81	1,794,274.01	51.8%
Rentals and Leases	4,299,453.26	4,173,831.85	125,621.41	3.0%
Printing and Reproduction	1,137,646.67	1,227,743.20	(90,096.53)	-7.3%
Royalty Payments	679,527.33	-	679,527.33	100.0%
Bad Debt Expense	37,240.00	-	37,240.00	100.0%
Insurance Costs/Premiums	6,491,935.33	-	6,491,935.33	100.0%
Scholarships and Fellowships	24,228,704.54	23,506,454.47	722,250.07	3.1%
Depreciation and Amortization	42,881,061.97	37,089,500.00	5,791,561.97	15.6%
Federal Sponsored Program Pass-Through to Other State Agencies	58,682.25	43,753.14	14,929.11	34.1%
State Sponsored Program Pass-Through to Other State Agencies	74,132.08	232,682.37	(158,550.29)	-68.1%
Other Operating Expenses	3,568,549.01	12,932,738.27	(9,364,189.26)	-72.4%
Total Operating Expenses	352,941,021.22	333,138,959.75	19,802,061.47	5.9%
Operating Loss	(104,549,893.29)	(103,525,977.87)	(1,023,915.42)	-1.0%
Other Nonoperating Adjustments				
State Appropriations	69,427,638.58	64,529,784.77	4,897,853.81	7.6%
Nonexchange Sponsored Programs	18,846,087.79	31,194,407.42	(12,348,319.63)	-39.6%
Gift Contributions for Operations	8,750,000.00	7,583,333.33	1,166,666.67	15.4%
Net Investment Income	14,795,946.25	13,601,894.15	1,194,052.10	8.8%
Interest Expense on Capital Asset Financings	(14,642,031.83)	(8,977,226.86)	(5,664,804.97)	-63.1%
Net Other Nonoperating Adjustments	97,177,640.79	107,932,192.81	(10,754,552.02)	-10.0%
Adjusted Income (Loss) including Depreciation & Amortization	(7,372,252.50)	4,406,214.94	(11,778,467.44)	-267.3%
Adjusted Margin % including Depreciation & Amortization	-2.0%	1.3%		
Investment Gain (Losses)	7,997,335.08	(13,492,246.50)	21,489,581.58	159.3%
Adj. Inc. (Loss) with Investment Gains (Losses)	625,082.58	(9,086,031.56)	9,711,114.14	106.9%
Adj. Margin % with Investment Gains (Losses)	0.2%	-2.7%		
Adjusted Income (Loss) excluding Depreciation & Amortization	35,508,809.47	41,495,714.94	(5,986,905.47)	-14.4%
Adjusted Margin % excluding Depreciation & Amortization	9.9%	12.0%		

UNAUDITED

The University of Texas at El Paso
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2017

	March Year-to-Date FY 2017	March Year-to-Date FY 2016	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition and Fees	73,409,565.00	68,496,426.95	4,913,138.05	7.2%
Sponsored Programs	56,548,697.89	53,407,478.56	3,141,219.33	5.9%
Net Sales and Services of Educational Activities	3,507,504.24	4,552,768.20	(1,045,263.96)	-23.0%
Net Auxiliary Enterprises	19,069,576.51	18,682,205.90	387,370.61	2.1%
Other Operating Revenues	89,310.29	(7,902.63)	97,212.92	1,230.1%
Total Operating Revenues	152,624,653.93	145,130,976.98	7,493,676.95	5.2%
Operating Expenses				
Salaries and Wages	117,040,053.50	110,369,830.70	6,670,222.80	6.0%
Payroll Related Costs	32,407,914.74	29,084,382.17	3,323,532.57	11.4%
Membership Dues	591,013.67	-	591,013.67	100.0%
Registration Fees/Meetings/Conferences	453,508.76	-	453,508.76	100.0%
Professional Fees and Services	8,016,420.28	6,701,928.24	1,314,492.04	19.6%
Other Contracted Services	7,238,591.06	7,145,995.90	92,595.16	1.3%
Fees and Other Charges	2,403,354.50	-	2,403,354.50	100.0%
Travel	5,207,182.17	4,717,252.62	489,929.55	10.4%
Materials and Supplies	11,931,294.01	11,542,976.33	388,317.68	3.4%
Utilities	4,983,594.71	4,982,683.03	911.68	-
Communications	1,031,259.33	595,559.89	435,699.44	73.2%
Repairs and Maintenance	4,862,469.16	3,823,783.97	1,038,685.19	27.2%
Rentals and Leases	1,604,809.37	1,931,081.53	(326,272.16)	-16.9%
Printing and Reproduction	744,886.28	682,625.19	62,261.09	9.1%
Insurance Costs/Premiums	687,315.16	-	687,315.16	100.0%
Scholarships and Fellowships	44,016,692.67	44,818,748.16	(802,055.49)	-1.8%
Depreciation and Amortization	17,996,585.41	18,249,244.67	(252,659.26)	-1.4%
Federal Sponsored Program Pass-Through to Other State Agencies	410,243.69	2,971,813.54	(2,561,569.85)	-86.2%
Other Operating Expenses	5,155,349.72	7,223,002.91	(2,067,653.19)	-28.6%
Total Operating Expenses	266,782,538.19	254,840,908.85	11,941,629.34	4.7%
Operating Loss	(114,157,884.26)	(109,709,931.87)	(4,447,952.39)	-4.1%
Other Nonoperating Adjustments				
State Appropriations	69,264,167.00	65,232,895.00	4,031,272.00	6.2%
Nonexchange Sponsored Programs	27,061,141.69	26,615,854.72	445,286.97	1.7%
Gift Contributions for Operations	4,731,222.84	3,694,877.54	1,036,345.30	28.0%
Net Investment Income	7,631,883.59	7,216,784.26	415,099.33	5.8%
Interest Expense on Capital Asset Financings	(7,061,067.44)	(4,189,141.95)	(2,871,925.49)	-68.6%
Net Other Nonoperating Adjustments	101,627,347.68	98,571,269.57	3,056,078.11	3.1%
Adjusted Income (Loss) including Depreciation & Amortization	(12,530,536.58)	(11,138,662.30)	(1,391,874.28)	-12.5%
Adjusted Margin % including Depreciation & Amortization	-4.8%	-4.5%		
Investment Gain (Losses)	8,330,600.38	(14,234,379.75)	22,564,980.13	158.5%
Adj. Inc. (Loss) with Investment Gains (Losses)	(4,199,936.20)	(25,373,042.05)	21,173,105.85	83.4%
Adj. Margin % with Investment Gains (Losses)	-1.6%	-10.9%		
Adjusted Income (Loss) excluding Depreciation & Amortization	5,466,048.83	7,110,582.37	(1,644,533.54)	-23.1%
Adjusted Margin % excluding Depreciation & Amortization	2.1%	2.9%		

UNAUDITED

The University of Texas of the Permian Basin
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2017

	March Year-to-Date FY 2017	March Year-to-Date FY 2016	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition and Fees	8,560,261.27	9,265,786.80	(705,525.53)	-7.6%
Sponsored Programs	6,965,562.05	5,095,986.05	1,869,576.00	36.7%
Net Sales and Services of Educational Activities	958,942.23	1,215,740.12	(256,797.89)	-21.1%
Net Auxiliary Enterprises	6,775,274.97	4,186,008.05	2,589,266.92	61.9%
Other Operating Revenues	271,209.61	230,247.19	40,962.42	17.8%
Total Operating Revenues	23,531,250.13	19,993,768.21	3,537,481.92	17.7%
Operating Expenses				
Salaries and Wages	20,983,772.58	19,556,541.93	1,427,230.65	7.3%
Payroll Related Costs	5,623,687.59	4,680,804.85	942,882.74	20.1%
Membership Dues	130,632.24	-	130,632.24	100.0%
Registration Fees/Meetings/Conferences	92,554.19	-	92,554.19	100.0%
Cost of Goods Sold	-	5,935.29	(5,935.29)	-100.0%
Professional Fees and Services	1,742,981.60	1,875,547.04	(132,565.44)	-7.1%
Other Contracted Services	3,174,851.04	2,019,824.18	1,155,026.86	57.2%
Fees and Other Charges	14,876.26	-	14,876.26	100.0%
Travel	1,111,341.24	842,571.23	268,770.01	31.9%
Materials and Supplies	3,388,424.41	3,149,841.82	238,582.59	7.6%
Utilities	1,508,077.55	1,274,876.10	233,201.45	18.3%
Communications	264,134.27	403,309.40	(139,175.13)	-34.5%
Repairs and Maintenance	569,461.88	(151,416.11)	720,877.99	476.1%
Rentals and Leases	516,265.91	377,234.83	139,031.08	36.9%
Printing and Reproduction	72,204.32	75,135.70	(2,931.38)	-3.9%
Royalty Payments	840.00	-	840.00	100.0%
Bad Debt Expense	1,898.85	-	1,898.85	100.0%
Insurance Costs/Premiums	163,680.14	-	163,680.14	100.0%
Scholarships and Fellowships	3,198,748.87	4,474,389.10	(1,275,640.23)	-28.5%
Depreciation and Amortization	8,149,303.83	8,146,250.00	3,053.83	-
Federal Sponsored Program Pass-Through to Other State Agencies	(45,152.53)	(44,024.12)	(1,128.41)	-2.6%
Other Operating Expenses	210,055.95	824,150.36	(614,094.41)	-74.5%
Total Operating Expenses	50,872,640.19	47,510,971.60	3,361,668.59	7.1%
Operating Loss	(27,341,390.06)	(27,517,203.39)	175,813.33	0.6%
Other Nonoperating Adjustments				
State Appropriations	24,508,547.00	20,750,980.40	3,757,566.60	18.1%
Nonexchange Sponsored Programs	6,501,728.00	4,169,136.83	2,332,591.17	55.9%
Gift Contributions for Operations	1,329,286.98	1,622,197.90	(292,910.92)	-18.1%
Net Investment Income	1,287,541.97	860,369.62	427,172.35	49.6%
Interest Expense on Capital Asset Financings	(4,722,898.95)	(3,148,567.87)	(1,574,331.08)	-50.0%
Net Other Nonoperating Adjustments	28,904,205.00	24,254,116.88	4,650,088.12	19.2%
Adjusted Income (Loss) including Depreciation & Amortization	1,562,814.94	(3,263,086.51)	4,825,901.45	147.9%
Adjusted Margin % including Depreciation & Amortization	2.7%	-6.9%		
Investment Gain (Losses)	1,407,476.59	(2,361,006.68)	3,768,483.27	159.6%
Adj. Inc. (Loss) with Investment Gains (Losses)	2,970,291.53	(5,624,093.19)	8,594,384.72	152.8%
Adj. Margin % with Investment Gains (Losses)	5.1%	-12.5%		
Adjusted Income (Loss) excluding Depreciation & Amortization	9,712,118.77	4,883,163.49	4,828,955.28	98.9%
Adjusted Margin % excluding Depreciation & Amortization	17.0%	10.3%		

UNAUDITED

The University of Texas Rio Grande Valley
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2017

	March Year-to-Date FY 2017	March Year-to-Date FY 2016	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition and Fees	67,606,018.16	70,639,809.87	(3,033,791.71)	-4.3%
Sponsored Programs	61,082,523.15	58,742,553.62	2,339,969.53	4.0%
Net Sales and Services of Educational Activities	3,999,128.83	2,612,790.46	1,386,338.37	53.1%
Net Professional Fees	(655,807.72)	131,602.58	(787,410.30)	-598.3%
Net Auxiliary Enterprises	7,425,781.06	6,646,340.37	779,440.69	11.7%
Other Operating Revenues	14,669,489.64	5,701,254.46	8,968,235.18	157.3%
Total Operating Revenues	154,127,133.12	144,474,351.36	9,652,781.76	6.7%
Operating Expenses				
Salaries and Wages	125,827,549.83	115,595,441.93	10,232,107.90	8.9%
Payroll Related Costs	37,199,949.46	33,825,127.04	3,374,822.42	10.0%
Membership Dues	633,444.18	-	633,444.18	100.0%
Registration Fees/Meetings/Conferences	453,418.87	-	453,418.87	100.0%
Cost of Goods Sold	139,260.03	269,059.21	(129,799.18)	-48.2%
Professional Fees and Services	1,119,125.77	1,259,013.11	(139,887.34)	-11.1%
Other Contracted Services	10,356,486.36	4,995,024.36	5,361,462.00	107.3%
Fees and Other Charges	1,653,176.07	-	1,653,176.07	100.0%
Travel	4,486,923.01	4,113,082.38	373,840.63	9.1%
Materials and Supplies	11,891,856.26	8,448,457.49	3,443,398.77	40.8%
Utilities	4,621,352.47	4,542,672.12	78,680.35	1.7%
Communications	360,473.28	304,706.14	55,767.14	18.3%
Repairs and Maintenance	4,096,189.41	2,749,680.95	1,346,508.46	49.0%
Rentals and Leases	3,062,015.14	2,812,593.75	249,421.39	8.9%
Printing and Reproduction	407,498.01	400,059.74	7,438.27	1.9%
Bad Debt Expense	44,349.76	4,700.38	39,649.38	843.5%
Insurance Costs/Premiums	207,277.61	-	207,277.61	100.0%
Scholarships and Fellowships	51,234,669.03	59,267,930.11	(8,033,261.08)	-13.6%
Depreciation and Amortization	22,693,904.26	22,076,702.51	617,201.75	2.8%
Federal Sponsored Program Pass-Through to Other State Agencies	401,000.21	145,273.37	255,726.84	176.0%
Other Operating Expenses	3,266,840.39	4,849,838.52	(1,582,998.13)	-32.6%
Total Operating Expenses	284,156,759.41	265,659,363.11	18,497,396.30	7.0%
Operating Loss	(130,029,626.29)	(121,185,011.75)	(8,844,614.54)	-7.3%
Other Nonoperating Adjustments				
State Appropriations	91,961,006.67	88,992,512.00	2,968,494.67	3.3%
Nonexchange Sponsored Programs	33,598,650.38	34,458,985.07	(860,334.69)	-2.5%
Gift Contributions for Operations	4,841,729.89	5,653,670.05	(811,940.16)	-14.4%
Net Investment Income	5,504,213.59	3,435,857.92	2,068,355.67	60.2%
Interest Expense on Capital Asset Financings	(5,298,160.64)	(3,685,408.86)	(1,612,751.78)	-43.8%
Net Other Nonoperating Adjustments	130,607,439.89	128,855,616.18	1,751,823.71	1.4%
Adjusted Income (Loss) including Depreciation & Amortization	577,813.60	7,670,604.43	(7,092,790.83)	-92.5%
Adjusted Margin % including Depreciation & Amortization	0.2%	2.8%		
Investment Gain (Losses)	1,210,610.56	(4,268,324.63)	5,478,935.19	128.4%
Adj. Inc. (Loss) with Investment Gains (Losses)	1,788,424.16	3,402,279.80	(1,613,855.64)	-47.4%
Adj. Margin % with Investment Gains (Losses)	0.6%	1.2%		
Adjusted Income (Loss) excluding Depreciation & Amortization	23,271,717.86	29,747,306.94	(6,475,589.08)	-21.8%
Adjusted Margin % excluding Depreciation & Amortization	8.0%	10.7%		

UNAUDITED

The University of Texas at San Antonio
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2017

	March Year-to-Date FY 2017	March Year-to-Date FY 2016	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition and Fees	113,957,325.19	106,898,041.77	7,059,283.42	6.6%
Sponsored Programs	45,118,120.02	35,805,583.55	9,312,536.47	26.0%
Net Sales and Services of Educational Activities	7,239,723.55	8,809,640.02	(1,569,916.47)	-17.8%
Net Auxiliary Enterprises	25,447,438.18	26,409,668.51	(962,230.33)	-3.6%
Other Operating Revenues	2,523,100.20	2,148,351.51	374,748.69	17.4%
Total Operating Revenues	194,285,707.14	180,071,285.36	14,214,421.78	7.9%
Operating Expenses				
Salaries and Wages	147,824,978.42	141,659,109.11	6,165,869.31	4.4%
Payroll Related Costs	39,912,744.17	36,232,619.35	3,680,124.82	10.2%
Membership Dues	871,063.07	-	871,063.07	100.0%
Registration Fees/Meetings/Conferences	726,586.99	-	726,586.99	100.0%
Cost of Goods Sold	255,300.40	175,000.00	80,300.40	45.9%
Professional Fees and Services	5,291,615.43	3,734,088.73	1,557,526.70	41.7%
Other Contracted Services	7,476,342.49	8,225,082.85	(748,740.36)	-9.1%
Fees and Other Charges	613,514.07	-	613,514.07	100.0%
Travel	6,574,837.17	6,343,774.17	231,063.00	3.6%
Materials and Supplies	14,585,808.23	17,842,970.14	(3,257,161.91)	-18.3%
Utilities	7,467,883.50	7,226,784.33	241,099.17	3.3%
Communications	2,105,036.75	1,727,996.26	377,040.49	21.8%
Repairs and Maintenance	6,211,249.15	4,894,097.83	1,317,151.32	26.9%
Rentals and Leases	1,118,310.16	1,353,955.77	(235,645.61)	-17.4%
Printing and Reproduction	896,970.24	868,683.48	28,286.76	3.3%
Royalty Payments	3,500.00	-	3,500.00	100.0%
Bad Debt Expense	124,724.59	127,721.42	(2,996.83)	-2.3%
Insurance Costs/Premiums	95,477.34	-	95,477.34	100.0%
Scholarships and Fellowships	28,720,757.92	25,811,258.67	2,909,499.25	11.3%
Depreciation and Amortization	28,054,905.60	27,915,678.39	139,227.21	0.5%
Federal Sponsored Program Pass-Through to Other State Agencies	1,033,743.18	962,430.23	71,312.95	7.4%
Other Operating Expenses	7,102,569.69	8,884,592.41	(1,782,022.72)	-20.1%
Total Operating Expenses	307,067,918.56	293,985,843.14	13,082,075.42	4.4%
Operating Loss	(112,782,211.42)	(113,914,557.78)	1,132,346.36	1.0%
Other Nonoperating Adjustments				
State Appropriations	72,609,884.67	75,099,225.25	(2,489,340.58)	-3.3%
Nonexchange Sponsored Programs	28,567,875.00	29,895,801.25	(1,327,926.25)	-4.4%
Gift Contributions for Operations	4,666,666.67	4,666,666.67	-	-
Net Investment Income	8,009,138.97	15,938,570.49	(7,929,431.52)	-49.7%
Interest Expense on Capital Asset Financings	(10,062,328.01)	(8,586,547.69)	(1,475,780.32)	-17.2%
Net Other Nonoperating Adjustments	103,791,237.30	117,013,715.97	(13,222,478.67)	-11.3%
Adjusted Income (Loss) including Depreciation & Amortization	(8,990,974.12)	3,099,158.19	(12,090,132.31)	-390.1%
Adjusted Margin % including Depreciation & Amortization	-2.9%	1.0%		
Investment Gain (Losses)	19,975,394.70	(25,643,439.57)	45,618,834.27	177.9%
Adj. Inc. (Loss) with Investment Gains (Losses)	10,984,420.58	(22,544,281.38)	33,528,701.96	148.7%
Adj. Margin % with Investment Gains (Losses)	3.3%	-8.1%		
Adjusted Income (Loss) excluding Depreciation & Amortization	19,063,931.48	31,014,836.58	(11,950,905.10)	-38.5%
Adjusted Margin % excluding Depreciation & Amortization	6.2%	10.1%		

UNAUDITED

The University of Texas at Tyler
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2017

	March Year-to-Date FY 2017	March Year-to-Date FY 2016	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition and Fees	27,208,714.75	23,683,559.68	3,525,155.07	14.9%
Sponsored Programs	8,830,513.26	6,783,132.57	2,047,380.69	30.2%
Net Sales and Services of Educational Activities	7,657,414.46	4,152,620.05	3,504,794.41	84.4%
Net Auxiliary Enterprises	5,239,297.00	4,879,623.00	359,674.00	7.4%
Other Operating Revenues	126,909.78	255,285.77	(128,375.99)	-50.3%
Total Operating Revenues	49,062,849.25	39,754,221.07	9,308,628.18	23.4%
Operating Expenses				
Salaries and Wages	42,089,625.46	39,856,303.94	2,233,321.52	5.6%
Payroll Related Costs	11,235,606.12	9,514,736.43	1,720,869.69	18.1%
Membership Dues	143,715.93	-	143,715.93	100.0%
Registration Fees/Meetings/Conferences	231,665.40	-	231,665.40	100.0%
Cost of Goods Sold	20,297.08	17,739.57	2,557.51	14.4%
Professional Fees and Services	1,403,547.57	1,529,431.13	(125,883.56)	-8.2%
Other Contracted Services	3,982,607.10	3,392,945.10	589,662.00	17.4%
Fees and Other Charges	118,150.15	-	118,150.15	100.0%
Travel	1,218,290.58	1,149,158.90	69,131.68	6.0%
Materials and Supplies	4,588,086.55	4,902,407.84	(314,321.29)	-6.4%
Utilities	1,437,438.05	1,510,742.36	(73,304.31)	-4.9%
Communications	390,826.72	374,860.10	15,966.62	4.3%
Repairs and Maintenance	1,617,891.58	1,582,664.13	35,227.45	2.2%
Rentals and Leases	294,871.08	396,617.03	(101,745.95)	-25.7%
Printing and Reproduction	634,006.47	811,876.41	(177,869.94)	-21.9%
Royalty Payments	6,482.68	-	6,482.68	100.0%
Insurance Costs/Premiums	48,092.70	-	48,092.70	100.0%
Scholarships and Fellowships	3,593,814.00	1,624,136.62	1,969,677.38	121.3%
Depreciation and Amortization	8,758,862.00	8,104,895.73	653,966.27	8.1%
Other Operating Expenses	1,538,518.18	2,064,322.21	(525,804.03)	-25.5%
Total Operating Expenses	83,352,395.40	76,832,837.50	6,519,557.90	8.5%
Operating Loss	(34,289,546.15)	(37,078,616.43)	2,789,070.28	7.5%
Other Nonoperating Adjustments				
State Appropriations	25,961,054.00	23,243,528.00	2,717,526.00	11.7%
Nonexchange Sponsored Programs	6,495,580.00	5,718,524.00	777,056.00	13.6%
Gift Contributions for Operations	620,014.11	1,061,227.15	(441,213.04)	-41.6%
Net Investment Income	2,744,974.33	2,584,275.89	160,698.44	6.2%
Interest Expense on Capital Asset Financings	(3,577,962.22)	(2,047,150.21)	(1,530,812.01)	-74.8%
Net Other Nonoperating Adjustments	32,243,660.22	30,560,404.83	1,683,255.39	5.5%
Adjusted Income (Loss) including Depreciation & Amortization	(2,045,885.93)	(6,518,211.60)	4,472,325.67	68.6%
Adjusted Margin % including Depreciation & Amortization	-2.4%	-9.0%		
Investment Gain (Losses)	2,914,330.04	(3,775,564.56)	6,689,894.60	177.2%
Adj. Inc. (Loss) with Investment Gains (Losses)	868,444.11	(10,293,776.16)	11,162,220.27	108.4%
Adj. Margin % with Investment Gains (Losses)	1.0%	-15.0%		
Adjusted Income (Loss) excluding Depreciation & Amortization	6,712,976.07	1,586,684.13	5,126,291.94	323.1%
Adjusted Margin % excluding Depreciation & Amortization	7.9%	2.2%		

UNAUDITED

The University of Texas Southwestern Medical Center
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2017

	March Year-to-Date FY 2017	March Year-to-Date FY 2016	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition and Fees	13,765,320.10	13,257,600.53	507,719.57	3.8%
Sponsored Programs	336,084,913.19	329,949,473.17	6,135,440.02	1.9%
Net Sales and Services of Educational Activities	6,572,189.88	7,929,856.35	(1,357,666.47)	-17.1%
Net Sales and Services of Hospitals	651,758,263.84	621,759,202.72	29,999,061.12	4.8%
Net Professional Fees	365,326,090.70	311,576,860.13	53,749,230.57	17.3%
Net Auxiliary Enterprises	17,478,287.76	16,526,135.19	952,152.57	5.8%
Other Operating Revenues	60,107,961.13	65,371,049.15	(5,263,088.02)	-8.1%
Total Operating Revenues	1,451,093,026.60	1,366,370,177.24	84,722,849.36	6.2%
Operating Expenses				
Salaries and Wages	804,218,067.75	747,121,152.63	57,096,915.12	7.6%
Payroll Related Costs	215,717,230.78	198,252,657.07	17,464,573.71	8.8%
Membership Dues	2,187,761.64	-	2,187,761.64	100.0%
Registration Fees/Meetings/Conferences	3,686,511.64	-	3,686,511.64	100.0%
Cost of Goods Sold	3,771,131.74	3,775,035.09	(3,903.35)	-0.1%
Professional Fees and Services	37,610,448.34	48,674,644.52	(11,064,196.18)	-22.7%
Other Contracted Services	74,954,798.39	68,970,563.04	5,984,235.35	8.7%
Fees and Other Charges	2,836,032.58	-	2,836,032.58	100.0%
Travel	7,423,100.37	6,970,597.89	452,502.48	6.5%
Materials and Supplies	252,188,505.14	218,992,367.21	33,196,137.93	15.2%
Utilities	13,306,937.72	11,168,148.18	2,138,789.54	19.2%
Communications	7,136,389.03	6,623,593.35	512,795.68	7.7%
Repairs and Maintenance	10,567,415.85	8,204,766.90	2,362,648.95	28.8%
Rentals and Leases	5,555,693.95	4,973,795.06	581,898.89	11.7%
Printing and Reproduction	1,596,367.27	1,389,159.17	207,208.10	14.9%
Royalty Payments	1,558,323.53	-	1,558,323.53	100.0%
Insurance Costs/Premiums	1,575,995.11	-	1,575,995.11	100.0%
Scholarships and Fellowships	1,079,417.63	796,576.81	282,840.82	35.5%
Depreciation and Amortization	94,767,370.75	91,413,114.42	3,354,256.33	3.7%
Federal Sponsored Program Pass-Through to Other State Agencies	1,231,661.09	1,346,014.18	(114,353.09)	-8.5%
Other Operating Expenses	10,180,389.94	37,585,576.95	(27,405,187.01)	-72.9%
Total Operating Expenses	1,553,149,550.24	1,456,257,762.47	96,891,787.77	6.7%
Operating Loss	(102,056,523.64)	(89,887,585.23)	(12,168,938.41)	-13.5%
Other Nonoperating Adjustments				
State Appropriations	109,393,605.00	108,354,051.00	1,039,554.00	1.0%
Gift Contributions for Operations	8,187,187.56	60,708,408.67	(52,521,221.11)	-86.5%
Net Investment Income	71,857,419.68	58,122,477.06	13,734,942.62	23.6%
Interest Expense on Capital Asset Financings	(18,785,594.73)	(17,845,794.19)	(939,800.54)	-5.3%
Net Other Nonoperating Adjustments	170,652,617.51	209,339,142.54	(38,686,525.03)	-18.5%
Adjusted Income (Loss) including Depreciation & Amortization	68,596,093.87	119,451,557.31	(50,855,463.44)	-42.6%
Adjusted Margin % including Depreciation & Amortization	4.2%	7.5%		
Investment Gain (Losses)	47,788,343.33	(84,252,207.79)	132,040,551.12	156.7%
Adj. Inc. (Loss) with Investment Gains (Losses)	116,384,437.20	35,199,349.52	81,185,087.68	230.6%
Adj. Margin % with Investment Gains (Losses)	6.9%	2.3%		
Adjusted Income (Loss) excluding Depreciation & Amortization	163,363,464.62	210,864,671.73	(47,501,207.11)	-22.5%
Adjusted Margin % excluding Depreciation & Amortization	10.0%	13.2%		

UNAUDITED

The University of Texas Medical Branch at Galveston
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2017

	March Year-to-Date FY 2017	March Year-to-Date FY 2016	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition and Fees	22,673,642.90	21,139,899.21	1,533,743.69	7.3%
Sponsored Programs	113,133,153.89	114,019,923.76	(886,769.87)	-0.8%
Net Sales and Services of Educational Activities	11,336,047.68	9,714,844.83	1,621,202.85	16.7%
Net Sales and Services of Hospitals	645,844,330.62	585,067,584.96	60,776,745.66	10.4%
Net Professional Fees	115,646,076.01	101,506,757.14	14,139,318.87	13.9%
Net Auxiliary Enterprises	6,692,254.82	5,721,001.21	971,253.61	17.0%
Other Operating Revenues	31,081,995.63	25,606,765.36	5,475,230.27	21.4%
Total Operating Revenues	946,407,501.55	862,776,776.47	83,630,725.08	9.7%
Operating Expenses				
Salaries and Wages	599,520,203.05	560,193,185.56	39,327,017.49	7.0%
Payroll Related Costs	164,697,984.51	152,883,681.10	11,814,303.41	7.7%
Membership Dues	1,360,545.65	-	1,360,545.65	100.0%
Registration Fees/Meetings/Conferences	1,730,565.25	-	1,730,565.25	100.0%
Cost of Goods Sold	58,061,908.59	50,625,760.74	7,436,147.85	14.7%
Professional Fees and Services	24,189,439.21	21,446,257.16	2,743,182.05	12.8%
Other Contracted Services	68,158,784.80	68,752,014.89	(593,230.09)	-0.9%
Fees and Other Charges	923,540.19	-	923,540.19	100.0%
Travel	4,349,674.02	4,208,558.69	141,115.33	3.4%
Materials and Supplies	92,462,611.66	91,547,172.79	915,438.87	1.0%
Utilities	19,106,621.03	20,001,062.95	(894,441.92)	-4.5%
Communications	5,949,576.14	5,648,374.17	301,201.97	5.3%
Repairs and Maintenance	26,859,435.67	27,286,075.55	(426,639.88)	-1.6%
Rentals and Leases	15,167,250.35	15,110,731.50	56,518.85	0.4%
Printing and Reproduction	866,437.17	878,129.89	(11,692.72)	-1.3%
Royalty Payments	1,405,955.83	-	1,405,955.83	100.0%
Insurance Costs/Premiums	6,106,048.68	-	6,106,048.68	100.0%
Scholarships and Fellowships	4,818,175.62	4,472,004.10	346,171.52	7.7%
Depreciation and Amortization	86,971,690.61	68,764,735.41	18,206,955.20	26.5%
Federal Sponsored Program Pass-Through to Other State Agencies	409,168.23	378,557.09	30,611.14	8.1%
Other Operating Expenses	10,169,434.24	21,132,205.68	(10,962,771.44)	-51.9%
Total Operating Expenses	1,193,285,050.50	1,113,328,507.27	79,956,543.23	7.2%
Operating Loss	(246,877,548.95)	(250,551,730.80)	3,674,181.85	1.5%
Other Nonoperating Adjustments				
State Appropriations	218,604,976.30	211,836,667.82	6,768,308.48	3.2%
Nonexchange Sponsored Programs	664,420.00	769,013.20	(104,593.20)	-13.6%
Gift Contributions for Operations	4,699,160.63	5,382,584.52	(683,423.89)	-12.7%
Net Investment Income	27,133,010.22	27,000,071.84	132,938.38	0.5%
Interest Expense on Capital Asset Financings	(13,490,477.92)	(7,748,158.41)	(5,742,319.51)	-74.1%
Net Other Nonoperating Adjustments	237,611,089.23	237,240,178.97	370,910.26	0.2%
Adjusted Income (Loss) including Depreciation & Amortization	(9,266,459.72)	(13,311,551.83)	4,045,092.11	30.4%
Adjusted Margin % including Depreciation & Amortization	-0.8%	-1.2%		
Investment Gain (Losses)	21,034,641.22	(47,735,678.36)	68,770,319.58	144.1%
Adj. Inc. (Loss) with Investment Gains (Losses)	11,768,181.50	(61,047,230.19)	72,815,411.69	119.3%
Adj. Margin % with Investment Gains (Losses)	1.0%	-5.8%		
Adjusted Income (Loss) excluding Depreciation & Amortization	77,705,230.89	55,453,183.58	22,252,047.31	40.1%
Adjusted Margin % excluding Depreciation & Amortization	6.5%	5.0%		

UNAUDITED

The University of Texas Health Science Center at Houston
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2017

	March Year-to-Date FY 2017	March Year-to-Date FY 2016	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition and Fees	32,769,143.55	30,681,191.32	2,087,952.23	6.8%
Sponsored Programs	417,365,245.89	412,305,157.48	5,060,088.41	1.2%
Net Sales and Services of Educational Activities	21,430,734.11	22,660,649.48	(1,229,915.37)	-5.4%
Net Sales and Services of Hospitals	40,483,571.95	43,940,018.48	(3,456,446.53)	-7.9%
Net Professional Fees	201,809,177.17	196,276,117.75	5,533,059.42	2.8%
Net Auxiliary Enterprises	17,803,570.37	16,839,652.03	963,918.34	5.7%
Other Operating Revenues	29,738,532.89	34,272,159.18	(4,533,626.29)	-13.2%
Total Operating Revenues	761,399,975.93	756,974,945.72	4,425,030.21	0.6%
Operating Expenses				
Salaries and Wages	532,268,878.28	486,477,071.19	45,791,807.09	9.4%
Payroll Related Costs	116,709,232.78	110,919,538.94	5,789,693.84	5.2%
Membership Dues	1,214,827.29	-	1,214,827.29	100.0%
Registration Fees/Meetings/Conferences	1,711,337.91	-	1,711,337.91	100.0%
Cost of Goods Sold	11,602,114.98	13,978,456.70	(2,376,341.72)	-17.0%
Professional Fees and Services	36,558,486.28	40,820,702.37	(4,262,216.09)	-10.4%
Other Contracted Services	45,652,169.24	44,636,010.71	1,016,158.53	2.3%
Fees and Other Charges	7,490,071.52	-	7,490,071.52	100.0%
Travel	6,094,211.60	6,068,202.64	26,008.96	0.4%
Materials and Supplies	34,499,568.23	35,578,277.38	(1,078,709.15)	-3.0%
Utilities	9,423,816.37	9,462,858.39	(39,042.02)	-0.4%
Communications	3,793,507.18	3,285,035.39	508,471.79	15.5%
Repairs and Maintenance	8,335,766.50	7,557,428.44	778,338.06	10.3%
Rentals and Leases	20,865,736.36	20,040,181.33	825,555.03	4.1%
Printing and Reproduction	3,803,675.66	3,992,081.17	(188,405.51)	-4.7%
Royalty Payments	995,451.28	-	995,451.28	100.0%
Insurance Costs/Premiums	4,346,088.00	-	4,346,088.00	100.0%
Scholarships and Fellowships	2,988,359.30	3,542,013.26	(553,653.96)	-15.6%
Depreciation and Amortization	35,860,215.90	35,999,494.89	(139,278.99)	-0.4%
Federal Sponsored Program Pass-Through to Other State Agencies	3,633,981.34	3,542,361.24	91,620.10	2.6%
Other Operating Expenses	10,033,946.70	23,808,795.52	(13,774,848.82)	-57.9%
Total Operating Expenses	897,881,442.70	849,708,509.56	48,172,933.14	5.7%
Operating Loss	(136,481,466.77)	(92,733,563.84)	(43,747,902.93)	-47.2%
Other Nonoperating Adjustments				
State Appropriations	126,602,722.20	120,176,139.09	6,426,583.11	5.3%
Nonexchange Sponsored Programs	300,438.29	339,112.00	(38,673.71)	-11.4%
Gift Contributions for Operations	14,335,469.37	11,913,016.89	2,422,452.48	20.3%
Net Investment Income	21,741,704.51	20,574,274.32	1,167,430.19	5.7%
Interest Expense on Capital Asset Financings	(7,014,424.90)	(6,352,169.97)	(662,254.93)	-10.4%
Net Other Nonoperating Adjustments	155,965,909.47	146,650,372.33	9,315,537.14	6.4%
Adjusted Income (Loss) including Depreciation & Amortization	19,484,442.70	53,916,808.49	(34,432,365.79)	-63.9%
Adjusted Margin % including Depreciation & Amortization	2.1%	5.9%		
Investment Gain (Losses)	17,989,287.41	(20,079,243.24)	38,068,530.65	189.6%
Adj. Inc. (Loss) with Investment Gains (Losses)	37,473,730.11	33,837,565.25	3,636,164.86	10.7%
Adj. Margin % with Investment Gains (Losses)	4.0%	3.8%		
Adjusted Income (Loss) excluding Depreciation & Amortization	55,344,658.60	89,916,303.38	(34,571,644.78)	-38.4%
Adjusted Margin % excluding Depreciation & Amortization	6.0%	9.9%		

UNAUDITED

The University of Texas Health Science Center at San Antonio
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2017

	March Year-to-Date FY 2017	March Year-to-Date FY 2016	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition and Fees	23,580,653.83	22,468,119.92	1,112,533.91	5.0%
Sponsored Programs	174,276,046.91	173,764,308.61	511,738.30	0.3%
Net Sales and Services of Educational Activities	12,658,027.47	12,552,926.12	105,101.35	0.8%
Net Professional Fees	110,153,639.26	106,852,953.25	3,300,686.01	3.1%
Net Auxiliary Enterprises	3,470,164.40	3,183,140.71	287,023.69	9.0%
Other Operating Revenues	23,120,206.08	23,243,611.15	(123,405.07)	-0.5%
Total Operating Revenues	347,258,737.95	342,065,059.76	5,193,678.19	1.5%
Operating Expenses				
Salaries and Wages	255,988,687.70	243,628,604.09	12,360,083.61	5.1%
Payroll Related Costs	71,888,089.95	68,588,858.21	3,299,231.74	4.8%
Membership Dues	2,232,293.56	-	2,232,293.56	100.0%
Registration Fees/Meetings/Conferences	4,067,490.76	-	4,067,490.76	100.0%
Professional Fees and Services	14,099,486.59	13,722,623.55	376,863.04	2.7%
Other Contracted Services	17,424,081.29	19,314,520.20	(1,890,438.91)	-9.8%
Fees and Other Charges	1,237,745.85	-	1,237,745.85	100.0%
Travel	2,783,515.77	2,711,484.42	72,031.35	2.7%
Materials and Supplies	32,749,608.93	27,425,008.15	5,324,600.78	19.4%
Utilities	10,836,402.50	10,847,998.00	(11,595.50)	-0.1%
Communications	3,786,660.53	6,399,559.41	(2,612,898.88)	-40.8%
Repairs and Maintenance	4,699,972.94	3,374,551.26	1,325,421.68	39.3%
Rentals and Leases	2,663,424.93	3,324,874.15	(661,449.22)	-19.9%
Printing and Reproduction	1,396,619.34	1,013,047.69	383,571.65	37.9%
Royalty Payments	58,362.50	-	58,362.50	100.0%
Insurance Costs/Premiums	715,460.56	-	715,460.56	100.0%
Scholarships and Fellowships	4,945,316.21	4,576,971.47	368,344.74	8.0%
Depreciation and Amortization	30,333,333.33	30,916,666.67	(583,333.34)	-1.9%
Federal Sponsored Program Pass-Through to Other State Agencies	1,020,833.33	904,166.67	116,666.66	12.9%
Other Operating Expenses	15,724,333.21	21,848,847.81	(6,124,514.60)	-28.0%
Total Operating Expenses	478,651,719.78	458,597,781.75	20,053,938.03	4.4%
Operating Loss	(131,392,981.83)	(116,532,721.99)	(14,860,259.84)	-12.8%
Other Nonoperating Adjustments				
State Appropriations	101,264,779.00	98,361,163.83	2,903,615.17	3.0%
Nonexchange Sponsored Programs	729,166.67	758,333.33	(29,166.66)	-3.8%
Gift Contributions for Operations	20,581,861.16	13,846,498.69	6,735,362.47	48.6%
Net Investment Income	22,658,657.41	22,011,865.66	646,791.75	2.9%
Interest Expense on Capital Asset Financings	(5,787,302.78)	(4,775,441.72)	(1,011,861.06)	-21.2%
Net Other Nonoperating Adjustments	139,447,161.46	130,202,419.79	9,244,741.67	7.1%
Adjusted Income (Loss) including Depreciation & Amortization	8,054,179.63	13,669,697.80	(5,615,518.17)	-41.1%
Adjusted Margin % including Depreciation & Amortization	1.6%	2.9%		
Investment Gain (Losses)	21,710,546.39	(33,217,275.72)	54,927,822.11	165.4%
Adj. Inc. (Loss) with Investment Gains (Losses)	29,764,726.02	(19,547,577.92)	49,312,303.94	252.3%
Adj. Margin % with Investment Gains (Losses)	5.8%	-4.4%		
Adjusted Income (Loss) excluding Depreciation & Amortization	38,387,512.96	44,586,364.47	(6,198,851.51)	-13.9%
Adjusted Margin % excluding Depreciation & Amortization	7.8%	9.3%		

UNAUDITED

The University of Texas M. D. Anderson Cancer Center
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2017

	March Year-to-Date FY 2017	March Year-to-Date FY 2016	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition and Fees	1,515,358.76	1,253,036.96	262,321.80	20.9%
Sponsored Programs	194,590,098.88	180,038,998.79	14,551,100.09	8.1%
Net Sales and Services of Educational Activities	1,444,410.64	1,315,312.21	129,098.43	9.8%
Net Sales and Services of Hospitals	1,937,891,227.21	1,843,201,874.19	94,689,353.02	5.1%
Net Professional Fees	234,824,456.51	232,339,461.27	2,484,995.24	1.1%
Net Auxiliary Enterprises	25,970,578.12	24,484,119.79	1,486,458.33	6.1%
Other Operating Revenues	61,379,019.73	60,862,525.96	516,493.77	0.8%
Total Operating Revenues	2,457,615,149.85	2,343,495,329.17	114,119,820.68	4.9%
Operating Expenses				
Salaries and Wages	1,113,824,507.73	1,096,724,467.77	17,100,039.96	1.6%
Payroll Related Costs	342,278,738.69	319,544,878.48	22,733,860.21	7.1%
Membership Dues	4,161,482.01	-	4,161,482.01	100.0%
Registration Fees/Meetings/Conferences	2,071,130.14	-	2,071,130.14	100.0%
Cost of Goods Sold	1,398,447.52	1,461,161.60	(62,714.08)	-4.3%
Professional Fees and Services	106,331,622.43	130,529,005.73	(24,197,383.30)	-18.5%
Other Contracted Services	69,637,947.12	86,327,018.01	(16,689,070.89)	-19.3%
Fees and Other Charges	9,432,861.78	-	9,432,861.78	100.0%
Travel	10,099,884.29	10,752,271.48	(652,387.19)	-6.1%
Materials and Supplies	490,274,575.02	475,267,738.29	15,006,836.73	3.2%
Utilities	25,281,285.31	24,952,007.27	329,278.04	1.3%
Communications	7,400,450.09	7,006,608.53	393,841.56	5.6%
Repairs and Maintenance	62,962,300.36	60,097,804.04	2,864,496.32	4.8%
Rentals and Leases	25,973,623.53	25,341,130.81	632,492.72	2.5%
Printing and Reproduction	3,347,881.74	2,912,510.67	435,371.07	14.9%
Royalty Payments	514,578.12	-	514,578.12	100.0%
Insurance Costs/Premiums	5,058,571.94	-	5,058,571.94	100.0%
Scholarships and Fellowships	2,186,475.20	1,915,410.88	271,064.32	14.2%
Depreciation and Amortization	219,609,015.40	203,625,648.55	15,983,366.85	7.8%
Federal Sponsored Program Pass-Through to Other State Agencies	87,435.30	365,786.98	(278,351.68)	-76.1%
State Sponsored Program Pass-Through to Other State Agencies	1,362,636.96	312,848.09	1,049,788.87	335.6%
Other Operating Expenses	5,128,585.34	20,224,974.98	(15,096,389.64)	-74.6%
Total Operating Expenses	2,508,424,036.02	2,467,361,272.16	41,062,763.86	1.7%
Operating Loss	(50,808,886.17)	(123,865,942.99)	73,057,056.82	59.0%
Other Nonoperating Adjustments				
State Appropriations	121,440,784.42	117,467,845.58	3,972,938.84	3.4%
Nonexchange Sponsored Programs	1,211,499.88	1,519,662.88	(308,163.00)	-20.3%
Gift Contributions for Operations	86,836,742.64	85,322,912.30	1,513,830.34	1.8%
Net Investment Income	77,514,135.95	62,292,257.94	15,221,878.01	24.4%
Interest Expense on Capital Asset Financings	(19,795,480.81)	(19,830,320.79)	34,839.98	0.2%
Net Other Nonoperating Adjustments	267,207,682.08	246,772,357.91	20,435,324.17	8.3%
Adjusted Income (Loss) including Depreciation & Amortization	216,398,795.91	122,906,414.92	93,492,380.99	76.1%
Adjusted Margin % including Depreciation & Amortization	7.9%	4.7%		
Investment Gain (Losses)	74,519,596.31	(181,219,842.57)	255,739,438.88	141.1%
Adj. Inc. (Loss) with Investment Gains (Losses)	290,918,392.22	(58,313,427.65)	349,231,819.87	598.9%
Adj. Margin % with Investment Gains (Losses)	10.3%	-2.4%		
Adjusted Income (Loss) excluding Depreciation & Amortization	436,007,811.31	326,532,063.47	109,475,747.84	33.5%
Adjusted Margin % excluding Depreciation & Amortization	15.9%	12.5%		

UNAUDITED

The University of Texas Health Science Center at Tyler
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2017

	March Year-to-Date FY 2017	March Year-to-Date FY 2016	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition and Fees	90,397.24	78,339.98	12,057.26	15.4%
Sponsored Programs	19,027,699.90	15,329,068.90	3,698,631.00	24.1%
Net Sales and Services of Educational Activities	1,476,490.28	1,306,934.67	169,555.61	13.0%
Net Sales and Services of Hospitals	34,387,221.40	31,679,173.90	2,708,047.50	8.5%
Net Professional Fees	10,997,446.84	9,120,600.43	1,876,846.41	20.6%
Net Auxiliary Enterprises	119,086.81	139,579.38	(20,492.57)	-14.7%
Other Operating Revenues	10,616,474.61	14,084,056.47	(3,467,581.86)	-24.6%
Total Operating Revenues	76,714,817.08	71,737,753.73	4,977,063.35	6.9%
Operating Expenses				
Salaries and Wages	57,605,136.55	54,492,857.87	3,112,278.68	5.7%
Payroll Related Costs	18,725,800.33	16,566,124.18	2,159,676.15	13.0%
Membership Dues	178,186.61	-	178,186.61	100.0%
Registration Fees/Meetings/Conferences	193,269.54	-	193,269.54	100.0%
Cost of Goods Sold	73,279.93	86,941.48	(13,661.55)	-15.7%
Professional Fees and Services	7,863,331.54	6,802,479.24	1,060,852.30	15.6%
Other Contracted Services	6,165,371.07	6,783,332.32	(617,961.25)	-9.1%
Fees and Other Charges	608,558.28	-	608,558.28	100.0%
Travel	447,713.33	354,913.14	92,800.19	26.1%
Materials and Supplies	14,314,709.38	13,842,506.94	472,202.44	3.4%
Utilities	1,303,971.90	1,060,532.06	243,439.84	23.0%
Communications	690,120.82	717,786.56	(27,665.74)	-3.9%
Repairs and Maintenance	3,629,678.73	3,344,059.29	285,619.44	8.5%
Rentals and Leases	1,019,673.98	742,253.94	277,420.04	37.4%
Printing and Reproduction	46,041.18	39,239.78	6,801.40	17.3%
Insurance Costs/Premiums	122,775.00	-	122,775.00	100.0%
Scholarships and Fellowships	78,550.56	92,283.78	(13,733.22)	-14.9%
Depreciation and Amortization	6,928,208.76	6,338,358.72	589,850.04	9.3%
Federal Sponsored Program Pass-Through to Other State Agencies	387,480.26	127,434.28	260,045.98	204.1%
Other Operating Expenses	1,168,431.24	2,231,894.58	(1,063,463.34)	-47.6%
Total Operating Expenses	121,550,288.99	113,622,998.16	7,927,290.83	7.0%
Operating Loss	(44,835,471.91)	(41,885,244.43)	(2,950,227.48)	-7.0%
Other Nonoperating Adjustments				
State Appropriations	32,347,764.69	31,435,991.52	911,773.17	2.9%
Gift Contributions for Operations	340,829.83	376,022.06	(35,192.23)	-9.4%
Net Investment Income	2,418,897.48	2,451,965.96	(33,068.48)	-1.3%
Interest Expense on Capital Asset Financings	(905,399.39)	(772,154.67)	(133,244.72)	-17.3%
Net Other Nonoperating Adjustments	34,202,092.61	33,491,824.87	710,267.74	2.1%
Adjusted Income (Loss) including Depreciation & Amortization	(10,633,379.30)	(8,393,419.56)	(2,239,959.74)	-26.7%
Adjusted Margin % including Depreciation & Amortization	-9.5%	-7.9%		
Investment Gain (Losses)	1,830,180.25	(2,594,267.18)	4,424,447.43	170.5%
Adj. Inc. (Loss) with Investment Gains (Losses)	(8,803,199.05)	(10,987,686.74)	2,184,487.69	19.9%
Adj. Margin % with Investment Gains (Losses)	-7.7%	-10.6%		
Adjusted Income (Loss) excluding Depreciation & Amortization	(3,705,170.54)	(2,055,060.84)	(1,650,109.70)	-80.3%
Adjusted Margin % excluding Depreciation & Amortization	-3.3%	-1.9%		

3. **U. T. System: Approval of the Fiscal Year 2018 Budget Preparation Policies and Calendar for budget operations**

RECOMMENDATION

With the concurrence of the Deputy Chancellor, the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and the Executive Vice Chancellor for Health Affairs, the Chancellor recommends that the U. T. System Board of Regents approve the Budget Preparation Policies below and the Calendar on [Page 96](#) for use in preparing the Fiscal Year (FY) 2018 Operating Budget for the U. T. System as set out below:

U. T. System Fiscal Year 2018 Budget Preparation Policies

1. General Guidelines - The regulations and directives that will be included in the *General Appropriations Act* enacted by the 85th Texas Legislature serve as the basis for these guidelines and policies. In preparing the draft of the FY 2018 Operating Budget, the president of each institution should adhere to guidelines and policies as detailed below and as included in the *General Appropriations Act*. The Chief Budget Officer will issue detailed instructions regarding the implementation of those regulations and directives into the institutional budget process.

The president of each institution should examine the resources used at the institution and, where possible, redirect resources toward high priority mission critical activities and strategic competitive investments that are consistent with the goals and objectives included in the institution's Strategic Plan.

Overall budget totals, including retaining reasonable reserves for potential future financial shortfall, must be limited to the funds available for the year from General Revenue Appropriations, Estimates of Educational and General Income, and limited use of institutional unappropriated balances.
2. Maintenance of Operating Margin and Use of Prior Year Balances - Institutions should make all reasonable efforts to maintain a favorable operating margin within the FY 2018 Operating Budget. Use of prior year balances should be limited to critical items, unique opportunities, or projects funded from prior year income committed for that purpose. Generally, balance usage should be reserved for nonrecurring activities. Balance usage cannot be recommended to the U. T. System Board of Regents for approval without the consent of the Chancellor, the Deputy Chancellor, the appropriate Executive Vice Chancellor, and the Associate Vice Chancellor, Controller and Chief Budget Officer.
3. Salary Guidelines - Recommendations regarding salary policy are subject to the following directives:
 - A. Salaries Proportional by Fund - Unless otherwise restricted, payment for salaries, wages, and benefits paid from appropriated funds, including local funds and educational and general funds as defined in *Texas Education Code* Section 51.009 (a) and (c), shall be proportional to the source of funds.

- B. Merit Increases and Promotions - Institutions should consider available resources and resolution of any major salary inequities when implementing merit salary increases for faculty and staff.

Merit increases or advances in rank for faculty are to be on the basis of teaching effectiveness, research, and public service.

As defined in *Texas Education Code* Section 51.962, administrative and professional staff and classified staff must have been employed by the institution for at least six consecutive months immediately preceding the effective date of the increase to be eligible for a merit increase, and at least six months must have elapsed since the employee's last merit salary increase.

Merit increases or promotions for administrative and professional staff and classified staff are to be based on evaluation of performance in areas appropriate to work assignments.

In accordance with the Regents' *Rules and Regulations*, performance appraisals are required to be conducted annually for all employees of the U. T. System. To verify compliance with this policy, U. T. System presidents and the Executive Vice Chancellor for Business Affairs for U. T. System Administration shall annually certify that all eligible employees (including staff and faculty) have completed performance appraisals.

- C. Other Increases - Equity adjustments, competitive offers, and increases to accomplish contractual commitments should also consider merit where appropriate, subject to available resources. Subject to guidance issued by the Chief Budget Officer, such increases should be noted and explained in the supplemental data accompanying the budget.
 - D. New Positions - Subject to available resources, new administrative and professional staff, classified staff, and faculty positions are to be requested only when justified by workloads or to meet needs for developing new programs.
 - E. Reporting - The Chief Budget Officer will issue guidance on reporting of salary changes and amounts. It is expected that required reports will encompass high-ranking staff covered by Regents' *Rules and Regulations*, Rules 20203 and 20204 along with those staff receiving significant changes in compensation.
4. Staff Benefits Guidelines - Recommendations regarding the state contribution for employee staff benefits such as group insurance premiums, teacher retirement, and optional retirement are subject to legislative determination via the *General Appropriations Act*. Payments for benefits, including for retirees, should comply with the provisions of Accounting Policy Statements No. 11, "Benefits Proportional by Fund" and the *General Appropriations Act*. The Chief Budget Officer will issue instructions regarding the implementation of staff benefits into the budget process.

5. Other Employee Benefits - Employer contributions to the self-insured Unemployment Compensation Fund are based on an actuarial study. Workers' Compensation Insurance rates are experience-rated for each institution. Appropriate instructions will be issued regarding the implementation of Unemployment Compensation Fund and Workers' Compensation Insurance Benefits.
6. Other Operating Expenses Guidelines - Increases in Maintenance, Operation, Equipment, and Travel are to be justified by expanded workloads, for developing new programs, or for correcting past deferrals or deficiencies.
7. Calendar - In the event of unforeseen circumstances, authority is delegated to the Chancellor to modify the Calendar.

BACKGROUND INFORMATION

The U. T. System FY 2018 Budget Preparation Policies are intended to be consistent with the regulations and directives included in the *General Appropriations Act* and other general law to be enacted by the 85th Texas Legislature. As written, this policy provides general direction to the U. T. System institutions and will be modified as necessary to conform to the legislation, as finally passed.



**THE UNIVERSITY OF TEXAS SYSTEM
FY 2018 OPERATING BUDGET CALENDAR**

January 2017 - August 2017	Performance appraisal focal period
April 14, 2017	Request for Library, Equipment, Repair and Rehabilitation new project instructions and information on balances subject to lapse are sent to institutions
May 10, 2017	U. T. System Board of Regents takes appropriate action on budget preparation policies
June 1, 2017	New Library, Equipment, Repair and Rehabilitation project requests are due to U. T. System
June 1 - 9, 2017	Major goals, priorities, and resource allocation hearings with U. T. System Administration
June 28, 2017	Draft budget documents due to U. T. System
July 5 - 7, 2017	Technical budget review with U. T. System
July 14, 2017	Reports on highly compensated staff covered by Regents' Rules 20203 and 20204, high-ranking staff salaries, and institutional Top Ten salaries due to U. T. System
July 17, 2017	Final budget documents due to U. T. System
August 7, 2017	Operating Budget Summaries provided to the U. T. System Board of Regents
August 14, 2017	Salary change report due to U. T. System
August 24, 2017	U. T. System Board of Regents takes appropriate action on Operating Budget and President and Executive Officer compensation

4. **U. T. System Board of Regents: Discussion of matters related to University Lands**

REPORT

Mr. Mark Houser, Chief Executive Officer - University Lands, will report to the Board on matters related to University Lands using the PowerPoint presentation set forth on the following pages.



Discussion on Matters Related to University Lands

Mr. Mark Houser, Chief Executive Officer – University Lands

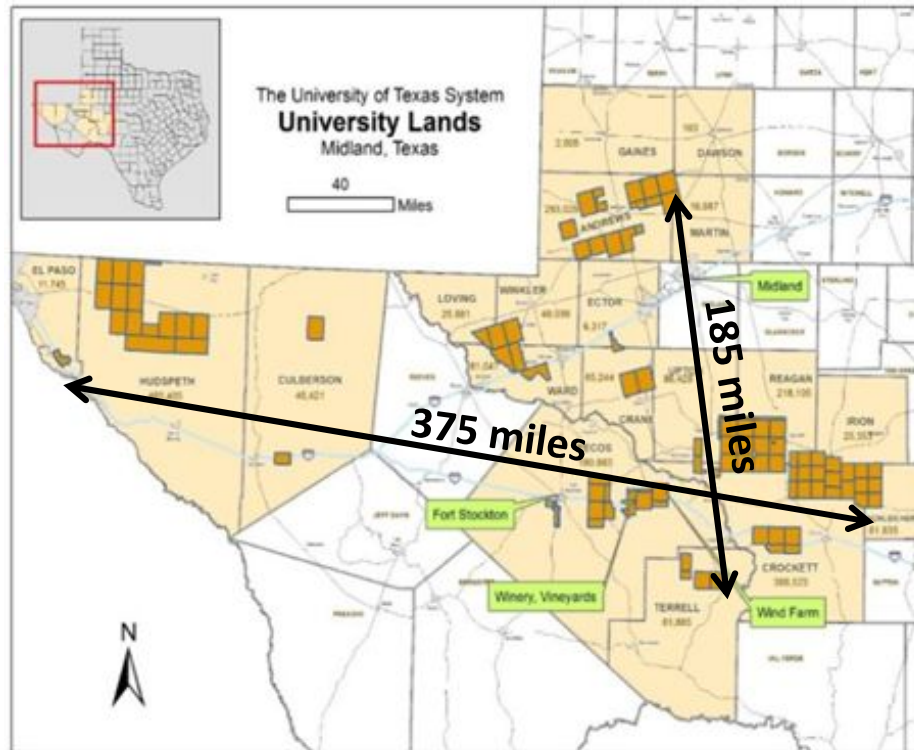
U. T. System Board of Regents' Meeting
Finance and Planning Committee
May 2017



THE UNIVERSITY of TEXAS SYSTEM
FOURTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

WWW.UTSYSTEM.EDU

PUF Lands and University Lands (UL) Organization



- UL manages the surface and mineral rights of 2.1 million acres primarily in West Texas
- The history of PUF Lands dates back to 1838
- First oil discovery in 1923
 - ~20,000 wells drilled to date
 - 9,000 wells currently producing
 - >20,000 wells left to drill
- Surface activities include:
 - Grazing, ranching and hunting leases
 - Pipelines and power line easements
 - Renewable energy: wind and solar (coming soon!)
 - Winery and vineyard
 - Airports, schools, and commercial businesses
 - Groundwater sales
- Revenue benefits U. T. and Texas A&M Systems



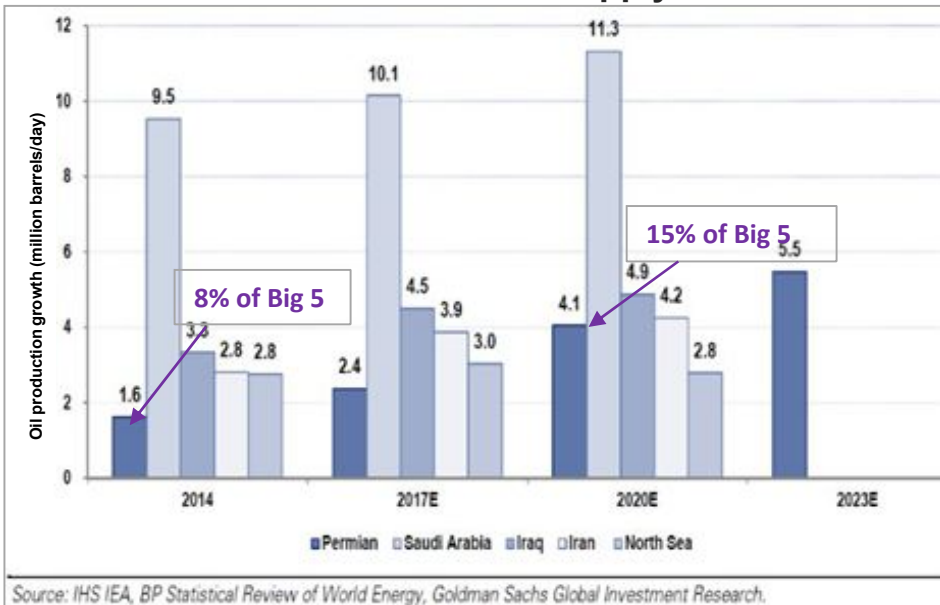
UL: Quarter One Key Takeaways

- United States’ oil and gas production, specifically from the Permian Basin, is now “the world’s swing production”
 - PUF Lands acreage performance correlates closely to Permian Basin activity
- Fiscal Year 2017 projected revenues on track to exceed budgeted revenues by >10%
- The Perryman Group economic impact analysis of PUF Lands/UL completed
 - 7,500 full-time equivalent workers earn their living every day by performing a job on PUF Lands
 - \$3.5 billion GDP; \$176 million in state taxes; and \$166 per K-12 student in counties containing PUF Lands
- University Lands’ lease sale set for September 2017 (225,000 acres!)
- Governance and restructuring consultant-led assessment ongoing
- Data initiative progressing with focus on big data and machine learning
- New business lines are a key focus:
 - Enhanced water management strategy efforts are ongoing
 - Two solar development negotiations in progress

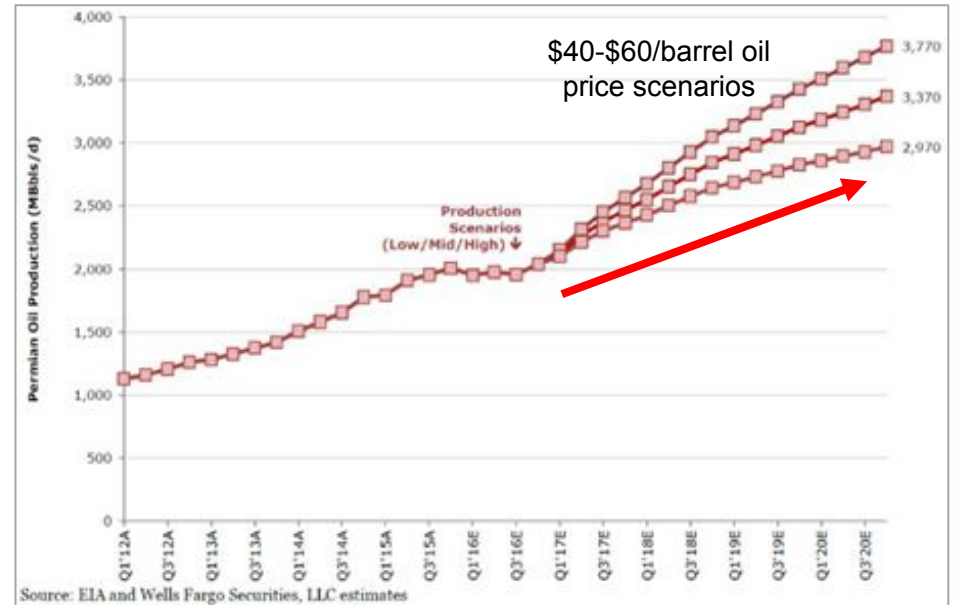


The Permian Basin: Nowhere to Go But Up?

Permian Basin Becoming More Meaningful Portion of Overall Global Oil Supply Growth

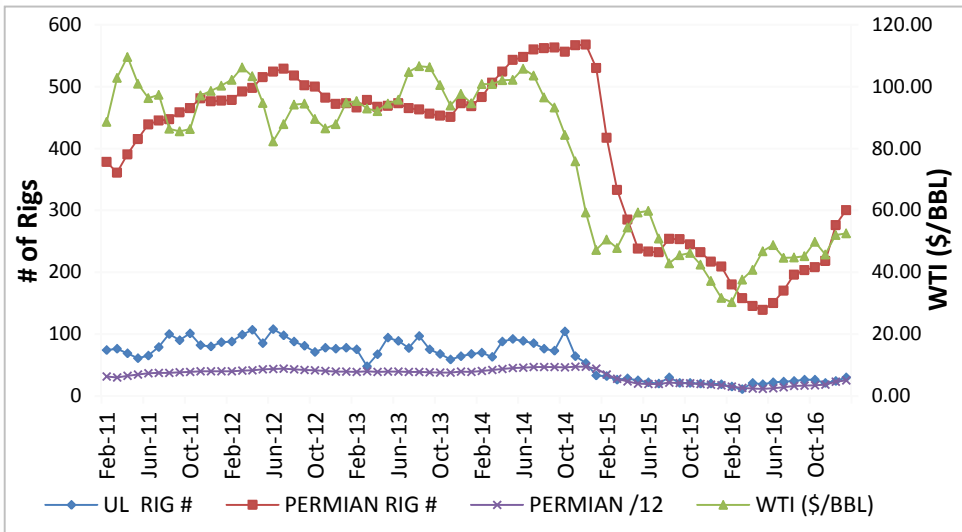


Wells Fargo: Significant Permian Basin Growth Ahead



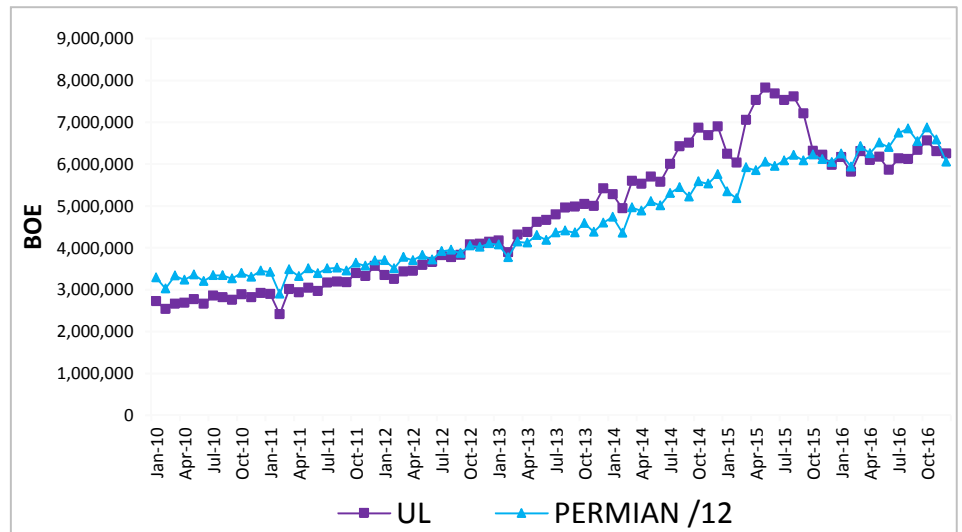
As Goes the Permian Basin, So Goes University Lands

Permian Basin Rig Count vs. Rig Count on PUF Lands



Sources: Baker Hughes, EIA, University Lands

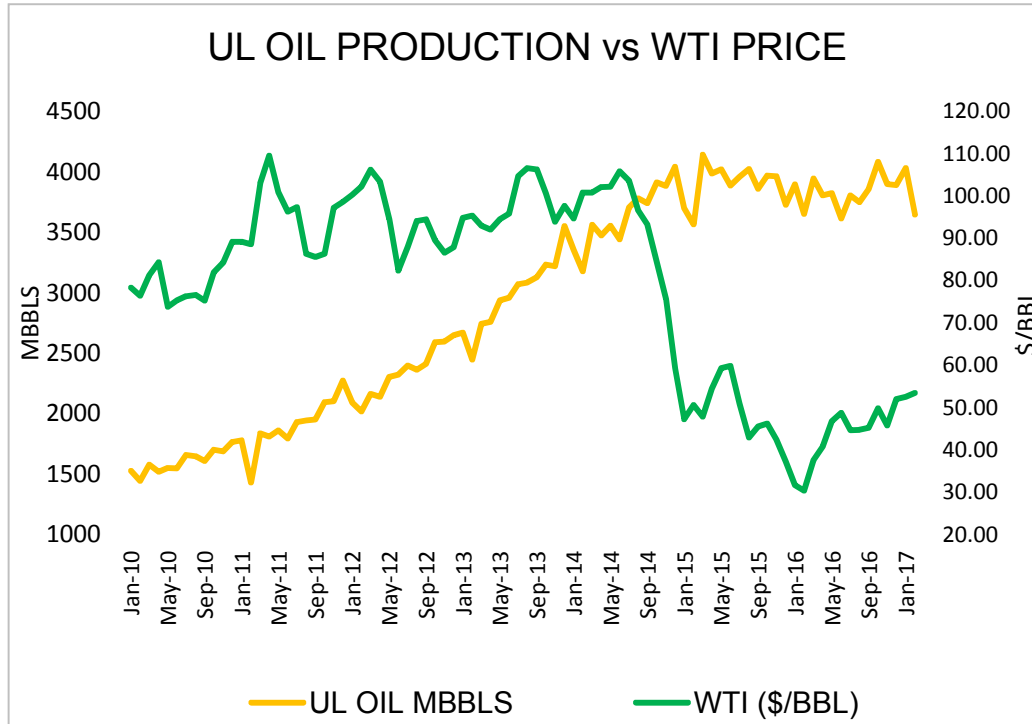
Permian Basin Production vs. Production from PUF Lands



Sources: DrillingInfo, University Lands



Trends in Activity on PUF Lands



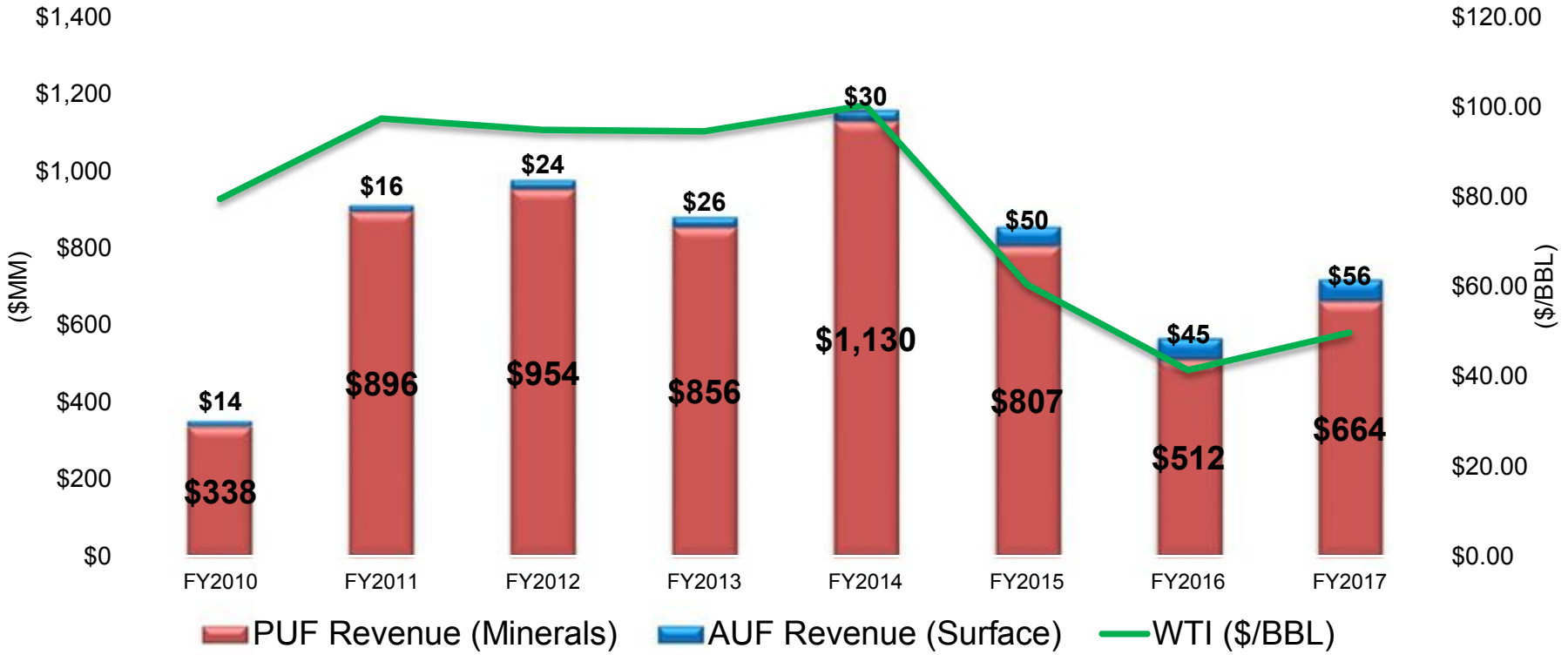
Sources: University Lands, EIA

2017 Activity Projection:

- 270 wells to be drilled
 - Represents a 60% increase over 2016 drilling
 - 13 rigs currently running on PUF Lands
- Upside Forecast: ~400 wells



UL: Historical AUF and PUF Revenue vs. WTI



Fiscal Year 2017: Budget vs. Projections

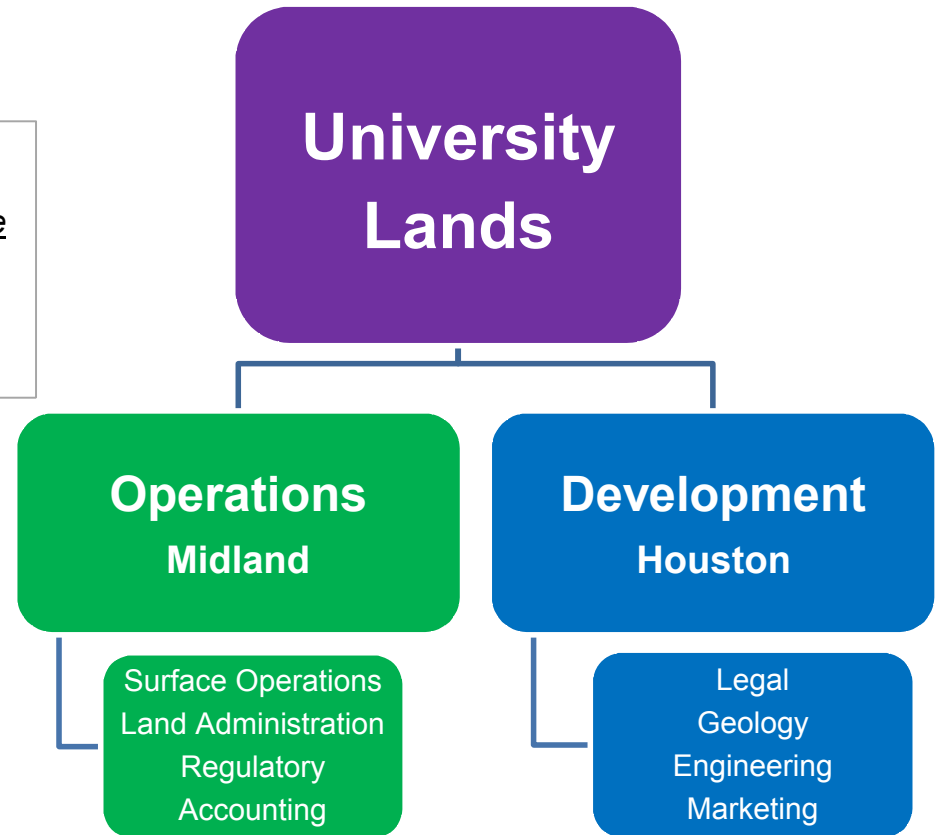
\$ Millions	FY2016 Actual	FY2017 Budget	FY2017 Projected		FY17 Total vs. FY16 Actual
			FY2017 Total	FY2017 Budget Variance	
Annual Volumes					
Oil (MMBL)	9,645	9,645	9,796	2%	2%
Gas (MMCF)	43,500	43,500	48,323	11%	11%
MBOE	16,895	16,895	17,850	6%	6%
Annual Oil Price	\$38	\$45	\$46.81	4%	22%
Annual Gas Price	\$2.10	\$2.50	\$2.84	14%	35%
PUF					
Oil Revenue	372	434	459	6%	23%
Gas Revenue	90	109	137	26%	52%
Water, Caliche, Damages	12	-	2.5		
Bonuses	38	42	66		
	\$512	\$585	\$664	14%	30%
AUF					
Water, Caliche, Damages	-	15	13	-13%	
Grazing	5	5	4	-12%	-12%
Easements & SWD	39	39	33	-15%	-15%
Interest, Penalty, Assign. Fees	1	1	6	306%	306%
	\$45	\$60	\$56	-6%	25%
Total Revenue	\$557	\$644	720	12%	29%
G&A + Opex	23.3	22.5	22.5	0%	-3%
\$/BOE	1.38		1.26		
Net Revenue	\$534	\$622	\$698	12%	31%



UL Organizational Structure

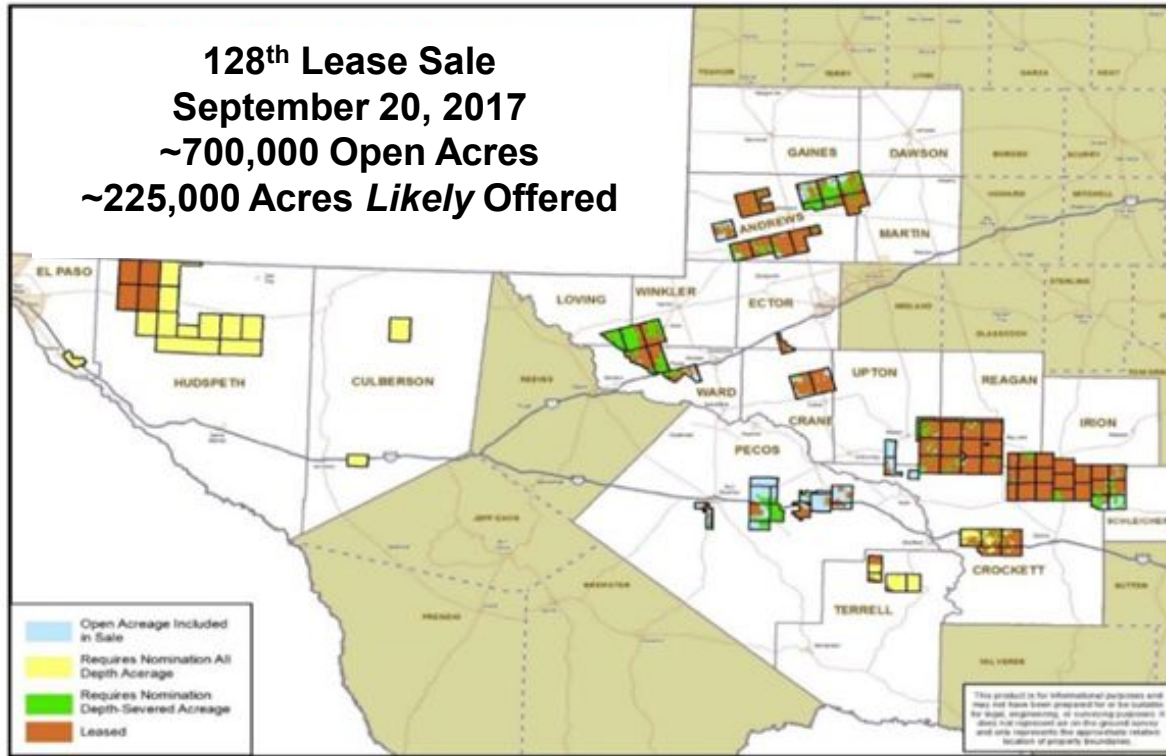
Recent Benchmark Study of Expenses (preliminary):

	<u>2017 UL</u>	<u>2016 Peer Average</u>
G&A as % of Revenue	3.6%	9.2%
\$ / BOE Produced	\$1.30 / BOE	\$2.80 / BOE



Upcoming University Lands Lease Sale

128th Lease Sale
September 20, 2017
~700,000 Open Acres
~225,000 Acres *Likely Offered*



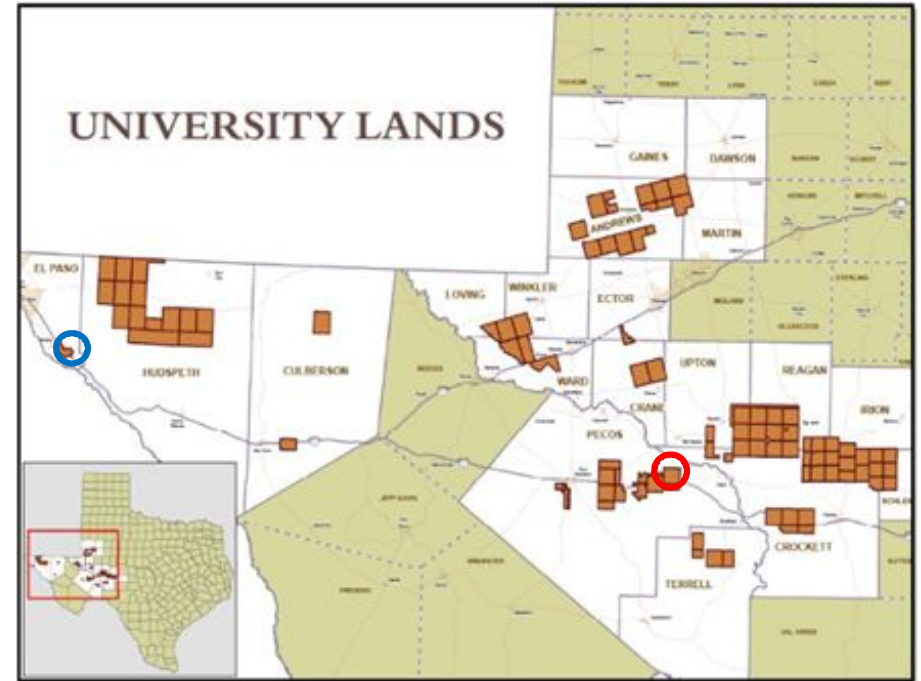
Adjustments to UL Lease:

- Create flexibility to adjust for future market, technology and environmental changes
- Balance landowner protections with mineral development
- Update provisions for horizontal development and changes in law

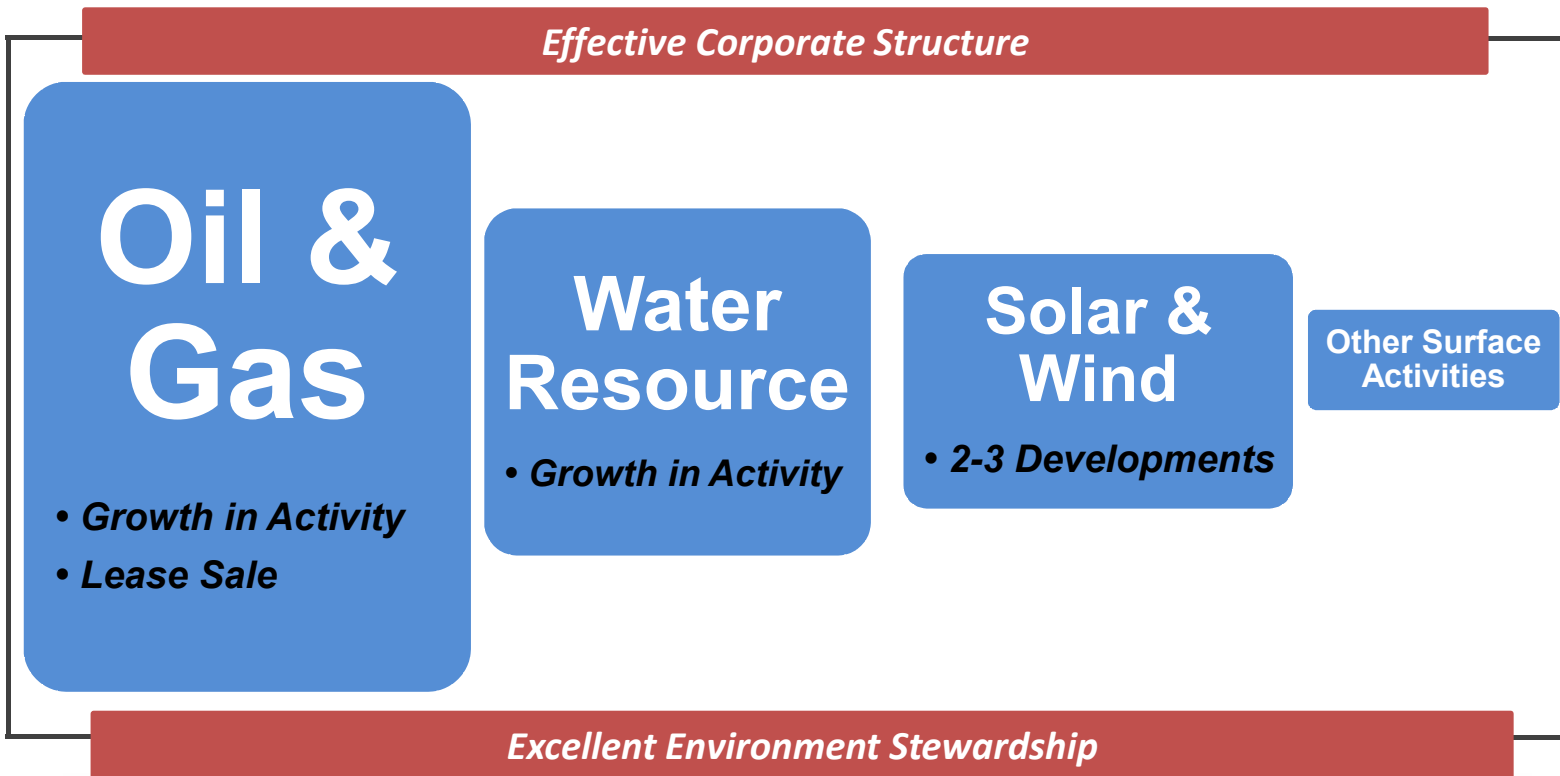


Solar Development Proposals on PUF Lands

- **El Paso County, ~250 acres/25 MW**
 - Proposal for 25 year PPA with U. T. El Paso
 - Discussions ongoing with El Paso Electric
- **Pecos County, ~4,000 acres/~400 MW**
 - Part of larger (500 MW) development; would be largest in Texas



Leading into Fiscal Year 2018



5. U. T. System Board of Regents: The University of Texas Investment Management Company (UTIMCO) Update and Investment Reports for the quarter ended February 28, 2017

INTRODUCTION

Mr. Mark Warner, Interim CEO and Chief Investment Officer, will present an update on The University of Texas Investment Management Company (UTIMCO) using the PowerPoint presentation on the following pages.

The Investment Reports for the quarter ended February 28, 2017, are set forth on [Pages 122 - 125](#).

REPORT

Item I on [Page 122](#) reports activity for the Permanent University Fund (PUF) investments. The fiscal year to date PUF net investment return was 5.62% versus its composite benchmark return of 4.01%. The PUF's net asset value increased by \$898 million during the quarter to \$19,227 million. The increase was due to \$160 million PUF Lands receipts, plus a net investment return of \$738 million. No distribution was made to the Available University Fund (AUF) during the quarter.

Item II on [Page 123](#) reports activity for the General Endowment Fund (GEF) investments. The fiscal year to date GEF net investment return was 5.81% versus its composite benchmark return of 4.01%. The GEF's net asset value increased by \$297 million during the quarter to \$8,912 million.

Item III on [Page 124](#) reports activity for the Intermediate Term Fund (ITF). The fiscal year to date ITF net investment return was 2.58% versus its composite benchmark return of 1.10%. The net asset value increased during the quarter to \$8,119 million due to net investment return of \$268 million and less distributions of \$59 million.

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

Item IV on [Page 125](#) presents book and market values of cash, debt, equity, and other securities held in funds outside of internal investment pools. Total cash and equivalents, consisting primarily of institutional operating funds held in the Dreyfus and Fidelity money market fund, increase by \$703 million to \$3,068 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: \$67 million versus \$66 million at the beginning of the period; and other investments: \$305 thousand versus \$3 million at the beginning of the period.



The University of Texas Investment Management Company

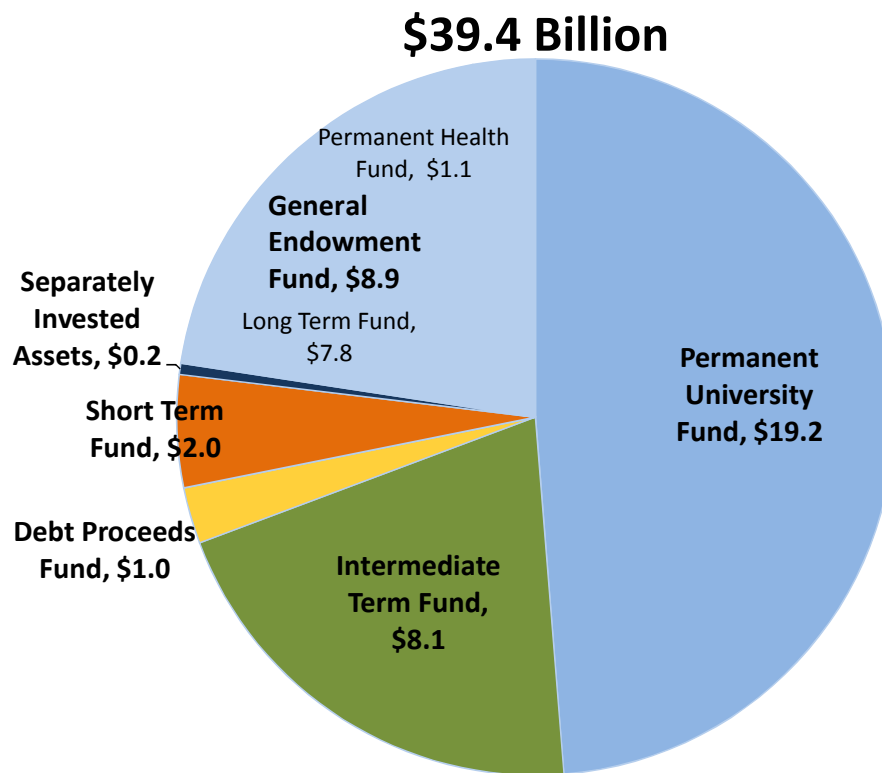
UTIMCO Update

Mr. Mark Warner
Interim Chief Investment Officer

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

UTIMCO ASSETS UNDER MANAGEMENT

AS OF FEBRUARY 28, 2017



ENDOWMENT PERFORMANCE SUMMARY

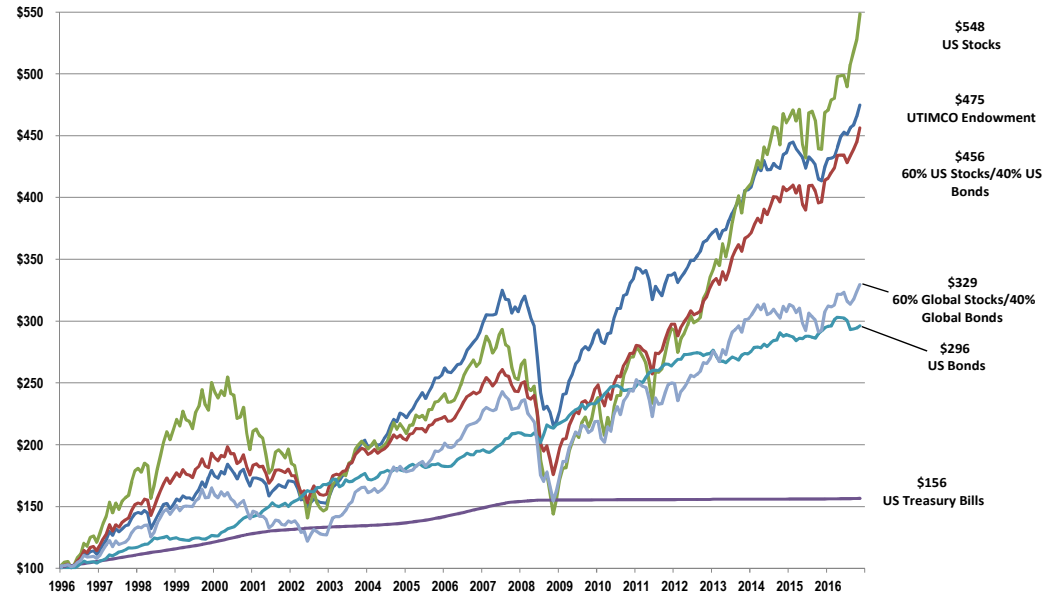


Periods Ending February 28, 2017

	Fiscal YTD Six Months Ended	One Year	Three Years	Five Years	Seven Years	Ten Years
Endowments						
General Endowment Fund	5.81%	15.11%	5.57%	7.25%	7.88%	5.31%
Permanent University Fund	5.62%	14.72%	5.34%	7.08%	7.74%	5.20%
Policy Portfolio Returns						
GEF Actual vs. Policy	1.80%	3.73%	1.44%	1.66%	1.45%	1.94%
PUF Actual vs. Policy	1.61%	3.34%	1.21%	1.49%	1.31%	1.83%
Sharpe Ratio		4.49	1.11	1.53	1.35	0.55
Information Ratio		2.46	0.63	0.75	0.59	0.78



RETURNS VS. MARKET

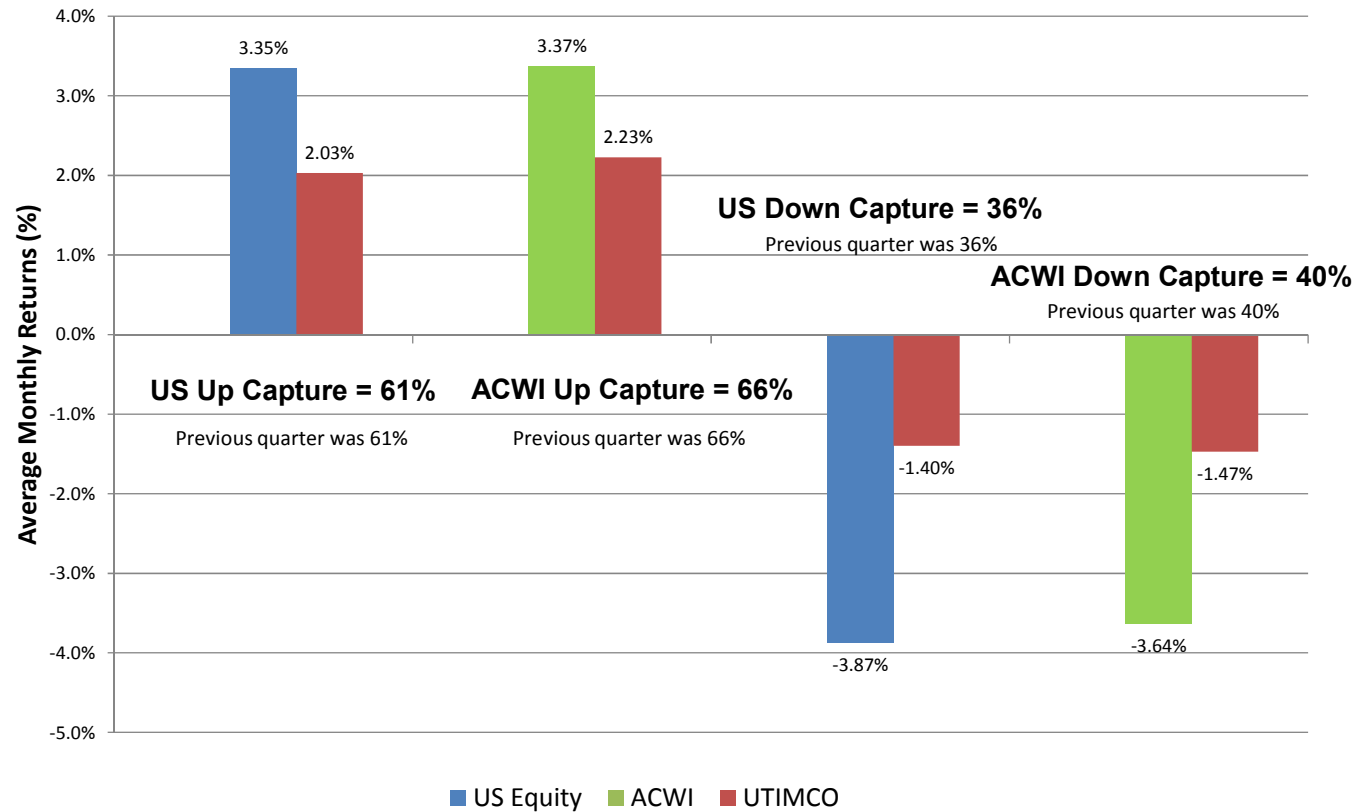


Trailing Annualized Returns Period Ending February 28, 2017

	Six Months	One Year	Three Years	Five Years	Seven Years	Ten Years	Since March 31, 1996
UT Endowments	5.66%	14.81%	5.38%	7.10%	7.75%	5.20%	7.70%
60% US Stocks / 40% US Bonds	5.03%	15.10%	7.52%	9.31%	9.83%	6.58%	7.49%
60% Global Stocks / 40% Global Bonds	2.50%	12.65%	3.04%	5.78%	6.53%	4.21%	5.84%
US Stocks	10.01%	24.98%	10.63%	14.01%	13.87%	7.62%	8.44%
US Bonds	-2.19%	1.42%	2.64%	2.24%	3.47%	4.28%	5.31%
Treasury Bills	0.16%	0.32%	0.13%	0.11%	0.10%	0.59%	2.15%

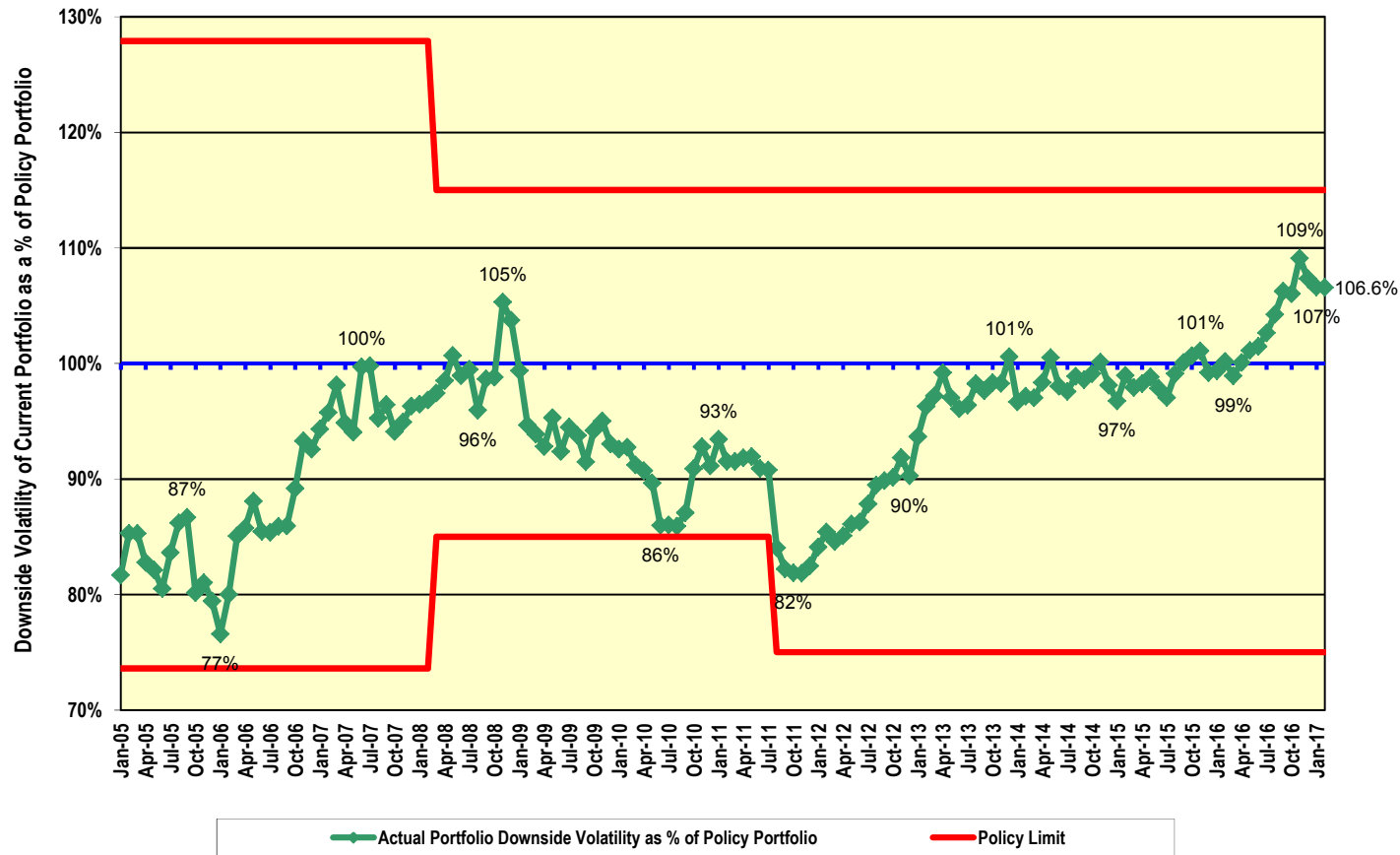


UP-DOWN CAPTURE VS U.S. & WORLD EQUITIES



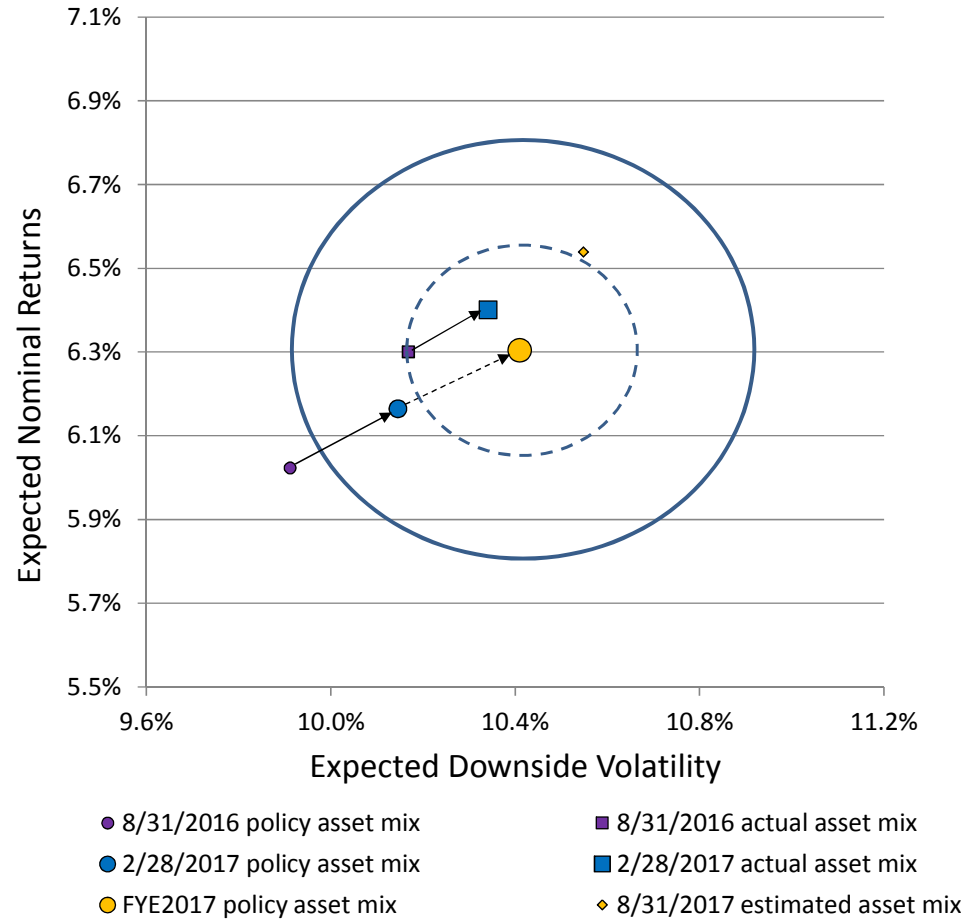
Data from 8/1996 till 2/2017. US equity had 96 down months and 151 up months; ACWI had 102 down months and 145 up months

DOWNSIDE VOLATILITY UTILIZATION OF GEF





EXPECTED RISK AND RETURN





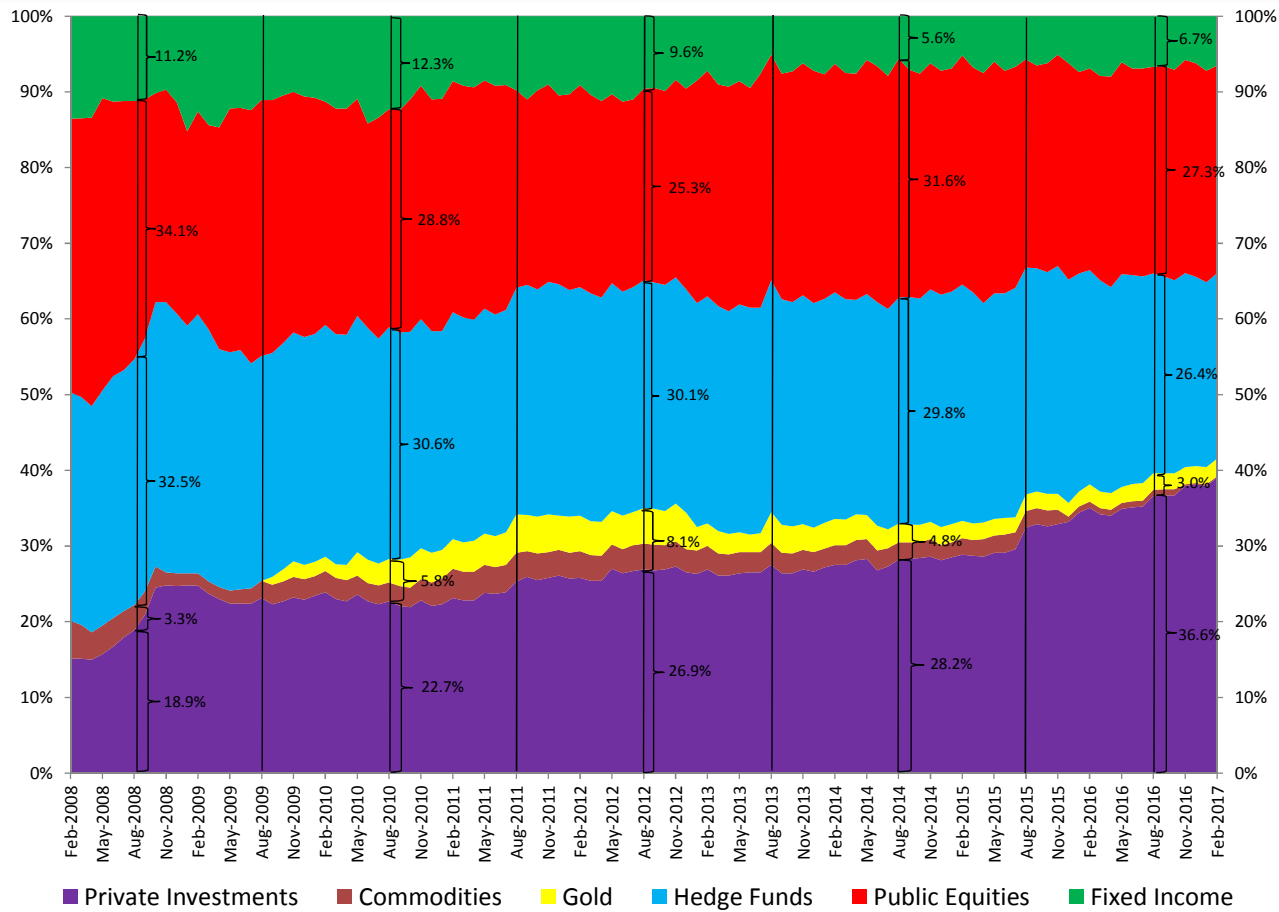
ENDOWMENT EXPOSURE

AS OF FEBRUARY 28, 2017

Asset Group	Asset Class	More Correlated and Constrained (Long Only)		Less Correlated and Constrained (Hedge Funds)		Private Investments		Total	
Fixed Income	Investment Grade Credit-Related	\$2,191	7.8%	\$886	3.1%	\$0	0.0%	\$3,077	10.9%
		31	0.1%	1,005	3.6%	926	3.3%	1,962	7.0%
Fixed Income Total		2,222	7.9%	1,891	6.7%	926	3.3%	5,039	17.9%
Real Assets	Real Estate	315	1.1%	0	0.0%	1,900	6.8%	2,215	7.9%
	Natural Resources	1,382	4.9%	0	0.0%	3,218	11.4%	4,600	16.3%
Real Assets Total		1,697	6.0%	0	0.0%	5,118	18.2%	6,815	24.2%
Equity	Developed Country	3,950	14.1%	4,416	15.7%	3,473	12.3%	11,839	42.1%
	Emerging Markets	2,584	9.2%	515	1.8%	1,347	4.8%	4,446	15.8%
Equity Total		6,534	23.3%	4,931	17.5%	4,820	17.1%	16,285	57.9%
Total		<u>\$10,453</u>	<u>37.2%</u>	<u>\$6,822</u>	<u>24.2%</u>	<u>\$10,864</u>	<u>38.6%</u>	<u>\$28,139</u>	<u>100.0%</u>



EVOLUTION OF ASSET MIX





ENDOWMENT RISK DASHBOARD

AS OF FEBRUARY 28, 2017

Underperformance

<u>FY2017TD</u>	<u>3-years</u>	<u>5-years</u>	<u>10-years</u>
5.7%	5.4%	7.1%	5.2%

Market

Beta		
<u>U.S. Equity</u>	<u>Rates</u>	<u>Currency</u>
0.767	(0.335)	(0.139)

Scenarios

	<u>China Hard Landing</u>	<u>US Liquidity Squeeze</u>	<u>Japan Implosion</u>	<u>50% Oil Drop</u>
Expected Returns:	-22.5%	-20.6%	-16.2%	1.1%

Downside Volatility

	<u>1 stdev</u>	<u>2 stdev</u>
Expected returns	-5.0%	-20.0%
VIX:	12.9%	

Active Management

	1-year	3-years	10-years
<u>Value-Add</u>			
bps	347	129	187
\$	\$844M	\$1,022M	\$4,637M
<u>Return/Volatility</u>			
Sharpe	4.49	1.11	0.55
IR	1.53	0.56	0.76

Transparency

	<u>Full</u>	<u>Full but Lagged</u>	<u>Partial</u>	<u>None</u>
	31%	39%	27%	3%

Concentration

	<u>Manager</u>		<u>Securities (Top 10)</u>	
	<u>US</u>	<u>Top 10</u>	<u>Bonds</u>	<u>Stocks</u>
	54%	21%	5.6%	5.4%

Illiquidity

	<u>90 day liquidity</u>	<u>1 year liquidity</u>	<u>Unfunded Commitments</u>
Endowments	33.5%	54.1%	21.6%
ITF	59.2%	89.2%	

Leverage

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

Permanent Loss of Capital

	<u>Invested Capital (\$B)</u>	<u>Realized Loss (\$M)</u>	<u>Anticipated/Unrealized Loss (\$M)</u>	<u>Total Loss (\$M)</u>	<u>Annualized Loss (%)</u>
MCC	\$33.7	\$622	-	\$622	0.31%
LCC	13.2	240	198	438	0.46%
PI	<u>14.5</u>	<u>327</u>	<u>202</u>	<u>529</u>	<u>0.81%</u>
Total	<u>\$61.4</u>	<u>\$1,189</u>	<u>\$400</u>	<u>\$1,589</u>	<u>0.44%</u>



ITF PERFORMANCE SUMMARY

Periods Ending February 28, 2017

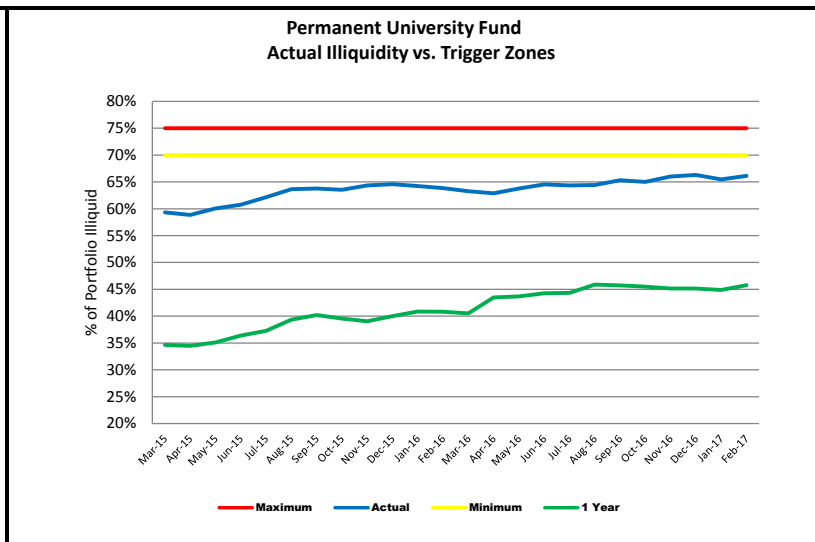
	Fiscal YTD Six Months Ended	One Year	Three Years	Five Years	Seven Years	Ten Years
ITF						
Actual Returns	2.58%	10.65%	1.96%	3.76%	5.01%	3.76%
Policy Portfolio Returns	1.10%	8.47%	1.05%	2.28%	3.38%	1.72%
Actual vs. Policy	1.48%	2.18%	0.91%	1.48%	1.64%	2.04%
CPI + 3%	2.65%	5.82%	4.27%	4.40%	4.73%	4.87%
Actual vs. CPI + 3%	-0.07%	4.83%	-2.31%	-0.64%	0.28%	-1.11%
Cash	0.29%	0.46%	0.21%	0.17%	0.18%	0.91%
Actual vs. Cash	2.29%	10.19%	1.75%	3.59%	4.83%	2.85%
Sharpe Ratio		2.63	0.38	0.77	0.83	0.37
Information Ratio		2.01	0.72	1.17	1.14	1.31

I. PERMANENT UNIVERSITY FUND
Investment Reports for Periods Ended February 28, 2017

Prepared in accordance with Texas Education Code Sec. 51.0032

	Fiscal Year to Date						
	Asset Allocation		Returns		Value Added		
	Actual	Policy	Portfolio	Policy Benchmark	Tactical Allocation	Active Management	Total
More Correlated and Constrained:							
Investment Grade	8.4%	7.0%	-3.58%	-5.06%	-0.06%	0.10%	0.04%
Credit-Related	0.1%	0.0%	1.55%	3.72%	0.00%	0.00%	0.00%
Real Estate	1.1%	1.3%	-1.28%	-3.11%	0.04%	0.04%	0.08%
Natural Resources	4.9%	5.1%	7.01%	2.82%	-0.01%	0.27%	0.26%
Developed Country	13.9%	16.3%	10.21%	7.78%	-0.14%	0.35%	0.21%
Emerging Markets	<u>9.1%</u>	<u>9.7%</u>	<u>6.29%</u>	<u>5.51%</u>	<u>-0.04%</u>	<u>0.04%</u>	<u>0.00%</u>
Total More Correlated and Constrained	37.5%	39.4%	5.34%	3.71%	-0.21%	0.80%	0.59%
Less Correlated and Constrained	24.1%	27.2%	4.19%	3.07%	0.07%	0.28%	0.35%
Private Investments	<u>38.4%</u>	<u>33.4%</u>	<u>6.83%</u>	<u>5.09%</u>	<u>0.22%</u>	<u>0.45%</u>	<u>0.67%</u>
Total	<u>100.0%</u>	<u>100.0%</u>	<u>5.62%</u>	<u>4.01%</u>	<u>0.08%</u>	<u>1.53%</u>	<u>1.61%</u>

	Summary of Capital Flows		
(\$ millions)	Fiscal Year Ended August 31, 2016	Quarter Ended February 28, 2017	Fiscal Year Ended August 31, 2017
Beginning Net Assets	\$17,490	\$18,329	\$17,880
PUF Lands Receipts	512	160	340
Investment Return (Net of Expenses)	651	738	1,007
Distributions to AUF	<u>(773)</u>	<u>0</u>	<u>0</u>
Ending Net Assets	<u>\$17,880</u>	<u>\$19,227</u>	<u>\$19,227</u>



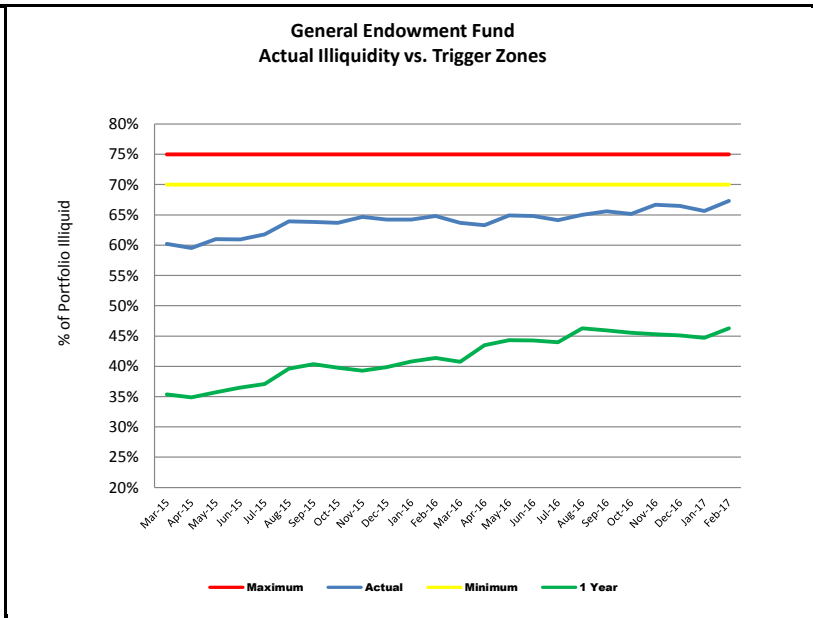
II. GENERAL ENDOWMENT FUND

Investment Reports for Periods Ended February 28, 2017

Prepared in accordance with Texas Education Code Sec. 51.0032

	Fiscal Year to Date						
	Asset Allocation		Returns		Value Added		
	Actual	Policy	Portfolio	Policy Benchmark	Tactical Allocation	Active Management	Total
More Correlated and Constrained:							
Investment Grade	6.5%	7.0%	-2.92%	-5.06%	-0.04%	0.16%	0.12%
Credit-Related	0.1%	0.0%	1.55%	3.72%	0.00%	0.00%	0.00%
Real Estate	1.2%	1.3%	-1.27%	-3.11%	0.04%	0.04%	0.08%
Natural Resources	5.0%	5.1%	7.06%	2.82%	-0.01%	0.28%	0.27%
Developed Country	14.3%	16.3%	10.21%	7.78%	-0.13%	0.33%	0.20%
Emerging Markets	<u>9.4%</u>	<u>9.7%</u>	<u>7.55%</u>	<u>5.51%</u>	<u>-0.04%</u>	<u>0.17%</u>	<u>0.13%</u>
Total More Correlated and Constrained	36.5%	39.4%	5.89%	3.71%	-0.18%	0.98%	0.80%
Less Correlated and Constrained	24.5%	27.2%	4.19%	3.07%	0.06%	0.27%	0.33%
Private Investments	<u>39.0%</u>	<u>33.4%</u>	<u>6.83%</u>	<u>5.09%</u>	<u>0.22%</u>	<u>0.45%</u>	<u>0.67%</u>
Total	<u>100.0%</u>	<u>100.0%</u>	<u>5.81%</u>	<u>4.01%</u>	<u>0.10%</u>	<u>1.70%</u>	<u>1.80%</u>

Summary of Capital Flows			
(\$ millions)	Fiscal Year Ended August 31, 2016	Quarter Ended February 28, 2017	Fiscal Year Ended August 31, 2017
Beginning Net Assets	\$8,237	\$8,615	\$8,500
Contributions	361	62	136
Withdrawals	(21)	(1)	(4)
Distributions	(411)	(108)	(214)
Investment Return (Net of Expenses)	<u>334</u>	<u>344</u>	<u>494</u>
Ending Net Assets	<u>\$8,500</u>	<u>\$8,912</u>	<u>\$8,912</u>



III. INTERMEDIATE TERM FUND Investment Reports for Periods Ended February 28, 2017

Prepared in accordance with Texas Education Code Sec. 51.0032

	Fiscal Year to Date						
	Asset Allocation		Returns		Value Added		
	Actual	Policy	Portfolio	Policy Benchmark	Tactical Allocation	Active Management	Total
More Correlated and Constrained:							
Investment Grade	32.3%	30.0%	-3.35%	-5.06%	-0.08%	0.57%	0.49%
Credit-Related	0.0%	0.0%	0.00%	0.00%	0.00%	0.00%	0.00%
Real Estate	1.8%	1.7%	-1.22%	-3.11%	0.02%	0.03%	0.05%
Natural Resources	4.9%	4.6%	6.87%	2.82%	-0.02%	0.23%	0.21%
Developed Country	10.6%	12.0%	10.20%	7.78%	-0.10%	0.24%	0.14%
Emerging Markets	<u>6.3%</u>	<u>6.7%</u>	<u>7.52%</u>	<u>5.51%</u>	<u>-0.01%</u>	<u>0.11%</u>	<u>0.10%</u>
Total More Correlated and Constrained	55.9%	55.0%	1.26%	-0.52%	-0.19%	1.18%	0.99%
Less Correlated and Constrained	44.1%	45.0%	4.19%	3.07%	-0.08%	0.57%	0.49%
Private Investments	0.0%	0.0%	0.00%	0.00%	0.00%	0.00%	0.00%
Total	<u>100.0%</u>	<u>100.0%</u>	<u>2.58%</u>	<u>1.10%</u>	<u>-0.27%</u>	<u>1.75%</u>	<u>1.48%</u>

Summary of Capital Flows			
(\$ millions)	Fiscal Year Ended August 31, 2016	Quarter Ended February 28, 2017	Fiscal Year Ended August 31, 2017
Beginning Net Assets	\$7,037	\$7,910	\$7,836
Contributions	1,009	165	455
Withdrawals	(248)	(165)	(253)
Distributions	(220)	(59)	(120)
Investment Return (Net of Expenses)	<u>258</u>	<u>268</u>	<u>201</u>
Ending Net Assets	<u>\$7,836</u>	<u>\$8,119</u>	<u>\$8,119</u>

Intermediate Term Fund Actual Illiquidity vs. Trigger Zones

— Maximum — Actual — Minimum — 1 Year

IV. SEPARATELY INVESTED ASSETS
Summary Investment Report at February 28, 2017
 Report prepared in accordance with *Texas Education Code Sec. 51.0032*

ASSET TYPES	(\$ thousands)															
	FUND TYPE															
	CURRENT PURPOSE DESIGNATED		RESTRICTED		ENDOWMENT & SIMILAR FUNDS		ANNUITY & LIFE INCOME FUNDS		AGENCY FUNDS		TOTAL EXCLUDING OPERATING FUNDS		OPERATING FUNDS (DEBT PROCEEDS AND SHORT TERM FUND)		TOTAL	
	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET
Cash & Equivalents:																
Beginning value 11/30/16	-	-	2,243	2,243	52,764	52,764	1,639	1,639	1,968	1,968	58,614	58,614	2,306,291	2,306,573	2,364,905	2,365,187
Increase/(Decrease)	-	-	667	667	41,707	41,707	1,107	1,107	(465)	(465)	43,016	43,016	660,087	660,027	703,103	703,043
Ending value 02/28/17	-	-	2,910	2,910	94,471	94,471	2,746	2,746	1,503	1,503	101,630	101,630	2,966,378	2,966,600	3,068,008	3,068,230
Debt Securities:																
Beginning value 11/30/16	-	-	7	6	12,111	11,955	9,231	8,655	-	-	21,349	20,616	-	-	21,349	20,616
Increase/(Decrease)	-	-	-	-	396	505	(533)	(378)	-	-	(137)	127	-	-	(137)	127
Ending value 02/28/17	-	-	7	6	12,507	12,460	8,698	8,277	-	-	21,212	20,743	-	-	21,212	20,743
Equity Securities:																
Beginning value 11/30/16	-	-	363	2,508	42,380	51,891	11,824	12,081	-	-	54,567	66,480	-	-	54,567	66,480
Increase/(Decrease)	-	-	(42)	(30)	(2,161)	334	(842)	(246)	-	-	(3,045)	58	-	-	(3,045)	58
Ending value 02/28/17	-	-	321	2,478	40,219	52,225	10,982	11,835	-	-	51,522	66,538	-	-	51,522	66,538
Other:																
Beginning value 11/30/16	-	-	1,954	1,954	7	7	5	5	876	876	2,842	2,842	-	-	2,842	2,842
Increase/(Decrease)	-	-	(1,832)	(1,832)	(5)	(5)	(1)	(1)	(699)	(699)	(2,537)	(2,537)	-	-	(2,537)	(2,537)
Ending value 02/28/17	-	-	122	122	2	2	4	4	177	177	305	305	-	-	305	305
Total Assets:																
Beginning value 11/30/16	-	-	4,567	6,711	107,262	116,617	22,699	22,380	2,844	2,844	137,372	148,552	2,306,291	2,306,573	2,443,663	2,455,125
Increase/(Decrease)	-	-	(1,207)	(1,195)	39,937	42,541	(269)	482	(1,164)	(1,164)	37,297	40,664	660,087	660,027	697,384	700,691
Ending value 02/28/17	-	-	3,360	5,516	147,199	159,158	22,430	22,862	1,680	1,680	174,669	189,216	2,966,378	2,966,600	3,141,047	3,155,816

Details of individual assets by account furnished upon request.

6. **U. T. System Board of Regents: Discussion and appropriate action related to proposed appointments to the Board of Directors of The University of Texas Investment Management Company (UTIMCO)**

RECOMMENDATION

Chairman Foster and The University of Texas Investment Management Company (UTIMCO) Chairman Hildebrand may make recommendations concerning appointments to the UTIMCO Board of Directors.

BACKGROUND INFORMATION

Texas Education Code Section 66.08 and Regents' *Rules and Regulations*, Rule 10402, Section 6 require that the U. T. System Board of Regents appoint seven members to the UTIMCO Board of Directors of whom three must be members of the Board of Regents, three must have a substantial background and expertise in investments, and one must be a qualified individual who may be the Chancellor.

The approved UTIMCO bylaws allow external directors to serve a maximum of three terms of three years each.

7. **U. T. System Board of Regents: Discussion and appropriate action regarding amendments to Articles of Incorporation and Bylaws of The University of Texas Investment Management Company (UTIMCO) related to the legal name of the corporation**

RECOMMENDATION

The Chancellor, the Deputy Chancellor, and the Executive Vice Chancellor for Business Affairs concur in the recommendation of the Board of Directors of The University of Texas Investment Management Company (UTIMCO) that the U. T. System Board of Regents authorize amendments to the UTIMCO Articles of Incorporation and Bylaws to change the legal name of the corporation to The University of Texas/Texas A&M Investment Management Company.

BACKGROUND INFORMATION

On April 20, 2017, the UTIMCO Board of Directors approved amendments to the UTIMCO Articles of Incorporation and Bylaws to change the name of the corporation as shown above. Investment policy statements and all other governing documents will be amended editorially to reflect the name change.

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

RECOMMENDATION

The Chancellor concurs with the Deputy Chancellor and the Executive Vice Chancellor for Business Affairs in the recommendation that

- a. the distribution rate for the Permanent Health Fund (PHF) be increased from \$0.0612 per unit to \$0.0619 per unit for Fiscal Year 2018 (effective with November 30, 2017 distribution),
- b. the distribution rate for the U. T. System Long Term Fund (LTF) be decreased from \$0.3507 per unit to \$0.3481 per unit for Fiscal Year 2018 (effective with November 30, 2017 distribution); and
- c. the distribution rate for the U. T. System Intermediate Term Fund (ITF) remain at 3.0% per annum (paid monthly) for Fiscal Year 2018.

BACKGROUND INFORMATION

To balance the needs and interests of present beneficiaries with those of future beneficiaries, the spending policy objectives guiding the recommended distribution rates for the LTF and PHF are 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 each endowment's assets after distributions is maintained over the long term.

On February 9, 2017, the Board of Regents authorized a maximum 0.60% allocation (60 basis points) from the market value of the LTF to provide more adequate funding for development operations at U. T. System institutions to substantially increase philanthropic revenue.

The proposed LTF distribution rate of \$0.3481 per unit or 4.90% of the market value of the LTF plus the previously approved 0.60% development allocation would result in a total LTF spending rate of 5.50% of the prior 12-quarter average value of the LTF.

The increase in the consumer price index for the prior three years as of November 30, 2016, was 1.17%. The recommended 1.1% increase in the PHF distribution rate of \$0.0612 to \$0.0619 per unit will increase the distributions by the average rate of inflation for the trailing 12 quarters. The PHF's distribution rate calculated using the prior 12-quarter average value of the PHF is 4.7%.

The distribution rate for the ITF was originally set at 3.0% per annum for Fiscal Year 2007 by the U. T. Board on May 11, 2006, and has continued at that rate for each succeeding fiscal year. The recommendation for Fiscal Year 2018 is to continue a distribution rate of 3.0%.

Under the Uniform Prudent Management of Institutional Funds Act, Chapter 163, *Texas Property Code*, the Board of Regents may appropriate for expenditure or accumulate so much of an endowment fund as is determined prudent for the uses, benefits, purposes, and duration for which the endowment is established.

9. **U. T. System Board of Regents: Update on the U. T. System Internal Lending Program**

DISCUSSION

Executive Vice Chancellor for Business Affairs Kelley will provide an update on the U. T. System Internal Lending Program using the PowerPoint presentation set forth on [Pages 324 - 336](#).



**TABLE OF CONTENTS
FOR
ACADEMIC AFFAIRS COMMITTEE**

Committee Meeting: 5/9/2017

Board Meeting: 5/10/2017
Austin, Texas

	Committee Meeting	Board Meeting	Page
Convene	<i>3:45 p.m.</i>		
1. U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, assigned for Committee consideration	<i>3:45 p.m.</i> Discussion	Action	133
2. U. T. Austin: Approval to establish a Doctor of Philosophy degree program in Mexican American and Latina/o Studies	<i>3:47 p.m.</i> Action <i>President Fenves</i>	Action	134
3. U. T. Permian Basin: Approval to establish a Bachelor of Science degree program in Chemical Engineering	<i>3:53 p.m.</i> Action <i>President Watts</i>	Action	138
4. U. T. Permian Basin: Approval to establish a Bachelor of Science degree program in Electrical Engineering	<i>3:59 p.m.</i> Action <i>President Watts</i>	Action	142
5. U. T. Rio Grande Valley: Approval to establish a Master of Science degree program in Civil Engineering	<i>4:05 p.m.</i> Action <i>President Bailey</i>	Action	146
6. U. T. Rio Grande Valley: Approval to establish a Doctor of Philosophy degree program in Clinical Psychology	<i>4:11 p.m.</i> Action <i>President Bailey</i>	Action	150
7. U. T. Tyler: Approval to establish a Doctor of Philosophy degree program in Clinical Psychology	<i>4:17 p.m.</i> Action <i>President Tidwell</i>	Action	155
8. U. T. System: Discussion and appropriate action regarding proposed revisions to Mission Statements for U. T. Arlington, U. T. Austin, and U. T. Rio Grande Valley and reaffirmation of Mission Statement for U. T. Dallas	<i>4:23 p.m.</i> Action <i>Dr. Leslie</i>	Action	158

	Committee Meeting	Board Meeting	Page
9. U. T. Rio Grande Valley: President's Report on the inaugural Strategic Plan	4:29 p.m. Report/Discussion <i>President Bailey</i> <i>Dr. Havidán Rodríguez</i>	Not on Agenda	163
Adjourn	4:45 p.m.		

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

RECOMMENDATION

The proposed Consent Agenda items assigned to this Committee are [Items 14 - 52](#).

2. U. T. Austin: Approval to establish a Doctor of Philosophy degree program in Mexican American and Latina/o Studies

RECOMMENDATION

The Chancellor concurs in the recommendation of the Deputy Chancellor, the Executive Vice Chancellor for Academic Affairs, and the institutional president that authorization, pursuant to the Regents' *Rules and Regulations*, Rule 40307, related to academic program approval standards, be granted to

- a. establish a Doctor of Philosophy degree program in Mexican American and Latina/o Studies at U. T. Austin; and
- b. submit the proposal to the Texas Higher Education Coordinating Board for review and appropriate action.

BACKGROUND INFORMATION

Program Description

The proposed Ph.D. degree program in Mexican American and Latina/o Studies (MALS) is designed to prepare students to engage in an interdisciplinary scholarly approach to examining the lives, cultures, and histories of Mexican origin and Latina/o (Central, Caribbean, and South American) populations in the State of Texas, the United States, and their diasporas (both the origin and destination nations). Through curriculum, research, and preprofessional training, students will be at the forefront of innovation in interdisciplinary scholarly conversations about critical ethnic studies, transborder studies, immigration, race, gender, sexuality, social class, and the health science humanities. Training will include traditional disciplinary and interdisciplinary perspectives for a multidimensional understanding of Mexican American and Latina/o experiences as situational and historically and geographically diverse. The field distinguishes itself from other areas of academic inquiry by taking the United States as the geographical starting point for investigating Latina/o diversity, history, politics, and culture. MALS and its proposed Ph.D. program trains students to understand the generational, ethnic, racial, class, and religious diversity amongst Mexican Americans and Latinas/os in the U.S. The program will also train students to engage the Mexican American and Latina/o community, ethnic, and identity formations from local, national, and transnational perspectives because many maintain complicated relationships with the country of origin, including the United States. Students entering the program with a B.A. degree will enroll in a minimum of 51 semester credit hours to complete the degree.

Need and Student Demand

Graduates of the MALS Ph.D. degree program at U. T. Austin will be qualified to enter the traditional academic job market, administration, and public and private sector jobs related to the field of study. Based on simple population numbers and the foreseeable demand for Latina/o professionals that mirrors the demographic uptick, graduates will have both core disciplinary skills and interdisciplinary training that will make them competitive hires in traditional

departments in the Fine Arts, Humanities, and Social Sciences in addition to Ethnic, Gender, and Sexualities Studies positions. With a keen understanding of methodologies in the field of Mexican American and Latina/o Studies and a student's chosen core discipline, students will be far more prepared than the competition because of their training in a core discipline instead of thematic areas, which is the preferred method of the competitors. The advantage of the proposed degree program is that the level of rigor expected of the graduates will far exceed that of peer institutions and prepare them to raise the standards of scholarly excellence in the field and beyond. Graduates from the Portfolio Program in MALS¹ have a placement rate of 80%, which serves as an indicator of how training in the field provides real market value. Given this real value of Latina/o Studies training, it makes sense to implement the field area as a doctoral degree program. Overall, whether the student chooses the traditional academic career track of foreign service, think tanks, government and research bureaus, and nongovernmental organizations (NGOs), they will be prepared to bring rigor and in-depth knowledge to the study of Latina/o populations more broadly in a state where Latinas/os are the majority minority. With approximately 10 graduates a year in parallel fields of study by peer competitor programs and an average of 20 Latina/o Studies jobs advertised per year, graduates of the proposed program will be available to fill a large employment gap in the academy alone.

Prospective students from Texas and the Southwest are, in large part, required to go to the U.S. Northeast or West Coast to pursue a doctorate in a similar or related field. Currently, University of California, Santa Barbara's Ph.D. program receives nearly 25 applications for five available spots every academic year. Similarly, University of California, Los Angeles receives approximately 40 applications per academic year for six available spots in its Chicana/o Studies Ph.D. program. The lack of a doctoral program in Mexican American and Latina/o Studies in Texas and at U. T. Austin currently precludes these top students from studying in the state. Since the Department of Mexican American and Latina/o Studies was created in Fall 2014, U. T. Austin received over 200 inquiries (via email, phone, in person at conferences, and on recruitment trips) about the status of the proposed Ph.D. program. U. T. Austin's B.A. and M.A. graduates have the desire to continue their research on campus, but they seek out other doctoral programs because U. T. Austin does not offer a doctoral degree in MALS. The same holds true for The National Council of Science and Technology (CONACYT) funded students from Mexico. U. T. Austin awarded M.A. degrees to several of these Mexican-government funded students; however, when they want to continue their education and the CONACYT funding with U. T. Austin in Mexican American and Latina/o Studies, they are unable to do so because there is not a doctoral degree in place. Without the MALS Ph.D. program, U. T. Austin is missing opportunities to train the best and brightest students from the U.S., Mexico, and beyond.

¹ A portfolio is a certification in the MALS field of study requiring 9 hours of MA level coursework or 12 hours of Ph.D. coursework, including our MAS 390: Introduction to Mexican American and Latina/o Studies course.

Table 1. Enrollment Projections					
	Year 1	Year 2	Year 3	Year 4	Year 5
New Students	3	3	3-4	3-4	4-5
White	1	1	1	1	1
African-American					
Hispanic	2	1	2	2	3
International		1	1	1	1
Other					
Cumulative Headcount	3	6	10	14	19
Full-Time Student Equivalent					
Attrition		1		1	
Graduates					3

These projections are based on the ability to fully fund all admits for 5 years, responsible growth, and faculty to student ratio in producing quality doctoral graduates.

Program Quality

Of the 9.5 core faculty members, in the last five years the average rate of publication of refereed journal articles and book chapters is 9.5 per individual. Seven of the 9.5 faculty have published a book during this same period of time. In terms of disciplinary expectations and faculty rank, faculty productivity exceeds the standards for the Mexican American and Latina/o Studies field. Five new faculty will be hired in AY 2016-2017 and 2017-2018. The funds for these lines have already been allocated and the university will not encumber further expenses on this front. Given the projected number of graduate students, at capacity with 29 students and 13 FTE faculty, the proposed program can be supported with outstanding service. The faculty-to-student ratio will be 1:2.23.

The proposed doctoral program will bring more resources into the unit with teaching assistants (TA), assistant instructors (AI), and fellowship opportunities not offered by peer competitors. Enhanced with the Mellon Mays Undergraduate Fellowship Program² housed in MALS, the recognition generated by the Mellon Mays grant, expanded course offerings, and funding opportunities will attract an exceptionally large pool of stellar applicants to the doctoral program. Funding alone will allow the Department of Mexican American and Latina/o Studies at U. T. Austin to better serve first-generation applicants than the peer competitors who cannot offer full funding packages. The Department plans to be more diligent in strengthening its recruitment efforts on an international scale. In recent years, the Department has had two M.A. students from Mexico, fully funded through CONACYT. The Department will continue to nurture this relationship with Mexican institutions of higher learning to encourage their best students to apply to the Ph.D. program.

² In 2015, MALS received a Mellon Mays Undergraduate Fellowship (MMUF) program, which brought in \$500,000 to fund undergraduate diversity and professional training of future doctoral students. Dr. Jacqueline Toribio is the faculty program director for MMUF.

Revenue and Expenses

Expenses	5-Year Total
<i>Faculty</i>	
Salaries	\$ 6,517,428
Benefits	\$ 1,955,228
<i>Graduate Students</i>	
TA Salaries	\$ 786,236
TA Benefits	\$ 187,871
GRA Salaries	\$ 100,000
GRA Benefits	\$ 30,000
<i>Staff & Administration</i>	
Graduate Coordinator Salary	\$ 291,398
Administrative Staff Salaries	\$ 322,619
Staff Benefits	\$ 184,205
<i>Other Expenses</i>	
Fellowships	\$ 800,000
Fringe	\$ 410,760
Total Expenses	*\$11,585,745

***All of these monies already exist in the budget or have been reallocated via letters of commitment.**

Revenue	5-Year Total
<i>From Student Enrollment</i>	
Formula Funding	\$266,350
Tuition and Fees	\$ 74,225
<i>From Institutional Funds</i>	
<i>From Grant Funds</i>	
Faculty Grant Buy-out	
<i>From Other Revenue Sources</i>	
Total Revenue	\$340,575

Coordinating Board Criteria

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

3. U. T. Permian Basin: Approval to establish a Bachelor of Science degree program in Chemical Engineering

RECOMMENDATION

The Chancellor concurs in the recommendation of the Deputy Chancellor, the Executive Vice Chancellor for Academic Affairs, and the institutional president that authorization, pursuant to the Regents' *Rules and Regulations*, Rule 40307, related to academic program approval standards, be granted to

- a. establish a Bachelor of Science degree program in Chemical Engineering at U. T. Permian Basin; and
- b. submit the proposal to the Texas Higher Education Coordinating Board for review and appropriate action.

BACKGROUND INFORMATION

Program Description

The proposed B.S. in Chemical Engineering program at U. T. Permian Basin is designed to meet the growing needs of Texas and the region. The proposed program will include 126 semester credit hours (42 general education, 31 lower-division chemical engineering, and 53 upper-division chemical engineering). The program will seek accreditation from the Accreditation Board for Engineering and Technology (ABET) and be reflective of the commonly accepted programs in the field. At the same time, through its curriculum and regional influences, the U. T. Permian Basin chemical engineering program will serve the unique needs of the oil and gas extraction industry by providing the region and the nation with highly-qualified chemical engineers. The U.S. Bureau of Labor Statistics (BLS) has found the oil and gas extraction industry to have a high concentration of chemical engineering employment. The Permian Basin is a national center for oil production in the state and nation, producing 70% of the oil and gas extracted in Texas and 30% of the nation's oil.

Need and Student Demand

The BLS estimates that there are 33,300 chemical engineering jobs in the United States, with Texas having the highest number of chemical engineers with 6,680 employed. The Texas Workforce Commission (TWC) estimates there are 6,430 chemical engineering positions in the state, only a minor variance from the BLS's estimate. In 2015, the average salary for a chemical engineer was \$73,521, which ranked 26th highest out of the 756 job titles the TWC tracks. The mean salary was the 33rd highest out of 756 job titles at \$122,182. The high comparative salaries are a key market indicator that chemical engineers are in short supply and in high demand.

All indications from national, state, and regional sources and from students are that chemical engineering remains a high-demand field. The U. T. System Task Force on Engineering Education for Texas in the 21st Century reported in 2013 that the U. T. System needed to double the number of engineers produced by U. T. System institutions to meet the needs of the Texas economy.

TWC estimates an annual growth of 2.1% in the number of chemical engineering positions between FY 2012 - 2022. This predicts an average of 135 annual openings due to growth. Along with the estimated 150 retirements in the field, 285 annual openings are expected. TWC figures do not reflect actual job openings nor do they take into account the movement in and out of the chemical engineering profession for reasons other than retirement. Data provided by Burning Glass Technologies using advanced analytics to track actual job advertisements show that an average of 4,217 job postings requiring a bachelor's degree in chemical engineering were made between 2012-2016. This represented 14 times the TWC predicted job projections. To determine current and projected workers in Texas and in the counties of the Permian Basin, U. T. Permian Basin used The Perryman Group's Texas Multi-Regional Industry-Occupation System. The Perryman Group's Texas Econometric Model predicts that Texas will have an average demand of 1,908 new chemical engineers annually for the period of 2015-2024. Using the projections of Burning Glass Technologies and The Perryman Group for actual job postings, one can predict an annual demand for new chemical engineers from 1,980 to 4,220.

A traditional measure of supply for jobs requiring a bachelor's degree for career entry is derived from the number of graduates in the field produced by Texas universities. The estimated average number of graduates from the eight Texas public universities awarding undergraduate degrees in chemical engineering is expected to be approximately 530 graduates a year. Further, not all 530 chemical engineering graduates will enter or remain in the profession. Indeed, the National Science Foundation Scientists and Engineers Statistical Data System found that only 46.7% of those whose highest degree was in chemical engineering were working in engineering of any form. This may suggest that over time the average of 530 Texas graduates in chemical engineering may translate into only 215 who are actually in the profession. Again, the U. T. System Task Force on Engineering Education for Texas in the 21st Century (2013) suggested that Texas needed to double the number of graduates from the current level of production. This seems true of chemical engineering.

The need for chemical engineers is especially acute in the Permian Basin. The BLS has identified 10 U.S. metropolitan areas with the highest concentration of chemical engineers. Four of these are in Texas: Beaumont-Port Arthur, Houston-Sugarland, Corpus Christi, and Midland. Each of the four Texas metropolitan areas has a local university that provides chemical engineering training, except Midland.

The 2016 Engineering Talent Supply and Demand Survey of the ExperiEngineering ManpowerGroup found that 82% of engineering employers reported having difficulty filling engineering positions and chemical engineers were the fourth most sought after engineers. Local Permian Basin employers report great difficulty recruiting engineers, particularly chemical engineers, to West Texas. Authorizing U. T. Permian Basin to award the B.S. in Chemical Engineering will greatly enhance the coverage of the region in Texas where chemical engineering employment is concentrated and in demand.

The Coordinating Board's 2006 Regional Plan accurately identified a need for engineering, specifically chemical engineering, in the West Texas Higher Education Region. Building on that plan, U. T. Permian Basin has opened engineering programs in mechanical engineering and petroleum engineering, which have experienced dramatic growth since their inception. In 2008, U. T. Permian Basin had 61 students in a general engineering articulation program with U. T. El Paso. Currently, 573 students are in U. T. Permian Basin's engineering programs. Engineering students account for nearly one out of ten students. Student demand has exceeded the enrollment projections for the two existing degrees. The petroleum engineering major is the third largest major (234 students) within the University following management and psychology. Mechanical engineering is the sixth largest major (203 students) out of the 35 undergraduate degrees offered at U. T. Permian Basin.

Enrollment Projections

YEAR	1	2	3	4	5
Headcount	57	95	116	128	180
FTSE	49	81	100	110	155

Program Quality

Like U. T. Permian Basin's current engineering programs, the proposed B.S. in Chemical Engineering will be ABET-accredited and reflective of the commonly accepted programs in the field.

U. T. Permian Basin currently has no faculty with a degree in chemical engineering. The plan will be to recruit three terminally degreed faculty and one lecturer/lab technician to implement the degree program. The first faculty member to be hired will be at the rank of associate professor or professor and will serve as the program coordinator.

Current engineering faculty will support the chemical engineering program. U. T. Permian Basin currently has 10 full-time faculty serving the engineering programs. These faculty have been reviewed by ABET accreditation teams and found to meet ABET standards. The engineering faculty collectively share the core classes, which will be taken by chemical engineering majors as well as those in mechanical and petroleum engineering. Some will teach electives open to chemical engineering students.

U. T. Permian Basin has numerous programs to recruit, respond to, and retain chemical engineering students. U. T. Permian Basin's efforts to recruit and support students in Science, Technology, Engineering, and Mathematics (STEM) fields start at the Pre-K level and continue until students graduate from college with STEM degrees. As a designated Hispanic Serving Institution, U. T. Permian Basin's efforts are geared toward serving the population of students.

Revenue and Expenses

Expenses	5-Year Total
<i>Faculty</i>	
Salaries	\$1,283,769
Benefits	\$ 359,459
<i>Other Expenses</i>	
Faculty & Instruction Maintenance & Operations Support	\$ 63,000
Capital Lab Equipment and Construction in new Engineering Building	\$ 700,000
Total Expenses	\$2,406,228

Revenue	5-Year Total
<i>From Student Enrollment</i>	
Formula Funding	\$ 747,532
Tuition and Fees	\$ 793,107
<i>From Institutional Funds</i>	
<i>From Grant Funds</i>	
Midland Development Corporation and UTPB Foundation Funding	\$ 165,589
<i>From Other Revenue Sources</i>	
Midland Development Corporation and UTPB Foundation Funding	\$ 700,000
Total Revenue	\$2,406,228

Coordinating Board Criteria

The proposed program meets all applicable Coordinating Board criteria for a new bachelor's program.

4. U. T. Permian Basin: Approval to establish a Bachelor of Science degree program in Electrical Engineering

RECOMMENDATION

The Chancellor concurs in the recommendation of the Deputy Chancellor, the Executive Vice Chancellor for Academic Affairs, and the institutional president that authorization, pursuant to the Regents' *Rules and Regulations*, Rule 40307, related to academic program approval standards, be granted to

- a. establish a Bachelor of Science degree program in Electrical Engineering at U. T. Permian Basin; and
- b. submit the proposal to the Texas Higher Education Coordinating Board for review and appropriate action.

BACKGROUND INFORMATION

Program Description

The proposed B.S. in Electrical Engineering is designed to meet the growing needs of Texas and the region. The proposed program consists of 126 semester credit hours (42 general education, 26 lower-division electrical engineering, 52 upper-division electrical engineering, and six elective). The program will seek accreditation from the Accreditation Board for Engineering and Technology (ABET) and be reflective of the commonly accepted programs in the field. At the same time, through its curriculum and regional influences, the U. T. Permian Basin Electrical Engineering program will serve the unique needs of the oil and gas extraction industry by providing the region, Texas, and the nation with highly-qualified electrical engineers. The U.S. Bureau of Labor Statistics (BLS) has found the oil and gas extraction industry to have a high concentration of electrical engineering employment. The Permian Basin is a national center for oil production in the state and nation, producing 70% of the oil and gas extracted in Texas and 30% of the nation's oil.

Need and Student Demand

The BLS estimates that there are 315,900 electrical engineering jobs in the United States, with Texas having the highest number of electrical engineers with 14,110 employed. The Texas Workforce Commission (TWC) estimates there are 13,620 electrical engineering positions in the state, only a minor variance from the BLS's figure. In 2015, the average salary for an electrical engineer was \$71,460, which ranked 30th highest out of the 756 job titles the TWC tracks. The average salary was 54th highest out of 756 job titles at \$103,599. The high comparative salaries are a key market indicator that electrical engineers are in short supply and in high demand.

All indications from national, state, and regional sources and from students is that electrical engineering remains a high-demand field. The U. T. System Task Force for Engineering Education for Texas in the 21st Century reported in 2013 that the U. T. System needed to double the number of engineers produced by U. T. System institutions to meet the needs of the Texas economy.

The TWC estimates that the number of new electrical engineering positions will increase by 285 positions or by 2.1% annually. Add to that the estimated number of retirement positions (295), the total number of projected annual openings is 580. The TWC figures do not reflect actual job openings nor do they take into account movement in and out of the electrical engineering profession for reasons other than retirement. Data provided by Burning Glass Technologies using advanced analytics to track actual job advertisements shows that an average of 31,781 job postings requiring a bachelor's degree in electrical engineering were made between 2011-2015. This amounts to almost 55 times the TWC predicted job openings. If one assumes that none of the postings with unspecified job titles are actually for electrical engineers, the average is 19,264 per year or 33 times the TWC prediction. The openings identified as electrical engineering positions at a top 25 employer averages 4,672 per year, which is over nine times the TWC predicted number of openings. Additionally, the Perryman Group's Texas Multi-Regional Industry-Occupation System was used to determine current and projected workers in Texas and in the 17 counties of the Permian Basin. The Perryman Group's Texas Econometric Model predicts that Texas will have an average demand for 1,098 new electrical engineers annually for the period 2015-2024. Using the predictions of Burning Glass Technologies and the Perryman Group for actual job postings, one can easily predict a demand for electrical engineers in Texas that is at least twice the amount predicted by TWC. To be conservative, an estimate of about 1,100 job openings per year was used for the proposal.

A traditional measure of supply for jobs requiring a bachelor's degree for career entry is derived from the number of graduates in the field produced by Texas universities. The estimated average number of graduates from the 16 Texas public universities awarding undergraduate degrees in electrical engineering has varied from 938 in the 2010-2011 academic year to 1,098 graduates in 2014-2015. The number of electrical engineering graduates is approximately twice that of the TWC's demand forecast, on par with the Perryman Group's projection, but well below the Burning Glass Technologies findings of actual job postings.

Salary trends and reports from employers further suggest that the supply of electrical engineers does not meet actual demand, suggesting that Burning Glass Technology's forecasts are a truer reflection of the actual marketplace. It also suggests that using the assumption that all those who earn an electrical engineering degree enter electrical jobs overstates the supply. Indeed, not all who receive a degree in electrical engineering enter the profession and remain in it until retirement. The National Science Foundation (NSF) Scientists and Engineers Statistical Data System found that only 29.1% of those whose highest degree was in electrical engineering were working in engineering of any form.

The 2016 Engineering Talent Supply and Demand Survey of the ExperiEngineering Manpower Group found that 82% of engineering employers reported having difficulty filling engineering positions and electrical engineers were the second most sought after engineers.

The need for electrical engineers is especially acute in the Permian Basin. The Perryman Group estimates there are 483 electrical or electronic engineers in the Permian Basin with an annual demand of 18 new positions per year. Local Permian Basin employers report great difficulty recruiting engineers, particularly electrical engineers, to West Texas. There is no electrical engineering program within 100 miles of Odessa/Midland. Locating an electrical engineering program at U. T. Permian Basin will allow the University to meet the needs of both the state and the region.

The Coordinating Board's 2006 Regional Plan accurately identified a need for engineering in the West Texas Higher Education Region. Building on that plan, U. T. Permian Basin has opened engineering programs in mechanical engineering and petroleum engineering, which have experienced dramatic growth since their inception. In 2008, U. T. Permian Basin had 61 students in a general engineering articulation program with U. T. El Paso. Currently, 573 students are in U. T. Permian Basin's engineering programs. Engineering students account for nearly one out of every 10 students. Student demand has exceeded the enrollment projections for the two existing degree programs. The petroleum engineering major is the third largest major (234 students) at U. T. Permian Basin following management and psychology. Mechanical engineering is the sixth largest major (203 students) out of the 35 undergraduate degrees offered at U. T. Permian Basin.

Enrollment Projections

YEAR	1	2	3	4	5
Headcount	56	92	113	140	198
FTSE	48	79	98	121	170

Program Quality

Like U. T. Permian Basin's current programs in mechanical engineering and petroleum engineering, the proposed B.S. in Electrical Engineering will be ABET-accredited and reflective of the commonly accepted programs in the field.

U. T. Permian Basin currently has no faculty with a degree in electrical engineering. Three terminally degreed faculty and one lecturer/lab technician will be hired to fully implement this degree program. The first person to be hired will be at the rank of associate professor or professor and will serve as the program coordinator.

Current engineering faculty will support the electrical engineering program. U. T. Permian Basin currently has 10 full-time faculty serving its engineering programs. These faculty have been reviewed by ABET accreditation teams and found to meet ABET standards. The engineering faculty collectively share the engineering core classes, which will be taken by electrical engineering majors as well as those in mechanical and petroleum engineering. Some will teach electives open to electrical engineering students.

U. T. Permian Basin has numerous programs to recruit and support engineering students, and efforts to recruit and support students in the STEM fields start at the Pre-K level and continue until students graduate from college with STEM degrees. As a designated Hispanic Serving Institution, U. T. Permian Basin's efforts are particularly geared toward serving this population of students.

Revenue and Expenses

Expenses	5-Year Total
<i>Faculty</i>	
Salaries	\$1,283,769
Benefits	\$ 359,459
<i>Other Expenses</i>	
Faculty & Instruction M&O Support	\$ 68,000
Capital Lab Equipment and Construction in new Engineering Building	\$ 800,000
Total Expenses	\$2,511,228

Revenue	5-Year Total
<i>From Student Enrollment</i>	
Formula Funding	\$ 948,891
Tuition and Fees	\$1,032,323
<i>From Institutional Funds</i>	
<i>From Grant Funds</i>	
<i>From Other Revenue Sources</i>	
Midland Development Corporation and UTPB Foundation Funding	\$ 800,000
Total Revenue	\$2,781,214

Coordinating Board Criteria

The proposed program meets all applicable Coordinating Board criteria for a new bachelor's program.

5. U. T. Rio Grande Valley: Approval to establish a Master of Science degree program in Civil Engineering

RECOMMENDATION

The Chancellor concurs in the recommendation of the Deputy Chancellor, the Executive Vice Chancellor for Academic Affairs, and the institutional president that authorization, pursuant to the Regents' *Rules and Regulations*, Rule 40307, related to academic program approval standards, be granted to

- a. establish a Master of Science degree program in Civil Engineering at U. T. Rio Grande Valley; and
- b. submit the proposal to the Texas Higher Education Coordinating Board for review and appropriate action.

BACKGROUND INFORMATION

Program Description

The proposed M.S. in Civil Engineering is a 36-hour degree program with four concentrations: Construction and Structures, Energy and Utility Infrastructure, Environmental and Water Resources, and Geotechnical and Transportation. The program is designed to meet the following educational objectives:

- To provide practitioners with advanced knowledge and technical capacity in crosscutting engineering-related areas relevant to the needs of the Rio Grande Valley region, state, and country;
- To produce the next generation of graduate professional engineers equipped with the critical thinking and inquiry-based research skills to address the looming challenges of sustainability and resiliency;
- To provide practicing engineers with professional development opportunities to reach the next milestone in their career paths; and
- To prepare students to pursue doctorate degrees in civil engineering-related disciplines.

Need and Student Demand

The Bureau of Labor Statistics estimates the civil engineering profession to experience an 8% growth in job outlook, or an additional 23,600 new jobs, between 2014 and 2024. Of the approximately 1.6 million engineering jobs in the U.S. in 2014, civil engineers account for the greatest fraction (281,400). According to a 2010 draft report by the Texas Higher Education Coordinating Board, utilizing Texas Workforce Commission projections, Texas universities are expected to produce approximately 100 fewer baccalaureate and masters graduates in civil

engineering than the state's needs at the current time. Civil Engineering Master's degree production at public universities in Texas has ranged from 350 in 2010-2011 to 385 in 2014-2015. Statewide population demographics further support the need for this program to be located in the Rio Grande Valley. These needs include water resources management, wastewater treatment, highway and bridge construction, residential projects, and supporting the booming energy industry that includes an increased emphasis on climate change adaptation, renewable resources, sustainability, and resilience.

The U. T. System Task Force on Engineering Education for Texas in the 21st Century reported in 2013 that the U. T. System needed to double the number of engineers produced by U. T. System institutions to meet the needs of the Texas economy.

The Civil Engineering undergraduate program at U. T. Rio Grande Valley has been in existence since 2010, and currently boasts an enrollment of over 500 students. It is the fastest growing and second largest of the five engineering programs in the College of Engineering and Computer Science. Two surveys were conducted to solicit students' and professionals' opinions regarding the need for a master's program in civil engineering. The survey included three questions addressing: 1) the level of interest in each of four areas of concentration; 2) whether the participant is planning to pursue a master's degree within the next two years; and 3) whether the participant is considering U. T. Rio Grande Valley for obtaining his/her master's degree. Of the 40 professionals surveyed, 18 (45%) showed high interest in pursuing a master's degree within two years, and 21 (52%) were highly interested in pursuing their M.S. degree at U. T. Rio Grande Valley. The results show that 78% of the 227 students responding to the survey expressed a high interest in pursuing a master's degree and that 80% expressed a high interest in continuing their graduate studies at U. T. Rio Grande Valley.

Due to the involvement of a relatively high number (approximately 20%) of students in undergraduate research with the civil engineering faculty members, U. T. Rio Grande Valley civil engineering students tend to graduate with a mindset of pursuing at least a master's degree to further the research they started during their undergraduate years. A conservative estimate of 25 full-time students is used to populate the first cohort. Additionally, 14 practitioners indicated in the survey that they were interested in pursuing their M.S. degree at U. T. Rio Grande Valley within two years. A conservative estimate of 10 part-time students is used to populate the first cohort. An initial headcount of 35 master's students is projected for the first year, producing an effective Full-Time Student Equivalent (FTSE) of 24. By the end of the five-year initial operating period, the goal of the proposed graduate program is to achieve a 100% graduation rate within 1.5 years (three regular semesters and a summer) for full-time students and a 2.5-year graduation rate at 100% (five regular semesters and two summers) for part-time students. As a new program, and for conservative projections, a high initial attrition rate of 25% is assumed, with programmatic retention and graduate enrollment management programs being developed and evolved to systematically achieve zero attrition by Year Five. The following summarizes the projected headcount and FTSE for the first five years of the program.

Projected Headcount and FTSE

YEAR	1	2	3	4	5
Headcount	35	77	101	108	112
FTSE	24	53	68	72	75

Program Quality

Eight current faculty will serve as core faculty for this program with plans to add three additional faculty in Year Two to complement current faculty research in the concentration areas. All faculty have or will have a terminal degree from tier-one research universities in civil engineering or a related discipline, such as environmental sciences and engineering or environmental engineering. Over the past five years, the core faculty have together published 46 refereed journal articles and 76 articles in conference proceedings. The core faculty have been awarded 26 external grants totaling \$1,093,026 to support their research over this period.

The existing B.S. in Civil Engineering is Accreditation Board of Engineering and Technology (ABET) accredited. While ABET does not accredit graduate programs, the same high-quality expectations established by ABET will be incorporated into the M.S. program.

U. T. Rio Grande Valley is a Hispanic Serving Institution. The majority of the students in the undergraduate civil engineering program are Hispanic. The proposed recruitment plan for the M.S. in Civil Engineering will include:

- Coordinating with the U. T. Rio Grande Valley Graduate College to leverage institutional efforts to recruit graduate students;
- Recruiting graduating engineering students to pursue their master's degree in Civil Engineering at U. T. Rio Grande Valley;
- Engaging undergraduate students in advanced research and recruiting them to pursue their master's degree after graduation;
- Reaching out to universities in Texas that offer bachelor's degrees in engineering, but do not have graduate programs to recruit their graduating students;
- Reaching out to community colleges in Texas to recruit students through the undergraduate civil engineering program as a pathway into the graduate program;
- Targeted, proactive recruitment of graduating seniors from faculty and research collaborators at partnering institutions by offering assistantships and scholarships to work on externally-funded research; and
- Recruiting students from the border states of Mexico to pursue their master's in civil engineering at U. T. Rio Grande Valley.

Revenue and Expenses

Expenses	5-Year Total
<i>Faculty</i>	
Salaries	\$1,707,978
Benefits	\$ 512,394
<i>Graduate Students</i>	
TA Salaries	0
TA Benefits	0
GRA Salaries	\$ 882,000
GRA Benefits	\$ 88,200
<i>Staff & Administration</i>	
Graduate Coordinator Salary	\$ 220,542
Administrative Staff Salaries	\$ 103,626
Staff Benefits	\$ 97,250
<i>Other Expenses</i>	
Facilities & Equipment	\$ 600,000
Library, Supplies and Materials	\$ 10,000
Travel	\$ 16,000
Total Expenses	\$4,237,990

Revenue	5-Year Total
<i>From Student Enrollment</i>	
Formula Funding	\$1,469,160
Tuition and Fees*	\$2,979,031
<i>From Institutional Funds</i>	
Reallocated Funds Designed Tuition	\$ 798,080
Total Revenue	\$5,246,271

*Tuition and Fees excludes Statutory Tuition

Coordinating Board Criteria

The proposed program meets all applicable Coordinating Board criteria for a new master's program.

6. U. T. Rio Grande Valley: Approval to establish a Doctor of Philosophy degree program in Clinical Psychology

RECOMMENDATION

The Chancellor concurs in the recommendation of the Deputy Chancellor, the Executive Vice Chancellor for Academic Affairs, and the institutional president that authorization, pursuant to the Regents' *Rules and Regulations*, Rule 40307, related to academic program approval standards, be granted to

- a. establish a Doctor of Philosophy degree program in Clinical Psychology at U. T. Rio Grande Valley; and
- b. submit the proposal to the Texas Higher Education Coordinating Board for review and appropriate action.

BACKGROUND INFORMATION

Program Description

The Ph.D. in Clinical Psychology follows an educational program based on the scientist-practitioner model of clinical psychology training aimed at producing clinical scientists. A unique aspect of national, state, and regional significance of this training program will be its focus on Hispanic American cultural sensitivity and the needs of this rapidly growing population in the Rio Grande Valley and the United States. Additionally, this program will have an Integrated Behavioral Health Care (IBHC) option for those students who want to pursue training in the integration of behavioral health care with medical care provided in primary care settings. IBHC has been found to increase access to service for behavioral and mental health difficulties in Hispanic individuals and to be an effective means of decreasing the stigma that is often associated with mental health in Hispanic cultures.

The proposed program consists of 89 semester credit hours for students entering with a bachelor's degree and 74 SCH entering with a master's degree. A minimum of four full-time years of coursework (foundation and applied courses), research training (thesis, preliminary examination, and dissertation), clinical training (practical and internship), and a one-year predoctoral internship will be required for graduation from the program.

Need and Student Demand

According to the U.S. Census Bureau, in 2014 the county region of Cameron, Hidalgo, and Starr had a total population of 1,314,420. Furthermore, this region has one of the fastest population growth rates in the state. From 2000 to 2014, the population in this region grew by 37.2% while the overall population growth in Texas grew by 29.3%. In contrast, the overall U.S. population growth for this period was 13.3%. According to the County Narrative Profile produced by the Labor Market and Career Information Department of the Texas Workforce Commission, in the Year 2010, 1,118,290 or 90% of the region's residents were Hispanic, while statewide, 37.6% were Hispanic. The Office of the State Demographer for Texas produced a population projection

table in 2012 for the time period between 2000 and 2050. According to this report, by 2025 the Hispanic population in the same three-county region is projected to increase by 81.9% from the 2000 population level. By 2050, the report projects that the Hispanic population will increase by 174.3% for a total of 2,297,535 Hispanic residents in this three-county area. According to a table produced by the Texas Department of State Health Services in 2014, licensed psychologists worked in 110 Texas counties. Hidalgo and Cameron Counties had 4.2 and 2.3 licensed psychologists per 100,000 residents respectively, and ranked 83 and 104 out of the 110 counties in the number of per capita psychologists. When compared to Dallas County at 25.3 licensed psychologists per 100,000 and Brazos County at 37.5, the disparity becomes even more salient and the need more urgent.¹

According to the American Psychological Association (APA), one of the most prominent and largest national professional organizations in psychology, the job outlook in the U.S. for clinical psychologists is good, with APA projecting a growth of 11%. Individuals with a Ph.D. degree in clinical psychology are the strongest candidates for job opportunities in academia, research institutions, and highly specialized treatment facilities where research is in demand. These academic and research-oriented positions require research emphasis in training.

The proposed program will offer graduate students training in psychological and behavioral methods relevant to Hispanic cultures, including the Mexican American culture. The program is targeted to produce clinical psychology scientist-practitioners with knowledge about Hispanic cultures. Given the aforementioned growth of the Hispanic population in the state and across the nation, employment in academia and clinical settings for clinical psychologists with knowledge and skills related to Hispanic cultures and with scientist-practitioner emphasis appears to be strong. The proposed program will aim to recruit highly qualified graduate students with diverse cultural backgrounds across the U.S., as well as outside the U.S., and will educate these students to become research-oriented clinical psychologists who have acquired clinical knowledge and skills with the Hispanic population. Further, the APA's Office of Ethnic Minority Affairs (OEMA) is a central clearinghouse for students of color interested in pursuing careers in psychology and can serve as an important resource for promoting doctoral-level psychology students. The OEMA offers information and materials for students who are at any stage in the psychology education pipeline.

To further address the question of employability of Ph.D.-level clinical psychologists trained in Texas, we forwarded a Survey of Program Heads to the Directors of Clinical Training (DCT) (i.e., directors of clinical psychology Ph.D. programs) of all the clinical psychology Ph.D. programs in Texas. We received data from all programs except one. Together the survey data indicate that individuals who graduate from these programs are highly employable. For example, during 2014-2015, 44 out of 45 graduates (97.8%) found employment shortly after graduation; and of these 44 graduates, 43 (97.7%) found employment within the discipline of clinical psychology. The DCT anticipated that their departments will hire a healthy average of 2 to 3 faculty (mean=2.7) over the next two to three years. However, the nine APA accredited clinical psychology Ph.D. programs in Texas (as opposed to 13 in California), of which only two are in the U. T. System, admitted just over 5% of the applicants to their programs. In summary, the above data strongly suggest that although graduates from clinical psychology Ph.D. students in Texas are extremely marketable, there are a limited number of openings available to applicants to clinical psychology Ph.D. programs in Texas.

¹ Data Source: Texas State Board of Examiners of Psychologists, September 2014.

Student demand locally may be seen in a psychology student survey conducted in January 2014. To examine interest and need for a clinical psychology doctoral program in the Rio Grande Valley, U. T. Rio Grande Valley Edinburg campus conducted a brief survey of its psychology undergraduate and graduate students with 109 individuals responding to the survey (90 undergraduate students, 15 graduate students, and four alumni). Of the 109 individuals, 82 responded that they would be interested in applying to a Ph.D. program in clinical psychology, if it existed. Thirty-two students graduated during the past three academic years from the current M.A. in Clinical Psychology program. Because of the unique location of institution and U. T. Rio Grande Valley being a Hispanic Serving Institution, the proposed program will likely attract applicants with Hispanic/Mexican American backgrounds. Diversity in the applicant pool will be sought to ensure a critical mass of excellent students who are accepted to the program.

Table 1 below shows the estimated enrollment projections for the first five years of the program. The range of headcounts admitted per year and the average attrition rate were determined by examining the headcount and attrition rates of similar APA-accredited programs nationwide and in Texas. The full-time student equivalent (FTSE) statistics in the table were calculated according to the state definition of FTSE; nine SCHs enrollment per student per semester = one FTSE. Please also note that all students will be expected to enroll in 12 credit hours in the fall, 12 in the spring, and three in the summer to be classified as full-time students. Summer enrollments are included in the subsequent year. Moreover, the FTSE statistics take attrition into account.

Table 1. Enrollment Projections					
	Year 1	Year 2	Year 3	Year 4	Year 5
New Student Headcount	6	6	8	8	8
FTSE	6	11	18	25	32
Attrition	0	1	1	1	1
Graduates	0	0	0	0	5

Program Quality

The Clinical Psychology doctoral program at U. T. Rio Grande Valley plans to obtain accreditation from the APA. The program will offer a curriculum that fulfills the APA guidelines and is designed to provide doctoral education and training in clinical psychology and produce professional psychologists based on the scientist-practitioner model. The program is designed for five years of full-time study, with four years spent at the University and the fifth spent on an APA-accredited, predoctoral internship. The course of study requires research training through coursework as well as an empirical thesis, a preliminary examination, and an empirical dissertation. The course of study also requires clinical training through foundation courses and advanced training courses including practicum. The program is capable of engaging in actions promoting cultural and individual diversity, as it is located on the border region of Texas.

Eight current faculty in the Department of Psychological Science will serve as core faculty with an additional five serving as support faculty. All have a terminal degree in clinical psychology or related discipline such as experimental psychology, neuroscience, neuropsychology, or cognitive psychology from tier-one research universities, such as The Ohio State University, University of Michigan, University of New York, and Virginia Polytechnic Institute and State University. Currently, open rank searches are ongoing for an additional five faculty to begin in AY 2017 - 2018. Three of these are clinical psychologist positions, one is an experimental psychologist, and one is an open rank experimental psychologist. An additional two faculty searches for open rank clinical psychologists will be undertaken in AY 2017 - 2018 to begin the following year.

Over the past five years, the current core and support faculty have together published 76 refereed journal articles, five book chapters, and three books. The current core and support faculty have been granted eight external grants totaling \$1,104,952 to support their research over this period. U. T. Rio Grande Valley also received a gift of \$6 million over five years from the Valley Baptist Legacy to support the development of the Ph.D. in Clinical Psychology program. This funding will be used to establish additional research facilities and provide other support for the research agenda associated with the proposed Ph.D. in Clinical Psychology program. Furthermore, U. T. Rio Grande Valley is currently constructing a new Interdisciplinary Engineering and Academic Studies Building that will include teaching and office space for the proposed doctoral program.

The program's emphasis on diversity and Hispanic cultures makes the program particularly responsive to the needs of the targeted student population and will, therefore, help meet the needs of the profession, especially as it relates to the needs of a growing Hispanic population. Also of special interest to potential students will be the Integrated Behavioral Health Care option, which will offer training in the integration of behavioral health care with medical care provided in primary care settings. This collaboration with the School of Medicine will provide opportunities for research and treatment program development in the predominantly Hispanic region of the Rio Grande Valley.

Revenue and Expenses

The projected FTSE enrollments are based on the count of full-time enrollments described above. The enrollment projections were used to estimate the revenues from formula funding and tuition and fees based on the Texas Higher Education Coordinating Board's Funding Estimation Tool. The Valley Baptist Legacy Foundation made a gift of \$6 million to support the development of the Ph.D. in Clinical Psychology at U. T. Rio Grande Valley over a five-year period. The revenues below include \$2,357,476 of funding from this gift for allowed expenses that will occur during years three through five of the program.

Projected Enrollment	5-Year Total
Number of Full-Time Student Equivalent (FTSE) Used for Formula Funding Calculation	32
Number of Full-Time Student Equivalent	32

Expenses	5-Year Total
<i>Faculty</i>	
Salaries	\$1,027,392
Benefits	\$ 308,218
<i>Graduate Students</i>	
TA Salaries	\$1,020,000
TA Benefits	\$ 102,000
GRA Salaries	\$1,000,000
GRA Benefits	\$ 100,000
<i>Staff & Administration</i>	
Graduate Coordinator Salary/Director's Stipend	\$ 241,889
Administrative Staff Salaries	\$ 313,051
Staff Benefits	\$ 45,778
<i>Other Expenses</i>	
Scholarships	\$1,172,080
Library	\$ 125,000
Equipment	\$ 81,000
Supplies and Materials	\$ 255,100
Travel	\$ 192,000
Total Expenses	\$6,083,508

Revenue	5-Year Total
<i>From Student Enrollment</i>	
Formula Funding	\$ 358,265
Tuition and Fees	\$ 615,751
<i>From Institutional Funds</i>	
Reallocated Funds	\$ 881,224
Designated Tuition	\$1,870,792
<i>From Grant Funds</i>	
Valley Baptist Legacy Foundation	\$2,357,476
<i>From Other Revenue Sources</i>	
Total Revenue	\$6,083,508

*Tuition and Fees excludes Statutory Tuition

Coordinating Board Criteria

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

7. **U. T. Tyler: Approval to establish a Doctor of Philosophy degree program in Clinical Psychology**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Deputy Chancellor, the Executive Vice Chancellor for Academic Affairs, and the institutional president that authorization, pursuant to the Regents' *Rules and Regulations*, Rule 40307, related to academic program approval standards, be granted to

- a. establish a Doctor of Philosophy degree program in Clinical Psychology at U. T. Tyler; and
- b. submit the proposal to the Texas Higher Education Coordinating Board for review and appropriate action.

BACKGROUND INFORMATION

Program Description

U. T. Tyler seeks approval to offer a Ph.D. program in Clinical Psychology with a specialization in underserved populations. This program will focus its efforts on preparing doctoral-level clinical psychologists to provide best practice services and conduct practice-enhancing research among populations where there is a demonstrated unmet need regionally, statewide, and nationally, specifically with 1) older adults, 2) rural populations, and 3) military veterans/active duty service members. In addition, when there are ethnicity- or culturally-related treatment factors, these will be incorporated into the training for each of the three underserved populations. The degree will require a total of 99 graduate credit hours across four years in residence and a 12-month internship at an external site. The program will seek national accreditation from the American Psychological Association (APA) and will meet Texas psychologist licensure requirements.

Need and Student Demand

State and regional employment trends for careers in clinical psychology are promising. According to the Texas Workforce Commission, between 2008 and 2018 there will be a statewide increase in demand for clinical, counseling, and school psychologists of 1,710 (21%), or approximately 171 per year. In the Workforce Development Areas (WDA's) adjacent to Smith County where U. T. Tyler is located, an increase of 80 jobs or approximately 8 per year (19%) is expected. Moving further out from Smith County to include additional WDA's (North Texas WDA, North Central WDA, Heart of Texas WDA, South East Texas WDA, Texoma WDA, and Central Texas WDA) an increase of about 330 (21%) jobs, or approximately 33 per year, is expected.

National statistics from the APA indicate that the majority (50-60%) of doctoral graduates in clinical psychology are initially employed in clinical practice settings, with about 30-40% in academic settings. These figures would suggest that a substantial number of U. T. Tyler graduates would work in practice settings helping to address mental health service needs statewide and regionally. Across Texas, existing programs graduate an annual average of approximately 50 (about five per program) doctoral clinical psychology students, with an average graduation rate between 90 and 100%. Time to degree rates have been between 5 and 6.8 years.

Student demand is expected to be very high, particularly because Texas programs historically receive an average of more than 200 applications annually for an average of fewer than 10 openings. Nationally, the median number of applications is >150, the median number accepted is 10, and the enrollment rate is 12%. Nationally, in 2014, a total of 2,480 doctoral clinical psychology degrees were awarded. There remains a very large qualified applicant pool to draw from. The plan is to admit six new students annually, achieving a steady level of 24 students in residence at any one time by Year Five of the program.

Program Quality

Currently, there are three core clinical psychology doctoral faculty and seven doctoral support faculty in the department who will contribute to the program. The three current core faculty members each have active research labs, strong scholarship and sponsored research histories, and capacity.

U. T. Tyler will hire two new faculty in FY 2017 - 2018 and one more in FY 2018 - 2019 to reach a total of six core faculty, as recommended by a site visit team. The new hires will be targeted to ensure coverage of training and research areas of emphasis (i.e., diversity, rural mental health, geropsychology, and veterans' mental health). In addition to specific areas of expertise, new faculty would be expected to have demonstrated research/scholarly success and have a record of submitting and/or working with externally funded projects. It was the judgment of an external site visit team (all APA accreditation site visitors) that with these hires and the existing programs, U. T. Tyler has the capacity for a successful program.

Revenue and Expenses

Expenses	5-Year Total
<i>Faculty</i>	
Salaries	\$ 504,000
Benefits	\$ 177,800
<i>Graduate Students</i>	
TA Salaries	\$ 168,966
GRA Salaries	\$ 476,034
<i>Staff & Administration</i>	
Graduate Coordinator Salary	\$ 87,500
Administrative Staff Salaries	\$ 150,000
Staff Benefits	\$ 42,000
<i>Other Expenses</i>	
Supplies/Library/IT/Travel	\$ 36,000
Total Expenses	\$1,642,300

Revenue	5-Year Total
<i>From Student Enrollment</i>	
Formula Funding	\$ 366,175
Tuition and Fees	\$ 771,784
<i>From Institutional Funds</i>	
	\$ 699,966
Total Revenue	\$1,837,925

Coordinating Board Criteria

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

8. U. T. System: Discussion and appropriate action regarding proposed revisions to Mission Statements for U. T. Arlington, U. T. Austin, and U. T. Rio Grande Valley and reaffirmation of Mission Statement for U. T. Dallas

RECOMMENDATION

The Chancellor concurs in the recommendation of the Deputy Chancellor, the Executive Vice Chancellor of Academic Affairs, and the institutional presidents that proposed changes to the Mission Statements for U. T. Arlington, U. T. Austin, and U. T. Rio Grande Valley as set forth on the following pages be approved by the U. T. System Board of Regents.

Further, the Board is asked to reaffirm the Mission Statement for U. T. Dallas, set forth on [Page 162](#).

BACKGROUND INFORMATION

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

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

Mission Statements were last approved as follows:

- U. T. Arlington - last approved by the Board of Regents on November 10, 2011
- U. T. Austin - last authorized for submission to the Texas Higher Education Coordinating Board on May 14, 1998
- U. T. Rio Grande Valley - provisional Mission Statement approved by the Board of Regents on November 5, 2015
- U. T. Dallas - last approved by the Board of Regents on November 10, 2011

U. T. Arlington Mission Statement

The University of Texas at Arlington is a comprehensive research, teaching, and public service institution whose mission is the advancement of knowledge and the pursuit of excellence. The University is committed to the promotion of lifelong learning through its academic and continuing education programs and to the formation of good citizenship through its community service learning programs. The diverse student body shares a wide range of cultural values and the University community fosters unity of purpose and cultivates mutual respect.

As a University, we affirm our commitment to the following objectives:

- The University is committed to comprehensive programs of academic research. This research effort requires attracting and retaining scholars who promote a culture of intellectual curiosity, rigorous inquiry, and high academic standards among their fellow faculty and the students they teach. We ensure a culture of creativity, innovation, and entrepreneurship, which includes the translation of university discoveries for the benefit of society.
- ~~The University values intellectual discovery not only as a manifestation of advancing human knowledge for its own sake but also as a vital prerequisite for fostering innovation, developing and transferring new technologies, and supporting the commercialization of products and services that enhance the standard of living and quality of life of the region, the state, the nation and the world.~~
- The University prepares students for full, productive lives and informed and active citizenship. To that end, we have developed undergraduate and graduate curricula and classroom practices that engage students actively in the learning process. Outside the classroom a wide range of student organizations and activities contribute to the learning environment. Our service learning program offers students the opportunity to supplement their academic study with internships in a variety of community settings, testing their skills and aptitudes and challenging their values. State-of-the-art teaching technologies, distance education, and off-site instruction afford access to off-campus as well as traditional students. Non-degree certificate and continuing education programs offer practical, aesthetic, and intellectually stimulating opportunities for community learners, for individual courses or a sustained program of study.
- The mission of a university can be achieved only when its students, faculty, staff, and administrators value and promote free expression in an atmosphere of tolerance, responsibility, and trust. The University regards these attributes as prerequisites for any community of learners and vigilantly strives to maintain them.
- Mindful of its role as a resource to the community, locally, nationally, and internationally, the University continually seeks partnerships with public and private concerns in order to advance the economic, social, and cultural welfare of its constituencies. We serve the needs of the North Texas community by sponsoring public lectures and academic symposia, as well as artistic, musical, and dramatic productions.

U. T. Austin Mission Statement

The mission of The University of Texas at Austin is to achieve excellence in the interrelated areas of undergraduate education, graduate education, research and public service.

The university provides superior and comprehensive educational opportunities at the baccalaureate through doctoral and special professional educational levels. It contributes to the advancement of society through research, creative activity, scholarly inquiry and the development and dissemination of new knowledge, including the commercialization of University discoveries. The university preserves and promotes the arts, benefits the state's economy, serves the citizens through public programs and provides other public service.

U. T. Rio Grande Valley Mission Statement

~~The University of Texas Rio Grande Valley provides a high quality, innovative, and affordable education to the students of South Texas, Texas, the United States and the world. The University will transform Texas and the nation through student success, research, healthcare To transform the Rio Grande Valley, the Americas, and the world through an innovative and accessible educational environment that promotes student success, research, creative works, health and well-being, community engagement, sustainable development, and commercialization of university discoveries.~~

U. T. Dallas Mission Statement

The University of Texas at Dallas provides the State of Texas and the nation with excellent, innovative education and research. The University is committed to graduating well-rounded citizens whose education has prepared them for rewarding lives and productive careers in a constantly changing world; to continually improving educational and research programs in the arts and sciences, engineering, and management; and to assisting the commercialization of intellectual capital generated by students, staff, and faculty.

9. U. T. Rio Grande Valley: President's Report on the inaugural Strategic Plan

REPORT

President Bailey and Dr. Havidán Rodríguez, Provost and Executive Vice President for Academic Affairs and Chair of the Strategic Planning Committee, will report on the inaugural Strategic Plan for U. T. Rio Grande Valley using a PowerPoint presentation set forth on the following pages.

The Strategic Plan identifies the institution's vision, mission, values, core priorities, and other key areas of focus. U. T. Rio Grande Valley's Strategic Plan was developed with the active engagement of faculty, staff, students, and external community members. An effort was made to align U. T. Rio Grande Valley's strategic initiatives with U. T. System's Quantum Leaps.

BACKGROUND INFORMATION

U. T. Rio Grande Valley's institutional priorities and strategic vision were presented to the Board of Regents on November 9, 2016.

During this report, President Bailey and Dr. Rodríguez will discuss the inaugural strategic plan.

Vision: To be one of the nation's leaders in higher education, its premier Hispanic-serving institution, and a highly engaged bilingual university, with exceptional educational, research, and creative opportunities that serve as catalysts for transformation in the Rio Grande Valley and beyond.

Mission: To transform the Rio Grande Valley, the Americas, and the world through an innovative and accessible educational environment that promotes student success, research, creative works, health and well-being, community engagement, sustainable development, and commercialization of university discoveries. (See Academic Affairs Committee [Item 8](#), regarding recommended approval of this Mission Statement).

U. T. Rio Grande Valley's Five Core Priorities:

- Student Success
- Educational Opportunities
- Health and Medical Education
- Research Impacting the Rio Grande Valley and Beyond
- Community Engagement

U. T. Rio Grande Valley's Other Key Areas of Focus:

- Campus Climate and Professional Development and Growth for Faculty and Staff
- Becoming a B3 Institution: Bilingual, Bicultural, and Biliterate
- Globalization
- Sustainability

STRATEGIC PLAN



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

Strategic Planning Committee Timeline



August
2015



COMMITTEE CHARGED
70+ Committee
Members

December
2015



Retreats &
Dialogue
Sessions

January
2016 –
November
2016



DRAFT OF THE
STRATEGIC PLAN

Strategic
Planning
Steering
Committee

December
2016 –
February
2017



LAUNCH

August
2017

UTRGV'S Strategic Plan

- Insights, Ideas, Recommendations and Feedback of Faculty, Staff, Students, and External Community Members
- Broadly Disseminated Information Internally and Externally
- Ideas, Hopes, and Aspirations for a New University that will Become a Model for Higher Education
- Core Priorities and Other Key Areas of Focus are Linked to U. T. System's Quantum Leaps







VISION

To be one of the nation's leaders in higher education, its premier Hispanic-serving institution, and a highly engaged bilingual university, with exceptional educational, research, and creative opportunities that serve as catalysts for transformation in the Rio Grande Valley and beyond.



MISSION

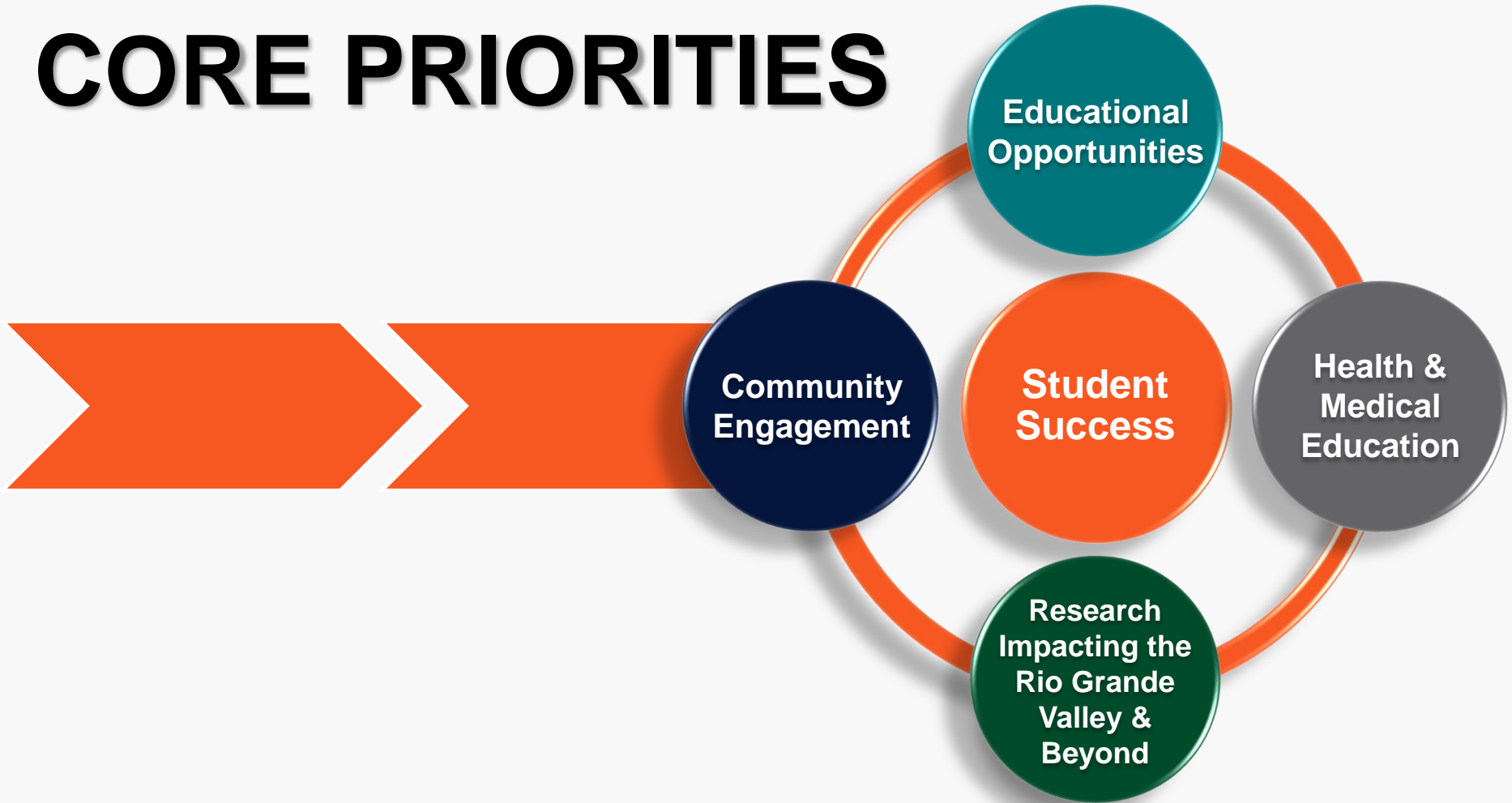
To transform the Rio Grande Valley, the Americas, and the world through an innovative and accessible educational environment that promotes student success, research, creative works, health and well-being, community engagement, sustainable development, and commercialization of university discoveries.



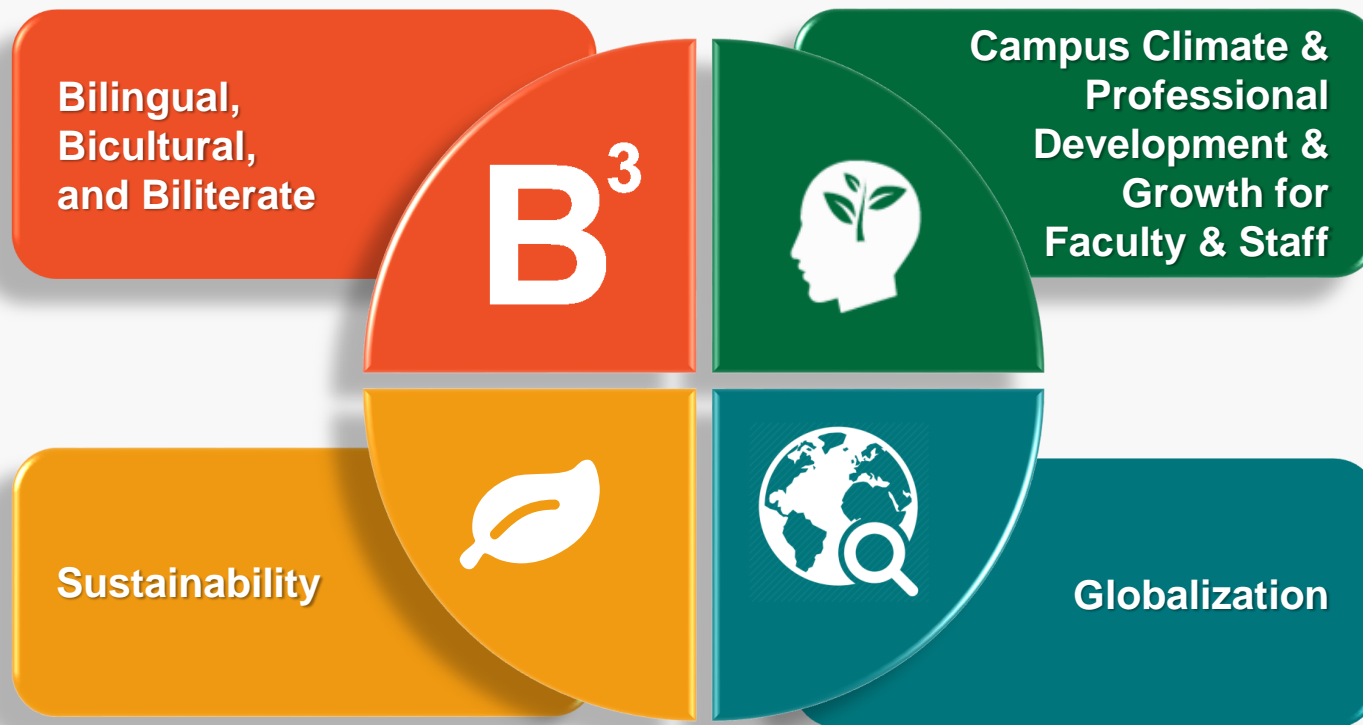
VALUES

Excellence
Diversity, Access, and Inclusion
Inquiry, Discovery, and Creativity
Engagement and Impact
Shared Governance
Leadership
Health and Well-being

CORE PRIORITIES



OTHER KEY AREAS OF FOCUS



THE INAUGURAL STRATEGIC PLAN



Critical Components to Ensure the Success of the Strategic Plan

- Community Participation and Support
- Unifying the Distributed University
- Robust Information Technology (IT) Infrastructure
- Intersections with the University Master Plan
- Data-Informed Decision Making
- Alignment of the Strategic Plan with Budget Planning
- Ongoing Review and Assessment



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FOR
HEALTH AFFAIRS COMMITTEE**

Committee Meeting: 5/9/2017

Board Meeting: 5/10/2017
Austin, Texas

	Committee Meeting	Board Meeting	Page
Convene	<i>3:00 p.m.</i>		
1. U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, assigned for Committee consideration	<i>3:00 p.m.</i> Discussion	Action	176
2. U. T. M. D. Anderson Cancer Center: Discussion and appropriate action regarding request to a) approve participation in the Southeastern Regional Collaborative Access Team (SER-CAT) for the purpose of conducting imaging studies of large biological molecules, including delegation of authority to execute related agreements; b) following the initial one-year term, authorize expenditure of institutional funds for annual dues in an amount to be determined; and c) delegate authority to approve appointment of a representative and an alternate to the SER-CAT Executive Board	<i>3:03 p.m.</i> Action <i>Dr. Greenberg</i>	Action	177
3. U. T. System: Report on the U. T. System Health Intelligence Platform, formerly known as the U. T. System Clinical Data Network	<i>3:10 p.m.</i> Report/Discussion <i>Mr. Zain Kazmi</i> <i>Dr. Robert Murphy,</i> <i>U. T. Health</i> <i>Science Center -</i> <i>Houston</i>	Not on Agenda	180
4. U. T. System: Report on the U. T. System Faculty Advisory Council Physician Burnout Prevention Initiative	<i>3:25 p.m.</i> Report/Discussion <i>Jonathan Cheng, M.D.,</i> <i>Chair of Faculty</i> <i>Advisory Council</i>	Not on Agenda	188
Adjourn	<i>3:45 p.m.</i>		

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

RECOMMENDATION

The proposed Consent Agenda items assigned to this Committee are [Items 53 - 76](#).

2. **U. T. M. D. Anderson Cancer Center: Discussion and appropriate action regarding request to a) approve participation in the Southeastern Regional Collaborative Access Team (SER-CAT) for the purpose of conducting imaging studies of large biological molecules, including delegation of authority to execute related agreements; b) following the initial one-year term, authorize expenditure of institutional funds for annual dues in an amount to be determined; and c) delegate authority to approve appointment of a representative and an alternate to the SER-CAT Executive Board**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Deputy Chancellor, the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and the Vice Chancellor and General Counsel that the U. T. System Board of Regents, on behalf of The University of Texas M. D. Anderson Cancer Center to:

- a. approve participation in the Southeastern Regional Collaborative Access Team (SER-CAT) for the purpose of conducting imaging studies of large biological molecules, including authorization to enter into the following agreements:
 - Share Transfer and Member Agreement with the University of Georgia Research Foundation, Inc., a Georgia nonprofit corporation;
 - Assignment Agreement by the Board of Trustees of the University of Alabama for the University of Alabama at Birmingham; and
 - Non-Priority User Agreement with UChicago Argonne, LLC, an Illinois limited liability company.
- b. following the initial one-year term, authorize expenditure of institutional funds for annual dues in an amount to be determined; and
- c. delegate authority to the institutional president to appoint the initial and any successor representative and alternate to the SER-CAT Executive Board, subject to review and approval of such selections by the Executive Vice Chancellor for Health Affairs, the Vice Chancellor and General Counsel, and the U. T. System Ethics Officer, and subject to implementation and monitoring of a conflict of interest management plan for each.

BACKGROUND INFORMATION

U. T. M. D. Anderson Cancer Center will participate in SER-CAT, including the purchase of certain shares of Beamline access at the Advanced Photon Source (APS) of the Argonne National Laboratory (ANL) for the purpose of conducting imaging studies of large biological molecules.

SER-CAT was organized in 1997 for the purpose of providing its members timely access to a high brilliance, third-generation synchrotron x-ray source for structural studies. Since 1998, SER-CAT has built, operated, and managed synchrotron beamlines (Beamlines) at the APS of the ANL near Chicago, Illinois. Construction, safety, and management plans approved by APS and agreements between various entities and various policies are maintained by SER-CAT. The principal focus of SER-CAT research is macromolecular crystallography, which is a technique used to study biological molecules at a very high resolution.

The University of Georgia Research Foundation, Inc. (UGARF) serves as the primary contractor on behalf of SER-CAT with APS and has entered into an individual SER-CAT Member Agreement with each participating Member Institution (Member) to construct, operate, and maintain Beamlines at APS. The SER-CAT Director and the SER-CAT Executive Board are responsible to the Members for carrying out the duties designated in the Bylaws and for conducting the project in accordance with the overall desires of the SER-CAT Membership.

In 1999, the SER-CAT Director signed a Memorandum of Understanding Between the Advanced Photon Source and the Southeast Regional Collaborative Access Team for the Construction and Operation of Beamlines at the Advanced Photon Source (MOU). The MOU provides SER-CAT with access to Sector 22 at APS to construct and operate Beamlines at APS.

Membership of SER-CAT consists of Member Institutions, Member Users at the Member Institutions, Member Institutional Representatives, and State Representatives, all of which have purchased a portion of the aggregate 70 shares available in SER-CAT, and continue to be Members of SER-CAT in accordance with the Bylaws.

SER-CAT Members include The University of Alabama at Birmingham, Florida State University, The Scripps Research Institute - Florida, The University of South Florida, Emory University, Georgia State University, Georgia Tech Research Corporation, The University of Georgia, Rosalind Franklin University of Medicine and Science, Monsanto Company, The University of Kentucky, The University of Missouri at Kansas City, The National Institutes of Health Intramural Research Program, Duke University, The University of North Carolina at Chapel Hill, North Carolina State University, The University of Pittsburgh, The Medical University of South Carolina, The University of South Carolina, St. Jude Children's Research Hospital, and The University of Virginia. Affiliate Members include Amgen, Inc., Genentech, Inc., and HarkerBIO, L.L.C.

The SER-CAT Executive Board consists of the SER-CAT Director and a single representative or alternate from each of the SER-CAT states (Alabama, Florida, Georgia, Illinois, Kentucky, Missouri, North Carolina, Pennsylvania, South Carolina, Tennessee, and Virginia) and the National Institutes of Health Intramural Research Program, plus one organizational representative or alternate on behalf of all participating industrial/corporate entities and one organizational representative or alternate on behalf of all not-for-profit entities not represented by a SER-CAT state joining SER-CAT on or after March 1, 2003.

U. T. M. D. Anderson Cancer Center will become a SER-CAT Member and obtain 1.2 shares of Beamline access in SER-CAT through the Share Transfer and Member Agreement with the UGARF, a Georgia nonprofit corporation. U. T. M. D. Anderson Cancer Center may terminate that Agreement upon 180 days' prior written notice. The Board of Trustees of the University of Alabama at Birmingham will transfer one share of Beamline access currently held by the

University of Alabama to U. T. M. D. Anderson Cancer Center pursuant to an Assignment Agreement. Ratification of a Non-Proprietary User Agreement with UChicago Argonne, LLC, an Illinois limited liability company, the sole member of which is the University of Chicago Argonne, provides specific terms of access to the ANL.

After U. T. M. D. Anderson Cancer Center becomes a SER-CAT Member, U. T. M. D. Anderson Cancer Center will appoint the initial and any successor representative and an alternate to the SER-CAT Executive Board, subject to approval of such selections by the Executive Vice Chancellor for Health Affairs and the Vice Chancellor and General Counsel, and subject to a conflict of interest management plan for each. U. T. M. D. Anderson Cancer Center has prepaid the first year's annual dues in the amount of \$105,344. Following the initial term and in accordance with the SER-CAT Bylaws, U. T. M. D. Anderson Cancer Center will pay UGARF annual operational dues in an amount to be determined.

3. **U. T. System: Report on the U. T. System Health Intelligence Platform, formerly known as the U. T. System Clinical Data Network**

REPORT

Mr. Zain Kazmi, Assistant Vice Chancellor and Chief Analytics Officer in the U. T. System Office of Health Affairs, and Dr. Robert Murphy, Associate Dean of Applied Informatics at U. T. Health Science Center - Houston, will report on the U. T. System Health Intelligence Platform, formerly known as the U. T. System Clinical Data Network.

A PowerPoint presentation is set forth on the following pages.

BACKGROUND INFORMATION

At the February 10, 2016 meeting of the Board of Regents' Health Affairs Committee, Executive Vice Chancellor Greenberg and Dr. Elmer Bernstam, Associate Dean for Research and Professor in the School of Biomedical Informatics at U. T. Health Science Center - Houston, introduced a proposal to create a U. T. System Clinical Data Network, a centralized clinical data network linking all U. T. System health care delivery entities into a collaborative health care enterprise model of centralized health care data.

On May 12, 2016, the Board of Regents approved \$12.4 million from the Available University Fund (AUF) to be deployed over four fiscal years to support a new U. T. System Clinical Data Network and authorized the U. T. System Associate Vice Chancellor, Controller, and Chief Budget Officer to substitute Permanent University Funds for AUF after consultation with the Chancellor for appropriate capital expenditures.

On November 5, 2015, Chancellor McRaven presented his strategic vision and mission for the U. T. System using a presentation, Leading in a Complex World, a Strategic Approach, 2015-2020. He outlined eight Quantum Leaps for the U. T. System, including the U. T. Health Care Enterprise. The U. T. System Health Intelligence Platform (UT-HIP), formerly known as U. T. System Clinical Data Network, is part of the U. T. Health Care Enterprise Quantum Leap.



THE UT HEALTH CARE ENTERPRISE
Health Intelligence Platform
Identify. Illuminate. Improve.

The University of Texas System Health Intelligence Platform (UT-HIP)

Zain Kazmi

Assistant Vice Chancellor and Chief Analytics
Officer, Health Affairs
The University of Texas System
Program Sponsor, UT-HIP

Robert Murphy, M.D.

Associate Dean, Applied Informatics
The University of Texas Health Science Center
at Houston
Acting Executive Director, UT-HIP

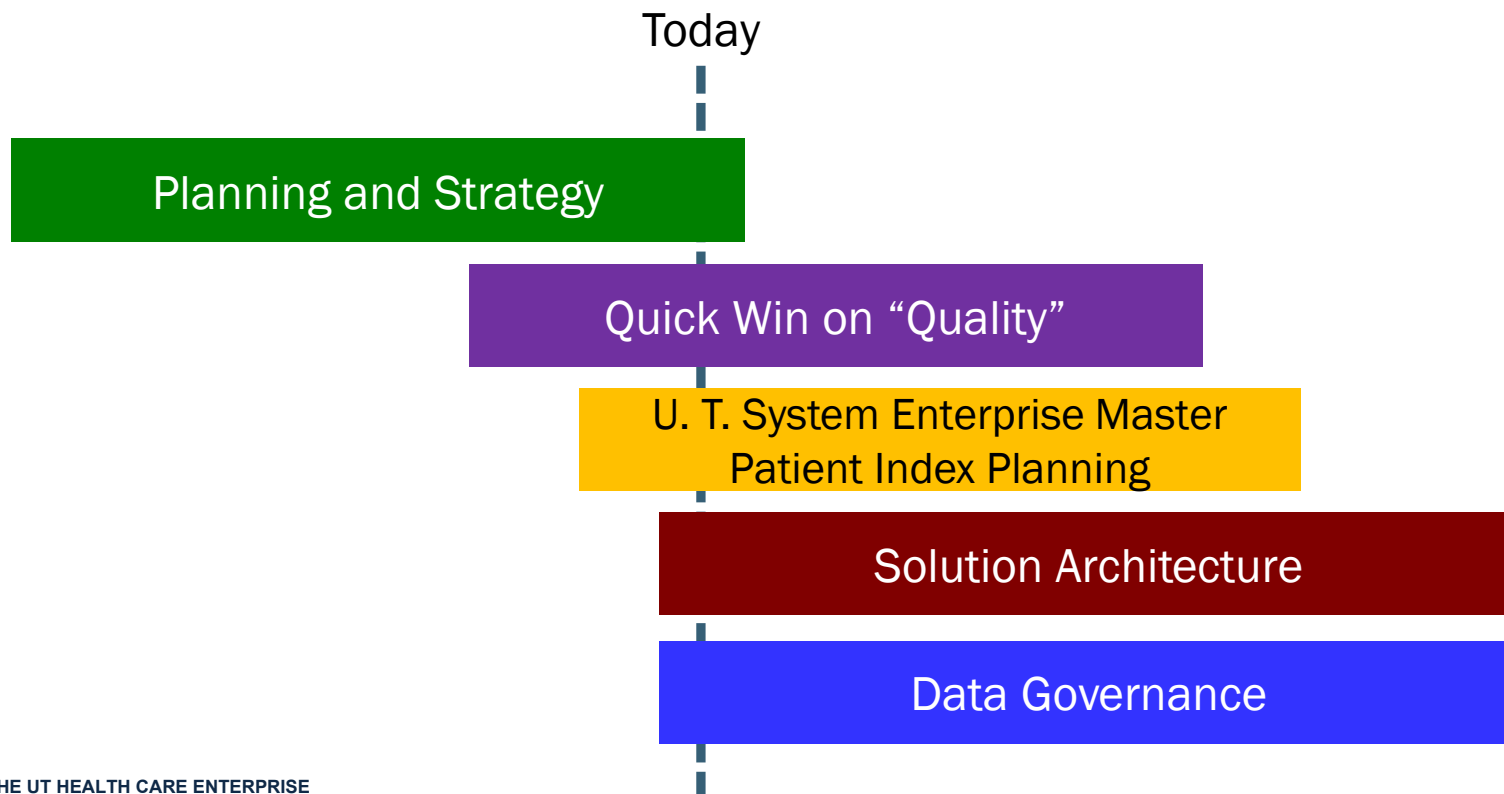
U. T. System Board of Regents' Meeting
Health Affairs Committee
May 2017

UT-HIP Overview

- Data and analytics component of U. T. System Health Care Enterprise Quantum Leap (QL5)
- Approved by the U. T. System Board of Regents, May 12, 2016
- Use data as an asset across U. T. System institutions
- Leverage the size and scope of U. T. System institutions



UT-HIP Update



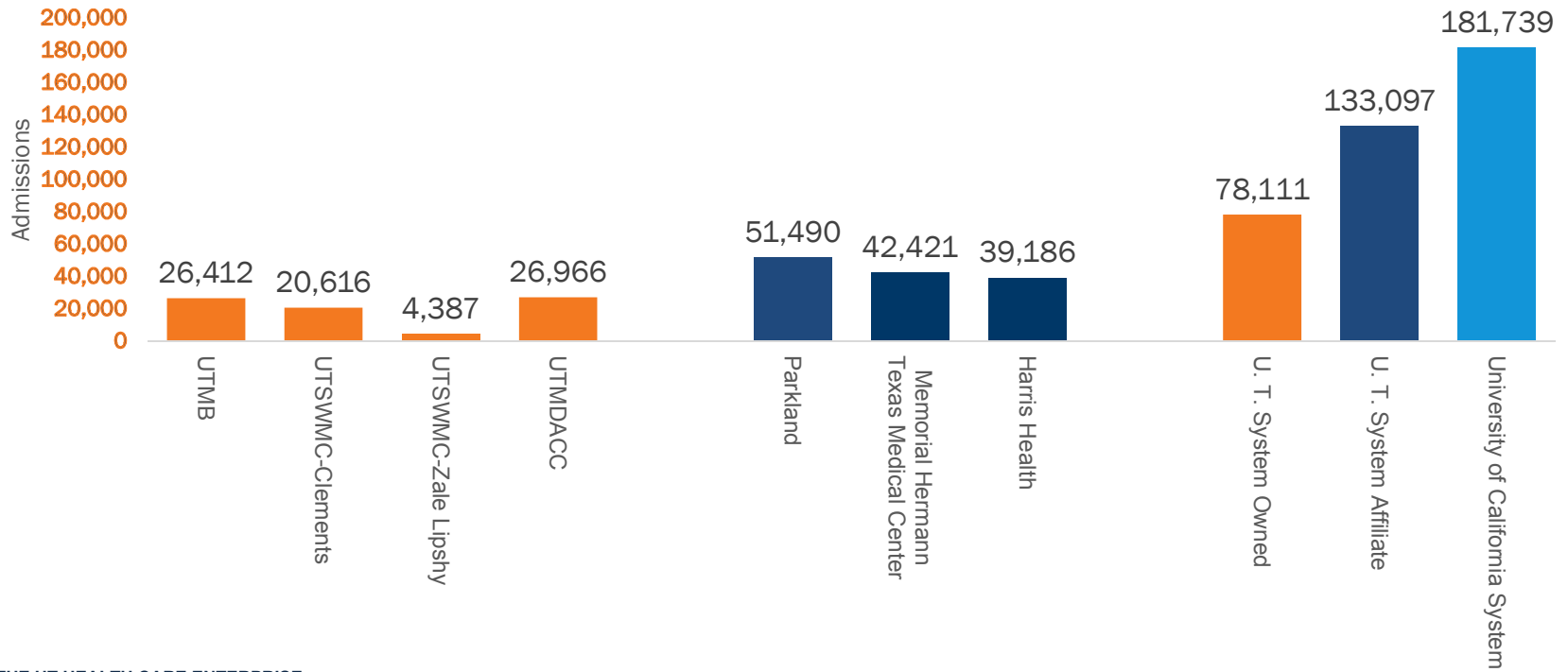
UT-HIP Themes Tie to QL5 Strategic Goals

1. Reducing variations in care
2. Focusing on population health management
3. Support for value-based purchasing initiatives

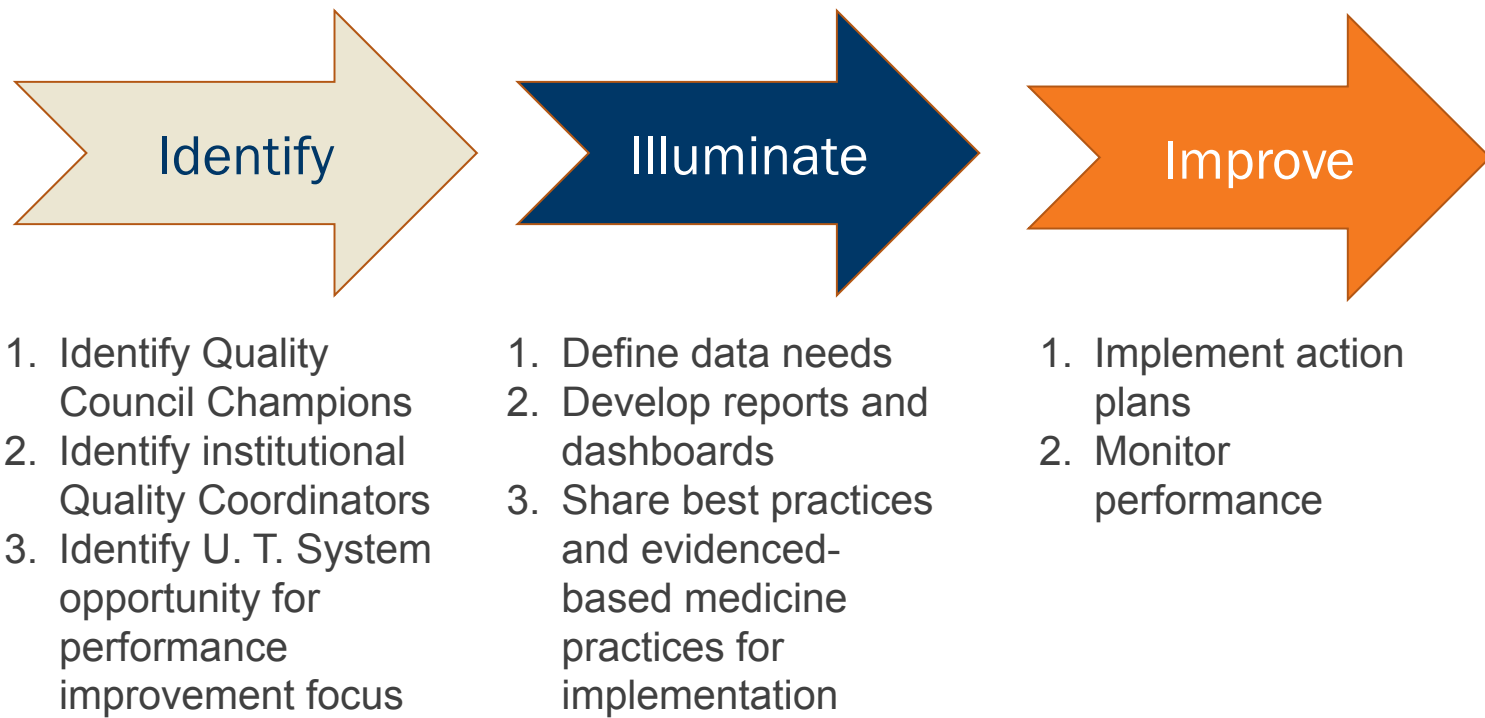


Hospital Cases

Quarter 4 2015 – Quarter 3 2016



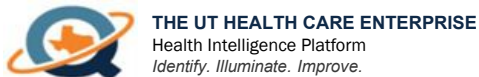
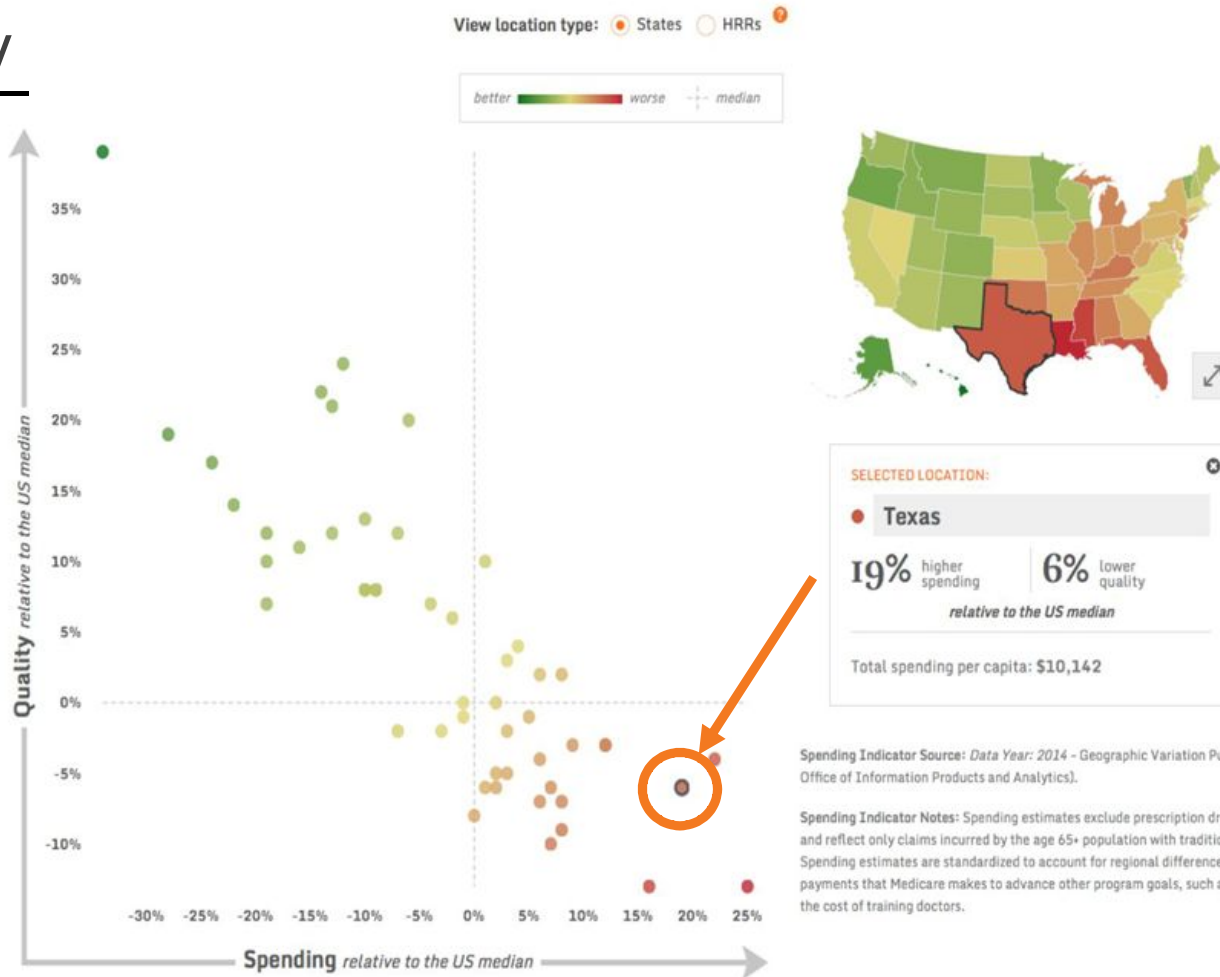
UT-HIP and Quality Council Process



$$\text{Value} = \frac{\text{Quality}}{\text{Cost}}$$

http://www.commonwealthfund.org/interactives-and-data/spending-vs-quality-interactive#?qi=Quality_v2&loc=States&viz=scatter&s=overall

Total Medicare spending per capita vs. Overall quality score



4. **U. T. System: Report on the U. T. System Faculty Advisory Council Physician Burnout Prevention Initiative**

REPORT

Jonathan Cheng, M.D., Associate Professor in the Department of Plastic Surgery at U. T. Southwestern Medical Center and Chair of the U. T. System Faculty Advisory Council, will report on the U. T. System Faculty Advisory Council Physician Burnout Prevention Initiative.

A PowerPoint presentation is set forth on the following pages.

U. T. System Faculty Advisory Council Physician Burnout Prevention Initiative

Jonathan Cheng, M.D.
Chair, U. T. System Faculty Advisory Council

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



THE UNIVERSITY of TEXAS SYSTEM
FOURTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

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Physician Burnout

- Physician burnout has reached “epidemic levels” among U.S. physicians (Shanafelt and Noseworthy, 2017)
 - 2011, 45.5% → 2014, 54.4%
 - Higher than in non-physicians (28.4%)
 - Characterized by emotional exhaustion, depersonalization, and sense of reduced personal accomplishment
- Recent increases in national attention and interventions targeting physician wellness and resiliency
- Major implications for physician and health system performance, with unmet need for structural solutions



Challenges Unique to Academic Health Centers

- Academic medicine stands at the forefront of the U.S. health care system
- The role of academic physicians in health institutions is foundational to the three core academic missions
 - Patient care
 - Education
 - Research
- Troubling national trends in academic medicine have persisted
 - 50% of academic faculty leave within 10 years
 - 25% of faculty considered leaving academic medicine in the prior year
- Seeds of burnout are sown during the medical training process
- Although we are one system, each institution has its own unique needs and potential solutions



U. T. System Faculty Advisory Council Physician Burnout Prevention Initiative

- Mission: To address the causes and consequences of physician burnout and promote faculty vitality by sustaining the academic clinician's ability to balance and promote the three core missions of the health institutions
- U. T. Systemwide initiative
 - Planning began August 2016
 - Guided by Raymond Greenberg, M.D., Ph.D., and Stephanie Huie, Ph.D.
 - Led by Faculty Advisory Council with Associate Vice Chancellor Anthony Cuculo
 - Convened steering committee, including administrators from each health institution
 - Retained leading burnout expert, Christina Maslach, Ph.D. (Professor Emerita, U.C. Berkeley) as consultant to initiative
- Leverage the size and strength of the U. T. System health enterprise to effect change and lead the national conversation on academic physician burnout (Related to: Winning the Talent War, Enhancing Fairness and Opportunity, UT Health Care Enterprise QLS)



Physician Burnout Prevention Initiative

- Assess existing data
 - Perform literature review on evidence-based approaches
 - Identify national best practices
 - Led by Warren Holleman, Ph.D.
- Perform U. T. System health institution baseline burnout assessment
- Assemble affinity group of distinguished mid-career and senior academic physicians from U. T. System
- Hold national symposium of thought leaders on causes, consequences, and structural solutions for physician burnout in academic medical centers
- Convene think tank to critically review and recommend potential solutions to implement within U. T. System at departmental, institutional, and enterprise levels
- Develop a white paper with recommendations to Chancellor McRaven
- Document and disseminate findings in a textbook





**TABLE OF CONTENTS
FOR
FACILITIES PLANNING AND CONSTRUCTION
COMMITTEE**

Committee Meeting: 5/9/2017

**Board Meeting: 5/10/2017
Austin, Texas**

	Committee Meeting	Board Meeting	Page
Convene	<i>2:00 p.m.</i>		
1. U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, assigned for Committee consideration	<i>2:00 p.m.</i> Discussion	Action	196
<u>Addition to the CIP</u>			
2. U. T. Health Science Center - San Antonio: Relocate Barshop Institute - Amendment of the FY 2017-2022 Capital Improvement Program to include project	<i>2:05 p.m.</i> Action <i>President Henrich</i>	Action	197
<u>Additions to the CIP and Design Development Approval</u>			
3. U. T. Medical Branch - Galveston: League City Campus Expansion 2017 - Amendment of the FY 2017-2022 Capital Improvement Program to include project; approval of total project cost; approval of Phase 1 design development; appropriation and authorization of expenditure of Phase 1 funding; approval of institutional management; and resolution regarding parity debt	<i>2:10 p.m.</i> Action <i>President Callender</i>	Action	200
4. U. T. Health Science Center - Tyler: School of Community and Rural Health - Amendment of the FY 2017-2022 Capital Improvement Program to include project; approval of total project cost; approval of design development; appropriation of funds and authorization of expenditure; and resolution regarding parity debt	<i>2:20 p.m.</i> Action <i>President Calhoun Mr. O'Donnell</i>	Action	205
<u>Design Development Approval</u>			
5. U. T. Southwestern Medical Center: William P. Clements Jr. University Hospital Expansion - Approval of design development; appropriation of funds and authorization of expenditure; and resolution regarding parity debt	<i>2:30 p.m.</i> Action <i>President Podolsky</i>	Action	209

	Committee Meeting	Board Meeting	Page
6. U. T. Austin: Graduate Student Housing Complex - Approval of design development; appropriation of funds and authorization of expenditure; and resolution regarding parity debt	2:40 p.m. Action <i>Mr. O'Donnell</i>	Action	213
<u>Modifications to the CIP</u>			
7. U. T. Austin: Jester West Maintenance and Interior Finishes - Amendment of the FY 2017-2022 Capital Improvement Program to increase total project cost and appropriation of funds and authorization of expenditure	2:50 p.m. Action <i>Mr. O'Donnell</i>	Action	217
8. U. T. Austin: Texas Tennis Center - Amendment of the FY 2017-2022 Capital Improvement Program to increase total project cost and appropriation of funds and authorization of expenditure	2:55 p.m. Action <i>Mr. O'Donnell</i>	Action	220
Adjourn	3:00 p.m.		

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

RECOMMENDATION

The proposed Consent Agenda items assigned to this Committee are [Items 77 - 82](#).

2. U. T. Health Science Center - San Antonio: Relocate Barshop Institute - Amendment of the FY 2017-2022 Capital Improvement Program to include project

RECOMMENDATION

The Chancellor concurs in the recommendation of the Deputy Chancellor, the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and the institutional president that the U. T. System Board of Regents amend the Fiscal Year 2017-2022 Capital Improvement Program (CIP) to include the Relocate Barshop Institute project at The University of Texas Health Science Center at San Antonio.

BACKGROUND INFORMATION

Previous Actions

On May 24, 2016, the Chancellor approved this project for Definition Phase. On November 10, 2016, the Board approved an allocation of \$30,000,000 in Permanent University Fund (PUF) Bond Proceeds for this project.

Project Description

The Barshop Institute for Longevity and Aging Studies, currently located at the Texas Research Park, will be relocated to the Greehey Academic and Research Campus. The Institute supports four basic models of aging research: cellular aging, invertebrate aging, transgenic models of aging, and human genetics of aging. The primary spaces within the new facility will include research laboratories, computational research facilities, research support areas, a vivarium, and administrative and building support facilities. Included in the project will be a bridge connecting the building to the South Texas Research Facility, located across the street.

Approval of design development plans and authorization of expenditure of funding will be presented to the Board for approval at a later date.

**The University of Texas Health Science Center at San Antonio
Relocate Barshop Institute**

Project Information

Project Number	402-1000
CIP Project Type	New Construction
Facility Type	Laboratory, Medical/Healthcare
Management Type	Office of Facilities Planning and Construction
Institution's Project Advocate	James D. Kazen, Executive Vice President, Facility Planning and Operations
Project Delivery Method	Construction Manager-at-Risk
Gross Square Feet (GSF)	77,018

Project Funding

Permanent University Fund Bond Proceeds	<u>Proposed</u> \$30,000,000
Revenue Financing System Bond Proceeds ¹	<u>\$35,000,000</u>
Total Project Cost	<u>\$65,000,000</u>

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

Project Cost Detail

	Cost
BUILDING COST	
- Barshop Institute Building	\$37,812,308
- Unconditioned Pedestrian Bridge	3,440,000
Fixed Equipment	3,990,432
Site Development	2,722,206
Furniture and Moveable Equipment	1,800,000
Institutionally Managed Work	3,000,000
Architectural/Design Services	4,800,000
Project Management Fees	2,132,800
Insurance	1,031,416
Other Professional Fees	850,000
Project Contingency	3,020,838
Other Costs	400,000
Total Project Cost	\$65,000,000

**The University of Texas Health Science Center at San Antonio
Relocate Barshop Institute**
(continued)

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

Relocate Barshop Institute (with 32% Shell Space)	\$491		
Relocate Barshop Institute (Estimated Total Finish-Out)	\$565		
Texas Higher Education Coordinating Board Average - Laboratory, Medical/Healthcare	\$501		
	Low Quartile	Median	High Quartile
Other U. T. System Projects	\$474	\$575	\$649
Other Texas Projects	\$493	\$607	\$958
Other National Projects	\$520	\$635	\$823

Investment Metrics

By 2019

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

Project Planning

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

Project Milestones

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

Basis of Design

The planned building life expectancy includes the following elements:

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

3. U. T. Medical Branch - Galveston: League City Campus Expansion 2017 - Amendment of the FY 2017-2022 Capital Improvement Program to include project; approval of total project cost; approval of Phase 1 design development; appropriation and authorization of expenditure of Phase 1 funding; approval of institutional management; and resolution regarding parity debt

RECOMMENDATION

The Chancellor concurs in the recommendation of the Deputy Chancellor, the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and the institutional president that the U. T. System Board of Regents amend the Fiscal Year 2017-2022 Capital Improvement Program (CIP) to include the League City Campus Expansion 2017 project and approve the recommendations for the project at The University of Texas Medical Branch at Galveston as follows:

- a. approve a total project cost of \$156,600,000;
- b. approve Phase 1 design development plans for parking garage, multiuse support building, and a pedestrian bridge;
- c. appropriate funds and authorize expenditure of funding for Phase 1 in the amount of \$35,366,000 with funding from Revenue Financing System (RFS) Bond Proceeds;
- d. authorize U. T. Medical Branch - Galveston to manage the project budgets, appoint architects, approve facility programs, prepare final plans, and award contracts; and
- e. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt; sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System; and U. T. 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 \$35,366,000.

BACKGROUND INFORMATION

Debt Service

The \$35,366,000 in RFS debt will be repaid from Hospital Revenues. Annual debt service on the \$35,366,000 RFS debt is expected to be \$2.1 million. The institution's debt service coverage is expected to be at least 2.2 times and average 2.4 times over FY 2017-2022.

Previous Actions

On July 10, 2016, the Chancellor approved this project for Definition Phase. On November 10, 2016, the Board approved an allocation of \$10,100,000 in Permanent University Fund Bond Proceeds.

Project Description

The League City Campus Expansion 2017 is aligned with the U. T. Medical Branch - Galveston League City Master Plan. Phase 1 of this expansion project consists of construction of a parking garage, multiuse support building, and a pedestrian bridge. Phase 2 will include 60 new beds, diagnostic/ancillary space, and finish out of six additional beds in existing shell space in the League City Hospital, increasing the total League City Campus inpatient capacity from 31 to 97 beds. This will meet the current and projected demand and includes the addition of acuity adaptable rooms and space to accommodate essential services to support expanded inpatient and emergency room volume. The acuity adaptable beds will support ICU care for U. T. M. D. Anderson Cancer Center and U. T. Medical Branch patients.

Phase 2 of this project also includes the Academic and Patient Care Center funded by the Permanent University Fund. The Center will include a telehealth/teleconference center for joint use by U. T. Medical Branch and U. T. M. D. Anderson Cancer Center, a radiation treatment component for U. T. Medical Branch patients, and a small business center to support the clinical research activities of both institutions.

Approval of design development plans and authorization of expenditure of funding for the remaining portions of the project will be presented to the Board for approval at a later date.

**The University of Texas Medical Branch - Galveston
League City Campus Expansion 2017**

Project Information

Project Number	601-1093
CIP Project Type	New Construction/Repair and Rehabilitation (R&R)
Facility Type	Healthcare Facility, Hospital/Parking Structure
Management Type	Institutional Management
Institution's Project Advocates	Donna Sollenberger, Executive Vice President and Chief Executive Officer, UTMB Health System Cheryl Sadro, Executive Vice President and Chief Business and Finance Officer
Project Delivery Method	Construction Manager-at-Risk
Gross Square Feet (GSF)	165,750 GSF - Hospital Expansion 18,040 GSF - R&R, Build-out current shell space 9,000 GSF - Pedestrian Bridge 33,000 GSF - Multiuse Building 266,000 GSF - Parking Structure 740 Total Parking Spaces

Project Funding

	<u>Proposed</u>
Revenue Financing System Bond Proceeds ¹	\$142,000,000
Permanent University Fund Bond Proceeds	\$ 10,100,000
Hospital Revenues	<u>\$ 4,500,000</u>
Total Project Cost	\$156,600,000

¹ Revenue Financing System Bond Proceeds (RFS) to be repaid from Hospital Revenues

Project Cost Detail

Building Cost - Phase 1	
League City Parking Garage	\$ 14,748,700
League City Multiuse Building	13,175,155
League City Pedestrian Bridge	3,591,000
Building Cost - Phase 2	
League City Hospital Expansion 2017	81,401,864
League City Hospital Current Shell Build-out/R&R	6,127,800
Fixed Equipment	-
Site Development	-
Furniture and Moveable Equipment	15,730,000
Institutionally Managed Work	-
Architectural/Design Services	6,244,031
Project Management Fees	4,900,000
Insurance	2,240,000
Other Professional Fees	-
Project Contingency	6,928,481
Other Costs	1,512,969
Total Project Cost	\$156,600,000

**The University of Texas Medical Branch - Galveston
League City Campus Expansion 2017**
(continued)

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

League City Hospital Expansion 2017 (with 15% Shell Space)	\$491		
League City Hospital Expansion 2017 (Estimated Total Finish-Out)	\$550		
Texas Higher Education Coordinating Board Average - Healthcare Facility, Hospital	\$479		
	Low Quartile	Median	High Quartile
Other U. T. System Projects	\$500	\$544	\$553
Other Texas Projects	\$547	\$768	\$827
Other National Projects	\$558	\$786	\$1013

Building Cost per Bed Benchmarks (escalated to midpoint of construction)

League City Hospital Expansion 2017 (with 15% Shell Space - 60 beds)	\$1,356,698		
League City Hospital Expansion 2017 (Estimated Total Finish-Out - 75 beds)	\$1,216,969		
	Low Quartile	Median	High Quartile
Other U. T. System Projects	\$1,144,621	\$1,362,864	\$1,605,759
Other Texas Projects	\$1,326,927	\$1,813,641	\$2,026,460
Other National Projects	\$1,355,484	\$2,275,851	\$3,273,047

Investment Metric

- Curb outmigration by capturing 23,000 of the 80,100+ patients discharged from hospitals outside market

Project Planning

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

Project Milestones

Definition Phase Approval	October 2016
Addition to CIP	May 2017
Design Development Approval - Phase 1	May 2017
Design Development Approval - Phase 2	November 2017
Construction Notice to Proceed - Phase 1	June 2017
Construction Notice to Proceed - Phase 2	December 2017
Substantial Completion	June 2020

**The University of Texas Medical Branch - Galveston
League City Campus Expansion 2017**
(continued)

Basis of Design

The planned building life expectancy includes the following elements:

Enclosure: 50 years

Building Systems: 50 years

Interior Construction: 50 years

4. U. T. Health Science Center - Tyler: School of Community and Rural Health - Amendment of the FY 2017-2022 Capital Improvement Program to include project; approval of total project cost; approval of design development; appropriation of funds and authorization of expenditure; and resolution regarding parity debt

RECOMMENDATION

The Chancellor concurs in the recommendation of the Deputy Chancellor, the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and the institutional president that the U. T. System Board of Regents amend the Fiscal Year 2017-2022 Capital Improvement Program (CIP) to include the School of Community and Rural Health project and approve the recommendations for the project at The University of Texas Health Science Center at Tyler as follows:

- a. approve a total project cost of \$39,000,000;
- b. approve design development plans;
- c. appropriate funds and authorize expenditure of \$39,000,000 with funding of \$30,000,000 from Permanent University Fund (PUF) Bond Proceeds, \$6,750,000 from Revenue Financing System (RFS) Bond Proceeds, \$1,250,000 from Gifts, and \$1,000,000 from Hospital Revenues; 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. Health Science Center - Tyler, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$6,750,000.

BACKGROUND INFORMATION

Debt Service

The \$6,750,000 in RFS debt will be repaid from clinical revenue. Annual debt service on the \$6,750,000 RFS debt is expected to be \$400,000. The institution's debt service coverage is expected to be at least 1.4 times and average 1.7 times over FY 2017-2022.

Previous Actions

On October 31, 2016, the Chancellor approved this project for Definition Phase. On November 10, 2016, the Board approved an allocation of \$30,000,000 in PUF Bond Proceeds for this project.

Project Description

The School of Community and Rural Health will impact the region by educating and training the next generation of practitioners, researchers, and community and public health officials to address the public health challenges and health disparities in Northeast Texas. This project will provide classrooms, collaborative education spaces, conference rooms, faculty and administrative offices, and shelled space for future growth to provide support for comprehensive health services research.

**The University of Texas Health Science Center at Tyler
School of Community and Rural Health**

Project Information

Project Number	801-1096
CIP Project Type	New Construction
Facility Type	Classroom, General
Management Type	Office of Facilities Planning and Construction
Institution's Project Advocate	David Lakey, Senior Vice President for Population Health
Project Delivery Method	Construction Manager-at-Risk
Gross Square Feet (GSF)	89,038

Project Funding

	<u>Proposed</u>
Permanent University Fund Bond Proceeds	\$30,000,000
Revenue Financing System Bond Proceeds ¹	\$ 6,750,000
Gifts ²	\$ 1,250,000
Hospital Revenues	<u>\$ 1,000,000</u>
Total Project Cost	<u>\$39,000,000</u>

¹ Revenue Financing System Bond Proceeds (RFS) to be repaid from clinical revenue

² Gifts are fully collected

Project Cost Detail

Building Cost	\$ 27,363,000
Fixed Equipment	50,000
Site Development	1,837,000
Furniture and Moveable Equipment	2,000,000
Institutionally Managed Work	50,000
Architectural/Design Services	2,500,000
Project Management Fees	1,406,095
Insurance	570,375
Other Professional Fees	1,429,625
Project Contingency	1,643,905
Other Costs	150,000
Total Project Cost	<u>\$ 39,000,000</u>

**The University of Texas Health Science Center at Tyler
School of Community and Rural Health**
(continued)

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

School of Community and Rural Health (with 9% Shell Space)	\$308		
School of Community and Rural Health (Estimated Total Finish-Out)	\$318		
Texas Higher Education Coordinating Board Average - Classroom, General	\$385		
	Low Quartile	Median	High Quartile
Other U. T. System Projects	\$361	\$410	\$423
Other Texas Projects	\$327	\$364	\$400
Other National Projects	\$278	\$353	\$466

Investment Metrics

- Meet criteria to apply for Council on Education for Public Health accreditation review by 2019
- Increase student enrollment from 18 to 100 students by 2022
- Recruit 15 faculty by 2022

Project Planning

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

Project Milestones

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

Basis of Design

The planned building life expectancy includes the following elements:

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

5. U. T. Southwestern Medical Center: William P. Clements Jr. University Hospital Expansion - Approval of design development; appropriation of funds and authorization of expenditure; and resolution regarding parity debt

RECOMMENDATION

The Chancellor concurs in the recommendation of the Deputy Chancellor, the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and the institutional president that the U. T. System Board of Regents approve the recommendations for the William P. Clements Jr. University Hospital Expansion project at The University of Texas Southwestern Medical Center as follows:

- a. approve design development plans;
- b. appropriate funds and authorize expenditure of \$480,000,000 with funding of \$400,000,000 from Revenue Financing System (RFS) Bond Proceeds and \$80,000,000 from Designated Funds; 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. Southwestern Medical Center, 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 \$400,000,000.

BACKGROUND INFORMATION

Debt Service

The \$400,000,000 in RFS debt will be repaid from Hospital Revenues. Annual debt service on the \$400,000,000 RFS debt is expected to be \$23.7 million. The institution's debt service coverage is expected to be at least 2.6 times and average 3.3 times over FY 2017-2022.

Previous Actions

On May 20, 2016, the Chancellor approved this project for Definition Phase. On February 9, 2017, the project was included in the Capital Improvement Program with a total project cost of \$480,000,000 with funding of \$400,000,000 from RFS Bond Proceeds and \$80,000,000 from Designated Funds.

Project Description

The William P. Clements Jr. University Hospital Expansion project will add a 12-story third tower and two parking structures to the existing hospital. Also included in the project is the renovation of existing space necessary to reconfigure and connect to the new tower. This project will allow for consolidation of inpatient services in one facility, as existing services at Zale Lipshy University Hospital will be moved to the Clements University Hospital.

This expansion will improve operational efficiency and lower the cost of care by eliminating redundant infrastructure across two hospitals, allowing for the leverage of investments made during the original construction to facilitate expansion at a lower cost with minimal disruption to existing operations. The expansion project, encompassing 292 beds plus needed emergency room, operating room, and imaging services capacity, will both allow consolidation of services currently offered at Zale Lipshy as well as provide an incremental 144 beds with a reconfiguration of services to improve care and reduce costs.

**The University of Texas Southwestern Medical Center
William P. Clements Jr. University Hospital Expansion**

Project Information

Project Number	303-1035
CIP Project Type	New Construction/Repair and Rehabilitation (R&R)
Facility Type	Healthcare Facility, Hospital/Parking Structure
Management Type	Institutional Management
Institution's Project Advocate	John Warner, Vice President and Chief Executive Officer, University Hospitals
Project Delivery Method	Construction Manager-at-Risk
Gross Square Feet (GSF)	645,654 GSF - Hospital Tower 67,662 GSF - R&R/Reconfiguration 751,230 GSF - Two (2) Parking Structures 2,189 Total Parking Spaces

Project Funding

	<u>Current</u>
Revenue Financing System Bond Proceeds ¹	\$400,000,000
Designated Funds ²	<u>\$ 80,000,000</u>
Total Project Cost	\$480,000,000

¹ Revenue Financing System Bond Proceeds (RFS) to be repaid from Hospital Revenues

² Designated Funds from institutional funds

Project Cost Detail

Building Cost	
- Hospital Tower	\$270,471,529
- R&R/Reconfiguration	18,240,394
- Garage A	23,953,832
- Garage B	21,012,385
Fixed Equipment	24,929,417
Site Development	12,763,538
Furniture and Moveable Equipment	10,000,000
Institutionally Managed Work	23,101,358
Architectural/Design Services	25,665,000
Project Management Fees	6,271,500
Insurance	5,660,000
Other Professional Fees	8,600,000
Project Contingency	25,000,000
Other Costs	4,331,047
Total Project Cost	<u>\$480,000,000</u>

**The University of Texas Southwestern Medical Center
William P. Clements Jr. University Hospital Expansion**
(continued)

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

William P. Clements Jr. University Hospital Expansion	\$419		
Texas Higher Education Coordinating Board Average - Healthcare Facility, Hospital	\$479		
	Low Quartile	Median	High Quartile
Other U. T. System Projects	\$500	\$544	\$553
Other Texas Projects	\$547	\$768	\$827
Other National Projects	\$558	\$786	\$1,013

Building Cost per Bed Benchmarks (escalated to midpoint of construction)

William P. Clements Jr. University Hospital Expansion - 292 Beds	\$926,272		
	Low Quartile	Median	High Quartile
Other U. T. System Projects	\$1,144,621	\$1,362,864	\$1,605,759
Other Texas Projects	\$1,326,927	\$1,813,641	\$2,026,460
Other National Projects	\$1,355,484	\$2,275,851	\$3,273,047

Investment Metrics

- Create best-in-class multidisciplinary care model located in a single facility
- Establish Clements University Hospital as a destination high acuity quaternary care hospital

Project Planning

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

Project Milestones

Definition Phase Approval	May 2016
Addition to CIP	February 2017
Design Development Approval	May 2017
Construction Notice to Proceed	July 2017
Substantial Completion	June 2020

Basis of Design

The planned building life expectancy includes the following elements:

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

6. U. T. Austin: Graduate Student Housing Complex - Approval of design development; appropriation of funds and authorization of expenditure; and resolution regarding parity debt

RECOMMENDATION

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

- a. approve design development plans;
- b. appropriate funds and authorize expenditure of \$89,000,000 from Revenue Financing System (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 \$89,000,000.

BACKGROUND INFORMATION

Debt Service

The \$89,000,000 in RFS debt will be repaid from the Division of Student Housing and Food Service revenues. Annual debt service on the \$89,000,000 RFS debt is expected to be \$5.3 million. The institution's debt service coverage is expected to be at least 1.6 times and average 1.9 times over FY 2017-2022.

Previous Actions

On May 14, 2015, the project was included in the CIP with a total project cost of \$89,000,000 with funding from RFS Bond Proceeds.

Project Description

The design of the complex is a mixture of two, four, and six-story buildings providing housing to approximately 747 graduate students in a combination of micro-studio, two, and four-bedroom units. The project will include 20 surface parking spaces for short-term parking and a small

amount of retail shell space to be leased to tenants. Parking for this project will be provided at the nearby East Campus Parking Garage.

As envisioned in the U. T. Austin East Campus Master Plan approved by the Board on May 14, 2015, the design of these graduate student housing units will conform to the needs of graduate students and be built in a way that is compatible with the private residential community located nearby.

**The University of Texas at Austin
Graduate Student Housing Complex**

Project Information

Project Number	102-926
CIP Project Type	New Construction
Facility Type	Housing, Apartments
Management Type	Office of Facilities Planning and Construction
Institution's Project Advocates	Marvin L. Hackert, Executive Vice President and Dean of Graduate Studies Soncia Reagins-Lilly, Vice President for Student Affairs
Project Delivery Method	Construction Manager-at-Risk
Gross Square Feet (GSF)	354,000

Project Funding

Revenue Financing System Bond Proceeds ¹	<u>Current</u> <u>\$89,000,000</u>
Total Project Cost	<u>\$89,000,000</u>

¹ Revenue Financing System Bond Proceeds (RFS) to be repaid from the Division of Student Housing and Food Service revenues

Project Cost Detail

Building Cost	\$69,633,388
Fixed Equipment	-
Site Development	6,500,000
Furniture and Moveable Equipment	-
Institutionally Managed Work	1,780,000
Architectural/Design Services	4,472,551
Project Management Fees	2,500,900
Insurance	1,516,546
Other Professional Fees	1,044,777
Project Contingency	1,551,838
Other Costs	-
Total Project Cost	\$89,000,000

Cost per Bed Benchmarks (escalated to midpoint of construction)

Graduate Student Housing Complex	\$93,217		
College Planning and Management National Average, Residence	\$97,331		
	Low Quartile	Median	High Quartile
Other U. T. System Projects	\$71,364	\$ 81,836	\$ 96,249
Other Texas Projects	\$70,193	\$ 94,148	\$107,114
Other National Projects	\$98,747	\$127,866	\$145,611

**The University of Texas at Austin
Graduate Student Housing Complex
(Continued)**

Investment Metrics

- Recruit and retain top graduate students
- Diversify housing inventory

Project Planning

Definition Phase	N/A
Owner's Project Requirements	Yes
Basis of Design	Yes
Schematic Design	Yes
Detailed Cost Estimate	Yes

Project Milestones

Definition Phase Approval	N/A
Addition to CIP	May 2015
Design Development Approval	May 2017
Construction Notice to Proceed	June 2017
Substantial Completion	June 2019

Graduate Student Housing Statistics

Waiting list for on-campus housing	810
Total number of beds added in this project	747
Units to be demolished in this project	0
Total number of beds on campus after completion	1,462

Basis of Design

The planned building life expectancy includes the following elements:

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

7. U. T. Austin: Jester West Maintenance and Interior Finishes - Amendment of the FY 2017-2022 Capital Improvement Program to increase total project cost and appropriation of funds and authorization of expenditure

RECOMMENDATION

The Chancellor concurs in the recommendation of the Deputy Chancellor, the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and the institutional president that the U. T. System Board of Regents approve the recommendations for the Jester West Maintenance and Interior Finishes project at The University of Texas at Austin as follows:

- a. amend the Fiscal Year 2017-2022 Capital Improvement Program (CIP) to increase the total project cost from \$36,000,000 to \$56,000,000; and
- b. appropriate funds and authorize expenditure of \$20,000,000 from Auxiliary Enterprises Balances.

BACKGROUND INFORMATION

Previous Actions

On February 9, 2012, the project was added to the Capital Improvement Program (CIP) with a total project cost of \$36,000,000 with funding from Auxiliary Enterprises Balances. On February 14, 2012, the President approved design development and authorized expenditure of funds.

Project Description

The original project included a phased six-year renovation to each of the 14 floors to address deferred maintenance needs as well as improving student living and study space. Original scope of the project included renovation of bathrooms to ADA standards as required, updated finishes, and improvements to the mechanical, plumbing, and electrical systems.

The proposed increase in total project cost is driven by additional scope of abatement of hazardous materials, and the unprecedented construction market in Austin, including the demand for trade subcontractors for summer renovations and construction cost increases of 30% since 2012.

**The University of Texas at Austin
Jester West Maintenance and Interior Finishes**

Project Information

Project Number	102-692
CIP Project Type	Repair and Rehabilitation
Facility Type	Housing, Dormitory
Management Type	Institutionally Managed
Institution's Project Advocate	Hemlata Jhaveri, Executive Director, Division of Housing and Food Service
Project Delivery Method	Construction Manager-at-Risk
Gross Square Feet (GSF)	430,713

Project Funding

	<u>Current</u>	<u>Proposed</u>
Auxiliary Enterprises Balances ¹	<u>\$36,000,000</u>	<u>\$56,000,000</u>
Total Project Cost	\$36,000,000	\$56,000,000

¹ Auxiliary Enterprises Balances from the Division of Student Housing and Food Service revenues

Project Cost Detail

Building Cost	\$46,848,597
Fixed Equipment	-
Site Development	-
Furniture and Moveable Equipment	-
Institutionally Managed Work	-
Architectural/Design Services	3,000,000
Project Management Fees	1,000,000
Insurance	-
Other Professional Fees	-
Project Contingency	5,151,403
Other Costs	-
Total Project Cost	\$56,000,000

Cost per Bed

Jester West Maintenance and Interior Finishes	\$23,709
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Project Planning

Definition Phase	N/A
Owner's Project Requirements	N/A
Basis of Design	N/A
Schematic Design	N/A
Detailed Cost Estimate	Yes

The University of Texas at Austin
Jester West Maintenance and Interior Finishes
(Continued)

Project Milestones

Definition Phase Approval	N/A
Addition to CIP	February 2012
Design Development Approval	February 2012
Construction Notice to Proceed	April 2013
Substantial Completion	August 2019

Current Undergraduate Housing Statistics

Occupancy Rate	100%
Total number of beds in Jester West	1,976
Units to be demolished in this project	0
Total number of campus-owned beds on campus after completion	7,307

8. U. T. Austin: Texas Tennis Center - Amendment of the FY 2017-2022 Capital Improvement Program to increase total project cost and appropriation of funds and authorization of expenditure

RECOMMENDATION

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

- a. amend the Fiscal Year 2017-2022 Capital Improvement Program (CIP) to increase the total project cost from \$16,500,000 to \$18,500,000; and
- b. appropriate funds and authorize expenditure of \$2,000,000 from Auxiliary Enterprises Balances.

BACKGROUND INFORMATION

Previous Actions

On November 14, 2013, the Tennis Center Replacement Facility project was included in the CIP with a total project cost of \$15,000,000 with funding from Auxiliary Enterprises Balances. On May 15, 2014, the Board approved design development and authorized expenditure of funds. On October 17, 2016, the project was redesignated as the Texas Tennis Center. On February 17, 2017, the Chancellor approved an increase in total project cost from \$15,000,000 to \$16,500,000 with funding of \$1,500,000 from Gifts.

Project Description

The original project consists of twelve outdoor tennis courts, grandstand/bleachers, and support buildings for the U. T. Tennis Team programs and other Texas Athletics programs in East Austin. The proposed increase in total project cost will provide a fitness and training center and an in-ground plunge pool.

The Texas Tennis Center is a replacement for the Penick-Allison Tennis Center demolished to make way for the Dell Medical School and is located in East Campus adjacent to UFCU Disch-Falk Field per the East Campus Master Plan approved by the Board of Regents in May 2015.

**The University of Texas at Austin
Texas Tennis Center**

Project Information

Project Number	102-788
CIP Project Type	New Construction
Facility Type	Athletic
Management Type	Office of Facilities Planning and Construction
Institution's Project Advocate	Arthur Johnson, Executive Senior Associate Athletic Director, Intercollegiate Athletics
Project Delivery Method	Construction Manager-at-Risk
Gross Square Feet (GSF)	127,457

Project Funding

	<u>Current</u>	<u>Proposed</u>
Auxiliary Enterprises Balances ¹	\$14,600,000	\$16,600,000
Gifts ²	\$ 1,900,000	\$ 1,900,000
Total Project Cost	\$16,500,000	\$18,500,000

¹ Auxiliary Enterprises Balances from Texas Athletics Cash Reserves

² Gifts fully collected or committed at this time

Project Cost Detail

Building Cost	\$11,419,218
Fixed Equipment	-
Site Development	3,500,000
Furniture and Moveable Equipment	-
Institutionally Managed Work	125,000
Architectural/Design Services	1,386,944
Project Management Fees	667,940
Insurance	306,400
Other Professional Fees	588,328
Project Contingency	500,000
Other Costs	6,170
Total Project Cost	\$18,500,000

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

Texas Tennis Center	\$ 90		
Texas Higher Education Coordinating Board Average, Athletic	\$430		
	Low Quartile	Median	High Quartile
Other U. T. System Projects	\$213	\$293	\$310
Other Texas Projects	\$ 80	\$ 97	\$208
Other National Projects	\$206	\$268	\$343

The University of Texas at Austin
Texas Tennis Center
(continued)

Project Planning

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

Project Milestones

Definition Phase Approval	N/A
Addition to CIP	November 2013
Design Development Approval	May 2014
Construction Notice to Proceed	September 2016
Substantial Completion	August 2017



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FOR
TECHNOLOGY TRANSFER AND RESEARCH COMMITTEE**

Committee Meeting: 5/9/2017

Board Meeting: 5/10/2017
Austin, Texas

	Committee Meeting	Board Meeting	Page
Convene	<i>9:30 a.m.</i>		
1. U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, assigned for Committee consideration	<i>9:30 a.m.</i> Discussion	Action	224
2. U. T. System: Report on U. T. System commercialization performance	<i>9:31 a.m.</i> Report/Discussion <i>Ms. Goonewardene</i>	Not on Agenda	225
3. U. T. System: Report on creative industry partnerships	<i>9:40 a.m.</i> Report/Discussion <i>Ms. Goonewardene</i> <i>Ferran Prat, Ph.D., J.D.,</i> <i>U. T. M. D.</i> <i>Anderson Cancer</i> <i>Center</i>	Not on Agenda	235
Adjourn	<i>10:00 a.m.</i>		

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

RECOMMENDATION

No [Consent Agenda](#) items are assigned for review by this Committee.

2. **U. T. System: Report on U. T. System commercialization performance**

REPORT

Ms. Julie Goonewardene, Associate Vice Chancellor for Innovation and Strategic Investment and Managing Director of the U. T. Horizon Fund, will report on U. T. System commercialization performance. A PowerPoint presentation is set forth on the following pages.

Report on U. T. System Commercialization Performance

Ms. Julie Goonewardene

Associate Vice Chancellor for Innovation and Strategic Investment and
Managing Director of the U. T. Horizon Fund (UTHF)

U. T. System Board of Regents' Meeting
Technology Transfer and Research Committee
May 2017



THE UNIVERSITY of TEXAS SYSTEM
FOURTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

WWW.UTSYSTEM.EDU

Office of Innovation and Strategic Investment (OISI)

Mission

OISI exists to ensure that life-changing innovations from U. T. System institutions reach the people who need them

We help make innovation real



OISI's Commercialization Impact

- ▶ The commercialization of U. T. innovations directly improves the human condition in the State of Texas, the nation, and the world
- ▶ OISI serves commercialization offices by providing expertise and resources that enhance performance and reduce barriers to generate value



U. T. System Commercialization Facts

License executed every 2 days

U.S. patent issued every 2 days

Startup company formed every 13 days



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U. T. System Commercialization Rankings

- 1st (U.S., public) *The World's Most Innovative Universities 2016*, Thomson Reuters
- 4th (world)
- 2nd (U.S.) Number of university startups formed in 2015-2016, Association of University Technology Managers
- 4th (world) *Top 100 Worldwide Universities Granted U.S. Utility Patents in 2015*, National Academy of Inventors & Intellectual Property Owners Association

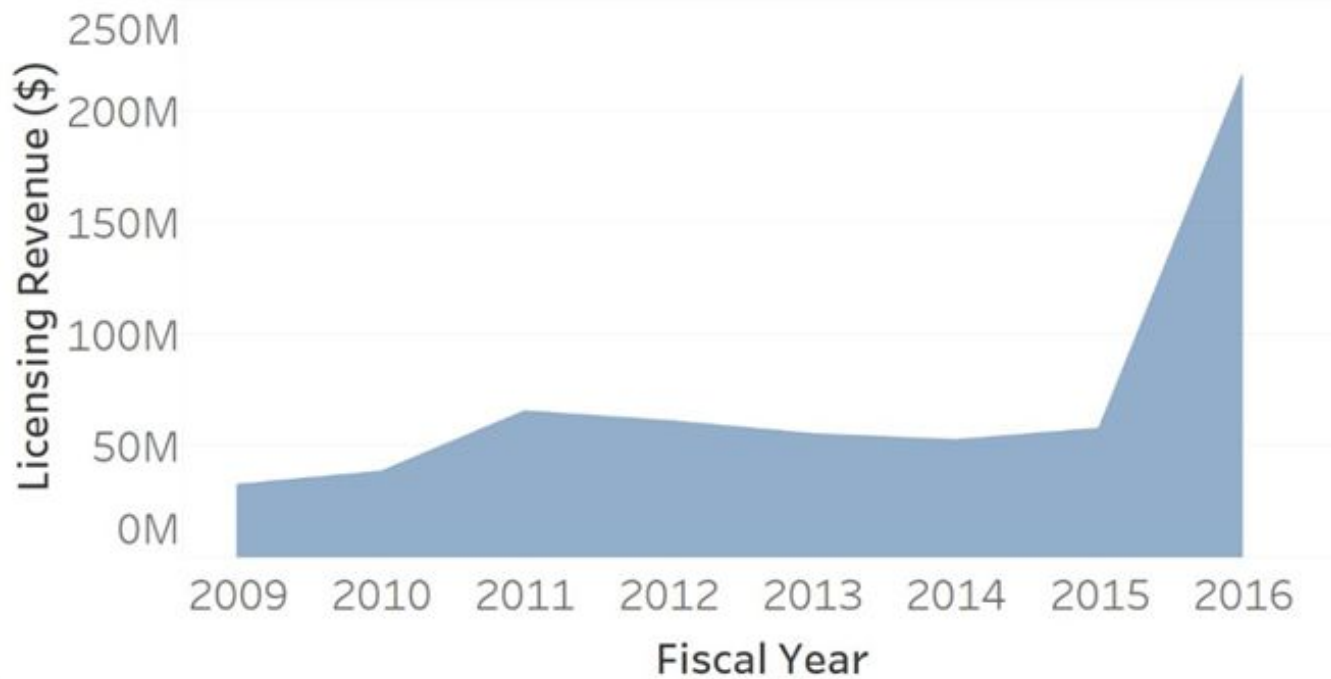


Commercialization Performance

- ▶ Building a successful commercialization enterprise requires:
 - Nurturing a pipeline that results in stable licensing revenue
 - Facilitating an environment that increases the likelihood of positive anomalous events



U. T. System Licensing Revenue, FY2009-FY2016



Competitive Summary, Cumulative FY2011-FY2015

	University of Texas System	University of California System	University of Wisconsin System	State University of New York System	University of North Carolina System
Total Research Expenditures (\$M)	12,859	26,919	5,838	4,757	4,147
Federal Research Expenditures (\$M)	6,297	14,385	2,875	2,650	3,245
Industry Sponsored Research Expenditures (\$M)	1,268	1,759	126	748	180
United States Patents Issued	937	1,975	814	337	234
Licenses with Income >\$1M	50	81	36	12	3
Startups Formed	117	337	38	44	72
Licensing Revenue (\$M)	292	679	277	63	19

Source: Association of University Technology Managers Licensing Surveys, 2011-2015

Additional notes:

1. University of North Carolina System data includes University of North Carolina-Chapel Hill, University of North Carolina-Charlotte, and University of North Carolina-Greensboro
2. University of Wisconsin System data includes University of Wisconsin-Madison and University of Wisconsin-Milwaukee



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Conclusion

- ❑ OISI is committed to continue supporting U. T. System's successful commercialization enterprise
- ❑ Delivering initiatives that have been requested by and add value to U. T. System institutions, such as patent nationalization, mentor network, and U. T. Horizon Fund investment
- ❑ Creating sustainable value through a service-oriented and team-based culture with the central goal of providing impactful, differentiated, and cost-effective expertise to the System, its institutions, and the broader stakeholder community



3. **U. T. System: Report on creative industry partnerships**

REPORT

Ms. Julie Goonewardene, Associate Vice Chancellor for Innovation and Strategic Investment and Managing Director of the U. T. Horizon Fund, will introduce Dr. Ferran Prat, Vice President for Strategic Industry Ventures, U. T. M. D. Anderson Cancer Center. Dr. Prat will report on creative industry partnerships. A PowerPoint presentation is set forth on the following pages.

Report on Creative Industry Partnerships

Ferran Prat, Ph.D., J.D.

Vice President for Strategic Industry Ventures, U. T. M. D. Anderson Cancer Center

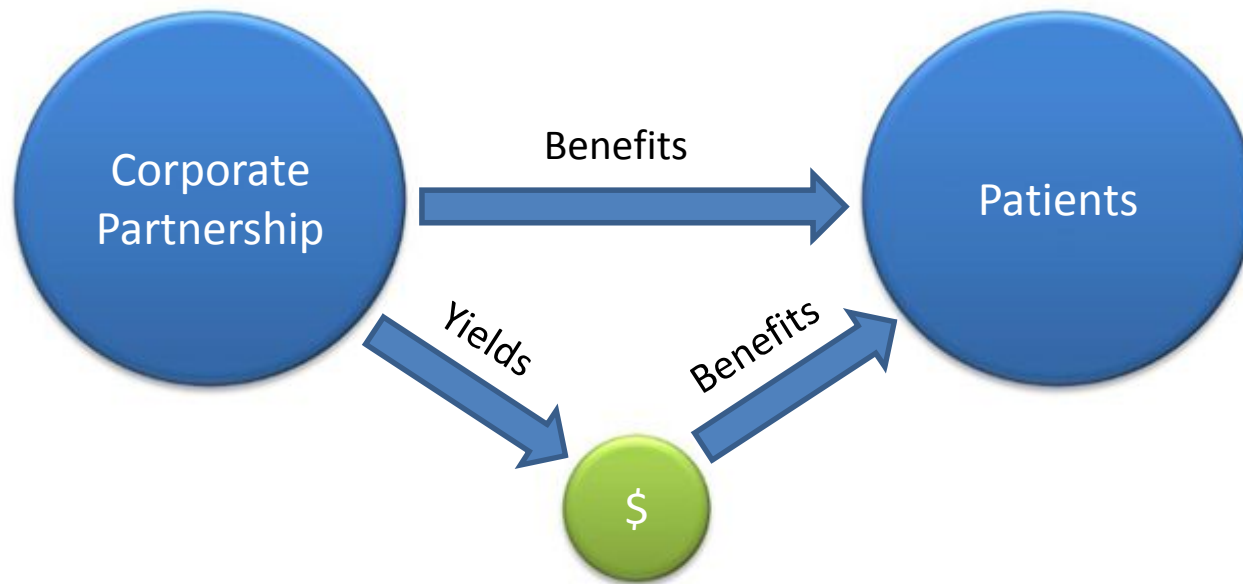
U. T. System Board of Regents' Meeting
Technology Transfer and Research Committee
May 2017



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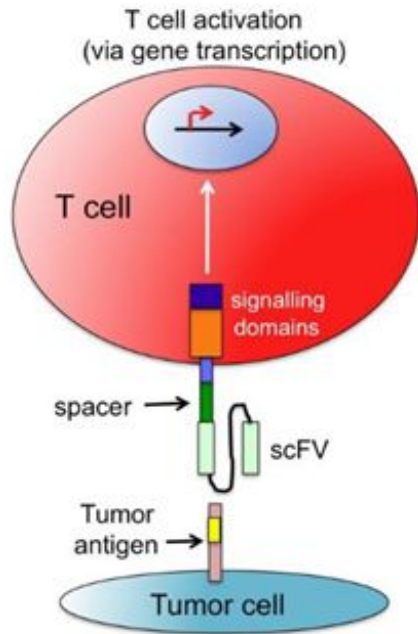
Why we do what we do:



We have done well, but two transactions stand out



The Technology: “Sleeping Beauty”

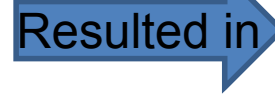


- A Chimeric Antigen Receptor (CAR) T-cell is a modified T-cell genetically engineered to target tumors by binding to their antigens
- CAR T-cells have shown spectacular results in certain leukemias that were lethal until now
- “Sleeping Beauty” is a methodology to perform the genetic modification in a simple and inexpensive fashion
- It was invented at University of Minnesota, but Dr. Laurence Cooper, at M. D. Anderson, foresaw its potential applicability to cancer



Right time, right place

2014: an “up” year in biotech
CAR T-cell technology was red hot
The power of M. D. Anderson
Dr. Cooper’s charisma and intellect
+ Strategic approach to partnering



2 Options

1. Intrexon / Ziopharm
2. Syndicate of Blue-chip Venture Capital

Substantial interest in the community



Two radically different options

Intrexon / Ziopharm

- Assignment of intellectual property estate
- \$100 million in Intrexon+Ziopharm stock (50:50)
- \$45-60 million in research funding over 3 years

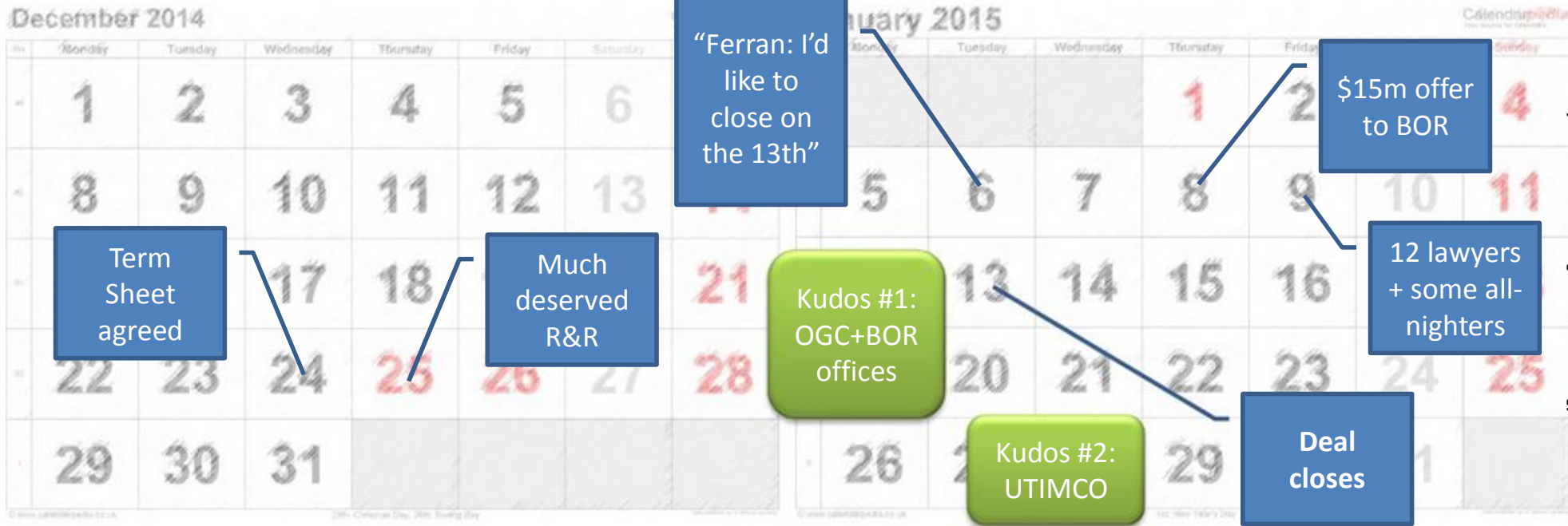


Syndicate of Venture Capitalists

- Fully diluted pre-money of \$50 million (earned-out), all in common stock
- \$50 million in Series A financing, for a post-money of \$100 million
- \$10 million in licensing fees (\$2 million upfront)



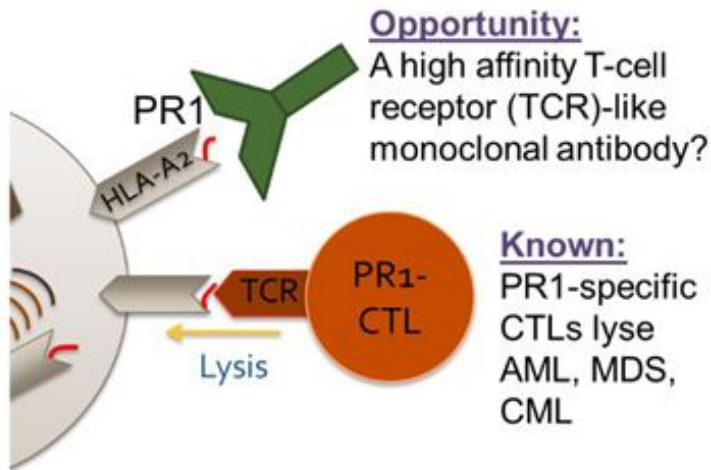
A last minute twist



Agenda Book - 242



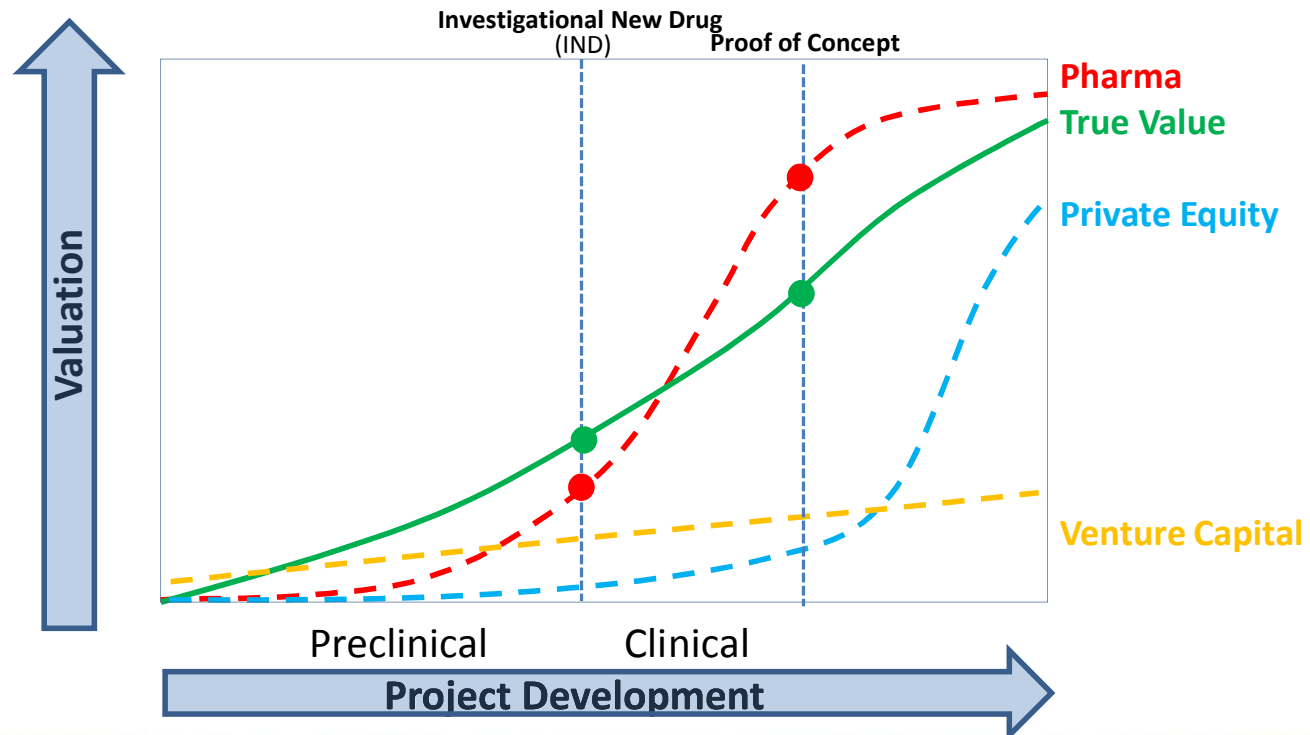
The Technology: 8F4



- The body naturally generates T-cells against proteins in tumors through molecules in their surface called T-cell Receptors (TCR)
- 8F4 is an antibody discovered by Dr. Jeff Molldrem, and co-developed by Dr. Molldrem and ORBIT which mimics a TCR and showed remarkable activity in Acute Myeloid Leukemia models
- In Q1'05, 8F4 was still in late pre-clinical stage, ready to enter manufacturing



Pharma is the natural partner at late pre-clinical stage



We conducted a systematic, exhaustive partnering effort



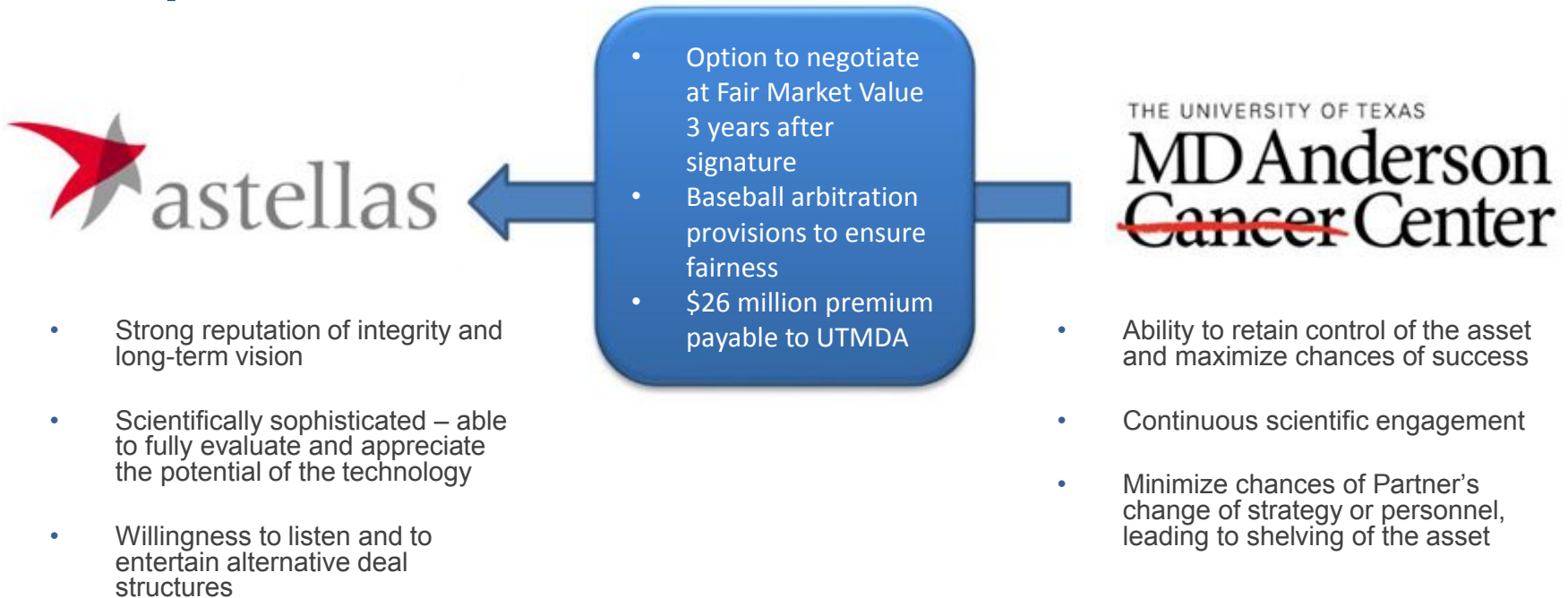
...alas, academic institutions have struggled to receive Fair Market Value from Pharma



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An innovative structure that resulted in a fair deal for both parties



Lessons learned

- Think big
- We must compare ourselves to the best – not just to our peers
- Tailor the deal to the maturity and attractiveness of the asset
- Cultivate personal relationships – it’s all about the people
- U. T. System policy, programs, and culture maximize value for “big deals”





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May 9-10, 2017
Austin, Texas

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No items for Consent Agenda

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AUDIT, COMPLIANCE, AND MANAGEMENT REVIEW COMMITTEE

No items for Consent Agenda

FINANCE AND PLANNING COMMITTEE

2. Contract (funds going out) - U. T. System: McKinsey & Company, Inc. Washington D.C. to provide health care consulting services

Agency: McKinsey & Company, Inc. Washington D.C.

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

Source of Funds: Appropriate funding, potentially including Available University Funds

Period: January 10, 2017 through December 31, 2021

Description: McKinsey & Company, Inc. Washington D.C. will provide health care consulting services related to health care opportunities and potential transactions for U. T. System Administration and the U. T. System institutions. The services include health care advising and consulting services relating to the opportunities and potential transactions; assistance in evaluation, valuation, and negotiation of health care opportunities, development of new lines of business, potential partnership opportunities, and other transactions; and assistance in the start-up phases of health care opportunities, business lines, partnership opportunities, and other transactions. This contract was competitively bid.

3. Contract (funds going out) - U. T. System: Merrill Lynch, Pierce, Fenner & Smith Incorporated to provide health care consulting services

Agency: Merrill Lynch, Pierce, Fenner & Smith Incorporated

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

Source of Funds: Appropriate funding, potentially including Available University Funds

Period: February 1, 2017 through January 31, 2022

Description: Merrill Lynch, Pierce, Fenner & Smith Incorporated will provide health care consulting services related to health care opportunities and potential transactions for U. T. System Administration and the U. T. System institutions. The services include health care advising and consulting services relating to the opportunities and potential transactions; assistance in evaluation, valuation, and negotiation of health care opportunities, development of new lines of business, potential partnership opportunities, and other transactions; and assistance in the start-up phases of health care opportunities, business lines, partnership opportunities, and other transactions. This contract was competitively bid.

4. Contract (funds going out) - U. T. System: Ernst & Young, LLP to provide health care consulting services

Agency: Ernst & Young, LLP

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

Source of Funds: Appropriate funding, potentially including Available University Funds

Period: February 1, 2017 through January 31, 2022

Description: Ernst & Young, LLP will provide health care consulting services related to health care opportunities and potential transactions for U. T. System Administration and the U. T. System institutions. The services include health care advising and consulting services relating to the opportunities and potential transactions; assistance in evaluation, valuation, and negotiation of health care opportunities, development of new lines of business, potential partnership opportunities, and other transactions; and assistance in the start-up phases of health care opportunities, business lines, partnership opportunities, and other transactions. This contract was competitively bid.

5. Contract (funds going out) - U. T. System: The Chartis Group to provide health care consulting services

Agency: The Chartis Group

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

Source of Funds: Appropriate funding, potentially including Available University Funds

Period: February 1, 2017 through January 31, 2022

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

6. Contract (funds going out) - U. T. System: InGenesis, Inc. to manage the provision of contingent (temporary) workers to support clinical, administrative, and business functions at U. T. System institutions

Agency: InGenesis, Inc.

Funds: Estimated at \$350,000,000 (As is typical of U. T. System Supply Chain Alliance-procured contracts, this is a master agreement, signed by U. T. System, in which institutions subsequently may choose to participate. The institutions will decide individually how much to utilize the master agreement, which does not contain a "not to exceed" amount.)

Source of Funds: Institutional Funds

Period: March 1, 2017 through February 28, 2024, including possible renewals; the agreement is subject to earlier termination

Description:

InGenesis, Inc. will manage the provision of contingent worker staffing services to U. T. System institutions. The U. T. System Supply Chain Alliance (the Alliance), working with subject matter experts from the affected institutions, competitively procured the services from InGenesis pursuant to a Request for Proposal issued in April 2016. The agreement with InGenesis contains a provision making it subject to Board of Regents' approval, and limiting spending to \$1,000,000 unless and until Board approval is given.

The proposed agreement replaces a 2011 U. T. System master agreement that was awarded to Comforce Technical Services, Inc. (dba RightSourcing), following a 2010 competitive procurement by the Alliance. Under both the previous and new agreements, the primary role of the vendor is to arrange for the supply of temporary or part-time contract worker services by individuals employed by staffing agencies (not by U. T. System institutions).

Available contract worker services include the performance of administrative jobs (such as office and clerical work), clinical jobs (performed by medical technologists, physicians, registered nurses, etc.), and jobs in support of computer-based information systems (performed by programmers, web developers, business system analysts, etc.). Spend by U. T. System institutions over a span of six years under the 2011 master agreement totaled approximately \$212,000,000. Spend is projected to increase under the replacement agreement, due to the institutions moving even more of their routine purchases to the new vendor, to take advantage of favorable purchase terms the Alliance has achieved by leveraging demand by multiple institutions.

7. Contract (funds going out) - U. T. System: The Burgundy Group, Inc. to provide break-fix and enhancement services

Agency: The Burgundy Group, Inc.

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

Source of Funds: Appropriate funding, potentially including Available University Funds

Period: April 3, 2017 through April 3, 2019, with the option to renew for three additional one-year terms

Description: The Burgundy Group, Inc. will provide professional services necessary to support break-fix and enhancement services in the following PeopleSoft application suites: Finance, Human Capital Management, Campus Solutions, and PeopleSoft Portal. This contract was competitively bid.

8. Contract (funds going out) - U. T. System: ERP Analysts, Inc. to provide break-fix and enhancement services

Agency: ERP Analysts, Inc.

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

Source of Funds: Appropriate funding, potentially including Available University Funds

Period: April 1, 2017 through April 1, 2019; with option to renew for three additional one-year terms

Description: ERP Analysts, Inc. will provide professional services necessary to support break-fix and enhancement services in the following PeopleSoft application suites: Finance, Human Capital Management, Campus Solutions, and PeopleSoft Portal. This contract was competitively bid.

9. Request for Budget Change - U. T. System: Approval to allocate \$1,000,000 of Permanent University Fund (PUF) Bond Proceeds for U. T. Permian Basin to complete the expansion of the UTPB STEM Academy charter school (RBC No. 8463) -- amendment to the 2016-2017 budget

U. T. Permian Basin is requesting \$1,000,000 of PUF Bond Proceed funding to complete the expansion of the UTPB STEM Academy charter school on the campus of U. T. Permian Basin in Odessa, Texas. The Academy currently serves 560 students in grades K-8 and is preparing to add grade nine for the 2018 academic year. The Academy will need additional portable classroom buildings, including site preparation and installation, to expand. Apart from the capital investment that U. T. System has made for the Academy, U. T. Permian Basin has no access to capital.

10. 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 February 28, 2017**

	FUND TYPE							
	Current Purpose Restricted		Endowment and Similar Funds		Annuity and Life Income Funds		TOTAL	
	Book	Market	Book	Market	Book	Market	Book	Market
Land and Buildings:								
Ending Value 11/30/2016	\$ 2,226,653	\$ 17,610,416	\$ 97,240,252	\$ 257,986,065	\$ 789,427	\$ 1,645,424	\$ 100,256,332	\$ 277,241,905
Increase or Decrease	(191,095)	(115,398)	(333,903)	387,313	(71,592)	(55,368)	(596,590)	216,547
Ending Value 02/28/2017	<u>\$ 2,035,558</u>	<u>\$ 17,495,018</u>	<u>\$ 96,906,349</u>	<u>\$ 258,373,378</u>	<u>\$ 717,835</u>	<u>\$ 1,590,056</u>	<u>\$ 99,659,742</u>	<u>\$ 277,458,452</u>
Other Real Estate:								
Ending Value 11/30/2016	\$ 5	\$ 5	\$ 6	\$ 6	\$ -	\$ -	\$ 11	\$ 11
Increase or Decrease	(1)	(1)	-	-	-	-	(1)	(1)
Ending Value 02/28/2017	<u>\$ 4</u>	<u>\$ 4</u>	<u>\$ 6</u>	<u>\$ 6</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10</u>	<u>\$ 10</u>

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

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

11. Request for Budget Change - U. T. Austin: Transfer \$5,000,000 from Housing and Food Service - Division Office Expenses - Auxiliary Funds, Operating Income to Housing and Food New Construction Reserve - Plant Funds, Allocated for Budget to fund New Construction Reserves (RBC No. 8348) -- amendment to the 2015-2016 budget
12. Request for Budget Change - U. T. San Antonio: Transfer \$5,000,000 from Campus Reserves account to Science and Engineering Building capital project account to provide the remaining funding for capital project, Science and Engineering Building (RBC No. 8232) -- amendment to the 2016-2017 budget
13. Request for Budget Change - U. T. San Antonio: Transfer \$2,896,384 from Parking Capital Reserves account to Tobin and Devine Parking Lots account to provide funding for parking lot projects (RBC No. 8417) -- amendment to the 2016-2017 budget

ACADEMIC AFFAIRS COMMITTEE

14. Report - U. T. System Academic Institutions: Fiscal Year 2016 Post-Tenure Review

In accordance with *Texas Education Code* Section 51.942 and Regents' *Rules and Regulations*, Rule 31102, the following report on the Fiscal Year 2016 post-tenure review for the U. T. System academic institutions is provided by the Executive Vice Chancellor for Academic Affairs.

During Fiscal Year 2016, 422 tenured faculty members at the eight academic institutions with tenured faculty were subject to post-tenure review. Of the faculty members reviewed, 407 or 96.4% were evaluated as Meets or Exceeds Expectations; 12 or 2.8% received Does Not Meet Expectations; and three or 0.7% received Unsatisfactory evaluations. Ten faculty members retired or resigned before their post-tenure reviews. Fiscal Year 2016 is the first fiscal year for which U. T. Rio Grande Valley submitted a post-tenure review report.

The following summary tables provide additional details of the post-tenure review results for Academic Year 2012-2016.

Summary of Post-Tenure Review Results

	Total Actually Reviewed	Total Exceeding Expectations	Total Meets Expectations	Total Does Not Meet Expectations	Total Unsatisfactory	Decided to Retire or Resign Before Review
UTA	55	33	21	1	0	2
UTAUS	161	82	73	5	1	2
UTD	57	15	40	2	0	0
UTEP	41	8	29	2	2	0
UTPB	7	0	7	0	0	0
UTRGV	36	23	12	1	0	1
UTSA	45	24	20	1	0	5
UTT	20	13	7	0	0	0
Total	422	198	209	12	3	10
		46.9%	49.5%	2.8%	0.7%	

Post-Tenure Review Results by Gender

	Actually Reviewed		Exceeding Expectations		Meets Expectations		Does Not Meet Expectations		Unsatisfactory		Decided to Retire or Resign Before Review	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
UTA	40	15	22	11	17	4	1	0	0	0	2	0
UTAUS	103	58	54	28	46	27	3	2	0	1	2	0
UTD	48	9	10	5	38	2	0	2	0	0	0	0
UTEP	24	17	5	3	16	13	2	0	1	1	0	0
UTPB	6	1	0	0	6	1	0	0	0	0	0	0
UTRGV	25	11	15	8	9	3	1	0	0	0	0	1
UTSA	30	15	17	7	12	8	1	0	0	0	1	4
UTT	15	5	10	3	5	2	0	0	0	0	0	0
Total	291	131	133	65	149	60	8	4	1	2	5	5

Post-Tenure Review Results by Ethnicity

	Total Actually Reviewed					Exceeds Expectations				
	White	Black	Hispanic	Asian	Other	White	Black	Hispanic	Asian	Other
UTA	36	0	2	17	0	22	0	1	10	0
UTAUS	130	10	8	9	4	69	3	4	5	1
UTD	39	2	1	15	0	12	0	0	3	0
UTEP	25	0	12	4	0	3	0	4	1	0
UTPB	7	0	0	0	0	0	0	0	0	0
UTRGV	15	0	15	6	0	11	0	9	3	0
UTSA	27	2	8	7	1	16	1	4	3	0
UTT	17	2	0	1	0	13	0	0	0	0
Total	296	16	46	59	5	146	4	22	25	1

	Meets Expectations					Does Not Meet Expectations				
	White	Black	Hispanic	Asian	Other	White	Black	Hispanic	Asian	Other
UTA	13	0	1	7	0	1	0	0	0	0
UTAUS	56	7	3	4	3	4	0	1	0	0
UTD	27	1	1	11	0	0	1	0	1	0
UTEP	19	0	7	3	0	1	0	1	0	0
UTPB	7	0	0	0	0	0	0	0	0	0
UTRGV	4	0	6	2	0	0	0	0	1	0
UTSA	10	1	4	4	1	1	0	0	0	0
UTT	4	2	0	1	0	0	0	0	0	0
Total	140	11	22	32	4	7	1	2	2	0

	Unsatisfactory					Decided to Retire/Resign Before Review				
	White	Black	Hispanic	Asian	Other	White	Black	Hispanic	Asian	Other
UTA	0	0	0	0	0	2	0	0	0	0
UTAUS	1	0	0	0	0	2	0	0	0	0
UTD	0	0	0	0	0	0	0	0	0	0
UTEP	2	0	0	0	0	0	0	0	0	0
UTPB	0	0	0	0	0	0	0	0	0	0
UTRGV	0	0	0	0	0	1	0	0	0	0
UTSA	0	0	0	0	0	4	0	1	0	0
UTT	0	0	0	0	0	0	0	0	0	0
Total	3	0	0	0	0	9	0	1	0	0

PRESENT STATUS OF EACH PERFORMANCE THAT DOES NOT MEET EXPECTATIONS:

U. T. Arlington: Improvement plan presented, reviewed, and approved, but faculty member passed away. Improvement plan received and reviewed by Office of Provost.

U. T. Austin: Department Chairs and Deans will monitor performance each year and provide feedback through the Annual Review process.

U. T. Dallas: The faculty are working with their respective Deans to develop performance improvement plans.

U. T. El Paso: Faculty whose performance has been rated as "marginal" have met with their Department Chairs and Deans to discuss the review of their performance. Remediation plans that include performance goals and benchmarks in teaching, research, and service have been developed and are being implemented.

U. T. Rio Grande Valley: Significant concerns were raised regarding the faculty member's student evaluation scores and performance in the area of research/scholarship, especially as it relates to external funding and publication. Based on these results, a meeting with the Department Chair and Dean was held to establish an action plan with concrete initiatives to address the aforementioned issues.

U. T. San Antonio: The faculty member has been placed on a faculty development plan for 2016-2017 and 2017-2018. The Department Chair will periodically meet with faculty member to ensure progress is being made. At the end of the development plan, the faculty member will submit a report and will meet with the Department Chair and Dean to determine if the faculty member met the criteria set out in the plan.

PRESENT STATUS OF EACH UNSATISFACTORY PERFORMANCE:

U. T. Austin: Department Chairs and Deans have established faculty development support plans for the faculty member placed in the unsatisfactory review category. These will be monitored on an annual basis.

U. T. El Paso: Faculty whose performance has been rated as "unsatisfactory" have met with their Department Chairs and Deans to discuss the results of their review. Remediation plans, including specific performance goals and benchmarks have been developed and are being implemented.

15. **Employment Agreement - U. T. Arlington: Approval of terms of Employment Agreement for Athletic Director P. James Baker**

The following Athletic Director Employment 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 P. James Baker 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 (NCAA), any intercollegiate athletic conference of which The University of Texas at Arlington is a member, the Regents' *Rules and Regulations*, and the policies of U. T. Arlington (Regents' *Rules and Regulations*, Rule 10501, Section 2.2.12, Athletic Employment Agreements; and Rule 20204, Section 3, Board Approval). Any violation of the provisions of such constitution, bylaws, rules, regulations, or policies shall be grounds for suspension without pay and/or dismissal.

Item: Athletic Director Employment Agreement for P. James Baker

Proposed: **Guaranteed compensation:**

Annual Base Salary:

02/01/2017 - 08/31/2017: \$300,000 annually (pro-rated)

FY 2017-18: \$300,000 annually

FY 2018-19: \$300,000 annually

FY 2019-20: \$300,000 annually

FY 2020-21: \$300,000 annually

FY 2021-22: \$300,000 annually*

*Annual Base Salary will be reviewed annually and may be adjusted.

Nonguaranteed compensation:

Performance Incentives for Varsity Sports Teams (maximum incentive compensation of \$25,000 annually):

- (a) \$3,000 (with a limit of \$12,000 in any contract year) for each varsity sports team that wins the Southwest Conference regular season championship or conference tournament;
- (b) \$3,000 (with a limit of \$12,000 in any contract year) for each varsity sports team or individuals that participate in post-season NCAA competition during any contract year; and
- (c) \$10,000 in any contract year for each varsity sports team that wins an NCAA championship.

Performance Incentives for Academic Grade Point (maximum incentive compensation of \$25,000 annually):

- (a) \$12,500 in any contract year when an overall cumulative 2.9 GPA by all varsity student athletes is achieved or the aggregate APR for all varsity teams exceeds the NCAA minimum; and
- (b) \$2,500 in any contract year (with a limit of \$12,500) for each varsity team with a 3.0 or above grade point average for the spring and fall semester.

Source of funds: Intercollegiate Athletics

Description: Agreement for employment of Athletic Director P. James Baker

Period: February 1, 2017 through August 31, 2022

16. Lease - U. T. Arlington: Authorization to lease approximately 25,381 square feet of space located at 1401 Jones Street, Fort Worth, Tarrant County, Texas, from Ron Investments, Ltd., for academic and office use

Description: Lease of approximately 25,381 square feet of space located at 1401 Jones Street, Fort Worth, Tarrant County, Texas, for academic and office use. The space is currently being used for graduate business programs and may be expanded to include certificate programs. U. T. Arlington was under a sublease agreement for this same space from July 1, 2006, through March 31, 2017, and is now leasing directly from the Lessor.

Lessor: Ron Investments, Ltd., a Texas limited partnership

Term: 38 months commencing on April 1, 2017, and continuing through May 31, 2020. U. T. Arlington has two one-year options to renew; the first at its sole discretion and the second by mutual agreement of the parties.

Lease Cost: Annual base rent is \$454,828 (\$17.92 per square foot) and will total \$1,440,287 over the initial term of the lease. Annual expenses for electricity are approximately \$48,000 and excess custodial services total approximately \$6,200 per year; additional operating expenses that exceed a 2016 base year will be payable by the institution for the initial term and renewal options. Base rent for each one-year renewal option will escalate by 5% to \$477,569 for the first renewal term and \$500,310 for the second renewal term.

Source of Funds: Designated Tuition

17. Contract (funds coming in) - U. T. Austin: Master Physician Services Agreement with Tri-County Clinical, Seton/U. T. Austin Dell Medical School University Physicians Group, Pediatric Surgical Subspecialists (dba Pediatric Specialty Services), Seton Family of Doctors, and 'Specially for Children Children's Hospital Subspecialists of Central Texas (collectively, "Seton 162b Entities") for the provision of clinical and other related administrative services by physicians employed by U. T. Austin's Dell Medical School

Agency: Tri-County Clinical, Seton/U. T. Austin Dell Medical School University Physicians Group, Pediatric Surgical Subspecialists (dba Pediatric Specialty Services), Seton Family of Doctors, and 'Specially for Children Children's Hospital Subspecialists of Central Texas (collectively, "Seton 162b Entities")

Funds: U. T. Austin will be paid approximately \$3,429,945 per year for the clinical services provided

Period: Initial one-year term beginning March 1, 2017, with renewal periods of 12 months each, unless terminated earlier

Description: Certain U. T. Austin Dell Medical School physician employees will provide clinical inpatient and outpatient services and related clinical administrative services for Seton 162b Entities at facilities owned and operated by, or affiliated with, Seton Family of Hospitals.

18. Contract (funds coming in) - U. T. Austin: Reimbursement Agreement with Tri-County Clinical, Seton/U. T. Austin Dell Medical School University Physicians Group, Pediatric Surgical Subspecialists (dba Pediatric Specialty Services), Seton Family of Doctors, and 'Specially for Children Children's Hospital Subspecialists of Central Texas (collectively, "Seton 162b Entities") related to the reimbursement to U. T. Austin for clinical and other related administrative services provided by physicians employed by U. T. Austin's Dell Medical School

Agency: Tri-County Clinical, Seton/U. T. Austin Dell Medical School University Physicians Group, Pediatric Surgical Subspecialists (dba Pediatric Specialty Services), Seton Family of Doctors, and 'Specially for Children Children's Hospital Subspecialists of Central Texas (collectively, "Seton 162b Entities")

Funds: \$2,615,647

Period: Payment to be made to U. T. Austin within 45 days of execution

Description: An agreement to compensate U. T. Austin for clinical services that were provided by certain U. T. Austin Dell Medical School physician employees beginning on or around July 2015 through February 2017

19. Contract (funds coming in and going out) - U. T. Austin: Flik International Corp, a wholly-owned subsidiary of Compass Group USA, Inc., will manage a second food service location at the Dell Medical School for faculty, staff, students, and invitees at the Health Transformation Building (HTB)

Agency: Flik International Corp. (Flik)

Source of Funds: Available University Funds and Local Funds

Funds: Funds going out:

- Operating Expenses of \$12,018,294;
- Projected Management Fees of \$666,955;
- Pre-Opening Expenses of \$92,582; and
- An advance to Flik of \$2,478

Funds coming in:

- Projected Sales Revenue of \$12,815,313 for a period of nine years

Period: Initial Term from March 1, 2017 through June 30, 2021; five possible one-year renewal periods

Description: The First Amendment will add a second café at the Dell Medical School. Since 2015, Flik has operated food service at the first café. Flik became the food provider as a result of an award from a Request for Proposal (RFP). The First Amendment provides that Flik will manage and provide food services at the second café at the Dell Medical Health Transformation Building. This Amendment was procured by means of an exclusive acquisition justification based upon best value.

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

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

Description	Effective Date	% Time	Full-time Salary		RBC #
			No. Mos.	Rate \$	
College of Liberal Arts					
Department of Psychology					
Professor					
Linda J. Noble (T)	1/16-8/31	75	09	215,000	8399
Dell Medical School					
Department of Medicine					
Professor					
Sue G. Eckhardt (T)	1/17-8/31	100	12	565,000	8375
Department of Neurology					
Professor					
David Paydarfar (T)	9/1-8/31	100	12	400,000	8374
Professor					
William Schwartz (T)	2/1-8/31	100	12	262,800	8403
Department of Women's Health					
Professor					
Rebecca G. Rogers (T)	2/6-8/31	100	12	420,000	8373

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

Wallace T. Fowler, from Professor to Paul D. and Betty Robertson Meek Centennial Professor Emeritus in Engineering and Distinguished Teaching Professor Emeritus, Department of Aerospace Engineering and Engineering Mechanics in the Cockrell School of Engineering (RBC No. 8362) -- amendment to the 2016-2017 budget

William R. Kinney, from Professor to Charles and Elizabeth Prothro Regents Chair Emeritus in Business, Department of Accounting in the McCombs School of Business (RBC No. 8364) -- amendment to the 2016-2017 budget

Karrol Ann Kitt, from Associate Professor to Associate Professor Emerita, Department of Human Development and Family Sciences in the College of Natural Sciences (RBC No. 8416) -- amendment to the 2016-2017 budget

Kathleen S. Mackie, from Distinguished Senior Lecturer to Distinguished Senior Lecturer Emerita, Department of Marketing Administration in the McCombs School of Business (RBC No. 8367) -- amendment to the 2016-2017 budget

John A. Pearce, from Professor to Temple Foundation Endowed Professor Emeritus No. 3, Department of Electrical and Computer Engineering in the Cockrell School of Engineering (RBC No. 8396) -- amendment to the 2016-2017 budget

Dewayne E. Perry, from Professor to Motorola Regents Chair Emeritus in Electrical and Computer Engineering No.1, Department of Electrical and Computer Engineering in the Cockrell School of Engineering (RBC No. 8397) -- amendment to the 2016-2017 budget

Nancy L. Roser, from Professor to Priscilla Pond Flawn Regents Professor Emerita in Early Childhood Education and Distinguished Teaching Professor Emerita, Department of Curriculum and Instruction in the College of Education (RBC No. 8395) -- amendment to the 2016-2017 budget

John J. Sampson, from Professor to William Benjamin Wynne Professor Emeritus in Law, School of Law (RBC No. 8410) -- amendment to the 2016-2017 budget

Zipporah B. Wiseman, from Professor to Thos. H. Law Centennial Professor Emerita in Law, School of Law (RBC No. 8414) -- amendment to the 2016-2017 budget

22. Employment Agreement - U. T. Austin: Approval of terms of Employment Agreement for new Assistant Football Coach Craig W. Naivar

The following Assistant Football Coach Employment Agreement has been approved by the Executive Vice Chancellor for Academic Affairs and is recommended for formal approval by the U. T. System Board of Regents. Total compensation for the contract period for Craig W. Naivar 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, the Big 12 Conference, 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 may be grounds for suspension without pay and/or dismissal.

Item: Assistant Football Coach Employment Agreement for Craig W. Naivar

Proposed: **Guaranteed compensation:**

Annual Salary: \$490,000

Sports camps and clinics: \$10,000

Automobile: One dealer car or \$7,500 annually in lieu of one dealer car

Optional Social club memberships: The University of Texas Golf Club

Nonguaranteed compensation:

Incentives:

Team performance incentives: maximum of \$95,000 annually

Source of funds: Intercollegiate Athletics

Description: Agreement for employment of Craig W. Naivar as Assistant Football Coach

Period: December 19, 2016 through March 31, 2019

23. Employment Agreement - U. T. Austin: Approval of terms of Employment Agreement for new Assistant Strength and Conditioning Football Coach Yancy J. McKnight

The following Assistant Strength and Conditioning Football Coach Employment Agreement has been approved by the Executive Vice Chancellor for Academic Affairs and is recommended for formal approval by the U. T. System Board of Regents. Total compensation for the contract period for Yancy J. McKnight 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, the Big 12 Conference, 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 may be grounds for suspension without pay and/or dismissal.

Item: Assistant Strength and Conditioning Football Coach Employment Agreement for Yancy J. McKnight

Proposed: **Guaranteed compensation:**

Annual Salary: \$425,000

Sports camps and clinics: Included in Annual Salary

Automobile: One dealer car

Optional Social club memberships: The University of Texas Golf Club

Nonguaranteed compensation:

Incentives:

Team performance incentives: maximum of \$95,000 annually

Source of funds: Intercollegiate Athletics

Description: Agreement for employment of Yancy J. McKnight as Assistant Strength and Conditioning Football Coach

Period: December 19, 2016 through March 31, 2019

24. Employment Agreement - U. T. Austin: Approval of terms of Employment Agreement for new Assistant Football Coach Andrew K. Mehringer

The following Assistant Football Coach Employment Agreement has been approved by the Executive Vice Chancellor for Academic Affairs and is recommended for formal approval by the U. T. System Board of Regents. Total compensation for the contract period for Andrew K. Mehringer 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, the Big 12 Conference, 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 may be grounds for suspension without pay and/or dismissal.

Item: Assistant Football Coach Employment Agreement for Andrew K. Mehringer

Proposed: **Guaranteed compensation:**

Annual Salary: \$340,000

Sports camps and clinics: \$10,000

Automobile: One dealer car

Optional Social club memberships: The University of Texas Golf Club

Nonguaranteed compensation:

Incentives:

Team performance incentives: maximum of \$95,000 annually

Source of funds: Intercollegiate Athletics

Description: Agreement for employment of Andrew K. Mehringer as Assistant Football Coach

Period: December 12, 2016 through March 31, 2019

25. Employment Agreement - U. T. Austin: Approval of terms of Employment Agreement for new Assistant Football Coach Oscar R. Giles

The following Assistant Football Coach Employment Agreement has been approved by the Executive Vice Chancellor for Academic Affairs and is recommended for formal approval by the U. T. System Board of Regents. Total compensation for the contract period for Oscar R. Giles 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, the Big 12 Conference, 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 may be grounds for suspension without pay and/or dismissal.

Item: Assistant Football Coach Employment Agreement for Oscar R. Giles

Proposed: **Guaranteed compensation:**

Annual Salary: \$390,000

Sports camps and clinics: \$10,000

Automobile: One dealer car

Optional Social club memberships: The University of Texas
Golf Club

Nonguaranteed compensation:

Incentives:

Team performance incentives: maximum of \$95,000 annually

Source of funds: Intercollegiate Athletics

Description: Agreement for employment of Oscar R. Giles as Assistant Football Coach

Period: November 28, 2016 through March 31, 2019

26. Employment Agreement - U. T. Austin: Approval of terms of Employment Agreement for new Assistant Football Coach Timothy S. Beck

The following Assistant Football Coach Employment Agreement has been approved by the Executive Vice Chancellor for Academic Affairs and is recommended for formal approval by the U. T. System Board of Regents. Total compensation for the contract period for Timothy S. Beck 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, the Big 12 Conference, 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 may be grounds for suspension without pay and/or dismissal.

Item: Assistant Football Coach Employment Agreement for Timothy S. Beck

Proposed: **Guaranteed compensation:**

Annual Salary: \$790,000

Sports camps and clinics: \$10,000

Automobile: One dealer car

Optional Social club memberships: The University of Texas Golf Club

Nonguaranteed compensation:

Incentives:

Team performance incentives: maximum of \$95,000 annually

Source of funds: Intercollegiate Athletics

Description: Agreement for employment of Timothy S. Beck as Offensive Coordinator - Assistant Football Coach

Period: January 3, 2017 through March 31, 2020

27. Employment Agreement - U. T. Austin: Approval of terms of Employment Agreement for new Assistant Football Coach Derek C. Warehime

The following Assistant Football Coach Employment Agreement has been approved by the Executive Vice Chancellor for Academic Affairs and is recommended for formal approval by the U. T. System Board of Regents. Total compensation for the contract period for Derek C. Warehime 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, the Big 12 Conference, 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 may be grounds for suspension without pay and/or dismissal.

Item: Assistant Football Coach Employment Agreement for Derek C. Warehime

Proposed: **Guaranteed compensation:**

Annual Salary: \$390,000

Sports camps and clinics: \$10,000

Automobile: One dealer car

Optional Social club memberships: The University of Texas Golf Club

Nonguaranteed compensation:

Incentives:

Team performance incentives: maximum of \$95,000 annually

Source of funds: Intercollegiate Athletics

Description: Agreement for employment of Derek C. Warehime as Assistant Football Coach

Period: November 28, 2016 through March 31, 2019

28. Employment Agreement - U. T. Austin: Approval of terms of Employment Agreement for new Defensive Coordinator - Assistant Football Coach Todd M. Orlando

The following Defensive Coordinator-Assistant Football Coach Employment Agreement has been approved by the Executive Vice Chancellor for Academic Affairs and is recommended for formal approval by the U. T. System Board of Regents. Total compensation for the contract period for Todd M. Orlando 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, the Big 12 Conference, 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 may be grounds for suspension without pay and/or dismissal.

Item: Defensive Coordinator-Assistant Football Coach Employment Agreement for Todd M. Orlando

Proposed: **Guaranteed compensation:**

Annual Salary: \$1,090,000

Sports camps and clinics: \$10,000

Automobile: One dealer car

Optional Social club memberships: The University of Texas Golf Club

Nonguaranteed compensation:

Incentives:

Team performance incentives: maximum of \$95,000 annually

Source of funds: Intercollegiate Athletics

Description: Agreement for employment of Todd M. Orlando as Defensive Coordinator - Assistant Football Coach

Period: December 19, 2016 through March 31, 2020

29. Employment Agreement - U. T. Austin: Approval of terms of Employment Agreement for new Associate Head Football Coach Stan Drayton

The following Associate Head Football Coach Employment Agreement has been approved by the Executive Vice Chancellor for Academic Affairs and is recommended for formal approval by the U. T. System Board of Regents. Total compensation for the contract period for Stan Drayton 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, the Big 12 Conference, 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 may be grounds for suspension without pay and/or dismissal.

Item: Associate Head Football Coach Employment Agreement for Stan Drayton

Proposed: **Guaranteed compensation:**

Annual Salary:

\$455,000 through April 1, 2018

\$515,000 through March 31, 2019

Sports camps and clinics: \$10,000

Automobile: One dealer car

Optional Social club memberships: The University of Texas Golf Club

Nonguaranteed compensation:

Incentives:

Team performance incentives: maximum of \$95,000 annually

Source of funds: Intercollegiate Athletics

Description: Agreement for employment of Stan Drayton as Associate Head Football Coach

Period: January 3, 2017 through March 31, 2019

30. Employment Agreement - U. T. Austin: Approval of amendment to terms of Employment Agreement for Head Men's Golf Coach John Fields

The following Head Men's Golf Coach Amendment Agreement has been approved by the Executive Vice Chancellor for Academic Affairs, and is recommended for approval by the U. T. System Board of Regents. If the Amendment is approved, total compensation for the contract period for John Fields may 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.

Item: Amendment to Head Men's Golf Coach Agreement for John Fields

From: **Guaranteed compensation:**

Annual Salary: \$208,000

Automobile: \$7,500

Product Endorsement: \$2,000

Nonguaranteed compensation:

Sports Camps: as determined by Athletics Director

Team Performance Incentives: \$5,000 for any year the team is the Big 12 Conference Champion

Team Wins the NCAA National Championship or ties for 1st: \$20,000

Team Academic Performance Incentives: \$10,000

Coach of the Year Honors for Big 12: \$2,000

Coach of the Year Nationally: \$5,000

To: **Guaranteed compensation:**

Annual Salary: \$270,000 (includes Academic Performance Incentives)

Automobile: \$7,500

Product Endorsement: \$2,000

Nonguaranteed compensation:

Sports Camps: as determined by Athletics Director

Team Performance Incentives:

\$15,000 for any year the team is the Team is Big 12 Conference Champion

Team Wins the NCAA National Championship or ties for 1st: \$40,000

Coach of the Year Honors Big 12: \$2,000

National Coach of the Year Honors: \$10,000

Guaranteed
Compensation
Percent Change: 30%

Nonguaranteed
Compensation
Change: 45%

Source of funds: Intercollegiate Athletics

Description: Amendment No. 1 to the Agreement for employment of John Fields,
Head Men's Golf Coach

Period: September 1, 2016 through August 31, 2021

31. Purchase - U. T. Austin: Authorization to purchase approximately 0.1281 acre of land and improvements at 613 West 24 ½ Street, Austin, Travis County, Texas, from Seton Venture, Ltd., for future programmed campus expansion

Description: Purchase of approximately 0.1281 acre of improved property located at the East 93' of Lot 15, East 93' and North 11.5' of Lot 16, Outlot 48 of Division D, Frank Rainey Subdivision with a street address of 613 West 24 ½ Street, Austin, Travis County, Texas. The improvements consist of two multi-family buildings totaling approximately 4,744 square feet of space. The property will be used for future programmed campus expansion.

Seller: Seton Venture, Ltd., a Texas limited partnership and Mike McHone dba Mike McHone Real Estate

Purchase Price: Not to exceed fair market value as determined by independent appraisal performed by Sayers & Associates; appraisal confidential pursuant to *Texas Education Code* Section 51.951

Source of Funds: Investment Income

32. Other Matters - U. T. Austin: Approval of formation of a Mexican civil association [University of Texas at Austin – Mexico Institute A.C.] for receipt of research funding from the Mexican government for the coordination and management of such research, and for other educational activities

U. T. Austin requests approval for the formation of a Mexican civil association, University of Texas at Austin – Mexico Institute A.C. (Institute), to pursue interdisciplinary collaboration with Mexican educational and scientific organizations that have areas of common interest and similar aims for academic, scientific, cultural, and institutional development by fostering and facilitating opportunities to enhance the mutual goals in education and research. The Institute will promote programs of The University of Texas at Austin, including scientific and technological development and research programs, both within and outside Mexico, including supporting and facilitating the advancement of collaborative cross-disciplinary academic and scientific research partnerships in science, technology, engineering, and mathematics (STEM), and also scholarly and cultural studies, between U. T. Austin and Mexico academic institutions, and public and private sector stakeholders by providing access to Mexican funding opportunities only available to Mexican entities. The initiative will encourage and promote the mobility of students, faculty, and researchers; identify and carry on joint scientific research projects; and share best practices in higher education, technology, and innovation.

The Institute will be able to register as a Mexican non-profit educational institution with the Consejo Nacional de Ciencia y Tecnología (CONACYT) Registro Nacional de Instituciones y Empresas Científicas y Tecnológicas (RENIECYT). CONACYT/RENIECYT provides support and funding to Mexican academic and scientific institutions for activities related to the development of scientific and technological research, academic scholarships, innovation and commercialization development of technology, as well as incentives and awards to faculty and researchers to pursue postdoctoral studies and fellowships among other programs.

33. Other Matters - U. T. Austin: Proposed logo for physician practice activities branding and marketing logo

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Deputy Chancellor, the Vice Chancellor for External Relations, the Vice Chancellor and General Counsel, and President Fenves that the U. T. System Board of Regents approve a new logo and brand mark for the physician practice activities at the Dell Medical School in accordance with Regents' *Rules and Regulations*, Rule 40801. The full mark is shown below.

UT Health Austin is the proposed name of the new clinical group physician practice composed of faculty and clinicians associated with the Dell Medical School at The University of Texas at Austin. The U. T. Austin Dell Medical School is the professional, intellectual, and philosophical foundation of the model of clinical care delivered through UT Health Austin. Dell Medical School's commitment to a high-quality model of value-based care is directly reflected in the standards, structure, and operations of all UT Health Austin medical practices. UT Health Austin is a multi-disciplinary medical group practice focused on delivering a care-team-based, personalized health care experience to people from every part of the community in a continually learning, advanced care environment. The initial, primary practice location for UT Health Austin will be the Health Transformation Building located on the U. T. Austin campus, though additional branded facilities, as well as clinician-specific affiliation arrangements, may become part of the UT Health Austin clinician network over time. A primary differentiator of the UT Health Austin care model is its close connection to the Dell Medical School at U. T. Austin. Dell Medical School's community-minded, health-centered mission, along with its medical education focus, training, and research activities, will inform the ways in which care is organized and delivered, setting a standard based on new knowledge, value-based approaches, and a commitment to continuous learning and improvement.



34. Contract (funds going out) - U. T. Dallas: AHI Small Business Facility Services, Inc. to provide custodial services for south campus facilities

Agency: AHI Small Business Facility Services, Inc.

Funds: Approximately \$1,001,000 over five years

Source of Funds: Designated Tuition – 99%
Auxiliary – 1% (Callier Child Food Service)

Period: Three years commencing January 02, 2017; with two one-year options to extend for maximum contract period terminating December 31, 2021

Description: Custodial Services for all south campus facilities of U. T. Dallas. Services were competitively bid.

35. Request for Budget Change - U. T. Dallas: Approval of Emeritus Title

Bruce Gnade, from Professor to Professor Emeritus, Electrical Engineering and Chemistry in the School of Natural Sciences and Mathematics (RBC No. 8437) -- amendment to the 2016-2017 budget.

36. Admissions Criteria - U. T. Dallas: Changes to Admission Criteria for Graduate Programs

The University of Texas at Dallas proposes revisions to the admission criteria for two graduate programs by including new additional admission requirements.

The new graduate admission requirements will be effective in fall 2018 and future term admission periods. The changes have been reviewed and administratively approved by the Executive Vice Chancellor for Academic Affairs and are recommended for approval by the U. T. System Board of Regents.

Summary of Changes to Admission Requirements for Graduate Program

1. Detailed resumes outlining education and employment history will be required for the Master of Science in Mechanical Engineering.
2. Letters of recommendation must be submitted on official letterhead from higher education institutions and/or private sector organizations as part of the requirements for the Doctor of Philosophy in Computer Engineering.
3. The Doctor of Philosophy in Computer Engineering program will require a master's degree or equivalent granted by an institution of higher education in the United States or by an acceptable foreign university.

37. Admissions Criteria - U. T. Dallas: Changes to Admission Criteria to the Undergraduate Program

The University of Texas at Dallas proposes revisions to the admission criteria for First-Time Freshmen and Transfer Students. The current policy is to admit applicants who are most able to benefit from and contribute to the University's academic and research mission. The new admission criteria will be effective in fall 2018 and future term admission periods. The changes have been reviewed and administratively approved by the Executive Vice Chancellor for Academic Affairs and are recommended for approval by the U. T. System Board of Regents.

Summary of Changes to Admission Criteria for First-Time in College Students

Currently, assured admission is granted to first-time freshmen who have successfully completed the full Texas recommended college-track high school curriculum, and achieved a composite ACT score of 26 or greater, or a combined math and critical reading SAT score of 1270 or higher (or 1200 or higher for SAT exams administered prior to March 2016). Under the proposed changes, other than the state-mandated Top Ten Percent Rule, all admits will be reviewed holistically.

Summary of Changes to Admission Criteria for Transfer Students

1. U. T. Dallas requests to raise the minimum cumulative transferable grade point average (GPA) from 2.7 to 3.0 for eligible transfer applicants for assured admission.
2. U. T. Dallas also requests that the automatic admission GPA for the Comet Connection be raised from 2.5 to 3.0. The Comet Connection is a program for Texas community college students who intend to complete a bachelor's degree at U. T. Dallas.
3. All other transfer admits will be reviewed holistically as currently practiced.

38. Contract (funds coming in and going out) - U. T. El Paso: Collection Resources, Incorporated to provide collection services

Agency:	Collection Resources, Incorporated
Source of Funds:	Designated Funds
Funds:	An estimated cost of \$900,000 over the entire term, including all renewal terms. Upon receipt of collections recuperated, University will submit to Collection Resources the percentage collection fee based on gross amount collected of unpaid account.
Period:	March 1, 2017 through February 29, 2020; with option to renew for two additional one-year periods.
Description:	Collection Resources, Incorporated will provide collection services for U. T. El Paso. Services were competitively bid.

39. Contract (funds coming in and going out) - U. T. El Paso: Continental Service Group, Inc., dba ConServe, to provide collection services

Agency: Continental Service Group, Inc., dba ConServe

Source of Funds: Designated Funds

Funds: An estimated cost of \$900,000 over the entire term, including all renewal terms. Upon receipt of collections recuperated, University will submit to ConServe the percentage collection fee based on gross amount collected of unpaid account.

Period: March 1, 2017 through February 29, 2020; with option to renew for two additional one-year periods

Description: Conserve will provide collection services for the U. T. El Paso. These services were competitively bid.

40. Contract (funds coming in and going out) - U. T. El Paso: HS Financial Group, LLC to provide collection services

Agency: HS Financial Group, LLC

Source of Funds: Designated Funds

Funds: An estimated cost of \$900,000 over the entire term, including all renewal terms. Upon receipt of collections recuperated, University will submit to HS Financial Group the percentage collection fee based on gross amount collected of unpaid account.

Period: March 1, 2017 through February 29, 2020; with option to renew for two additional one-year periods

Description: HS Financial Group, LLC to provide collection services for U. T. El Paso. Services were competitively bid.

41. Contract (funds coming in and going out) - U. T. El Paso: Immediate Credit Recovery Inc. to provide collection services

Agency: Immediate Credit Recovery Inc.

Source of Funds: Designated Funds

Funds: An estimated cost of \$900,000 over the entire term, including all renewal terms. Upon receipt of collections recuperated, University will submit to Immediate Credit Recovery the percentage collection fee based on gross amount collected of unpaid account.

Period: March 1, 2017 through February 29, 2020; with option to renew for two additional one-year periods

Description: Immediate Credit Recovery Inc. to provide collection services for U. T. El Paso. Services were competitively bid.

42. Contract (funds coming in and going out) - U. T. El Paso: SWC Group, LP to provide collection services

Agency: SWC Group, LP

Source of Funds: Designated Funds

Funds: An estimated cost of \$900,000 over the entire term, including all renewal terms. Upon receipt of collections recuperated, University will submit to SWC Group the percentage collection fee based on gross amount collected of unpaid account.

Period: March 1, 2017 through February 29, 2020; with option to renew for two additional one-year periods

Description: SWC Group, LP will provide collection services for U. T. El Paso. Services were competitively bid.

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

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

Description	Effective Date	% Time	Full-time Salary		RBC #
			No. Mos.	Rate \$	
School of Pharmacy					
Pharmacy					
Associate Dean and Professor					
Mary Lynn Chavez (T)	5/22-8/31	50	12	168,000	8440
		50	09	126,000	

44. Admissions Criteria - U. T. Permian Basin: Changes to Admission Criteria to the Undergraduate Engineering programs

U. T. Permian Basin requests approval for changes to the criteria for admission to the Undergraduate Engineering programs as described below.

The changes have been reviewed and administratively approved by the Executive Vice Chancellor for Academic Affairs and are recommended for approval by the U. T. System Board of Regents contingent upon approval of Chemical and Electrical Engineering programs on the Academic Affairs Committee Agenda (see Academic Affairs, [Items 3](#) and [4](#)).

Summary of Changes to Admission Criteria

Current Unconditional Admission Criteria	Proposed Unconditional Admission Criteria
None in place	Cumulative college grade point average of 2.5 or better, and Complete program specific coursework
Current Conditional (Probationary) Admission Criteria	Proposed Conditional (Probationary) Admission Criteria
Complete the first 12 semester hours with grades of "C" or better to be removed from provisional status	Cumulative college grade point average of 2.5 or better, and Complete program specific coursework

45. Lease - U. T. Permian Basin: Authorization to lease approximately 6,559 rentable square feet of space located at 1400 N. FM 1788, Midland, Midland County, Texas, to the Midland Development Corporation for a business incubator and/or makerspace

Description: Lease of approximately 6,559 rentable square feet composed of dedicated space and shared space that will be used approximately 20% of the time for business incubator and/or makerspace, and related uses to the Midland Development Corporation. U. T. Permian Basin will utilize the space when it is not otherwise being used. The space is located on the Midland campus of U. T. Permian Basin at 1400 N. FM 1788, Midland, Midland County, Texas.

Lessee: Midland Development Corporation, a domestic nonprofit corporation

Term: 20 years with one five-year renewal option

Lease Income: The rental will be paid in up to five equal installments in each of the first five years of the term and the total rental amount for the 25-year period is approximately \$1,903,552. If the lease is terminated by U. T. Permian Basin, U. T. Permian Basin shall remit a prorated portion of the prepaid rental to the Midland Development Corporation.

Tenant Improvements: Lessee will have the right to make alterations and improvements at its expense.

46. Contract (funds coming in) - U. T. Rio Grande Valley: Annual Operating Agreement with Doctors Hospital at Renaissance, LTD. pertaining to residency programs

Agency: Doctors Hospital at Renaissance, LTD.

Funds: Immediate payment of \$10,977,486, and monthly payments of \$1,595,602 through December 31, 2017 (up to \$12,764,816), unless revised by agreement of the parties

Period: July 1, 2016 through December 31, 2017

Description: The Fiscal Year 2016-2017 Annual Operating Agreement to the Affiliation Agreement between Doctors Hospital at Renaissance, LTD. and U. T. Rio Grande Valley documents the payment for services flowing between the parties in connection with graduate and undergraduate medical education programs, and describes the commitment of the parties related to educational, clinical, structural, financial, and administrative needs of the graduate and undergraduate medical education programs and other collaboration efforts as contemplated in the related Affiliation Agreement between the parties.

47. Purchase - U. T. Rio Grande Valley: Authorization to purchase approximately 0.4813 acre of improved property located at 3115 Center Pointe Drive, Edinburg, Hidalgo County, Texas, from L.S. Mitchell Properties and Investments, LLC, for medical office and clinical use

Description: Purchase of approximately 0.4813 acre of land and improvements located at 3115 Center Pointe Drive, Edinburg, Hidalgo 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 one-story medical office building totaling approximately 3,000 square feet. The property will be used for medical office and clinical use.

Seller: L.S. Mitchell Properties and Investments, a Texas limited liability company

Purchase Price: Not to exceed fair market value as determined by an independent appraisal performed by Aguirre & Patterson Inc.; appraisal confidential pursuant to *Texas Education Code* Section 51.951

Source of Funds: Permanent University Funds previously allocated by the Board of Regents on August 20, 2015.

48. Purchase - U. T. Rio Grande Valley: Authorization to purchase approximately 8.6 acres of vacant land and submerged tidal wetland areas from Valentine Harness, et al., Paula Dawson, et al., and seven other parties with ownership interest; accessed from Garcia Street, in Port Isabel, Cameron County, Texas, for programmed campus expansion, including use by the institution's Marine Science Program

Description: Purchase approximately 8.6 acres of vacant land and submerged tidal wetland areas from Valentine Harness, et al., Paula Dawson, et al., and 7 other parties with ownership interest; accessed from Garcia Street, in Port Isabel, Cameron County, Texas, together with the easement estate appurtenant thereto, 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 property consists of approximately 0.77 acres of vacant land, although an easement restricts the use of all but 0.38 acres of such land; the remaining approximately 7.8 acres consists of submerged tidal wetlands. This property is served by an easement through adjacent land being used by U. T. Rio Grande Valley for its Marine Science program. The subject property is anticipated to be valued under \$1 million, but is outside of U. T. Rio Grande Valley's Board-approved campus master plan.

Seller: Valentine W. Harness, Cynthia W. Neill, Doak Victor Boreing, Timothy G. Boreing, John D. Boreing, Estate of Mildred B. Freeman, Connie T. Freeman, Todd Bearden Dillard, Amanda Latimer Dillard Shufeldt, and Paula Glen Dawson, et al.

Purchase Price: Not to exceed fair market value as determined by an independent appraisal performed by Aguirre and Patterson, Inc.; appraisal is confidential pursuant to *Texas Education Code* Section 51.951.

Use: Future programmed campus expansion, including use by the institution's Marine Science Program

Source of Funds: Unexpended Plant Funds

49. Request for Budget Change - U. T. San Antonio: New Hires with Tenure -- amendment to the 2016-2017 budget

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

Description	Effective Date	% Time	Full-time Salary		RBC #
			No. Mos.	Rate \$	
College of Business					
Department of Accounting					
Professor					
Juan Manual Sanchez (T)	8/14-5/31	100	09	240,000	8426
College of Public Policy					
Department of Criminal Justice					
Professor					
Michael Smith (T)	7/1-5/31	100	09	155,000	8427

50. Admissions Criteria - U. T. Tyler: Changes to Admission Criteria for Master of Science in Mechanical Engineering program

U. T. Tyler requests approval for changes to the criteria for admission to the 2017 program as described below.

The changes have been reviewed and administratively approved by the Executive Vice Chancellor for Academic Affairs and are recommended for approval by the U. T. System Board of Regents.

Summary of Changes to Admission Criteria

Master of Science in Mechanical Engineering (MSME)

The proposed changes to the admission requirements will attract U. T. Tyler undergraduate students to pursue graduate studies in the department through an integrated 5-year BSME/MSME program. There is a growing demand for this integrated program among current students in the department.

To be admitted to the MSME program a student must meet the following admission requirements.

Current Unconditional Admission Criteria	Proposed Unconditional Admission Criteria
1. Satisfactory score on the General Test (verbal and quantitative) of the Graduate Record Examination.	1. No change.
2. Satisfactory grade point average on the student's last four semesters of academic study and last 60 semester credit hours of upper division undergraduate of graduate courses.	2. A minimum grade point average of 3.0/4.0 based on the student's last four semesters of academic study and last 60 semester credit hours of upper division undergraduate of graduate courses.
3. A bachelor's degree in a Mechanical Engineering program accredited by the ABET Engineering Accreditation commission. Students who have not earned such a degree will be required to complete prerequisite (leveling) coursework before starting the MSME program as determined by the MSME Graduate Coordinator.	3. No change.
4. None in place.	4. A Statement of Purpose including goals on Graduate education and research interests must be included in the application.
5. A demonstrated proficiency in the use of English language, both spoken and written.	5. No change.
6. Approval of the MSME Graduate Coordinator and Chair of the Department of Mechanical Engineering.	6. No change.

51. Admissions Criteria - U. T. Tyler: Changes to Admission Criteria to the Master of Science in Kinesiology program

U. T. Tyler requests approval for changes to the criteria for admission to the 2017 program as described below.

The changes have been reviewed and administratively approved by the Executive Vice Chancellor for Academic Affairs and are recommended for approval by the U. T. System Board of Regents.

Summary of Changes to Admission Criteria

Master of Science in Kinesiology

The graduate faculty have noted that the GRE scores of applicants who enroll in the program are not well correlated with the student's subsequent academic performance. Since the GRE is only one predictor of student academic success, it should not be a barrier to student enrollment if the student has demonstrated academic achievement and potential in other ways.

Current Unconditional Admission Criteria	Proposed Unconditional Admission Criteria
<p><u>Admission Requirements</u> For full admission to a master's degree program in the Department of Health and Kinesiology, ordinarily an applicant must:</p>	<p><u>Application Deadlines</u> For full admission to the M.S. Kinesiology degree program in the Department of Health and Kinesiology, ordinarily an applicant must:</p>
<ul style="list-style-type: none"> • Have an earned baccalaureate degree from an accredited academic institution in a field closely related to the mission of the intended master's degree program; 	<ol style="list-style-type: none"> 1. Have an earned baccalaureate degree from an accredited academic institution in a field closely related to the mission of the intended master's degree program;* <p>* Leveling courses may be required for applicants lacking adequate academic preparation.</p>
<ul style="list-style-type: none"> • Submit three strong letters of recommendation from individuals in professional positions who can validly comment on the applicant's suitability for graduate studies in general and for studies in the intended field in particular. 	<ol style="list-style-type: none"> 2. Submit three strong letters of recommendation from individuals in professional positions who can validly comment on the applicant's suitability for graduate studies in general and for studies in the intended field in particular.
<ul style="list-style-type: none"> • Have earned a grade point average of at least 3.00 on a 4-point scale for all upper-division undergraduate hours or have an earned graduate degree from an accredited academic institution; • Have scored at the thirtieth percentile or higher on each of the sections of the General Test of the Graduate Record Exam—Verbal Reasoning, Quantitative Reasoning, and Analytical Writing (GRE scores not required if an applicant has an earned graduate degree from an accredited academic institution); and 	<ol style="list-style-type: none"> 3. Have demonstrated academic achievement and potential as indicated by: A grade point average of at least 3.00 on a 4-point scale for all upper-division undergraduate hours, acceptable GRE scores, or a combination of upper- division grade point average, and GRE scores; and
	<ol style="list-style-type: none"> 4. Item 3 will be waived for applicants with graduate degrees from accredited academic institutions.

52. Admissions Criteria - U. T. Tyler: Changes to Admission Criteria to the Master of Science in Health Sciences program

U. T. Tyler requests approval for changes to the criteria for admission to the 2017 program as described below.

The changes have been reviewed and administratively approved by the Executive Vice Chancellor for Academic Affairs and are recommended for approval by the U. T. System Board of Regents.

Summary of Changes to Admission Criteria

Master of Science in Health Sciences

The graduate faculty have noted that the GRE scores of applicants who enroll in the program are not well correlated with subsequent academic performance and that personal interviews of applicants can be very helpful in determining a prospective student's readiness for graduate study. Therefore, the requirement for satisfactory GRE scores is being replaced with a requirement for an oral interview with at least one Health Science faculty member.

Current Unconditional Admission Criteria	Proposed Unconditional Admission Criteria
<p><u>Admission Requirements</u> Students applying for admission to the M.S. Health Sciences program are expected to submit a portfolio for evaluation consisting of the following:</p> <ol style="list-style-type: none"> 1. Submit three professional and/or academic references; 2. Submit transcripts verifying minimum grade-point average of 3.0 for the undergraduate experience; 3. Hold a Bachelor's degree; 4. Submit an essay of intent; 5. A satisfactory score on the verbal/quantitative portions of the Graduate Record Examination (GRE). 	<p><u>Graduate Admission</u> An individual interested in applying for admission to a master's degree program in the Department of Health and Kinesiology should be aware of information and procedures related to graduate studies in general at U. T. Tyler. In addition to procedures that must be followed to meet requirements of the U. T. Tyler Graduate School, an applicant must complete and submit the following documents:</p> <ul style="list-style-type: none"> • Statement of Goals • Three reference letters <p>For full admission to a master's degree program in the Department of Health and Kinesiology, ordinarily an applicant must:</p> <ul style="list-style-type: none"> • Have an earned baccalaureate degree from an accredited academic institution in a field closely related to the mission of the intended master's degree program. • Have earned a grade point average of at least 3.00 on a 4-point scale for all upper-division undergraduate hours or have an earned graduate degree from an accredited academic institution. • Have an interview with at least one Health Sciences faculty member. • Submit three strong letters of recommendation from individuals in professional positions who can validly comment on the applicant's suitability for graduate studies in general and for studies in the intended field in particular.

HEALTH AFFAIRS COMMITTEE

53. **Report - U. T. System Health Institutions: Fiscal Year 2016 Post-Tenure Review**

In accordance with *Texas Education Code* Section 51.942 and Regents' *Rules and Regulations*, Rule 31102, the following report on the Fiscal Year 2016 post-tenure review for the U. T. System health institutions is provided by the Executive Vice Chancellor for Health Affairs.

During Fiscal Year 2016, 251 tenured faculty members at the six health institutions with tenured faculty were subject to post-tenure review. Of the 251 faculty members reviewed, 242 or 96.4% were evaluated as Meets or Exceeds Expectations; 5 or 2.0% received Does Not Meet Expectations; and 4 or 1.6% received Unsatisfactory evaluations.

The following summary tables provide additional details of the post-tenure review results for Academic Year 2015-2016.

Summary of Post-Tenure Review Results

	Total Subject to Review	Total Exceeds Expectations	Total Meets Expectations	Total Does Not Meet Expectations	Total Unsatisfactory	Decided to Retire or Resign Before Review
UTSWMC	59	46	11	2	0	3
UTMB	38	24	13	1	0	5
UTHSC-H	56	27	29	0	0	1
UTHSC-SA	48	35	13	0	0	0
UTMDACC	50	3	41	2	4	2
UTHSC-T	0	0	0	0	0	0
Total	251	135	107	5	4	11
		53.8%	42.6%	2.0%	1.6%	

Post-Tenure Review Results by Gender

	Subject to Review		Exceeds Expectations		Meets Expectations		Does Not Meet Expectations		Unsatisfactory		Decided to Retire or Resign Before Review	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
UTSWMC	50	9	39	7	9	2	2	0	0	0	1	2
UTMB	34	4	22	2	11	2	1	0	0	0	4	1
UTHSC-H	39	17	20	7	19	10	0	0	0	0	1	0
UTHSC-SA	36	12	25	10	11	2	0	0	0	0	0	0
UTMDACC	32	18	1	2	28	13	1	1	2	2	2	0
UTHSC-T	0	0	0	0	0	0	0	0	0	0	0	0
Total	191	60	107	28	78	29	4	1	2	2	8	3

Post-Tenure Review Results by Ethnicity

	Total Actually Reviewed					Exceeds Expectations				
	White	Black	Hispanic	Asian	Other	White	Black	Hispanic	Asian	Other
UTSWMC	51	0	2	6	0	40	0	1	5	0
UTMB	29	0	1	8	0	19	0	1	4	0
UTHSC-H	44	0	3	8	1	21	0	0	5	1
UTHSC-SA	38	2	5	3	0	25	2	5	3	0
UTMDACC	28	1	1	20	0	2	1	0	0	0
UTHSC-T	0	0	0	0	0	0	0	0	0	0
Total	190	3	12	45	1	107	3	7	17	1

	Meets Expectations					Does Not Meet Expectations				
	White	Black	Hispanic	Asian	Other	White	Black	Hispanic	Asian	Other
UTSWMC	9	0	1	1	0	2	0	0	0	0
UTMB	9	0	0	4	0	1	0	0	0	0
UTHSC-H	23	0	3	3	0	0	0	0	0	0
UTHSC-SA	13	0	0	0	0	0	0	0	0	0
UTMDACC	24	0	1	16	0	2	0	0	0	0
UTHSC-T	0	0	0	0	0	0	0	0	0	0
Total	78	0	5	24	0	5	0	0	0	0

	Unsatisfactory					Decided to Retire/Resign Before Review				
	White	Black	Hispanic	Asian	Other	White	Black	Hispanic	Asian	Other
UTSWMC	0	0	0	0	0	2	0	0	1	0
UTMB	0	0	0	0	0	5	0	0	0	0
UTHSC-H	0	0	0	0	0	1	0	0	0	0
UTHSC-SA	0	0	0	0	0	0	0	0	0	0
UTMDACC	0	0	0	4	0	2	0	0	0	0
UTHSC-T	0	0	0	0	0	0	0	0	0	0
Total	0	0	0	4	0	10	0	0	1	0

PRESENT STATUS OF EACH PERFORMANCE THAT DOES NOT MEET EXPECTATIONS:

U. T. Southwestern Medical Center: Two faculty members have been given action plans and will be reviewed again after one year.

U. T. Medical Branch - Galveston: Department chair is working with faculty member and has a remediation plan in place.

U. T. M. D. Anderson Cancer Center: Two faculty members have pending administrative reviews.

PRESENT STATUS OF EACH UNSATISFACTORY PERFORMANCE:

U. T. M. D. Anderson Cancer Center: A professor and associate professor positions end at the end of 7th year term; another faculty member plans to request a switch to Research Faculty Appointment at the end of the 7th year term; and an additional faculty member will have committee review in FY 2017.

54. Contract (funds coming in) - U. T. Southwestern Medical Center: Amendment to agreement to provide professional pediatric anesthesiologist services to Anesthesiologists for Children

Agency: Anesthesiologists for Children, a Texas nonprofit corporation

Funds: \$17,711,141

Period: September 1, 2016 through August 31, 2017; fifth amendment to existing contract

Description: U. T. Southwestern Medical Center will provide professional pediatric anesthesiologist services.

55. Contract (funds going out) - U. T. Southwestern Medical Center: Huron Consulting Services, LLC will provide program management and system implementation services in support of upgrade to PeopleSoft 9.2

Agency: Huron Consulting Services, LLC

Funds: \$14,642,373

Source of Funds: MSRDP/DSRDP/PRS Practice Plan Professional Fees, Hospital Patient Income, and Interest on Designated Funds

Period: March 1, 2017 through December 31, 2018

Description: Huron Consulting Services, LLC will provide Program Management and PeopleSoft Optimization and System Implementation Services (design, development, and testing) in support of upgrade to PeopleSoft 9.2 for Financials and Supply Chain, Human Capital Management, Campus Solutions applications, and Oracle Recruiting Cloud modules. Additional services include redesign of chart of accounts, design of business optimization and processes, design of conversion programs for data and integrations, and design of new reports. Huron has a contract with U. T. System Supply Chain Alliance and it was competitively bid.

56. Contract (funds going out) - U. T. Southwestern Medical Center: TEMPEG, LLP will provide physician and other health care provider coverage services at Parkland Health and Hospital System

Agency: TEMPEG, LLP

Funds: \$5,430,000

Source of Funds: MSRDP/DSRDP/PRS Practice Plan Professional Fees

Period: January 1, 2017 through December 31, 2017; second amendment to existing contract

Description: TEMPEG, LLP will provide physician and other health care provider coverage services at Parkland Health and Hospital System. This procurement was not competitively bid because it is for professional services. Under the *Texas Government Code*, Chapter 2254.003, a government entity may not select a provider of professional services on the basis of competitive bids, but instead will make the selection based on the demonstrated competence and qualifications to perform the services and for a fair and reasonable price.

57. Lease - U. T. Southwestern Medical Center: Authorization to extend the term of the lease of space located at 8611 Hillcrest Avenue, Dallas, Dallas County, Texas, from CFO DT, LLC, for clinical use

Description: Extension of lease of approximately 13,053 square feet of medical office space at 8611 Hillcrest Avenue, Dallas, Dallas County, Texas, for clinical use. Additionally, U. T. Southwestern Medical Center expanded the premises by 1,964 square feet in 2016; this expansion did not require Board approval because the consideration did not exceed the institution's approval threshold.

Lessor: CFO DT, LLC, a Delaware limited liability company

Term: The new term commences on January 1, 2018, and continues for five years and five months. The institution retains two five-year options to extend the lease, which options were granted by the original lease and approved by the Board of Regents on August 23, 2012.

Lease Cost: Approximately \$2,505,421 in base rent over the five-year extension term and estimated operating expenses that exceed a 2017 expense stop. The base rent for the first five months of the extension term is abated and, thereafter, base rent starts at \$34 per square foot and increases \$0.50 per square foot each year. The Lessor is providing a tenant allowance of \$5.00 per square foot for refurbishment of the space. Additionally, the base rent and estimated operating expenses for the 2016 expansion total \$780,717.

Source of Funds: Patient Revenue

58. Lease - U. T. Southwestern Medical Center: Authorization to extend the term for an existing 16,260 square foot space and expand the lease for an additional 10,214 rentable square feet of space located at 2330 Inwood Road, Dallas, Dallas County, Texas, to Peloton Therapeutics, Inc., for research and office use

Description: Lease for an existing 16,260 rentable square feet of space and an additional expansion of 10,214 rentable square feet of space in the institution's East Campus Building B, known as BioCenter at Southwestern Medical District located at 2330 Inwood Road, Dallas, Dallas County, Texas, for research and office use.

Lessee: Peloton Therapeutics, Inc., a Delaware corporation

Term: Five years with one five-year renewal option

Lease Income: Rent for the initial space during the extension term totals approximately \$2,417,211.60 with an annual rent of \$28 per rentable square foot escalating to \$31.51, rent for the expansion space during the five year term totals approximately \$1,518,413.24 also with an annual rent of \$28 per rentable square foot escalating to \$31.51 per square foot and the tenant improvement allowance of \$60 per rentable square foot totals approximately \$612,840 with an additional, optional \$40 in tenant improvement allowance that may be used by Lessee, but if used, will be recaptured.

Source of Funds: Auxiliary Funds for the tenant improvement allowance

59. Contract (funds coming in) - U. T. Medical Branch - Galveston: To provide oversight and reporting functions (as the Anchor for Regional Healthcare Partnership #2) to Texas Health and Human Services Commission related to the Texas Transformation and Quality Improvement Program 1115 Waiver

Agency: Texas Health and Human Services Commission (HHSC)

Funds: Over approximately \$2,500,000 for the full term of the contract

Period: October 1, 2016 through September 30, 2018

Description: Since October 1, 2012, U. T. Medical Branch - Galveston has provided oversight and reporting functions (as the Anchor for Regional Healthcare Partnership #2) to HHSC related to the Texas Transformation and Quality Improvement Program 1115 Waiver, which authorized the State of Texas to establish a Delivery System Reform Incentive Payment - DSRIP program. Per this First Amendment, the term of the contract will be extended from September 30, 2016, to September 30, 2018.

The initial agreement was approved on November 6, 2014, by the Board of Regents for a total contract value of \$2,000,000. With this contract extension, the total value of the contract will be approximately \$2,500,000 over the full term of the contract, which represents an increase of greater than 25% of the originally approved amount, thus necessitating re-approval from the Board of Regents.

60. Contract (funds coming in) - U. T. Medical Branch - Galveston: To provide inmate health care services at Victoria County Jail

Agency: Victoria County

Funds: Approximately \$8,196,000

Period: March 1, 2017 through February 28, 2022

Description: U. T. Medical Branch - Galveston will provide inmate health care services at Victoria County Jail. This contract represents a broadening of U. T. Medical Branch - Galveston Correctional Managed Care's operation to include providing medical services to inmates at county jails in addition to ongoing services provided at Texas Department of Criminal Justice and Texas Juvenile Justice Department facilities.

61. Contract (funds going out) - U. T. Medical Branch - Galveston: Total Safety U.S., Inc. to provide Hazardous Material Testings and Surveys on an as-needed basis

Agency: Total Safety U.S., Inc.
 Funds: \$2,500,000
 Source of Funds: Various approved capital projects
 Period: March 3, 2017 through March 2, 2020
 Description: Total Safety U.S. will provide Hazardous Material Testings and Surveys to U. T. Medical Branch - Galveston on an as-needed basis. This contract was competitively bid.

62. Request for Budget Change - U. T. Medical Branch - Galveston: Tenure Appointments -- amendment to the 2017-2018 budget

The following Requests for Budget Changes (RBC) have 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 \$	
School of Medicine					
Family Medicine					
Vice Dean for Academic Affairs and Professor					
Charles Mouton (T)	3/1-2/28	100	12	\$433,200	8418
Biochemistry and Molecular Biology					
Associate Professor					
Petr Leiman (T)	9/1-8/31	100	12	\$170,000	8353

63. Request for Budget Change - U. T. Medical Branch - Galveston: Approval of Emeritus Title

Pamela Watson, from Dean and Professor to Dean Emeritus, in the School of Nursing (RBC No. 8398) -- amendment to the 2017-2018 budget

64. Lease - U. T. Medical Branch - Galveston: Authorization to extend the lease of approximately 6,029 square feet of space located at 3828 Hughes Court, Dickinson, Galveston County, Texas, from Aerotech Business Park, LLC, for office and clinical use

Description: Lease extension of approximately 6,029 square feet of space located at 3828 Hughes Court, Dickinson, Galveston County, Texas, for office and clinical use.

Lessor: Aerotech Business Park, LLC, a Delaware limited liability company

Term: The lease originally commenced on March 1, 2012. The extension term is 60 months, commencing on March 1, 2017, and continuing through February 28, 2022; with two five-year renewal options to be exercised in the institution's sole discretion.

Lease Cost: Approximately \$1,480,820 in base rent has been accrued to date since the lease commencement and will become due and payable during the initial term of the extension. The initial annual base rental rate for the extension term is \$144,696 (\$24 per square foot) and will escalate at 2% annually, totaling \$753,004 over the extension term. Base rent for each subsequent five-year renewal option will be established at fair market value. The initial annual operating expenses for the extension term are based on a 2017 base year and will become payable based on any increase in actual expenses over the 2017 year.

Source of Funds: UTMB Ambulatory Services

65. Lease - U. T. Medical Branch - Galveston: Authorization to lease approximately 13,255 rentable square feet of space at 185-195 North 11th Street, Beaumont, Jefferson County, Texas, from SET Asset Properties, LLC, for clinical use

Description: Lease of approximately 13,255 rentable square feet, including approximately 11,172 rentable square feet and 2083 rentable square feet of expansion space, located in the building at 185-195 North 11th Street, Beaumont, Jefferson County, Texas, for clinical use

Lessor: SET Asset Properties, LLC, a Texas limited liability company

Term: A 10-year primary term with four five-year renewals at the institution's option

Lease Cost: Basic rent during the first 10 years for all spaces totals approximately \$3,653,898 plus insurance, taxes, and common area maintenance expenses which are initially estimated as \$2691.87 monthly and other operating expenses. The rent for the renewal options will start at a monthly rent of \$23,013.25 during years 11 through 15 and end at a monthly rent of \$26,640.73 monthly during years 26 through 30. Landlord will provide a turn-key build-out for the primary space and a tenant allowance of \$125 per rentable square foot for the expansion space.

Source of Funds: UTMB Ambulatory Services

66. Lease - U. T. Medical Branch - Galveston: Authorization to extend the lease of approximately 5,050 square feet of space located at 3023 Marina Bay Drive, League City, Galveston County, Texas, from The Professional Center @ South Shore Harbour, Ltd., for office and clinical use

Description: Lease extension of approximately 5,050 square feet of space located at 3023 Marina Bay Drive, League City, Galveston County, Texas, for office and clinical use.

Lessor: The Professional Center @ South Shore Harbour, Ltd., a Texas limited partnership

Term: The lease originally commenced on July 1, 2002. The extension term is 60 months, commencing March 1, 2017, and continuing through February 28, 2022; with two five-year renewal options to be exercised in the institution's sole discretion.

Lease Cost: Approximately \$2,837,945 in rent and operating expenses have been accrued to date since the lease commencement and will become due during the extension term. The initial annual base rental rate for the extension term is \$99,738 (\$19.75 per square foot). The initial annual operating expenses for the extension term are approximately \$25,190 (\$4.99 per square foot). Base rent for each five-year renewal option will escalate at 5% to \$108,701 for the first renewal term and \$114,136 for the second renewal term.

Source of Funds: UTMB Ambulatory Services

67. Contract (funds going out) - U. T. Health Science Center - Houston: ThyssenKrupp Elevator Company to perform elevator modernization at the UT Physicians' Professional Building, UT Professional Garage, and Jessie H. Jones Library Building

Agency: ThyssenKrupp Elevator Company

Source of Funds: Auxiliary Enterprise Funds

Funds: Not to exceed \$14,000,000

Period: February 1, 2017 through August 31, 2021

Description: ThyssenKrupp Elevator Company was originally awarded, after responding to an RFP, the elevator modernization and maintenance services contract on September 1, 2016, after approval by the Board of Regents on August 25, 2016, for the amount of \$6,821,512. Contract Amendment 4 and Contract Amendment 5 add three additional buildings to the modernization project: UT Physicians' Professional Building, UT Professional Garage, and Jesse H. Jones Library Building. Amendments 4 and 5, together with the contract contingency of approximately \$3.3 million for later expansion, will increase the total contract amount to \$14 million.

68. Contract (funds going out) - U. T. Health Science Center - Houston: Centennial Contractors Enterprises, Inc. to provide Job Order Contracting Services

Agency: Centennial Contractors Enterprises, Inc.

Funds: Not to exceed \$10,000,000

Source of Funds: Each department choosing to utilize this service may pay from a different fund source

Period: March 1, 2017 through February 28, 2022

Description: Centennial Contractors Enterprises, Inc. was one of three General Contractors chosen, after responding to an RFP, to provide Job Order Contracting Services on the UTHealth Campus.

69. Contract (funds going out) - U. T. Health Science Center - Houston: J. T. Vaughn Construction, LLC to provide Job Order Contracting Services

Agency: J. T. Vaughn Construction, LLC

Funds: Not to exceed \$15,000,000

Source of Funds: Each department choosing to utilize this service may pay from a different fund source

Period: March 1, 2017 through February 28, 2022

Description: J. T. Vaughn Construction, LLC was one of three General Contractors chosen, after responding to an RFP, to provide Job Order Contracting Services on the UTHealth Campus.

70. Contract (funds going out) - U. T. Health Science Center - Houston: Brown & Root Industrial Services, LLC to provide Job Order Contracting Services

Agency: Brown & Root Industrial Services, LLC

Funds: Not to exceed \$5,000,000

Source of Funds: Each department choosing to utilize this service may pay from a different fund source

Period: March 1, 2017 through February 28, 2022

Description: Brown & Root Industrial Services, LLC was one of three General Contractors chosen, after responding to an RFP, to provide Job Order Contracting Services on the UTHealth Campus.

71. Contract (funds going out) - U. T. Health Science Center - Houston: Infrastructure Associates, Inc. to provide engineering services

Agency: Infrastructure Associates, Inc.

Funds: Not to exceed \$3,000,000

Source of Funds: Each department choosing to utilize this service may pay from a different fund source

Period: December 9, 2016 through August 31, 2019

Description: After a competitive bid process, Infrastructure Associates, Inc., was one of the awarded suppliers for various engineering services on an as-needed basis.

72. Contract (funds going out) - U. T. Health Science Center - Houston: Shah Smith & Associates, Inc. to provide engineering services

Agency: Shah Smith & Associates, Inc.

Funds: Not to exceed \$3,000,000

Source of Funds: Each department choosing to utilize this service may pay from a different fund source

Period: December 9, 2016 through August 31, 2019

Description: After a competitive bid process, Shah Smith & Associates, Inc., was one of the awarded suppliers for various engineering services provided on an as-needed basis.

73. Request for Budget Change - U. T. Health Science Center - Houston: Approval of Emeritus Title

Patricia L. Stark, from Senior Vice President for Interprofessional Education (formerly Dean and John P. McGovern Distinguished Professor in Nursing, UTHealth School of Nursing) to Dean Emeritus (RBC No. 8444) -- amendment to the 2017-2018 budget

74. Lease - U. T. Health Science Center - Houston: Authorization to lease approximately 183,956 square feet of space at 6410 Fannin Street, Houston, Harris County, Texas, to UT Physicians, for office and clinical use

Description: Lease of approximately 183,956 square feet of space located at 6410 Fannin Street, Houston, Harris County, Texas, for office and clinical use

Lessee: UT Physicians, a Texas non-profit corporation

Term: Ten years, commencing on January 1, 2017, and expiring on December 31, 2026

Lease Income: The space is divided into an upper suite, garage, and lower suites in the basement. During the first five years of the lease, the annual base rent for the upper suites and garage is \$26 per rentable square foot and during the last five years of the lease, the annual base rent is \$28 per rentable square foot. During the first five years of the lease, the annual base rent for both the upper suites, garage, and the lower basement suites is approximately \$48,983,820. In addition, the lessee will pay operating expenses.

75. Request for Budget Change - U. T. Health Science Center - San Antonio: Tenure Appointment -- amendment to the 2016-2017 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 \$	
School of Nursing					
Faculty Affairs and Diversity					
Vice Dean					
Savitri Singh-Carlson (T)	11/15-8/31	100	12	198,000	8420

76. Request for Budget Change - U. T. Health Science Center - San Antonio: Approval of Emeritus Title

Bettie Masters, from Professor to Professor Emeritus, Department of Biochemistry in the School of Medicine (RBC No. 8413) -- amendment to the 2015-2016 budget

FACILITIES PLANNING AND CONSTRUCTION COMMITTEE

77. Contract (funds going out) - U. T. System: AFG, A Joint Venture LLC to perform cost estimating services

Agency: AFG, A Joint Venture LLC

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

Source of Funds: Various funds approved for individual Capital Improvement Program projects

Period: July 15, 2014 through July 14, 2020
(Contract is being brought forward for Board approval as it is nearing the \$1,000,000 delegation threshold)

Description: AFG, A Joint Venture LLC, to perform miscellaneous and cost estimating services on a job order basis. Services were competitively procured.

78. Contract (funds going out) - U. T. System: Jacobs Project Management Company to perform project management and construction support services

Agency: Jacobs Project Management Company

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

Source of Funds: Various funds approved for individual Capital Improvement Program projects

Period: February 21, 2017 through February 20, 2023
(Contract is being brought forward for Board approval as it is nearing the \$1,000,000 delegation threshold)

Description: Jacobs Project Management Company to perform miscellaneous project management and construction support services on a job order basis. Services were competitively procured.

79. Contract (funds going out) - U. T. System: Broaddus & Associates, Inc., to perform project management and construction support services

Agency: Broaddus & Associates, Inc.

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

Source of Funds: Various funds approved for individual Capital Improvement Program projects

Period: February 21, 2017 through February 20, 2023
(Contract is being brought forward for Board approval as it is nearing the \$1,000,000 delegation threshold)

Description: Broaddus & Associates, Inc., to perform miscellaneous project management and construction support services on a job order basis. Services were competitively procured.

80. Contract (funds going out) - U. T. System: Hill International, Inc., to perform project management and construction support services

Agency: Hill International, Inc.

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

Source of Funds: Various funds approved for individual Capital Improvement Program projects

Period: February 21, 2017 through February 20, 2023
(Contract is being brought forward for Board approval as it is nearing the \$1,000,000 delegation threshold)

Description: Hill International, Inc., to perform miscellaneous project management and construction support services on a job order basis. Services were competitively procured.

81. Contract (funds going out) - U. T. System: Professional Service Industries, Inc. to perform technical support services

Agency: Professional Service Industries, Inc.

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

Source of Funds: Various funds approved for individual Capital Improvement Program projects

Period: September 1, 2011 through August 31, 2017
(Contract is being brought forward for Board approval as it is nearing the \$1,000,000 delegation threshold)

Description: Professional Service Industries, Inc. to perform miscellaneous technical and professional support services including geotechnical engineering and materials testing services, on a job order basis. Services were competitively procured.

82. Contract (funds going out) - U. T. System: Energy Testing and Balance, Inc. to perform technical support services

Agency: Energy Testing and Balance, Inc.

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

Source of Funds: Various funds approved for individual Capital Improvement Program projects

Period: September 20, 2016 through September 19, 2022
(Contract is being brought forward for Board approval as it is nearing the \$1,000,000 delegation threshold)

Description: Energy Testing and Balance, Inc. to perform miscellaneous technical support services, including testing, adjusting, and air balance services, on a job order basis. Services were competitively procured.

TECHNOLOGY TRANSFER AND RESEARCH COMMITTEE

No items for Consent Agenda

THE UNIVERSITY OF TEXAS SYSTEM

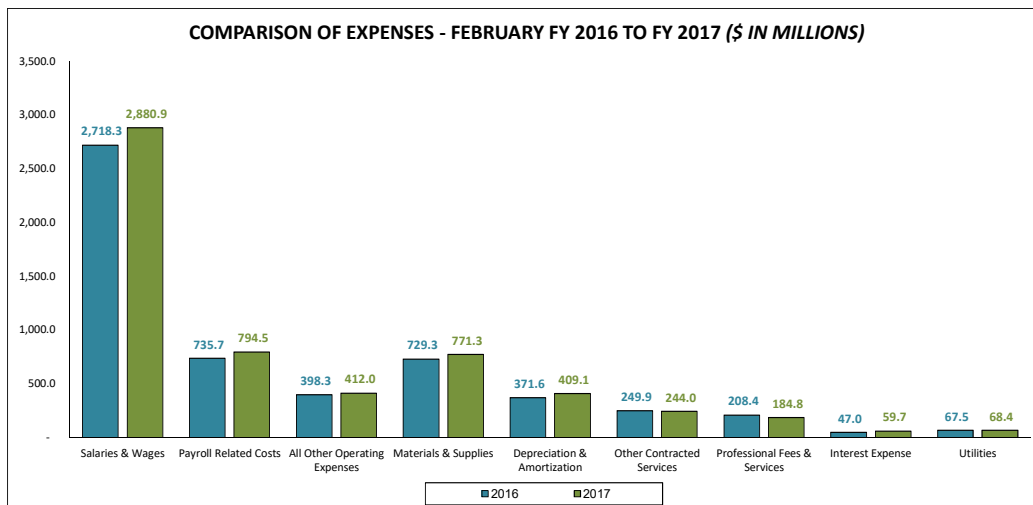
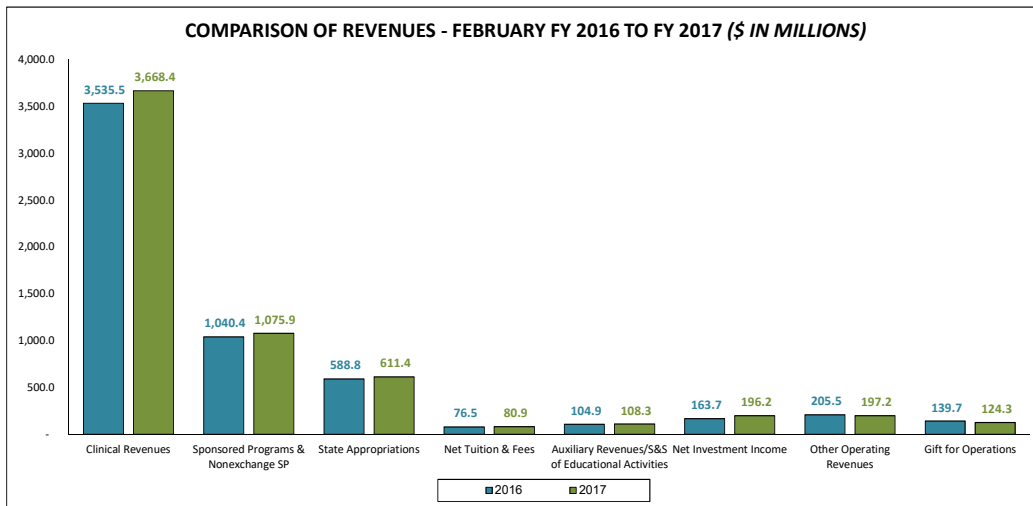


KEY FINANCIAL INDICATORS REPORT

**U. T. SYSTEM BOARD OF REGENTS' MEETING
MAY 9 – 10, 2017**

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

(\$ in millions)	U. T. Health Institutions		
	February FY 2016	February FY 2017	Projected FY 2017
Clinical Revenues	\$ 3,535.5	3,668.4	7,382.7
Sponsored Programs	1,040.4	1,075.9	2,140.5
State Appropriations	588.8	611.4	1,219.2
Net Tuition and Fees	76.5	80.9	155.8
Auxiliary Revenues/Sales & Services of Educational Activities	104.9	108.3	217.4
Net Investment Income	163.7	196.2	367.8
Other Operating Revenues	205.5	197.2	387.5
Gift Contributions for Operations	139.7	124.3	220.2
Total Revenues	5,855.0	6,062.6	12,091.0
Salaries and Wages	2,718.3	2,880.9	5,729.2
Payroll Related Costs	735.7	794.5	1,567.2
All Other Operating Expenses	398.3	412.0	839.7
Materials and Supplies	729.3	771.3	1,526.7
Depreciation and Amortization	371.6	409.1	832.3
Other Contracted Services	249.9	244.0	461.9
Professional Fees and Services	208.4	184.8	395.2
Interest Exp. on Cap. Asset Financing	47.0	59.7	121.6
Utilities	67.5	68.4	144.7
Total Expenses	\$ 5,526.0	5,824.8	11,618.4
Adjusted Income (Loss)	329.0	237.8	472.6

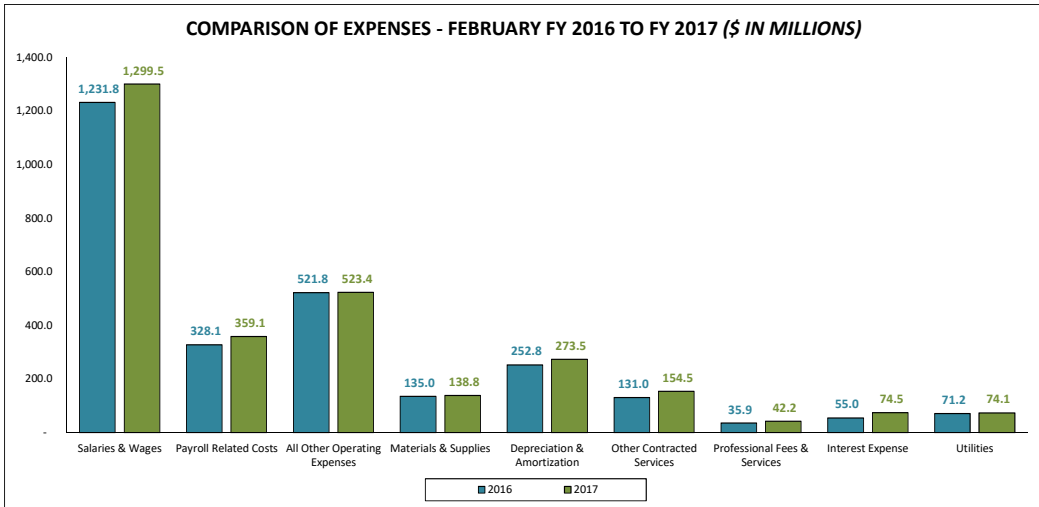
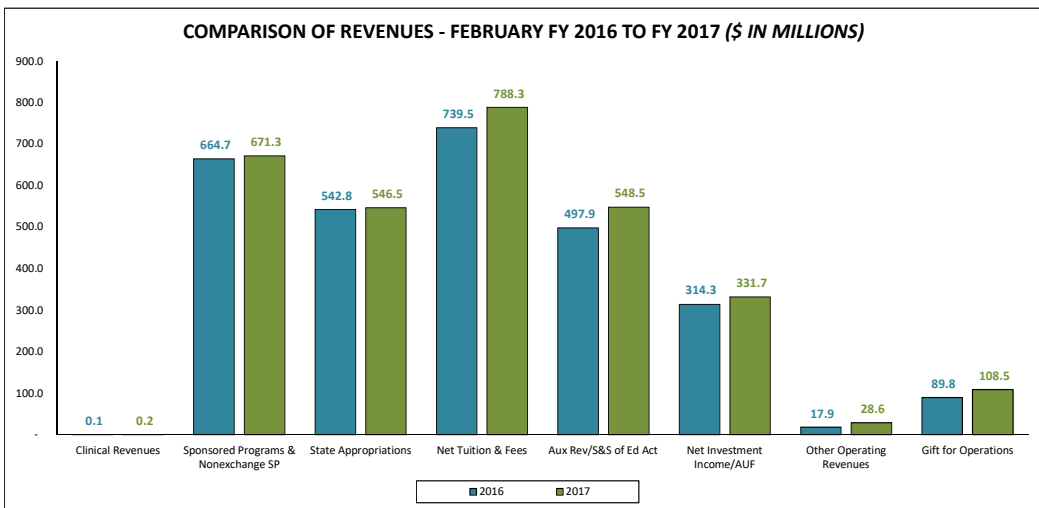


KEY INDICATORS OF FINANCIAL RESULTS

YEAR-TO-DATE 2016 AND 2017 FROM FEBRUARY MONTHLY FINANCIAL REPORT

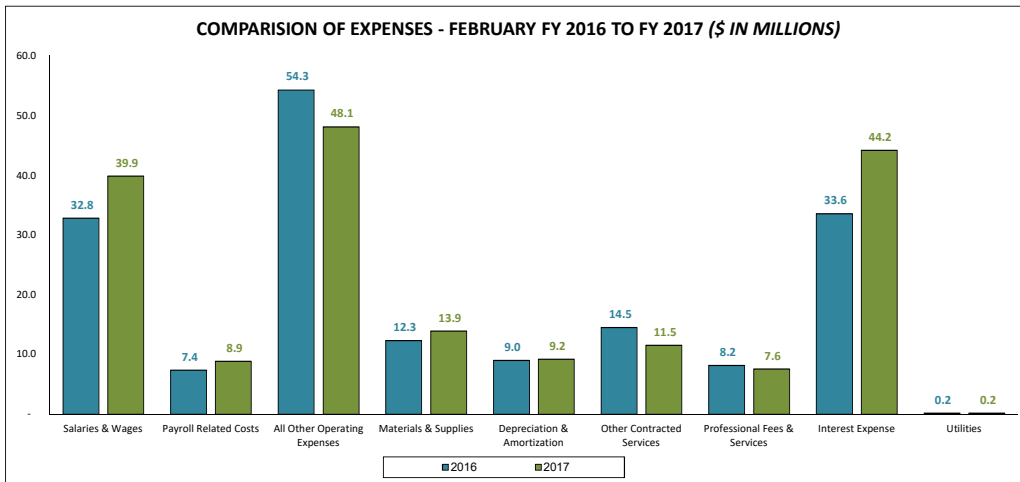
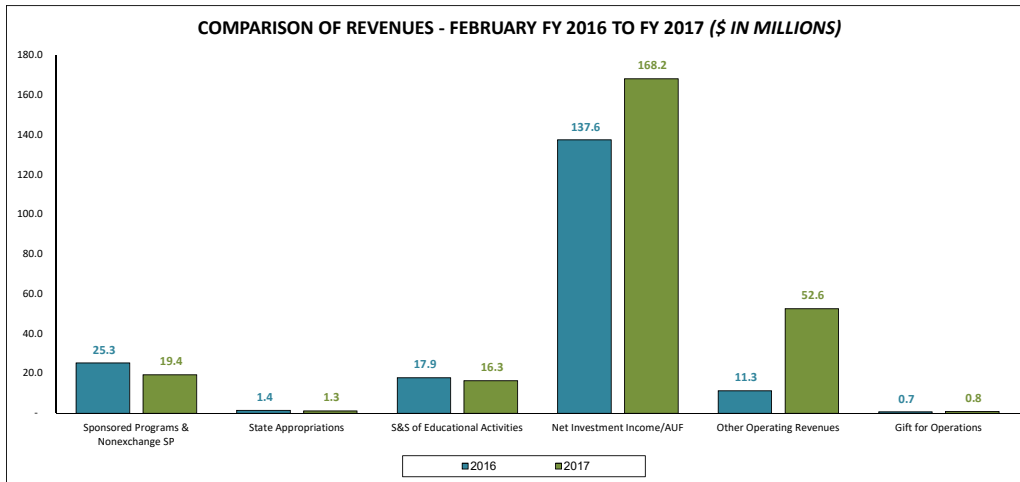
AND PROJECTED 2017 YEAR-END

(\$ in millions)	U. T. Academic Institutions		
	February FY 2016	February FY 2017	Projected FY 2017
Clinical Revenues	\$ 0.1	0.2	2.3
Sponsored Programs	664.7	671.3	1,363.4
State Appropriations	542.8	546.5	1,089.1
Net Tuition and Fees	739.5	788.3	1,577.0
Auxiliary Revenues/Sales & Services of Educational Activities	497.9	548.5	803.0
Net Investment Income/Available University Fund (AUF)	314.3	331.7	626.3
Other Operating Revenues	17.9	28.6	46.6
Gift Contributions for Operations	89.8	108.5	209.9
Total Revenues	2,867.0	3,023.6	5,717.7
Salaries and Wages	1,231.8	1,299.5	2,526.8
Payroll Related Costs	328.1	359.1	692.9
All Other Operating Expenses	521.8	523.4	954.3
Materials and Supplies	135.0	138.8	259.9
Depreciation and Amortization	252.8	273.5	551.8
Other Contracted Services	131.0	154.5	304.5
Professional Fees and Services	35.9	42.2	94.8
Interest Exp. on Cap. Asset Financing	55.0	74.5	136.4
Utilities	71.2	74.1	133.3
Total Expenses	\$ 2,762.8	2,939.8	5,654.7
Adjusted Income (Loss)	104.2	83.8	63.0



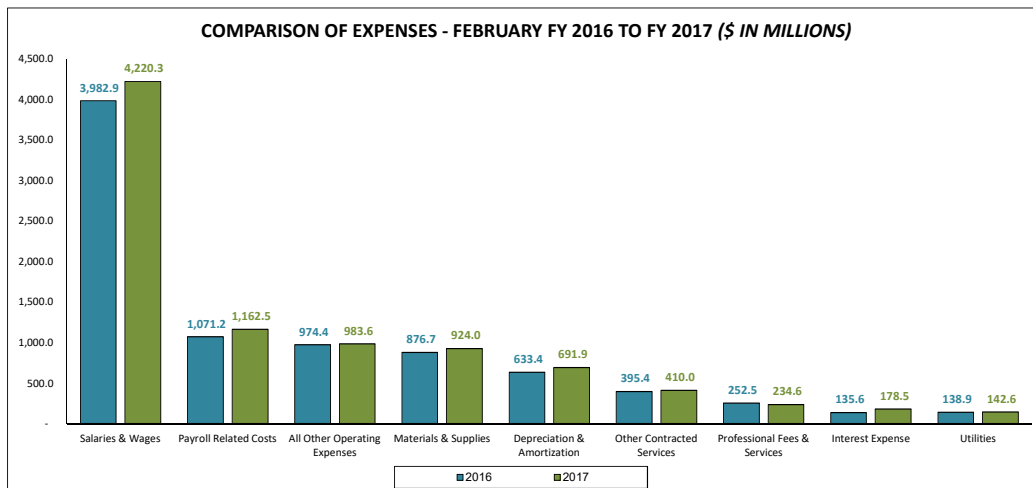
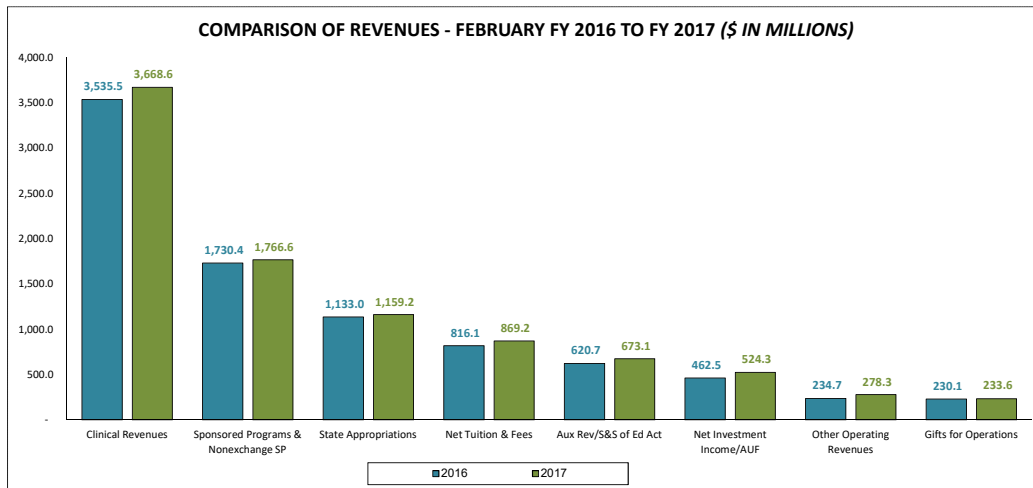
KEY INDICATORS OF FINANCIAL RESULTS YEAR-TO-DATE 2016 AND 2017 FROM FEBRUARY MONTHLY FINANCIAL REPORT AND PROJECTED 2017 YEAR-END

(\$ in millions)	U. T. System Administration		
	February	February	Projected
	FY 2016	FY 2017	FY 2017
Sponsored Programs	\$ 25.3	19.4	37.7
State Appropriations	1.4	1.3	2.5
Sales & Services of Educational Activities	17.9	16.3	32.7
Net Investment Income/AUF	137.6	168.2	223.9
Other Operating Revenues	11.3	52.6	105.2
Gift Contributions for Operations	0.7	0.8	0.8
Total Revenues	194.2	258.6	402.8
Salaries and Wages	32.8	39.9	79.7
Payroll Related Costs	7.4	8.9	17.8
All Other Operating Expenses	54.3	48.1	96.2
Materials and Supplies	12.3	13.9	27.9
Depreciation and Amortization	9.0	9.2	18.4
Other Contracted Services	14.5	11.5	31.3
Professional Fees and Services	8.2	7.6	15.1
Interest Exp. on Cap. Asset Financing	33.6	44.2	88.4
Utilities	0.2	0.2	0.4
Total Expenses	172.3	183.4	375.2
Adjusted Income (Loss) - Excluding Other Postemployment Benefits (OPEB), Pension Exp., & Elimination of AUF Transfer to U. T. Austin	22.0	75.2	27.6
Increase in Net OPEB Obligation	333.4	353.5	707.0
Pension Expense	106.4	125.2	250.3
Elimination of AUF Transfer to U. T. Austin	153.1	171.8	343.6
Adjusted Income (Loss)	(571.0)	(575.3)	(1,273.3)

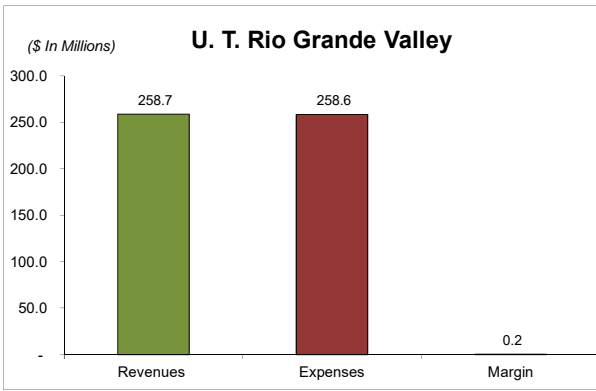
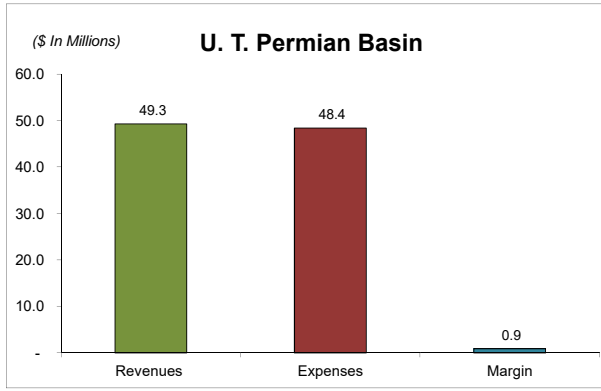
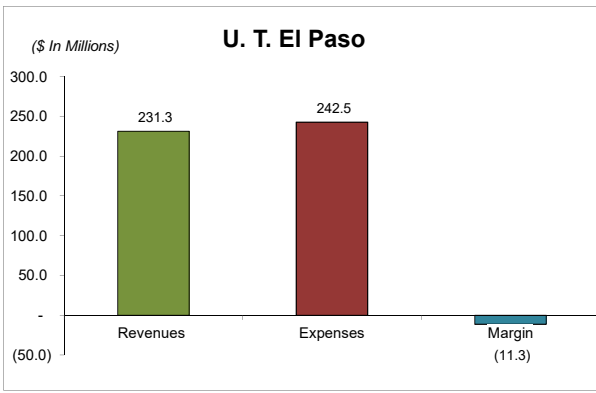
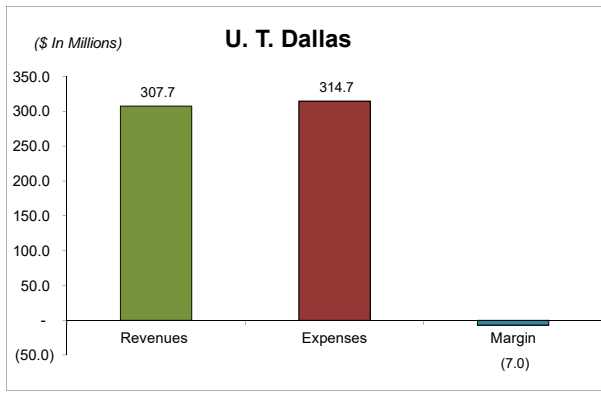
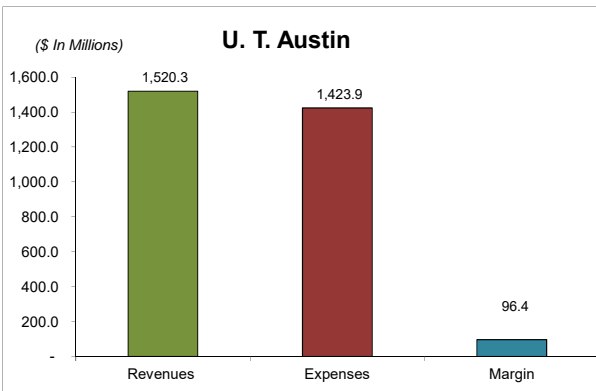
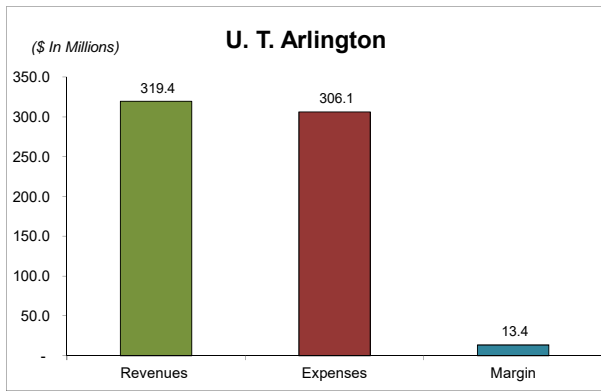
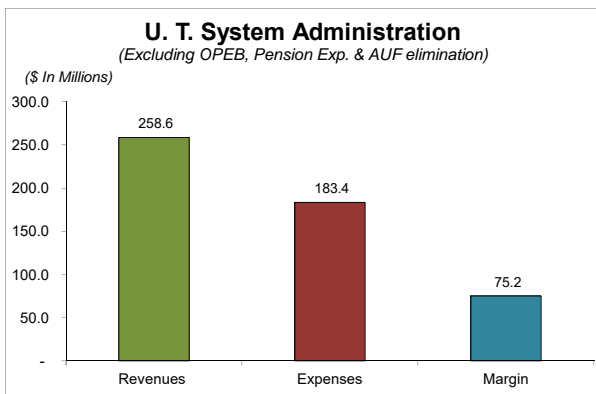
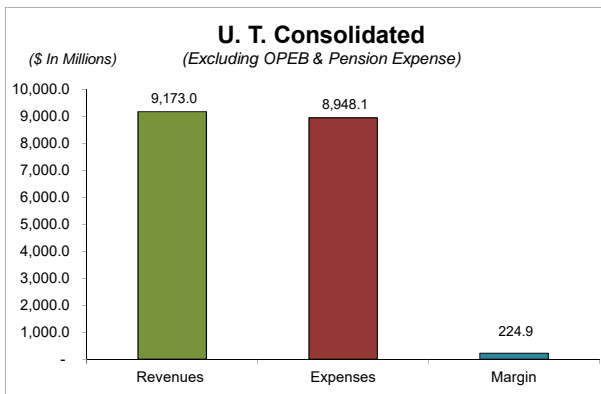


KEY INDICATORS OF FINANCIAL RESULTS YEAR-TO-DATE 2016 AND 2017 FROM FEBRUARY MONTHLY FINANCIAL REPORT AND PROJECTED 2017 YEAR-END

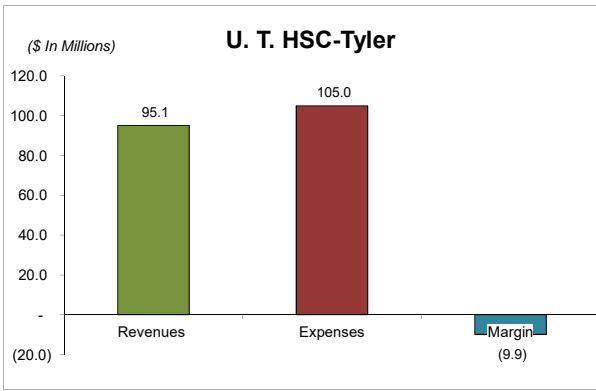
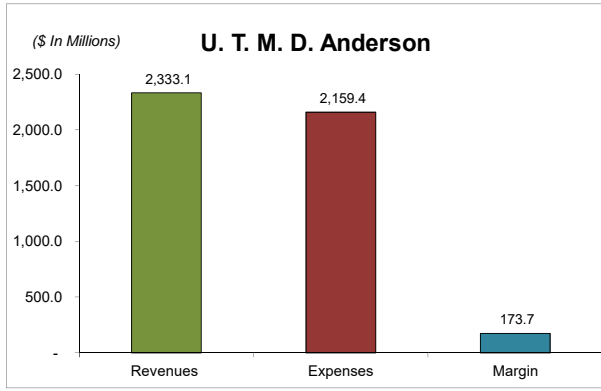
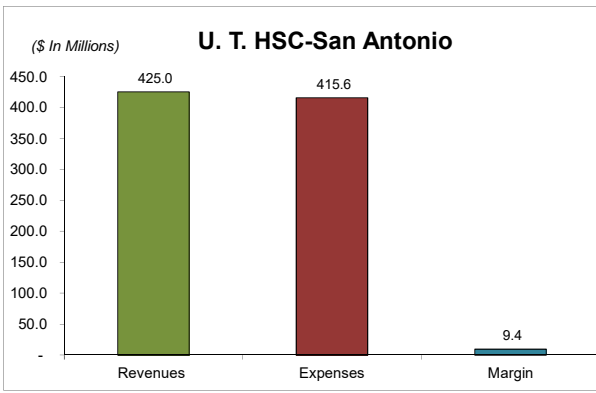
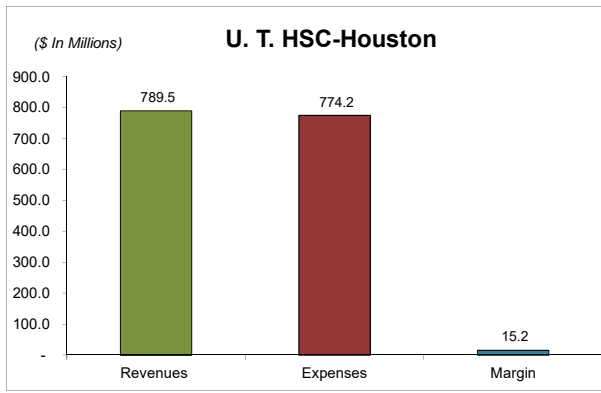
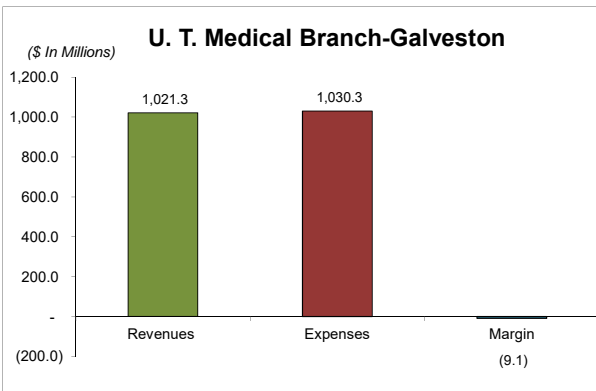
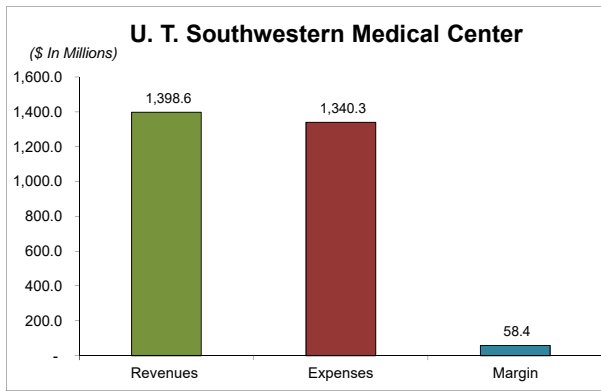
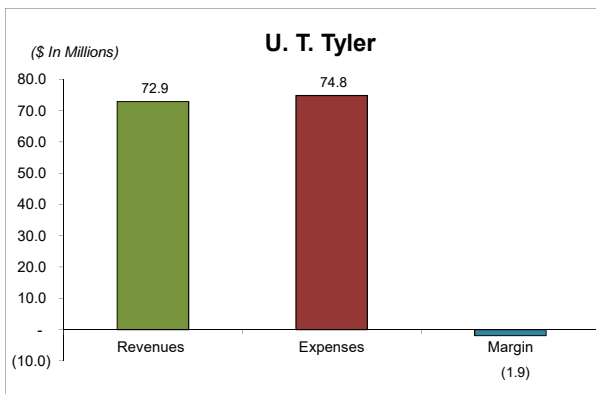
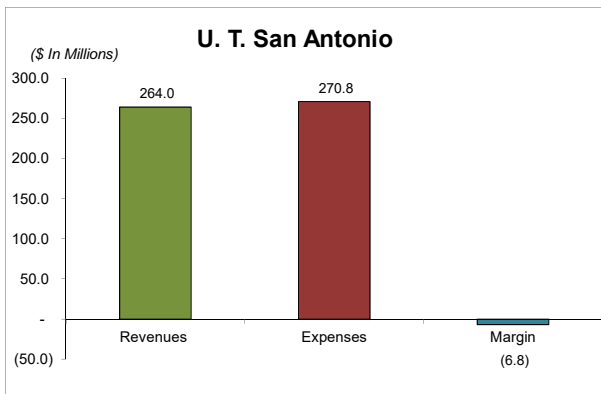
(\$ in millions)	U. T. Consolidated		
	February FY 2016	February FY 2017	Projected FY 2017
Clinical Revenues	\$ 3,535.5	3,668.6	7,385.0
Sponsored Programs	1,730.4	1,766.6	3,541.6
State Appropriations	1,133.0	1,159.2	2,310.8
Net Tuition and Fees	816.1	869.2	1,732.8
Auxiliary Revenues/Sales & Services of Educational Activities	620.7	673.1	1,053.0
Net Investment Income/AUF	462.5	524.3	874.3
Other Operating Revenues	234.7	278.3	539.4
Gift Contributions for Operations	230.1	233.6	430.9
Total Revenues	8,763.1	9,173.0	17,867.9
Salaries and Wages	3,982.9	4,220.3	8,335.7
Payroll Related Costs	1,071.2	1,162.5	2,277.8
All Other Operating Expenses	974.4	983.6	1,890.3
Materials and Supplies	876.7	924.0	1,814.5
Depreciation and Amortization	633.4	691.9	1,402.4
Other Contracted Services	395.4	410.0	797.7
Professional Fees and Services	252.5	234.6	505.1
Interest Exp. on Cap. Asset Financing	135.6	178.5	346.4
Utilities	138.9	142.6	278.4
Total Expenses	\$ 8,461.1	8,948.1	17,648.3
Adjusted Income (Loss) - Excluding OPEB & Pension Exp.	302.0	224.9	219.6
Increase in Net OPEB Obligation	333.4	353.5	707.0
Pension Expense	106.4	125.2	250.3
Adjusted Income (Loss)	(137.9)	(253.8)	(737.7)



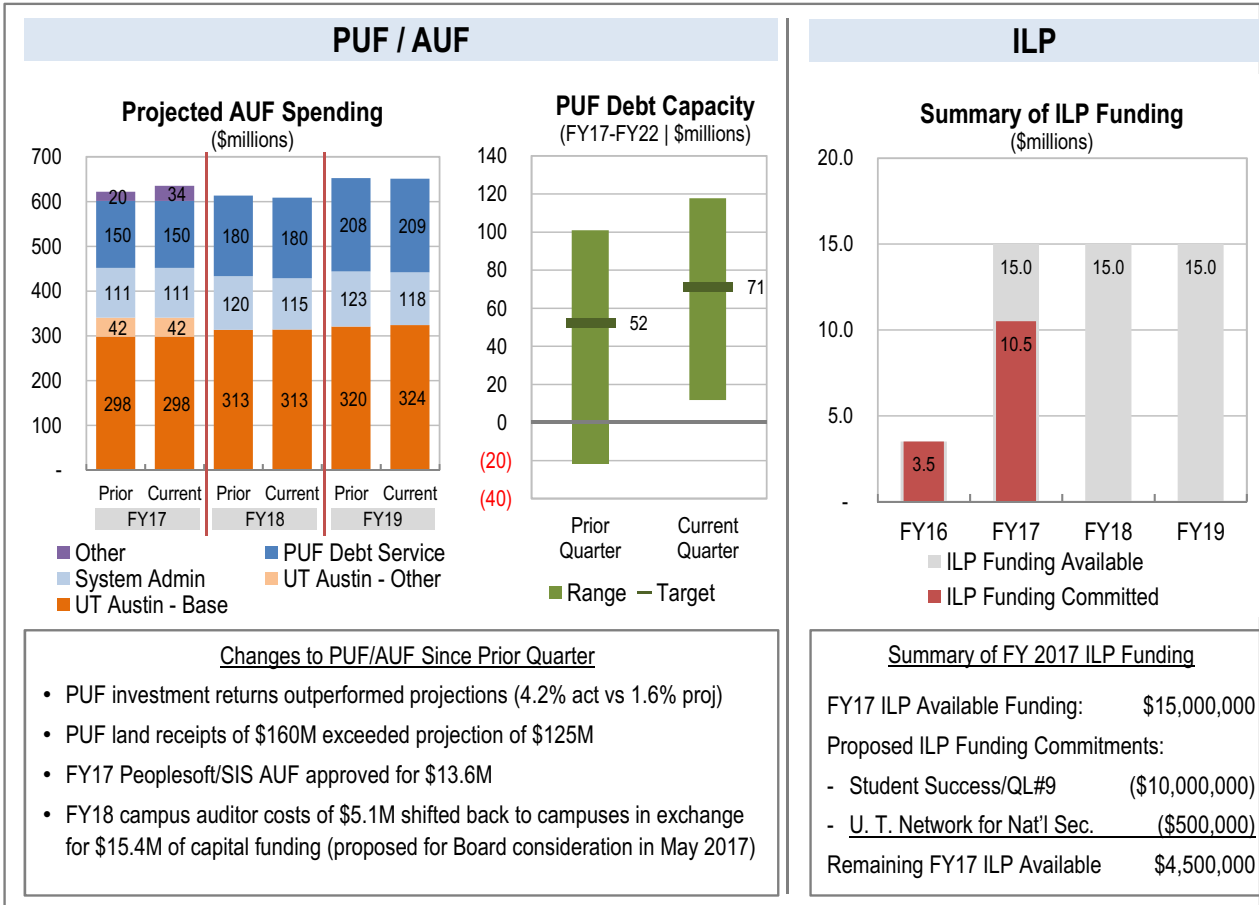
**KEY INDICATORS OF FINANCIAL RESULTS
YEAR-TO-DATE 2017 FROM FEBRUARY MONTHLY FINANCIAL REPORT**



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



PUF / AUF / ILP Update For Quarter Ending March 31, 2017



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

Internal Lending Program Update

Dr. Scott Kelley, Executive Vice Chancellor for Business Affairs

U. T. System Board of Regents' Meeting
Finance and Planning Committee
May 9, 2017

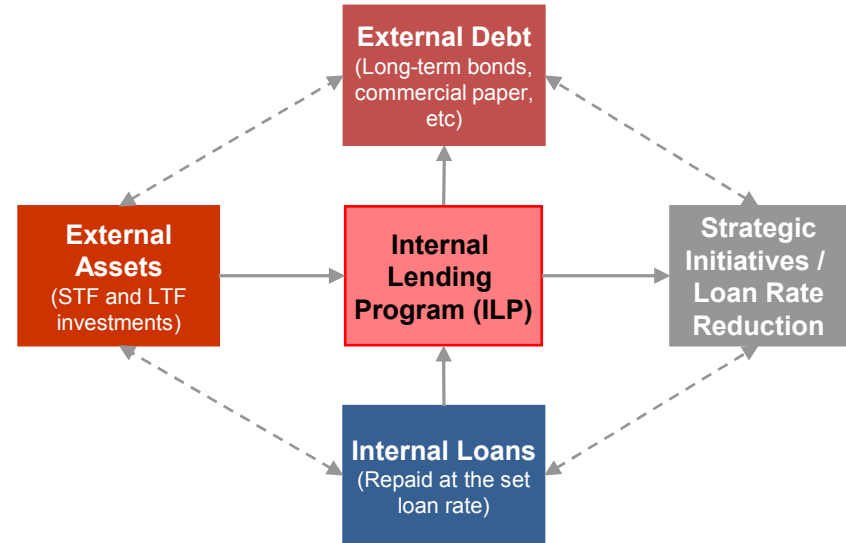


THE UNIVERSITY of TEXAS SYSTEM
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Executive Summary

- An internal lending program allows institutions to manage resources across the entire institution, rather than through individual departments or schools.
- The concept has been utilized by many other major research universities (Harvard, Duke, UNC, Virginia, Cornell, Columbia, Emory, Ohio State, MIT, etc.) as a way to provide uniform internal lending rates with reduced interest cost volatility, to better optimize capital market borrowing, and to generate centralized funds for strategic initiatives.



U. T. System ILP Benefits

- The primary benefits of the ILP that were unavailable under the prior lending approach:
 - **Provide uniform lending rates and terms** across the U. T. System with institutions assuming less interest rate risk compared to current practices, where institutions and their underlying projects bear the cost of capital at the time of borrowing.
 - **Use a portfolio approach** to better distribute debt portfolio risks across the institutions and underlying projects versus each project assuming risks of a particular financing structure. This portfolio approach provides a mechanism to enable U. T. System Administration to take advantage of more optimal debt structures that are not directly tied nor appropriate for individual projects or borrowers.
 - **Minimize the need to issue taxable debt** for projects that, under the current debt issuance process, cannot be financed on a tax-exempt basis due to private business use restrictions.
 - **Increase funds available for strategic initiatives and long-term investment** by delinking the external and internal debt structure. U. T. System Administration can then create a pool of liquidity to either invest or relend internally depending on market conditions.
 - **Create a more sustainable and efficient debt management process** for both U. T. institutions and System Administration and eliminate negative arbitrage for U. T. institutions.
 - **Reduce the number of accounting transactions** by simplifying the debt service billing and accounting processes.



ILP Implementation

- The ILP was implemented at the start of fiscal year 2016 under the following conditions:
 - All projects previously financed with long-term Revenue Financing System (RFS) bonds were “grandfathered” to be cash flow neutral on an annual basis¹.
 - All new projects were financed at the blended rate of 4.50%² upon reaching substantial completion.
 - Capital projects in construction and capital equipment are financed at the average commercial paper rate plus a premium, initially set at 0.75%.
 - Excess funds generated through value-add transactions are to be used only to fund strategic initiatives for the benefit of U. T. institutions as recommended by the Chancellor and approved by the Board. All proceeds go to the campuses.
- Previously, all savings derived through centralized debt management were passed directly to the U. T. institutions as they were realized, but the allocation of certain transactions was difficult to allocate to specific borrowers.
 - Under the new structure, the savings is aggregated and used to lower the blended rate for all institutions and to fund strategic initiatives at various U. T. institutions.

[1] Due to rounding, there may be slight differences in annual debt service.

[2] For projects that do not comply with IRS private business use restrictions, an additional use flexibility premium is added to cover the incremental cost of taxable debt.



Transparency in ILP Implementation

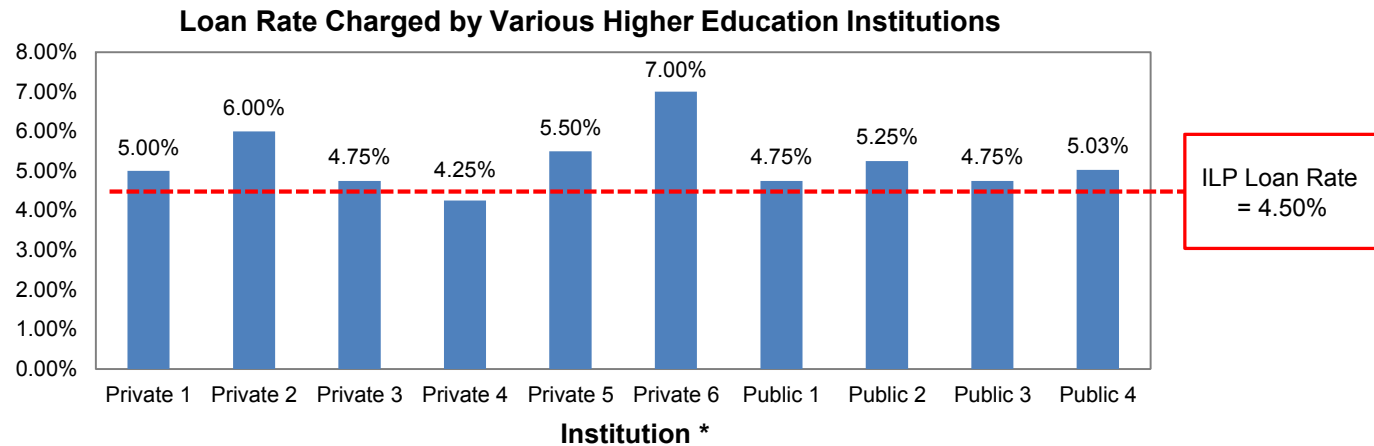
The U. T. System ILP was discussed on multiple occasions with various constituencies before the proposal was presented and approved by the Board of Regents.

August 4, 2015	ILP presented to the Chief Business Officers at the Business Management Council Meeting
August 25, 2015	Chancellor distributed letter and FAQ document to all Presidents regarding ILP implementation
September 1, 2015	Chancellor and Dr. Kelley briefed the Board Chairman and Vice Chairmen during a regularly scheduled Finance and Planning Committee video teleconference about the November 2015 proposed Internal Lending Program agenda item
September 9, 2015	ILP presented to the Presidents of the academic institutions during the Chancellor's biweekly video teleconference with the Presidents
September 30, 2015	ILP presented to the Presidents of the health institutions during the Chancellor's biweekly video teleconference with the Presidents
November 5, 2015	Board of Regents approved the U. T. System Internal Lending Program



Loan Rates Charged by Other Research Universities

- Other research universities utilizing an ILP structure currently lend at interest rates ranging from 4.25% to 7.00%.
- The initial ILP loan rate of 4.50% was among the lowest lending rate across peer institutions.

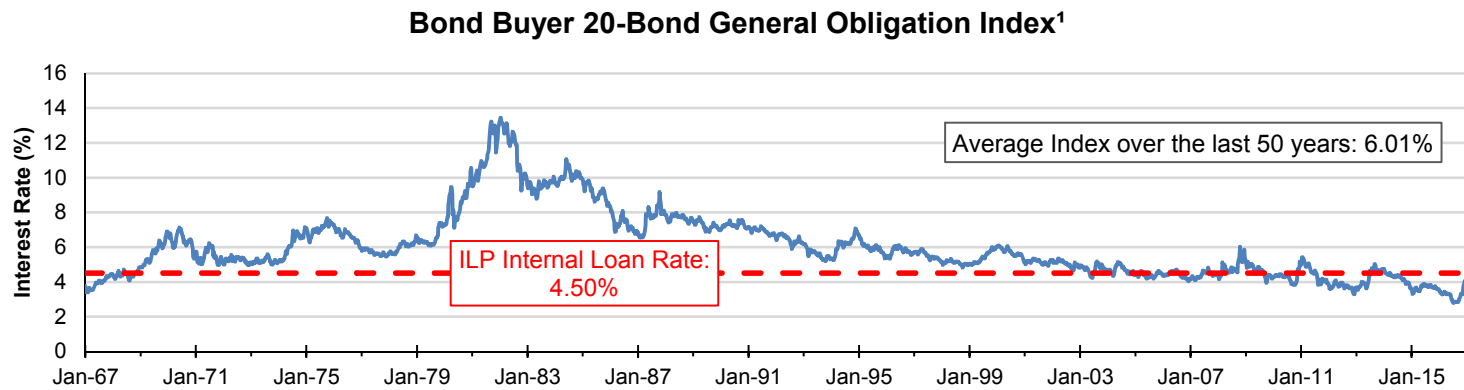


* Identities of higher education institutions removed for confidentiality reasons.



ILP Lending Rate in Historical Context

- Over the last fifty years, the average interest rate of the Bond Buyer 20-Bond General Obligation Index exceeds 6.0%.
- The initial ILP lending rate of 4.50% is in the bottom quartile of rates over the last fifty years.
- One of the primary objectives of the ILP is to maintain a stable lending rate; the ILP is in essence providing a perpetual cap on interest rates for the benefit of U. T. institutions.

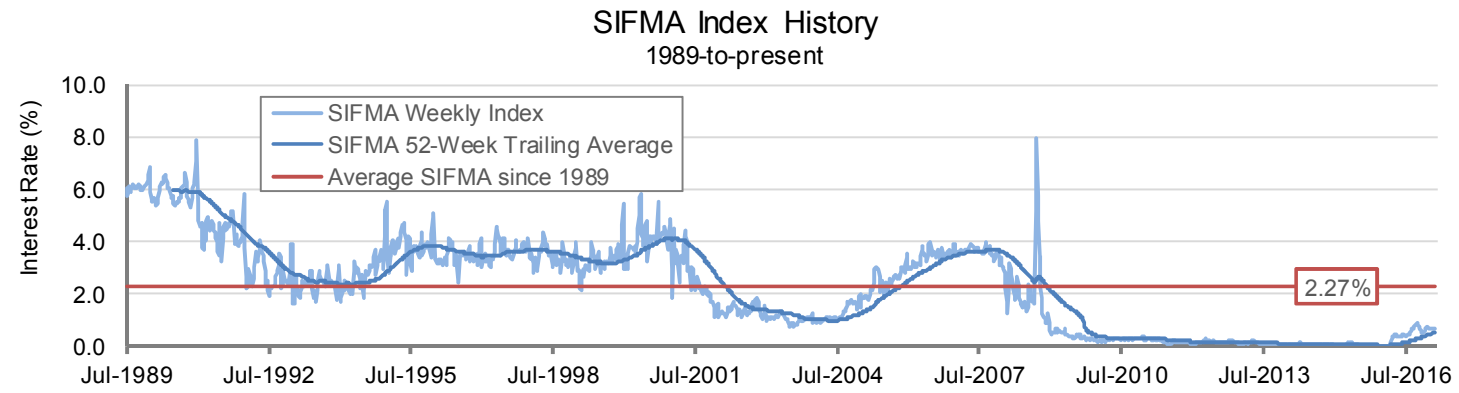


¹ The 20-Bond Index consists of 20 general obligation bonds that mature in 20 years. The average ratings of the 20 bonds is roughly equivalent to Moody's Investors Service Aa2 rating and Standard & Poor's Corp.'s AA.

Note: Although the 20-Bond Index illustrated above is not necessarily indicative of the System's Aaa/AAA absolute borrowing rate, the graph illustrates the relative level of actual long-term interest rates by institutional borrowers in a historical context.

ILP Portfolio Value-Add Benefit

- The implementation of the ILP allows the System to take a more portfolio-driven approach to add significant value to the institutions. For example, the use of long-term variable-rate debt can potentially reduce the cost of capital for all institutions, but it is rarely appropriate for any single project that would have been subject to variable-rate fluctuations under the prior pass-through model.



¹ The Securities Industry and Financial Markets Association Municipal Swap Index ("SIFMA Index") is a 7-day high-grade market index comprised of tax-exempt Variable Rate Demand Obligations (VRDOs) with certain characteristics (such as size, of the highest short-term rating) and is calculated and published by Bloomberg, overseen by SIFMA's Municipal Swap Index Committee.
 Note: Although the SIFMA Index illustrated above is not necessarily indicative of the System's Aaa/AAA absolute short-term borrowing rate, the graph illustrates the relative level of actual short-term interest rates by institutional borrowers in a historical context.

Internal Lending Program Background

- The Internal Lending Program was approved by the Board of Regents in November 2015.
- The ILP only involves projects to be financed with RFS debt and excludes PUF debt and TRB debt.
- ILP Strategic Goals:
 - Use a portfolio approach to better distribute debt portfolio risks
 - Provide uniform lending rates and terms across projects and institutions
 - Minimize the need to issue taxable debt
 - Increase funds available for strategic initiatives and long-term investment
 - Create a more sustainable and efficient debt management process
 - Accounting simplification



Successful ILP Implementation

- The ILP has had a very successful implementation and is exceeding original expectations.
- Due to this success, the U. T. System Office of Business Affairs will be reducing the ILP loan rates for the fiscal year beginning September 1, 2017.
- Even with planned rate reduction, the ILP is expected to continue to generate \$15 million annually for use by the Board of Regents to fund strategic initiatives.



Various Sources of Value-Add

- The U. T. System Office of Finance has added a significant amount of value to permit the lowering of ILP loan rates, including:

Source	Description
Derivative Transactions	<ul style="list-style-type: none"> - Executed forward-starting fixed-payer swap around the time of the Brexit vote to hedge future interest rate risk and to lock-in very attractive long-term funding costs. - Executed three MMD basis swaps that are expected to generate \$4.4 million annually for at least ten years to further reduce interest cost. - Various swaptions and novations executed over last five years have generated \$3.6 million to date. - Basis swaps generated about \$2.1 million of incremental revenue during FY 2016 and is expected to continue in future years. - Positive carry on synthetic fixed-rate transactions is expected to save an additional \$0.6 million in FY 2017 and increase in future years.
Refunding Transactions	<ul style="list-style-type: none"> - Refunded \$267 million of outstanding bonds to capitalize on low interest rates to generate \$48.9 million of present value debt service savings.
Long-Term Financing	<ul style="list-style-type: none"> - Executed various long-term transactions totaling \$1.1 billion in par at all-in true interest costs ranging from 2.00% to 3.62% compared to projected levels of 3.50% to 4.25%.



Proposed ILP Rate Changes

	Current Terms	FY 2018 Recommendation
Long-Term Capital	<ul style="list-style-type: none"> - Quarterly principal and interest payments with 10-30 year repayment terms. - <i>Long-Term Rate</i> of 4.50% 	- <i>Long-Term Rate</i> decrease from 4.50% to 4.25% .
Flexibility Premium	<ul style="list-style-type: none"> - Additional premium for projects with IRS private business use restrictions. 	- <i>Flexibility Premium</i> decrease from 0.75% to 0.50% .
Grandfathered Long-Term Debt	<ul style="list-style-type: none"> - Fixed schedule with quarterly principal and interest payments. 	No change
Equipment Loans	<ul style="list-style-type: none"> - Quarterly principal and interest payments with 3 to 10 year repayment terms. - <i>Short-Term Rate</i> equal to average CP rate paid by System plus <i>Short-Term Premium</i> of 0.75%. 	No change
Short-Term Capital (interim financing)	<ul style="list-style-type: none"> - Quarterly interest payments during construction → converted to Long-Term Capital loan upon reaching Substantial Completion. - <i>Short-Term Rate</i> equal to average CP rate paid by System plus <i>Short-Term Premium</i> of 0.75%. 	No change



Funding for Strategic Initiatives

- Under current assumptions with the proposed Long-Term Rate reduction, the ILP is expecting **\$15 million** of funding available annually for strategic initiatives.

FY 2017 ILP Available Funding	\$15,000,000
ILP Funding Commitments-to-Date:	
- Student Success/Quantum Leap #9	(\$10,000,000)
- U. T. Network for National Security	<u>(\$500,000)</u>
Remaining FY 2017 ILP Available Funding	\$4,500,000

