



## SCHEDULE OF EVENTS FOR BOARD OF REGENTS' MEETING

**August 21-22, 2013**  
Austin, Texas

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

### **Wednesday, August 21, 2013**

Audit, Compliance, and Management Review Committee .....	9:30 a.m.
Finance and Planning Committee .....	10:30 a.m.
Health Affairs Committee .....	11:30 a.m.
Lunch .....	12:30 p.m.
Facilities Planning and Construction Committee .....	1:00 p.m.
Technology Transfer and Research Committee .....	2:00 p.m.
Academic Affairs Committee .....	2:45 p.m.
Meeting of the Board - Open Session .....	3:30 p.m.
<i>Faculty Advisory Council</i>	
Recess .....	4:15 p.m.

### **Thursday, August 22, 2013**

Meeting of the Board - Open Session .....	8:30 a.m.
Recess to Executive Session and Working Lunch .....	11:30 a.m.
Meeting of the Board - Open Session .....	4:15 p.m. <i>approximately</i>
Adjourn .....	5:00 p.m. <i>approximately</i>



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

**August 21-22, 2013  
Austin, Texas**

	<b>Board Meeting</b>	<b>Page</b>
<b><u>AUGUST 21, 2013</u></b>		
CONVENE THE BOARD IN OPEN SESSION TO CONSIDER AGENDA ITEMS	3:30 p.m.	
1. <b>U. T. System Board of Regents: Annual Meeting with Officers of the U. T. System Faculty Advisory Council</b>	<b>Report/Discussion</b> <i>Donald Molony, M.D.</i>	<b>5</b>
RECESS	4:15 p.m.	
<b><u>AUGUST 22, 2013</u></b>		
RECONVENE THE BOARD IN OPEN SESSION TO CONSIDER AGENDA ITEMS	8:30 a.m.	
2. <b>U. T. System Board of Regents: Introduction of new Board members and Invited Guests</b>	8:31 a.m. <b>Introductions</b>	
3. <b>U. T. System Board of Regents: Chairman's announcement of interim Committee appointments</b>	8:50 a.m.	
4. <b>U. T. System Board of Regents: Approval of Consent Agenda items and referral of any items to the full Board or to Committee</b>	9:00 a.m.	<b>6</b>
5. <b>U. T. System Board of Regents: Student visual arts display</b>	9:05 a.m. <b>Presentation</b> <i>Dr. Reyes</i>	<b>7</b>
6. <b>U. T. System: Update on Framework for Advancing Excellence throughout The University of Texas System: Action Plan</b>	9:15 a.m. <b>Report</b> <i>Chancellor Cigarroa</i>	<b>8</b>
7. <b>U. T. System: Comments on new institution in South Texas</b>	9:45 a.m. <b>Report</b> <i>Chancellor Cigarroa</i>	<b>9</b>
8. <b>U. T. System Board of Regents: Report and recommendations from the Advisory Task Force on Best Practices Regarding University Affiliated Foundation Relationships</b>	10:00 a.m. <b>Action</b> <i>Regent Pejovich</i>	<b>10</b>

	<b>Board Meeting</b>	<b>Page</b>
<b>9. U. T. System Board of Regents: Report from the Task Force on Employee/Student Relationships</b>	<i>10:10 a.m.</i> <b>Report</b> <i>Vice Chairman Foster</i>	<b>11</b>
<b>10. U. T. System Board of Regents: Interim report from the Task Force on Engineering Education for the 21st Century</b>	<i>10:20 a.m.</i> <b>Report</b> <i>Regent Cranberg</i> <i>President Daniel</i>	<b>11</b>
<b>11. U. T. System Board of Regents: Legislative update for the 83rd Legislative Session and recognition of staff of Office of Governmental Relations</b>	<i>10:40 a.m.</i> <b>Report</b> <i>Mr. McBee</i>	<b>12</b>
<b>12. U. T. System Board of Regents: Presentation of certificate of appreciation to Executive Vice Chancellor Shine and possible additional recognition</b>	<i>10:55 a.m.</i> <b>Presentation</b>	
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 (working lunch)	<i>11:30 a.m.</i>	
1. Deliberations Regarding the Purchase, Exchange, Lease, Sale, or Value of Real Property – Section 551.072		
2. Consultation with Attorney Regarding Legal Matters or Pending and/or Contemplated Litigation or Settlement Offers – Section 551.071		
<b>a. U. T. System Board of Regents: Discussion with Counsel on pending legal issues</b>		
<b>b. U. T. Permian Basin: Discussion and appropriate action regarding legal issues related to the Estate of Mrs. Cristeena Meyer</b>		
3. Negotiated Contracts for Prospective Gifts or Donations – Section 551.073		
<b>a. U. T. Austin: Discussion and appropriate action regarding proposed negotiated gifts with potential naming features</b>	<i>Dr. Safady</i>	
<b>b. U. T. San Antonio: Discussion and appropriate action regarding proposed negotiated gifts with potential naming features</b>	<i>Dr. Safady</i>	
<b>c. U. T. Tyler: Discussion and appropriate action regarding proposed negotiated gifts with potential naming features</b>	<i>Dr. Safady</i>	
<b>d. U. T. M. D. Anderson Cancer Center: Discussion and appropriate action regarding proposed negotiated gifts with potential naming features</b>	<i>Dr. Safady</i>	

	Board Meeting	Page
4. Personnel Matters Relating to Appointment, Employment, Evaluation, Assignment, Duties, Discipline, or Dismissal of Officers or Employees – Section 551.074		
a. <b>U. T. System: Discussion of individual personnel matters relating to appointment, employment, evaluation, compensation, assignment, and duties of U. T. System and institutional employees including employees covered by Regents’ Rules and Regulations, Rule 20204, regarding compensation for highly compensated employees, and Rule 20203, regarding compensation for key executives</b>		
b. <b>U. T. System: Discussion regarding individual personnel matters relating to appointment, employment, evaluation, compensation, assignment, and duties of presidents (academic and health institutions), U. T. System Administration officers (Executive Vice Chancellors and Vice Chancellors), other officers reporting directly to the Board (Chancellor, General Counsel to the Board, and Chief Audit Executive), and U. T. System and institutional employees and related personnel aspects of the operating budget for Fiscal Year 2014</b>		
c. <b>U. T. System Board of Regents: Discussion regarding individual personnel matters associated with the organization of the Board of Regents and the election of officers</b>		
5. Deliberation Regarding Security Devices or Security Audits – Section 551.076		
<b>U. T. System Board of Regents: Discussion and appropriate action regarding safety and security issues, including security audits and the deployment of security personnel and devices</b>	<i>Dr. Kelley Mr. Heidingsfield</i>	
RECONVENE IN OPEN SESSION TO CONSIDER ACTION, IF ANY, ON EXECUTIVE SESSION ITEMS AND TO CONSIDER AGENDA ITEMS	<i>4:15 p.m. approximately</i>	
13. <b>U. T. System: Approval of the nonpersonnel aspects of the operating budgets for Fiscal Year 2014, including the Permanent University Fund Bond Proceeds allocation for Library, Equipment, Repair and Rehabilitation Projects, allocation for the Science and Technology Acquisition and Retention Program, and Available University Funds allocation for strategic priorities in information technology and campus support for U. T. System</b>	<b>Action</b> <i>Chancellor Cigarroa</i>	<b>13</b>
and		
14. <b>U. T. System: Discussion and appropriate action regarding personnel aspects of the U. T. System Administration operating budget for Fiscal Year 2014</b>	<b>Action</b> <i>Vice Chairman Foster Vice Chairman Hicks Regent Stillwell</i>	<b>38</b>
15. <b>U. T. System Board of Regents: Possible election of Board Officers</b>	<b>Action</b>	
ADJOURN	<i>5:00 p.m. approximately</i>	

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

REPORT

The U. T. System Faculty Advisory Council will meet with the Board to discuss accomplishments of the Council and plans for the future following the agenda below. Council members scheduled to attend are:

**Chair: Donald Molony, M.D.**, U. T. Health Science Center - Houston, Internal Medicine

**Former Chair: Murray Leaf, Ph.D.**, U. T. Dallas, Economic, Political and Policy Sciences

**Chair Elect: Elizabeth Heise, Ph.D.**, U. T. Brownsville, Chemistry and Environmental Sciences

AGENDA

1. Introductions
2. Chairperson's report and overview, including concerns and priorities for 2013-2014
3. Standing Committee presentation

BACKGROUND INFORMATION

The University of Texas System Faculty Advisory Council was established in 1989 to provide a forum for communicating ideas and information between faculty, the Board of Regents, and the Executive Officers of U. T. System. Council guidelines require that recommendations have a multi-institutional focus and that the Council explore individual campus issues with institutional administrators prior to any consideration.

The Faculty Advisory Council consists of two faculty representatives from each U. T. System institution and meets quarterly. The Standing Committees of the Council are: Academic Affairs and Faculty Quality, Governance, and Health Affairs.

4. **U. T. System Board of Regents: Approval of Consent Agenda items and referral of any items to the full Board or to Committee**

**RECOMMENDATION**

The Board will be asked to approve the Consent Agenda items located at the back of the book under the Consent Agenda tab.

5. **U. T. System: Student visual arts display**

PRESENTATION

Artwork from Ms. Samantha Ortega, a student at U. T. Austin, will be displayed at the meeting.

6. **U. T. System: Update on Framework for Advancing Excellence throughout The University of Texas System: Action Plan**

REPORT

Chancellor Cigarroa will provide an update on the Framework for Advancing Excellence throughout The University of Texas System: Action Plan approved by the Board of Regents on August 25, 2011. His update will showcase campus-level advancement of the Framework goals and how those advancements are providing excellent resources to enhance their educational mission.



7. **U. T. System: Report on new institution in South Texas**

REPORT

Chancellor Cigarroa will provide comments on the new University of Texas System institution in South Texas. A video presentation will be made at the meeting.

8. **U. T. System Board of Regents: Report and recommendations from the Advisory Task Force on Best Practices Regarding University Affiliated Foundation Relationships**

**REPORT AND RECOMMENDATIONS**

Task Force Chairman Pejovich will report on the work of the Advisory Task Force on Best Practices Regarding University Affiliated Foundation Relationships and make recommendations for Board consideration.

**BACKGROUND INFORMATION**

On November 15, 2012, Chairman Powell created this Advisory Task Force and charged the Task Force with the following:

- a. Making recommendations to the U. T. System Board of Regents to assure that relationships between U. T. System institutions and the U. T. System and affiliated foundations are optimally structured to serve as a national model for public universities for the best management, compliance, and oversight practices.
- b. Reviewing issues concerning best patterns for interactions with separately incorporated legal entities set up to benefit the U. T. System or one or more U. T. System institutions or operations.

Regent Pejovich provided a brief update on the Task Force's work at the Board's May 9, 2013 meeting. The Task Force met 12 times, conducted interviews, and worked to draft the report. The U. T. System presidents and their affiliated foundation representatives had an opportunity to review and comment on the report in draft.

If approved, the Task Force's recommendations will be effected through the Regents' *Rules and Regulations*, presented to the Board for approval, and implemented through U. T. System policies.

9. **U. T. System Board of Regents: Report from the Task Force on Employee/Student Relationships**

REPORT

Task Force Chairman Foster will report on the activities of the Task Force on Employee/Student Relationships.

BACKGROUND INFORMATION

Vice Chairman Foster provided a brief update on the work of the Task Force at the Board's May 9, 2013 meeting.

10. **U. T. System Board of Regents: Interim report from the Task Force on Engineering Education for the 21st Century**

REPORT

Regent Cranberg and U. T. Dallas President Daniel, Co-Chairmen of the Task Force on Engineering Education for the 21st Century, will provide an interim report on the work of the Task Force.

BACKGROUND INFORMATION

Regent Cranberg provided a brief update on the work of the Task Force at the Board's May 9, 2013 meeting.

11. **U. T. System Board of Regents: Legislative update for the 83rd Legislative Session and recognition of staff of Office of Governmental Relations**

REPORT

Vice Chancellor McBee will provide an update on the 83rd Texas Legislature, Regular Session, and Chairman Powell and Chancellor Cigarroa will recognize staff from the U. T. System Office of Governmental Relations.

13. **U. T. System: Approval of the nonpersonnel aspects of the operating budgets for Fiscal Year 2014, including the Permanent University Fund Bond Proceeds allocation for Library, Equipment, Repair and Rehabilitation Projects, allocation for the Science and Technology Acquisition and Retention Program, and Available University Funds allocation for strategic priorities in information technology and campus support for U. T. System**

RECOMMENDATION

The Chancellor, with the concurrence of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Health Affairs, and the presidents of the U. T. System institutions, recommends that the nonpersonnel aspects of the U. T. System Operating Budgets for Fiscal Year 2014, including Educational and General Funds, Auxiliary Enterprises, Grants and Contracts, Designated Funds, Restricted Current Funds, and Medical, Dental, Nursing, and Allied Health Faculty Services, Research and Development Plans, be approved.

It is further recommended that the Chancellor be authorized to make editorial corrections therein and that subsequent adjustments be reported to the U. T. System Board of Regents through the Consent Agenda subject to the requirements of the Budget Rules and Procedures. Chancellor Cigarroa will present the following recommended items utilizing the presentation on Pages 17 - 37:

- Fiscal Year 2014 Operating Budget
- Fiscal Year 2014 Library, Equipment, Repair and Rehabilitation (LERR) Budget
- Fiscal Year 2014 allocation of the Science and Technology Acquisition and Retention (STARs) Program
- Allocations in support of strategic priorities for U. T. System

It is requested that Permanent University Fund (PUF) Bond Proceeds in the amount of \$30 million be appropriated directly to the institutions to fund LERR Projects for Fiscal Year 2014.

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

In addition, it is requested that \$17.49 million of Available University Funds (AUF) be authorized to fund strategic priorities for U. T. System. The two strategic priorities and related allocations are:

1. Information Technology
  - a. Continuance of U. T. System Information Security Compliance staffing in an amount estimated not to exceed \$1.05 million annually from AUF. Funding provided by the U. T. System Board of Regents at the November 10, 2011, meeting was for one year only. Future funding will be incorporated into the annual operating budget for U. T. System Administration.
2. Campus Support
  - a. \$15 million of AUF funded in Fiscal Year 2014 for additional support of a single instance of a PeopleSoft HR/Finance system at eight academic institutions and U. T. System Administration.
  - b. \$1.44 million of AUF funded in Fiscal Year 2014 for advance security, audit vault and database firewall, software license, and program support fees related to the implementation of the PeopleSoft HR/Finance system.

#### BACKGROUND INFORMATION

A supplemental volume of the budget materials titled "Operating Budget Summaries and Reserve Allocations for Library, Equipment, Repair and Rehabilitation and Faculty STARs" was provided to all Regents prior to the meeting and is available online at <http://www.utsystem.edu/board-of-regents/meetings/board-meeting-2013-08-21>.

The appropriation of PUF Bond Proceeds will be presented in the Fiscal Year 2014 LERR Budget and, along with Faculty STARs, is subject to the budget rules adopted therein and the requirements of the U. T. Systemwide Policy UTS168 Capital Expenditure Policy. The allocation of these LERR funds to the U. T. System institutions was developed from prioritized lists of projects submitted by the institutions and reviewed by U. T. System Administration staff. The allocation of PUF Bond Proceeds for the U. T. System strategic priorities are also subject to the LERR budget rules. Additionally, PUF Bond Proceeds appropriated above to LERR, Faculty STARs, and other strategic priorities must be spent in accordance with the Article VII, Section 18 of the Texas Constitution. PUF Bond Proceeds may only be used for the purpose of acquiring land either with or without permanent improvements, constructing and equipping buildings or other permanent improvements, major repair and rehabilitation of buildings and other permanent improvements, acquiring capital equipment, and acquiring library books and library materials.

As required by U. T. System Board of Regents' *Rules and Regulations*, Rule 80303, regarding Use of the Available University Fund (AUF), a forecast of revenues and expenses of the AUF for seven years, including the above allocation has been prepared and is provided on the next page. The additional appropriation of PUF Bond Proceeds for this allocation is within the policy as shown in the forecast.

See the Executive Session item related to the personnel aspects of the U. T. System Operating Budgets (Item 4b on Page 4).

**The University of Texas System  
PUF Debt Capacity**

Additional PUF Debt Capacity	\$0.0	\$105.0	\$105.0	\$105.0	\$105.0	\$105.0	\$105.0	\$105.0
Cumulative PUF Debt Capacity	\$0.0	\$105.0	\$210.0	\$315.0	\$420.0	\$525.0	\$630.0	

Available University Fund Operating Statement Forecast Data (\$ Millions)	Actual	Actual	Projected						
	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19
PUF Distribution Amount	\$506.4	\$575.5	\$644.3	\$689.4	\$651.8	\$702.3	\$759.1	\$815.4	\$876.1
Surface & Other Income	16.4	24.0	25.2	24.5	24.5	24.5	24.5	24.5	24.5
Divisible Income	522.8	599.5	669.5	713.9	676.3	726.8	783.6	840.0	900.6
UT System Share (2/3)	348.5	399.7	446.3	475.9	450.9	484.6	522.4	560.0	600.4
AUF Interest Income	3.7	3.2	2.5	2.3	2.5	2.5	3.1	4.5	6.5
Income Available to U.T.	352.3	402.8	448.8	478.2	453.4	487.1	525.5	564.5	606.9
TRANSFERS:									
UT Austin Excellence Funds (45%)	(157.7)	(178.5)	(199.3)	(215.2)	(204.0)	(219.2)	(236.5)	(254.0)	(273.1)
PUF Debt Service *	(85.8)	(98.5)	(135.9)	(163.7)	(176.4)	(177.0)	(199.1)	(212.3)	(225.4)
System Administration	(31.4)	(33.6)	(39.1)	(41.3)	(44.8)	(46.3)	(47.7)	(49.1)	(50.6)
UT Medical Education	-	-	(8.0)	(17.0)	(25.0)	(25.0)	(25.0)	(25.0)	(25.0)
Other **/**	(87.0)	(105.4)	(27.5)	(26.6)	(23.6)	(23.6)	(23.6)	(11.1)	(11.1)
Net Surplus/(Deficit)	(9.6)	(13.2)	39.1	14.4	(20.4)	(4.0)	(6.3)	13.1	21.7
Ending AUF Balance - System	90.3	77.1	116.2	130.6	110.2	106.2	99.9	113.0	134.7
PUF Debt Service Coverage	4.11:1	4.09:1	3.30:1	2.92:1	2.57:1	2.75:1	2.64:1	2.66:1	2.69:1
Unused Constitutional Limit	479.4	603.3	672.7	494.5	449.3	418.1	501.8	597.3	696.0

\* Includes debt service on outstanding PUF debt, projected debt service on PUF debt authorized, but unissued plus \$50 million of annual LERR/STARS.

\*\* Other for FY 2013 includes \$1.06 million for IT Network Bandwidth/Office of Telecommunications, \$12.5 million additional funding for the U. T. Horizon Fund, \$8 million for tuition offsets, \$4 million for the TIME initiative, \$1 million for campus safety initiatives and \$942,000 to fund Collegiate Recovery Programs.

\*\*\* Other for FY 2014 includes \$1.06 million for IT Network Bandwidth/Office of Telecommunications, \$15 million for additional support for PeopleSoft HR/Finance, \$8 million for tuition offsets, \$1.44 million for additional IT support for PeopleSoft HR/Finance, and \$1.05 million for Information Security Compliance.



# The University of Texas System Fiscal Year 2014 Operating Budget

U. T. System Board of Regents' Meeting  
August 2013

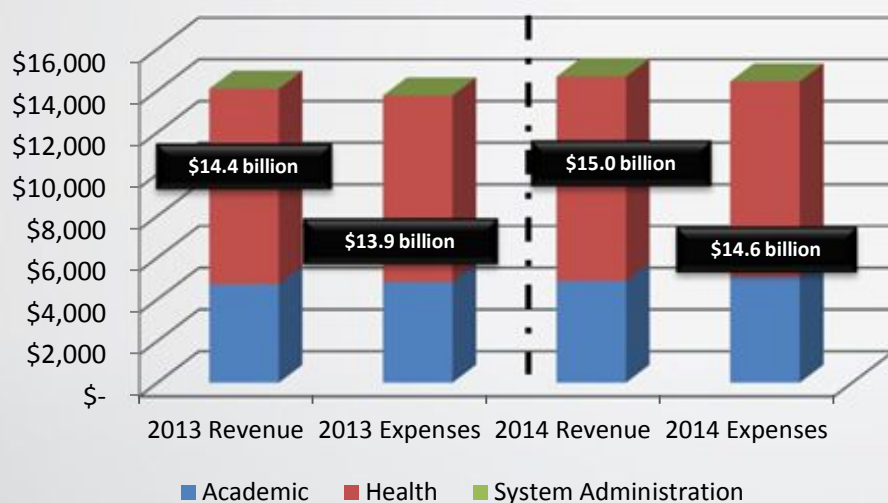


THE UNIVERSITY of TEXAS SYSTEM  
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# Budget Highlights

**Total Budgeted Revenue and Expenses FY 2013 and FY 2014**



## Budgeted Revenue

FY 2014 - \$15.0 billion  
 \$616 million more than FY 2013  
 4.3% more than FY 2013

### Major Drivers (in millions)

- State Appropriations - \$162
- Sales and Services of Hospital and Clinics - \$157
- Professional Fees - \$123

## Budgeted Expenses

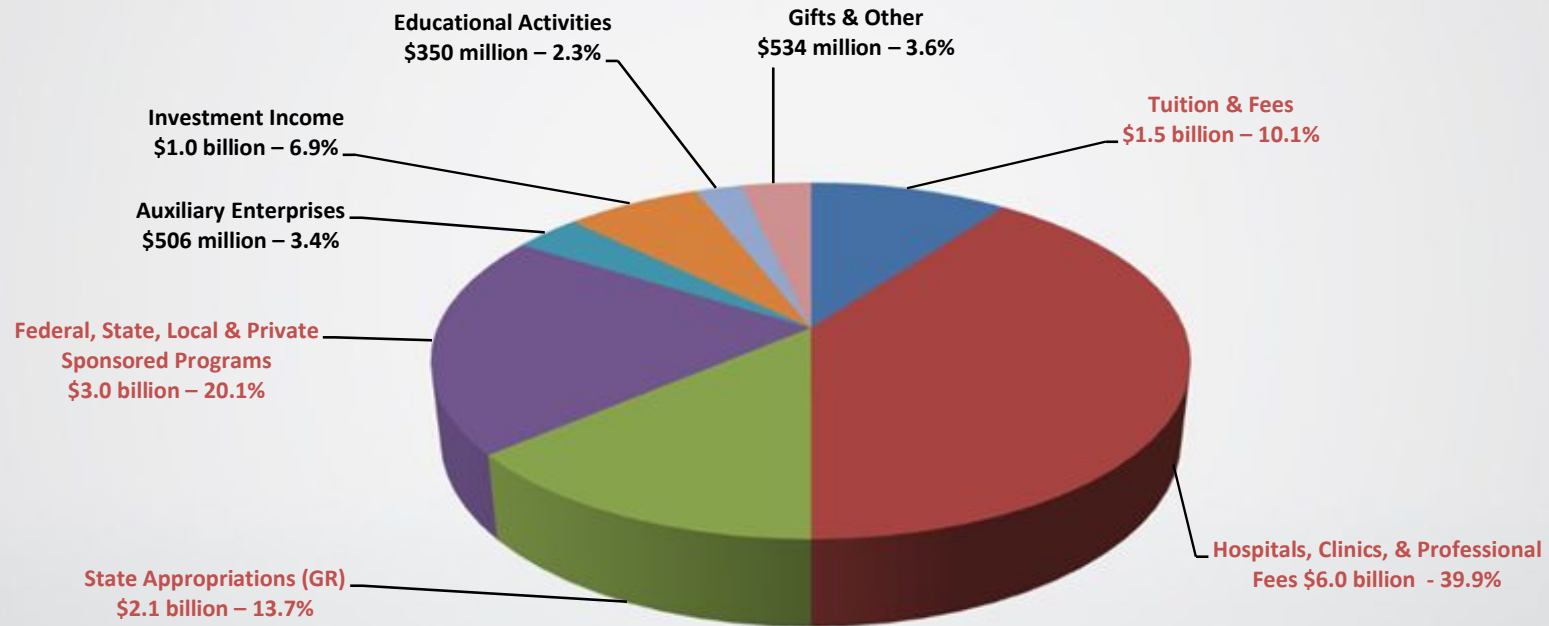
FY 2014 - \$14.6 billion  
 \$690 million more than FY 2013  
 5.0% more than FY 2013

### Major Drivers (in millions)

- Instructional/Academic Support - \$220
- Hospital and Clinics - \$203
- Depreciation and Amortization - \$123



# Where the Money Comes From FY 2014



**\$15.0 Billion**



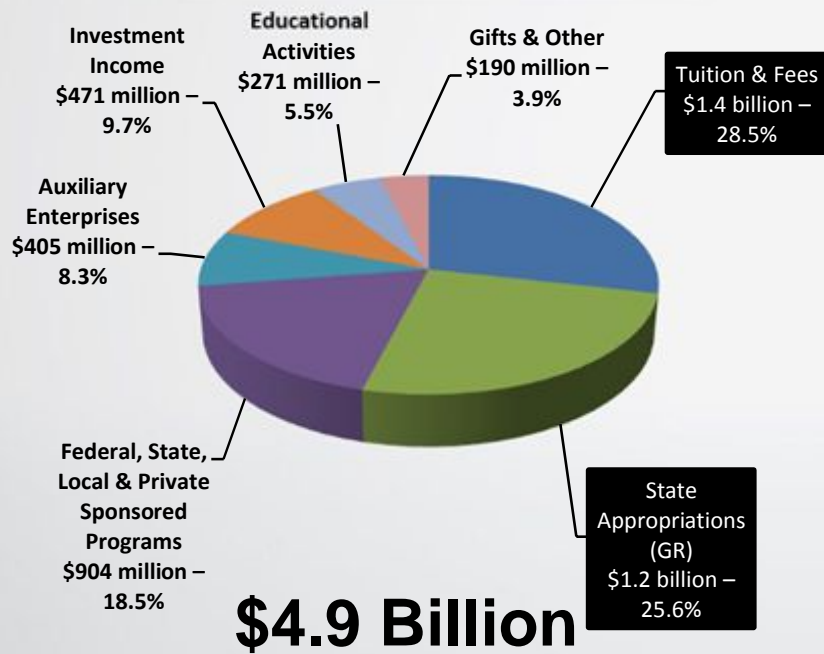
# Budgeted Revenue Changes FY 2014 over 2013 (in millions)

	FY 2013 Adjusted Budget	FY 2014 Budget	Budget Increase (Decrease)	
			Amount	Percent
State Appropriations & HEAF	\$ 1,895	\$ 2,057	\$ 162	8.6%
Sales & Services of Hospital & Clinics	4,425	4,582	157	3.5%
Professional Fees	1,269	1,392	123	9.7%
Investment Income	940	1,031	91	9.7%
Other Operating Revenue	136	201	65	47.5%
Gifts	292	332	40	13.9%
Tuition & Fees	1,487	1,516	29	2.0%
Auxiliary Enterprises	479	506	27	5.6%
Sales & Services of Educational Activities	333	350	17	5.0%
State Sponsored Programs (nonoperating)	11	14	3	28.8%
State Sponsored Programs (operating)	257	259	2	0.6%
Local & Private Sponsored Programs (operating)	1,038	1,028	(10)	-1.0%
Federal Sponsored Programs (nonoperating)	319	292	(27)	-8.6%
Federal Sponsored Programs (operating)	1,486	1,422	(63)	-4.3%
<b>Total</b>	<b>\$ 14,367</b>	<b>\$ 14,982</b>	<b>\$ 616</b>	<b>4.3%</b>

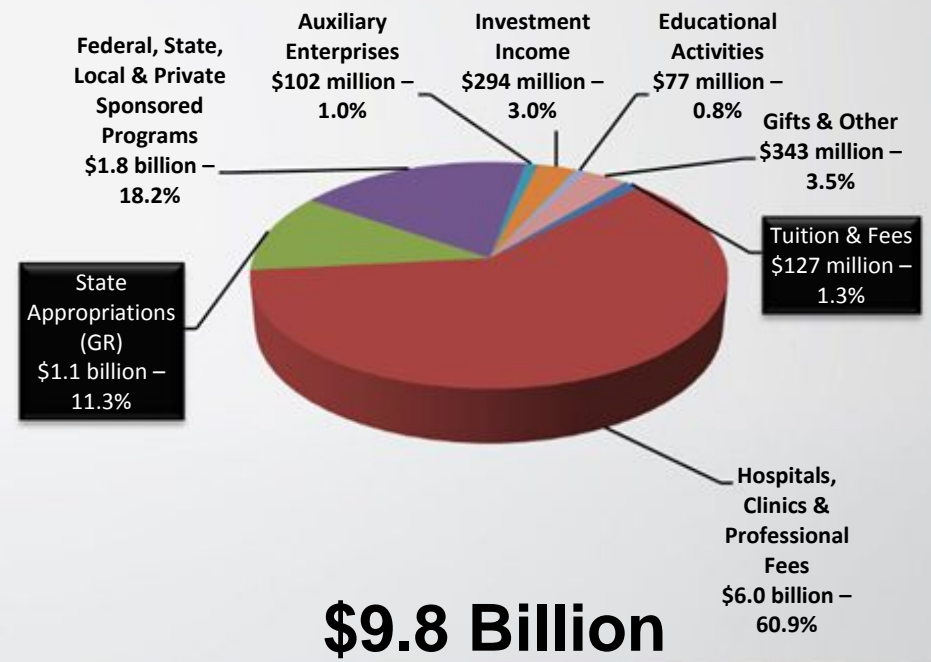


# Where the Money Comes From FY 2014

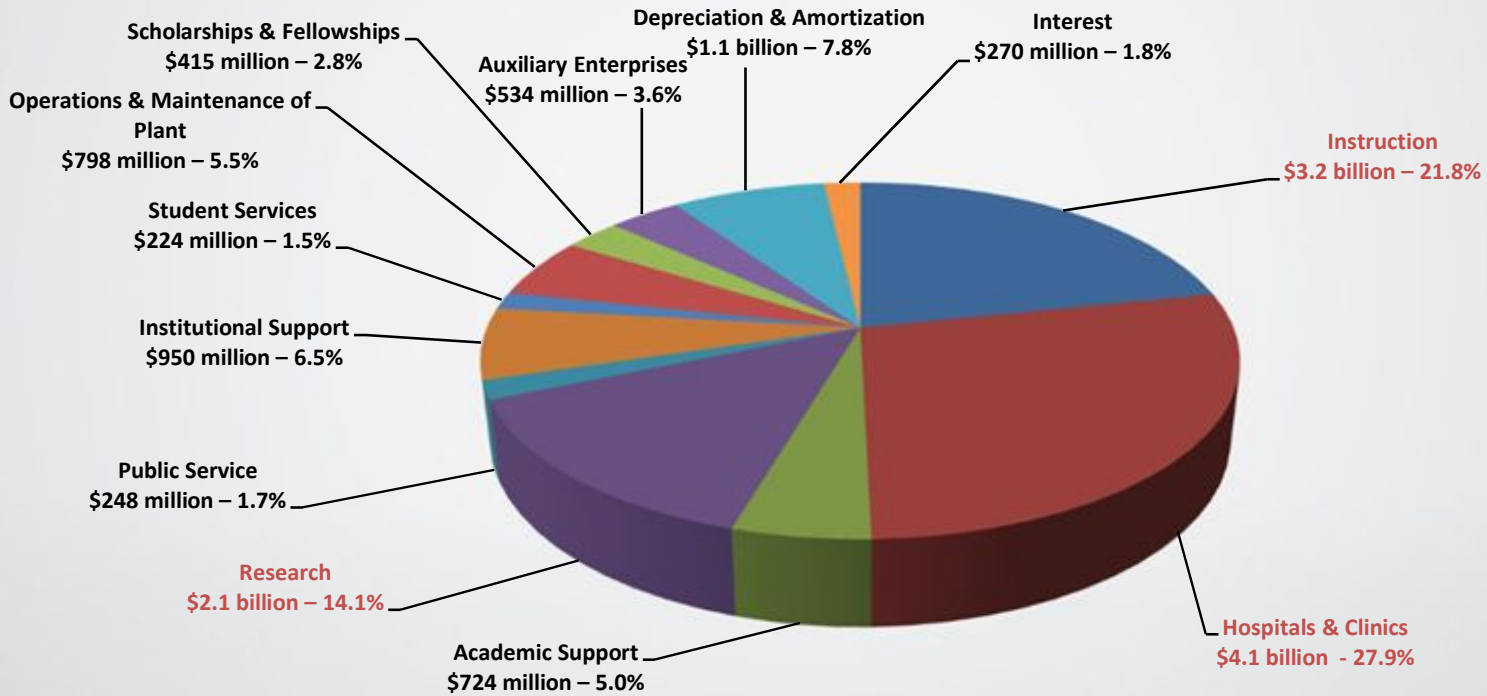
## Academic Institutions



## Health Institutions



# Where the Money Goes FY 2014



Note: General Revenue covers 14.1% of Total Expense

## \$14.6 Billion



# Budgeted Expenses Changes FY 2014 over 2013 (in millions)

	FY 2013 Adjusted Budget	FY 2014 Budget	Budget Increase (Decrease)	
			Amount	Percent
Instruction & Academic Support	\$ 3,684	\$ 3,904	\$ 220	6.0%
Hospitals & Clinics	3,869	4,072	203	5.2%
Depreciation & Amortization	1,021	1,144	123	12.1%
Institutional Support	870	950	80	9.2%
Public Service	221	247	26	12.0%
Operations & Maintenance	778	798	20	2.5%
Auxiliary Enterprises	518	534	16	3.0%
Research	2,048	2,058	10	0.5%
Student Services	216	224	8	3.5%
Scholarships & Fellowships	414	415	1	0.1%
Transfers for Debt Service Interest	287	270	(17)	-5.8%
<b>Total</b>	<b>\$ 13,926</b>	<b>\$ 14,616</b>	<b>\$ 690</b>	<b>5.0%</b>



## Budgeted Expenses - Academic Institutions (in millions)

	Fiscal Year 2013	Fiscal Year 2014	Dollar & Percent Change	
U. T. Arlington	\$ 521.6	\$ 528.7	\$ 7.1	1.4%
U. T. Austin	2,323.5	2,522.6	199.1	8.6%
U. T. Brownsville	177.1	115.8	<61.3>	<34.6%>
U. T. Dallas	494.9	540.1	45.2	9.1%
U. T. El Paso	399.2	396.8	<2.4>	<0.6%>
U. T. Pan American	249.6	259.9	10.3	4.1%
U. T. Permian Basin	64.5	61.1	<3.4>	<5.2%>
U. T. San Antonio	486.3	513.8	27.5	5.7%
U. T. Tyler	104.5	116.3	11.8	11.3%
<b>Total Academic Institutions</b>	<b>\$ 4,821.2</b>	<b>\$ 5,055.1</b>	<b>\$233.9</b>	<b>4.9%</b>



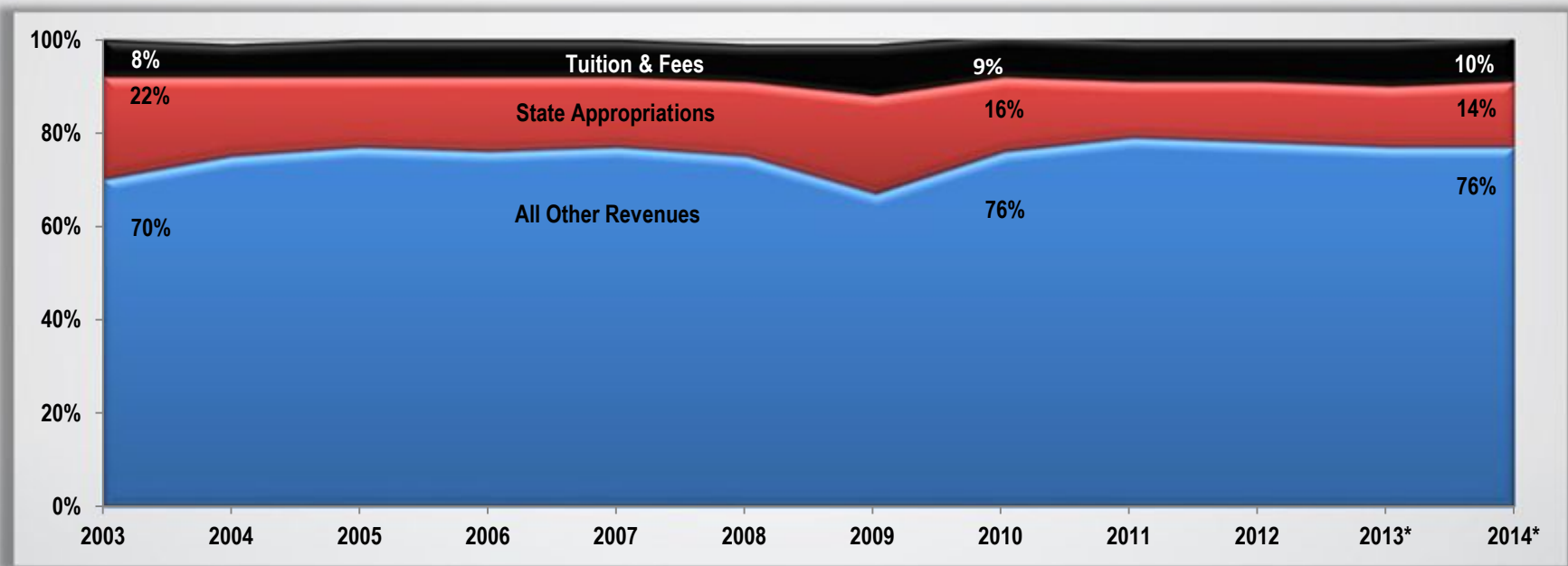


## Budgeted Expenses - Health Institutions (in millions)

	Fiscal Year 2013	Fiscal Year 2014	Dollar & Percent Change	
U. T. Southwestern Medical Center	\$ 1,897.6	\$ 2,016.6	\$ 119.0	6.3%
U. T. Medical Branch - Galveston	1,616.9	1,680.9	64.0	4.0%
U. T. Health Science Center - Houston	1,003.0	1,086.7	83.7	8.3%
U. T. Health Science Center - San Antonio	762.4	763.7	1.3	0.2%
U. T. M. D. Anderson Cancer Center	3,536.6	3,691.0	154.4	4.4%
U. T. Health Science Center - Tyler	132.8	157.2	24.4	18.3%
<b>Total Health Institutions</b>	<b>\$ 8,949.3</b>	<b>\$ 9,396.1</b>	<b>\$ 446.8</b>	<b>5.0%</b>



# Key Revenues as a Percentage of Total Revenues



Source: Exhibit B of Annual Financial Report

Note: "Other Revenues" for FY 2009 includes investment losses

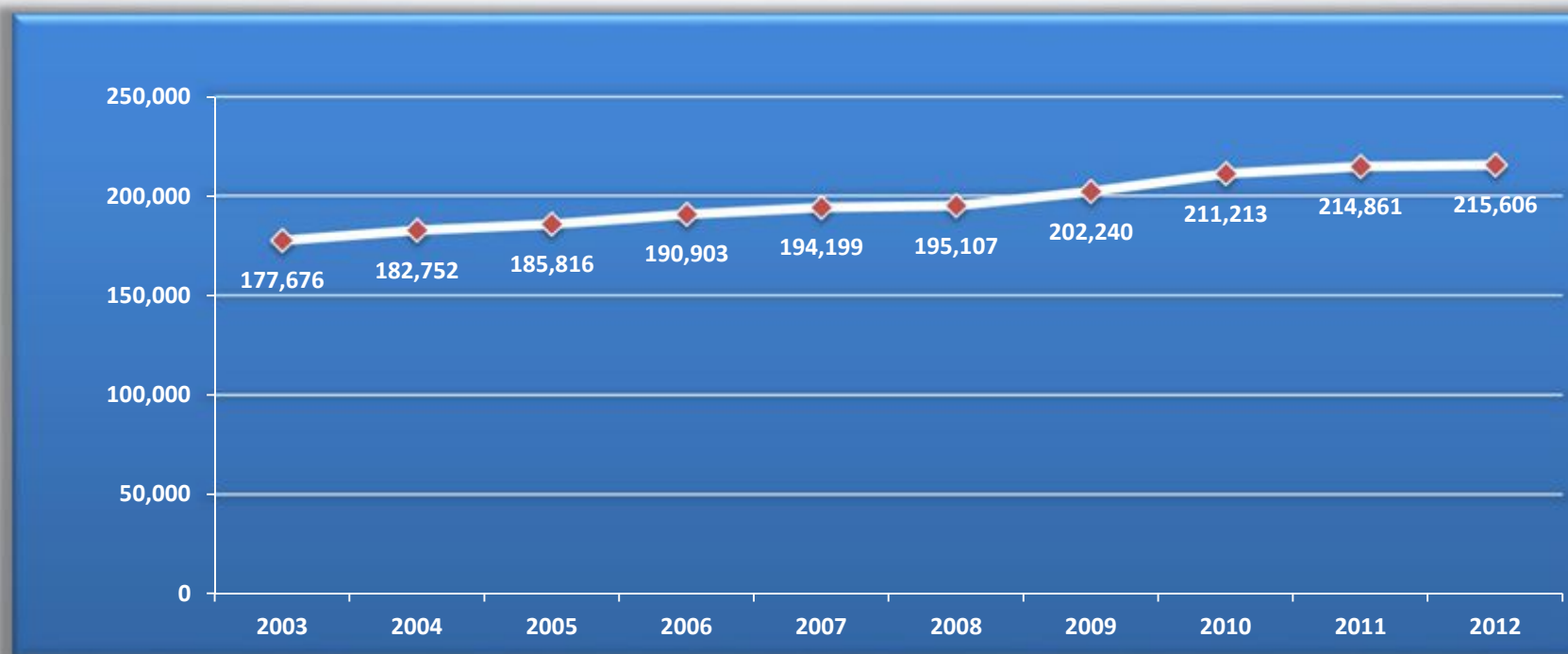
FY 2013 is based on projected year-end and FY 2014 is based on budget



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 August 2013  
 Slide 10

# Total Enrollment Fall 2003 – 2012



27

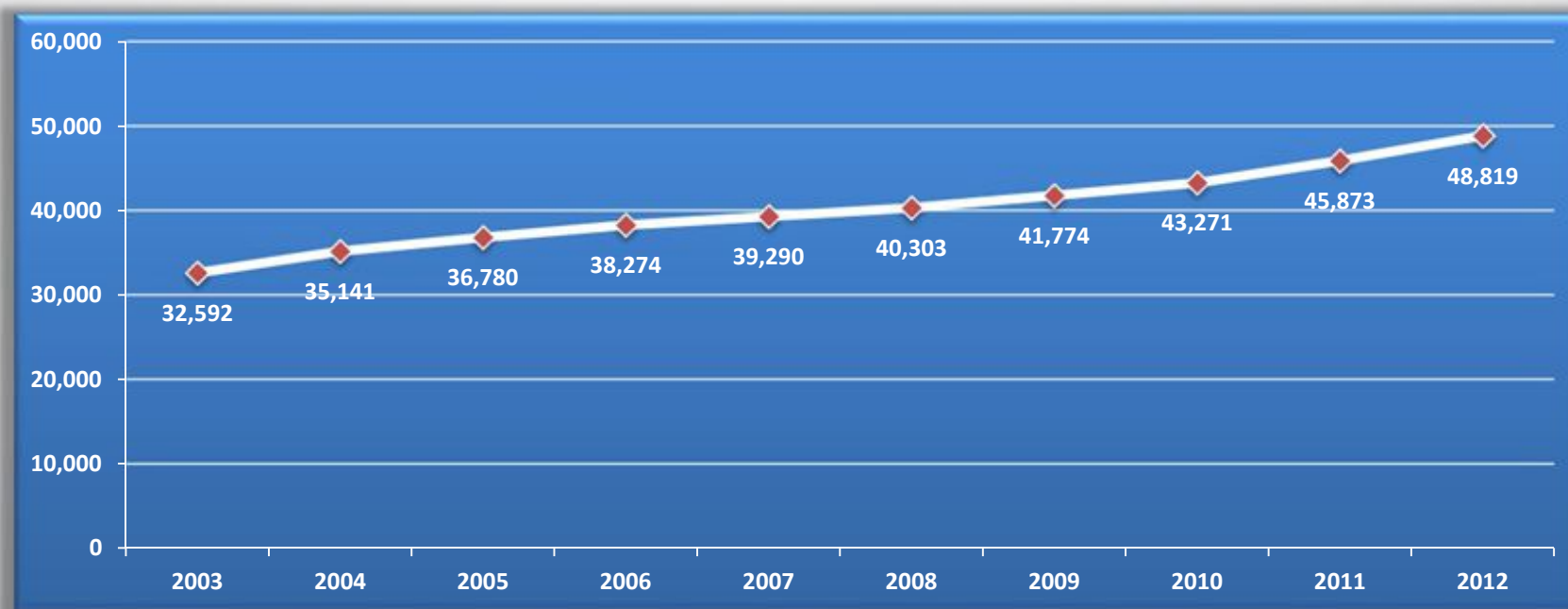
Meeting of the U. T. System Board of Regents - Meeting of the Board



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# Total Degrees Awarded FY 2003 – 2012



28

Meeting of the U. T. System Board of Regents - Meeting of the Board



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# Trend of Research Expenditures Actual FY 2003 – 2012

(in millions)



29

Meeting of the U. T. System Board of Regents - Meeting of the Board



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# Hospital Admissions FY 2003 – 2012



Note: Decline in FY 2009 attributable to interruption in service as a result of Hurricane Ike

## Outpatient Visits FY 2003 – 2012 (in thousands)



**Note: U. T. Medical Branch – Galveston’s Specialty Care Center at Victory Lakes, which opened in May 2010, will continue to increase both revenue and expenses related to providing care.**



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# The University of Texas System Administration





# U. T. System Administration

	Budget		% Change
	FY 2013	FY 2014	
<b>FTEs</b>	622.08	673.27	8.23%
<b>Expenditures</b>			
Salaries Fringes	\$ 66,552,301	\$ 75,153,072	12.92%
Maintenance and Operations, Equipment	8,903,497	9,888,774	11.07%
Travel	2,137,906	2,254,312	5.44%
Other			
Medicare Part D	12,500,000	12,500,000	0.00%
Systemwide Expenses (Tuition Offset)	-	8,000,000	n/a
Technology Costs/Information Systems	6,877,209	7,820,544	13.72%
Darrell K Royal Texas Alzheimer's Initiative	-	4,583,842	n/a
Joint Admission Medical Program	4,188,738	4,188,738	0.00%
University Lands - Damage Payments/Land Utilization Projects	3,248,725	2,898,725	-10.77%
Contracted Services - Legal/Audit/Consultant	2,956,400	2,467,530	-16.54%
System Complex Maintenance/Rent	2,433,798	2,282,300	-6.22%
Health/Academic Affairs/Technology Commercialization Initiatives	870,895	2,202,460	152.90%
South Texas Biomedical Research	-	1,402,023	n/a
Miscellaneous	2,959,337	2,861,065	-3.32%
Less Capital Outlay	(1,500,000)	(4,498,725)	199.92%
Subtotal - Other	34,535,102	46,708,502	35.25%
Depreciation	9,994,194	9,343,253	-6.51%
<b>Subtotal</b>	<b>122,123,000</b>	<b>143,347,913</b>	<b>17.38%</b>
Systemwide Software Licenses/Maintenance	16,608,137	18,047,626	8.67%
Interest Expense	77,345,259	68,711,166	-11.16%
<b>Total Expenditures</b>	<b>\$ 216,076,396</b>	<b>\$ 230,106,705</b>	<b>6.49%</b>





# Library, Equipment, Repair and Rehabilitation



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August 2013  
Slide 18

# Library, Equipment, Repair and Rehabilitation FY 2014 - Total \$30 Million

Academic		Health	
U. T. Arlington	\$2,160,000	U. T. Southwestern Medical Center	\$1,830,000
U. T. Austin	\$3,710,836	U. T. Medical Branch - Galveston	\$1,875,000
U. T. Dallas	\$2,000,000	U. T. Health Science Center - Houston	\$1,870,000
U. T. El Paso	\$2,110,000	U. T. Health Science Center - San Antonio	\$1,800,000
U. T. Permian Basin	\$ 748,400	U. T. M. D. Anderson Cancer Center	\$1,829,194
U. T. San Antonio	\$2,000,000	U. T. Health Science Center - Tyler	\$1,875,000
U. T. Tyler	\$ 812,000		
<b>Total</b>	<b>\$13,541,236</b>	<b>Total</b>	<b>\$11,079,194</b>
Library Collection Enhancement Program			\$2,700,000
<u>Collaborative Project</u>			
U. T. Health Science Center - San Antonio with U. T. San Antonio			\$2,679,570
Enhancements of Infrastructure for Research in Medical Genomics and Computational Biology			





# Faculty Science and Technology Acquisition and Retention (STARs) Program



# Faculty STARs - FY 2014

Faculty STARs Program – Academic Institutions	\$10,000,000
Faculty STARs Program – Health Institutions	\$10,000,000

## Benefits of Faculty STARs

- Recruit and retain best faculty in the nation
- Develop and strengthen research capacity
- Pending and issued patents
- Encourage future research and excellence
- Collaboration with outside entities



14. **U. T. System: Discussion and appropriate action regarding personnel aspects of the U. T. System Administration operating budget for Fiscal Year 2014**

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Health Affairs, and the Executive Vice Chancellor for Business Affairs that approval be granted regarding personnel aspects of the U. T. System Administration operating budget for Fiscal Year 2014 as included in the previous agenda item (Item 13).

Vice Chairman Foster, Vice Chairman Hicks, and Regent Stillwell will report on their review of the individual personnel aspects of the U. T. System Administration operating budget for Fiscal Year 2014.

See the Executive Session item related to the personnel aspects of the U. T. System Operating Budgets (Item 4b on Page 4).



**TABLE OF CONTENTS  
FOR  
AUDIT, COMPLIANCE, AND MANAGEMENT REVIEW  
COMMITTEE**

**Committee Meeting:** 8/21/2013

**Board Meeting:** 8/22/2013  
Austin, Texas

*Brenda Pejovich, Chairman*  
*Ernest Aliseda*  
*Alex M. Cranberg*  
*Paul L. Foster*  
*Wallace L. Hall, Jr.*

	<b>Committee Meeting</b>	<b>Board Meeting</b>	<b>Page</b>
<b>A. CONVENE</b> <i>(Conference Room, Ashbel Smith Hall, 9th Floor)</i>	9:30 a.m. <i>Chairman Pejovich</i>		
<b>B. RECESS TO EXECUTIVE SESSION PURSUANT TO TEXAS GOVERNMENT CODE, CHAPTER 551</b>  Personnel matters relating to appointment, employment, evaluation, assignment, duties, discipline, or dismissal of officers or employees - <i>Texas Government Code Section 551.074</i>  <b>U. T. System: Discussion with the Chief Audit Executive concerning personnel matters relating to appointment, employment, evaluation, assignment, duties, discipline, or dismissal of individual System Administration and institutional officers or employees involved in internal audit functions</b>	<i>Mr. Peppers</i>		
<b>C. RECONVENE IN OPEN SESSION</b> <i>(Board Room, Ashbel Smith Hall, 9th Floor)</i>			
1. <b>U. T. System Board of Regents: Discussion and appropriate action regarding review of Consent Agenda items, if any, referred for Committee consideration</b>	9:55 a.m. <b>Action</b>	<b>Action</b>	<b>41</b>
2. <b>U. T. System: Approval of the U. T. Systemwide Annual Internal Audit Plan for Fiscal Year 2014</b>	9:56 a.m. <b>Action</b> <i>Mr. Peppers</i>	<b>Action</b>	<b>42</b>
3. <b>U. T. System: Report on the Systemwide internal audit activities</b>	10:00 a.m. <b>Report/Discussion</b> <i>Mr. Peppers</i>	Not on Agenda	<b>45</b>
4. <b>U. T. System Board of Regents: Discussion and appropriate action concerning amendments to the Regents' <i>Rules and Regulations</i>, Rule 20205, Section 8, regarding the performance, timing, and reporting of audits of Expenditures for Travel and Entertainment by Chief Administrators and for the Maintenance of University Residences</b>	10:10 a.m. <b>Action</b> <i>Mr. Peppers</i>	<b>Action</b>	<b>46</b>

	<b>Committee Meeting</b>	<b>Board Meeting</b>	<b>Page</b>
5. <b>U. T. System Board of Regents: Discussion and appropriate action concerning amendments to the Regents' <i>Rules and Regulations</i>, Rule 20402, Sections 2 and 3, regarding approval of non-audit services provided by an external audit firm</b>	10:15 a.m. <b>Action</b> <i>Mr. Peppers</i>	<b>Action</b>	<b>48</b>
6. <b>U. T. System: Report and recommendations on review of U. T. System compliance with the Texas Public Information Act</b>	10:20 a.m. <b>Action</b> <i>Chancellor Cigarroa</i>	<b>Action</b>	<b>50</b>
<b>D. ADJOURN</b>	10:30 a.m.		



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

The proposed Consent Agenda is located at the back of the book.

2. **U. T. System: Approval of the U. T. Systemwide Annual Internal Audit Plan for Fiscal Year 2014**

**RECOMMENDATION**

Chief Audit Executive Peppers recommends approval of the proposed Fiscal Year 2014 U. T. Systemwide Annual Audit Plan (Audit Plan). Development of the Audit Plan is based on risk assessments performed at each institution. Implementation of the Audit Plan will be coordinated with the institutional auditors. The Audit Plan's executive summary is set forth on the following pages. The full Audit Plan was provided to all Regents prior to the meeting.

**BACKGROUND INFORMATION**

Institutional audit plans, compiled by the internal audit departments after input and guidance from the U. T. System Audit Office, the Offices of Academic or Health Affairs, and the institution's management and institutional internal audit committee, were submitted to the respective institutional internal audit committee and institutional president for review and comments. Additionally, the institutional audit plans were presented at the U. T. System Administration Internal Audit Committee meeting held on July 24, 2013. Also, the Chief Audit Executive provided feedback by conducting audit plan presentations with each institution. After the review process, each institutional internal audit committee formally approved its institution's audit plan.

**The University of Texas System  
Systemwide Internal Audit Program  
Fiscal Year 2014 Annual Audit Plan  
Executive Summary**

The University of Texas (U. T.) Systemwide fiscal year (FY) 2014 Annual Audit Plan (FY 2014 Audit Plan) is a blueprint of the internal audit activities that will be performed by the internal audit function throughout the System in FY 2014.

To provide consistency at the Systemwide level, the U. T. System Audit Office provided the institutional audit departments with guidance in May 2013 on the audit plan format, content, and development methodology, including the general risk assessment process. The annual audit plans are prepared using a risk-based approach to ensure that areas and activities specific to each institution with the greatest risk are identified for consideration to be audited. Individual institutional annual audit plans were prepared in June and July 2013. The U. T. System Audit Office, the Office of Academic or Health Affairs, and the institution's management and internal audit committee provided input and guidance on the annual audit plans. Additionally, the U. T. System Chief Audit Executive provided direction to the institutional chief audit executives prior to the preparation of the annual audit plans and through feedback during "annual audit plan presentations" with each institution.

After the review process, each institutional internal audit committee formally approved its institution's annual audit plan. The FY 2014 Audit Plan, as summarized in the following table and charts, is formally presented to the Audit, Compliance, and Management Review Committee and the U. T. System Board of Regents for consideration for approval at the August 2013 meeting. The full FY 2014 Audit Plan was provided to all Regents prior to the meeting

The table below lists the FY 2014 Audit Plan total budgeted audit hours by institution. However, with potential changes in priorities and staffing resources that may occur during the fiscal year, institutions may request approval from their respective president and/or internal audit committee to change their budgeted hours or reallocate budgeted hours among audits and projects.

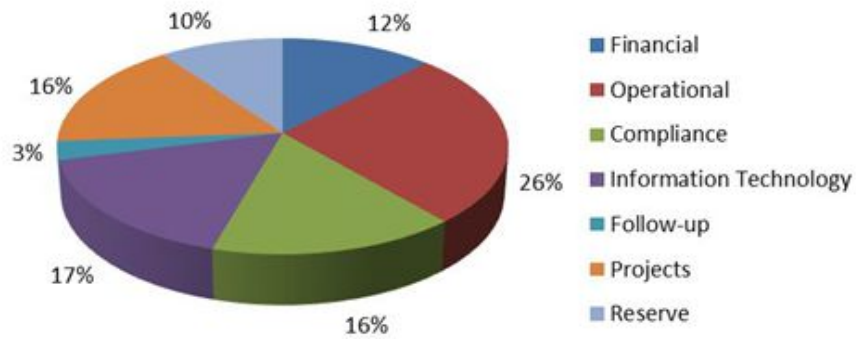
***FY 2014 Total Budgeted Audit Plan Hours by Institution:***

<b>Institution</b>	<b>Budgeted Audit Hours</b>
U. T. System Administration	17,617
U. T. Arlington	6,600
U. T. Austin	16,904
U. T. Brownsville	3,460
U. T. Dallas	11,768
U. T. El Paso	11,688
U. T. Pan American	6,111
U. T. Permian Basin	2,912
U. T. San Antonio	7,895
U. T. Tyler	4,500
U. T. Southwestern Medical Center	14,415
U. T. Medical Branch - Galveston	11,874
U. T. Health Science Center - Houston	10,490
U. T. Health Science Center - San Antonio	9,750
U. T. M. D. Anderson Cancer Center	15,552
U. T. Health Science Center - Tyler	3,002
<b>Total Budgeted Audit Hours</b>	<b>154,538</b>

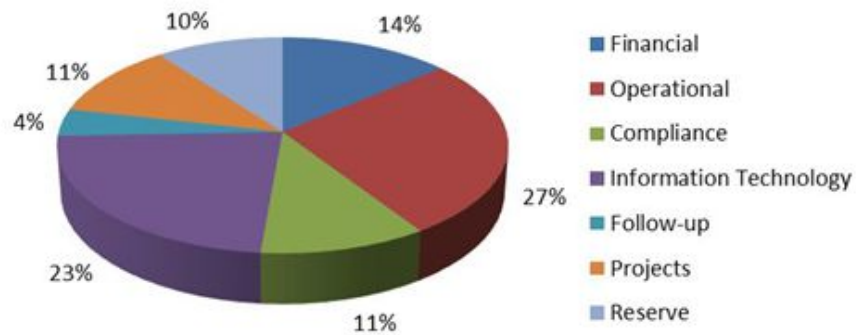
Prepared by: U. T. System Internal Audit Program  
Consolidated by: U. T. System Audit Office  
Date: July 2013

The FY 2014 Audit Plan directs internal audit resources on audits and other engagements allocated among different categories (i.e., Financial, Operational, Compliance, Information Technology, Follow-up, Projects, and Reserve) to address the various risks of U. T. System. The charts below depict a percentage analysis of budgeted audit hours in these seven categories for the academic institutions and the health institutions. *NOTE:* The break down of budgeted hours for U. T. Permian Basin (UTPB) is not included in the academic institutions chart as the UTPB Chief Audit Executive was given an extension to prepare a detailed annual audit plan since he started in his position in late June 2013. The annual audit plan is expected to be developed before the start of FY 2014.

*Academic Institutions*



*Health Institutions*



**3. U. T. System: Report on the Systemwide internal audit activities**

REPORT

Chief Audit Executive Peppers will report on the audits of the Chief Administrators' Travel, Entertainment, and Maintenance of University Residence Expenses that were conducted at U. T. System Administration and each of the U. T. System institutions. A summary of the audit results was provided to the Regents prior to the meeting.

Chief Audit Executive Peppers will provide an update on the Systemwide internal audit of development activities performed by the U. T. System Audit Office. The report for U. T. Southwestern Medical Center has been issued and was provided to the Regents prior to the meeting. The report for U. T. M. D. Anderson Cancer Center is currently in progress. Report letters for each of the remaining health institutions and for each of the academic institutions (except U. T. Austin) were also provided to the Regents prior to the meeting. The U. T. Austin report was previously provided to the Regents and presented at the May 8, 2013 meeting.

4. **U. T. System Board of Regents: Discussion and appropriate action concerning amendments to the Regents' Rules and Regulations, Rule 20205, Section 8, regarding the performance, timing, and reporting of audits of Expenditures for Travel and Entertainment by Chief Administrators and for the Maintenance of University Residences**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Chief Audit Executive and the Interim Vice Chancellor and General Counsel that the Regents' *Rules and Regulations*, Rule 20205, Section 8, regarding the performance, timing, and reporting of audits of Expenditures for Travel and Entertainment by Chief Administrators and for the Maintenance of University Residences, be amended as set forth below in congressional style:

- Sec. 8 Audits. ~~Annually Within 90 days after the end of each fiscal year, the System Audit Office shall audit~~ the travel and entertainment expenses and expenses for the maintenance of University residences for which the Chancellor or spouse has been reimbursed or that have been directly paid on the Chancellor's or spouse's behalf ~~shall be audited by an entity that does not report directly to the Chancellor. Within 90 days after the end of each fiscal year, the office that performs internal audits at each institution shall audit t~~he travel and entertainment expenses and expenses for the maintenance of University residences for which the presidents or their spouses ~~have has~~ been reimbursed or that have been paid directly to a vendor on the presidents' ~~president's~~ or their spouses' ~~spouse's~~ behalf will be audited by the U. T. System Audit Office. All of the presidents will be subject to audit annually. The U. T. System Chief Audit Executive shall provide guidance and direction to the institutional auditors as appropriate.
- 8.1 The independent entity System Audit Office shall submit the results of the audit of the Chancellor and the Chancellor's spouse's expenditures to the Chairman of the Board ~~and with a copy~~ to the General Counsel to the Board of Regents. The System Audit Office ~~institutional audit offices~~ shall submit the results of the audit of the president and the president's spouse's expenditures to ~~the System Audit Office with copies to~~ the appropriate Executive Vice Chancellor.
- 8.2 All audits shall be submitted to the Audit, Compliance, and Management Review Committee for review during a quarterly meeting of the Committee.

## BACKGROUND INFORMATION

Deloitte's Strategic Assessment of the U. T. System Internal Audit Services report (February 19, 2013) included a recommendation regarding the use of U. T. System Audit personnel, cross-institutional audit personnel, or outside subject matter expertise for sensitive or specialized projects, such as audits of the presidents' travel and entertainment activity. Following review of this recommendation, amendments to Regents' Rule 20205 are proposed to increase the independence of the audits performed of the Chancellor's and presidents' travel, entertainment, and University residences' maintenance expenditures.

5. **U. T. System Board of Regents: Discussion and appropriate action concerning amendments to the Regents' Rules and Regulations, Rule 20402, Sections 2 and 3, regarding approval of non-audit services provided by an external audit firm**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Chief Audit Executive, the Executive Vice Chancellor for Business Affairs, and the Interim Vice Chancellor and General Counsel that the Regents' *Rules and Regulations*, Rule 20402, Sections 2 and 3, regarding the delegation of authority by the Audit, Compliance, and Management Review Committee (ACMRC) for approval of non-audit services, be amended as set forth below in congressional style:

Sec. ~~23~~ Possible ConflictsNon-Audit Services.

~~23.1~~ ACMRC Review and Approval. ~~If the aggregate amount of fees to be paid to an external audit firm for the performance of non-audit services exceeds five percent of the total amount of fees anticipated to be paid to the external audit firm for the performance of audit services provided during any fiscal year in which non-audit services will be provided, then~~ The U. T. System and the institutions may not engage the external audit firm to perform ~~the~~ non-audit services unless the proposed engagement is reviewed and approved by the ACMRC.

~~23.2~~ Delegation of authority. The ACMRC Chairman may delegate to one or more designated members of the ACMRC the authority to grant the approval required in the previous Subsection. The decision(s) of any member to whom authority to approve is delegated shall be presented to the full ACMRC at the next Committee meeting.

~~23.32~~ Conflict of Interest Not Permitted. If, upon review of a proposed engagement for non-audit services under Subsection ~~23.1~~ of this Rule, the ACMRC determines that a conflict of interest exists between the external audit firm's obligations to perform audit services and that firm's anticipated obligations to perform non-audit services contemporaneously with the performance of audit services, then U. T. System and the institutions may not engage the external audit firm to perform the non-audit services.

Sec. ~~32~~ Prohibited Non-Audit Services. Neither U. T. System nor any of the institutions may engage an external audit firm to provide prohibited non-audit services contemporaneously with the provision of audit services.



### BACKGROUND INFORMATION

Section 3.1 of Regents' Rule 20402 currently requires ACMRC review and approval if the aggregate amount of fees to be paid to an external audit firm for the performance of non-audit services exceeds five percent of the total amount of fees anticipated to be paid to the external audit firm for the performance of audit services (specifically, to express an opinion on the financial statements of U. T. System or any of the institutions) provided during any fiscal year in which non-audit services will be provided. The proposed change to Section 2.1 results in a more conservative approach by requiring all non-audit services provided by an external audit firm to be reviewed and considered for approval by the ACMRC. The addition of Section 2.2 allows the approval of non-audit services to be facilitated in a timely manner through a delegation of authority to one or more members of the ACMRC with a report to the full ACMRC at the next Committee meeting.

**6. U. T. System: Report and recommendations on review of U. T. System compliance with the Texas Public Information Act**

RECOMMENDATION

Chancellor Cigarroa will report and provide recommendations on the direction of a review of U. T. System compliance with the Texas Public Information Act (TPIA).

On May 8, 2013, the Audit, Compliance, and Management Review Committee (ACMRC) recommended that Chancellor Cigarroa explore and provide recommendations on a review of U. T. System compliance with the TPIA. Based upon examination with U. T. Systemwide Compliance Officer Larry Plutko and U. T. System subject matter experts on the TPIA, the Chancellor recommends that the ACMRC consider directing a targeted compliance review of procedures and applications of the TPIA at U. T. System Administration, U. T. System flagship academic and health institutions (U. T. Austin and U. T. Southwestern Medical Center), and an emerging research institution (U. T. San Antonio). The review should include the following areas of TPIA processes and applications:

1. Procedures on handling and processing TPIA requests
2. Processes on notifying the correct executive officers and employees to provide responsive documents
3. Decision-making on release and/or maintaining the confidentiality of documents
4. Adequate staffing to ensure timely responsiveness
5. Appropriate in-house expertise of the TPIA
6. Whether documentary samples to the Attorney General are truly “representative samples”
7. Website compliance with U. T. System's request for transparency
8. Relevant record management issues

It is further recommended that after completion of the review, to be no later than October 31, 2013, the U. T. Systemwide Compliance Officer 1) provide a “white paper” outlining best practices for U. T. System Administration and the U. T. System institutions to follow, and 2) develop an educational webinar to assist in training for compliance with the requirements of the TPIA and U. T. System's efforts at providing more transparency to the public.



## TABLE OF CONTENTS FOR FINANCE AND PLANNING COMMITTEE

**Committee Meeting:** 8/21/2013

**Board Meeting:** 8/22/2013  
Austin, Texas

*Paul L. Foster, Chairman  
Alex M. Cranberg  
Wallace L. Hall, Jr.  
Jeffery D. Hildebrand  
Brenda Pejovich*

	<b>Committee Meeting</b>	<b>Board Meeting</b>	<b>Page</b>
<b>Convene</b>	<i>10:30 a.m. Chairman Foster</i>		
1. <b>U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, referred for Committee consideration</b>	<i>10:30 a.m. Action</i>	<b>Action</b>	<b>53</b>
2. <b>U. T. System: Key Financial Indicators Report and Monthly Financial Report</b>	<i>10:32 a.m. Report/Discussion Dr. Kelley</i>	Not on Agenda	<b>54</b>
3. <b>U. T. System Board of Regents: Approval of annual distributions from the Permanent University Fund, the Permanent Health Fund, the Long Term Fund, and the Intermediate Term Fund</b>	<i>10:45 a.m. Action Dr. Kelley</i>	<b>Action</b>	<b>88</b>
4. <b>U. T. System Board of Regents: The University of Texas Investment Management Company (UTIMCO) Performance Summary Report and Investment Reports for the quarter ended May 31, 2013</b>	<i>10:55 a.m. Report/Discussion Mr. Zimmerman</i>	<b>Report</b>	<b>92</b>
5. <b>U. T. System Board of Regents: Approval of amendments to the Investment Policy Statements for the Permanent University Fund, the General Endowment Fund, the Permanent Health Fund, the Long Term Fund, the Intermediate Term Fund, the Liquidity Policy, and the Derivative Investment Policy</b>	<i>11:05 a.m. Action Dr. Kelley</i>	<b>Action</b>	<b>98</b>
6. <b>U. T. System Board of Regents: Approval of amendments to The University of Texas Investment Management Company (UTIMCO) Bylaws</b>	<i>11:10 a.m. Action Dr. Kelley</i>	<b>Action</b>	<b>114</b>

	<b>Committee Meeting</b>	<b>Board Meeting</b>	<b>Page</b>
7. <b>U. T. System Board of Regents: Adoption of a Resolution authorizing the issuance, sale, and delivery of Permanent University Fund Bonds and authorization to complete all related transactions</b>	11:20 a.m. <b>Action</b> <i>Dr. Kelley</i>	<b>Action</b>	<b>129</b>
8. <b>U. T. System Board of Regents: Adoption of a Supplemental Resolution authorizing the issuance, sale, and delivery of Revenue Financing System Bonds and authorization to complete all related transactions</b>	11:22 a.m. <b>Action</b> <i>Dr. Kelley</i>	<b>Action</b>	<b>131</b>
9. <b>U. T. System Board of Regents: Adoption of resolutions authorizing certain bond enhancement agreements for Revenue Financing System debt and Permanent University Fund debt, including ratification of U. T. System Interest Rate Swap Policy</b>	11:24 a.m. <b>Action</b> <i>Dr. Kelley</i>	<b>Action</b>	<b>133</b>
10. <b>U. T. System Board of Regents: Approval of aggregate amount of \$184,841,000 of equipment financing for Fiscal Year 2014 and resolution regarding parity debt</b>	11:26 a.m. <b>Action</b> <i>Dr. Kelley</i>	<b>Action</b>	<b>157</b>
<b>Adjourn</b>	11:30 a.m.		

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

The proposed Consent Agenda is located at the back of the book.

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

INTRODUCTION

Dr. Scott C. Kelley, Executive Vice Chancellor for Business Affairs, will discuss the Key Financial Indicators Report, as set forth on Pages 55 - 62 and the June Monthly Financial Report on Pages 63 - 87. The reports represent the consolidated and individual operating detail of the U. T. System institutions.

REPORT

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 2009 through May 2013. Ratios requiring balance sheet data are provided for Fiscal Year 2008 through Fiscal Year 2012.


















# THE UNIVERSITY OF TEXAS SYSTEM



## KEY FINANCIAL INDICATORS REPORT

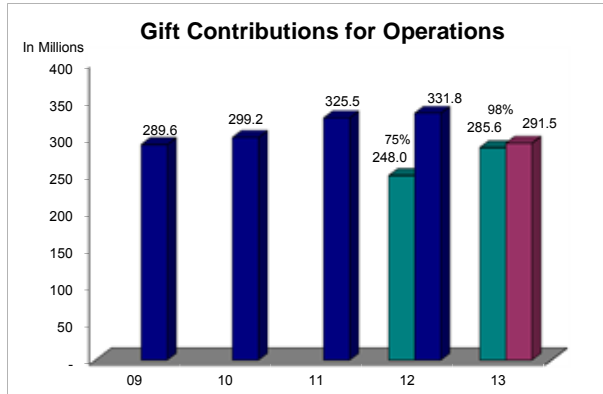
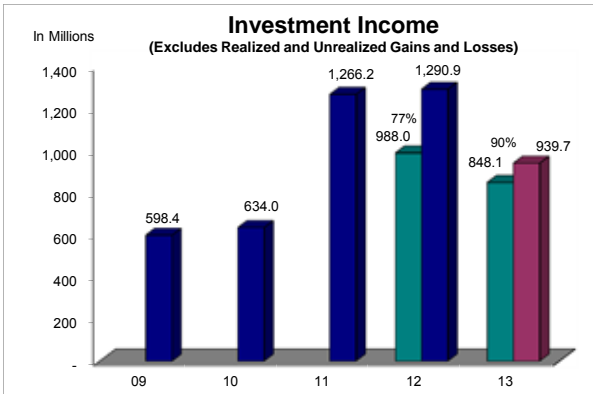
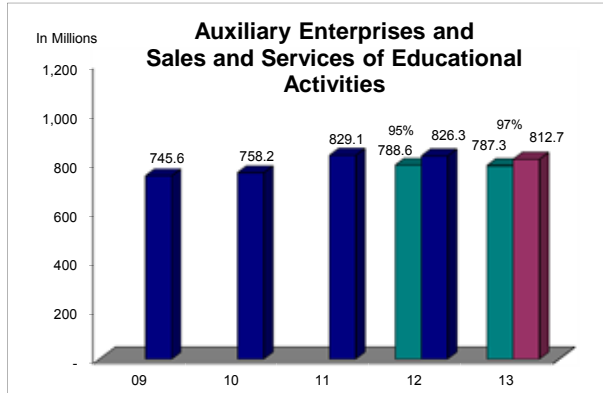
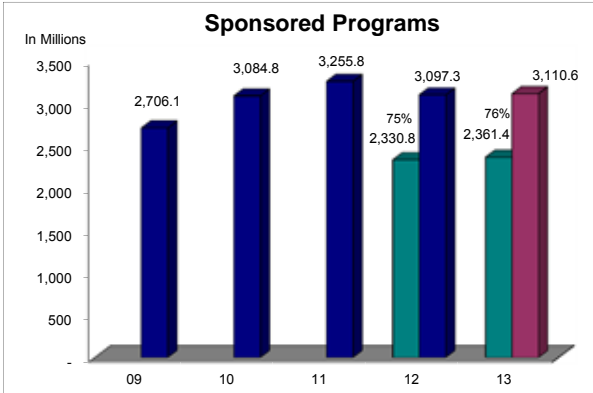
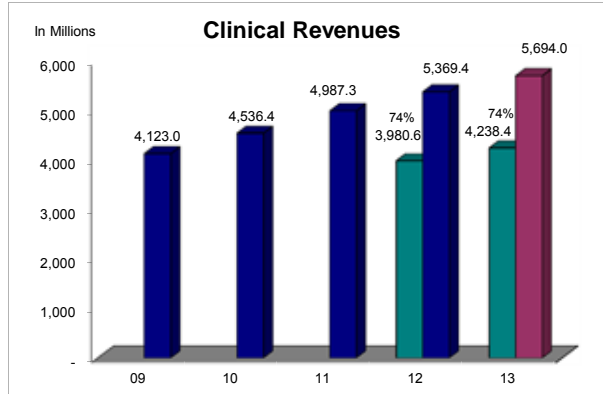
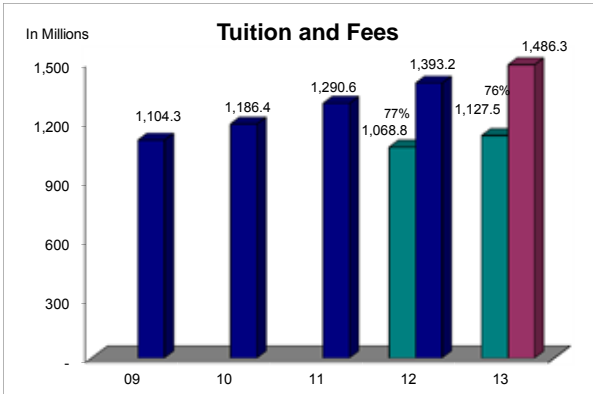
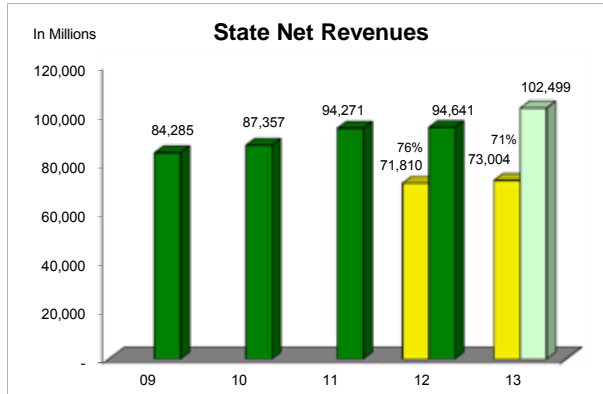
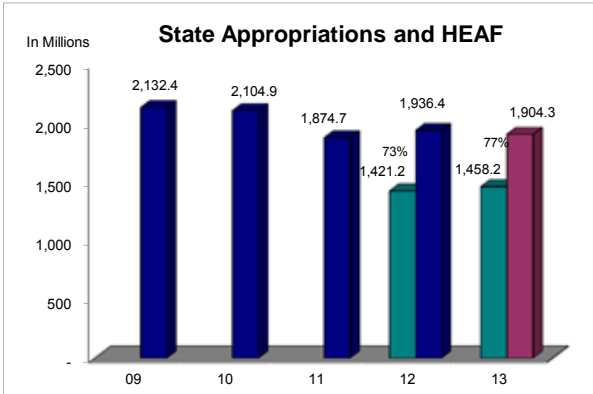
**3RD QUARTER FY 2013**

KEY

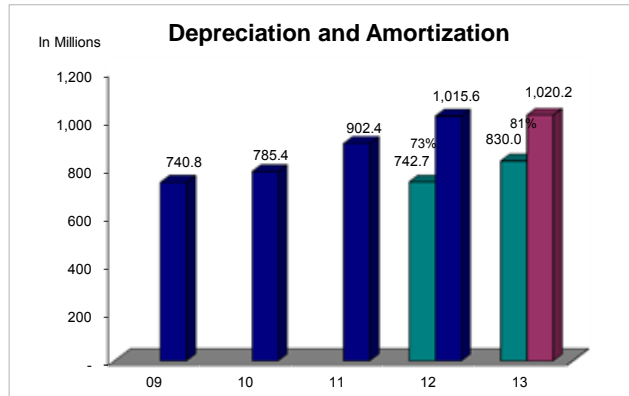
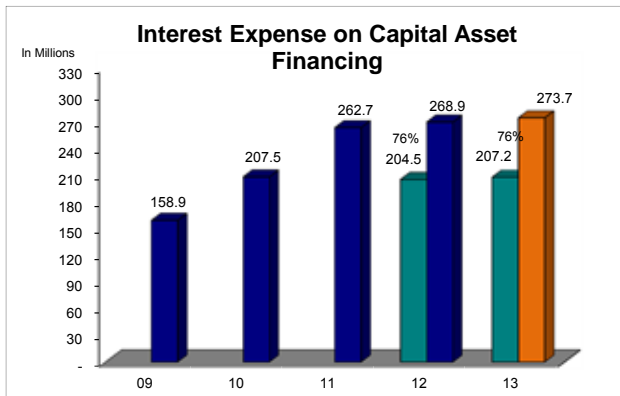
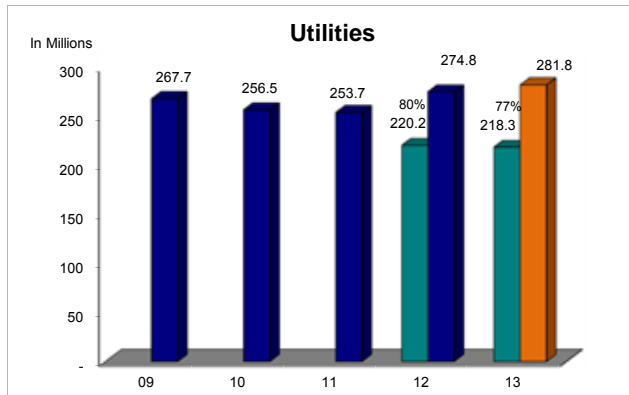
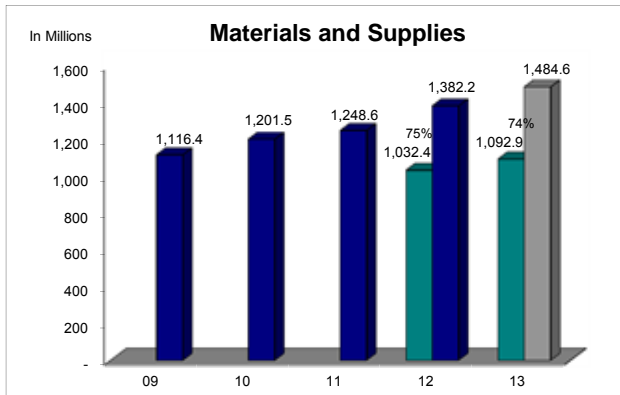
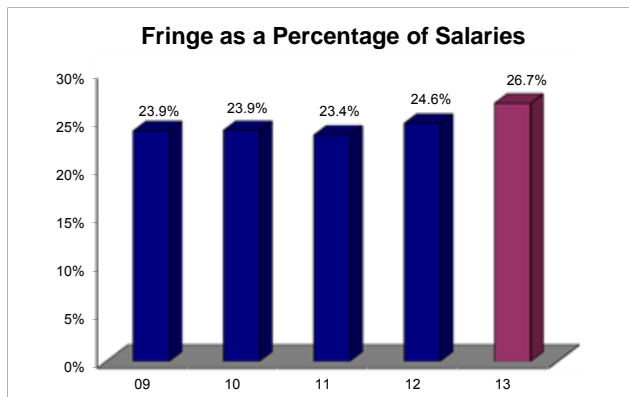
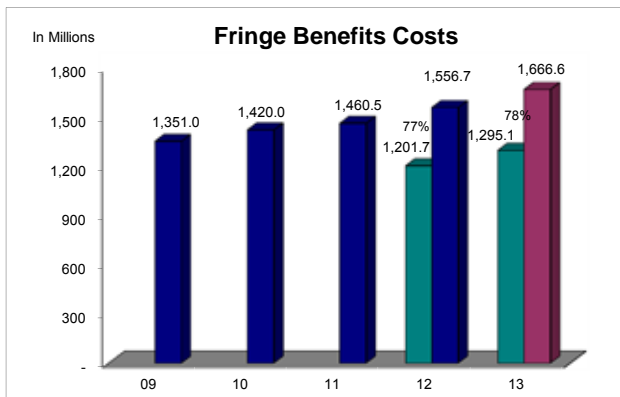
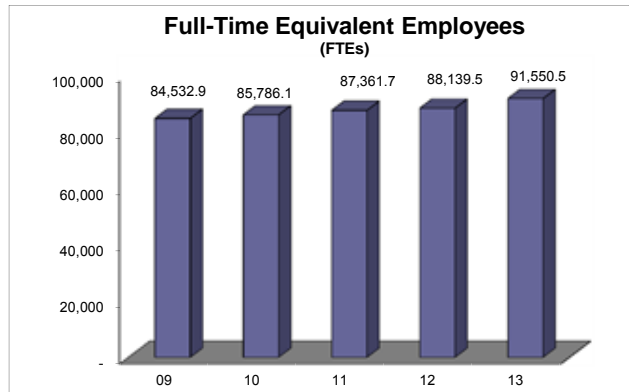
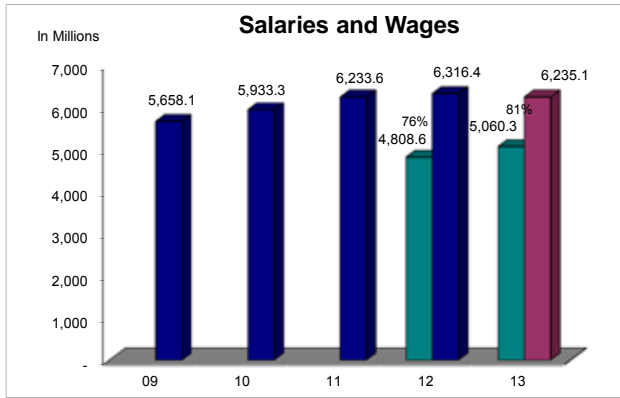
-  **Actual Annual Amounts**  
(SOURCE: Annual Financial Reports)
-  **Adjustment to Actual Annual Amounts to exclude the Increase in Net OPEB Obligation**  
(SOURCE: Annual Financial Reports)
-  **Budget amounts**  
(SOURCE: Operating Budget Summary)
-  **Projected Amounts based on the average change of the previous three years of data**
-  **Monthly Financial Report Year-to-Date Amounts**
-  **Annual State Net Revenue Collections**  
(SOURCE: Texas Revenue History by Source and Texas Net Revenue by Source, State Comptroller's Office)
-  **Year-to-Date State Net Revenue Collections**  
(SOURCE: State Comptroller's Office)
-  **Estimated State Revenue Collections**  
(SOURCE: Biennial Revenue Estimate, State Comptroller's Office)
-  **Annual and Quarterly Average of FTEs**  
(SOURCE: State Auditor's Office Quarterly FTE Report)
-  **Year-to-Date Margin**  
(SOURCE: Monthly Financial Report)
-  **Projected Amounts based on Monthly Financial Report**
-  **Year-to-Date Margin**  
(SOURCE: Monthly Financial Report)
-  **Target Normalized Rates**
-  **Aaa Median**  
(SOURCE: Moody's)
-  **A2 Median**  
(SOURCE: Moody's)
-  **Good Facilities Condition Index (Below 5%)**
-  **Fair Facilities Condition Index (5% - 10%)**



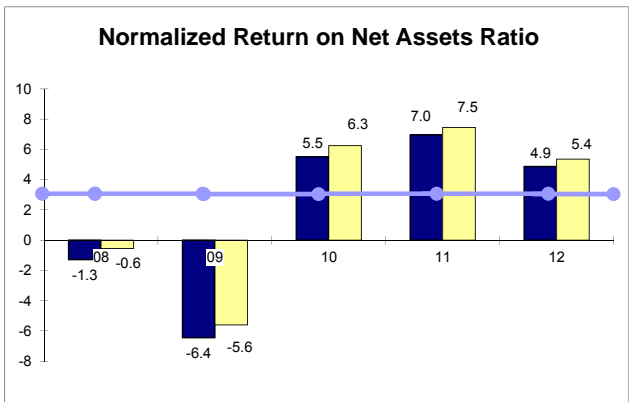
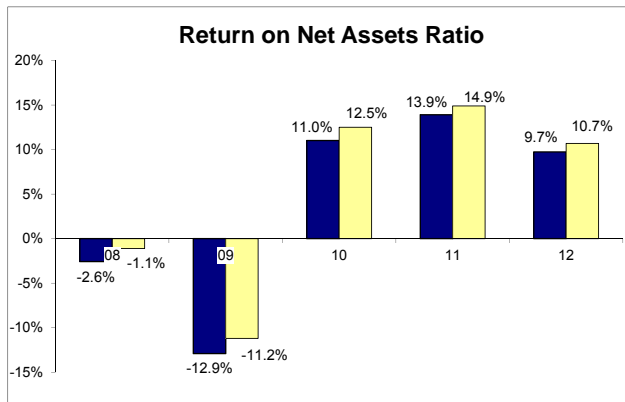
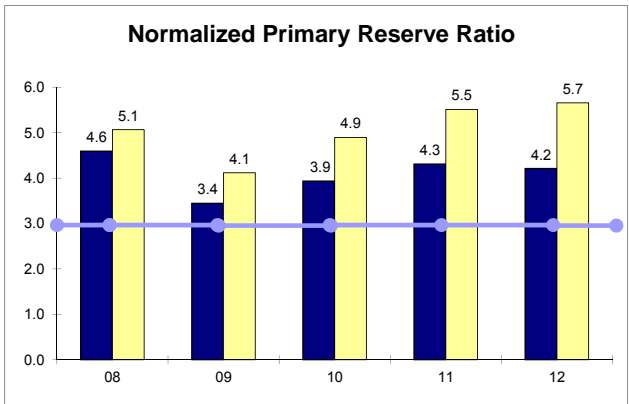
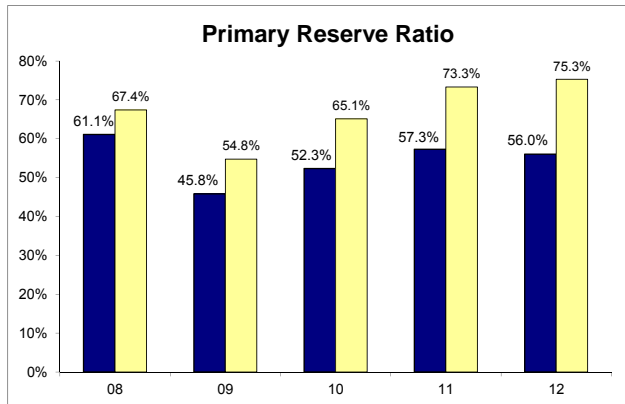
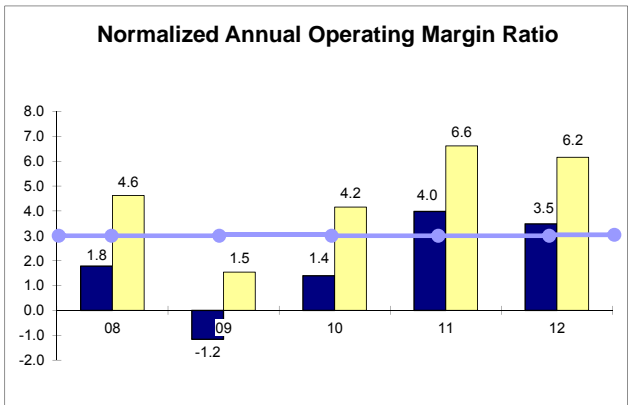
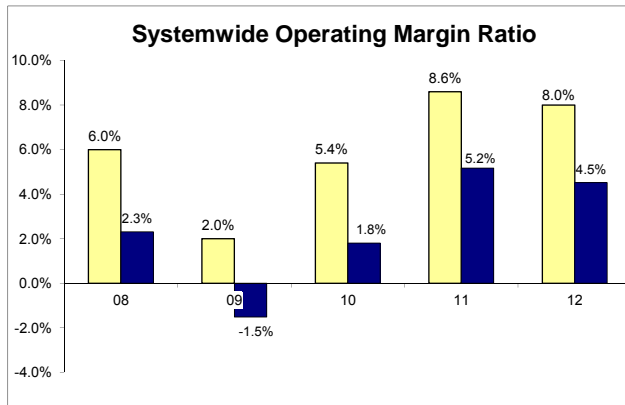
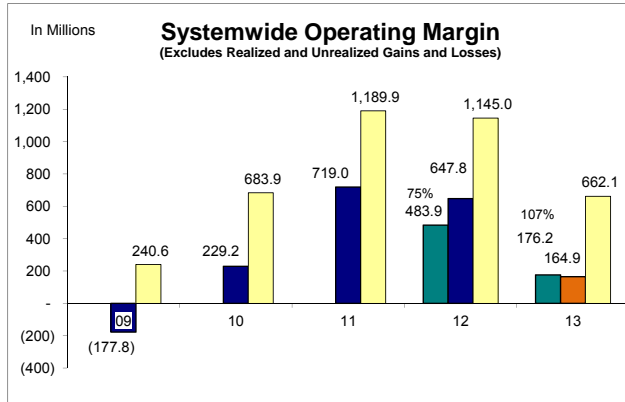
**KEY INDICATORS OF REVENUES  
ACTUAL 2009 THROUGH 2012  
PROJECTED 2013  
YEAR-TO-DATE 2012 AND 2013 FROM MAY MONTHLY FINANCIAL REPORT**



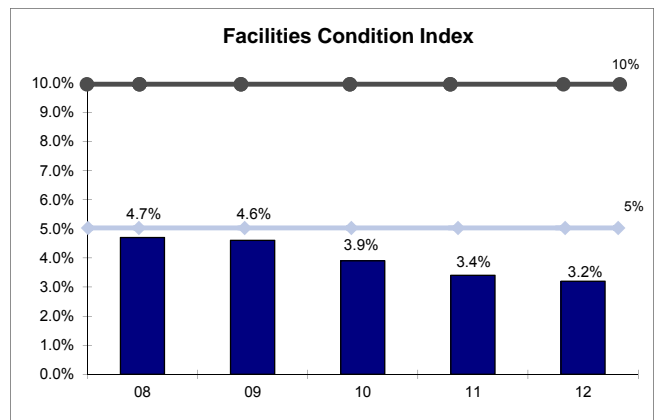
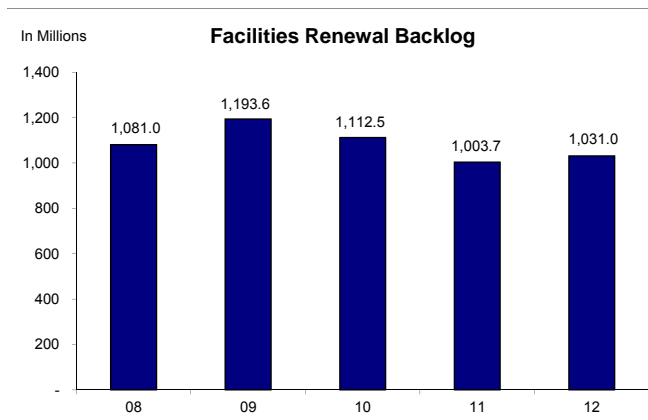
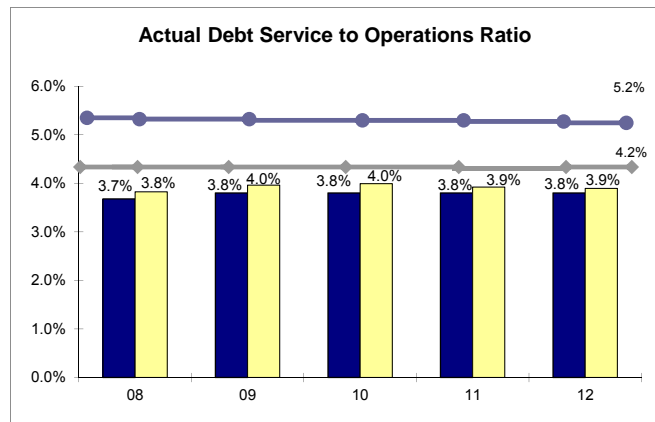
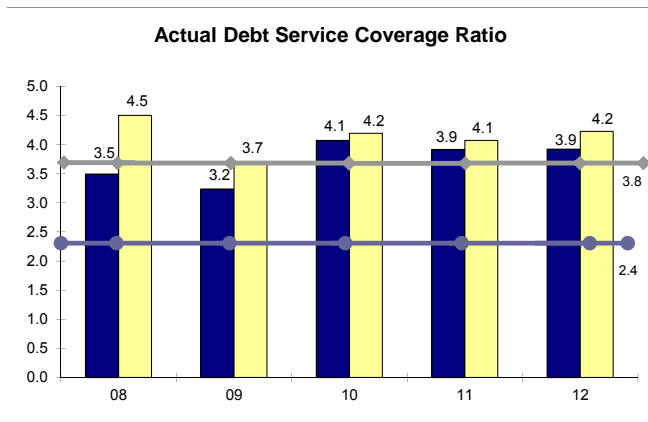
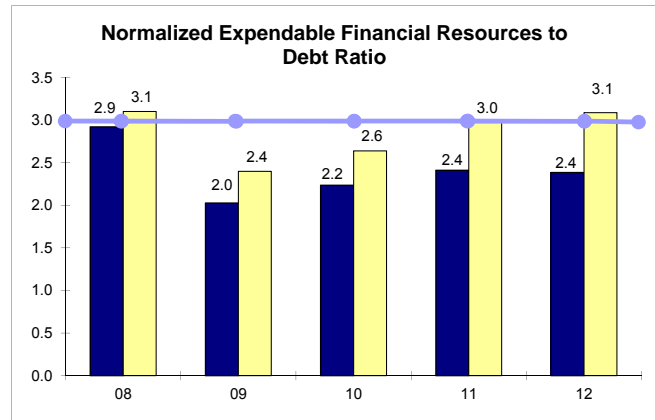
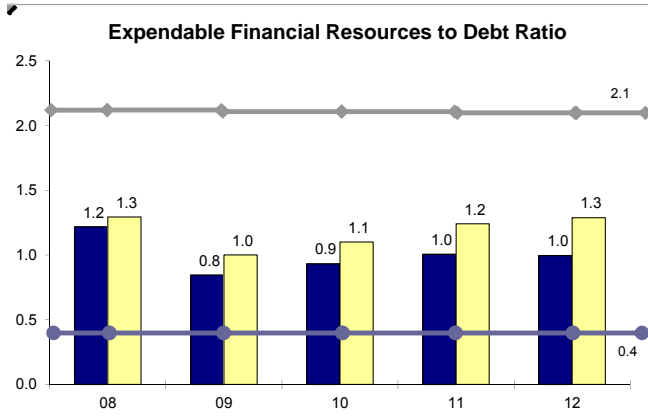
**KEY INDICATORS OF EXPENSES  
ACTUAL 2009 THROUGH 2012  
PROJECTED 2013  
YEAR-TO-DATE 2012 AND 2013 FROM MAY MONTHLY FINANCIAL REPORT**



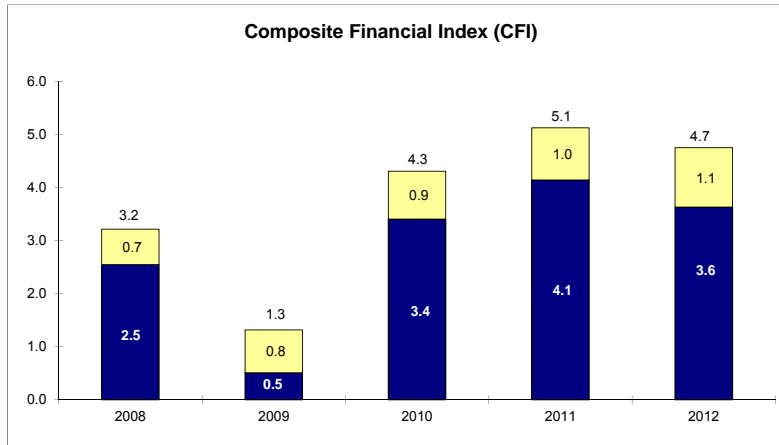
**KEY INDICATORS OF RESERVES**  
**ACTUAL 2008 THROUGH 2012**  
**PROJECTED 2013**  
**YEAR-TO-DATE 2012 AND 2013 FROM MAY MONTHLY FINANCIAL REPORT**



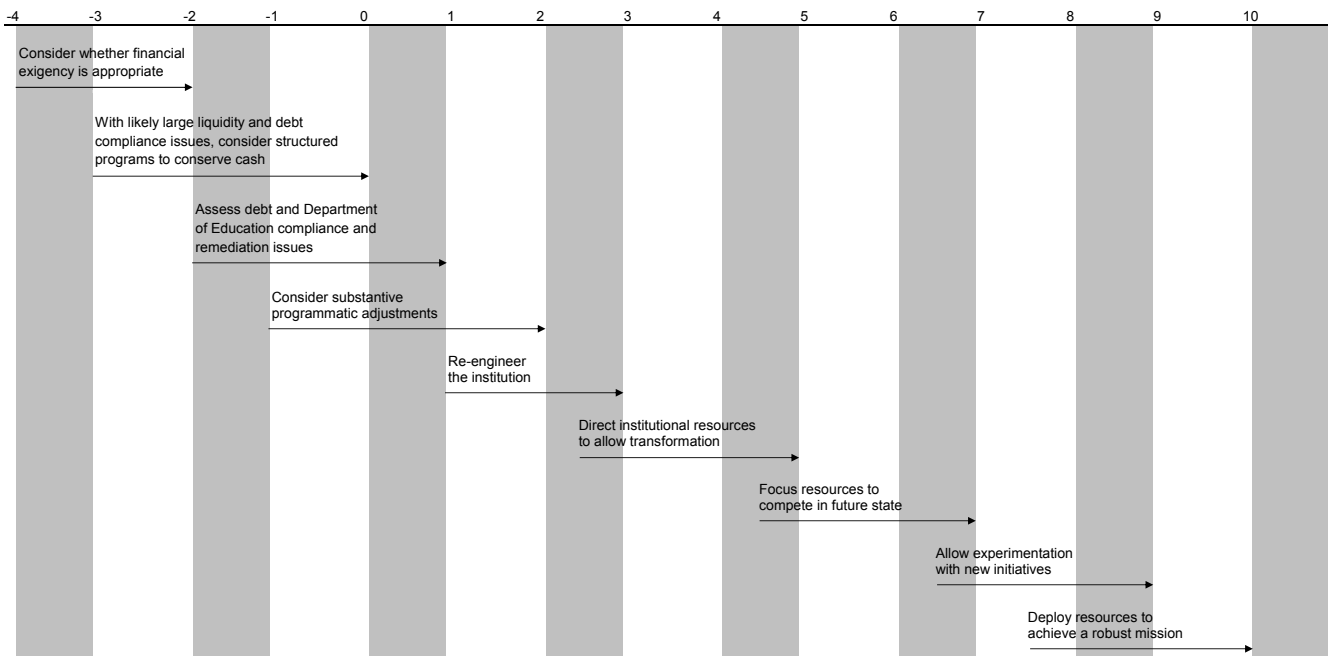
## KEY INDICATORS OF CAPITAL NEEDS AND CAPACITY 2008 THROUGH 2012



**KEY INDICATORS OF FINANCIAL HEALTH  
2008 THROUGH 2012**

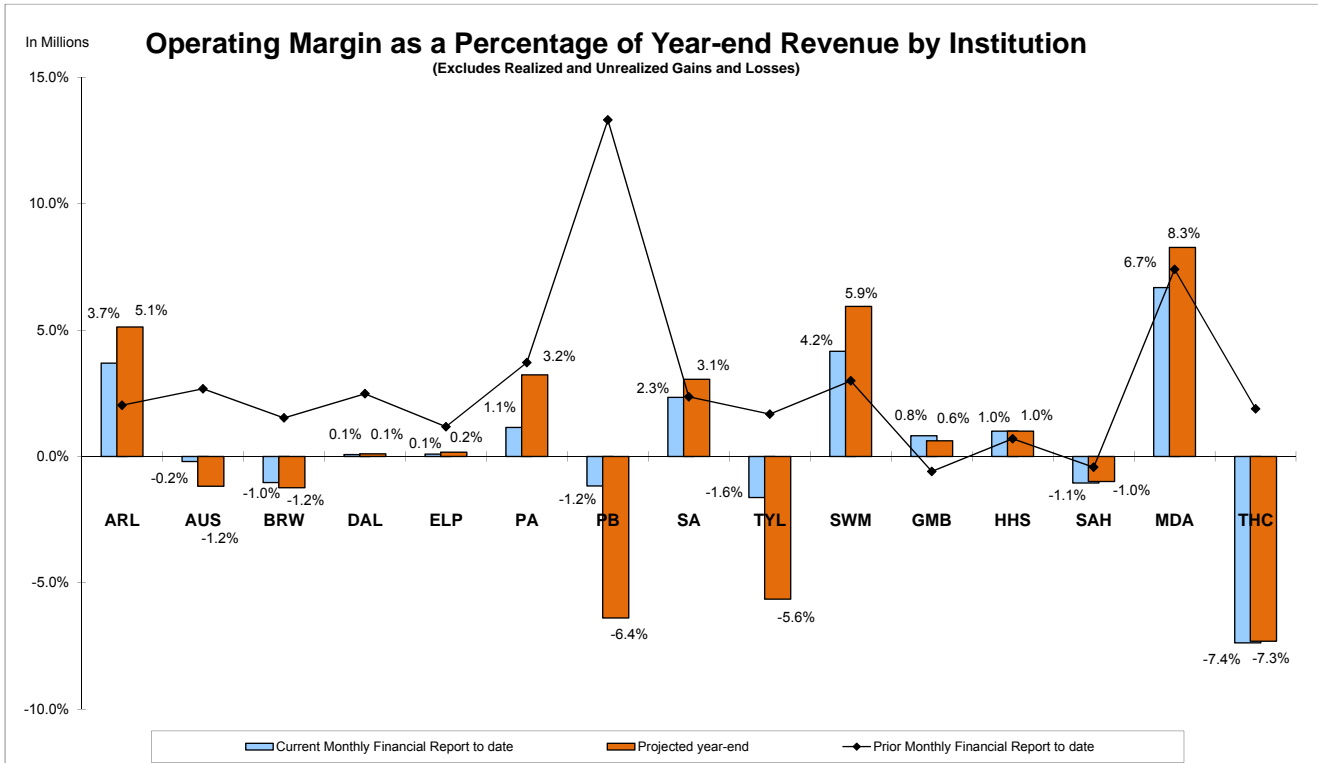
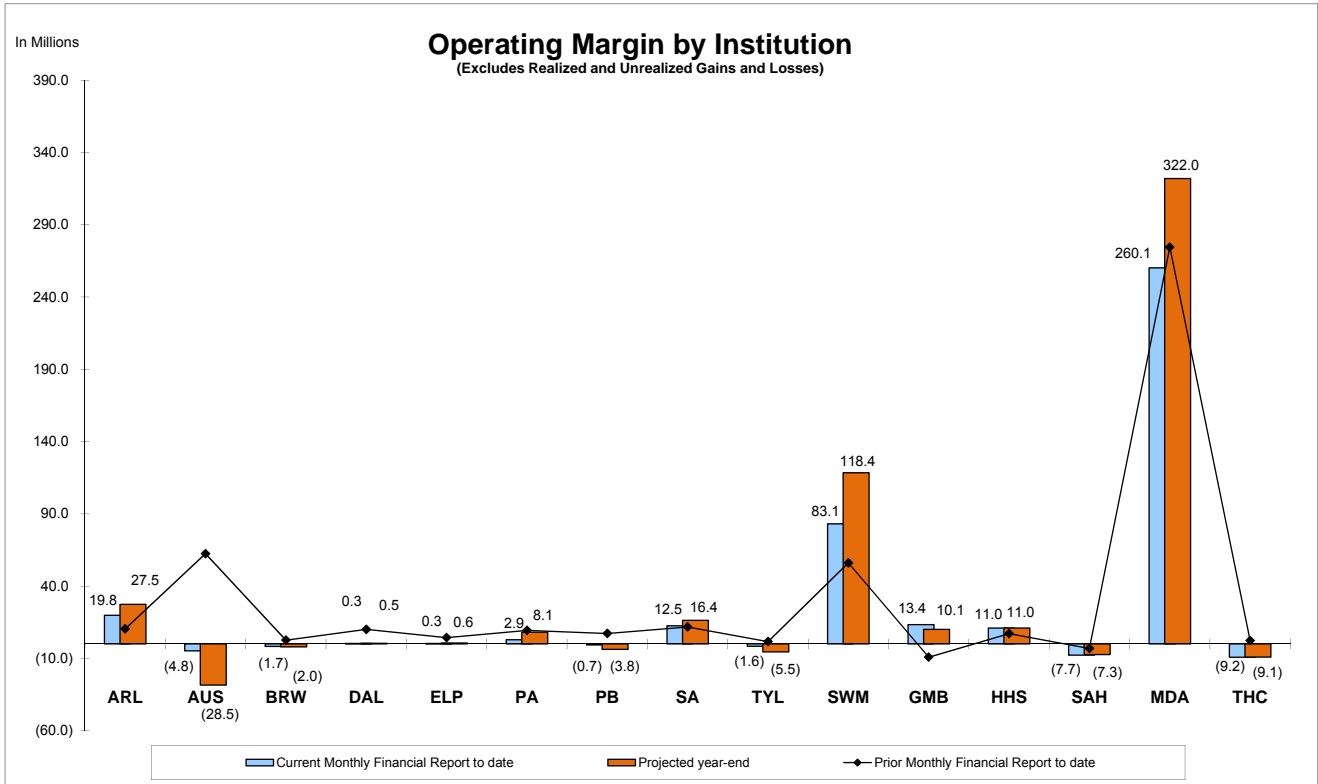


**Scale for Charting CFI Performance**



Source: Strategic Financial Analysis for Higher Education, Seventh Edition

## KEY INDICATORS OF RESERVES YEAR-TO-DATE 2012 AND 2013 FROM MAY MONTHLY FINANCIAL REPORT PROJECTED 2013 YEAR-END MARGIN



THE UNIVERSITY OF TEXAS SYSTEM  
OFFICE OF THE CONTROLLER

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MONTHLY FINANCIAL REPORT  
*(unaudited)*

JUNE 2013



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201 Seventh Street, ASH 5<sup>th</sup> Floor  
Austin, Texas 78701  
512.499.4527  
[www.utsystem.edu/cont](http://www.utsystem.edu/cont)

**THE UNIVERSITY OF TEXAS SYSTEM  
MONTHLY FINANCIAL REPORT  
(Unaudited)  
FOR THE TEN MONTHS ENDING  
JUNE 30, 2013**



**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.

Meeting of the U. T. System Board of Regents - Finance and Planning Committee

UNAUDITED

The University of Texas System Consolidated  
 Monthly Financial Report, Comparison of Operating Results and Margin  
 For the Period Ending June 30, 2013

	June Year-to-Date FY 2013	June Year-to-Date FY 2012	Variance	Fluctuation Percentage
<b>Operating Revenues</b>				
Net Student Tuition	1,244,827,530.66	1,181,967,312.03	62,860,218.63	5.3%
Sponsored Programs	2,271,456,603.44	2,276,518,804.51	(5,062,201.07)	-0.2%
Net Sales and Services of Educational Activities	443,369,866.18	466,946,904.19	(23,577,038.01)	-5.0%
Net Sales and Services of Hospitals	3,641,662,524.28	3,417,921,877.38	223,740,646.90	6.5%
Net Professional Fees	1,072,174,048.03	1,010,671,513.28	61,502,534.75	6.1%
Net Auxiliary Enterprises	415,029,550.99	396,321,615.30	18,707,935.69	4.7%
Other Operating Revenues	223,205,464.18	132,995,685.01	90,209,779.17	67.8%
<b>Total Operating Revenues</b>	<b>9,311,725,587.76</b>	<b>8,883,343,711.70</b>	<b>428,381,876.06</b>	<b>4.8%</b>
<b>Operating Expenses</b>				
Salaries and Wages	5,613,266,202.23	5,340,312,797.99	272,953,404.24	5.1%
Payroll Related Costs	1,436,538,794.12	1,333,072,927.08	103,465,867.04	7.8%
Cost of Goods Sold	93,764,695.86	80,003,265.67	13,761,430.19	17.2%
Professional Fees and Services	333,435,110.19	288,955,354.45	44,479,755.74	15.4%
Other Contracted Services	519,752,267.58	459,398,247.79	60,354,019.79	13.1%
Travel	116,559,686.29	108,201,089.96	8,358,596.33	7.7%
Materials and Supplies	1,215,344,758.25	1,156,019,201.51	59,325,556.74	5.1%
Utilities	248,277,167.66	247,736,552.74	540,614.92	0.2%
Communications	103,473,451.63	99,304,455.13	4,168,996.50	4.2%
Repairs and Maintenance	208,440,281.03	199,728,609.19	8,711,671.84	4.4%
Rentals and Leases	111,889,928.99	112,515,083.04	(625,154.05)	-0.6%
Printing and Reproduction	27,444,430.99	25,456,096.82	1,988,334.17	7.8%
Bad Debt Expense	561,034.16	1,245,423.00	(684,388.84)	-55.0%
Claims and Losses	8,823,827.84	10,262,770.10	(1,438,942.26)	-14.0%
Increase in Net OPEB Obligation	414,345,462.50	392,407,443.33	21,938,019.17	5.6%
Scholarships and Fellowships	387,347,351.62	386,124,456.08	1,222,895.54	0.3%
Depreciation and Amortization	921,905,201.56	819,124,491.32	102,780,710.24	12.5%
Federal Sponsored Program Pass-Through to Other State Agencies	18,439,187.38	21,772,880.53	(3,333,693.15)	-15.3%
State Sponsored Program Pass-Through to Other State Agencies	1,742,501.60	1,480,248.88	262,252.72	17.7%
Other Operating Expenses	296,230,347.74	280,219,926.95	16,010,420.79	5.7%
<b>Total Operating Expenses</b>	<b>12,077,581,689.22</b>	<b>11,363,341,321.56</b>	<b>714,240,367.66</b>	<b>6.3%</b>
<b>Operating Loss</b>	<b>(2,765,856,101.46)</b>	<b>(2,479,997,609.86)</b>	<b>(285,858,491.60)</b>	<b>-11.5%</b>
<b>Other Nonoperating Adjustments</b>				
State Appropriations	1,615,776,304.05	1,580,412,977.58	35,363,326.47	2.2%
Nonexchange Sponsored Programs	327,229,910.00	307,076,822.40	20,153,087.60	6.6%
Gift Contributions for Operations	357,498,672.82	270,709,077.32	86,789,595.50	32.1%
Net Investment Income	946,829,536.12	1,068,811,180.24	(121,981,644.12)	-11.4%
Interest Expense on Capital Asset Financings	(229,095,527.89)	(223,920,757.04)	(5,174,770.85)	-2.3%
<b>Net Other Nonoperating Adjustments</b>	<b>3,018,238,895.10</b>	<b>3,003,089,300.50</b>	<b>15,149,594.60</b>	<b>0.5%</b>
<b>Adjusted Income (Loss) including Depreciation &amp; Amortization</b>	<b>252,382,793.64</b>	<b>523,091,690.64</b>	<b>(270,708,897.00)</b>	<b>-51.8%</b>
<b>Adjusted Margin % including Depreciation &amp; Amortization</b>	<b>2.0%</b>	<b>4.3%</b>		
Investment Gain (Losses)	1,322,978,616.43	(62,864,633.28)	1,385,843,249.71	2,204.5%
<b>Adj. Inc. (Loss) with Investment Gains (Losses)</b>	<b>1,575,361,410.07</b>	<b>460,227,057.36</b>	<b>1,115,134,352.71</b>	<b>242.3%</b>
<b>Adj. Margin % with Investment Gains (Losses)</b>	<b>11.3%</b>	<b>3.8%</b>		
<b>Adjusted Income (Loss) excluding Depreciation &amp; Amortization</b>	<b>1,174,287,995.20</b>	<b>1,342,216,181.96</b>	<b>(167,928,186.76)</b>	<b>-12.5%</b>
<b>Adjusted Margin % excluding Depreciation &amp; Amortization</b>	<b>9.4%</b>	<b>11.1%</b>		

**The University of Texas System  
Comparison of Adjusted Income (Loss)  
For the Ten Months Ending June 30, 2013**

	<b>Including Depreciation and Amortization Expense</b>				<b>Fluctuation Percentage</b>
	<b>June Year-to-Date FY 2013</b>	<b>June Year-to-Date FY 2012</b>	<b>Variance</b>		
U. T. System Administration	\$ 2,885,942.34	\$ 191,702,343.39	(188,816,401.05)	(1)	-98.5%
U. T. Arlington	21,296,153.95	11,056,978.57	10,239,175.38	(2)	92.6%
U. T. Austin	(19,363,206.19)	63,540,548.15	(82,903,754.34)	(3)	-130.5%
U. T. Brownsville	(1,214,512.16)	1,984,284.59	(3,198,796.75)	(4)	-161.2%
U. T. Dallas	2,511,318.89	11,190,344.27	(8,679,025.38)	(5)	-77.6%
U. T. El Paso	717,710.47	5,543,189.61	(4,825,479.14)	(6)	-87.1%
U. T. Pan American	3,978,154.48	11,781,507.22	(7,803,352.74)	(7)	-66.2%
U. T. Permian Basin	(497,969.40)	7,308,567.93	(7,806,537.33)	(8)	-106.8%
U. T. San Antonio	13,793,491.47	13,318,191.40	475,300.07		3.6%
U. T. Tyler	(2,371,044.71)	(277,437.37)	(2,093,607.34)	(9)	-754.6%
U. T. Southwestern Medical Center	92,344,472.70	68,871,811.83	23,472,660.87	(10)	34.1%
U. T. Medical Branch - Galveston	6,982,686.64	(9,797,565.02)	16,780,251.66	(11)	171.3%
U. T. Health Science Center - Houston	7,502,492.70	6,568,562.88	933,929.82	(12)	14.2%
U. T. Health Science Center - San Antonio	(8,804,799.71)	(3,038,887.19)	(5,765,912.52)	(13)	-189.7%
U. T. M. D. Anderson Cancer Center	319,258,666.70	289,514,975.78	29,743,690.92		10.3%
U. T. Health Science Center - Tyler	(11,972,597.86)	3,457,607.93	(15,430,205.79)	(14)	-446.3%
Elimination of AUF Transfer	(174,664,166.67)	(149,633,333.33)	(25,030,833.34)		-16.7%
Total Adjusted Income (Loss)	<u>252,382,793.64</u>	<u>523,091,690.64</u>	<u>(270,708,897.00)</u>		-51.8%
Investment Gains (Losses)	<u>1,322,978,616.43</u>	<u>(62,864,633.28)</u>	<u>1,385,843,249.71</u>		2,204.5%
<b>Total Adjusted Income (Loss) with Investment Gains (Losses) Including Depreciation and Amortization</b>	<b><u>\$ 1,575,361,410.07</u></b>	<b><u>\$ 460,227,057.36</u></b>	<b><u>\$ 1,115,134,352.71</u></b>		<b><u>242.3%</u></b>

	<b>Excluding Depreciation and Amortization Expense</b>				<b>Fluctuation Percentage</b>
	<b>June Year-to-Date FY 2013</b>	<b>June Year-to-Date FY 2012</b>	<b>Variance</b>		
U. T. System Administration	\$ 9,046,197.35	\$ 197,979,136.73	(188,932,939.38)		-95.4%
U. T. Arlington	52,164,311.66	39,962,847.08	12,201,464.58		30.5%
U. T. Austin	240,636,793.81	261,148,463.44	(20,511,669.63)		-7.9%
U. T. Brownsville	5,539,232.14	8,525,084.93	(2,985,852.79)		-35.0%
U. T. Dallas	37,004,180.59	42,584,605.38	(5,580,424.79)		-13.1%
U. T. El Paso	22,575,858.37	26,092,693.06	(3,516,834.69)		-13.5%
U. T. Pan American	16,379,566.39	23,571,828.99	(7,192,262.60)		-30.5%
U. T. Permian Basin	9,252,030.60	16,266,901.26	(7,014,870.66)		-43.1%
U. T. San Antonio	49,316,324.33	47,290,109.94	2,026,214.39		4.3%
U. T. Tyler	6,862,589.44	9,079,804.28	(2,217,214.84)		-24.4%
U. T. Southwestern Medical Center	183,846,715.69	154,997,226.43	28,849,489.26		18.6%
U. T. Medical Branch - Galveston	86,740,373.01	60,518,949.57	26,221,423.44		43.3%
U. T. Health Science Center - Houston	54,587,418.41	49,666,730.65	4,920,687.76		9.9%
U. T. Health Science Center - San Antonio	32,028,533.62	35,294,446.14	(3,265,912.52)		-9.3%
U. T. M. D. Anderson Cancer Center	547,392,048.31	508,090,656.72	39,301,391.59		7.7%
U. T. Health Science Center - Tyler	(4,420,011.85)	10,780,030.69	(15,200,042.54)		-141.0%
Elimination of AUF Transfer	(174,664,166.67)	(149,633,333.33)	(25,030,833.34)		-16.7%
Total Adjusted Income (Loss)	<u>1,174,287,995.20</u>	<u>1,342,216,181.96</u>	<u>(167,928,186.76)</u>		-12.5%
<b>Total Adjusted Income (Loss) Excluding Depreciation and Amortization</b>	<b><u>\$ 1,174,287,995.20</u></b>	<b><u>\$ 1,342,216,181.96</u></b>	<b><u>\$ (167,928,186.76)</u></b>		<b><u>-12.5%</u></b>

THE UNIVERSITY OF TEXAS SYSTEM  
EXPLANATION OF VARIANCES ON THE MONTHLY FINANCIAL REPORT  
For the Ten Months Ending June 30, 2013

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 - The \$188.8 million (98.5%) decrease in adjusted income over the same period last year was primarily due to a decrease in net investment income. While oil royalties have increased, this increase was offset by a decrease in oil and gas lease bonus sales as most of the prime acreage was leased in the two prior years. Excluding depreciation and amortization expense, *U. T. System Administration's* adjusted income was \$9.0 million or 1.6%. *U. T. System Administration* anticipates ending the year with a \$16.2 million loss, which represents -2.4% of projected revenues and includes an accrual of \$497.2 million for OPEB expense for the entire *U. T. System*.
- (2) U. T. Arlington - The \$10.2 million (92.6%) increase in adjusted income over the same period last year was primarily attributable to an increase in gift contributions for operations for the Institute of Research Technologies. Excluding depreciation and amortization expense, *U. T. Arlington's* adjusted income was \$52.2 million or 11.8%.
- (3) U. T. Austin - The \$82.9 million (130.5%) increase in adjusted loss as compared to adjusted income for the same period last year was primarily attributable to an increase in materials and supplies and depreciation and amortization. The increase in materials and supplies was due to furniture and equipment purchased for newly opened or renovated buildings on campus, as well as an increase in telecommunications equipment for the systemwide area networking project. Prior to March 2013, *U. T. Austin* included cost of goods sold in materials and supplies. Therefore, the prior year amount for materials and supplies includes cost of goods sold which conceals the true variance on materials and supplies. The increase in depreciation and amortization is due to an error in the acquisition date in the inventory system for four very large gifted software licenses and a software license that was gifted in 2011, but was not recorded in the inventory system. As a result, amortization expense is larger to increase accumulated amortization up to the correct level in 2013. Additionally, gift contributions for operations decreased primarily due to a reduction in pledges and decreases in gifts received for the Institute for Computational Engineering and Sciences (ICES) Excellence Fund, the Texas Advanced Computing Center, and the Center for American History as compared to the prior year. *U. T. Austin* incurred a year-to-date loss of \$19.4 million. Excluding depreciation and amortization expense, *U. T. Austin's* adjusted income was \$240.6 million or 11.3%. *U. T. Austin* anticipates ending the year with a \$25.2 million loss which represents -1.0% of projected revenues and includes \$312.0 million of depreciation and amortization expense.
- (4) U. T. Brownsville - The \$3.2 million (161.2%) increase in adjusted loss as compared to adjusted income for the same period last year was primarily due to a decrease in the Texas Southmost College (TSC) contract revenue and one-time separation costs, all related to the separation from TSC. Additionally, PeopleSoft project costs contributed to the decrease in margin. *U. T. Brownsville* incurred a year-to-date loss of \$1.2 million. Excluding depreciation and amortization expense, *U. T. Brownsville's* adjusted income was \$5.5 million or 3.9%. *U. T. Brownsville* anticipates ending the year with a \$1.5 million loss which represents -0.9% of projected revenues and includes \$8.1 million of depreciation and amortization expense.
- (5) U. T. Dallas - The \$8.7 million (77.6%) decrease in adjusted income over the same period last year was primarily attributable to an increase in salaries and wages expense and payroll related costs due to overall growth and an increase in the number of faculty. Excluding depreciation and amortization expense, *U. T. Dallas'* adjusted income was \$37.0 million or 9.9%.
- (6) U. T. El Paso - The \$4.8 million (87.1%) decrease in adjusted income over the same period last year was primarily attributable to a decrease in gifts for operations due a large gift received in 2012 which was initially recorded as an operating gift and was later correctly reclassified as an endowment. Also contributing to the variance were increases in the following expenses: depreciation and amortization expense increased as a result of the Physical Sciences/Engineering Core Facility, Chemistry and Computer Science building, and the Schuster Parking Garage, which were placed into service in 2012; and repairs and maintenance increased as a result of repairs across campus, combined with an increase in the renewal of software licenses and equipment service agreements. Excluding depreciation and amortization expense, *U. T. El Paso's* adjusted income was \$22.6 million or 7.0%.
- (7) U. T. Pan American - The \$7.8 million (66.2%) decrease in adjusted income over the same period last year was primarily attributable to an increase in salaries and wages, and payroll related expense as a result of the one-time merit that was paid with local fund balances. Also contributing were increases in professional fees and depreciation and amortization expense. Additionally, gifts for operations decreased primarily due to timing differences. Excluding depreciation and amortization expense, *U. T. Pan American's* adjusted income was \$16.4 million or 7.5%.

- (8) U. T. Permian Basin - The \$7.8 million (106.8%) increase in adjusted loss as compared to adjusted income for the same period last year was primarily due to increases in salaries and wages, payroll related costs, and scholarship and fellowship expense, and a decrease in net student tuition, all related to errors made in 2011 that were identified and corrected in 2012. U. T. Permian Basin incurred a year-to-date loss of \$498,000. Excluding depreciation and amortization expense, U. T. Permian Basin's adjusted income was \$9.3 million or 17.7%. U. T. Permian Basin anticipates ending the year with a \$3.3 million loss which represents -5.5% of projected revenues and includes \$11.7 million of depreciation and amortization expense.
- (9) U. T. Tyler - The \$2.1 million (754.6%) increase in adjusted loss over the same period last year was primarily attributable to an increase in salaries and wages expense and payroll related costs due to increased personnel for the newly acquired Discovery Science Place, Innovation Academy, and charter schools, as well as one-time merit salary increases awarded in December. In addition, one-time Information Technology (IT) projects and purchases of computer equipment resulted in an increase in materials and supplies. U. T. Tyler incurred a year-to-date loss of \$2.4 million. Excluding depreciation and amortization expense, U. T. Tyler's adjusted income was \$6.9 million or 8.3%. U. T. Tyler anticipates ending the year with a \$5.6 million loss which represents -5.7% of projected revenues and includes \$11.3 million of depreciation and amortization expense. The projected loss is the result of an increase in personnel across the campus, merit salary increases and building renovations. U. T. Tyler's use of prior year balances was approved by U. T. System Administration for 2013 for one-time nonrecurring expenses.
- (10) U. T. Southwestern Medical Center - The \$23.5 million (34.1%) increase in adjusted income over the same period last year was primarily attributable to an increase in investment income due to stock dividends received from a start-up company and an increase in gift contributions for operations primarily due to distributions received from the Southwestern Medical Foundation. Excluding depreciation and amortization expense, Southwestern's adjusted income was \$183.8 million or 11.1%.
- (11) U. T. Medical Branch - Galveston - The \$16.8 million (171.3%) increase in adjusted income as compared to adjusted loss for the same period last year was primarily attributable to higher state appropriations. State appropriations increased as a result of the recognition for both Hurricane *Ike* recovery expenditures, including the reimbursement of operating expenses incurred in the prior year, and the remainder of the 2012 House Bill 4 supplemental funding in 2013. Excluding depreciation and amortization expense, UTMB's adjusted income was \$86.7 million or 6.4%. UTMB now expects to end the year with a positive margin of \$10.1 million, which represents 0.6% of projected revenues and includes depreciation and amortization expense of \$96.3 million, principally due to the increase in appropriations for Hurricane *Ike* recovery.
- (12) U. T. Health Science Center - San Antonio - The \$5.8 million (189.7%) increase in adjusted loss over the same period last year was primarily due to an increase in salaries and wages attributable to faculty incentive payments as a result of continued efforts to adjust performance-based compensation per the XYZ plan, as well as a 2.5% merit salary increase enacted for both faculty and staff. In addition, clinical fee for service revenue collections experienced a timing difference in the revenue reported for 2013 compared to 2012, which UTHSC-San Antonio anticipates will normalize by fiscal year end. Also contributing to the variance were unfunded costs associated with the Pediatrics transition from CHRISTUS Santa Rosa in preparation of the new Children's Hospital and an increase in depreciation and amortization expense. As a result, UTHSC-San Antonio incurred a year-to-date loss of \$8.8 million. Excluding depreciation and amortization expense, UTHSC-San Antonio's adjusted income was \$32.0 million or 5.3%. UTHSC-San Antonio anticipates ending the year with a \$7.0 million loss, which is primarily attributable to increased depreciation and amortization expense as a result of capital expansions, unfunded transition costs in preparation of the upcoming pediatric hospital, and targeted investments in support of the strategic plan through the end of the fiscal year. The projected loss of \$7.0 million represents -1.0% of projected revenues, includes \$49.0 million of depreciation and amortization expense, and is supported by \$223.9 million of unrestricted net assets.
- (13) U. T. Health Science Center - Tyler - The \$15.4 million (446.3%) increase in adjusted loss as compared to adjusted income for the same period last year was primarily attributable to a decrease in state appropriations as all additional revenue from House Bill 4 was recognized in 2012. Also contributing to the variance was an increase in salaries and wages due to the addition of several physicians and staff related to medical and academic program expansion. As a result of these factors, UTHSC-Tyler incurred a year-to-date loss of \$12.0 million. Excluding depreciation and amortization expense, UTHSC-Tyler had an adjusted loss of \$4.4 million or -4.4%. UTHSC-Tyler anticipates ending the year with a \$14.4 million loss which represents -11.9% of projected revenues and includes \$9.1 million of depreciation and amortization expense. The projected loss is the result of start-up costs related to new academic programs and the expansion of medical programs to include pediatric rehabilitation, cardiology, pulmonology, internal medicine, and oncology.

## 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.

**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.

**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.

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

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).

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

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.

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

OTHER OPERATING EXPENSES - Other operating expenses not identified in other line items above (e.g., certified non-profit healthcare company expenses, property taxes, insurance premiums, credit card fees, hazardous waste disposal expenses, meetings and conferences, 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.

## UNAUDITED

The University of Texas System Administration  
 Monthly Financial Report, Comparison of Operating Results and Margin  
 For the Period Ending June 30, 2013

	June Year-to-Date FY 2013	June Year-to-Date FY 2012	Variance	Fluctuation Percentage
<b>Operating Revenues</b>				
Sponsored Programs	6,217,972.62	14,767,048.43	(8,549,075.81)	-57.9%
Net Sales and Services of Educational Activities	24,278,240.41	36,098,036.29	(11,819,795.88)	-32.7%
Other Operating Revenues	30,150,074.93	18,416,422.65	11,733,652.28	63.7%
<b>Total Operating Revenues</b>	<b>60,646,287.96</b>	<b>69,281,507.37</b>	<b>(8,635,219.41)</b>	<b>-12.5%</b>
<b>Operating Expenses</b>				
Salaries and Wages	31,129,258.25	27,993,173.45	3,136,084.80	11.2%
Payroll Related Costs	7,978,069.91	6,921,487.19	1,056,582.72	15.3%
Professional Fees and Services	9,086,656.61	5,542,276.83	3,544,379.78	64.0%
Other Contracted Services	18,840,022.69	8,434,848.65	10,405,174.04	123.4%
Travel	1,214,970.01	1,106,851.90	108,118.11	9.8%
Materials and Supplies	6,046,079.45	8,809,616.42	(2,763,536.97)	-31.4%
Utilities	510,902.05	444,704.30	66,197.75	14.9%
Communications	3,271,672.74	2,980,373.77	291,298.97	9.8%
Repairs and Maintenance	2,706,159.95	11,568,366.42	(8,862,206.47)	-76.6%
Rentals and Leases	717,059.25	613,275.49	103,783.76	16.9%
Printing and Reproduction	195,832.66	153,467.75	42,364.91	27.6%
Claims and Losses	8,823,827.84	10,262,710.10	(1,438,882.26)	-14.0%
Increase in Net OPEB Obligation	414,345,462.50	392,407,443.33	21,938,019.17	5.6%
Scholarships and Fellowships	778,350.00	836,550.00	(58,200.00)	-7.0%
Depreciation and Amortization	6,160,255.01	6,276,793.34	(116,538.33)	-1.9%
State Sponsored Program Pass-Through to Other State Agencies	1,704,809.98	1,480,248.88	224,561.10	15.2%
Other Operating Expenses	13,119,969.21	26,337,314.30	(13,217,345.09)	-50.2%
<b>Total Operating Expenses</b>	<b>526,629,358.11</b>	<b>512,169,502.12</b>	<b>14,459,855.99</b>	<b>2.8%</b>
<b>Operating Loss</b>	<b>(465,983,070.15)</b>	<b>(442,887,994.75)</b>	<b>(23,095,075.40)</b>	<b>-5.2%</b>
<b>Other Nonoperating Adjustments</b>				
State Appropriations	1,288,305.02	1,378,772.30	(90,467.28)	-6.6%
Nonexchange Sponsored Programs	16,963,780.42	17,172,022.21	(208,241.79)	-1.2%
Gift Contributions for Operations	899,139.37	887,871.22	11,268.15	1.3%
Net Investment Income	451,481,322.07	631,215,594.76	(179,734,272.69)	-28.5%
Interest Expense on Capital Asset Financings	(51,020,758.49)	(51,584,004.02)	563,245.53	1.1%
<b>Net Other Nonoperating Adjustments</b>	<b>419,611,788.39</b>	<b>599,070,256.47</b>	<b>(179,458,468.08)</b>	<b>-30.0%</b>
<b>Adjusted Income (Loss) including Depreciation &amp; Amortization</b>	<b>(46,371,281.76)</b>	<b>156,182,261.72</b>	<b>(202,553,543.48)</b>	<b>-129.7%</b>
<b>Adjusted Margin % including Depreciation &amp; Amortization</b>	<b>-8.7%</b>	<b>21.7%</b>		
Available University Fund Transfer	49,257,224.10	35,520,081.67	13,737,142.43	38.7%
<b>Adjusted Income (Loss) with AUF Transfer</b>	<b>2,885,942.34</b>	<b>191,702,343.39</b>	<b>(188,816,401.05)</b>	<b>-98.5%</b>
<b>Adjusted Margin % with AUF Transfer</b>	<b>0.5%</b>	<b>25.4%</b>		
Investment Gain (Losses)	920,550,304.98	319,414,849.92	601,135,455.06	188.2%
<b>Adj. Inc. (Loss) with AUF Transfer &amp; Invest. Gains (Losses)</b>	<b>\$923,436,247.32</b>	<b>\$511,117,193.31</b>	<b>\$412,319,054.01</b>	<b>80.7%</b>
<b>Adj. Margin % with AUF Transfer &amp; Invest. Gains (Losses)</b>	<b>61.5%</b>	<b>47.6%</b>		
<b>Adjusted Income (Loss) with AUF Transfer excluding Depreciation &amp; Amortization</b>	<b>9,046,197.35</b>	<b>197,979,136.73</b>	<b>(188,932,939.38)</b>	<b>-95.4%</b>
<b>Adjusted Margin % with AUF Transfer excluding Depreciation &amp; Amortization</b>	<b>1.6%</b>	<b>26.2%</b>		



## UNAUDITED

The University of Texas at Arlington  
 Monthly Financial Report, Comparison of Operating Results and Margin  
 For the Period Ending June 30, 2013

	June Year-to-Date FY 2013	June Year-to-Date FY 2012	Variance	Fluctuation Percentage
<b>Operating Revenues</b>				
Net Student Tuition	175,309,368.64	152,273,195.71	23,036,172.93	15.1%
Sponsored Programs	59,805,483.02	62,502,051.58	(2,696,568.56)	-4.3%
Net Sales and Services of Educational Activities	14,872,869.96	15,979,471.97	(1,106,602.01)	-6.9%
Net Auxiliary Enterprises	29,991,738.77	24,175,678.90	5,816,059.87	24.1%
Other Operating Revenues	9,983,455.84	4,487,864.96	5,495,590.88	122.5%
<b>Total Operating Revenues</b>	<b>289,962,916.23</b>	<b>259,418,263.12</b>	<b>30,544,653.11</b>	<b>11.8%</b>
<b>Operating Expenses</b>				
Salaries and Wages	191,411,817.14	181,613,618.04	9,798,199.10	5.4%
Payroll Related Costs	47,273,320.33	44,230,658.28	3,042,662.05	6.9%
Cost of Goods Sold	2,690.66	12,815.03	(10,124.37)	-79.0%
Professional Fees and Services	7,144,884.12	4,248,251.11	2,896,633.01	68.2%
Other Contracted Services	34,863,830.42	31,338,895.78	3,524,934.64	11.2%
Travel	6,172,676.98	5,693,638.82	479,038.16	8.4%
Materials and Supplies	21,941,623.63	22,047,449.10	(105,825.47)	-0.5%
Utilities	7,561,441.25	7,338,171.52	223,269.73	3.0%
Communications	6,858,252.89	5,632,788.81	1,225,464.08	21.8%
Repairs and Maintenance	13,090,338.43	9,392,041.92	3,698,296.51	39.4%
Rentals and Leases	3,694,021.76	3,510,680.95	183,340.81	5.2%
Printing and Reproduction	2,443,811.32	2,131,246.59	312,564.73	14.7%
Bad Debt Expense	383,899.32	100,230.50	283,668.82	283.0%
Scholarships and Fellowships	26,709,030.53	25,357,736.40	1,351,294.13	5.3%
Depreciation and Amortization	30,868,157.71	28,905,868.51	1,962,289.20	6.8%
Federal Sponsored Program Pass-Through to Other State Agencies	1,673,008.08	1,471,732.28	201,275.80	13.7%
State Sponsored Program Pass-Through to Other State Agencies	37,691.62	-	37,691.62	100.0%
Other Operating Expenses	8,168,350.49	7,569,689.42	598,661.07	7.9%
<b>Total Operating Expenses</b>	<b>410,298,846.68</b>	<b>380,595,513.06</b>	<b>29,703,333.62</b>	<b>7.8%</b>
<b>Operating Loss</b>	<b>(120,335,930.45)</b>	<b>(121,177,249.94)</b>	<b>841,319.49</b>	<b>0.7%</b>
<b>Other Nonoperating Adjustments</b>				
State Appropriations	95,331,994.17	94,599,900.83	732,093.34	0.8%
Nonexchange Sponsored Programs	37,500,000.00	35,000,000.00	2,500,000.00	7.1%
Gift Contributions for Operations	10,368,365.00	2,843,611.95	7,524,753.05	264.6%
Net Investment Income	10,174,617.83	9,426,970.53	747,647.30	7.9%
Interest Expense on Capital Asset Financings	(11,742,892.60)	(9,636,254.80)	(2,106,637.80)	-21.9%
<b>Net Other Nonoperating Adjustments</b>	<b>141,632,084.40</b>	<b>132,234,228.51</b>	<b>9,397,855.89</b>	<b>7.1%</b>
<b>Adjusted Income (Loss) including Depreciation &amp; Amortization</b>	<b>21,296,153.95</b>	<b>11,056,978.57</b>	<b>10,239,175.38</b>	<b>92.6%</b>
<b>Adjusted Margin % including Depreciation &amp; Amortization</b>	<b>4.8%</b>	<b>2.8%</b>		
Investment Gain (Losses)	11,937,223.95	(11,578,811.01)	23,516,034.96	203.1%
<b>Adj. Inc. (Loss) with Investment Gains (Losses)</b>	<b>33,233,377.90</b>	<b>(521,832.44)</b>	<b>33,755,210.34</b>	<b>6,468.6%</b>
<b>Adj. Margin % with Investment Gains (Losses)</b>	<b>7.3%</b>	<b>-0.1%</b>		
<b>Adjusted Income (Loss) excluding Depreciation &amp; Amortization</b>	<b>52,164,311.66</b>	<b>39,962,847.08</b>	<b>12,201,464.58</b>	<b>30.5%</b>
<b>Adjusted Margin % excluding Depreciation &amp; Amortization</b>	<b>11.8%</b>	<b>10.0%</b>		

## UNAUDITED

The University of Texas at Austin  
 Monthly Financial Report, Comparison of Operating Results and Margin  
 For the Period Ending June 30, 2013

	June Year-to-Date FY 2013	June Year-to-Date FY 2012	Variance	Fluctuation Percentage
<b>Operating Revenues</b>				
Net Student Tuition	408,333,333.33	404,166,666.67	4,166,666.66	1.0%
Sponsored Programs	447,379,553.50	419,025,503.29	28,354,050.21	6.8%
Net Sales and Services of Educational Activities	304,359,616.30	322,274,590.52	(17,914,974.22)	-5.6%
Net Auxiliary Enterprises	230,534,875.46	222,735,479.36	7,799,396.10	3.5%
Other Operating Revenues	7,321,408.88	4,489,642.07	2,831,766.81	63.1%
<b>Total Operating Revenues</b>	<b>1,397,928,787.47</b>	<b>1,372,691,881.91</b>	<b>25,236,905.56</b>	<b>1.8%</b>
<b>Operating Expenses</b>				
Salaries and Wages	932,974,716.99	901,563,243.53	31,411,473.46	3.5%
Payroll Related Costs	238,323,370.67	226,620,441.03	11,702,929.64	5.2%
Cost of Goods Sold	19,947,302.97	-	19,947,302.97	100.0%
Professional Fees and Services	30,174,652.63	28,996,181.80	1,178,470.83	4.1%
Other Contracted Services	118,535,750.43	111,916,925.99	6,618,824.44	5.9%
Travel	40,029,037.69	38,300,699.13	1,728,338.56	4.5%
Materials and Supplies	107,572,499.33	112,634,971.62	(5,062,472.29)	-4.5%
Utilities	75,621,641.83	76,060,113.31	(438,471.48)	-0.6%
Communications	45,250,322.84	47,109,685.11	(1,859,362.27)	-3.9%
Repairs and Maintenance	41,087,721.42	40,533,059.33	554,662.09	1.4%
Rentals and Leases	14,759,664.64	14,160,476.80	599,187.84	4.2%
Printing and Reproduction	6,730,400.46	8,659,044.13	(1,928,643.67)	-22.3%
Bad Debt Expense	(275.12)	502,734.56	(503,009.68)	-100.1%
Claims and Losses	-	60.00	(60.00)	-100.0%
Scholarships and Fellowships	96,666,666.67	100,083,333.33	(3,416,666.66)	-3.4%
Depreciation and Amortization	260,000,000.00	197,607,915.29	62,392,084.71	31.6%
Federal Sponsored Program Pass-Through to Other State Agencies	3,058,658.93	2,532,109.96	526,548.97	20.8%
Other Operating Expenses	80,185,241.69	74,178,211.00	6,007,030.69	8.1%
<b>Total Operating Expenses</b>	<b>2,110,917,374.07</b>	<b>1,981,459,205.92</b>	<b>129,458,168.15</b>	<b>6.5%</b>
<b>Operating Loss</b>	<b>(712,988,586.60)</b>	<b>(608,767,324.01)</b>	<b>(104,221,262.59)</b>	<b>-17.1%</b>
<b>Other Nonoperating Adjustments</b>				
State Appropriations	248,978,925.18	245,914,447.83	3,064,477.35	1.2%
Nonexchange Sponsored Programs	46,921,518.39	46,390,141.96	531,376.43	1.1%
Gift Contributions for Operations	99,642,833.40	112,848,698.57	(13,205,865.17)	-11.7%
Net Investment Income	163,887,313.67	156,341,744.77	7,545,568.90	4.8%
Interest Expense on Capital Asset Financings	(40,469,376.90)	(38,820,494.30)	(1,648,882.60)	-4.2%
<b>Net Other Nonoperating Adjustments</b>	<b>518,961,213.74</b>	<b>522,674,538.83</b>	<b>(3,713,325.09)</b>	<b>-0.7%</b>
<b>Adjusted Income (Loss) including Depreciation &amp; Amortization</b>	<b>(194,027,372.86)</b>	<b>(86,092,785.18)</b>	<b>(107,934,587.68)</b>	<b>-125.4%</b>
<b>Adjusted Margin % including Depreciation &amp; Amortization</b>	<b>-9.9%</b>	<b>-4.5%</b>		
Available University Fund Transfer	174,664,166.67	149,633,333.33	25,030,833.34	16.7%
<b>Adjusted Income (Loss) with AUF Transfer</b>	<b>(19,363,206.19)</b>	<b>63,540,548.15</b>	<b>(82,903,754.34)</b>	<b>-130.5%</b>
<b>Adjusted Margin % with AUF Transfer</b>	<b>-0.9%</b>	<b>3.0%</b>		
Investment Gain (Losses)	132,157,873.03	(142,799,358.90)	274,957,231.93	192.5%
<b>Adj. Inc. (Loss) with AUF Transfer &amp; Invest. Gains (Losses)</b>	<b>\$112,794,666.84</b>	<b>(79,258,810.75)</b>	<b>\$192,053,477.59</b>	<b>242.3%</b>
<b>Adj. Margin % with AUF Transfer &amp; Invest. Gains (Losses)</b>	<b>5.0%</b>	<b>-4.1%</b>		
<b>Adjusted Income (Loss) with AUF Transfer excluding Depreciation &amp; Amortization</b>	<b>240,636,793.81</b>	<b>261,148,463.44</b>	<b>(20,511,669.63)</b>	<b>-7.9%</b>
<b>Adjusted Margin % with AUF Transfer excluding Depreciation &amp; Amortization</b>	<b>11.3%</b>	<b>12.5%</b>		

## UNAUDITED

The University of Texas at Brownsville  
 Monthly Financial Report, Comparison of Operating Results and Margin  
 For the Period Ending June 30, 2013

	June Year-to-Date FY 2013	June Year-to-Date FY 2012	Variance	Fluctuation Percentage
<b>Operating Revenues</b>				
Net Student Tuition	30,920,500.45	18,622,944.83	12,297,555.62	66.0%
Sponsored Programs	44,007,645.40	62,183,083.48	(18,175,438.08)	-29.2%
Net Sales and Services of Educational Activities	2,416,311.95	1,870,529.66	545,782.29	29.2%
Net Auxiliary Enterprises	1,811,280.01	1,898,891.22	(87,611.21)	-4.6%
Other Operating Revenues	13,768.98	13,769.74	(0.76)	-
<b>Total Operating Revenues</b>	<b>79,169,506.79</b>	<b>84,589,218.93</b>	<b>(5,419,712.14)</b>	<b>-6.4%</b>
<b>Operating Expenses</b>				
Salaries and Wages	56,045,025.73	57,914,003.38	(1,868,977.65)	-3.2%
Payroll Related Costs	15,590,444.22	15,968,460.97	(378,016.75)	-2.4%
Professional Fees and Services	1,160,252.01	427,177.60	733,074.41	171.6%
Other Contracted Services	706,911.18	843,562.92	(136,651.74)	-16.2%
Travel	889,651.01	1,027,154.47	(137,503.46)	-13.4%
Materials and Supplies	1,985,730.79	2,823,688.14	(837,957.35)	-29.7%
Utilities	3,202,191.65	3,133,952.81	68,238.84	2.2%
Communications	1,095,685.07	907,584.23	188,100.84	20.7%
Repairs and Maintenance	1,637,990.07	2,126,108.36	(488,118.29)	-23.0%
Rentals and Leases	1,726,399.99	1,829,798.18	(103,398.19)	-5.7%
Printing and Reproduction	197,376.04	262,455.09	(65,079.05)	-24.8%
Scholarships and Fellowships	43,001,172.69	47,521,094.00	(4,519,921.31)	-9.5%
Depreciation and Amortization	6,753,744.30	6,540,800.34	212,943.96	3.3%
Federal Sponsored Program Pass-Through to Other State Agencies	39,885.65	167,656.30	(127,770.65)	-76.2%
Other Operating Expenses	5,242,110.23	5,301,093.25	(58,983.02)	-1.1%
<b>Total Operating Expenses</b>	<b>139,274,570.63</b>	<b>146,794,590.04</b>	<b>(7,520,019.41)</b>	<b>-5.1%</b>
<b>Operating Loss</b>	<b>(60,105,063.84)</b>	<b>(62,205,371.11)</b>	<b>2,100,307.27</b>	<b>3.4%</b>
<b>Other Nonoperating Adjustments</b>				
State Appropriations	30,236,707.77	29,640,392.74	596,315.03	2.0%
Nonexchange Sponsored Programs	29,217,173.96	35,099,704.06	(5,882,530.10)	-16.8%
Gift Contributions for Operations	538,194.80	415,228.78	122,966.02	29.6%
Net Investment Income	1,239,838.55	1,128,567.12	111,271.43	9.9%
Interest Expense on Capital Asset Financings	(2,341,363.40)	(2,094,237.00)	(247,126.40)	-11.8%
<b>Net Other Nonoperating Adjustments</b>	<b>58,890,551.68</b>	<b>64,189,655.70</b>	<b>(5,299,104.02)</b>	<b>-8.3%</b>
<b>Adjusted Income (Loss) including Depreciation &amp; Amortization</b>	<b>(1,214,512.16)</b>	<b>1,984,284.59</b>	<b>(3,198,796.75)</b>	<b>-161.2%</b>
<b>Adjusted Margin % including Depreciation &amp; Amortization</b>	<b>-0.9%</b>	<b>1.3%</b>		
Investment Gain (Losses)	756,180.95	(1,134,951.34)	1,891,132.29	166.6%
<b>Adj. Inc. (Loss) with Investment Gains (Losses)</b>	<b>(458,331.21)</b>	<b>849,333.25</b>	<b>(1,307,664.46)</b>	<b>-154.0%</b>
<b>Adj. Margin % with Investment Gains (Losses)</b>	<b>-0.3%</b>	<b>0.6%</b>		
<b>Adjusted Income (Loss) excluding Depreciation &amp; Amortization</b>	<b>5,539,232.14</b>	<b>8,525,084.93</b>	<b>(2,985,852.79)</b>	<b>-35.0%</b>
<b>Adjusted Margin % excluding Depreciation &amp; Amortization</b>	<b>3.9%</b>	<b>5.7%</b>		

## UNAUDITED

The University of Texas at Dallas  
 Monthly Financial Report, Comparison of Operating Results and Margin  
 For the Period Ending June 30, 2013

	June Year-to-Date FY 2013	June Year-to-Date FY 2012	Variance	Fluctuation Percentage
<b>Operating Revenues</b>				
Net Student Tuition	171,454,753.59	158,645,689.84	12,809,063.75	8.1%
Sponsored Programs	44,129,690.27	46,286,055.35	(2,156,365.08)	-4.7%
Net Sales and Services of Educational Activities	9,186,512.33	6,988,611.68	2,197,900.65	31.4%
Net Auxiliary Enterprises	12,465,073.76	10,622,781.37	1,842,292.39	17.3%
Other Operating Revenues	6,216,149.06	2,743,121.71	3,473,027.35	126.6%
<b>Total Operating Revenues</b>	<b>243,452,179.01</b>	<b>225,286,259.95</b>	<b>18,165,919.06</b>	<b>8.1%</b>
<b>Operating Expenses</b>				
Salaries and Wages	188,130,132.82	166,935,922.03	21,194,210.79	12.7%
Payroll Related Costs	42,684,861.73	36,248,035.14	6,436,826.59	17.8%
Professional Fees and Services	9,279,297.50	8,234,826.23	1,044,471.27	12.7%
Other Contracted Services	8,998,327.03	7,270,285.68	1,728,041.35	23.8%
Travel	4,901,986.72	4,597,218.26	304,768.46	6.6%
Materials and Supplies	19,211,459.85	17,270,314.00	1,941,145.85	11.2%
Utilities	7,466,370.69	8,186,686.99	(720,316.30)	-8.8%
Communications	903,555.89	469,686.89	433,869.00	92.4%
Repairs and Maintenance	3,352,701.70	3,948,702.09	(596,000.39)	-15.1%
Rentals and Leases	2,821,606.35	2,656,073.39	165,532.96	6.2%
Printing and Reproduction	1,448,406.62	1,402,148.34	46,258.28	3.3%
Scholarships and Fellowships	26,044,984.85	31,828,971.94	(5,783,987.09)	-18.2%
Depreciation and Amortization	34,492,861.70	31,394,261.11	3,098,600.59	9.9%
Federal Sponsored Program Pass-Through to Other State Agencies	69,812.23	289,239.24	(219,427.01)	-75.9%
Other Operating Expenses	12,453,925.65	10,795,586.24	1,658,339.41	15.4%
<b>Total Operating Expenses</b>	<b>362,260,291.33</b>	<b>331,527,957.57</b>	<b>30,732,333.76</b>	<b>9.3%</b>
<b>Operating Loss</b>	<b>(118,808,112.32)</b>	<b>(106,241,697.62)</b>	<b>(12,566,414.70)</b>	<b>-11.8%</b>
<b>Other Nonoperating Adjustments</b>				
State Appropriations	83,705,709.03	83,633,902.64	71,806.39	0.1%
Nonexchange Sponsored Programs	25,364,465.34	17,475,708.40	7,888,756.94	45.1%
Gift Contributions for Operations	8,187,374.77	12,182,456.54	(3,995,081.77)	-32.8%
Net Investment Income	14,506,116.87	13,243,008.61	1,263,108.26	9.5%
Interest Expense on Capital Asset Financings	(10,444,234.80)	(9,103,034.30)	(1,341,200.50)	-14.7%
<b>Net Other Nonoperating Adjustments</b>	<b>121,319,431.21</b>	<b>117,432,041.89</b>	<b>3,887,389.32</b>	<b>3.3%</b>
<b>Adjusted Income (Loss) including Depreciation &amp; Amortization</b>	<b>2,511,318.89</b>	<b>11,190,344.27</b>	<b>(8,679,025.38)</b>	<b>-77.6%</b>
<b>Adjusted Margin % including Depreciation &amp; Amortization</b>	<b>0.7%</b>	<b>3.2%</b>		
Investment Gain (Losses)	13,496,990.12	(15,727,849.62)	29,224,839.74	185.8%
<b>Adj. Inc. (Loss) with Investment Gains (Losses)</b>	<b>16,008,309.01</b>	<b>(4,537,505.35)</b>	<b>20,545,814.36</b>	<b>452.8%</b>
<b>Adj. Margin % with Investment Gains (Losses)</b>	<b>4.1%</b>	<b>-1.4%</b>		
<b>Adjusted Income (Loss) excluding Depreciation &amp; Amortization</b>	<b>37,004,180.59</b>	<b>42,584,605.38</b>	<b>(5,580,424.79)</b>	<b>-13.1%</b>
<b>Adjusted Margin % excluding Depreciation &amp; Amortization</b>	<b>9.9%</b>	<b>12.1%</b>		

## UNAUDITED

The University of Texas at El Paso  
 Monthly Financial Report, Comparison of Operating Results and Margin  
 For the Period Ending June 30, 2013

	June Year-to-Date FY 2013	June Year-to-Date FY 2012	Variance	Fluctuation Percentage
<b>Operating Revenues</b>				
Net Student Tuition	88,880,380.87	91,484,301.04	(2,603,920.17)	-2.8%
Sponsored Programs	62,764,392.94	60,831,108.15	1,933,284.79	3.2%
Net Sales and Services of Educational Activities	5,220,734.32	4,023,939.95	1,196,794.37	29.7%
Net Auxiliary Enterprises	21,211,501.84	21,661,907.09	(450,405.25)	-2.1%
Other Operating Revenues	95,248.39	100,856.37	(5,607.98)	-5.6%
<b>Total Operating Revenues</b>	<b>178,172,258.36</b>	<b>178,102,112.60</b>	<b>70,145.76</b>	<b>-</b>
<b>Operating Expenses</b>				
Salaries and Wages	138,229,492.38	131,797,268.68	6,432,223.70	4.9%
Payroll Related Costs	34,810,843.49	33,005,615.92	1,805,227.57	5.5%
Professional Fees and Services	2,118,899.48	1,221,873.89	897,025.59	73.4%
Other Contracted Services	16,747,910.67	15,854,861.87	893,048.80	5.6%
Travel	6,754,242.94	6,286,176.27	468,066.67	7.4%
Materials and Supplies	18,066,670.97	19,711,816.04	(1,645,145.07)	-8.3%
Utilities	5,629,797.45	5,699,618.98	(69,821.53)	-1.2%
Communications	492,154.64	477,747.36	14,407.28	3.0%
Repairs and Maintenance	3,754,465.58	2,956,644.23	797,821.35	27.0%
Rentals and Leases	2,995,525.17	2,752,045.30	243,479.87	8.8%
Printing and Reproduction	1,251,024.15	748,107.83	502,916.32	67.2%
Scholarships and Fellowships	57,191,713.27	64,507,433.02	(7,315,719.75)	-11.3%
Depreciation and Amortization	21,858,147.90	20,549,503.45	1,308,644.45	6.4%
Federal Sponsored Program Pass-Through to Other State Agencies	1,299,832.52	1,217,515.00	82,317.52	6.8%
Other Operating Expenses	5,043,035.99	4,867,615.57	175,420.42	3.6%
<b>Total Operating Expenses</b>	<b>316,243,756.60</b>	<b>311,653,843.41</b>	<b>4,589,913.19</b>	<b>1.5%</b>
<b>Operating Loss</b>	<b>(138,071,498.24)</b>	<b>(133,551,730.81)</b>	<b>(4,519,767.43)</b>	<b>-3.4%</b>
<b>Other Nonoperating Adjustments</b>				
State Appropriations	77,531,766.00	74,357,078.00	3,174,688.00	4.3%
Nonexchange Sponsored Programs	51,090,449.79	49,527,719.01	1,562,730.78	3.2%
Gift Contributions for Operations	6,591,561.01	11,478,392.18	(4,886,831.17)	-42.6%
Net Investment Income	10,688,977.51	9,964,361.73	724,615.78	7.3%
Interest Expense on Capital Asset Financings	(7,113,545.60)	(6,232,630.50)	(880,915.10)	-14.1%
<b>Net Other Nonoperating Adjustments</b>	<b>138,789,208.71</b>	<b>139,094,920.42</b>	<b>(305,711.71)</b>	<b>-0.2%</b>
<b>Adjusted Income (Loss) including Depreciation &amp; Amortization</b>	<b>717,710.47</b>	<b>5,543,189.61</b>	<b>(4,825,479.14)</b>	<b>-87.1%</b>
<b>Adjusted Margin % including Depreciation &amp; Amortization</b>	<b>0.2%</b>	<b>1.7%</b>		
Investment Gain (Losses)	12,366,233.14	(11,466,270.72)	23,832,503.86	207.8%
<b>Adj. Inc. (Loss) with Investment Gains (Losses)</b>	<b>13,083,943.61</b>	<b>(5,923,081.11)</b>	<b>19,007,024.72</b>	<b>320.9%</b>
<b>Adj. Margin % with Investment Gains (Losses)</b>	<b>3.9%</b>	<b>-1.9%</b>		
<b>Adjusted Income (Loss) excluding Depreciation &amp; Amortization</b>	<b>22,575,858.37</b>	<b>26,092,693.06</b>	<b>(3,516,834.69)</b>	<b>-13.5%</b>
<b>Adjusted Margin % excluding Depreciation &amp; Amortization</b>	<b>7.0%</b>	<b>8.1%</b>		

## UNAUDITED

The University of Texas-Pan American  
 Monthly Financial Report, Comparison of Operating Results and Margin  
 For the Period Ending June 30, 2013

	June Year-to-Date FY 2013	June Year-to-Date FY 2012	Variance	Fluctuation Percentage
<b>Operating Revenues</b>				
Net Student Tuition	52,074,595.01	49,621,039.37	2,453,555.64	4.9%
Sponsored Programs	39,030,781.18	42,295,606.62	(3,264,825.44)	-7.7%
Net Sales and Services of Educational Activities	4,015,850.52	4,697,365.09	(681,514.57)	-14.5%
Net Auxiliary Enterprises	5,647,199.53	6,115,595.33	(468,395.80)	-7.7%
Other Operating Revenues	2,722,991.02	1,348,734.20	1,374,256.82	101.9%
<b>Total Operating Revenues</b>	<b>103,491,417.26</b>	<b>104,078,340.61</b>	<b>(586,923.35)</b>	<b>-0.6%</b>
<b>Operating Expenses</b>				
Salaries and Wages	90,919,335.08	88,784,445.53	2,134,889.55	2.4%
Payroll Related Costs	24,742,228.20	24,197,981.47	544,246.73	2.2%
Cost of Goods Sold	308,971.27	490,582.35	(181,611.08)	-37.0%
Professional Fees and Services	1,593,741.47	1,166,330.97	427,410.50	36.6%
Other Contracted Services	1,797,792.10	3,484,719.96	(1,686,927.86)	-48.4%
Travel	3,383,384.74	3,373,000.95	10,383.79	0.3%
Materials and Supplies	9,394,011.35	10,083,471.13	(689,459.78)	-6.8%
Utilities	4,541,902.24	3,816,904.36	724,997.88	19.0%
Communications	789,851.19	856,189.68	(66,338.49)	-7.7%
Repairs and Maintenance	2,207,486.56	2,311,473.50	(103,986.94)	-4.5%
Rentals and Leases	653,293.48	809,234.71	(155,941.23)	-19.3%
Printing and Reproduction	382,768.21	202,369.74	180,398.47	89.1%
Bad Debt Expense	90,496.04	85,388.95	5,107.09	6.0%
Scholarships and Fellowships	48,313,266.01	47,187,722.54	1,125,543.47	2.4%
Depreciation and Amortization	12,401,411.91	11,790,321.77	611,090.14	5.2%
Federal Sponsored Program Pass-Through to Other State Agencies	146,044.07	236,880.64	(90,836.57)	-38.3%
Other Operating Expenses	8,341,149.88	2,591,529.41	5,749,620.47	221.9%
<b>Total Operating Expenses</b>	<b>210,007,133.80</b>	<b>201,468,547.66</b>	<b>8,538,586.14</b>	<b>4.2%</b>
<b>Operating Loss</b>	<b>(106,515,716.54)</b>	<b>(97,390,207.05)</b>	<b>(9,125,509.49)</b>	<b>-9.4%</b>
<b>Other Nonoperating Adjustments</b>				
State Appropriations	62,344,153.15	58,500,275.89	3,843,877.26	6.6%
Nonexchange Sponsored Programs	45,668,847.94	47,583,706.12	(1,914,858.18)	-4.0%
Gift Contributions for Operations	1,932,092.48	2,842,267.74	(910,175.26)	-32.0%
Net Investment Income	4,019,226.85	3,396,221.82	623,005.03	18.3%
Interest Expense on Capital Asset Financings	(3,470,449.40)	(3,150,757.30)	(319,692.10)	-10.1%
<b>Net Other Nonoperating Adjustments</b>	<b>110,493,871.02</b>	<b>109,171,714.27</b>	<b>1,322,156.75</b>	<b>1.2%</b>
<b>Adjusted Income (Loss) including Depreciation &amp; Amortization</b>	<b>3,978,154.48</b>	<b>11,781,507.22</b>	<b>(7,803,352.74)</b>	<b>-66.2%</b>
<b>Adjusted Margin % including Depreciation &amp; Amortization</b>	<b>1.8%</b>	<b>5.4%</b>		
Investment Gain (Losses)	(1,364,315.12)	(1,853,651.95)	489,336.83	26.4%
<b>Adj. Inc. (Loss) with Investment Gains (Losses)</b>	<b>2,613,839.36</b>	<b>9,927,855.27</b>	<b>(7,314,015.91)</b>	<b>-73.7%</b>
<b>Adj. Margin % with Investment Gains (Losses)</b>	<b>1.2%</b>	<b>4.6%</b>		
<b>Adjusted Income (Loss) excluding Depreciation &amp; Amortization</b>	<b>16,379,566.39</b>	<b>23,571,828.99</b>	<b>(7,192,262.60)</b>	<b>-30.5%</b>
<b>Adjusted Margin % excluding Depreciation &amp; Amortization</b>	<b>7.5%</b>	<b>10.9%</b>		

## UNAUDITED

The University of Texas of the Permian Basin  
 Monthly Financial Report, Comparison of Operating Results and Margin  
 For the Period Ending June 30, 2013

	June Year-to-Date FY 2013	June Year-to-Date FY 2012	Variance	Fluctuation Percentage
<b>Operating Revenues</b>				
Net Student Tuition	12,058,943.82	14,782,379.30	(2,723,435.48)	-18.4%
Sponsored Programs	4,108,983.78	1,409,429.55	2,699,554.23	191.5%
Net Sales and Services of Educational Activities	327,905.43	80,963.87	246,941.56	305.0%
Net Auxiliary Enterprises	4,538,294.08	4,026,810.96	511,483.12	12.7%
Other Operating Revenues	316,622.02	1,050,689.47	(734,067.45)	-69.9%
<b>Total Operating Revenues</b>	<b>21,350,749.13</b>	<b>21,350,273.15</b>	<b>475.98</b>	<b>-</b>
<b>Operating Expenses</b>				
Salaries and Wages	18,094,130.92	15,684,413.48	2,409,717.44	15.4%
Payroll Related Costs	5,093,481.07	4,569,978.70	523,502.37	11.5%
Professional Fees and Services	1,613,683.02	1,181,742.65	431,940.37	36.6%
Other Contracted Services	2,659,246.75	2,630,642.53	28,604.22	1.1%
Travel	1,043,127.75	958,488.32	84,639.43	8.8%
Materials and Supplies	2,586,836.13	1,981,806.89	605,029.24	30.5%
Utilities	1,801,368.60	2,010,620.22	(209,251.62)	-10.4%
Communications	521,655.54	505,532.21	16,123.33	3.2%
Repairs and Maintenance	740,980.79	681,735.91	59,244.88	8.7%
Rentals and Leases	244,536.97	224,781.84	19,755.13	8.8%
Printing and Reproduction	115,447.36	43,981.57	71,465.79	162.5%
Bad Debt Expense	-	45,753.27	(45,753.27)	-100.0%
Scholarships and Fellowships	3,574,663.88	520,292.38	3,054,371.50	587.0%
Depreciation and Amortization	9,750,000.00	8,958,333.33	791,666.67	8.8%
Other Operating Expenses	573,749.97	881,525.03	(307,775.06)	-34.9%
<b>Total Operating Expenses</b>	<b>48,412,908.75</b>	<b>40,879,628.33</b>	<b>7,533,280.42</b>	<b>18.4%</b>
<b>Operating Loss</b>	<b>(27,062,159.62)</b>	<b>(19,529,355.18)</b>	<b>(7,532,804.44)</b>	<b>-38.6%</b>
<b>Other Nonoperating Adjustments</b>				
State Appropriations	23,143,456.67	25,340,145.83	(2,196,689.16)	-8.7%
Nonexchange Sponsored Programs	4,433,969.07	3,685,937.99	748,031.08	20.3%
Gift Contributions for Operations	1,324,958.63	1,039,651.52	285,307.11	27.4%
Net Investment Income	2,056,450.25	1,182,872.27	873,577.98	73.9%
Interest Expense on Capital Asset Financings	(4,394,644.40)	(4,410,684.50)	16,040.10	0.4%
<b>Net Other Nonoperating Adjustments</b>	<b>26,564,190.22</b>	<b>26,837,923.11</b>	<b>(273,732.89)</b>	<b>-1.0%</b>
<b>Adjusted Income (Loss) including Depreciation &amp; Amortization</b>	<b>(497,969.40)</b>	<b>7,308,567.93</b>	<b>(7,806,537.33)</b>	<b>-106.8%</b>
<b>Adjusted Margin % including Depreciation &amp; Amortization</b>	<b>-1.0%</b>	<b>13.9%</b>		
Investment Gain (Losses)	1,521,673.34	(1,934,593.04)	3,456,266.38	178.7%
<b>Adj. Inc. (Loss) with Investment Gains (Losses)</b>	<b>1,023,703.94</b>	<b>5,373,974.89</b>	<b>(4,350,270.95)</b>	<b>-81.0%</b>
<b>Adj. Margin % with Investment Gains (Losses)</b>	<b>1.9%</b>	<b>10.6%</b>		
<b>Adjusted Income (Loss) excluding Depreciation &amp; Amortization</b>	<b>9,252,030.60</b>	<b>16,266,901.26</b>	<b>(7,014,870.66)</b>	<b>-43.1%</b>
<b>Adjusted Margin % excluding Depreciation &amp; Amortization</b>	<b>17.7%</b>	<b>30.9%</b>		

## UNAUDITED

The University of Texas at San Antonio  
 Monthly Financial Report, Comparison of Operating Results and Margin  
 For the Period Ending June 30, 2013

	June Year-to-Date FY 2013	June Year-to-Date FY 2012	Variance	Fluctuation Percentage
<b>Operating Revenues</b>				
Net Student Tuition	176,084,588.30	167,130,077.42	8,954,510.88	5.4%
Sponsored Programs	59,029,729.36	61,797,309.46	(2,767,580.10)	-4.5%
Net Sales and Services of Educational Activities	8,644,970.12	8,285,638.63	359,331.49	4.3%
Net Auxiliary Enterprises	28,776,111.80	25,966,954.71	2,809,157.09	10.8%
Other Operating Revenues	4,670,641.68	2,218,229.72	2,452,411.96	110.6%
<b>Total Operating Revenues</b>	<b>277,206,041.26</b>	<b>265,398,209.94</b>	<b>11,807,831.32</b>	<b>4.4%</b>
<b>Operating Expenses</b>				
Salaries and Wages	185,864,879.66	180,248,415.71	5,616,463.95	3.1%
Payroll Related Costs	47,546,897.98	44,731,127.01	2,815,770.97	6.3%
Cost of Goods Sold	541,666.67	666,666.67	(125,000.00)	-18.7%
Professional Fees and Services	5,159,718.09	4,693,506.27	466,211.82	9.9%
Other Contracted Services	10,489,603.33	11,914,808.50	(1,425,205.17)	-12.0%
Travel	8,938,851.20	8,280,701.07	658,150.13	7.9%
Materials and Supplies	25,413,824.64	25,374,297.89	39,526.75	0.2%
Utilities	10,254,166.67	9,667,896.67	586,270.00	6.1%
Communications	2,900,750.19	2,708,676.50	192,073.69	7.1%
Repairs and Maintenance	8,764,563.43	6,590,783.43	2,173,780.00	33.0%
Rentals and Leases	3,547,216.58	3,801,086.51	(253,869.93)	-6.7%
Printing and Reproduction	1,124,614.66	1,103,829.74	20,784.92	1.9%
Bad Debt Expense	86,830.10	507,809.06	(420,978.96)	-82.9%
Scholarships and Fellowships	61,614,751.50	44,185,653.84	17,429,097.66	39.4%
Depreciation and Amortization	35,522,832.86	33,971,918.54	1,550,914.32	4.6%
Federal Sponsored Program Pass-Through to Other State Agencies	2,664,299.57	2,519,508.53	144,791.04	5.7%
Other Operating Expenses	9,353,483.27	10,724,434.07	(1,370,950.80)	-12.8%
<b>Total Operating Expenses</b>	<b>419,788,950.40</b>	<b>391,691,120.01</b>	<b>28,097,830.39</b>	<b>7.2%</b>
<b>Operating Loss</b>	<b>(142,582,909.14)</b>	<b>(126,292,910.07)</b>	<b>(16,289,999.07)</b>	<b>-12.9%</b>
<b>Other Nonoperating Adjustments</b>				
State Appropriations	93,390,026.34	93,357,507.01	32,519.33	-
Nonexchange Sponsored Programs	58,817,916.67	43,103,503.13	15,714,413.54	36.5%
Gift Contributions for Operations	5,896,236.20	6,132,232.36	(235,996.16)	-3.8%
Net Investment Income	11,967,881.50	9,826,642.17	2,141,239.33	21.8%
Interest Expense on Capital Asset Financings	(13,695,660.10)	(12,808,783.20)	(886,876.90)	-6.9%
<b>Net Other Nonoperating Adjustments</b>	<b>156,376,400.61</b>	<b>139,611,101.47</b>	<b>16,765,299.14</b>	<b>12.0%</b>
<b>Adjusted Income (Loss) including Depreciation &amp; Amortization</b>	<b>13,793,491.47</b>	<b>13,318,191.40</b>	<b>475,300.07</b>	<b>3.6%</b>
<b>Adjusted Margin % including Depreciation &amp; Amortization</b>	<b>3.1%</b>	<b>3.2%</b>		
Investment Gain (Losses)	6,333,130.52	(8,441,527.68)	14,774,658.20	175.0%
<b>Adj. Inc. (Loss) with Investment Gains (Losses)</b>	<b>20,126,621.99</b>	<b>4,876,663.72</b>	<b>15,249,958.27</b>	<b>312.7%</b>
<b>Adj. Margin % with Investment Gains (Losses)</b>	<b>4.4%</b>	<b>1.2%</b>		
<b>Adjusted Income (Loss) excluding Depreciation &amp; Amortization</b>	<b>49,316,324.33</b>	<b>47,290,109.94</b>	<b>2,026,214.39</b>	<b>4.3%</b>
<b>Adjusted Margin % excluding Depreciation &amp; Amortization</b>	<b>11.0%</b>	<b>11.3%</b>		



## UNAUDITED

The University of Texas at Tyler  
 Monthly Financial Report, Comparison of Operating Results and Margin  
 For the Period Ending June 30, 2013

	June Year-to-Date FY 2013	June Year-to-Date FY 2012	Variance	Fluctuation Percentage
<b>Operating Revenues</b>				
Net Student Tuition	25,364,690.00	23,166,673.33	2,198,016.67	9.5%
Sponsored Programs	9,406,641.31	10,089,121.90	(682,480.59)	-6.8%
Net Sales and Services of Educational Activities	4,542,929.55	2,657,729.57	1,885,199.98	70.9%
Net Auxiliary Enterprises	3,918,531.03	3,908,167.13	10,363.90	0.3%
Other Operating Revenues	798,760.42	175,818.20	622,942.22	354.3%
<b>Total Operating Revenues</b>	<b>44,031,552.31</b>	<b>39,997,510.13</b>	<b>4,034,042.18</b>	<b>10.1%</b>
<b>Operating Expenses</b>				
Salaries and Wages	39,162,881.78	36,931,840.14	2,231,041.64	6.0%
Payroll Related Costs	10,986,975.57	9,702,916.06	1,284,059.51	13.2%
Cost of Goods Sold	28,891.35	22,722.32	6,169.03	27.1%
Professional Fees and Services	1,196,320.31	962,992.08	233,328.23	24.2%
Other Contracted Services	4,337,533.05	4,050,924.21	286,608.84	7.1%
Travel	1,627,885.79	1,593,834.83	34,050.96	2.1%
Materials and Supplies	4,513,230.55	3,330,556.45	1,182,674.10	35.5%
Utilities	1,254,462.04	1,291,341.80	(36,879.76)	-2.9%
Communications	1,013,318.08	847,334.88	165,983.20	19.6%
Repairs and Maintenance	1,803,946.11	1,477,631.52	326,314.59	22.1%
Rentals and Leases	229,348.20	280,402.70	(51,054.50)	-18.2%
Printing and Reproduction	537,628.88	595,076.63	(57,447.75)	-9.7%
Bad Debt Expense	83.82	-	83.82	100.0%
Scholarships and Fellowships	4,635,502.23	4,425,036.58	210,465.65	4.8%
Depreciation and Amortization	9,233,634.15	9,357,241.65	(123,607.50)	-1.3%
Other Operating Expenses	1,714,938.86	2,055,094.84	(340,155.98)	-16.6%
<b>Total Operating Expenses</b>	<b>82,276,580.77</b>	<b>76,924,946.69</b>	<b>5,351,634.08</b>	<b>7.0%</b>
<b>Operating Loss</b>	<b>(38,245,028.46)</b>	<b>(36,927,436.56)</b>	<b>(1,317,591.90)</b>	<b>-3.6%</b>
<b>Other Nonoperating Adjustments</b>				
State Appropriations	26,378,585.13	26,729,212.96	(350,627.83)	-1.3%
Nonexchange Sponsored Programs	8,465,104.00	8,614,035.65	(148,931.65)	-1.7%
Gift Contributions for Operations	1,121,429.88	802,668.93	318,760.95	39.7%
Net Investment Income	3,001,482.84	3,776,565.65	(775,082.81)	-20.5%
Interest Expense on Capital Asset Financings	(3,092,618.10)	(3,272,484.00)	179,865.90	5.5%
<b>Net Other Nonoperating Adjustments</b>	<b>35,873,983.75</b>	<b>36,649,999.19</b>	<b>(776,015.44)</b>	<b>-2.1%</b>
<b>Adjusted Income (Loss) including Depreciation &amp; Amortization</b>	<b>(2,371,044.71)</b>	<b>(277,437.37)</b>	<b>(2,093,607.34)</b>	<b>-754.6%</b>
<b>Adjusted Margin % including Depreciation &amp; Amortization</b>	<b>-2.9%</b>	<b>-0.3%</b>		
Investment Gain (Losses)	4,993,714.88	(5,068,147.57)	10,061,862.45	198.5%
<b>Adj. Inc. (Loss) with Investment Gains (Losses)</b>	<b>2,622,670.17</b>	<b>(5,345,584.94)</b>	<b>7,968,255.11</b>	<b>149.1%</b>
<b>Adj. Margin % with Investment Gains (Losses)</b>	<b>3.0%</b>	<b>-7.1%</b>		
<b>Adjusted Income (Loss) excluding Depreciation &amp; Amortization</b>	<b>6,862,589.44</b>	<b>9,079,804.28</b>	<b>(2,217,214.84)</b>	<b>-24.4%</b>
<b>Adjusted Margin % excluding Depreciation &amp; Amortization</b>	<b>8.3%</b>	<b>11.4%</b>		

Meeting of the U. T. System Board of Regents - Finance and Planning Committee

UNAUDITED

The University of Texas Southwestern Medical Center  
 Monthly Financial Report, Comparison of Operating Results and Margin  
 For the Period Ending June 30, 2013

	June Year-to-Date FY 2013	June Year-to-Date FY 2012	Variance	Fluctuation Percentage
<b>Operating Revenues</b>				
Net Student Tuition	14,675,241.46	15,068,746.89	(393,505.43)	-2.6%
Sponsored Programs	395,943,832.40	389,453,369.13	6,490,463.27	1.7%
Net Sales and Services of Educational Activities	9,620,295.82	10,314,110.50	(693,814.68)	-6.7%
Net Sales and Services of Hospitals	608,247,359.62	551,262,108.00	56,985,251.62	10.3%
Net Professional Fees	350,704,781.62	332,136,367.58	18,568,414.04	5.6%
Net Auxiliary Enterprises	13,974,476.34	14,797,865.90	(823,389.56)	-5.6%
Other Operating Revenues	31,482,640.41	14,268,508.47	17,214,131.94	120.6%
<b>Total Operating Revenues</b>	<b>1,424,648,627.67</b>	<b>1,327,301,076.47</b>	<b>97,347,551.20</b>	<b>7.3%</b>
<b>Operating Expenses</b>				
Salaries and Wages	831,223,154.93	798,974,578.33	32,248,576.60	4.0%
Payroll Related Costs	185,813,120.93	167,398,810.63	18,414,310.30	11.0%
Cost of Goods Sold	1,854,579.20	1,579,352.62	275,226.58	17.4%
Professional Fees and Services	30,553,509.52	29,989,155.75	564,353.77	1.9%
Other Contracted Services	81,540,525.10	77,448,119.29	4,092,405.81	5.3%
Travel	8,711,094.39	7,931,663.68	779,430.71	9.8%
Materials and Supplies	230,310,269.45	205,480,717.84	24,829,551.61	12.1%
Utilities	22,615,126.25	25,286,160.42	(2,671,034.17)	-10.6%
Communications	9,767,226.03	3,669,896.54	6,097,329.49	166.1%
Repairs and Maintenance	6,377,286.23	9,415,391.49	(3,038,105.26)	-32.3%
Rentals and Leases	4,102,009.02	4,939,589.80	(837,580.78)	-17.0%
Printing and Reproduction	2,462,782.68	391,651.60	2,071,131.08	528.8%
Scholarships and Fellowships	604,743.33	602,678.33	2,065.00	0.3%
Depreciation and Amortization	91,502,242.99	86,125,414.60	5,376,828.39	6.2%
Federal Sponsored Program Pass-Through to Other State Agencies	2,117,475.39	1,111,332.75	1,006,142.64	90.5%
Other Operating Expenses	35,778,928.62	26,219,980.87	9,558,947.75	36.5%
<b>Total Operating Expenses</b>	<b>1,545,334,074.06</b>	<b>1,446,564,494.54</b>	<b>98,769,579.52</b>	<b>6.8%</b>
<b>Operating Loss</b>	<b>(120,685,446.39)</b>	<b>(119,263,418.07)</b>	<b>(1,422,028.32)</b>	<b>-1.2%</b>
<b>Other Nonoperating Adjustments</b>				
State Appropriations	127,125,439.63	131,106,998.58	(3,981,558.95)	-3.0%
Nonexchange Sponsored Programs	10,700.00	34,305.00	(23,605.00)	-68.8%
Gift Contributions for Operations	32,097,463.26	15,518,301.78	16,579,161.48	106.8%
Net Investment Income	77,085,446.00	65,903,437.54	11,182,008.46	17.0%
Interest Expense on Capital Asset Financings	(23,289,129.80)	(24,427,813.00)	1,138,683.20	4.7%
<b>Net Other Nonoperating Adjustments</b>	<b>213,029,919.09</b>	<b>188,135,229.90</b>	<b>24,894,689.19</b>	<b>13.2%</b>
<b>Adjusted Income (Loss) including Depreciation &amp; Amortization</b>	<b>92,344,472.70</b>	<b>68,871,811.83</b>	<b>23,472,660.87</b>	<b>34.1%</b>
<b>Adjusted Margin % including Depreciation &amp; Amortization</b>	<b>5.6%</b>	<b>4.5%</b>		
Investment Gain (Losses)	40,650,044.41	(59,406,498.15)	100,056,542.56	168.4%
<b>Adj. Inc. (Loss) with Investment Gains (Losses)</b>	<b>132,994,517.11</b>	<b>9,465,313.68</b>	<b>123,529,203.43</b>	<b>1,305.1%</b>
<b>Adj. Margin % with Investment Gains (Losses)</b>	<b>7.8%</b>	<b>0.6%</b>		
<b>Adjusted Income (Loss) excluding Depreciation &amp; Amortization</b>	<b>183,846,715.69</b>	<b>154,997,226.43</b>	<b>28,849,489.26</b>	<b>18.6%</b>
<b>Adjusted Margin % excluding Depreciation &amp; Amortization</b>	<b>11.1%</b>	<b>10.1%</b>		

## UNAUDITED

The University of Texas Medical Branch at Galveston  
 Monthly Financial Report, Comparison of Operating Results and Margin  
 For the Period Ending June 30, 2013

	June Year-to-Date FY 2013	June Year-to-Date FY 2012	Variance	Fluctuation Percentage
<b>Operating Revenues</b>				
Net Student Tuition	27,178,898.81	26,149,314.23	1,029,584.58	3.9%
Sponsored Programs	168,933,639.38	186,162,927.40	(17,229,288.02)	-9.3%
Net Sales and Services of Educational Activities	16,323,050.84	12,606,712.65	3,716,338.19	29.5%
Net Sales and Services of Hospitals	675,336,685.97	623,065,091.05	52,271,594.92	8.4%
Net Professional Fees	115,457,411.65	112,128,831.24	3,328,580.41	3.0%
Net Auxiliary Enterprises	5,307,114.56	5,485,760.99	(178,646.43)	-3.3%
Other Operating Revenues	26,059,779.23	10,515,268.91	15,544,510.32	147.8%
<b>Total Operating Revenues</b>	<b>1,034,596,580.44</b>	<b>976,113,906.47</b>	<b>58,482,673.97</b>	<b>6.0%</b>
<b>Operating Expenses</b>				
Salaries and Wages	671,307,771.89	654,714,033.04	16,593,738.85	2.5%
Payroll Related Costs	178,382,393.68	168,602,934.98	9,779,458.70	5.8%
Cost of Goods Sold	53,498,262.18	53,335,438.71	162,823.47	0.3%
Professional Fees and Services	31,673,758.37	30,560,506.61	1,113,251.76	3.6%
Other Contracted Services	81,366,332.18	65,475,201.98	15,891,130.20	24.3%
Travel	5,734,426.57	5,427,932.29	306,494.28	5.6%
Materials and Supplies	108,229,194.95	102,490,683.14	5,738,511.81	5.6%
Utilities	34,992,631.14	26,720,696.28	8,271,934.86	31.0%
Communications	7,181,093.63	10,864,369.62	(3,683,275.99)	-33.9%
Repairs and Maintenance	35,700,376.93	30,093,519.03	5,606,857.90	18.6%
Rentals and Leases	19,587,650.10	19,577,615.60	10,034.50	0.1%
Printing and Reproduction	1,090,343.02	1,192,997.22	(102,654.20)	-8.6%
Scholarships and Fellowships	7,535,583.09	7,155,528.71	380,054.38	5.3%
Depreciation and Amortization	79,757,686.37	70,316,514.59	9,441,171.78	13.4%
Federal Sponsored Program Pass-Through to Other State Agencies	2,472,376.09	2,471,070.39	1,305.70	0.1%
Other Operating Expenses	31,471,795.31	28,574,135.61	2,897,659.70	10.1%
<b>Total Operating Expenses</b>	<b>1,349,981,675.50</b>	<b>1,277,573,177.80</b>	<b>72,408,497.70</b>	<b>5.7%</b>
<b>Operating Loss</b>	<b>(315,385,095.06)</b>	<b>(301,459,271.33)</b>	<b>(13,925,823.73)</b>	<b>-4.6%</b>
<b>Other Nonoperating Adjustments</b>				
State Appropriations	295,292,453.41	263,527,589.56	31,764,863.85	12.1%
Nonexchange Sponsored Programs	827,632.00	399,096.25	428,535.75	107.4%
Gift Contributions for Operations	4,622,844.71	7,688,394.98	(3,065,550.27)	-39.9%
Net Investment Income	28,064,128.68	26,538,945.54	1,525,183.14	5.7%
Interest Expense on Capital Asset Financings	(6,439,277.10)	(6,492,320.02)	53,042.92	0.8%
<b>Net Other Nonoperating Adjustments</b>	<b>322,367,781.70</b>	<b>291,661,706.31</b>	<b>30,706,075.39</b>	<b>10.5%</b>
<b>Adjusted Income (Loss) including Depreciation &amp; Amortization</b>	<b>6,982,686.64</b>	<b>(9,797,565.02)</b>	<b>16,780,251.66</b>	<b>171.3%</b>
<b>Adjusted Margin % including Depreciation &amp; Amortization</b>	<b>0.5%</b>	<b>-0.8%</b>		
Investment Gain (Losses)	23,111,944.07	(22,621,539.40)	45,733,483.47	202.2%
<b>Adj. Inc. (Loss) with Investment Gains (Losses)</b>	<b>30,094,630.71</b>	<b>(32,419,104.42)</b>	<b>62,513,735.13</b>	<b>192.8%</b>
<b>Adj. Margin % with Investment Gains (Losses)</b>	<b>2.2%</b>	<b>-2.6%</b>		
<b>Adjusted Income (Loss) excluding Depreciation &amp; Amortization</b>	<b>86,740,373.01</b>	<b>60,518,949.57</b>	<b>26,221,423.44</b>	<b>43.3%</b>
<b>Adjusted Margin % excluding Depreciation &amp; Amortization</b>	<b>6.4%</b>	<b>4.7%</b>		

## UNAUDITED

The University of Texas Health Science Center at Houston  
 Monthly Financial Report, Comparison of Operating Results and Margin  
 For the Period Ending June 30, 2013

	June Year-to-Date FY 2013	June Year-to-Date FY 2012	Variance	Fluctuation Percentage
<b>Operating Revenues</b>				
Net Student Tuition	33,474,572.63	32,121,314.96	1,353,257.67	4.2%
Sponsored Programs	413,261,463.68	380,871,200.31	32,390,263.37	8.5%
Net Sales and Services of Educational Activities	20,378,350.48	21,569,468.58	(1,191,118.10)	-5.5%
Net Sales and Services of Hospitals	53,622,383.94	56,271,493.76	(2,649,109.82)	-4.7%
Net Professional Fees	163,136,405.42	133,368,160.83	29,768,244.59	22.3%
Net Auxiliary Enterprises	19,808,790.79	18,866,946.54	941,844.25	5.0%
Other Operating Revenues	16,361,229.33	13,489,851.75	2,871,377.58	21.3%
<b>Total Operating Revenues</b>	<b>720,043,196.27</b>	<b>656,558,436.73</b>	<b>63,484,759.54</b>	<b>9.7%</b>
<b>Operating Expenses</b>				
Salaries and Wages	513,927,603.61	458,963,844.05	54,963,759.56	12.0%
Payroll Related Costs	112,188,846.63	100,987,160.47	11,201,686.16	11.1%
Cost of Goods Sold	13,958,343.61	19,748,307.71	(5,789,964.10)	-29.3%
Professional Fees and Services	36,517,724.16	36,596,610.81	(78,886.65)	-0.2%
Other Contracted Services	42,152,417.90	38,900,415.51	3,252,002.39	8.4%
Travel	6,988,729.32	6,319,111.41	669,617.91	10.6%
Materials and Supplies	43,251,911.01	42,238,420.89	1,013,490.12	2.4%
Utilities	13,791,246.68	14,955,052.73	(1,163,806.05)	-7.8%
Communications	3,605,790.57	3,323,850.78	281,939.79	8.5%
Repairs and Maintenance	6,632,085.39	6,036,606.86	595,478.53	9.9%
Rentals and Leases	16,747,370.53	16,118,722.82	628,647.71	3.9%
Printing and Reproduction	4,207,371.86	3,812,304.64	395,067.22	10.4%
Bad Debt Expense	-	3,506.66	(3,506.66)	-100.0%
Scholarships and Fellowships	4,500,713.56	3,737,423.48	763,290.08	20.4%
Depreciation and Amortization	47,084,925.71	43,098,167.77	3,986,757.94	9.3%
Federal Sponsored Program Pass-Through to Other State Agencies	2,871,882.65	6,292,117.50	(3,420,234.85)	-54.4%
Other Operating Expenses	26,585,995.29	24,764,177.23	1,821,818.06	7.4%
<b>Total Operating Expenses</b>	<b>895,012,958.48</b>	<b>825,895,801.32</b>	<b>69,117,157.16</b>	<b>8.4%</b>
<b>Operating Loss</b>	<b>(174,969,762.21)</b>	<b>(169,337,364.59)</b>	<b>(5,632,397.62)</b>	<b>-3.3%</b>
<b>Other Nonoperating Adjustments</b>				
State Appropriations	147,356,657.01	145,471,224.19	1,885,432.82	1.3%
Nonexchange Sponsored Programs	597,225.42	747,236.38	(150,010.96)	-20.1%
Gift Contributions for Operations	16,619,979.47	15,852,042.09	767,937.38	4.8%
Net Investment Income	27,862,899.21	22,582,180.81	5,280,718.40	23.4%
Interest Expense on Capital Asset Financings	(9,964,506.20)	(8,746,756.00)	(1,217,750.20)	-13.9%
<b>Net Other Nonoperating Adjustments</b>	<b>182,472,254.91</b>	<b>175,905,927.47</b>	<b>6,566,327.44</b>	<b>3.7%</b>
<b>Adjusted Income (Loss) including Depreciation &amp; Amortization</b>	<b>7,502,492.70</b>	<b>6,568,562.88</b>	<b>933,929.82</b>	<b>14.2%</b>
<b>Adjusted Margin % including Depreciation &amp; Amortization</b>	<b>0.8%</b>	<b>0.8%</b>		
Investment Gain (Losses)	9,599,970.32	(17,214,844.55)	26,814,814.87	155.8%
<b>Adj. Inc. (Loss) with Investment Gains (Losses)</b>	<b>17,102,463.02</b>	<b>(10,646,281.67)</b>	<b>27,748,744.69</b>	<b>260.6%</b>
<b>Adj. Margin % with Investment Gains (Losses)</b>	<b>1.9%</b>	<b>-1.3%</b>		
<b>Adjusted Income (Loss) excluding Depreciation &amp; Amortization</b>	<b>54,587,418.41</b>	<b>49,666,730.65</b>	<b>4,920,687.76</b>	<b>9.9%</b>
<b>Adjusted Margin % excluding Depreciation &amp; Amortization</b>	<b>6.0%</b>	<b>5.9%</b>		

## UNAUDITED

The University of Texas Health Science Center at San Antonio  
 Monthly Financial Report, Comparison of Operating Results and Margin  
 For the Period Ending June 30, 2013

	June Year-to-Date FY 2013	June Year-to-Date FY 2012	Variance	Fluctuation Percentage
<b>Operating Revenues</b>				
Net Student Tuition	27,733,185.83	27,454,590.00	278,595.83	1.0%
Sponsored Programs	236,464,696.53	241,984,424.27	(5,519,727.74)	-2.3%
Net Sales and Services of Educational Activities	16,038,953.27	16,382,374.30	(343,421.03)	-2.1%
Net Professional Fees	123,361,480.14	126,459,675.24	(3,098,195.10)	-2.4%
Net Auxiliary Enterprises	4,868,081.97	5,484,450.77	(616,368.80)	-11.2%
Other Operating Revenues	14,734,980.91	8,728,359.21	6,006,621.70	68.8%
<b>Total Operating Revenues</b>	<b>423,201,378.65</b>	<b>426,493,873.79</b>	<b>(3,292,495.14)</b>	<b>-0.8%</b>
<b>Operating Expenses</b>				
Salaries and Wages	333,306,591.66	325,339,229.27	7,967,362.39	2.4%
Payroll Related Costs	87,030,958.36	87,034,524.25	(3,565.89)	-
Professional Fees and Services	13,648,645.70	13,820,504.57	(171,858.87)	-1.2%
Other Contracted Services	17,012,261.85	15,200,082.23	1,812,179.62	11.9%
Travel	4,590,999.33	4,676,235.61	(85,236.28)	-1.8%
Materials and Supplies	33,489,592.07	36,293,809.02	(2,804,216.95)	-7.7%
Utilities	14,095,223.33	15,862,606.67	(1,767,383.34)	-11.1%
Communications	10,516,329.35	10,040,948.45	475,380.90	4.7%
Repairs and Maintenance	3,841,088.33	3,692,324.43	148,763.90	4.0%
Rentals and Leases	4,400,228.74	4,679,765.32	(279,536.58)	-6.0%
Printing and Reproduction	1,784,163.61	1,763,742.72	20,420.89	1.2%
Scholarships and Fellowships	5,169,994.93	4,980,107.79	189,887.14	3.8%
Depreciation and Amortization	40,833,333.33	38,333,333.33	2,500,000.00	6.5%
Federal Sponsored Program Pass-Through to Other State Agencies	1,479,166.67	1,458,333.33	20,833.34	1.4%
Other Operating Expenses	29,994,939.27	30,269,380.37	(274,441.10)	-0.9%
<b>Total Operating Expenses</b>	<b>601,193,516.53</b>	<b>593,444,927.36</b>	<b>7,748,589.17</b>	<b>1.3%</b>
<b>Operating Loss</b>	<b>(177,992,137.88)</b>	<b>(166,951,053.57)</b>	<b>(11,041,084.31)</b>	<b>-6.6%</b>
<b>Other Nonoperating Adjustments</b>				
State Appropriations	136,871,813.33	134,426,660.00	2,445,153.33	1.8%
Nonexchange Sponsored Programs	1,375,000.00	1,250,000.00	125,000.00	10.0%
Gift Contributions for Operations	11,634,999.96	10,162,062.97	1,472,936.99	14.5%
Net Investment Income	27,516,178.28	26,709,458.81	806,719.47	3.0%
Interest Expense on Capital Asset Financings	(8,210,653.40)	(8,636,015.40)	425,362.00	4.9%
<b>Net Other Nonoperating Adjustments</b>	<b>169,187,338.17</b>	<b>163,912,166.38</b>	<b>5,275,171.79</b>	<b>3.2%</b>
<b>Adjusted Income (Loss) including Depreciation &amp; Amortization</b>	<b>(8,804,799.71)</b>	<b>(3,038,887.19)</b>	<b>(5,765,912.52)</b>	<b>-189.7%</b>
<b>Adjusted Margin % including Depreciation &amp; Amortization</b>	<b>-1.5%</b>	<b>-0.5%</b>		
Investment Gain (Losses)	23,492,287.07	(24,677,707.86)	48,169,994.93	195.2%
<b>Adj. Inc. (Loss) with Investment Gains (Losses)</b>	<b>14,687,487.36</b>	<b>(27,716,595.05)</b>	<b>42,404,082.41</b>	<b>153.0%</b>
<b>Adj. Margin % with Investment Gains (Losses)</b>	<b>2.4%</b>	<b>-4.8%</b>		
<b>Adjusted Income (Loss) excluding Depreciation &amp; Amortization</b>	<b>32,028,533.62</b>	<b>35,294,446.14</b>	<b>(3,265,912.52)</b>	<b>-9.3%</b>
<b>Adjusted Margin % excluding Depreciation &amp; Amortization</b>	<b>5.3%</b>	<b>5.9%</b>		

## UNAUDITED

The University of Texas M. D. Anderson Cancer Center  
 Monthly Financial Report, Comparison of Operating Results and Margin  
 For the Period Ending June 30, 2013

	June Year-to-Date FY 2013	June Year-to-Date FY 2012	Variance	Fluctuation Percentage
<b>Operating Revenues</b>				
Net Student Tuition	1,251,666.56	1,280,378.44	(28,711.88)	-2.2%
Sponsored Programs	269,311,472.16	285,948,886.83	(16,637,414.67)	-5.8%
Net Sales and Services of Educational Activities	1,960,811.67	1,817,012.95	143,798.72	7.9%
Net Sales and Services of Hospitals	2,267,683,581.14	2,149,755,180.50	117,928,400.64	5.5%
Net Professional Fees	311,020,075.66	297,036,357.10	13,983,718.56	4.7%
Net Auxiliary Enterprises	32,025,618.58	30,449,084.65	1,576,533.93	5.2%
Other Operating Revenues	65,337,790.09	49,950,630.48	15,387,159.61	30.8%
<b>Total Operating Revenues</b>	<b>2,948,591,015.86</b>	<b>2,816,237,530.95</b>	<b>132,353,484.91</b>	<b>4.7%</b>
<b>Operating Expenses</b>				
Salaries and Wages	1,339,742,558.45	1,266,238,427.94	73,504,130.51	5.8%
Payroll Related Costs	382,343,248.07	349,209,814.17	33,133,433.90	9.5%
Cost of Goods Sold	3,561,001.87	4,091,337.44	(530,335.57)	-13.0%
Professional Fees and Services	145,554,664.55	115,525,693.56	30,028,970.99	26.0%
Other Contracted Services	73,449,991.15	59,816,495.02	13,633,496.13	22.8%
Travel	15,102,848.19	12,135,839.20	2,967,008.99	24.4%
Materials and Supplies	570,466,744.35	534,152,618.54	36,314,125.81	6.8%
Utilities	42,453,890.21	45,165,854.17	(2,711,963.96)	-6.0%
Communications	8,752,933.54	8,256,755.53	496,178.01	6.0%
Repairs and Maintenance	73,447,435.95	66,851,465.58	6,595,970.37	9.9%
Rentals and Leases	34,802,346.62	35,740,686.31	(938,339.69)	-2.6%
Printing and Reproduction	3,384,679.16	2,538,935.84	845,743.32	33.3%
Scholarships and Fellowships	946,062.72	3,179,904.24	(2,233,841.52)	-70.2%
Depreciation and Amortization	228,133,381.61	218,575,680.94	9,557,700.67	4.4%
Federal Sponsored Program Pass-Through to Other State Agencies	356,994.21	1,630,210.09	(1,273,215.88)	-78.1%
Other Operating Expenses	26,021,239.23	23,444,457.88	2,576,781.35	11.0%
<b>Total Operating Expenses</b>	<b>2,948,520,019.88</b>	<b>2,746,554,176.45</b>	<b>201,965,843.43</b>	<b>7.4%</b>
<b>Operating Loss</b>	<b>70,995.98</b>	<b>69,683,354.50</b>	<b>(69,612,358.52)</b>	<b>-99.9%</b>
<b>Other Nonoperating Adjustments</b>				
State Appropriations	135,761,097.65	134,156,351.00	1,604,746.65	1.2%
Nonexchange Sponsored Programs	(23,873.00)	993,706.24	(1,017,579.24)	-102.4%
Gift Contributions for Operations	155,222,208.37	69,370,778.92	85,851,429.45	123.8%
Net Investment Income	60,294,691.80	48,618,853.72	11,675,838.08	24.0%
Interest Expense on Capital Asset Financings	(32,066,454.10)	(33,308,068.60)	1,241,614.50	3.7%
<b>Net Other Nonoperating Adjustments</b>	<b>319,187,670.72</b>	<b>219,831,621.28</b>	<b>99,356,049.44</b>	<b>45.2%</b>
<b>Adjusted Income (Loss) including Depreciation &amp; Amortization</b>	<b>319,258,666.70</b>	<b>289,514,975.78</b>	<b>29,743,690.92</b>	<b>10.3%</b>
<b>Adjusted Margin % including Depreciation &amp; Amortization</b>	<b>9.7%</b>	<b>9.4%</b>		
Investment Gain (Losses)	121,155,495.36	(56,035,350.60)	177,190,845.96	316.2%
<b>Adj. Inc. (Loss) with Investment Gains (Losses)</b>	<b>440,414,162.06</b>	<b>233,479,625.18</b>	<b>206,934,536.88</b>	<b>88.6%</b>
<b>Adj. Margin % with Investment Gains (Losses)</b>	<b>12.9%</b>	<b>7.7%</b>		
<b>Adjusted Income (Loss) excluding Depreciation &amp; Amortization</b>	<b>547,392,048.31</b>	<b>508,090,656.72</b>	<b>39,301,391.59</b>	<b>7.7%</b>
<b>Adjusted Margin % excluding Depreciation &amp; Amortization</b>	<b>16.6%</b>	<b>16.6%</b>		

## UNAUDITED

The University of Texas Health Science Center at Tyler  
 Monthly Financial Report, Comparison of Operating Results and Margin  
 For the Period Ending June 30, 2013

	June Year-to-Date FY 2013	June Year-to-Date FY 2012	Variance	Fluctuation Percentage
<b>Operating Revenues</b>				
Net Student Tuition	32,811.36	-	32,811.36	100.0%
Sponsored Programs	11,660,625.91	10,911,678.76	748,947.15	6.9%
Net Sales and Services of Educational Activities	1,182,463.21	1,300,347.98	(117,884.77)	-9.1%
Net Sales and Services of Hospitals	36,772,513.61	37,568,004.07	(795,490.46)	-2.1%
Net Professional Fees	8,493,893.54	9,542,121.29	(1,048,227.75)	-11.0%
Net Auxiliary Enterprises	150,862.47	125,240.38	25,622.09	20.5%
Other Operating Revenues	6,939,922.99	997,917.10	5,942,005.89	595.4%
<b>Total Operating Revenues</b>	<b>65,233,093.09</b>	<b>60,445,309.58</b>	<b>4,787,783.51</b>	<b>7.9%</b>
<b>Operating Expenses</b>				
Salaries and Wages	51,796,850.94	46,616,341.39	5,180,509.55	11.1%
Payroll Related Costs	15,749,733.28	13,642,980.81	2,106,752.47	15.4%
Cost of Goods Sold	62,986.08	56,042.82	6,943.26	12.4%
Professional Fees and Services	6,958,702.65	5,787,723.72	1,170,978.93	20.2%
Other Contracted Services	6,253,811.75	4,817,457.67	1,436,354.08	29.8%
Travel	475,773.66	492,543.75	(16,770.09)	-3.4%
Materials and Supplies	12,865,079.73	11,294,964.40	1,570,115.33	13.9%
Utilities	2,484,805.58	2,096,171.51	388,634.07	18.5%
Communications	552,859.44	653,034.77	(100,175.33)	-15.3%
Repairs and Maintenance	3,295,654.16	2,052,755.09	1,242,899.07	60.5%
Rentals and Leases	861,651.59	820,847.32	40,804.27	5.0%
Printing and Reproduction	87,780.30	454,737.39	(366,957.09)	-80.7%
Scholarships and Fellowships	60,152.36	14,989.50	45,162.86	301.3%
Depreciation and Amortization	7,552,586.01	7,322,422.76	230,163.25	3.1%
Federal Sponsored Program Pass-Through to Other State Agencies	189,751.32	375,174.52	(185,423.20)	-49.4%
Other Operating Expenses	2,181,494.78	1,645,701.86	535,792.92	32.6%
<b>Total Operating Expenses</b>	<b>111,429,673.63</b>	<b>98,143,889.28</b>	<b>13,285,784.35</b>	<b>13.5%</b>
<b>Operating Loss</b>	<b>(46,196,580.54)</b>	<b>(37,698,579.70)</b>	<b>(8,498,000.84)</b>	<b>-22.5%</b>
<b>Other Nonoperating Adjustments</b>				
State Appropriations	31,039,214.56	38,272,518.22	(7,233,303.66)	-18.9%
Gift Contributions for Operations	798,991.51	644,416.79	154,574.72	24.0%
Net Investment Income	3,725,740.11	3,435,672.72	290,067.39	8.4%
Interest Expense on Capital Asset Financings	(1,339,963.50)	(1,196,420.10)	(143,543.40)	-12.0%
<b>Net Other Nonoperating Adjustments</b>	<b>34,223,982.68</b>	<b>41,156,187.63</b>	<b>(6,932,204.95)</b>	<b>-16.8%</b>
<b>Adjusted Income (Loss) including Depreciation &amp; Amortization</b>	<b>(11,972,597.86)</b>	<b>3,457,607.93</b>	<b>(15,430,205.79)</b>	<b>-446.3%</b>
<b>Adjusted Margin % including Depreciation &amp; Amortization</b>	<b>-11.9%</b>	<b>3.4%</b>		
Investment Gain (Losses)	2,219,865.41	(2,318,380.81)	4,538,246.22	195.8%
<b>Adj. Inc. (Loss) with Investment Gains (Losses)</b>	<b>(9,752,732.45)</b>	<b>1,139,227.12</b>	<b>(10,891,959.57)</b>	<b>-956.1%</b>
<b>Adj. Margin % with Investment Gains (Losses)</b>	<b>-9.5%</b>	<b>1.1%</b>		
<b>Adjusted Income (Loss) excluding Depreciation &amp; Amortization</b>	<b>(4,420,011.85)</b>	<b>10,780,030.69</b>	<b>(15,200,042.54)</b>	<b>-141.0%</b>
<b>Adjusted Margin % excluding Depreciation &amp; Amortization</b>	<b>-4.4%</b>	<b>10.5%</b>		

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

**RECOMMENDATION**

The Chancellor and the Executive Vice Chancellor for Business Affairs recommend that

- a. the Fiscal Year 2014 distribution from the Permanent University Fund (PUF) to the Available University Fund (AUF) be \$689,365,138. The distribution equates to 5.50% of the trailing 12-quarter average of the net asset value of the PUF;
- b. the distribution rate for the Permanent Health Fund (PHF) be increased from \$0.0573 per unit to \$0.0585 per unit for Fiscal Year 2014 (effective with November 30, 2013 distribution);
- c. the distribution rate for the U. T. System Long Term Fund (LTF) be increased from \$0.3283 per unit to \$0.3352 per unit for Fiscal Year 2014 (effective with November 30, 2013 distribution); and
- d. the distribution rate for the U. T. System Intermediate Term Fund (ITF) remain at 3.0% per annum (paid monthly) for Fiscal Year 2014.

**BACKGROUND INFORMATION**

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

As shown in the table below, the average annual return of the PUF investments for the trailing 12 quarters ending February 28, 2013, has exceeded the Expected Return by 25 basis points or more (≥.25%). Therefore, as outlined in the PUF Investment Policy, the "default" distribution rate for Fiscal Year 2013-2014 would be 5.0%, or \$626,695,580.

	<b>Trailing 12 Quarters Ending February 28, 2013</b>	<b>Expected or Benchmarks</b>	<b>Excess (Deficit)</b>
Average Annual Rate of Return	9.06%	7.36%	1.70%



However, The University of Texas System Board of Regents (U. T. System Board) has the authority to distribute an amount that it deems appropriate up to a maximum rate of 7.0% (except as necessary to pay PUF bond debt service). Due to continued strong royalty income, strong investment performance by UTIMCO, and a desire of the U. T. System Board to provide assistance in reducing the need for resident undergraduate tuition increases, it is the recommendation of the Chancellor and the Executive Vice Chancellor for Business Affairs that the distribution from the PUF to the AUF for Fiscal Year 2014 be \$689,365,138 or 5.50% of the trailing 12-quarter average of the net asset value of the PUF. This calculation is shown below:

<u>Quarter Ended</u>	<u>Net Asset Value</u>
5/31/2010	10,524,153,261
8/31/2010	10,724,962,438
11/30/2010	11,619,582,822
2/28/2011	12,338,732,852
5/31/2011	12,908,189,971
8/31/2011	12,687,945,718
11/30/2011	12,389,608,519
2/29/2012	12,971,283,084
5/31/2012	12,843,337,655
8/31/2012	13,470,262,684
11/30/2012	13,686,958,344
2/28/2013	14,241,921,929
	<u>\$ 150,406,939,277</u>
Number of quarters	12
Average Net Asset Value	\$ 12,533,911,606
Distribution Percentage	5.50%
FY 2013-14 Distribution	<u>\$ 689,365,138</u>

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

1. The amount of PUF distributions to the AUF in a fiscal year must be not less than the amount needed to pay the principal and interest due and owing in that fiscal year on PUF bonds and notes. The proposed distribution of \$689,365,138 is substantially greater than PUF bond debt service of \$250,800,000 projected for FY 2013-2014.

<u>System</u>	<u>Debt Service</u>
U. T.	\$ 165,900,000
TAMU	84,900,000
Total	<u>\$ 250,800,000</u>

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

2. The U. T. System Board may not increase annual PUF distributions to the AUF (except as necessary to pay PUF debt service) if the purchasing power of PUF investments for any rolling 10-year period has not been preserved. As the schedule below indicates, the average annual increase in the rate of growth of the value of PUF investments (net of expenses, inflation, and distributions) for the trailing 10-year period ended February 28, 2013, was 5.89%, which indicates that the purchasing power test was met.

<b>Average Annual</b>	<b>Percent</b>
Rate of Total Return, Net of Investment Manager Fees	9.19%
Mineral Interest Receipts	3.83%
UTIMCO Management Fees	(0.07)%
West Texas Lands Management Fees	(0.07)%
Other	(0.03)%
Inflation Rate	(2.40)%
Distribution Rate	(4.56)%
Net Real Return	<b>5.89%</b>

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

<b>Value of PUF Investments (1)</b>	<b>Proposed Distribution</b>	<b>Proposed Distribution as a % of Value of PUF Investments</b>	<b>Maximum Allowed Rate</b>
\$12,533,911,606	\$689,365,138	<b>5.50%</b>	7.00%

(1) Source: UTIMCO

The spending policy objectives of the PHF and LTF are to

- a. provide a predictable stable stream of distributions over time;
- b. ensure that the inflation-adjusted value of the distributions is maintained over the long term; and
- c. ensure that the inflation-adjusted value of the assets of the PHF and the LTF, as appropriate after distributions, is maintained over the long term.

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

The recommended 2.1% increase in the PHF distribution rate of \$0.0573 to \$0.0585 per unit was based on the PHF's Investment Policy Statement to increase the distributions by the average rate of inflation for the trailing 12 quarters. The PHF's distribution rate calculated using the prior 12-quarter average value of the PHF is 5.0%, within the range of 3.5% to 5.5% set forth in the PHF Investment Policy Statement.

The recommended 2.1% increase in the LTF distribution rate from \$0.3283 to \$0.3352 per unit was based on the LTF's Investment Policy Statement to increase the distributions by the average rate of inflation for the trailing 12 quarters. The LTF's distribution rate calculated using the prior 12-quarter average value of the LTF is 5.2%, within the range of 3.5% to 5.5% set forth in the LTF Investment Policy Statement. The increase in the consumer price index for the prior three years as of November 30, 2012, was 2.1%.

The distribution rate for the ITF was originally set at 3.0% per annum for Fiscal Year 2007 by the U. T. System Board on May 11, 2006, and has continued at that rate for each succeeding fiscal year. The recommendation for Fiscal Year 2014 is to continue a distribution rate of 3.0%.

4. **U. T. System Board of Regents: The University of Texas Investment Management Company (UTIMCO) Performance Summary Report and Investment Reports for the quarter ended May 31, 2013**

REPORT

The May 31, 2013 UTIMCO Performance Summary Report is attached on Page 93.

The Investment Reports for the quarter ended May 31, 2013, are set forth on Pages 94 - 97.

Item I on Page 94 reports activity for the Permanent University Fund (PUF) investments. The PUF's net investment return for the quarter was 2.44% versus its composite benchmark return of 1.65%. The PUF's net asset value increased by \$389 million since the beginning of the quarter to \$14,631 million. The increase was due to \$255 million PUF Lands receipts, plus a net investment return of \$339 million, less distributions made to the Available University Fund (AUF) of \$205 million.

Item II on Page 95 reports activity for the General Endowment Fund (GEF) investments. The GEF's net investment return for the quarter was 2.45% versus its composite benchmark return of 1.65%. The GEF's net asset value increased by \$154 million during the quarter to \$7,589 million.

Item III on Page 96 reports activity for the Intermediate Term Fund (ITF). The ITF's net investment return for the quarter was 1.41% versus its composite benchmark return of .22%. The net asset value increased during the quarter to \$5,414 million due to net investment return of \$72 million, plus net contributions of \$139 million, less distributions of \$40 million.

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

Item IV on Page 97 presents book and market values of cash, debt, equity, and other securities held in funds outside of the PUF, GEF and ITF. Total cash and equivalents, consisting primarily of institutional operating funds held in the Dreyfus and Fidelity money market funds, decreased by \$174 million to \$2,024 million during the three months since the last reporting period. Market values for the remaining asset types were debt securities: \$22 million versus \$23 million at the beginning of the period; equities: \$73 million versus \$57 million at the beginning of the period; and other investments: \$5 million versus \$2 million at the beginning of the period.

## UTIMCO Performance Summary

May 31, 2013

	Net Asset Value 5/31/2013 (in Millions)	Periods Ended May 31, 2013 (Returns for Periods Longer Than One Year are Annualized)							
		<u>Short Term</u>		<u>Year to Date</u>		<u>Historic Returns</u>			
		1 Mo	3 Mos	Fiscal	Calendar	1 Yr	3 Yrs	5 Yrs	10 Yrs
<b>ENDOWMENT FUNDS</b>									
Permanent University Fund	\$ 14,631	0.59%	2.44%	8.88%	4.96%	12.92%	9.69%	3.20%	8.48%
General Endowment Fund		0.62	2.45	9.04	5.03	13.15	9.80	3.20	8.56
Permanent Health Fund	1,027	0.59	2.38	8.89	4.95	12.95	9.70	3.12	8.46
Long Term Fund	6,562	0.59	2.38	8.89	4.95	12.96	9.70	3.12	8.47
Separately Invested Funds	146	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Total Endowment Funds</b>	<b>22,366</b>								
<b>OPERATING FUNDS</b>									
Intermediate Term Fund	5,414	(0.49)	1.41	6.05	2.95	10.64	8.04	3.23	N/A
Debt Proceeds Fund	368	0.01	0.03	0.12	0.05	0.16	N/A	N/A	N/A
Short Term Fund	1,610	0.01	0.03	0.09	0.04	0.14	0.18	0.51	1.95
<b>Total Operating Funds</b>	<b>7,392</b>								
<b>Total Investments</b>	<b>\$ 29,758</b>								
<b>VALUE ADDED (1) (Percent)</b>									
Permanent University Fund		0.91%	0.79%	1.34%	1.08%	0.01%	1.20%	2.21%	2.13%
General Endowment Fund		0.94	0.80	1.50	1.15	0.24	1.31	2.21	2.21
Intermediate Term Fund		1.01	1.19	2.03	1.71	2.48	2.26	2.32	N/A
Debt Proceeds Fund		-	-	0.03	0.02	0.04	N/A	N/A	N/A
Short Term Fund		-	-	-	0.01	0.02	0.07	0.19	0.21
<b>VALUE ADDED (1) (\$ IN MILLIONS)</b>									
Permanent University Fund		\$ 133	\$ 112	\$ 180	\$ 150	\$ 2	\$ 472	\$ 1,454	\$ 2,614
General Endowment Fund		72	60	106	84	15	280	812	1,478
Intermediate Term Fund		55	64	103	89	120	322	552	N/A
<b>Total Value Added</b>		<b>\$ 260</b>	<b>\$ 236</b>	<b>\$ 389</b>	<b>\$ 323</b>	<b>\$ 137</b>	<b>\$ 1,074</b>	<b>\$ 2,818</b>	<b>\$ 4,092</b>

Footnotes available upon request.

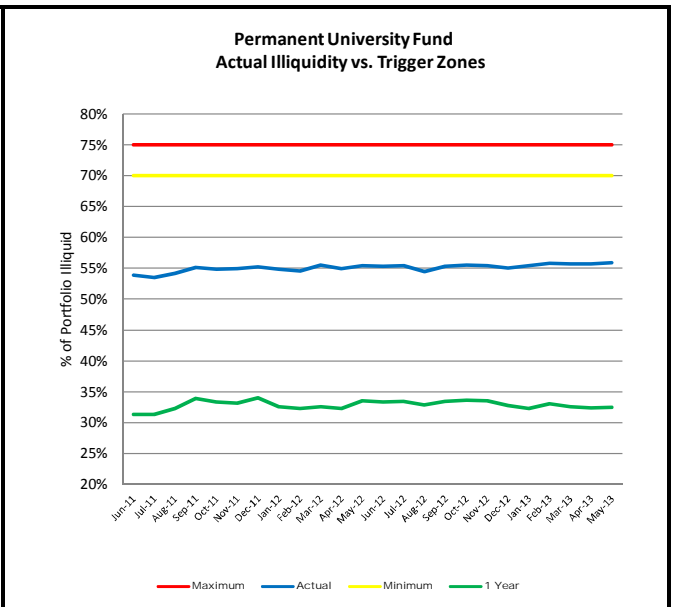
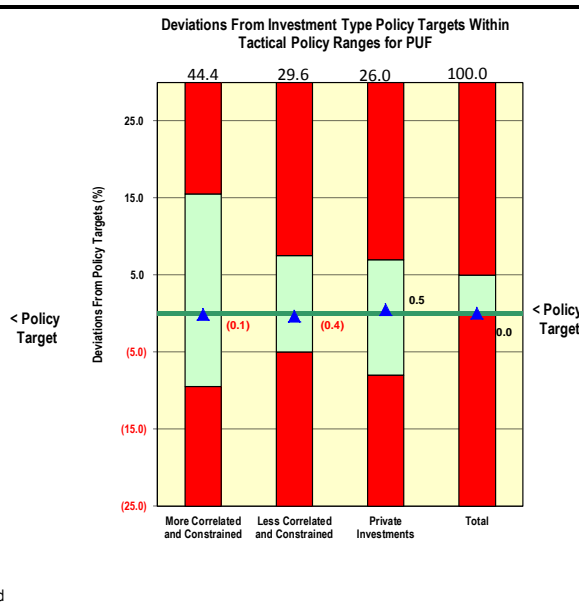
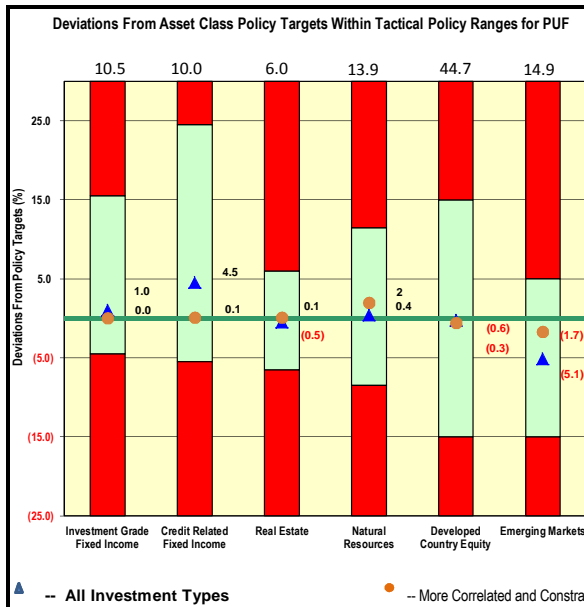
UTIMCO 6/28/2013

## I. PERMANENT UNIVERSITY FUND Investment Reports for Periods Ended May 31, 2013

Prepared in accordance with Texas Education Code Sec. 51.0032

Summary of Capital Flows			
(\$ millions)	Fiscal Year Ended August 31, 2012	Quarter Ended May 31, 2013	Fiscal Year to Date August 31, 2013
Beginning Net Assets	\$ 12,688	\$ 14,242	\$ 13,470
PUF Lands Receipts	955	255	631
Investment Return (Net of Expenses)	403	339	1,174
Distributions to AUF	(576)	(205)	(644)
Ending Net Assets	<u>\$ 13,470</u>	<u>\$ 14,631</u>	<u>\$ 14,631</u>

	Fiscal Year to Date				
	Returns		Value Added		
	Portfolio	Policy Benchmark	From Asset Allocation	From Security Selection	Total
<b>More Correlated and Constrained:</b>					
Investment Grade	1.19%	-2.98%	-0.15%	0.34%	0.19%
Credit-Related	8.06%	9.91%	0.00%	0.00%	0.00%
Real Estate	9.52%	12.51%	0.00%	-0.10%	-0.10%
Natural Resources	-11.25%	-3.79%	-0.37%	-0.63%	-1.00%
Developed Country	23.97%	17.06%	-0.32%	0.94%	0.62%
Emerging Markets	9.08%	8.12%	-0.13%	0.10%	-0.03%
<b>Total More Correlated and Constrained</b>	<b>6.68%</b>	<b>7.32%</b>	<b>-0.97%</b>	<b>0.65%</b>	<b>-0.32%</b>
<b>Less Correlated and Constrained</b>	<b>11.04%</b>	<b>7.24%</b>	<b>0.51%</b>	<b>0.58%</b>	<b>1.09%</b>
<b>Private Investments</b>	<b>10.27%</b>	<b>8.21%</b>	<b>0.44%</b>	<b>0.13%</b>	<b>0.57%</b>
<b>Total</b>	<b>8.88%</b>	<b>7.54%</b>	<b>-0.02%</b>	<b>1.36%</b>	<b>1.34%</b>



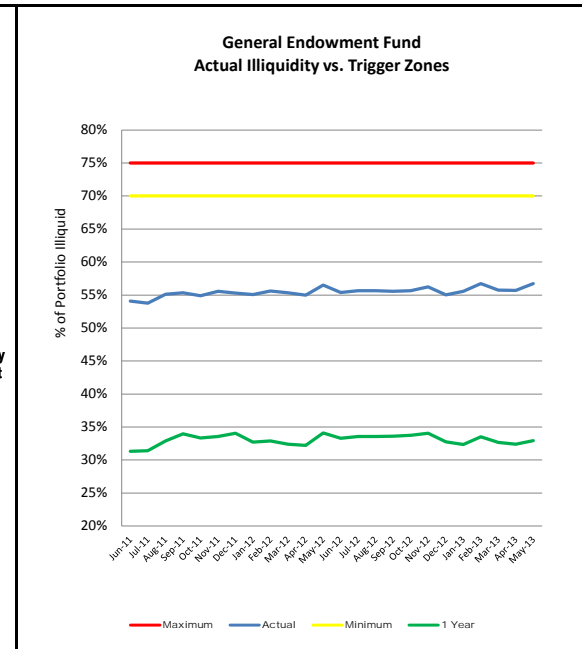
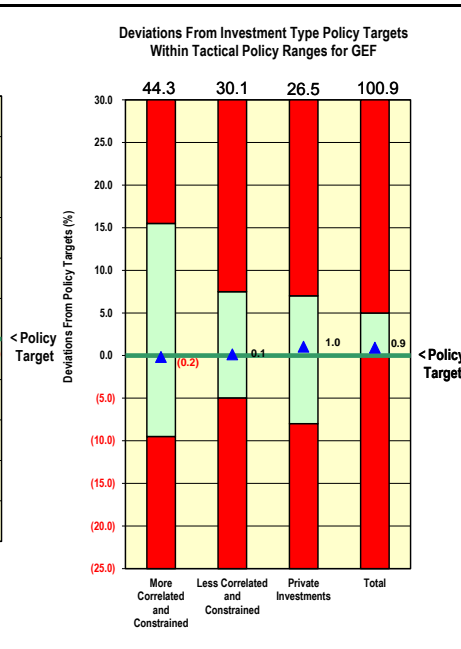
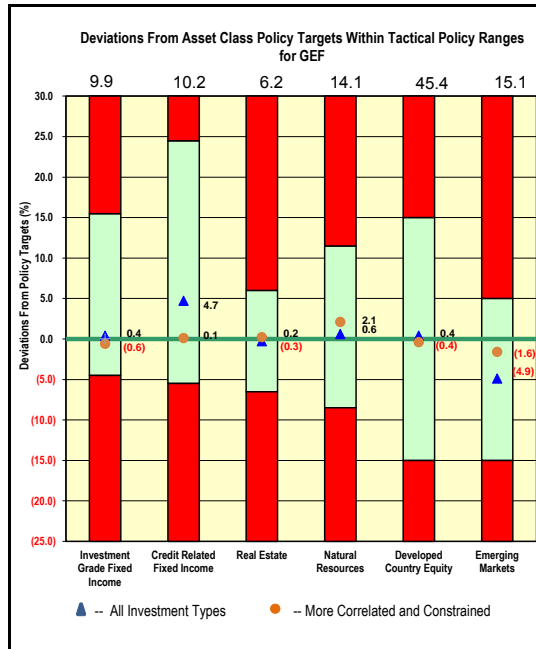
## II. GENERAL ENDOWMENT FUND

### Investment Reports for Periods Ended May 31, 2013

Prepared in accordance with Texas Education Code Sec. 51.0032

<u>Summary of Capital Flows</u>			
(\$ millions)	Fiscal Year Ended August 31, 2012	Quarter Ended May 31, 2013	Fiscal Year to Date August 31, 2013
Beginning Net Assets	\$ 7,049	\$ 7,435	\$ 7,105
Contributions	194	70	127
Withdrawals	(17)	(5)	(9)
Distributions	(344)	(91)	(270)
Investment Return (Net of Expenses)	223	180	636
Ending Net Assets	<u>\$ 7,105</u>	<u>\$ 7,589</u>	<u>\$ 7,589</u>

	Fiscal Year to Date				
	Returns		Value Added		
	Portfolio	Policy Benchmark	From Asset Allocation	From Security Selection	Total
<b>More Correlated and Constrained:</b>					
Investment Grade	2.05%	-2.98%	-0.08%	0.41%	0.33%
Credit-Related	8.06%	9.91%	0.00%	0.00%	0.00%
Real Estate	9.52%	12.51%	0.00%	-0.10%	-0.10%
Natural Resources	-11.23%	-3.79%	-0.39%	-0.63%	-1.02%
Developed Country	23.97%	17.06%	-0.31%	0.93%	0.62%
Emerging Markets	9.32%	8.12%	-0.14%	0.13%	-0.01%
<b>Total More Correlated and Constrained</b>	<b>7.02%</b>	<b>7.32%</b>	<b>-0.92%</b>	<b>0.74%</b>	<b>-0.18%</b>
<b>Less Correlated and Constrained</b>	<b>11.04%</b>	<b>7.24%</b>	<b>0.51%</b>	<b>0.60%</b>	<b>1.11%</b>
<b>Private Investments</b>	<b>10.27%</b>	<b>8.21%</b>	<b>0.44%</b>	<b>0.14%</b>	<b>0.58%</b>
<b>Total</b>	<b>9.04%</b>	<b>7.54%</b>	<b>0.03%</b>	<b>1.48%</b>	<b>1.51%</b>

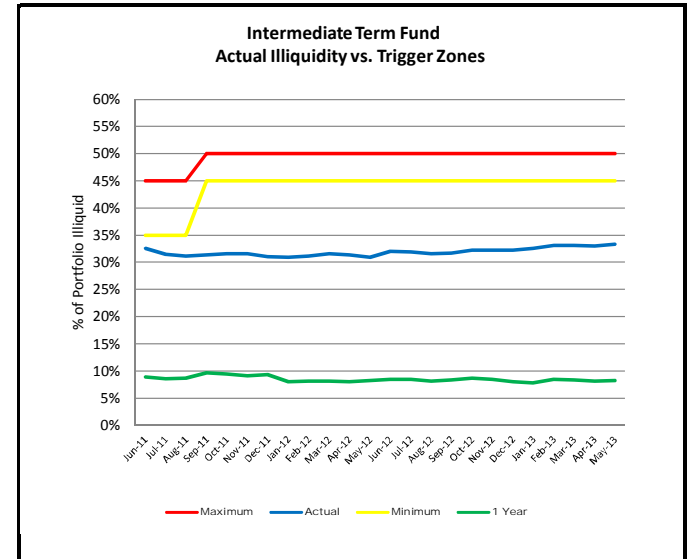
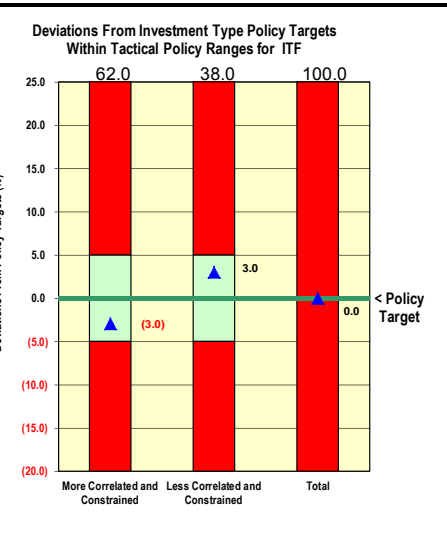
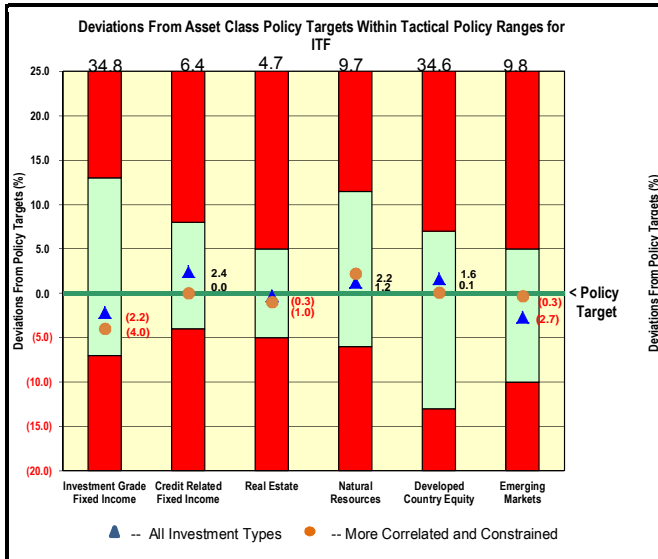


### III. INTERMEDIATE TERM FUND Investment Reports for Periods Ended May 31, 2013

Prepared in accordance with Texas Education Code Sec. 51.0032

Summary of Capital Flows			
(\$ millions)	Fiscal Year Ended August 31, 2012	Quarter Ended May 31, 2013	Fiscal Year to Date August 31, 2013
Beginning Net Assets	\$ 4,662	\$ 5,243	\$ 4,893
Contributions	420	171	433
Withdrawals	(183)	(32)	(94)
Distributions	(142)	(40)	(117)
Investment Return (Net of Expenses)	136	72	299
Ending Net Assets	<u>\$ 4,893</u>	<u>\$ 5,414</u>	<u>\$ 5,414</u>

	Returns		Fiscal Year to Date		
	Portfolio	Policy Benchmark	From Asset Allocation	From Security Selection	Total
<b>More Correlated and Constrained:</b>					
Investment Grade	0.30%	-2.98%	0.12%	1.16%	1.28%
Credit-Related	0.00%	0.00%	0.00%	0.00%	0.00%
Real Estate	9.70%	12.51%	-0.18%	-0.12%	-0.30%
Natural Resources	-9.34%	-3.79%	-0.45%	-0.45%	-0.90%
Developed Country	24.52%	17.06%	-0.26%	0.66%	0.40%
Emerging Markets	10.40%	8.12%	-0.04%	0.16%	0.12%
<b>Total More Correlated and Constrained</b>	<b>3.15%</b>	<b>2.29%</b>	<b>-0.81%</b>	<b>1.41%</b>	<b>0.60%</b>
<b>Less Correlated and Constrained</b>	<b>11.01%</b>	<b>7.24%</b>	<b>0.73%</b>	<b>0.70%</b>	<b>1.43%</b>
<b>Private Investments</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
<b>Total</b>	<b>6.05%</b>	<b>4.02%</b>	<b>-0.08%</b>	<b>2.11%</b>	<b>2.03%</b>





**IV. SEPARATELY INVESTED ASSETS**  
**Summary Investment Report at May 31, 2013**  
 Report prepared in accordance with Texas Education Code Sec. 51.0032

ASSET TYPES	(\$ thousands)															
	FUND TYPE															
	CURRENT PURPOSE DESIGNATED		RESTRICTED		ENDOWMENT & SIMILAR FUNDS		ANNUITY & LIFE INCOME FUNDS		AGENCY FUNDS		TOTAL EXCLUDING OPERATING FUNDS		OPERATING FUNDS (DEBT PROCEEDS AND (SHORT TERM FUND))		TOTAL	
	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET
<b>Cash &amp; Equivalents:</b>																
Beginning value 02/28/13	-	-	1,873	1,873	69,065	69,065	1,802	1,802	3,974	3,974	76,714	76,714	2,121,186	2,121,186	2,197,900	2,197,900
Increase/(Decrease)	-	-	1,461	1,461	(30,120)	(30,120)	(320)	(320)	(2,108)	(2,108)	(31,087)	(31,087)	(143,231)	(143,231)	(174,318)	(174,318)
Ending value 05/31/13	-	-	3,334	3,334	38,945	38,945	1,482	1,482	1,866	1,866	45,627	45,627	1,977,955	1,977,955	2,023,582	2,023,582
<b>Debt Securities:</b>																
Beginning value 02/28/13	-	-	45	45	12,052	13,235	8,859	9,359	-	-	20,956	22,639	-	-	20,956	22,639
Increase/(Decrease)	-	-	-	-	111	(172)	-	(135)	-	-	111	(307)	-	-	111	(307)
Ending value 05/31/13	-	-	45	45	12,163	13,063	8,859	9,224	-	-	21,067	22,332	-	-	21,067	22,332
<b>Equity Securities:</b>																
Beginning value 02/28/13	461	2,999	1,295	1,429	31,599	37,530	13,700	15,063	-	-	47,055	57,021	-	-	47,055	57,021
Increase/(Decrease)	700	1,751	11,201	11,062	4,735	2,693	-	237	-	-	16,636	15,743	-	-	16,636	15,743
Ending value 05/31/13	1,161	4,750	12,496	12,491	36,334	40,223	13,700	15,300	-	-	63,691	72,764	-	-	63,691	72,764
<b>Other:</b>																
Beginning value 02/28/13	-	-	730	730	11	11	474	132	630	630	1,845	1,503	-	-	1,845	1,503
Increase/(Decrease)	-	-	(337)	(337)	1	1	12	1	3,915	3,915	3,591	3,580	-	-	3,591	3,580
Ending value 05/31/13	-	-	393	393	12	12	486	133	4,545	4,545	5,436	5,083	-	-	5,436	5,083
<b>Total Assets:</b>																
Beginning value 02/28/13	461	2,999	3,943	4,077	112,727	119,841	24,835	26,356	4,604	4,604	146,570	157,877	2,121,186	2,121,186	2,267,756	2,279,063
Increase/(Decrease)	700	1,751	12,325	12,186	(25,273)	(27,598)	(308)	(217)	1,807	1,807	(10,749)	(12,071)	(143,231)	(143,231)	(153,980)	(155,302)
Ending value 05/31/13	1,161	4,750	16,268	16,263	87,454	92,243	24,527	26,139	6,411	6,411	135,821	145,806	1,977,955	1,977,955	2,113,776	2,123,761

Details of individual assets by account furnished upon request.

5. **U. T. System Board of Regents: Approval of amendments to the Investment Policy Statements for the Permanent University Fund, the General Endowment Fund, the Permanent Health Fund, the Long Term Fund, the Intermediate Term Fund, the Liquidity Policy, and the Derivative Investment Policy**

**RECOMMENDATION**

The 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 approve proposed amendments to the following Investment Policy Statements, including asset allocation, the Liquidity Policy, and the Derivative Investment Policy, as set forth in congressional style on the referenced pages.

- a. Permanent University Fund (PUF) (See Pages 100 - 101)
- b. General Endowment Fund (GEF) (See Pages 100 - 101)
- c. Permanent Health Fund (PHF) (See Pages 100 - 101)
- d. Long Term Fund (LTF) (See Pages 100 - 101)
- e. Intermediate Term Fund (ITF) (See Pages 102 - 103)
- f. Liquidity Policy (See Pages 104 - 107)
- g. Derivative Investment Policy (See Pages 108 - 113)

**BACKGROUND INFORMATION**

The Master Investment Management Services Agreement (IMSA) between the U. T. System Board of Regents and UTIMCO requires that UTIMCO review the current Investment Policies for each Fund at least annually. The review includes distribution (spending) guidelines, long-term investment return expectations and expected risk levels, Asset Class and Investment Type allocation targets and ranges for each eligible Asset Class and Investment Type, expected returns for each Asset Class, Investment Type, and Fund, designated performance benchmarks for each Asset Class and/or Investment Type, and such other matters as the U. T. System Board or its staff designees may request.

The UTIMCO Board approved these amendments to the Investment Policy Statements, the Liquidity Policy, and the Derivative Investment Policy on July 22, 2013.

Exhibits to the Investment Policy Statements for the PUF, GEF, PHF, LTF (Attachment 1) and ITF (Attachment 2) have been amended to reflect changes to the Targets and Ranges for Asset Classes and Investment Types proposed for Fiscal Year Ending (FYE) 2014. The Policy Benchmarks and Expected Annual Return (Benchmarks) target have been updated, and the one year downside deviation has been adjusted to reflect the revised Asset Class and Investment Type targets for FYE 2014.

All amended Investment Policy Statements will be effective September 1, 2013.

Proposed amendments to the Liquidity Policy would change the ranges and trigger zones for the ITF. The allowable range for illiquid investments would change from "0% to 50%" to "0% to 55%", and the trigger zone for illiquid investments requiring prior approval by the UTIMCO Risk Committee or UTIMCO Board would change from "45% to 50%" to "50% to 55%."

The Derivative Investment Policy would be amended to require that all over the counter (OTC) derivatives, with the exception of Bona Fide Spot Foreign Exchange Transactions, be subject to established International Swaps and Derivatives Association (ISDA) Netting Agreements and have full documentation of all legal obligations of the U. T. System Board funds consistent with Title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank) Protocol 2.0, which requires most FX derivatives swaps to trade under an ISDA Master Agreement beginning July 1, 2013.

To that end, proposed amendments to the Derivative Investment Policy are as follows:

- a. Definition of Derivatives: changed language "foreign currency contracts that mature within thirty (30) days of initial settlement" to "Bona Fide Spot Foreign Exchange Transactions."
- b. Counterparty Risks: changed language "foreign currency contracts that mature within 91 days of initial settlement and are traded with a counterparty that has been pre-approved by UTIMCO" to "Bona Fide Spot Foreign Exchange Transactions."
- c. Glossary of Terms: added definition of Bona Fide Spot Foreign Exchange Transaction.

**ATTACHMENT 1**  
**EXHIBIT FOR PUF, GEF, PHF and LTF**  
**ASSET CLASS AND INVESTMENT TYPE TARGETS, RANGES, AND PERFORMANCE OBJECTIVES**  
**EFFECTIVE SEPTEMBER 1, ~~2012~~ 2013**

POLICY PORTFOLIO	FYE <del>2013</del> 2014		
	Min	Target	Max
<b>Asset Classes</b>			
Investment Grade Fixed Income	5.0%	<del>9.5%</del> 10.5%	25.0%
Credit-Related Fixed Income	0.0%	<del>5.5%</del> 8.8%	30.0%
Real Estate	0.0%	<del>6.5%</del> 8.2%	12.5%
Natural Resources	5.0%	<del>13.5%</del> 13.3%	25.0%
Developed Country Equity	30.0%	<del>45.0%</del> 43.8%	60.0%
Emerging Markets Equity	5.0%	<del>20.0%</del> 15.4%	25.0%
<b>Investment Types</b>			
More Correlated & Constrained	35.0%	<del>44.5%</del> 41.5%	60.0%
Less Correlated & Constrained	25.0%	30.0%	37.5%
Private Investments	17.5%	<del>25.5%</del> 28.5%	<del>32.5%</del> 35.0%

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

POLICY BENCHMARK (reset monthly)	FYE <del>2013</del> 2014
Barclays Capital Global Aggregate Index	7.5%
FTSE EPRA/NAREIT Developed Index Net TRI USD	2.5%
50% Dow Jones-UBS Commodity Total Return Index and 50% MSCI World Natural Resources Index	7.5%
MSCI World Index with net dividends	<del>15.0%</del> 14.0%
MSCI Emerging Markets with net dividends	<del>12.0%</del> 10.0%
Hedge Fund Research Indices Fund of Funds Composite Index	30.0%
Venture Economics Custom Index	<del>24.5%</del> 23.3%
NACREIF Custom Index	<del>4.0%</del> 5.2%

POLICY/TARGET RETURN/RISKS	FYE <del>2013</del> 2014
Expected Annual Return (Benchmarks) **	<del>7.36</del> 7.40%
One Year Downside Deviation	<del>9.45</del> 9.30%
Risk Bounds	
Lower: 1 Year Downside Deviation	75%
Upper: 1 Year Downside Deviation	115%

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

ATTACHMENT 1  
 (continued)  
 EXHIBIT FOR PUF, GEF, PHF and LTF  
 ASSET CLASS AND INVESTMENT TYPE TARGETS, RANGES AND PERFORMANCE OBJECTIVES  
 EFFECTIVE SEPTEMBER 1, ~~2012~~ 2013

POLICY BENCHMARKS BY ASSET CLASS AND INVESTMENT TYPE: FYE ~~2013~~ 2014

FYE <del>2013</del> 2014		More Correlated & Constrained	Less Correlated & Constrained	Private Investments	Total
Fixed Income	Investment Grade	Barclays Capital Global Aggregate Index (7.5%)	<del>2.0</del> 3.0%	0.0%	<del>9.5</del> 10.5%
	Credit-Related	0.00%	<del>3.0</del> 5.0%	<del>2.5</del> 3.8%	<del>5.5</del> 8.8%
Real Assets	Real Estate	FTSE EPRA/NAREIT Developed Index Net TRI USD (2.5%)	<del>0.0</del> 0.5%	Custom NACREIF <del>4.0</del> 5.2%	<del>6.5</del> 8.2%
	Natural Resources	50% Dow Jones-UBS Commodity Total Return Index and 50% MSCI World Natural Resources Index (7.5%)	<del>1.0</del> 0.0%	<del>5.0</del> 5.8%	<del>13.5</del> 13.3%
Equity	Developed Country	MSCI World Index with Net Dividends ( <del>15.0</del> 14.0%)	<del>20.0</del> 19.5%	<del>10.0</del> 10.3%	<del>45.0</del> 43.8%
	Emerging Markets	MSCI EM Index with Net Dividends ( <del>12.0</del> 10.0%)	<del>4.0</del> 2.0%	<del>4.0</del> 3.4%	<del>20.0</del> 15.4%
<b>Total</b>		<del>44.5</del> 41.5%	30.0%	<del>25.5</del> 28.5%	100.0%

Hedge Fund Research Indices Fund of Funds Composite Index  
 Venture Economics Custom Index

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

**ATTACHMENT 2**  
**EXHIBIT A - INTERMEDIATE TERM FUND**  
**ASSET CLASS AND INVESTMENT TYPE TARGETS, RANGES, AND PERFORMANCE OBJECTIVES**  
**EFFECTIVE SEPTEMBER 1, ~~2012~~ 2013**

POLICY PORTFOLIO	FYE <del>2013</del> 2014		
	Min	Target	Max
<u>Asset Classes</u>			
Investment Grade Fixed Income	30.0%	<del>37.0</del> 34.5%	50.0%
Credit-Related Fixed Income	0.0%	<del>4.0</del> 7.5%	12.0%
Real Estate	0.0%	<del>5.0</del> 4.0%	10.0%
Natural Resources	2.5%	<del>8.5</del> 7.0%	20.0%
Developed Country Equity	20.0%	<del>33.0</del> 38.0%	<del>40.0</del> 45.0%
Emerging Markets Equity	2.5%	<del>12.5</del> 9.0%	17.5%
<u>Investment Types</u>			
More Correlated & Constrained	<del>60.0</del> 50.0%	<del>65.0</del> 55.0%	<del>70.0</del> 65.0%
Less Correlated & Constrained	<del>30.0</del> 35.0%	<del>35.0</del> 45.0%	<del>40.0</del> 50.0%

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

POLICY BENCHMARK (reset monthly)	FYE <del>2013</del> 2014
Barclays Capital Global Aggregate Index	<del>35.0</del> 30.0%
FTSE EPRA/NAREIT Developed Index Net TRI USD	<del>5.0</del> 3.0%
50% Dow Jones-UBS Commodity Total Return Index and 50% MSCI World Natural Resources Index	<del>7.5</del> 7.0%
MSCI World Index with net dividends	<del>10.0</del> 9.0%
MSCI Emerging Markets with net dividends	<del>7.5</del> 6.0%
Hedge Fund Research Indices Fund of Funds Composite Index	<del>35.0</del> 45.0%


POLICY/TARGET RETURN/RISKS	FYE <del>2013</del> 2014
Expected Annual Return (Benchmarks) **	<del>5.94</del> 6.03%
One Year Downside Deviation	<del>5.59</del> 5.65%
Risk Bounds	
Lower: 1 Year Downside Deviation	70%
Upper: 1 Year Downside Deviation	115%

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

ATTACHMENT 2  
(continued)  
EXHIBIT A - INTERMEDIATE TERM FUND  
ASSET CLASS AND INVESTMENT TYPE TARGETS, RANGES AND PERFORMANCE OBJECTIVES  
EFFECTIVE DATE SEPTEMBER 1, ~~2012~~ 2013

POLICY BENCHMARKS BY ASSET CLASS AND INVESTMENT TYPE: FYE ~~2013~~ 2014

FYE <del>2013</del> 2014		More Correlated & Constrained	Less Correlated & Constrained	Total
Fixed Income	Investment Grade	Barclays Capital Global Aggregate Index ( <del>35.0-30.0%</del> )	<del>2.0</del> 4.5%	<del>37.0</del> 34.5%
	Credit-Related	0.00%	<del>4.0</del> 7.5%	<del>4.0</del> 7.5%
Real Assets	Real Estate	FTSE EPRA/NAREIT Developed Index Net TRI USD ( <del>5.0-3.0%</del> )	<del>0.0</del> 1.0%	<del>5.0</del> 4.0%
	Natural Resources	50% Dow Jones-UBS Commodity Total Return Index and 50% MSCI World Natural Resources Index ( <del>7.5-7.0%</del> )	<del>1.0</del> 0.0%	<del>8.5</del> 7.0%
Equity	Developed Country	MSCI World Index with Net Dividends ( <del>10.0-9.0%</del> )	<del>23.0</del> 29.0%	<del>33.0</del> 38.0%
	Emerging Markets	MSCI EM Index with Net Dividends ( <del>7.5-6.0%</del> )	<del>5.0</del> 3.0%	<del>12.5</del> 9.0%
<b>Total</b>		<del>65.0-55.0%</del>	<del>35.0</del> 45.0%	<del>100.0%</del>

 Hedge Fund Research  
Indices Fund of Funds  
Composite Index

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

## The University of Texas Investment Management Company Liquidity Policy

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Effective Date of Policy: ~~August 23, 2012~~ [August 22, 2013](#)  
Date Approved by U.T. System Board of Regents: ~~August 23, 2012~~ [August 22, 2013](#)  
Date Approved by UTIMCO Board: ~~July 11, 2012~~ [July 22, 2013](#)  
Original Effective Date of Policy: August 7, 2003  
Supersedes: Liquidity Policy dated ~~August 25, 2011~~ [August 23, 2012](#)

### **Purpose:**

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

### **Objective:**

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

### **Scope:**

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

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

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

### **Definition of Cash:**

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

- the existing Dreyfus Institutional Preferred Money Market Fund mandate and any other UTIMCO Board approved SEC Rule 2a-7 money market fund rated AAAM by Standard & Poor’s or the equivalent by a Nationally Recognized Statistical Rating Organization (NRSRO),
- securities of the U.S. Treasury and U.S. Agencies and their instrumentalities with maturities of 397 days or less,
- separately managed accounts with investment guidelines equivalent to, or more stringent than, unaffiliated liquid investment funds rated AAAM by Standard & Poor’s Corporation or the equivalent by a NRSRO,
- the Custodian’s late deposit interest bearing liquid investment fund,
- municipal short term securities,
- commercial paper rated in the two highest quality classes by Moody’s Investor Service, Inc. (P1 or P2) or Standard & Poor’s Corporation (A1 or A2 or the equivalent),



## The University of Texas Investment Management Company Liquidity Policy

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- negotiable certificates of deposit with a bank that is associated with a holding company whose short-term rating meets the commercial paper rating criteria specified above or that has a certificate of deposit rating of 1 or better by Duff & Phelps, and
- repurchase agreements and reverse repurchase agreements transacted with a dealer that is approved by UTIMCO and selected by the Federal Reserve as a Primary Dealer in U.S. Treasury securities and rated A-1 or P-1 or the equivalent.

### Liquidity Risk Measurement-The Liquidity Profile:

For the purposes of this Liquidity Policy, potential liquidity risk will be monitored by measuring the aggregate liquidity profile of the Endowment Funds and ITF. All individual investments within the Endowment Funds and ITF will be segregated into two categories:

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

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

- **Cash:** Short term (generally securities with time to maturity or mandatory purchase or redemption of three months or less), highly liquid investments that are readily convertible to known amounts and which are subject to a relatively small risk of changes in value.
- **Liquid (Weekly):** Investments that could be converted to Cash within a period of one day to less than 7 days in an orderly market at a discount of 5% or less.
- **Liquid (Quarterly):** Investments that could be converted to Cash within a period of 90 days or less in an orderly market at a discount of 10% or less.
- **Liquid (Annual):** Investments that could be converted to Cash within a period of one day to less than 365 days in an orderly market at a discount of 10% or less.

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

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

### Liquidity Policy Profile:

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

	<u>FY 09</u>	<u>FY 10+</u>
Liquidity above trigger zone:	35.0%	30.0%
Liquidity within trigger zone:	30.0%-35.0%	25.0%-30.0%
Liquidity below trigger zone:	<30.0%	<25.0%

## The University of Texas Investment Management Company Liquidity Policy

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Investments that maintain liquidity below the trigger zone do not require any action by the UTIMCO Board or the Risk Committee. Liquidity within the trigger zone requires special action by the UTIMCO Board or the Risk Committee. For example, the allowable range for **illiquid** investments in FY 09 is up to 70.0% of the total portfolio. However, any **illiquid** investments made in the 65.0% to 70.0% trigger zone require prior approval by the Risk Committee or the UTIMCO Board. Risk Committee review of new investments in the illiquid trigger zone will supplement, rather than replace, the procedures established by the UTIMCO Board for the approval of new investments.

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

	<u>FY 09-11</u>	<u>FY 12+13</u>	<u>FY 14+</u>
Liquidity above trigger zone:	65%	55%	50%
Liquidity within trigger zone:	55%-65%	50%-55%	45%-50%
Liquidity below trigger zone:	<55%	<50%	<45%

The allowable range for **illiquid** investments is 0% to ~~50%~~55% of the total portfolio for the ITF. However, any **illiquid** investments made in the ~~45%~~50% to ~~50%~~55% trigger zone require prior approval by the Risk Committee or the UTIMCO Board. Risk Committee review of new investments in the illiquid trigger zone will supplement, rather than replace, the procedures established by the UTIMCO Board for the approval of new investments.

### Unfunded Commitments:

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

	<u>FY 09</u>	<u>FY 10+</u>
Unfunded Commitment as a percent of total invested assets:	27.5%	30.0%

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

### Documentation and Controls:

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

As additional safeguards, trigger zones have been established as indicated above to trigger required review and action by the UTIMCO Board or the Risk Committee in the event any investment action would cause the actual investment position in illiquid investments to enter the designated trigger zone, or in the event market actions caused the actual investment position in illiquid investments to move into trigger zones. In addition, any proposed investment actions which would increase the actual investment position in illiquid investments in any of the PUF, the GEF, or the ITF by 10% or more of the total asset value of such fund would also require review and action by

## The University of Texas Investment Management Company Liquidity Policy

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the UTIMCO Board or the Risk Committee prior to the change. Any actual positions in any trigger zones or outside the policy ranges will be communicated to the Chief Investment Officer immediately. The Chief Investment Officer will then determine the process to be used to eliminate the exception and report promptly to the UTIMCO Board and the Risk Committee the circumstances of the deviation from Policy and the remedy to the situation. Furthermore, as indicated above, no new commitments may be made for an Endowment Fund without approval from the Risk Committee if the actual amount of unfunded commitments for such Endowment Fund exceeds, or, as a result of such new commitment, would exceed, the Maximum Permitted Amount.

### **Reporting:**

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

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

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Effective Date of Policy: ~~August 23, 2012~~[August 22, 2013](#)  
Date Approved by U. T. System Board of Regents: ~~August 23, 2012~~[August 22, 2013](#)  
Date Approved by UTIMCO Board: ~~July 11, 2012~~[July 22, 2013](#)  
Supersedes: Derivative Investment Policy approved ~~August 15, 2011~~[August 23, 2012](#)

### **Purpose:**

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

### **Objective:**

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

### **Scope:**

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

This Policy applies to both exchange traded derivatives and over the counter (OTC) derivatives. This Policy shall not be construed to apply to index or other common or commingled funds that are not controlled by UTIMCO. These commingled investment vehicles are governed by separate investment policy statements.

### **External Managers:**

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

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

### **Definition of Derivatives:**

Derivatives are financial instruments whose value is derived, in whole or part, from the value of any one or more underlying securities or assets, or index of securities or assets (such as bonds, stocks, commodities, and currencies). For the purposes of this Policy, derivatives shall include Derivative Investments but shall not include a broader range of securities, including mortgage backed securities, structured notes, convertible bonds, exchange traded funds (ETFs), and ~~Bona Fide Spot foreign Foreign currency contracts that mature within thirty (30) days of initial settlement~~[Exchange](#)

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

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[Transactions](#). Derivatives may be purchased through a national or international exchange or through an OTC direct arrangement with a counterparty. Refer to the attached Exhibit A for a glossary of terms.

### **Permitted Derivative Applications:**

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

Permitted Derivative Applications are Derivative Investments used:

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

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

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

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

### **Documentation and Controls:**

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

### **Additional Limitations:**

**Leverage:** Leverage is inherent in derivatives since only a small cash deposit is required to establish a much larger economic impact position. Thus, relative to the Cash markets, where in most cases the cash outlay is equal to the asset acquired, Derivative Investments offer the possibility of establishing substantially larger market risk exposures with the same amount of cash as a traditional Cash market portfolio. Therefore, risk management and control processes must focus on the total risk assumed in a Derivative Investment. Exhibits A of the Fund's Investment Policy Statements provide a limitation on the amount of uncollateralized derivative exposure that can be utilized by the Funds whereby, the total Asset Class and Investment Type exposure, including the amount of derivatives exposure not collateralized by

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

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cash, may not exceed 105% (100% in the ITF) of the Asset Class and Investment Type exposures excluding the amount of derivatives exposure not collateralized by cash.

**Counterparty Risks:** In order to limit the financial risks associated with Derivative Investments, rigorous counterparty selection criteria and netting agreements shall be required to minimize counterparty risk for over the counter (OTC) derivatives. Any counterparty in an OTC derivative transaction with the Funds must have a credit rating of at least A- (Standard and Poor's) or A3 (Moody's). All OTC derivatives, with the exception of Bona Fide Spot Foreign Exchange Transaction ~~currency contracts that mature within 91 days of initial settlement and are traded with a counterparty that has been pre-approved by UTIMCO~~, must be subject to established ISDA Netting Agreements and have full documentation of all legal obligations of the Funds. In the event a counterparty is downgraded below the minimum credit rating requirements stated above, UTIMCO staff will take appropriate action to protect the interests of the Funds, including availing itself of all potential remedies contained in the ISDA agreements, The net market value, net of collateral postings, of all OTC derivatives for any individual counterparty may not exceed 1% of the total market value of the Funds.

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

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

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

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

### **Reporting:**

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

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

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### Derivative Investment Policy Exhibit A Glossary of Terms

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

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

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

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

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

**Derivative Investment** – An investment in a futures contract, forward contract, swap, and all forms of options.

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

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

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

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

**Limited Liability Entity** – A legal entity created to define how assets contributed to the entity by external partners to the agreement will be managed by the manager of the entity. These entities are typically limited liability partnerships,

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

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corporations, or other such entities that limit the liability of external investors to the current value of the external investors' investment in the entity.

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

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

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

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

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



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

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### Derivative Investment Policy Exhibit B Delegated Derivative Investments

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

Delegated Derivative Investments:

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

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

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

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

6. **U. T. System Board of Regents: Approval of amendments to The University of Texas Investment Management Company (UTIMCO) Bylaws**

**RECOMMENDATION**

The Chancellor, the Executive Vice Chancellor for Business Affairs, and the Interim Vice Chancellor and General Counsel 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 approve the amendments to the UTIMCO Bylaws as set forth in congressional style on Pages 115 - 128.

**BACKGROUND INFORMATION**

Section 66.08 of the *Texas Education Code* requires that the U. T. System Board of Regents approve the Bylaws of UTIMCO and any amendments thereto. These proposed amendments to the Bylaws were approved by the UTIMCO Board of Directors on July 22, 2013. Proposed amendments are summarized as follows:

- Section 66.08 of the *Texas Education Code* was amended by SB 1604, which was passed during the 83rd Regular Session of the Texas Legislature and signed into law by Governor Rick Perry on June 14, 2013. The amendments, which became effective immediately, provide that the Chancellor of the U. T. System may, but is not required, to serve as a Director on the UTIMCO Board of Directors.
- Article III, Sections 3 and 8 and Article V, Section 6 of the UTIMCO Bylaws are being amended to give effect to the requirements of this legislation. Further, the language in Section 3 related to the appointment of directors by The Texas A&M University System Board of Regents is being deleted as Texas A&M has already appointed its first two directors; therefore, this language is no longer applicable. The Secretary to the U. T. System Board of Regents will make conforming editorial amendments to the Regents' *Rules and Regulations*, Rule 10402.

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**BYLAWS**  
**OF**  
**THE UNIVERSITY OF TEXAS INVESTMENT**  
**MANAGEMENT COMPANY**

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Restated to Include  
Amendments Adopted on

March 13, 1997

*(Approved by the Board of Regents on May 8, 1997)*

May 2, 1997

*(Approved by the Board of Regents on May 8, 1997)*

September 22, 1999

*(Approved by the Board of Regents on November 11, 1999)*

December 9, 1999

*(Approved by the Board of Regents on February 10, 2000)*

October 26, 2001

*(Approved by the Board of Regents on November 8, 2001)*

June 26, 2003

*(Approved by the Board of Regents on August 7, 2003)*

Ratified September 29, 2004

*(Approved by the Board of Regents on August 12, 2004)*

May 25, 2006

*(Approved by the Board of Regents on July 13, 2006)*

January 30, 2008

*(Approved by the Board of Regents on February 7, 2008)*

July 14, 2011

*(Approved by the Board of Regents on August 25, 2011)*

[July 22, 2013](#)

[\(Approved by the Board of Regents on August 22, 2013\)](#)

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BYLAWS  
OF  
THE UNIVERSITY OF TEXAS  
INVESTMENT MANAGEMENT COMPANY

ARTICLE I  
STRUCTURE AND PURPOSES

Section 1.        Structure. The University of Texas Investment Management Company (the “Corporation”) is a nonprofit corporation organized under the laws of the State of Texas, including the Texas Non-Profit Corporation Act, Tex. Rev. Civ. Stat. Ann. art. 1396-1.01 (the “Act”). The Articles of Incorporation of the Corporation (as amended from time to time, the “Articles of Incorporation”) were filed in the office of the Secretary of the State of Texas on November 15, 1995.

Section 2.        Member. The Corporation shall have no members.

Section 3.        Purposes. The Corporation is organized and will be operated exclusively for charitable and educational purposes. In accomplishment of such purposes, the Corporation will be administered solely for the purpose of aiding, assisting, supporting and acting on behalf of The University of Texas System (the “System”), an agency of the State of Texas, in the performance of its essential governmental function of providing higher education in accordance with the laws of the State of Texas authorizing and governing the System and the creation of the Corporation. The Corporation shall have, without limitation, the following purposes:

- (a) To invest funds under the control and management of the Board of Regents of the System (the “Board of Regents”), including the permanent university fund, as designated by the Board of Regents in accordance with the laws of the State of Texas; and
- (b) To perform such other activities or functions that the Board of Directors of the Corporation determines are necessary or appropriate for the accomplishment of the purposes of the Corporation, provided, however, that the Corporation may not engage in any business other than investing funds designated by the Board of Regents pursuant to a contract with the System for the investment of such funds.

Section 4.        Approval by System. Notwithstanding the powers delegated to the Board of Directors of the Corporation, the Corporation may not contract with the Board of Regents to invest funds under the control and management of the Board of Regents, including the permanent university fund, unless and until the Board of Regents has approved (i) the Articles of Incorporation and Bylaws of the Corporation; (ii) the investment policies of the Corporation; (iii) the audit and ethics committee of the Corporation; and (iv) the code of ethics of the Corporation. Furthermore, the Board of Regents must approve (i) any amendments to the Articles of Incorporation and Bylaws of the Corporation; (ii) any changes to the investment policies of the Corporation; (iii) any changes in the audit and ethics committee of the

Corporation; and (iv) any changes in the code of ethics of the Corporation. The Corporation shall file reports with the Board of Regents quarterly, and at such other times as requested by the Board of Regents, concerning such matters as required by the Board of Regents.

Section 5. Prohibited Transactions. In addition to the prohibitions of the laws of the State of Texas, the Corporation may not enter into an agreement or transaction with a former director, officer, or employee of the Corporation, or a business entity in which a former director, officer, or employee of the Corporation has an interest, on or before the first anniversary of the date the person ceased to be a director, officer, or employee of the Corporation. For purposes of this section (i) a former director, officer, or employee of the Corporation has an interest in a business entity if such person owns (a) five percent or more of the voting stock or shares of the business entity or (b) five percent or more of the fair market value of the business entity, and (ii) a former director of the Corporation has an interest in a business entity if money received by such person from the business entity exceeds five percent of the person's gross income for the preceding calendar year. A two-thirds majority of the Board of Directors of the Corporation shall be required to forward to the Board of Regents a change to this Section.

Section 6. Revolving Door. A former director or employee of the Corporation may not make any communication to or appearance before a current director or employee of the Corporation before the second anniversary, in the case of a former director, or the first anniversary, in the case of a former employee, of the date the former director or employee ceased to be a director or employee of the Corporation if the communication or appearance is made (a) with the intent to influence, and (b) on behalf of any person in connection with any matter on which the person seeks action by the Corporation. If a director of the Corporation knowingly communicates with a former director or employee of the Corporation, whose communication or appearance is made with the intent to influence, and on behalf of any person in connection with any matter on which the person seeks action by the Corporation, such director shall be subject to removal from serving as a director of the Corporation. If an employee of the Corporation knowingly communicates with a former director or employee of the Corporation whose communication or appearance is made with the intent to influence, and on behalf of any person in connection with any matter on which the person seeks action by the Corporation, such director or employee shall be subject to disciplinary action. A two-thirds majority of the Board of Directors of the Corporation shall be required to forward to the Board of Regents a change to this Section.

## ARTICLE II OFFICES

Section 1. Principal Place of Business. The principal place of business of the Corporation shall be located at 401 Congress Avenue, Suite 2800, Austin, Texas 78701. The Corporation may have such other offices, either within or without the State of Texas, as the Board of Directors may determine or as the affairs of the Corporation may require from time to time.

Section 2. Registered Office and Registered Agent. The Corporation shall have and continuously maintain in the State of Texas a registered office and a registered agent whose office is the Corporation's registered office, as required by the Act. The registered office may, but need not, be identical with the principal office of the Corporation in the State of Texas, and the address of the registered office may be changed from time to time by the Board of Directors in accordance with applicable law.

### ARTICLE III BOARD OF DIRECTORS

Section 1. Powers. The property, business, and affairs of the Corporation shall be managed and controlled by the Board of Directors, and subject to the restrictions imposed by law, the Articles of Incorporation, and these Bylaws, the Board of Directors shall exercise all of the powers of the Corporation.

Section 2. Number. The Board of Directors shall consist of nine (9) Directors consistent with Texas Education Code Section 66.08.

Section 3. Appointment and Term. In compliance with applicable law, six (6) Directors shall be appointed by the Board of Regents, pursuant to a process determined by the Board of Regents and shall include (i) at least three (3) persons then serving as members of the Board of Regents ("Regental Directors"), ~~and~~ (ii) three (3) persons with substantial background and expertise in investments, and (iii) one qualified individual as determined by the Board of Regents, which may include the Chancellor of The University of Texas System; and two (2) Directors shall be appointed by the Board of Regents of The Texas A&M University System pursuant to a process determined by the Board of Regents of The Texas A&M University System and shall include at least one (1) person with substantial background and expertise in investments; ~~provided that, notwithstanding the foregoing, persons duly appointed and serving as Directors on June 17, 2011, shall continue to serve as Directors subject to the last sentence of this Section 3. The initial two (2) Directors appointed by the Board of Regents of The Texas A&M University System pursuant to the foregoing shall be appointed as follows: (i) one (1) Director shall be appointed on the expiration of the term of office of a Director serving on June 17, 2011, who under prior law, was appointed to that position on recommendation of the Board of Regents of The Texas A&M University System; and (ii) one (1) Director shall be appointed on the first expiration after June 17, 2011, of a term of office of any Director, other than the Director described in clause (i) of this sentence and any Director who also serves as a member of the board of regents of a university system, as defined by Section 61.003, Texas Education Code. If appointed to the UTIMCO Board by the Board of Regents, the Chancellor of the System shall also serve as a Director so long as he or she remains Chancellor of the System or until the Chancellor's earlier removal or resignation as provided in these Bylaws.~~ The three (3) Regental Directors shall serve for two-year terms that expire on the first day of April of each odd-numbered year. The remaining Directors (other than the Chancellor of the System and the Regental Directors) shall serve three-year staggered terms that expire on the first day of April of the appropriate year. No such Director (other than the Chancellor of the System and the Regental Directors) shall serve more than three (3) full three-year terms. Notwithstanding the



foregoing, the Board of Regents may, from time to time, alter the terms of the Directors it is authorized to appoint and the Board of Regents of The Texas A&M University System may, from time to time, alter the terms of the Directors it is authorized to appoint. Each person serving as a Director shall serve until the expiration of such Director's term, or until such Director's successor has been chosen and qualified, or until such Director's earlier death, resignation, or removal as provided in these Bylaws.

Section 4.            Removal and Resignation. Any Director appointed by the Board of Regents may be removed from office at any time, with or without cause, by the Board of Regents. Any Director appointed by the Board of Regents of The Texas A&M University System may be removed from office at any time, with or without cause, by the Board of Regents of The Texas A&M University System. Any Director or officer may resign at any time. Such resignation shall be made in writing and shall take effect at the time specified therein, or, if no time be specified, at the time of its receipt by the President or Secretary. The acceptance of a resignation shall not be necessary to make it effective, unless expressly so provided in the resignation.

Section 5.            Vacancies. Any vacancy occurring in the office of a Director, whether by death, resignation, removal, increase in the number of Directors, or otherwise, shall be filled by the entity authorized to appoint the Director.

Section 6.            Meetings of Directors. The Directors may hold meetings and keep the Corporation's books and records at such place or places within the State of Texas as the Board of Directors may from time to time determine.

Section 7.            Annual Meetings. The annual meeting of the Board of Directors ("Annual Meeting") shall be held at such time and place as shall be designated from time to time by resolution of the Board of Directors, or, if not so designated, on the third Thursday of the month of April of each year at the Corporation's principal office for the purpose of (i) electing officers for the ensuing year, and (ii) transacting such other business as may be properly brought before such Annual Meeting. Notice of Annual Meetings shall be required.

At the request of the U. T. Board of Regents, a joint meeting with the U. T. Board of Regents ("Joint Meeting") shall be held to discuss investment policies including asset allocation, investment performance, determination of risk, performance of the Corporation, organizational issues, proposed budget, and related issues. Notice of Joint Meetings shall be required.

Section 8.            Regular Meetings. Regular meetings of the Board of Directors ("Regular Meetings") shall be held at such times and places as shall be designated from time to time by resolution of the Board of Directors. Notice of Regular Meetings shall be required. The UTIMCO President shall consult with the Chairman and the Chancellor, ~~as Vice Chairman for Policy,~~ on the draft agenda for meetings of the UTIMCO Board at least three (3) weeks prior to each regular UTIMCO Board meeting.

Section 9.            Special Meetings. Special meetings of the Board of Directors ("Special Meetings") shall be held at such times and places as shall be designated from

time to time by the Chairman or, on the written request of any Director, by the Secretary or on the written request of the Board of Regents. Notice of Special Meetings shall be required.

Section 10.            Notice of Meetings. The Secretary shall give notice of the time and place of each Annual, Joint, Regular and Special Meeting to each Director in person, or by mail, electronic mail, telegraph, or telephone, at least five (5) days before and not sooner than fifty (50) days before such meeting; provided, however, that in the case of a Special Meeting called because of an emergency or urgent necessity, notice will be provided as required by the Texas Open Meetings Act.

Section 11.            Quorum. A majority of the then acting Directors shall constitute a quorum for the consideration of any matters pertaining to the Corporation's purposes. If at any meeting of the Board of Directors there is less than a quorum present, the Chairman may adjourn the meeting from time to time. The act of a majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, unless the act of a greater number is required by law, the Articles of Incorporation, or these Bylaws.

Section 12.            Voting. Directors must vote in person and proxy voting is prohibited.

Section 13.            Conduct of Business. At meetings of the Board of Directors, matters pertaining to the Corporation's purposes shall be considered.

At all meetings of the Board of Directors, the Chairman of the Board shall preside, and in the absence of the Chairman of the Board, the Vice Chairman of the Board or the Vice Chairman for Policy shall preside. In the absence of the Chairman of the Board and the Vice Chairmen of the Board, a chairman shall be chosen by the Board of Directors from among the Directors present.

The Secretary of the Corporation shall act as secretary of all meetings of the Board of Directors, but in the absence of the Secretary, the Chairman may appoint any person to act as secretary of the meeting.

The chairman of any meeting of the Board of Directors shall determine the order of business and the procedure at the meeting, including, without limitation, conduct of the discussion and the order of business pursuant to a duly posted agenda.

Section 14.            Compensation of Directors; Expenses. Persons serving as Directors shall not receive any salary or compensation for their services as Directors. A Director shall be entitled to reimbursement for reasonable expenses incurred by the Director in carrying out duties as a Director.

## ARTICLE IV COMMITTEES

Section 1. Board Committees. The Board of Directors may from time to time designate members of the Board of Directors to constitute committees that shall have and may exercise such powers as a majority of the Board of Directors may determine in the resolution that creates the committee; provided, however, that the Board of Regents must approve the audit and ethics committee of the Corporation as required by applicable law and further provided that the full UTIMCO Board shall fully review, discuss, and approve performance compensation for UTIMCO officers and employees following careful consideration and due diligence. The Board of Directors may appoint individuals who are not members of the Board of Directors to any committee; provided, however, that a majority of the committee members shall be members of the Board of Directors if such committee exercises the authority of the Board of Directors in the management of the Corporation.

Other committees, not having and exercising the authority of the Board of Directors in the management of the Corporation, may be designated and members appointed by a resolution adopted by the Board of Directors. Membership of such committees may, but need not, be limited to Directors.

Any Director appointed to a committee designated by the Board of Directors shall cease to be a member of such committee when he or she is no longer serving as Director.

Section 2. Procedures; Meetings; Quorum. Any committee created by the Board of Directors or these Bylaws, unless otherwise expressly provided herein, shall (i) have a chairman designated by the Board of Directors, (ii) fix its own rules or procedures, (iii) meet at such times and at such place or places as may be provided by such rules or by resolution of such committee or resolution of the Board of Directors, and (iv) keep regular minutes of its meetings and cause such minutes to be recorded in books kept for that purpose in the principal office of the Corporation, and report the same to the Board of Directors at its next Regular Meeting. At every meeting of any such committee, the presence of a majority of all the members thereof shall constitute a quorum, and the affirmative vote of a majority of the members present shall be necessary for the adoption by it of any action, unless otherwise expressly provided in the committee's rules or procedures or these Bylaws or by the Board of Directors.

The Board of Directors may designate one or more Directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of such committee.

Section 3. Nominating Committee. The Chairman may appoint a Nominating Committee to make recommendations to him or her on positions as requested.

ARTICLE V  
OFFICERS

Section 1. Number, Titles, and Term of Office. The officers of the Corporation shall consist of a Chairman of the Board, a Vice Chairman for Policy, a Vice Chairman of the Board, a President, a Secretary, a Treasurer, and such other officers and assistant officers as the Board of Directors may from time to time elect or appoint. Such other officers and assistant officers shall have such authority and responsibility as may be assigned to them by the Board of Directors. Any two (2) or more offices may be held by the same individual, except the offices of President and Secretary and the offices of Chairman and Vice Chairman. Except for those officers elected at the organizational meeting (the "Organization Meeting"), the term of office for each officer shall be until the next succeeding Annual Meeting at which officers are elected. The term of office for those officers elected at the Organization Meeting shall be that period of time beginning on the date of the Organization Meeting and ending on the date of the first Annual Meeting. In any event, a duly-elected officer shall serve in the office to which he or she is elected until his or her successor has been duly elected and qualified.

Section 2. Removal. Any officer or agent or member of a committee elected or appointed by the Board of Directors may be removed by the Board of Directors, but such removal shall be without prejudice to the contract rights, if any, of the individual so removed. Election or appointment of an officer or agent or member of a committee shall not of itself create contract rights.

Section 3. Vacancies. Any vacancy occurring in any office of the Corporation may be filled by the Board of Directors.

Section 4. Powers and Duties of the Chairman of the Board. The Chairman of the Board shall preside at all meetings of the Board of Directors and shall have such other powers and duties as may be assigned to such officer in these Bylaws or from time to time by the Board of Directors. The Chairman of the Board shall be appointed by the Board of Directors. No Director shall serve more than three (3) full one-year terms as Chairman.

Section 5. Powers and Duties of the Vice Chairman of the Board. The Vice Chairman of the Board shall have such powers and duties as may be assigned to such officer in these Bylaws or from time to time by the Board of Directors and shall exercise the powers of the Chairman during that officer's absence or inability to act. Any action taken by the Vice Chairman in the performance of the duties of the Chairman shall be conclusive evidence of the absence or inability to act of the Chairman at the time such action was taken. The Vice Chairman of the Board shall be appointed by the Board of Directors. No Director shall serve more than three (3) full one-year terms as Vice Chairman.

Section 6. Powers and Duties of the Vice Chairman for Policy. If appointed to the UTIMCO Board by the Board of Regents, the Chancellor of the System shall serve as Vice Chairman for Policy; otherwise, the Board shall appoint another Director to serve as the Vice Chairman for Policy. ~~and~~ The Vice Chairman for Policy shall coordinate those responsibilities, including the appropriate resolution of policy issues, assigned to UTIMCO and

System by the Rules and Regulations of the Board of Regents and the Master Investment Management Services Agreement with UTIMCO to facilitate UTIMCO's performance of its core investment duties. The Vice Chairman for Policy shall exercise the powers of the Chairman during the absence or inability to act of both the Chairman and the Vice Chairman of the Board. Any action taken by the Vice Chairman in the performance of the duties of the Chairman shall be conclusive evidence of the absence or inability to act of the Chairman and the Vice Chairman at the time such action was taken.

Section 7. Powers and Duties of the President. All references to the President in this document shall mean the Chief Executive Officer of the Corporation. If the positions of President and Chief Executive Officer are held by different individuals the responsibilities designated to the President in these Bylaws shall be performed by the Chief Executive Officer. Subject to the control of the Board of Directors, the President shall have general executive charge, management, and control of the properties, business, and operations of the Corporation with all such powers as may be reasonably incident to such responsibilities; shall have the authority to agree upon and execute all leases, contracts, evidences of indebtedness, and other obligations in the name of the Corporation subject to the approval of the Board of Directors and the Executive Committee, if any; and shall have such other powers and duties as may be designated in these Bylaws and as may be assigned to such officer from time to time by the Board of Directors pursuant to a duly approved Delegation of Authority Policy.

Section 8. Powers and Duties of the Treasurer. The Treasurer shall have custody of all of the Corporation's funds and securities that come into such officer's hands. When necessary or proper, the Treasurer may endorse or cause to be endorsed, in the name and on behalf of the Corporation, checks, notes, and other obligations for collection and shall deposit or cause to be deposited the same to the credit of the Corporation in such bank or banks or depositories and in such manner as shall be designated and prescribed by the Board of Directors; may sign or cause to be signed all receipts and vouchers for payments made to the Corporation either alone or jointly with such other officer as may be designated by the Board of Directors; whenever required by the Board of Directors, shall render or cause to be rendered a statement of the cash account; shall enter or cause to be entered regularly in the Corporation's books to be kept by such officer for that purpose full and accurate accounts of all moneys received and paid out on account of the Corporation; shall perform all acts incident to the position of Treasurer subject to the control of the Board of Directors; and shall, if required by the Board of Directors, give such bond for the faithful discharge of such officer's duties in such form as the Board of Directors may require.

Section 9. Powers and Duties of the Secretary. The Secretary shall keep the minutes of all meetings of the Board of Directors in books provided for that purpose; shall attend to the giving and serving of all notices; in furtherance of the Corporation's purposes and subject to the limitations contained in the Articles of Incorporation, may sign with the President in the name and on behalf of the Corporation and/or attest the signatures thereto, all contracts, conveyances, franchises, bonds, deeds, assignments, mortgages, notes, and other instruments of the Corporation; shall have charge of the Corporation's books, records, documents, and instruments, except the books of account and financial records and securities of which the Treasurer shall have custody and charge, and such other books and papers as the Board of Directors may direct, all of which shall be open at reasonable times to the inspection of

any Director upon application at the Corporation's office during business hours; and shall in general perform all duties incident to the office of Secretary subject to the control of the Board of Directors. The Secretary shall assure that current copies of the Corporation's Articles of Incorporation and Bylaws, Corporation Policies, Investment Policies approved by the Board of Regents, Committee Charters, and Minutes of all meetings of the Corporation and Committees are posted on the Corporation's website. The Secretary will assure that all open meetings of the Corporation are recorded and that recordings are available upon request.

## ARTICLE VI MISCELLANEOUS PROVISIONS

Section 1. Fiscal Year. The Corporation's fiscal year shall be as determined from time to time by the Board of Directors.

Section 2. Seal. The Corporation's seal, if any, shall be such as may be approved from time to time by the Board of Directors.

Section 3. Notice and Waiver of Notice. Whenever any notice is required to be given by mail under the provisions of these Bylaws, such notice shall be deemed to be delivered when deposited in the United States mail in a sealed postpaid wrapper addressed to the person or Board of Regents entitled thereto at such person's post office address, as such appears in the records of the Corporation, and such notice shall be deemed to have been given on the date of such mailing. A waiver of notice in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to notice.

Section 4. Public Information. The Board of Directors shall comply with applicable provisions of the Texas Public Information Act.

Section 5. Open Meetings. The Board of Directors shall conduct open meetings in accordance with Section 66.08(h), Texas Education Code. The Secretary is required to provide public notice of such meetings in accordance with applicable law therewith.

## ARTICLE VII INDEMNIFICATION OF DIRECTORS AND OFFICERS

Section 1. Right to Indemnification. Subject to any limitations and conditions in these Bylaws, including, without limitation, this Article VII, each person who was or is made a party or is threatened to be made a party to or is involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, arbitral or investigative (a "Proceeding"), or any appeal of such a Proceeding or any inquiry or investigation that could lead to a Proceeding, by reason of the fact that he or a person of whom he is the legal representative, is or was a Director or officer of the Corporation, or while a Director or officer of the Corporation is or was serving at the request of the Corporation as a

director, officer, partner, venturer, proprietor, trustee, employee, agent, or similar functionary of another foreign or domestic corporation, partnership, joint venture, sole proprietorship, trust, employee benefit plan or other enterprise, shall be indemnified by the Corporation to the fullest extent authorized by the Act, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than said law permitted the Corporation to provide prior to such amendment), against judgments, penalties (including excise and similar taxes), fines, settlements and reasonable expenses (including, without limitation, attorneys' fees) actually incurred by such person in connection with a Proceeding, but if the Proceeding was brought by or in behalf of the Corporation, the indemnification is limited to reasonable expenses actually incurred or suffered by such person in connection therewith, and indemnification under these Bylaws shall continue as to a person who has ceased to serve in the capacity which initially entitled such person to indemnity hereunder. In no case, however, shall the Corporation indemnify any person, or the legal representatives of any person, with respect to any matters as to which such person shall be finally adjudged in any such Proceeding to be liable on the basis that personal benefit resulted from an action taken in such person's official capacity, or in which such person is found liable to the Corporation. Any person entitled to indemnification pursuant to this Article VII is sometimes referred to herein as an "Indemnified Person."

Section 2. Advance Payment. An Indemnified Person's right to indemnification conferred in this Article VII shall include the right to be paid or reimbursed by the Corporation the reasonable expenses incurred by an Indemnified Person who was, is or is threatened to be made a named defendant or respondent in a Proceeding in advance of the final disposition of the Proceeding; provided, however, that the payment of such expenses incurred by an Indemnified Person in advance of the final disposition of a Proceeding shall be made only upon delivery to the Corporation of a written affirmation by such Indemnified Person of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification under this Article VII and a written undertaking by or on behalf of such Indemnified Person to repay all amounts so advanced if it shall ultimately be determined that such Indemnified Person is not entitled to be indemnified under this Article VII or otherwise.

Section 3. Appearance as a Witness. Notwithstanding any other provision of this Article VII, the Corporation may pay or reimburse expenses incurred by an Indemnified Person in connection with his or her appearance as a witness or other participation in a Proceeding at a time when the Indemnified Person is not a named defendant or respondent in the Proceeding.

Section 4. Nonexclusivity of Rights. The right to indemnification and the advancement and payment of expenses conferred in this Article VII shall not be exclusive of any other right which an Indemnified Person may have or hereafter acquire under any law (common or statutory), the Articles of Incorporation, the Bylaws, agreement, vote of disinterested Director or otherwise.

Section 5. Insurance. The Corporation may purchase and maintain insurance, at its expense, to protect itself or any Indemnified Person, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under this Article VII.

Section 6. Savings Clause. If this Article VII or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Corporation shall nevertheless indemnify and hold harmless each Indemnified Person as to costs, charges and expenses (including attorneys' fees), judgments, fines, and amounts paid in settlement with respect to any action, suit or proceeding, whether civil, criminal, administrative or investigative to the full extent permitted by any applicable portion of this Article VII that shall not have been invalidated and to the fullest extent permitted by applicable law.

## ARTICLE VIII AMENDMENTS

Section 1. Amendment. These Bylaws may be altered, amended, or repealed by the Board of Directors with the approval of the Board of Regents. A request by the Board of Regents to consider an alteration, amendment, or repeal of these Bylaws will be considered at the next regular meeting of the Corporation or at a special meeting called for that purpose.



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

**RECOMMENDATION**

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs that the U. T. System Board of Regents

- a. adopt a Resolution, substantially in the form previously approved by the U. T. System Board of Regents, authorizing the issuance, sale, and delivery of Board of Regents of The University of Texas System Permanent University Fund (PUF) Bonds in one or more installments in an aggregate principal amount not to exceed \$500 million to be used to refund certain outstanding PUF Bonds; to refund PUF Flexible Rate Notes, Series A; to refund PUF Commercial Paper Notes; to provide new money to fund construction and acquisition costs; and to pay the costs of issuance; and
- b. authorize appropriate officers and employees of U. T. System as set forth in the Resolution to take any and all actions necessary to carry out the intentions of the U. T. System Board of Regents within the limitations and procedures specified therein; to make certain covenants and agreements in connection therewith; and to resolve other matters incident and related to the issuance, sale, security, and delivery of such bonds.

**BACKGROUND INFORMATION**

On August 23, 2012, the Board of Regents adopted a resolution authorizing the issuance of PUF Bonds in an amount not to exceed \$500 million. Adoption of this Resolution would rescind the resolution approved by the Board of Regents in August 2012, and would provide a similar authorized amount and purposes as the prior resolution.

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

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

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

The proposed Resolution has been reviewed by outside bond counsel and the U. T. System Office of General Counsel.

Note: The proposed Resolution is available online at <http://www.utsystem.edu/board-of-regents/meetings/board-meeting-2013-08-21>.

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

**RECOMMENDATION**

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs that the U. T. System Board of Regents

- a. adopt a Supplemental Resolution, substantially in the form previously approved by the U. T. System Board of Regents, authorizing the issuance, sale, and delivery of Board of Regents of The University of Texas System Revenue Financing System (RFS) Bonds in one or more installments in an aggregate principal amount not to exceed \$500 million to be used to refund certain outstanding RFS Bonds, to refund RFS Commercial Paper Notes, to provide new money to fund construction and acquisition costs of projects in the Capital Improvement Program, and to pay the costs of issuance; and
- b. authorize appropriate officers and employees of U. T. System as set forth in the Supplemental Resolution to take any and all actions necessary to carry out the intentions of the U. T. System Board of Regents within the limitations and procedures specified therein, to make certain covenants and agreements in connection therewith, and to resolve other matters incident and related to the issuance, sale, security, and delivery of such RFS Bonds.

**BACKGROUND INFORMATION**

On August 23, 2012, the Board of Regents adopted a resolution authorizing the issuance of additional RFS Bonds in an amount not to exceed \$500 million. Adoption of this Supplemental Resolution would rescind the remaining issuance authority under the prior resolution, and provides a similar authorized amount and purposes as the prior resolution.

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

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

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

The proposed Supplemental Resolution has been reviewed by outside bond counsel and the U. T. System Office of General Counsel.

Note: The proposed Resolution is available online at <https://www.utsystem.edu/board-of-regents/meetings/board-meeting-2013-08-21>.

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

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs that the U. T. System Board of Regents adopt resolutions substantially in the form set out on Pages 134 - 156 (the Resolutions) authorizing appropriate officers of the U. T. System to enter into bond enhancement agreements related to its Revenue Financing System (RFS) and Permanent University Fund (PUF) debt programs in accordance with the U. T. System Interest Rate Swap Policy and to take any and all actions necessary to carry out the intentions of the U. T. System Board of Regents.

BACKGROUND INFORMATION

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

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

On August 23, 2012, the Board approved bond enhancement agreement resolutions for FY 2013. Approval of this item would authorize the execution of bond enhancement agreement transactions related to RFS and PUF debt in accordance with the U. T. System Interest Rate Swap Policy for FY 2014 and will ratify the existing U. T. System Interest Rate Swap Policy, set out as Exhibit B, as required by *Texas Government Code*, Section 1371.056. The determination to utilize bond enhancement agreements will be made based on market conditions at the time of pricing the related debt issuance. The Chancellor and the Chairman of the Board's Finance and Planning Committee will be informed in advance of any proposed transactions to be undertaken pursuant to the resolutions.

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

August 22, 2013

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

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

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

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

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

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

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

**NOW THEREFORE BE IT RESOLVED**, that

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

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

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

to reduce the net interest to be paid by the Board with respect to any then outstanding Parity Debt or Parity Debt anticipated to be issued in the future over the term of the Bond Enhancement Agreement or (ii) the transaction is in the best interests of the Board given the market conditions at that time. Prior to entering into any such transaction, an Authorized Representative must deliver to the General Counsel of the Board a certificate setting forth the determinations of the Authorized Representative in connection with the foregoing. Each Authorized Representative is also severally authorized to execute any required novation agreement related to the execution and delivery of a new or amended Confirmation undertaken in conjunction with the novation of an existing Confirmation. The delegation to each Authorized Representative to execute and deliver Bond Enhancement Agreements on behalf of the Board under this Resolution shall expire on September 1, 2014.

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

**SECTION 7. MASTER AGREEMENTS.**

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

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

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

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

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

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

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

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**EXHIBIT A**

**DEFINITIONS**

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

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

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

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

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

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

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

- (i) ISDA Master Agreement with Bank of America, N.A., dated as of December 6, 2005;
- (ii) ISDA Master Agreement with JPMorgan Chase Bank, National Association, dated as of May 2, 2006;
- (iii) ISDA Master Agreement with Merrill Lynch Capital Services, Inc., dated as of May 1, 2006;
- (iv) ISDA Master Agreement with Morgan Stanley Capital Services Inc., dated as of December 6, 2005;
- (v) ISDA Master Agreement with UBS AG, dated as of November 1, 2007;
- (vi) ISDA Master Agreement with Goldman Sachs Bank USA, dated as of August 1, 2009;
- (vii) ISDA Master Agreement with Wells Fargo Bank, National Association, dated as of August 21, 2009;
- (viii) ISDA Master Agreement with Barclays Bank PLC, dated as of November 4, 2010;
- (ix) ISDA Master Agreement with Deutsche Bank AG, New York Branch, dated as of May 1, 2011;

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

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

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

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

"LIBOR" – London Interbank Offered Rate.

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

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

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

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

"System" – The University of Texas System.

**EXHIBIT B**

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

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

**EXHIBIT C**

**EXECUTED MASTER AGREEMENTS**

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



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

August 22, 2013

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

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

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

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

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

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

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

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

NOW THEREFORE BE IT RESOLVED, that

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

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

(a) Delegation. Each Authorized Representative is hereby severally authorized to act on behalf of the Board in accepting and executing new or amended confirmations under one or more of the Master Agreements (each, a "Confirmation" and, collectively with the applicable Master Agreement, a "Bond Enhancement Agreement") when, in his or her judgment, the execution of such Confirmation is consistent with this Resolution and the System's Interest Rate Swap Policy and either (i) the transaction is expected to reduce the net interest to be paid by the Board with respect to any then outstanding PUF Debt or PUF Debt anticipated to be issued in the future over the term of the Bond Enhancement Agreement or (ii) the transaction is in the best interests of the Board given the market conditions at that time. Prior to entering into any such transaction, an Authorized Representative must deliver to the General Counsel of the Board a certificate setting forth the determinations of the Authorized Representative in connection with the foregoing. Each Authorized Representative is also severally authorized to execute any required novation agreement related to the execution and delivery of a new or amended Confirmation undertaken in conjunction with the novation of an existing Confirmation. The delegation to each Authorized Representative to execute and deliver Bond Enhancement Agreements on behalf of the Board under this Resolution shall expire on September 1, 2014.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

*[Remainder of page intentionally left blank]*



## **EXHIBIT A**

### **DEFINITIONS**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**EXHIBIT B**

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

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

**EXHIBIT C**

**EXECUTED MASTER AGREEMENTS**

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

**10. U. T. System Board of Regents: Approval of aggregate amount of \$184,841,000 of equipment financing for Fiscal Year 2014 and resolution regarding parity debt**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs that the U. T. System Board of Regents

- a. approve an aggregate amount of \$184,841,000 of Revenue Financing System Equipment Financing for FY 2014 as allocated to those U. T. System institutions set out on Page 159; and
- b. 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 cost of equipment including costs incurred prior to the issuance of such parity debt;
  - sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System;
  - the U. T. System institutions, which are “Members” as such term is used in the Master Resolution, possess the financial capacity to satisfy their direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$184,841,000 for the purchase of equipment; and
  - this resolution satisfies the official intent requirements set forth in Section 1.150-2 of Title 26 of the *Code of Federal Regulations* that evidences the Board's intention to reimburse project expenditures with bond proceeds.

BACKGROUND INFORMATION

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

This Agenda Item requests approval of an aggregate amount of \$184,841,000 for equipment financing for Fiscal Year 2014. On August 23, 2012, the U. T. System Board of Regents approved a total of \$164,482,000 of equipment financing for Fiscal Year 2013, of which \$59,797,000 has been issued as of July 31, 2013.

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

APPROVAL OF U. T. SYSTEM EQUIPMENT FINANCING  
FY 2014

Institution	\$ Amount of Request	Description of Expected Capital Equipment	DSC*
U. T. Arlington	\$3,000,000	IT equipment	3.4x
U. T. Austin	1,500,000	Classroom equipment, athletics equipment, research equipment, and IT equipment	3.5x
U. T. Dallas	12,000,000	Classroom, business, IT, and research equipment	2.2x
U. T. El Paso	2,741,000	IT equipment, vehicles, waste equipment, and athletic equipment	1.8x
U. T. San Antonio	2,000,000	IT equipment	2.6x
U. T. Southwestern Medical Center	40,000,000	Information resources equipment, clinical equipment, and non-clinical equipment	2.5x
U. T. Medical Branch - Galveston	25,000,000	Clinical equipment, IT equipment, research-related equipment, facilities-related equipment	2.7x
U. T. Health Science Center - Houston	2,000,000	Research equipment	3.1x
U. T. Health Science Center - San Antonio	7,000,000	Research equipment and clinical equipment	2.5x
U. T. M. D. Anderson Cancer Center	80,000,000	Medical, diagnostic, and research equipment, IT systems	6.9x
U. T. Health Science Center - Tyler	9,600,000	Clinical equipment	2.9x

<b>Total</b>	<b>\$184,841,000</b>
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\* Debt Service Coverage ("DSC") ratios based on 2012 Analysis of Financial Condition.

U. T. System Office of Finance, July 11, 2013



**TABLE OF CONTENTS  
FOR  
ACADEMIC AFFAIRS COMMITTEE**

**Committee Meeting:** 8/21/2013

**Board Meeting:** 8/22/2013  
Austin, Texas

*R. Steven Hicks, Chairman  
Paul L. Foster  
Wallace L. Hall, Jr.  
Brenda Pejovich  
Robert L. Stillwell*

	<b>Committee Meeting</b>	<b>Board Meeting</b>	<b>Page</b>
<b>Convene</b>	<i>2:45 p.m. Chairman Hicks</i>		
1. <b>U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, referred for Committee consideration</b>	<i>2:45 p.m. Action</i>	<b>Action</b>	<b>161</b>
2. <b>U. T. Pan American: Appointment of Dr. Miguel A. Nevárez as President Emeritus</b>	<i>2:47 p.m. Action President Nelsen</i>	<b>Action</b>	<b>162</b>
3. <b>U. T. System Board of Regents: Approval to create the College of Pharmacy at U. T. Tyler and amendment of the Regents' Rules and Regulations, Rule 40601, Section 1.11 to add Subsection (f) to include the College of Pharmacy</b>	<i>2:55 p.m. Action President Mabry</i>	<b>Action</b>	<b>163</b>
4. <b>U. T. El Paso: Allocation of \$10 million of Permanent University Fund Bond Proceeds for the Campus Transformation Project</b>	<i>3:00 p.m. Action President Natalicio</i>	<b>Action</b>	<b>165</b>
5. <b>U. T. System Board of Regents: Announcement of recipients for the 2013 Regents' Outstanding Teaching Awards and remarks by representative faculty</b>	<i>3:05 p.m. Report/Discussion Vice Chairman Hicks Chancellor Cigarroa</i>	Not on Agenda	<b>167</b>
<b>Adjourn</b>	<i>3:30 p.m.</i>		



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

The proposed Consent Agenda is located at the back of the book.

2. **U. T. Pan American: Appointment of Dr. Miguel A. Nevárez as President Emeritus**

**RECOMMENDATION**

The Chancellor and the Executive Vice Chancellor for Academic Affairs concur in the recommendation of President Nelsen that authorization be granted to appoint Miguel A. Nevárez, Ph.D. as President Emeritus at U. T. Pan American. Approval of this recommendation is being requested in accordance with the Regents' *Rules and Regulations*, Rule 20301.

**BACKGROUND INFORMATION**

Dr. Miguel A. Nevárez served as President of U. T. Pan American from 1981-2004. He is the longest serving president in the 87-year history of the University. During his tenure as President, Dr. Nevárez awarded approximately 30,000 diplomas and was credited by the *Wall Street Journal* with developing a strong middle class of Hispanic citizens for Texas. He also guided U. T. Pan American through its merger into the U. T. System and saw the University's endowment grow from \$70,000 to \$50 million.

Upon Dr. Nevárez's retirement in 2004, former Chancellor William H. Cunningham credited him with the construction of 15 new buildings on the U. T. Pan American campus and with helping to create the South Texas Community College in McAllen. Dr. Cunningham also called Dr. Nevárez "the driving force in the South Texas Border Initiative," a most significant effort that resulted in major advances for higher education in the Rio Grande Valley.

Dr. Nevárez's immense value to U. T. Pan American, U. T. System, and the State of Texas was best described by past U. T. Pan American Foundation Chair, Mr. Joseph Ramirez, when he said at the retirement ceremony, "your best accomplishment is positioning U. T. Pan American for the future."

3. **U. T. System Board of Regents: Approval to create the College of Pharmacy at U. T. Tyler and amendment of the Regents' Rules and Regulations, Rule 40601, Section 1.11 to add Subsection (f) to include the College of Pharmacy**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Interim Vice Chancellor and General Counsel, and President Mabry that approval be granted to create the College of Pharmacy at U. T. Tyler and to amend the Regents' *Rules and Regulations*, Rule 40601, Section 1.11, concerning institutions comprising The University of Texas System, to include the College of Pharmacy as set forth below in congressional style:

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

...

1.11 The University of Texas at Tyler (U. T. Tyler)

- (a) The University of Texas at Tyler College of Arts and Sciences
- (b) The University of Texas at Tyler College of Business and Technology
- (c) The University of Texas at Tyler College of Education and Psychology
- (d) The University of Texas at Tyler College of Engineering and Computer Science
- (e) The University of Texas at Tyler College of Nursing and Health Sciences
- (f) The University of Texas at Tyler College of Pharmacy**

BACKGROUND INFORMATION

This proposed amendment to the Regents' *Rules and Regulations*, Rule 40601 is to reflect the creation of the U. T. Tyler College of Pharmacy, which has been approved by the Executive Vice Chancellor for Academic Affairs pending approval by the Board.

U. T. Tyler, in partnership with U. T. Health Science Center - Tyler, proposes to establish a self-supporting College of Pharmacy. The proposed College of Pharmacy would be self-sustaining through tuition and philanthropic donations and would require no State appropriations for operations. U. T. Tyler would lead the curriculum and teaching elements of the college, while U. T. Health Science Center - Tyler would lead the research efforts. A joint U. T. Tyler/U. T. Health Science Center - Tyler College of Pharmacy would build upon highly successful nursing, health, and medical programs offered by the two institutions and strengthen their capacity to offer additional health care degrees.

The addition of a College of Pharmacy at U. T. Tyler is in line with the University's vision of becoming nationally recognized as a destination university for high-ability students. The pharmacy program would enable the University to further build its already solid reputation in chemistry and biology and to recruit outstanding pharmacy graduate students.

A College of Pharmacy supports U. T. Tyler's goals listed in the Framework for Advancing Excellence. Specifically, the College will strongly support U. T. Tyler's increased enrollment and retention targets.

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

See Facilities Planning and Construction Item 8 regarding a Capital Improvement Program amendment to include the New Pharmacy School Building.

**4. U. T. El Paso: Allocation of \$10 million of Permanent University Fund Bond Proceeds for the Campus Transformation Project**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Natalicio that authorization be granted to allocate \$10 million from Permanent University Fund (PUF) Bond Proceeds to replace the Revenue Financing System (RFS) debt previously approved by the Board, with the \$10 million to serve as a match for an \$8 million investment made by the Texas Department of Transportation (TxDOT) for the Campus Transformation Project at U. T. El Paso.

BACKGROUND INFORMATION

The U. T. El Paso Campus Transformation Project will complete the campus outdoor space reconfiguration that began more than 10 years ago to improve access and space utilization and to enhance the safety and security for students. The primary organizational framework of current outdoor spaces, especially parking and streets, no longer meets even minimal campus needs. Restricting vehicles to roadways along the campus perimeter and providing safe and convenient walkways for pedestrians all across the campus have become increasingly urgent priorities.

This project is the culmination of a master planning and implementation process that has successfully leveraged the investments of a variety of strategic partners, including TxDOT and the City of El Paso. The project began with the creation of a loop route around the campus perimeter and construction of three parking garages at strategic locations along it, at a total cost of \$50 million. TxDOT made major investments (\$22 million) in improving the safety and efficiency of U. T. El Paso's access to IH-10 by constructing a new exit ramp, campus entrance roundabout, and pedestrian bridge. TxDOT has also begun construction of a new campus access road, Spur 1966, providing a direct connection from U. T. El Paso to Loop 375, at a projected cost of \$73 million. TxDOT also plans to widen Sun Bowl Drive later this year at an estimated cost of \$4.5 million. The City of El Paso added major improvements to two major sections of U. T. El Paso's perimeter loop route (North Oregon Street and West Schuster Avenue) and partnered with U. T. El Paso by constructing a \$13 million parking garage and transit terminal.

At the heart of this plan is the creation of a continuous pedestrian environment that uses walkways, bike paths, and green spaces to knit together campus buildings, improve circulation to and from classes, increase pedestrian safety, and create more inviting gathering spaces on an inner campus that has previously been dominated by vehicles. In addition to improving safety, this more appealing campus environment and the sense of community it builds will help to foster student success. The requested funds of \$10 million from PUF will match an \$8 million commitment to this project by TxDOT. In addition to matching the TxDOT funding, the proposed PUF allocation will allow U. T. El Paso to redirect its RFS debt capacity toward other institutional priorities.

In August 23, 2012, the project was included in the Capital Improvement Program (CIP) with a total project cost of \$25 million with funding from Revenue Financing System Bond Proceeds. On February 14, 2013, the Board approved design development and appropriation of funds and authorization of expenditure.

5. **U. T. System Board of Regents: Announcement of recipients for the 2013 Regents' Outstanding Teaching Awards and remarks by representative faculty**

REPORT

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

On August 14, 2008, the Regents established the Regents' Outstanding Teaching Awards, which are a symbol of the importance the Board places on the provision of teaching and learning of the highest order, in recognition of those who serve students in an exemplary manner and as an incentive for others who aspire to such service. These teaching awards complement existing ways in which faculty excellence is recognized and incentivized. The Board allocated \$1 million per year for the awards for U. T. Austin and another \$1 million per year for the remaining academic institutions. The allocation has been approved through Fiscal Year 2017. Program details for the awards were approved by the Board of Regents on November 13, 2008, and involve one-time payments of \$25,000 each to individual faculty recipient.

Awards are made according to faculty level, with no more than 40 awards for tenured faculty, 18 for tenure-track faculty, and 18 for contingent faculty (including adjuncts, lecturers, and instructional assistants).

At the meeting, Chancellor Cigarroa will announce the 2013 recipients of the Regents' Outstanding Teaching Awards. The faculty members presenting at the meeting are:

- James A. Karboski, Ph.D., Clinical Professor, College of Pharmacy, U. T. Austin
- Matthew J. Goeckner, Ph.D., Professor, Department of Mathematical Sciences, U. T. Dallas
- Cigdem V. Sirin, Ph.D., Assistant Professor, Department of Political Science, U. T. El Paso



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FOR  
HEALTH AFFAIRS COMMITTEE**

**Committee Meeting:** 8/21/2013

**Board Meeting:** 8/22/2013  
Austin, Texas

*Robert L. Stillwell, Chairman  
Ernest Aliseda  
Paul L. Foster  
Wallace L. Hall, Jr.  
Jeffery D. Hildebrand*

	<b>Committee Meeting</b>	<b>Board Meeting</b>	<b>Page</b>
<b>Convene</b>	11:30 a.m. <i>Chairman Stillwell</i>		
1. <b>U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, referred for Committee consideration</b>	11:30 a.m. <b>Action</b>	<b>Action</b>	<b>169</b>
2. <b>U. T. Medical Branch - Galveston: Report on the status of health professions education in Texas</b>	11:31 a.m. <b>Report/Discussion</b> <i>Dr. Elizabeth Protas, U. T. Medical Branch - Galveston</i>	Not on Agenda	<b>170</b>
3. <b>U. T. System: Approval to distribute a portion of The University of Texas System Professional Medical Liability Benefit Plan premium returns and approve rates for the Plan</b>	11:56 a.m. <b>Action</b> <i>Dr. Shine Mr. Sharporn</i>	<b>Action</b>	<b>184</b>
4. <b>U. T. System: Discussion on the impact of federal sequestration on U. T. System health institutions</b>	12:01 p.m. <b>Discussion</b> <i>Dr. Shine Health Presidents</i>	Not on Agenda	<b>187</b>
5. <b>U. T. System: Quarterly report on health matters of interest to the U. T. System, including application of systems engineering to health</b>	12:26 p.m. <b>Report/Discussion</b> <i>Dr. Shine</i>	Not on Agenda	<b>188</b>
<b>Adjourn</b>	12:30 p.m.		



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

The proposed Consent Agenda is located at the back of the book.

2. **U. T. Medical Branch - Galveston: Report on the status of health professions education in Texas**

REPORT

Elizabeth J. Protas, P.T., Ph.D., FACSM, FAPTA, Vice President and Dean of the School of Health Professions at U. T. Medical Branch - Galveston, will report on the status of health professions education in Texas. Dr. Protas' presentation is set forth on the following pages.

# Status of Health Professions Education in Texas

Elizabeth J. Protas, P.T., Ph.D., FACSM, FAPTA  
Vice President and Dean, School of Health Professions  
U. T. Medical Branch - Galveston

U. T. System Board of Regents' Meeting  
Health Affairs Committee  
August 2013



# What are the Health Professions?

Over **80** distinct disciplines that provide direct care or essential services to patients and other care providers and constitute 60% of the health workforce.

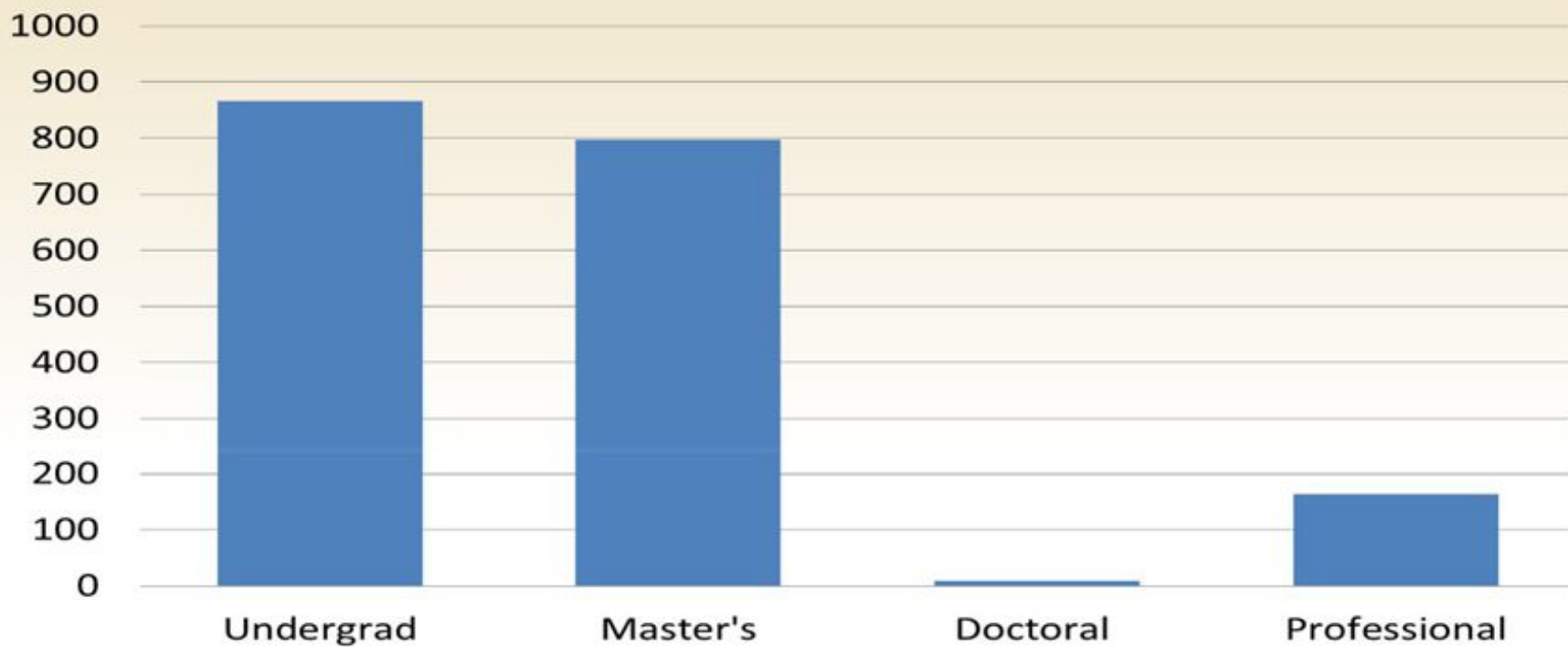


# U. T. System Health Professions Disciplines

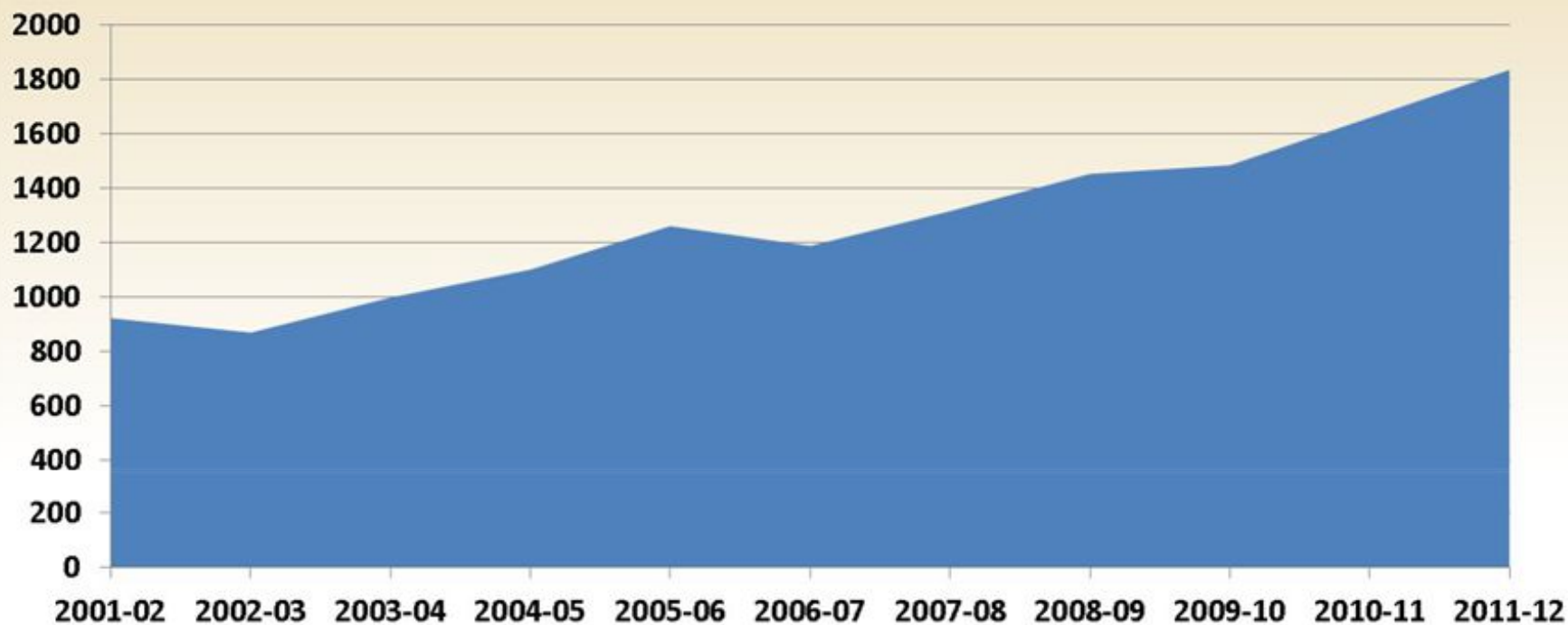
- Clinical Laboratory Sciences
- Respiratory Care
- Radiation Therapy
- Prosthetics and Orthotics
- Medical Sonography
- Emergency Health
- Social Work and Public Health
- Physician Assistant Studies
- Physical Therapy
- Occupational Therapy
- Speech and Language Pathology
- Nutrition and Dietetics
- Rehabilitation Counseling



# U. T. System Health Professions Graduates by Degree Level 2011-2012



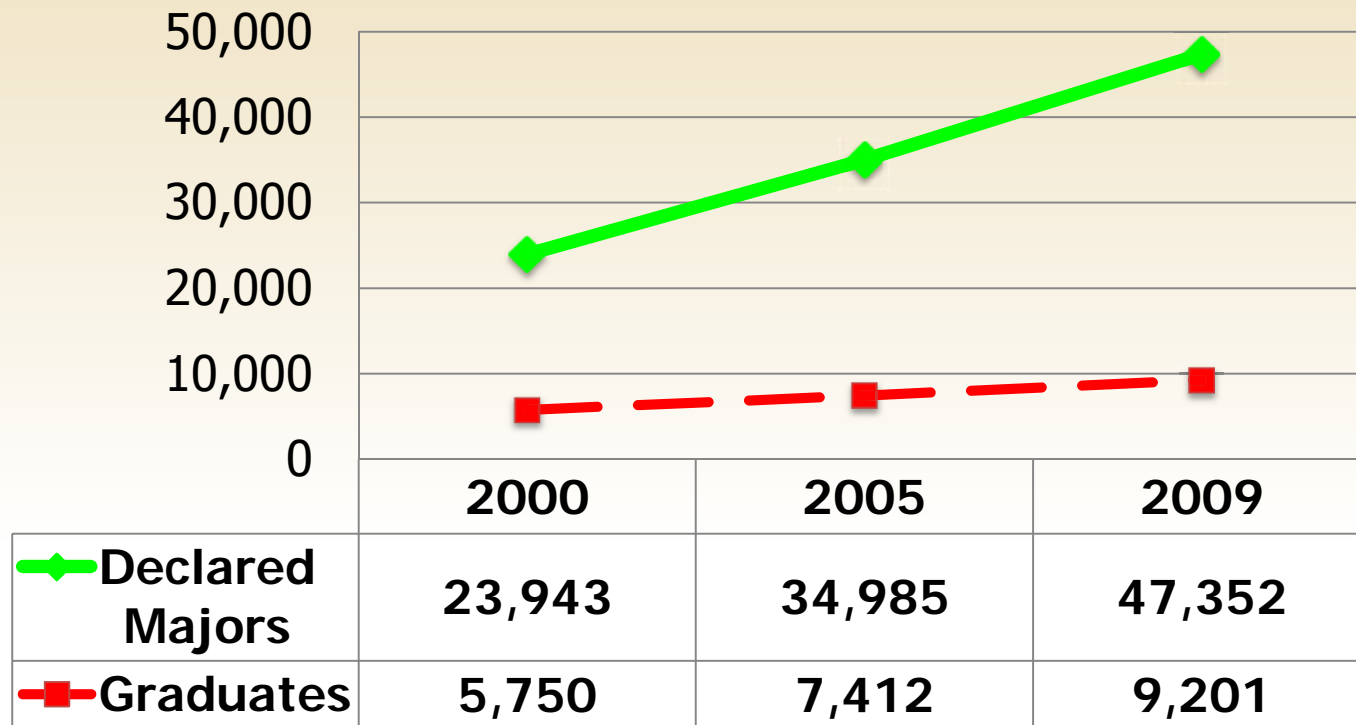
# U. T. System Health Professions Graduates



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Meeting of the U. T. System Board of Regents - Health Affairs Committee

# 2000-2009 Health Professions Declared Majors and Graduates



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# Health Professions vs. Texas Projected College-Age Population (18-35)

	Health Professions	<u>College-Age Population</u>		
	<u>FY12</u>	<u>2000</u>	<u>2015</u>	<u>2020</u>
White	51%	46%	35%	32%
African American	10%	12%	11%	11%
Hispanic	28%	38%	49%	52%
Other	11%	4%	5%	5%

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Meeting of the U. T. System Board of Regents - Health Affairs Committee



# Growth of Health Professions Workforce in Texas 2008-2018

Profession	% Growth
Physical Therapist	36%
Respiratory Therapist	52%
Physician Assistant	42%
Speech Language Pathologist	31%
Occupational Therapist	36%
Clinical Laboratory Scientist	19%
EMT/Paramedic	26%
Physician	24%
Registered Nurse	32%
Pharmacist	23%
Dentist	17%

Texas Workforce Commission, Data Link, Future Job Growth by Occupation 2008-2018.

# Health Professions Education ~ Innovation

Distance education  
Inter-professional  
education



Simulation



Multiple degree programs  
Dual enrollment



Virtual Reality

Technology



# Health Professions Education ~ Issues

## Increased demand for some programs

- Instructional space limitations
- Limited facility/clinical sites
- Funding for high-cost programs - faculty, equipment, and technology

## Accreditation

## Changing educational expectations

- Graduates need to “hit the ground running”
- Increase in educational requirements
- Professional doctoral programs



# Health Professions Education ~ Future Challenges and Opportunities

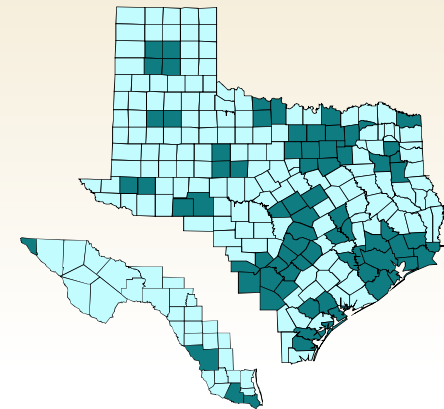
Faculty  
Faculty  
Faculty



# Health Professions Education

## ~ Future Challenges and Opportunities (cont.)

- Practicing at the top of your license
- Access to primary and specialty care
- Chronic care in an aging population
- Geographic disparities
- Patient safety/quality assessment



# Health Professions Education

## ~ Future Challenges and Opportunities (cont.)

### Patient access to care - primary care

- Expanded roles
- Physician assistants (PAs) and advanced practice nurses (APNs) - 25% decrease in need for primary care M.D.s by 2025, resulting from 150,000 more PAs and APNs (Association of American Medical Colleges)
- Defining roles of other health professions (HPs) in primary care
- Alternative care models involve HPs beyond M.D.s

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

RECOMMENDATION

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

- a. overall premium rates remain unchanged;
- b. \$15 million in premiums be returned to the participating U. T. System institutions based on a methodology that considers each institution's losses; and
- c. \$2 million be distributed for clinical effectiveness, patient safety, and quality of care initiatives.

The proposed distribution of \$17 million is set forth in Exhibit 1 (Page 185).

BACKGROUND INFORMATION

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

For the coming year, the Committee recommends maintaining overall premiums at the current rate with modifications for institutional loss experience. Based on Plan investment income and efficient management of claims, the Committee recommends a return to the contributing institutions of \$15 million so that excessive reserves are not maintained. The combination of unchanged rates along with this distribution should still allow for adequate capitalization of the Plan.

The methodology for distribution of \$15 million to participating institutions considers the proportion of each institution's payment into the Plan as well as each institution's loss experience. Thus, those institutions with higher claims receive lower distributions.

In addition to the \$15 million to be distributed to participating U. T. System institutions, \$2 million is recommended for U. T. System efforts in clinical effectiveness, patient safety, and quality of care. Funds were initially authorized for this purpose in 2008 and again in 2010. With this



funding, a grant competition has funded research, collaboration, and education in the area of patient safety and quality improvement. This funding has also enabled the expansion of clinical effectiveness courses to all U. T. System health institutions to educate health care providers in current methodologies and best practices to improve clinical care. This additional \$2 million in funding will permit the new Executive Vice Chancellor for Health Affairs to consider new initiatives or continue the current efforts in clinical effectiveness, patient safety, and quality of care.

Exhibit 1  
**The University of Texas System Professional Medical Liability Benefit Plan**  
Proposed Distribution of Plan Returns  
 FY 2013

<i><b>Institution</b></i>	<i><b>***Premium ***Paid</b></i>	<i><b>***Claims ***Expenses</b></i>	<i><b>***Net ***Contribution ***Amount</b></i>	<i><b>Rebate based on Net Contribution</b></i>
	<i><b>2011-2013</b></i>	<i><b>2011-2013</b></i>		
UTSWMC	\$ 6,225,610	\$ 2,383,654	\$ 3,841,956	\$ 3,907,568
UTMB	4,524,330	1,352,244	3,172,086	3,226,258
UTHSCH	3,852,377	2,620,838	1,231,539	1,252,571
Medical Foundation (UTHSCH)	1,812,794	1,233,275	579,519	589,416
UTHSCSA	4,980,224	1,568,848	3,411,376	3,469,634
UTMDACC	3,348,341	1,120,809	2,227,532	2,265,573
UTHSCT	226,260	4,506	221,754	225,541
UT Arlington	4,107	-	4,107	4,177
UT Austin	56,227	3,816	52,411	53,306
UT Dallas	1,394	-	1,394	1,418
UT El Paso	523	-	523	532
UT San Antonio	3,939	-	3,939	4,006
<b>Subtotal</b>	<b>\$ 25,036,126</b>	<b>\$ 10,287,990</b>	<b>\$ 14,748,136</b>	<b>\$ 15,000,000</b>
<b>Clinical Effectiveness, Patient Safety, and Quality Initiatives</b>				<b>\$ 2,000,000</b>
<b>TOTAL PROPOSED DISTRIBUTION</b>				<b>\$ 17,000,000</b>

4. **U. T. System: Discussion on the impact of federal sequestration on U. T. System health institutions**

DISCUSSION

Executive Vice Chancellor Shine and the presidents from the six health institutions will lead a panel discussion on the impact of federal sequestration on U. T. System health institutions.

5. **U. T. System: Quarterly report on health matters of interest to the U. T. System, including application of systems engineering to health**

REPORT

Executive Vice Chancellor Shine will report on health matters of interest to the U. T. System, including application of systems engineering to health.



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FOR  
FACILITIES PLANNING AND CONSTRUCTION COMMITTEE**

**Committee Meeting:** 8/21/2013

**Board Meeting:** 8/22/2013  
Austin, Texas

Alex M. Cranberg, *Interim Chairman*  
R. Steven Hicks  
Jeffery D. Hildebrand  
Robert L. Stillwell

	<b>Committee Meeting</b>	<b>Board Meeting</b>	<b>Page</b>
<b>Convene</b>	1:00 p.m. <i>Chairman Cranberg</i>		
1. <b>U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, referred for Committee consideration</b>	1:00 p.m. <b>Action</b>	<b>Action</b>	<b>191</b>
 <b><u>Request for Qualifications</u></b>			
2. <b>U. T. System Board of Regents: Approval to issue a Request for Qualifications for a Campus Master Plan for the new university in the Rio Grande Valley</b>	1:03 p.m. <b>Action</b> <i>Mr. O'Donnell</i>	<b>Action</b>	<b>192</b>
 <b><u>Additions to the CIP</u></b>			
3. <b>U. T. Arlington: Baseball and Softball Facility Improvements - Amendment of the FY 2014-2019 Capital Improvement Program to include project and authorization of institutional management (Preliminary Board approval)</b>	1:05 p.m. <b>Action</b> <i>President Karbhari</i>	<b>Action</b>	<b>193</b>
4. <b>U. T. Arlington: E. H. Hereford University Center Repurposing Renovations - Amendment of the FY 2014-2019 Capital Improvement Program to include project; approval of total project cost; appropriation of funds; authorization of institutional management; and resolution regarding parity debt (Final Board approval)</b>	1:15 p.m. <b>Action</b> <i>Mr. O'Donnell</i>	<b>Action</b>	<b>194</b>
5. <b>U. T. Austin: Medical District Utility System Infrastructure - Amendment of the FY 2014-2019 Capital Improvement Program to include project; appropriation and authorization of expenditure of partial funding for equipment; authorization of partial institutional management; and resolution regarding parity debt (Preliminary Board approval)</b>	1:20 p.m. <b>Action</b> <i>Mr. O'Donnell</i>	<b>Action</b>	<b>196</b>

	<b>Committee Meeting</b>	<b>Board Meeting</b>	<b>Page</b>
6. <b>U. T. Austin: Renovate Moore-Hill Dormitory - Amendment of the FY 2014-2019 Capital Improvement Program to include project; approval of total project cost; appropriation of funds; and authorization of institutional management (Final Board approval)</b>	1:30 p.m. <b>Action</b> <i>Mr. O'Donnell</i>	<b>Action</b>	<b>198</b>
7. <b>U. T. Dallas: Student Services Building Addition - Amendment of the FY 2014-2019 Capital Improvement Program to include project (Preliminary Board approval)</b>	1:35 p.m. <b>Action</b> <i>President Daniel</i>	<b>Action</b>	<b>200</b>
8. <b>U. T. Tyler: New Pharmacy School Building - Amendment of the FY 2014-2019 Capital Improvement Program to include project (Preliminary Board approval)</b>	1:40 p.m. <b>Action</b> <i>President Mabry</i>	<b>Action</b>	<b>201</b>
<b><u>Design Development</u></b>			
9. <b>U. T. Dallas: Bioengineering and Sciences Building - Approval of design development; appropriation of funds and authorization of expenditure; and resolution regarding parity debt (Final Board approval)</b>	1:45 p.m. <b>Action</b> <i>Mr. O'Donnell</i>	<b>Action</b>	<b>202</b>
<b><u>Modifications to the CIP</u></b>			
10. <b>U. T. Austin: Geography Building Renovation and Expansion - Amendment of the FY 2014-2019 Capital Improvement Program to increase total project cost and appropriation of funds and authorization of expenditure (Final Board approval)</b>	1:50 p.m. <b>Action</b> <i>Mr. O'Donnell</i>	<b>Action</b>	<b>205</b>
11. <b>U. T. Austin: Norman Hackerman Building - Vivarium Phase 1 - Robert A. Welch Hall - Amendment of the FY 2014-2019 Capital Improvement Program to increase total project cost; approval to revise funding sources; and appropriation of funds and authorization of expenditure (Final Board approval)</b>	1:58 p.m. <b>Action</b> <i>Mr. O'Donnell</i>	<b>Action</b>	<b>206</b>
<b>Adjourn</b>	2:00 p.m.		

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

The proposed Consent Agenda is located at the back of the book.

2. **U. T. System Board of Regents: Approval to issue a Request for Qualifications for development of a Campus Master Plan for the new university in the Rio Grande Valley**

**RECOMMENDATION**

The Chancellor concurs in the recommendation of the Executive Chancellor for Academic Affairs, the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, President García (U. T. Brownsville), President Nelsen (U. T. Pan American), and President Henrich (U. T. Health Science Center - San Antonio) that the U. T. System Board of Regents approve a Request for Qualifications (RFQ) for development of a Campus Master Plan for the new university in the Rio Grande Valley.

**BACKGROUND INFORMATION**

The 83rd Texas Legislature approved the creation of a new university in South Texas. On July 10, 2013, the Board approved the guiding principles for the new University of Texas in the Rio Grande Valley that will provide an outstanding education to the students of South Texas. This RFQ will begin the groundwork for the development of the University.



**3. U. T. Arlington: Baseball and Softball Facility Improvements - Amendment of the FY 2014-2019 Capital Improvement Program to include project (Preliminary Board approval)**

**RECOMMENDATION**

The Chancellor concurs with the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Karbhari that the U. T. System Board of Regents amend the FY 2014-2019 Capital Improvement Program (CIP) to include the Baseball and Softball Facility Improvements project at U. T. Arlington as follows:

<b>Project No.:</b>	301-780	
<b>Institutionally Managed:</b>	Yes	
<b>Project Delivery Method:</b>	Competitive Sealed Proposals	
<b>Substantial Completion Date:</b>	January 2015	
<b>Total Project Cost:</b>	<u>Source</u>	<u>Proposed</u>
	Revenue Financing System Bond Proceeds <sup>1</sup>	\$5,500,000

**Funding Note:** <sup>1</sup> Revenue Financing System debt proposed to be repaid from existing student fees

**Investment Metrics:** By 2015

- Enhance student athlete programs in baseball and softball
- Provide locker rooms and restrooms at both facilities

**BACKGROUND INFORMATION**

This proposed project will construct field houses for the Men's Baseball and Women's Softball programs and will include minor improvements to both the Clay Gould Ballpark and Allan Saxe Softball Field. The baseball field modifications will include partial replacement of bleachers, press box modifications, new dugouts, flagpoles, and miscellaneous stadium work. The softball field modifications will include new dugouts, field irrigation system replacement, bleacher improvements, a new sound system, branding and painting, netting, and miscellaneous small repairs and enhancements.

Currently, the baseball and softball locker rooms are housed off-site from the fields. The proposed field houses will provide on-site locker room and restroom facilities for the players, coaches, and umpires. Improvements will allow U. T. Arlington to recruit high-quality student athletes and coaches with first-class facilities that will pass Title IX expectations.

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



- U. T. Arlington, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$2,500,000.

### BACKGROUND INFORMATION

#### Debt Service

The \$2,500,000 in Revenue Financing System (RFS) debt will be repaid from Designated Tuition. Annual debt service on the \$2,500,000 RFS debt is expected to be \$196,376. The institution's debt service coverage is expected to be at least 2.2 times and average 2.8 times over FY 2014-2019. This project is below the Capital Improvement cost threshold but is being added to the CIP due to the use of debt financing.

#### Project Description

This project will renovate approximately 26,000 gross square feet (GSF) in the existing E. H. Hereford University Center. Work will include typical office and small conference room construction, mechanical and electrical upgrades incorporating energy efficiency improvements, finishes, information technology, audiovisual, and telecommunications. Significant fire alarm and sprinkler modifications and emergency egress lighting will be enhanced in spaces within this project. The project includes an allowance to add a small emergency generator to support vital services.

The renovation will allow for expansion and relocation of key programs and services that will attract students, promote a sense of community, prepare students for engagement and involvement in leadership, and assist students with career development internships and job placement, giving students abundant opportunities to develop their intellects, leadership abilities, careers, and civic engagement.

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

**5. U. T. Austin: Medical District Utility System Infrastructure - Amendment of the FY 2014-2019 Capital Improvement Program to include project; appropriation and authorization of expenditure of partial funding for equipment; authorization of partial institutional management; and resolution regarding parity debt (Preliminary Board approval)**

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Powers that the U. T. System Board of Regents amend the FY 2014-2019 Capital Improvement Program (CIP) to include the Medical District Utility System Infrastructure project at U. T. Austin as follows:

**Project No.:** 102-783  
**Institutionally Managed:** Partial  
**Project Delivery Method:** Design-Build  
**Substantial Completion Date:** July 2016  
**Total Project Cost:**

<u>Source</u>	<u>Proposed</u>
Revenue Financing System Bond Proceeds <sup>1</sup>	\$96,000,000

**Funding Note:** <sup>1</sup> Revenue Financing System debt proposed to be repaid from incremental revenues from utilities being charged to the Medical District

**Investment Metric:** Install systems necessary to power, heat, and cool the Medical District

- a. appropriate and authorize expenditure of partial funding in the amount of \$24,000,000 from Revenue Financing System (RFS) Bond Proceeds for equipment relating to the project;
- b. authorize partial institutional management to U. T. Austin to manage the project budgets, appoint architects, approve facility programs, prepare final plans, and award contracts; 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 \$24,000,000.

### BACKGROUND INFORMATION

#### Debt Service

The \$24,000,000 in aggregate Revenue Financing System debt will be repaid from utility rates. Annual debt service on the \$24,000,000 Revenue Financing System debt is expected to be \$1,560,000. The debt service coverage for the institution is expected to be at least 1.7 times and average 1.9 times over FY 2014-2019.

#### Project Description

U. T. Austin seeks to construct a new thermal utility plant to support the new U. T. Austin Medical District. To meet the added load on existing systems, the project proposes to construct a new chilling station, a new thermal energy storage system, and a high temperature hot water system. Additionally, the University will make improvements to the existing distribution system to deliver thermal energy and electrical power to the Medical District. The project will add a 60 MMBTU (Million British Thermal Units) hot water heating system, a 4,000,000 gallon chilled water thermal energy storage tank, a pumping station, and a 15,000 ton chilled water plant, with reserve space for future Medical District expansion.

U. T. Austin is requesting approval of appropriation and authorization to expend \$24,000,000 from RFS Bond Proceeds due to the long lead time for the purchase of necessary equipment.

This proposed project has been approved by U. T. System staff and meets the criteria for inclusion in the CIP. Design development plans and authorization of expenditure of remaining funding will be presented to the Board for approval at a later date. It has been determined that portions of this project would best be managed by U. T. Austin Facility Management personnel who have the experience and capability to manage certain aspects of the work, and the U. T. System Office of Facilities Planning and Construction will manage other elements and the distribution system portion of the project.

**6. U. T. Austin: Renovate Moore-Hill Dormitory - Amendment of the FY 2014-2019 Capital Improvement Program to include project; approval of total project cost; appropriation of funds; and authorization of institutional management (Final Board approval)**

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Powers that the U. T. System Board of Regents amend the FY 2014-2019 Capital Improvement Program (CIP) to include the Renovate Moore-Hill Dormitory project at U. T. Austin as follows:

<b>Project No.:</b>	102-777	
<b>Institutionally Managed:</b>	Yes	
<b>Project Delivery Method:</b>	Competitive Sealed Proposals	
<b>Substantial Completion Date:</b>	August 2014	
<b>Total Project Cost:</b>	<u>Source</u> Auxiliary Enterprises Balances <sup>1</sup>	<u>Proposed</u> \$8,000,000

**Funding Note:** <sup>1</sup> Auxiliary Enterprises Balances will be funded by revenues collected from students living in the main campus dormitories.

- a. approve a total project cost of \$8,000,000 with funding from Auxiliary Enterprises Balances;
- b. appropriate funds; and
- c. authorize U. T. Austin to manage the project budgets, appoint architects, approve facility programs, prepare final plans, and award contracts.

BACKGROUND INFORMATION

This project will renovate Moore-Hill Dormitory including many of the building systems original to the building complex, portions of which date from 1930 and 1956. The mechanical system upgrades in the building will include replacement of induction units in 209 student rooms and replacement of two air handlers. Select portions of the electrical and plumbing systems will be replaced and upgraded. On the interior, existing built-in furnishings in the student rooms will be removed and new room finishes will be provided.

Moore-Hill Dormitory's infrastructure is increasingly difficult to maintain due to age. Replacement of the existing systems will ensure that student occupants experience a long-term safe, healthy, and comfortable living environment. Upgrading and maintaining the facilities is necessary to remain competitive in the student housing market and provide quality on-campus housing.

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

**7. U. T. Dallas: Student Services Building Addition - Amendment of the FY 2014-2019 Capital Improvement Program to include project (Preliminary Board approval)**

**RECOMMENDATION**

The Chancellor concurs with the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Daniel that the U. T. System Board of Regents amend the FY 2014-2019 Capital Improvement Program (CIP) to include the Student Services Building Addition project at U. T. Dallas as follows:

**Project No.:** 302-784

**Project Delivery Method:** Competitive Sealed Proposals

**Substantial Completion Date:** July 2016

<b>Total Project Cost:</b>	<u>Source</u>	<u>Proposed</u>
	Revenue Financing System Bond Proceeds <sup>1</sup>	\$17,000,000
	Auxiliary Enterprises Balances <sup>2</sup>	<u>\$ 9,000,000</u>
		\$26,000,000

**Funding Notes:** <sup>1</sup> Revenue Financing System debt proposed to be repaid from existing student fees  
<sup>2</sup> Auxiliary Enterprises Balances from existing student fees

**Investment Metric:** Directly supports the University's Strategic Plan Imperative of adding 5,000 full-time equivalent students, creating a total student population of 21,000

**BACKGROUND INFORMATION**

This project will add a new expansion of approximately 61,000 gross square feet (GSF) to the existing Student Services Building. The proposed space will include office space for student services and support staff, individual and group study space, meeting rooms, a 300-seat multi-use lecture hall, and flexible programming space for student services to include an international student services office, new student programs, and the career center.

The requested space is critical for U. T. Dallas' ability to provide additional service support to address its very rapid enrollment growth and to meet the needs of new and existing student services and organizations. These activities improve graduation rates and student success as stated in the Framework for Advancing Excellence. Without the requested space, the ability of U. T. Dallas to accomplish these objectives will be significantly impaired.

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



**8. U. T. Tyler: New Pharmacy School Building - Amendment of the FY 2014-2019 Capital Improvement Program to include project (Preliminary Board approval)**

**RECOMMENDATION**

The Chancellor concurs with the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Mabry that the U. T. System Board of Regents amend the FY 2014-2019 Capital Improvement Program (CIP) to include the New Pharmacy School Building project at U. T. Tyler as follows:

<b>Project No.:</b>	802-779	
<b>Project Delivery Method:</b>	Construction Manager-at-Risk	
<b>Substantial Completion Date:</b>	June 2015	
<b>Total Project Cost:</b>	<u>Source</u> Revenue Financing System Bond Proceeds <sup>1</sup>	<u>Proposed</u> \$22,500,000
<b>Funding Note:</b>	<sup>1</sup> Revenue Financing System debt proposed to be repaid from Designated Tuition	
<b>Investment Metrics:</b>	<ul style="list-style-type: none"> <li>• Enroll 100 pharmacy students by 2015</li> <li>• Enroll 348 pharmacy students by 2019</li> <li>• Graduate first class and attain full accreditation by 2019</li> </ul>	

**BACKGROUND INFORMATION**

This project will construct a pharmacy school building in close proximity to the chemistry, biochemistry, biology, nursing, and engineering departments at U. T. Tyler. In accordance with the Campus Master Plan, the location will enable close working relationships between pharmacy faculty and students and other graduate and undergraduate faculty and students. The approximately 41,000 gross square foot (GSF) building will accommodate lecture halls, seminar rooms, classrooms, pharmacy practice areas, faculty offices, associated support areas, and parking.

A joint U. T. Tyler and U. T. Health Science Center - Tyler self-supporting College of Pharmacy would build upon highly successful nursing, health, and medical programs offered by the two institutions and strengthen their capacity to offer additional health care degrees and to conduct sophisticated sponsored research in the future. The proposed College of Pharmacy supports U. T. Tyler's goals listed in the Framework for Advancing Excellence and strongly supports U. T. Tyler's increased enrollment and retention targets and additional high demand professional programs to fill demonstrated regional workforce needs and pharmaceutical research capabilities.

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

(See Item 3 on Page 163 of the Academic Affairs Committee related to the creation of the U. T. Tyler College of Pharmacy.)

**9. U. T. Dallas: Bioengineering and Sciences Building - Approval of design development; appropriation of funds and authorization of expenditure; and resolution regarding parity debt (Final Board approval)**

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Daniel that the U. T. System Board of Regents approve the recommendations for the Bioengineering and Sciences Building project at U. T. Dallas as follows:

<b>Project No.:</b>	302-679	
<b>Project Delivery Method:</b>	Construction Manager-at-Risk	
<b>Substantial Completion Date:</b>	September 2015	
<b>Total Project Cost:</b>	<u>Source</u>	<u>Current</u>
	Permanent University Fund Bond Proceeds	\$ 77,250,000
	Revenue Financing System Bond Proceeds <sup>1</sup>	\$ 26,750,000
	Unexpended Plant Funds <sup>2</sup>	<u>\$ 4,000,000</u>
		\$108,000,000

**Funding Notes:** <sup>1</sup> Revenue Financing System debt proposed to be repaid from indirect cost recovery

<sup>2</sup> Unexpended Plant Funds from Designated Tuition

- Investment Metrics:**
- Add 2,220 new students in science, technology, engineering, and mathematics (STEM) fields with emphasis on life sciences, neurosciences, and bioengineering
  - Accommodate 70 new tenure and tenure-track faculty members
  - Generate \$17.5 million per year in externally funded research support
  - Create significant new technology transfer opportunities from new discoveries and trained entrepreneurs

- a. approve design development plans;
- b. appropriate funds and authorize expenditure of \$108,000,000 with funding of \$77,250,000 from Permanent University Fund (PUF) Bond Proceeds, \$26,750,000 from Revenue Financing System (RFS) Bond Proceeds, and \$4,000,000 from Unexpended Plant 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. Dallas, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$26,750,000.

## BACKGROUND INFORMATION

### Debt Service

The \$26,750,000 in aggregate Revenue Financing System debt will be repaid from indirect cost recovery. Annual debt service on the \$26,750,000 Revenue Financing System debt is expected to be \$1.74 million. The project's debt service coverage is expected to be at least 1.3 times and average 1.3 times over FY 2017-2022.

### Previous Board Actions

On February 9, 2012, the Bioengineering and Sciences Building project was included in the Capital Improvement Program (CIP) with a total project cost of \$85,000,000 with funding of \$72,250,000 from PUF Bond Proceeds, \$8,750,000 from RFS Bond Proceeds, and \$4,000,000 from Unexpended Plant Funds. On August 23, 2012, the Board approved an increase in total project cost to \$108,000,000 with funding of \$77,250,000 from PUF, \$26,750,000 from RSF, and \$4,000,000 from Unexpended Plant Funds. On August 23, 2012, the Board also approved the removal of the NSF Engineering Research Center project from the CIP.

### Project Description

The project will provide a 220,000 gross square foot building to house research laboratories, instructional laboratories, faculty and teaching assistant offices, computational infrastructure, and core research space. The project will also incorporate space for the Texas Biomedical Device Center launched in partnership with U. T. Southwestern Medical Center to advance research and education related to biomedical devices such as health monitoring, biomedical devices, and research devices. Learning and work performed in the proposed building will focus on functions of the brain, the nervous system, cells, genes, and the disciplines of engineering as they relate to electronic sensing devices and controls to improve human function.

The proposed building will be located directly south of the current Natural Science and Engineering Research Laboratory (NSERL) and all laboratory floors will connect directly via a bridge, except for Level 1 that will connect to the existing facility by a covered walkway. The building is designed to incorporate the latest trends in research laboratory flexibility and science/engineering teaching pedagogies. Also included in this project as additive alternates are a flexible, 275-seat Lecture Hall to be located north of the building and the build-out of three conference rooms located under the canopy of the existing NSERL building.

### Basis of Design

The planned building life expectancy includes the following elements:

- Enclosure: 45-50 years
- Building Systems: 25-30 years
- Interior Construction: 10-20 years

The exterior appearance and finish are consistent with existing campus buildings and with the existing Campus Master Plan. The mechanical and electrical building systems are designed with sufficient flexibility and space for future capacity to allow for changes without significant disruption to ongoing activities. The interior appearance and finish will also be consistent with existing campus buildings.

**10. U. T. Austin: Geography Building Renovation and Expansion - Amendment of the FY 2014-2019 Capital Improvement Program to increase total project cost and appropriation of funds and authorization of expenditure (Final Board approval)**

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Powers that the U. T. System Board of Regents approve the recommendations for the Geography Building Renovation and Expansion project at U. T. Austin as follows:

<b>Project No.:</b>	102-630		
<b>Project Delivery Method:</b>	Construction Manager-at-Risk		
<b>Substantial Completion Date:</b>	March 2015		
<b>Total Project Cost:</b>	<u>Source</u>	<u>Current</u>	<u>Proposed</u>
	Designated Funds <sup>1</sup>	\$11,500,000	\$15,500,000

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

- a. amend the FY 2014-2019 Capital Improvement Program (CIP) to increase the total project cost from \$11,500,000 to \$15,500,000; and
- b. appropriate and authorize expenditure of an additional \$4,000,000 from Designated Funds.

BACKGROUND INFORMATION

Previous Board Actions

On May 12, 2011, the project was included in the Capital Improvement Program (CIP) with a total project cost of \$11,500,000 with funding from Unexpended Plant Funds. On October 18, 2012, the Chancellor approved a revision in funding from Unexpended Plant Funds to Designated Funds and approved design development plans.

Project Description

The original project provided approximately 19,500 net assignable square feet to increase programmable space and efficiencies of the Geography Building; upgrade the mechanical, electrical, and plumbing systems to meet accessibility, egress, and code requirements; create better internal circulation; and improve exterior entries to extend the useful life of the building for another 25 years. The proposed total project cost increase will fund the expansion of the building by an additional 4,700 gross square feet and the addition of space to the Center for Mexican American Studies for the proposed Department of Mexican American and Latina/o Studies and the Borderlands Research Institute. Combining this additional scope of work into the existing project will allow the departments to efficiently and expeditiously meet objectives.

**11. U. T. Austin: Norman Hackerman Building - Vivarium Phase 1 - Robert A. Welch Hall - Amendment of the FY 2014-2019 Capital Improvement Program to increase total project cost; approval to revise funding sources; and appropriation of funds and authorization of expenditure (Final Board approval)**

RECOMMENDATION

The Chancellor concurs with recommendation of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Powers that the U. T. System Board of Regents approve the recommendations for the Norman Hackerman Building - Vivarium Phase 1 - Robert A. Welch Hall project at U. T. Austin as follows:

**Project No.:** 102-259  
**Project Delivery Method:** Construction Manager-at-Risk  
**Substantial Completion Date:** November 2014

<b>Total Project Cost:</b>	<u>Source</u>	<u>Current</u>	<u>Proposed</u>
	Tuition Revenue Bond Proceeds	\$ 105,000,000	\$105,000,000
	Permanent University Fund Bond Proceeds	\$ 55,955,000	\$ 55,955,000
	Revenue Financing System Bond Proceeds <sup>1</sup>	\$ 15,000,000	\$ 15,000,000
	Available University Funds	\$ 19,075,000	\$ 27,075,000
	Grants	\$ 3,841,038	\$ 3,841,038
	Gifts	\$ 300,000	\$ 300,000
	Unexpended Plant Funds <sup>2</sup>	\$ 88,962	\$ 88,962
	Designated Funds <sup>3</sup>	<u>\$ 0</u>	<u>\$ 12,000,000</u>
		\$ 199,260,000	\$219,260,000

**Funding Notes:**  
<sup>1</sup> Revenue Financing System debt proposed to be repaid from indirect cost recovery  
<sup>2</sup> Unexpended Plant Funds from cash balances contributed by the College of Natural Sciences  
<sup>3</sup> Designated Funds from Designated Tuition

- a. amend the FY 2014-2019 Capital Improvement Program (CIP) to increase the total project cost from \$199,260,000 to \$219,260,000;
- b. revise funding sources to include Designated Funds; and
- c. appropriate and authorize expenditure of an additional \$8,000,000 from Available University Funds (AUF) and \$12,000,000 from Designated Funds.

## BACKGROUND INFORMATION

### Previous Board Actions

On February 8, 2007, this project was designated as the Experimental Science Building/Vivarium/Phase I - Robert A. Welch Hall with a total project cost of \$175,000,000 with funding of \$55,000,000 from Permanent University Fund (PUF) Bond Proceeds, \$105,000,000 from Tuition Revenue Bond (TRB) Proceeds, and \$15,000,000 from Revenue Financing System (RFS) Bond Proceeds.

On February 7, 2008, the Board approved design development plans. On November 13, 2008, the Board approved the honorific naming of the Experimental Science Building as the Norman Hackerman Building. On March 3, 2010, the Board approved an increase in total project cost to \$190,000,000 with additional funding of \$15,000,000 from PUF. On July 14, 2010, the Chancellor approved an increase in total project cost to \$195,000,000 and revised funding to \$70,255,000 from PUF, \$105,000,000 from TRB, \$15,000,000 from RFS, \$300,000 from Gifts, \$515,000 from AUF, \$88,962 from Unexpended Plant Funds, and \$3,841,038 from Grants.

On May 19, 2011, the Chancellor approved an increase in total project cost to \$199,260,000 with additional funding of \$700,000 in PUF and \$3,560,000 from AUF. On February 1, 2013, the Chancellor approved a total project cost of \$199,260,000 and revised funding to \$55,955,000 from PUF, \$105,000,000 from TRB, \$15,000,000 from RFS, \$19,075,000 from AUF, \$3,841,038 from Grants, \$300,000 from Gifts, and \$88,962 from Unexpended Plant Funds.

### Project Description

The original project constructed a six-level facility of approximately 290,000 gross square feet (GSF) with teaching and research laboratories, classrooms, and offices for neuroscience, computational biology, environmental sciences, pharmacy, and molecular and cellular biology disciplines. The project also included an approximately 20,000 GSF vivarium to support research in the Norman Hackerman Building and renovations to approximately 50,000 GSF in Robert A. Welch Hall for use as a modern chemistry teaching and research laboratory building.

The proposed increase in total project cost will allow for the finish-out of up to 47,500 GSF of shell space, including the entire fourth floor of the building for scientific research.



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FOR  
TECHNOLOGY TRANSFER AND RESEARCH COMMITTEE**

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Austin, Texas

Wallace L. Hall, Jr., *Interim Chairman*  
Ernest Aliseda  
Alex M. Cranberg  
R. Steven Hicks  
Brenda Pejovich

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1. **U. T. System: Update on the U. T. Horizon Fund portfolio**

INTRODUCTION

Mr. Bryan Allinson, Executive Director of Technology Commercialization, will provide an update on the U. T. Horizon Fund portfolio.

REPORT

The U. T. Horizon Fund (Fund) completed a follow-on investment of \$121,976.47 in Rapamycin Holdings, a U. T. Health Science Center - San Antonio company. Several other investments are in process, including due diligence review and review with advisors.

The U. T. System Office of Technology Commercialization (OTC) initiated steering committee meetings with all 15 U. T. System institutions covering utilization of Fund - Part B (other services) aimed at strengthening and building the portfolio. Activities reviewed by the committee include funding examination of royalty-bearing license agreements, funding stronger patents, and proof of concept funding.

The OTC completed a Request for Qualifications (RFQ) for the purpose of examining royalty-bearing technology licenses. In addition to Deloitte & Touche, three additional firms were identified. The Fund initiated a work order with Deloitte & Touche covering examination of a royalty-bearing license in the biopharmaceutical field.

Copies of the Fund's current portfolio, the Rapamycin investment memo, and the revised investment thesis for Part A funding memo were provided to members of the Board in advance.

A copy of a press item on the Horizon Fund is set forth on the following pages.

May 21, 2013

www.XConomy.com

## UT Horizon Fund Aims to Build, and Capture, Value from Its Startups

[Bernadette Tansey](#) 5/21/13 [Follow @tanseyverse](#)

Campuses at the University of Texas, such as the MD Anderson Cancer Center in Houston, can boast of star-studded faculties to rival the innovative scientific leadership at UC San Francisco, UC Berkeley and Stanford University. In 2009, the 15-institution University of Texas system was second only to the powerhouse University of California system in the number of patent applications filed, startups spun out from campus inventions, and research dollars raised.

Yet UT ranked only 19th that year in terms of income from licensing its innovations, the Association of University Technology Managers found. That means while there are plenty of inventions coming out of Texas, few have generated big returns for the original institution, like Google's success did for Stanford. The Texas university system has been taking steps to change that ranking and nurture its young companies in an environment much more challenging than California's.

The state of Texas is thinner on the kind of venture capital firms that hover near the big California research universities, eager to finance the next Google or Genentech that springs from the mind of a professor or student.

"The VC environment is less active than Silicon Valley or New York or Boston," says Wei Chen, a UT technology commercialization official.

The UT system sought to change that in 2011 when Bryan Allinson of the UT System Office of Technology Commercialization began working to create a fund that could help UT startups get off the ground. That was the beginning of what's now called the [UT Horizon Fund](#).

"Starting the UT Horizon Fund fitted perfectly within our strategic mission to improve commercialization of technologies out of research at UT System institutions," says Allinson, the founder and executive director of the UT Horizon Fund. "Importantly, it also fits our financial mission to provide a positive return on investment back to UT."

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www.XConomy.com

Like other universities, UT has already acquired ownership stakes in spinoff companies by accepting equity as part of the compensation for licensing its intellectual property to startups. Since the Horizon Fund began operations last year, it has been able to invest aggressively, at a time when many universities can't. The UT Horizon Fund has also pumped more money into seven of the 154 companies that were already part of UT's portfolio. Among those is Rapamycin Holdings of San Antonio, TX, which is evaluating rapamycin, a drug approved to prevent organ rejection, as a treatment for diseases of aging.

The Horizon Fund has also brought two new companies to life by linking innovative faculty members and students with the resources they needed to go into business. One of those is Austin, TX-based M87, founded by a professor-student team that uses software instead of expensive infrastructure improvements to expand cellular coverage for telecommunications networks.

University venture funds are not new. Back in 1985, for example, the Stanford School of Engineering initiated plans for a venture fund to support the school and its entrepreneurial spinoffs. The school's new dean, Jim Gibbons, persuaded Silicon Valley venture firms to make donations to the school, but use the money to create the [Stanford Engineering Venture Fund](#). The VCs helped invest the funds in growing companies, including startups based on Stanford technology. The University of California also benefits from a seed-stage venture fund whose capital comes from private backers such as VCs and drugmakers. [Mission Bay Capital](#) was founded in 2009 to invest in companies whose founders or technologies are associated with the UC system.

So far, the investment money for the UT Horizon Fund has come from the University of Texas fund. The UT Board of Regents approved an initial \$10 million for the fund in 2011, and added another \$12.5 million this year. Still, that \$22.5 million total doesn't match the hundreds of millions of dollars that an established VC firm could raise.

But Allinson says the money helps fill an early funding gap for entrepreneurs just trying to get started. "We look for a win-win-win scenario," he says. "We want to help entrepreneurs commercialize UT technology, fill a crucial funding gap for the early stage startup, and create an opportunity for a return back to co-investors. "

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Venture firms used to take big risks on such early startups in the hope of a high rate of return. But their plans have shifted, Chen says. “A lot of firms are moving to later-stage companies,” she says. “They want a quick exit.”

The Horizon Fund, by contrast, is focused on helping during a company’s early days. It helps the new companies make the leap from the university lab and the boost from its small early investments can help a startup attract funding from other investors, says Chen, who heads the New Ventures unit of the Horizon Fund. While the VC community is not large in Texas, the state has an active contingent of angel investors. The Horizon fund is a matchmaker among startups, angels, and venture firms.

The Horizon Fund also links up experienced executives with faculty members and staffers who have great technology ideas, but too little business experience to serve as CEOs of their own startups. They may need a chief executive to take over plans for fundraising and building out the executive team.

The Horizon Fund invests between \$100,000 to \$2 million in each company it supports. Last year, though, fund officials decided to put up \$50,000 to launch a new competition for student entrepreneurs. The winner of the system-wide contest was Jordan Kaufmann, a UT-San Antonio PhD student who used her \$50,000 prize to found the Austin, TX-based company [Cardiovate](#), which is using tissue engineering to develop a new kind of graft to treat aortic aneurysms.

The quality of applicants in the pilot competition encouraged the Horizon Fund to raise the top prize money to \$100,000 this year, Chen says. Eva Deemer, a second-year PhD student in materials science and engineering at UT-El Paso, won the most recent competition held in Austin on May 2. Deemer is founding an El Paso, TX, company, American Water Recycling, which uses filters made of graphene oxide as a new method to purify the many gallons of water contaminated every day with grease from restaurants and other sources.

The UT Horizon Fund competition heightens the entrepreneurial culture at the system’s 15 campuses by holding out the real-world possibility that students can become startup founders before they even graduate. All who participate get the experience of presenting their technology and business plan to a panel of judges that includes venture firm partners, angel investors, and other industry experts. Each team of student finalists is assigned a mentor who helps develop the business plans.

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“This whole process, we are hoping, is more than just selecting a winner,” Chen says. “Nobody’s a loser.”

And the contest calls forth more ideas that can turn into patented inventions which then could bring revenue to the UT system. The contest winners receive continuing business mentorship and the possibility of follow-on investments from the Horizon Fund.

Those follow-on investments are a major part of the fund’s strategy across the UT system’s portfolio. They can reduce or eliminate the dilution of the university’s early equity stake in a company as it grows and raises more money from new investors, Chen says. The Horizon Fund allows the university to exercise its right to participate in successive funding rounds.

“That creates value for both the university and the company,” Chen says.

For the same reasons, the UT system also collaborates with [Osage University Partners](#) of Bala Cynwyd, PA, a venture capital fund that forms partnerships with research institutions that want to keep investing in their portfolio companies, but lack the funds to support them all.

It’s too early to gauge the returns from the UT Horizon Fund, but a back-testing evaluation showed the potential for promising returns.

Allinson said that the UT Horizon Fund initiated a back-testing analysis covering startups out of UT System from 2002-2012 that showed three companies generated exits of more than a billion dollars. “The potential for a return is there,” Allinson says.

Of course, that means the university system missed some big investment opportunities during the years before they started operating the venture fund. Allinson estimates that if UT System had started the UT Horizon Fund in 2002, it could have invested in 72 of its spinouts and generated a 54 percent return on investment.

University leaders are also aware that its students might be the source of some of its best investments. In 1984, Michael Dell was [a 19-year-old premed student](#) at UT-Austin. Still living in a dorm room, he founded the company that was to become Dell Computer with \$1,000 from his own savings. Four years later, the company went public,

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and its market capitalization leapt to \$85 million. By 2001, it was ranked as the top computer systems provider worldwide.

“Somewhere in the UT system, the next Michael Dell is at work on a patent-worthy idea,” Chen says.

2. **U. T. System: Report on the Texas FreshAIR (Academia-Industry Roundtable) initiative**

INTRODUCTION

Dr. Patricia Hurn, Vice Chancellor for Research and Innovation, and Mr. Bryan Allinson, Executive Director of Technology Commercialization, will provide a report on the Texas FreshAIR (Academia-Industry Roundtable) initiative, an effort by the U. T. System to engage U.S. and global industries in partnerships designed to advance new science discovery at U. T. System institutions.

REPORT

The inaugural Texas FreshAIR event will bring together the six U. T. System health institutions and 14 of the major biopharmaceutical corporations. The goal for the event is to showcase the vast capacity for drug and biological discovery in Texas and to kick off new and sustained research collaborations with U. T. System faculty and institutions. These collaborations may involve single U. T. System institutions or cross-institutional endeavors.

The 2013 event will convene at the AT&T Executive Education and Conference Center in Austin, Texas, on September 25-26, 2013. The roundtable meeting will bring together thought leaders from the U. T. System health institutions and industry executives and researchers.

Day One will showcase the strength of the six U. T. System health institutions and present drug discovery efforts at the different institutions. This will be followed by breakout sessions to present key science from the U. T. System institutions in oncology, metabolic and cardiovascular disease, and immunology and biotherapeutics, and then end with a poster session and a networking reception.

Day Two will include sessions on the "Barriers, Opportunities, and Challenges to U. T. Academic-Industry Partnerships" and "Insights into the Pharma Industry" and additional breakout sessions to present key science in neuroscience, infectious disease, biomarkers, and epigenetics. Key general speakers include Chancellor Cigarroa; Ronald DePinho, M.D., President of U. T. M. D. Anderson Cancer Center; U.S. biopharmaceutical leaders in drug discovery; and the most innovative researchers from U. T. System health institutions.

A brochure on the Texas FreshAIR initiative is set forth on the following pages.



ACADEMIA INDUSTRY ROUNDTABLE

AN INITIATIVE of

THE UNIVERSITY of TEXAS SYSTEM

## Seeking Science to Science Collaborations



The University of Texas System FreshAIR initiative is an effort to create successful partnerships\* between UT System health institutions and the life sciences industry.

For more information, visit our website at-  
[www.utsystem.edu/texas-freshair](http://www.utsystem.edu/texas-freshair)



## Why FreshAIR?

The University of Texas System hosts some of the world's premier health research institutions:

The University of Texas M.D. Anderson Cancer Center (Houston)  
 The University of Texas Southwestern Medical Center (Dallas)  
 The University of Texas Health Science Center at Houston  
 The University of Texas Medical Branch at Galveston  
 The University of Texas Health Science Center at San Antonio  
 The University of Texas Health Science Center at Tyler

- A key objective for the UT System is to increase public-private partnerships as outlined in Chancellor Francisco Cigarroa’s 2011 A Framework for Advancing Excellence.
- Federal funding for basic, clinical and translational research is increasingly uncertain.
- Science-based partnerships\* between academia and industry offer advantages to both entities. Together they can address the challenge of developing innovative drugs for their mutual benefit and the well-being of society.
- Texas has a unique population that includes a large Hispanic population in South Texas and mirrors the future population of the United States.
- Collaborations between academia and industry ensure that Texas remains competitive as a strong player in science and biotechnology.

## UT System Faculty Honors

Total faculty number at UT health science centers	8,690
Members, Institute of Medicine of the National Academies	41
Members, National Academy of Sciences	40
Nobel Laureates	7

(2012 UT System Fast Facts)

## FreshAIR Benefits

- Access to pre-publication research inventory for each institution with potential commercial impact in early discovery research, clinical research and drug discovery with periodic updates.
- Access to the UT clinical site networks for the conduct of clinical trials through the Texas CTSA Consortium.
- Opportunity for dialog between industry and UT System researchers through regular roundtable events focused by therapeutic area.
- Opportunity to interface with UT System trainees, graduate students and post-doctoral fellows.
- Access to simplified processes such as IRB reciprocity between institutions and a standard licensing agreement.

## Mark Your Calendar

Attend FreshAIR's inaugural event September 25, 2013 (check-in at noon) and September 26, 2013 (adjourns at noon) in Austin, Texas, for a two day event filled with cutting-edge science and research in the therapeutic areas of Oncology, Cardiovascular and Metabolic, Neuroscience, Immunology, Respiratory and Infectious Diseases.



\*The term "partnerships" is used to describe a broad range of agreements between an academic institution and a life sciences company to share materials, resources and/or intellectual property, including but not restricted to acquisition and licensing.

(Adopted from Deloitte R&D Article Series - Re-igniting the R&D engine in a constrained environment, (2010).

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THE UNIVERSITY of TEXAS SYSTEM

*Nine Universities. Six Health Institutions. Unlimited Possibilities.*

3. **U. T. El Paso: Report on student technology startup, American Water Recycling**

INTRODUCTION

President Natalicio will introduce the founding team members of U. T. El Paso's student technology startup, American Water Recycling as follows:

- **Ms. Eva Deemer**, Interim Chief Executive Officer, Chief Technology Officer, material science and engineering doctoral student, expected graduation: 2015
- **Mr. Diego Capeletti**, Chief Financial Officer, MBA, graduated: 2013
- **Mr. Alex Pastor**, Chief Marketing Officer, undergraduate student, expected graduation: 2014

REPORT

President Natalicio will report on research and entrepreneurship programs at U. T. El Paso. Ms. Deemer will report on her research in materials and engineering that led to the formation of American Water Recycling. The recently patented technology may potentially provide a better way to clean polluted industrial waste water.

BACKGROUND INFORMATION

On May 2, 2013, 16 student teams from 10 U. T. System institutions competed in the U. T. System Horizon Fund Student Investment Competition in Austin, Texas. The teams presented their business plans and ideas to a high-profile group of venture capitalists, investors, and industry experts. American Water Recycling won the U. T. Systemwide competition over teams from U. T. Arlington, U. T. Austin, U. T. Dallas, U. T. Pan American, U. T. San Antonio, U. T. Southwestern Medical Center, U. T. Health Science Center - Houston, and U. T. Health Science Center - San Antonio.

Press materials covering American Water Recycling and the U. T. System Horizon Fund student competition event are set forth on the following pages.



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(<http://www.utsystem.edu>)

[Home](#) > [Blog](#) > Printer-friendly

# 16 teams to compete for up to \$100,000 in UT System Horizon Fund competition

Blog Author:

UT System

Monday, April 29, 2013

On May 2, sixteen student teams from 10 University of Texas System institutions will compete in the [UT System Horizon Fund](#) <sup>[1]</sup> Student Investment Competition for up to \$100,000 in seed funding. The teams will present their business plan and idea to a high-profile group of venture capitalists, investors and industry experts who will judge the entries and award a winner from one of two categories: Information Technology or Biomedical/Engineering. The winning team will be announced during an award reception at the end of the day.

"This event showcases and supports entrepreneurial students, medical residents and trainees from UT institutions," said [Bryan Allinson](#) <sup>[2]</sup>, executive director for [UT System technology commercialization](#) <sup>[3]</sup>.

"Students from all 15 UT institutions had a chance to be considered for the competition, and the 16 finalists either won their campus investment competition or were selected through a rigorous at-large process. Although only one team will win the award, the opportunity to present to, network with and learn from renowned investors, advisors, mentors and industry experts will be invaluable as they continue their journey of entrepreneurial growth and success."

The following 16 teams will compete in the UT System Horizon Fund Student Investment Competition:

## Information Technology:

Connect5 (UT Arlington) is a platform that allows professionals to network with other professionals who share similar interests and skills through targeted offline micro-networking events.

E2 Home (UT Arlington) is a web and smartphone application to help homeowners and residents reduce energy-related costs.

Global Print Solution (UT Dallas) is an output data management software that performs

automated formatting of a print file and streamlines various production tasks, such as archiving documents for retrieval and reprint.

Hoot.Me (UT Austin) is an educational question-and-answer platform designed to integrate with Facebook and LMS providers like Canvas. Students can get their questions answered from fellow classmates, so teachers can crowdsource help in big classes without losing control of the discussion.

Ludus (UT El Paso) is a collaborative, cloud-based virtual project space designed to empower creative teams through the combination of structured and unstructured creative tools in an immense project space that stores, sorts and attributes intellectual capital in a new way.

Mobile Wellness Technologies (UT El Paso) is researching, developing and creating a line of products that monitor and improve personal wellness focusing on management of chronic conditions. A mobile evidence-based and user-friendly system to monitor stress levels and mental fatigue has been developed and is being tested.

RideScout (UT Austin) is a mobile application that shows users all of their ground transportation options on a single, intuitive platform.

YouPark (UT Dallas) is an automated parking management and security service run through a Radio Frequency Identification Device system that allows drivers to reserve parking through their smart phone.

#### Biomedical/ Engineering:

AdBm Technologies (UT Austin) has developed patented technology to significantly reduce underwater noise in the offshore oil and gas and pile driving industries.

American Water Recycling (UT El Paso) will enable industries to discharge safe, clean re-useable water using a process that is economically and environmentally sustainable.

BSX Athletics (UTHSC-Houston) has developed a state-of-the-art performance monitoring platform for endurance athletes. It is comprised of both hardware (BSX sensor) and software (mobile app) components, which together provide athletes with real-time physiologic monitoring.

CyberShark (UT El Paso) is a cyber and energy security training company that will teach utility companies how to establish sound cyber and energy security protocols and policies and how to expose vulnerabilities within their networks, in addition to providing valuable information on how to prevent their grids from being debilitated.

Lapara Medical, Inc., (UT San Antonio) offers a laparoscopic cooling system for life-saving tumor removal surgery for kidneys and kidney transplants. The system cools the kidney to prevent damage to the organ while reducing the risk of postoperative failure.

MyFiberPlex (UT Pan American) is a novel repair method for the Anterior Cruciate Ligament (ACL). This technology has recently emerged as a promising technique for tissue engineering due to its ability to produce fibers with differing porosities, surface area, fiber diameter and fiber alignment.

7/15/13

16 teams to compete for up to \$100,000 in UT System Horizon Fund competition

Seismos (UT Austin) is a diagnostics platform for real-time monitoring of underground reservoir flows in oil fields that does not shut down production. The technology services company targets CO2 EOR operators and provides a solution that that can help producers achieve increases in production that can span from 70 to 300 percent based on empirical field information.

Transformative Nanotechnology (UT Pan American) - has developed a technology that can produce a commercial source of super-fine single-digit micron/nano glass particles in a continuous process with production volume in the range of pounds per day. This technology is protected by one provisional patent application in use and one additional invention disclosure focused on the process.

Student exhibits will be open to the public from 8:00 a.m.-noon in Room 208 of the UT System Ashbel Smith Hall, 201 West 7th Street.

Links:

[1] <http://www.uthorizons.com/?src=uts-tech-comm>

[2] <http://utsystem.edu/offices/technology-commercialization/executive-director>

[3] <http://utsystem.edu/offices/technology-commercialization>

## **UTEP students launch tech startup**

**By Robert Gray El Paso Inc. staff writer | Posted: Sunday, May 19, 2013 6:00 pm**

Amidst final exams and graduation rehearsals at the University of Texas at El Paso last week, two business students and one from engineering were celebrating the launch of their technology startup company.

American Water Recycling would capitalize on one of the earth's most valuable resources – water. The trio's startup promises to save money for industry while cleaning the environment. But it also holds promise for the El Paso economy.

“You don't need to convince people they need water,” says Eva Deemer, 28, the startup's interim CEO and chief technology officer.

The venture, founded in April by Deemer, Diego Capeletti, 32, and Alex Pastor, 22, got a big boost two weeks ago when it became the first student venture at UTEP to win the UT Horizon Fund Student Investment Competition in Austin.

The win included \$100,000 and advancement to the global competition, where the trio finished in the top 10, competing against Ivy League schools and universities from as far away as India and Thailand.

The technology the students recently patented would provide a better way to clean polluted industrial waste water, Deemer says.

It would save companies money, help clean the environment and, they hope, bring in profits.

Industries involved in refining oil or hydraulic fracturing, the process of injecting water and chemicals into the ground to free oil and gas from shale-rock, use a lot of water, and the costs involved in handling and disposing of the polluted water are huge.

The industries the trio would focus on can pay as much as \$8-million a year to dispose of polluted water, according to Deemer.

American Water Recycling's filtering technology is based on a high-tech material called graphene.

“This is not a Brita filter,” says Deemer, who is working towards a doctorate in materials science and engineering at UTEP.

Graphene is a flexible carbon substance that is one of the strongest and lightest materials known to mankind. It's stronger than diamonds yet flexible and, three years ago, won scientists at the University of Manchester the Nobel Prize in physics.

The material also happens to be really, really good at filtering water, Deemer says. The system the trio is developing, she says, is cheaper, faster and cleaner than other technology on the market now.



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UTEP students launch tech startup - El Paso Inc.: Local News

The students are seeking upwards of \$700,000 to fund a year of operation and create a pilot program, Capeletti says. Right now, the startup is based at the Hub of Human Innovation business incubator in Downtown El Paso.

The university has been trying for years to create more technology spinoffs like American Water Recycling, with mixed results, and officials hope the startup business is only the beginning. So do those interested in local economic development that believe El Paso has the potential to become a technology hub – the “silicon border.”

That tech sector, the thinking goes, would provide more jobs in El Paso for UTEP engineering and biotech students who often have to leave the city to find employment.

While most of their peers are job hunting as they graduate, the trio says they are not.

“We just made our own jobs,” Deemer says.

The university has also been trying to build stronger ties between the College of Engineering and the College of Business to better connect engineers who have ideas with businesspeople who have business plans.

A \$10-million donation made by Mike Loya, president of one of the world’s largest oil trading companies and a UTEP graduate, gave the effort a big boost almost two years ago

“Thanks to Mike Loya’s gift to UTEP’s colleges of Business Administration and Engineering, we have now planted the UTEP flag as a leader of academic integration that will result in market success for the state of Texas and the nation,” said Robert Nachtmann, dean of UTEP’s College of Business Administration, in a statement.

The new Mike Loya Center for Innovation and Commerce, as well as UTEP’s Materials Research and Technology Institute, played a major role in bringing, Deemer, an engineer, together with Capeletti, who graduates Saturday with an MBA, and Pastor, an undergraduate business major.

The three formed the company to compete in the local venture competition in March.

“We all met at my house after Thanksgiving for lattes and tea,” Deemer says.

They won the local competition and went on to win the statewide competition and advance to the semifinal round of the Global Venture Labs Investment Competition.

“I was already working with graphene and people had come to me with their problems, but I didn’t think of it as a business,” Deemer says.

What if they fail?

“The best part of graphene is, if it doesn’t work out, there are a million other things you can do with graphene,” Deemer says.

Email El Paso Inc. reporter Robert Gray at [rsgray@elpasoinc.com](mailto:rsgray@elpasoinc.com) or call (915) 534-4422 ext. 105.

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## THE UNIVERSITY OF TEXAS SYSTEM BOARD OF REGENTS

### CONSENT AGENDA

#### Committee and Board Meetings:

8/21-22/2013

Austin, Texas

#### U. T. SYSTEM ADMINISTRATION

1. Minutes - U. T. System Board of Regents: Approval of Minutes of the regular meetings held on May 8-9, 2013, and July 10, 2013
2. Resolution - U. T. System Board of Regents: Adoption of resolution to contract with Zurich American Insurance Company and affiliates, Schaumburg, Illinois, and to guarantee payments under Phase VI of The University of Texas System's Rolling Owner Controlled Insurance Program

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and the Executive Vice Chancellor for Health Affairs that the resolution to contract with Zurich American Insurance Company and affiliates, Schaumburg, Illinois, to guarantee payments under Phase VI of The University of Texas System's Rolling Owner Controlled Insurance Program, be adopted as set forth below:

#### RESOLUTION

WHEREAS, Zurich American Insurance Company and affiliates (Zurich), will insure The University of Texas System (U. T. System) and other persons under Phase VI of a Rolling Owner Controlled Insurance Program (ROCIP) for various construction projects managed by the Office of Facilities Planning and Construction or by a U. T. System institution in certain, pre-approved circumstances;

WHEREAS, Pursuant to this ROCIP, Zurich will issue one or more workers' compensation insurance policies and comprehensive general liability insurance policies that contain deductibles of \$250,000 per claim subject to a maximum of \$375,000 per occurrence that include allocated costs and indemnity payments; however, such deductibles are subject to a minimum aggregate limit based on \$3,000,000,000 in construction value at a rate of \$13.33 per \$1,000 of construction value; and

WHEREAS, The Board of Regents of the U. T. System understands and agrees that this large deductible ROCIP requires the prompt reimbursement of sums advanced by Zurich to adjust or pay claims within the deductibles, and the Board desires to guaranty to Zurich the prompt reimbursement of the deductibles for the ROCIP;

NOW THEREFORE, BE IT RESOLVED, That the Board hereby guarantees to Zurich the prompt repayment of the sums advanced by Zurich to adjust or pay claims within the deductibles for the ROCIP, subject to the aggregate deductible limit for the Program. This guaranty shall remain fully binding although Zurich may waive one or more defaults of the insured or fail to exercise any rights against the insured or modify one or more terms of the ROCIP as required by law or with the consent of U. T. System; and, be it further

RESOLVED, That the Board represents and warrants to Zurich that the funds necessary to reimburse Zurich for the aggregate deductible liability of the insured for the ROCIP are included in the appropriations for the various construction projects heretofore approved by the Board.

The resolution, which will be provided in lieu of a letter of credit, trust agreement, or cash, provides Zurich with assurances necessary to complete the ROCIP Phase VI program.

3. Contract (funds going out) - U. T. System: Contract with MARSH USA Inc. to provide insurance, safety and program administration services for U. T. System's Rolling Owner Controlled Insurance Program (ROCIP)

Agency: MARSH USA Inc.

Funds: \$4,365,000 based on \$3,000,000,000 of construction values enrolled in ROCIP Phase VI

Source of Funds: Various funds approved for individual Capital Improvement Program projects

Period: March 1, 2013 through February 28, 2019 with option to renew for three additional one-year terms

Description: MARSH USA Inc. to perform insurance placement, safety, and program management services for U. T. System construction projects enrolled in its ROCIP. This contract was competitively procured.

4. Contract (funds going out) - U. T. System: Contract with Verite Healthcare Consulting, LLC to expand Graduate Medical Education in the Lower Rio Grande Valley

Agency: Verite Healthcare Consulting, LLC

Funds: \$572,700 for the original contract; \$480,000 for the amendment with a \$45,000 expense cap (amended contract is being brought forward for Board approval since, as amended, the contract will exceed the \$1,000,000 threshold)

Source of Funds: Designated Funds

Period: January 1, 2013 through December 31, 2013

Description: Verite Healthcare Consulting, LLC to expand the U. T. Health Science Center - San Antonio sponsored Graduate Medical Educational programs in the Lower Rio Grande Valley to eight residencies and 148 resident positions from the current two residencies [McAllen Family Medicine Residency Program and Regional Academic Health Center (RAHC) Internal Medicine Residency Program] and 33 resident positions. The six new residencies include Family Medicine, Internal Medicine, and Obstetrics/Gynecology at Doctors Hospital at Renaissance (DHR); Adult Psychiatry and Child/Adolescent Psychiatry at Valley Baptist-Brownsville; and General Surgery at DHR and Valley Baptist-Harlingen. The anticipated year for starting the six new residencies and doubling the number of first-year residents in the current RAHC Internal Medicine Residency is 2015.

5. Contract (funds going out) - U. T. System: Baker-Aicklen & Associates, Inc. to perform professional surveying services

Agency: Baker-Aicklen & 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: December 3, 2011 through December 2, 2017 (contract is being brought forward for Board approval as it is nearing the \$1,000,000 threshold)

Description: Baker-Aicklen & Associates, Inc. to perform miscellaneous professional surveying services for U. T. System on a job order basis. Services were competitively procured.

6. Contract (funds coming in) - U. T. System: Joint Admission Medical Program Council for Texas Medical and Dental Schools Application Service to perform administrative duties

Agency: Joint Admission Medical Program (JAMP)

Funds: The 83rd Texas Legislature allocated \$10,206,794 to the Texas Higher Education Coordinating Board (THECB) for JAMP. The funds were transferred from the THECB to U. T. System to be administered by the Texas Medical and Dental Schools Application Service (TMDSAS) for the use of the JAMP Council, which delegated the administrative duties of the program to TMDSAS.

Period: September 1, 2013 through August 31, 2015

Description: For TMDSAS to perform the administrative duties of JAMP as delegated by the JAMP Council

7. Employment Agreement - U. T. System: Appointment of Raymond S. Greenberg, M.D., Ph.D., as Executive Vice Chancellor for Health Affairs

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

Item: Executive Vice Chancellor for Health Affairs

Funds: \$700,000 annually and eligible for the U. T. System Performance Based Compensation Plan

Period: Beginning September 1, 2013

Description: Agreement for employment of Raymond S. Greenberg, M.D., Ph.D., as Executive Vice Chancellor for Health Affairs. The Executive Vice Chancellor for Health Affairs reports to the Chancellor and shall hold office without fixed term, subject to the pleasure of the Chancellor. U. T. System will reimburse reasonable out-of-pocket relocation expenses up to one month salary. U. T. System will also reimburse monthly dues, professional memberships, continuing education, as well as reasonable travel related to U. T. business. During employment, Dr. Greenberg will be appointed as Professor at The University of Texas Health Science Center at Houston. A secondary appointment is being considered at The University of Texas at Austin. Both positions are without compensation and therefore he will not be paid a salary as Professor.



**The University of Texas System**  
Nine Universities. Six Health Institutions. Unlimited Possibilities.

Office of the Chancellor  
601 Colorado Street, Austin, Texas 78701-2982  
Phone: 512 499 4201 Fax: 512 499 4215

July 3, 2013

- The University of Texas at Arlington
- The University of Texas at Austin
- The University of Texas at Brownsville
- The University of Texas at Dallas
- The University of Texas at El Paso
- The University of Texas--Pan American
- The University of Texas of the Permian Basin
- The University of Texas at San Antonio
- The University of Texas at Tyler

Raymond S. Greenberg, M.D., Ph.D.  
910 Middle Street  
Sullivan's Island, South Carolina 29482

Dear Ray:

I am delighted to offer you the position of Executive Vice Chancellor for Health Affairs at The University of Texas System, effective September 1, 2013. Your candidacy is highly recommended as a result of an extensive national search, as well as interviews with my executive team and the U. T. System health institution presidents. This offer will remain contingent upon the successful completion of a criminal background check.

- The University of Texas Southwestern Medical Center at Dallas
- The University of Texas Medical Branch at Galveston
- The University of Texas Health Science Center at Houston
- The University of Texas Health Science Center at San Antonio
- The University of Texas M. D. Anderson Cancer Center
- The University of Texas Health Science Center at Tyler

The Executive Vice Chancellor for Health Affairs reports to the Chancellor and shall hold office without fixed term, subject to the pleasure of the Chancellor. Your initial compensation will be \$700,000 gross annual base salary to be paid monthly. This position is also eligible for the U. T. System Performance Based Compensation Plan (see attached). Additional information regarding your fringe benefits, including retirement plan and group insurance plans, will be provided by the Office of Employee Services. You will become benefits eligible on September 1, 2013, the date you become an official employee of the U. T. System.

[www.utssystem.edu](http://www.utssystem.edu)

In addition, certain club memberships and monthly dues, professional memberships, continuing education allowance, as well as reasonable travel expenses related to U. T. business, will be reimbursed by System Administration. The U. T. System will also make direct vendor payments or reimburse you for the actual costs of reasonable expenses related to moving your household, personal, and professional possessions, and will reimburse you for reasonable out-of-pocket expenses related to your relocation, up to one month of your salary, or \$58,333. Please contact my office before making any arrangements related to relocation or housing so that we may help facilitate the move.

I have spoken to President Giuseppe Colasurdo, and he will enthusiastically endorse your appointment as a professor on the tenure track at The University of Texas Health Science Center at Houston, without salary, and with tenure at U. T. Health Science Center Houston pending approval by the institution's Appointments and Promotion Committee and to the U. T. System Board of Regents. Upon acceptance, I will also seek a secondary appointment at The University of Texas at Austin.

Raymond S. Greenberg, M.D., Ph.D.  
July 3, 2013  
Page 2

State law allows the grant of development leave for up to one year at an academic salary rate for preparation to return to the faculty by an individual who has held an administrative position at U. T. System more than four years. The academic salary rate would be set by the institution consistent with the Texas Education Code. An administrator who receives development leave must return to the faculty at a U. T. System institution for an amount of time equal to the amount of time the administrator received development leave or repay the institution for all the costs of the development leave. The specific length of the development leave, if requested, will be negotiated dependent on your term of service as Executive Vice Chancellor, and other pertinent considerations should you leave the Executive Vice Chancellor position and return to faculty service at a U. T. System institution.

Ray, we are delighted that you will join our team and look forward to working with you as we move forward in our mission of excellence. With your background and expertise, I believe that U. T. System will continue on its path to be the premier provider of healthcare and lead the efforts of innovation and research across the nation.

To indicate your acceptance of these terms, please sign and date the enclosed copy of this letter and return it to my office. Our office will be happy to coordinate with you on a public announcement when appropriate. We are exceedingly proud that you and Leah will be joining the U. T. family! Ken and I stand ready to transition the Office of Health Affairs to you and look forward to working collaboratively as we expand the mission of the U. T. System

With greatest respect,

  
Francisco G. Cigarroa, M.D.  
Chancellor

FGC/jbp

  
Signature of acceptance

7/8/13  
Date

8. Request for Budget Change - U. T. System: Transfer \$550,000 from Interest on Designated Funds to U. T. System Administration Executive Searches Account for expenses associated with searches of executive management (RBC No. 153) -- amendment to 2012-13 budget
  
9. Transfer - U. T. System: Approval of transfer of funds between Legislative Appropriation items during the biennium beginning September 1, 2013

The Chancellor, with the concurrence of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Health Affairs, and the presidents of the U. T. System institutions, recommends that the U. T. System Board of Regents adopt the resolution that follows to provide for the most effective utilization of General Revenue Appropriations during the biennium beginning September 1, 2013.

#### RESOLUTION

Pursuant to the appropriate transfer provisions of the General Appropriations Act of the 83rd Legislature, it is hereby resolved that the State Comptroller be requested to make necessary transfers within the Legislative Appropriations (and/or Informational Items of Appropriation) from the General Revenue Fund as authorized by the Chief Financial Officer of each entity as follows:

The University of Texas at Arlington  
The University of Texas at Austin  
The University of Texas at Brownsville  
The University of Texas at Dallas  
The University of Texas at El Paso  
The University of Texas-Pan American  
The University of Texas of the Permian Basin  
The University of Texas at San Antonio  
The University of Texas at Tyler  
The University of Texas Southwestern Medical Center  
The University of Texas Medical Branch at Galveston  
The University of Texas Health Science Center at Houston  
The University of Texas Health Science Center at San Antonio  
The University of Texas M. D. Anderson Cancer Center  
The University of Texas Health Science Center at Tyler  
The University of Texas System Administration

This resolution is a standard action by the U. T. System Board of Regents at the beginning of each biennium and is pursuant to provisions of the General Appropriations Act, Article III, Section 4, enacted by the 83rd Texas Legislature.

10. Approval to exceed the Full-Time Equivalent (FTE) limitation on employees paid from appropriated funds - U. T. System: The following institutions have requested approval to exceed the FTE limitation for Fiscal Year 2014 as authorized by Article IX of the General Appropriations Act. (all other institutions will not exceed their cap.)

<u>Institution</u>	Requested 2014 FTEs over the <u>Limitation</u>	2013 FTEs over the <u>Limitation</u>
U. T. Arlington	68.00	N/A
U. T. Dallas	59.00	158.00
U. T. El Paso	50.00	90.00
U. T. Pan American	12.00	N/A
U. T. Permian Basin	7.00	N/A
U. T. San Antonio	70.00	90.00
U. T. Tyler	63.00	34.00
U. T. Southwestern Medical Center	75.00	N/A
U. T. Medical Branch - Galveston	330.00	N/A
U. T. Health Science Center - Houston	30.00	N/A
U. T. M. D. Anderson Cancer Center	599.00	1,257.70
U. T. Health Science Center - Tyler	60.54	100.00
U. T. System Administration	81.80	42.87

Also as required by Article IX, Section 6.10 of the General Appropriations Act, it is recommended that the U. T. System Board of Regents submit a request to the Governor's Office and the Legislative Budget Board to grant approval for these institutions to exceed the authorized number of FTE employees paid from appropriated funds. All other institutions will not exceed their cap.



11. Real Estate Report - U. T. System: Summary Report of Separately Invested Assets managed by U. T. System

**THE UNIVERSITY OF TEXAS SYSTEM  
SEPARATELY INVESTED ASSETS  
Managed by U. T. System  
Summary Report at May 31, 2013**

		FUND TYPE							
		Current Purpose Restricted		Endowment and Similar Funds		Annuity and Life Income Funds		TOTAL	
		Book	Market	Book	Market	Book	Market	Book	Market
<b>Land and Buildings:</b>									
Ending Value									
02/28/2013	\$	1,724,977	\$ 10,569,549	\$ 102,850,530	\$ 276,631,751	\$ 1,601,467	\$ 3,161,384	\$ 106,176,974	\$ 290,362,684
Increase or Decrease		35,513	94,579	(4,388,371)	(4,940,148)	-	-	(4,352,858)	(4,845,569)
Ending Value									
05/31/2013	\$	1,760,490	\$ 10,664,128	\$ 98,462,159	\$ 271,691,603	\$ 1,601,467	\$ 3,161,384	\$ 101,824,116	\$ 285,517,114
<b>Other Real Estate:</b>									
Ending Value									
02/28/2013	\$	32,433	\$ 32,433	\$ 19,627	\$ 19,627	-	-	\$ 52,061	\$ 52,061
Increase or Decrease		(3,023)	(3,023)	(6,081)	(6,081)	-	-	(9,103)	(9,103)
Ending Value									
05/31/2013	\$	29,410	\$ 29,410	\$ 13,547	\$ 13,547	-	-	\$ 42,957	\$ 42,957

Report prepared in accordance with Sec. 51.0032 of the *Texas Education Code*.

Details of individual assets by account furnished on request.

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

**ACADEMIC INSTITUTIONS**

12. Contract (funds coming in) - U. T. Arlington: Interagency Cooperation Contract between Texas Department of Transportation (TxDOT) and U. T. Arlington to train TxDOT employees

Agency: Texas Department of Transportation (TxDOT), an agency of the State of Texas

Funds: \$1,674,025

Period: September 1, 2013 through August 31, 2015

Description: U. T. Arlington Division of Enterprise Development will deliver heavy equipment courses at designated locations throughout the state to TxDOT employees.

13. Changes to Admission Criteria - U. T. Arlington: Changes to the admission criteria and the criteria for award of institutional scholarships or fellowships

The following 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**

***Department of English Doctoral Program***

1. Increase verbal subtest score requirement from 500 to 550 (old scoring method). As the scoring method on the GRE has changed, program includes the new score equivalent to 550, which is 156 on the new scale.
2. Eliminate GRE analytic
3. Define expected length of the writing sample (15-20 pages)

***Urban Planning and Public Policy Doctoral Program***

1. Add emphasis on “flexible use” of GRE scores in admission decisions, emphasizing that the importance of evidence of verbal or quantitative skills will vary with the applicant’s intended area of study
2. Waive GRE requirement for students with Master’s degrees who have been employed in positions where work-related responsibilities increased over time
3. Include description of University minimum standardized test requirements for demonstrating proficiency in English
4. Eliminate one path to admission where higher GPA offset lower performance on the GRE Verbal subtest

***Master’s in Accounting (M.S.), Professional Accounting (M.P.A.), Taxation (M.S.) Programs and Professional Program in Accounting Track***

*Note:* All three programs and the Professional Program in Accounting Track (a pathway to these degrees) propose to:

1. Increase GMAT total score from 500 to 550
2. Increase GMAT percentile verbal score from 30th to 40th percentile
3. Increase GMAT percentile quantitative score from 30th to 40th percentile

***Master of Science in Human Resource Management***

1. GPA change from 3.25 to 3.0
2. Increase index score for unconditional admission from 1080 to 1100
3. Increase GMAT score from 480 to 500

4. Increase GRE score from the 40th to the 50th percentile

***Public Administration Master's Program***

*Note:* An entirely new policy setting conditions in which GRE test requirements will be waived is proposed. The program intends to waive the GRE requirement if an applicant meets any of the following conditions:

- A 3.25 or higher undergraduate GPA based on the last 60 hours of coursework and at least three years professional nonprofit or public service work experience (as judged by the MPA admission committee)
- A completed graduate degree from an accredited program in a related field such as, but not exclusively, political science, economics, urban planning, social work, criminal justice, and sociology; or a 3.0 or higher GPA after 12 hours of coursework in the accredited graduate degree program
- A commensurate UTA B.A. or B.S., completed no more than three academic years prior to admission to the graduate program, with 3.0 or higher GPA in the last 60 hours of coursework. Commensurate fields include, but not exclusively, political science, economics, urban planning, social work, criminal justice, and sociology.
- An equivalent GMAT or LSAT score from an exam taken within the last two years preceding the time of application. As the GMAT and LSAT are not directly comparable to the GRE, an equivalent performance is judged by the admission committee but will usually be based on percentile rank performance.

14. Employment Agreement - U. T. Arlington: Agreement of Head Women's Basketball Coach Krista Gerlich

The following agreement has been executed, has been approved by the Executive Vice Chancellor for Academic Affairs, and is recommended for approval by the U. T. System Board of Regents. Such employment under this agreement is subject to the Constitution and Bylaws of the National Collegiate Athletic Association, any intercollegiate athletic conference of which The University of Texas at Arlington is a member, the Regents' *Rules and Regulations*, and the policies of The University of Texas at Arlington. The violation of the provisions of such constitution, bylaws, rules, regulations, or policies shall be grounds for suspension without pay or dismissal.

Item: Head Women's Basketball Coach

Funds: \$150,000 annually. If the Agreement is approved, total annual compensation plus incentives for Coach Gerlich could be in excess of \$250,000.

Period: April 15, 2013 through April 14, 2018

Description: Initial agreement for employment of Head Women’s Basketball Coach, Krista Gerlich, for the above designated period following the standard coach’s employment contract prepared by the Office of General Counsel.

Fringe

Benefits: **Summer Camps.** The University will sponsor summer women’s basketball camps for youths. For the period that Coach is the Head Women’s Basketball Coach, will be paid the net proceeds for each camp. The net proceeds are defined as revenues less expenses as determined by the University in accordance with generally accepted accounting principles. Coach shall use reasonable business judgment to determine the fair and reasonable amount to be paid to each assistant coach and others for summer camp service and such amounts will be treated as expenses. Payment to Coach will be made within 30 days after submission of complete summer camp financial records to the Athletic Director or his designee, which records must be satisfactory to the Athletic Director, and such financial records must be reconciled. In no event shall the payment be later than the end of the calendar year in which the camp ends. In the event a summer camp fails to yield net proceeds, the University maintains no obligation for payment to Coach. Coach shall not be entitled to conduct or direct summer camps that are not sponsored by the University.

Performance Incentives:

- (a) \$ 7,500 In any contract year in which the team wins the Conference Regular Season Championship
- (b) \$ 10,000 In any contract year in which the team wins the Conference Tournament Championship or gains an automatic NCAA Bid
- (c) \$ 2,500 In any contract year in which the team plays in a Conference Tournament Championship game, but does not win the Conference Tournament Championship
- (d) \$ 500 Each Conference game win in any contract year
- (e) \$ 2,500 20 win Season in any contract year
- (f) \$ 2,500 WNIT Appearance in any contract year
- (g) \$ 7,500 NCAA Appearance at Large Berth in any contract year

- (h) \$ 5,000 Post season win (NCAA OR WNIT) in any contract year
- (i) \$ 5,000 Conference Coach of the Year in any contract year
- (j) \$ 5,000 Final Season RPI of top 64 in Division 1 in any contract year
- Or Or
- (k) \$ 2,500 Final Season RPI of top 125 in Division 1 in any contract year
- (l) \$ 7,000 Team Annual NCAA APR rate score of 975 or better in any contract year
- Or Or
- (m) \$ 5,500 Team Annual NCAA APR rate score of 940 or better in any contract year
- (n) \$ 1,000 Every First Team Conference Player Recognition in any contract year
- (o) \$ 1,000 Every First Team All Academic Player Recognition in any contract year
- (p) \$ 1,000 Player of the Year in Conference in any contract year

15. New Award of Tenure and Emeritus Appointments - U. T. Arlington: Amendments to the 2013-14 budget

The following personnel actions involving new award of tenure and emeritus appointments have been administratively approved by the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the 2014 Annual Operating Budget and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

College, Department, and Name      From      To

**College of Business Administration**

Communication

Chunke Su

Assistant Professor

Associate Professor (T)

**Information Systems and Operations****Management**

Jie Zhang	Assistant Professor	Associate Professor (T)
Jingguo Wang	Assistant Professor	Associate Professor (T)

**Management**

Marcus Butts	Assistant Professor	Associate Professor (T)
Kenneth G. Wheeler	Associate Professor (T)	Emeritus Associate Professor

**Marketing**

Traci Freling	Assistant Professor	Associate Professor (T)
Zhiyong Yang	Assistant Professor	Associate Professor (T)

**College of Education and Health****Professions****Curriculum and Instruction**

Nancy L. Hadaway	Professor (T)	Emeritus Professor
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**Educational Leadership and****Policy Studies**

Casey Graham Brown	New Hire	Associate Professor (T)
Charles Funkhouser	Professor (T)	Emeritus Professor
Lewis Wasserman	Associate Professor	Associate Professor (T)

**College of Engineering****Bioengineering**

Young-Tae Kim	Assistant Professor	Associate Professor (T)
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**Computer Science and Engineering**

Chengkai Li	Assistant Professor	Associate Professor (T)
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**Electrical Engineering**

Samir Iqbal	Assistant Professor	Associate Professor (T)
Kai S. Yeung	Professor (T)	Emeritus Professor

**Mechanical and Aerospace****Engineering**

Hyejin Moon	Assistant Professor	Associate Professor (T)
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**College of Liberal Arts****Criminology and Criminal Justice**

John Rodriquez	Assistant Professor	Associate Professor (T)
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**English**

Bruce Krajewski	New Hire	Professor (T)
Amy Tigner	Assistant Professor	Associate Professor (T)

Music		
Clifton Evans	Assistant Professor	Associate Professor (T)

Political Science		
Brent Sasley	Assistant Professor	Associate Professor (T)

**College of Science**

Biology		
Jeff Demuth	Assistant Professor	Associate Professor (T)
Laura Mydlarz	Assistant Professor	Associate Professor (T)

Earth and Environmental Sciences		
Arne Winguth	Assistant Professor	Associate Professor (T)

Mathematics		
Gaik Ambartsoumian	Assistant Professor	Associate Professor (T)
Theresa Jorgensen	Assistant Professor	Associate Professor (T)

**School of Architecture**

Architecture		
Kate Holliday	Assistant Professor	Associate Professor (T)
Taner Ozdil	Assistant Professor	Associate Professor (T)

**School of Social Work**

Social Work		
Regina Aguirre	Assistant Professor	Associate Professor (T)
Donald K. Granvold	Professor (T)	Emeritus Professor
Mary J. Hunter	Professor (T)	Emeritus Professor

**School of Urban and Public Affairs**

Interdisciplinary Studies		
Donna Akers	New Hire	Associate Professor (T)

16. Lease - U. T. Austin: Authorization to amend the lease of space in Darrell K Royal - Texas Memorial Stadium to Memorial Stadium Club Management Corp. for the operation of a club and related administrative offices

Description: Amendment of the lease of approximately 32,582 square feet at Darrell K Royal - Texas Memorial Stadium, Austin, Texas, for the operation of a club and related administrative offices. Lessee also has the exclusive right to cater all suites in the stadium, and a nonexclusive right to serve events in the North End Zone Club. The parties propose to amend the lease to restructure the rents and renovate the premises.

Lessee: Memorial Stadium Club Management Corp., a Texas corporation and a subsidiary of Club Corporation of America, a Delaware corporation

Term: The current lease commenced in 1998. In accordance with an extension option in the lease, Lessee will extend the term of the lease for 10 years from January 1, 2014 through December 31, 2023.

Lessee Improvements: Total renovation costs of up to \$3 million will be funded by Lessee in 2014; cost overruns caused by Lessee shall be at Lessee's additional expense.

Lease Revenue: Lessor shall receive rents that are a percentage of various income streams to the Lessee including 17% of food and beverage gross sales on game days, 2% of food and beverage gross sales at other times, and 2% of club membership dues. Lessee will also contribute food and services valued at up to \$15,000 annually to the Neighborhood Longhorns Program. Percentage rent related to Lessee's club initiation fees will be discontinued. In recognition of the Lessee's expense to renovate the club, Lessor will provide a one-time partial rent credit of \$90,000 in 2014. Rents to Lessor net of the rent credit to Lessee are expected to total \$3,554,300 over 10 years or an average of approximately \$355,400 annually. Rents received from 2010 through 2012 have averaged approximately \$342,300 annually. Lessee is responsible for paying the costs for cleaning and of utilities serving its premises.

17. Contract (funds going out) - U. T. Austin: Varsity Contractors, Inc. to provide custodial services to various academic and administrative buildings on the main campus of U. T. Austin

Agency: Varsity Contractors, Inc.

Funds: Estimated \$4,700,000 including all renewals

Source of Funds: Designated Funds

Period: May 1, 2013 through August 31, 2014, with the option to renew for four additional one-year periods

Description: Varsity Contractors, Inc. to provide custodial services to various academic and administrative buildings located on the main campus of U. T. Austin. The vendor was selected through the Request for Proposal process.



18. Contracts (funds going out) - U. T. Austin on behalf of U. T. System Office of Telecommunications Services: Consolidated Communications Enterprise Services, Inc. to provide dark optical fiber connection for U. T. Tyler

Agency: Consolidated Communications Enterprise Services, Inc.

Funds: \$1,131,213

Source of Funds: Education and General Funds

Period: From date of completion of the dark fiber installation (estimated completion date is October 2013) and continuing for 20 years

Description: Consolidated Communications Enterprise Services, Inc. will provide dark optical fiber connection for U. T. Tyler for the new U. T. System Research Collaborative and enhance services that connect U. T. Tyler to the U. T. System backbone. Consolidated Communications Enterprise Services, Inc. was selected through the Request for Proposal process.

19. Contract (funds coming in) - U. T. Austin: Interagency cooperation contract between the Texas Higher Education Coordinating Board and U. T. Austin to provide services to maintain the Texas Common Application system for admission into college

Agency: Texas Higher Education Coordinating Board

Funds: \$2,721,022

Period: September 1, 2013 through August 31, 2017

Description: Interagency cooperation contract between U. T. Austin and the Texas Higher Education Coordinating Board. U. T. Austin will maintain ApplyTexas, the Texas Common Application system for admission into college. Since 1998, U. T. Austin has developed and maintained this statewide electronic application system [as prescribed in *Texas Education Code*, Section 51.762(g)], on behalf of the Texas Higher Education Coordinating Board and general academic teaching institutions and community colleges in Texas. U. T. Austin will provide the computer programming and data storage capabilities for applications for: undergraduate, graduate, two-year college, and international admissions, scholarships, transfers, and online admission payments using credit cards. In addition, an administrative suite of tools for university administrators and a system for high school counselors to check the status of applications filled out by students at their high schools will be provided.

20. Request for Budget Change - U. T. Austin: Transfer a total of \$1,165,278 from Institute for Public School Initiatives (IPSI) Literacy Conference operating income account to various expense subaccounts to establish a budget for the Texas Literacy Conference Account. This account will be used to record revenue and expenses associated with IPSI literacy conferences. (RBC No. 5204) -- amendments to the 2012-13 budget

<u>Description</u>	<u>\$ Amount</u>	<u>RBC #</u>
<b>Institute for Public School Initiatives (IPSI)</b>		
Amount of Transfer:	1,165,278	5204
From: Designated Funds - IPSI - Literacy Conferences - Operating Income	1,165,278	
To: Designated Funds - IPSI - Literacy Conferences - Administrative and Professional Salaries	98,264	
Fringe Benefits	22,114	
Small Vendor Contracts	86,000	
Contracted Printed Services	300,000	
Maintenance, Operation, and Equipment	87,660	
Meeting Costs	279,619	
Authorization for Professional Services Agreements	156,000	
Travel	135,621	

21. Request for Budget Change - U. T. Austin: Transfer a total of \$682,915 from Texas Performing Arts Revolving Fund Income account to Maintenance, Operation, and Equipment expense subaccount to budget excess income received over original budgeted amount for expenditure. (RBC No. 5240) -- amendment to the 2012-13 budget

<u>Description</u>	<u>\$ Amount</u>	<u>RBC #</u>
<b>Texas Performing Arts</b>		
Amount of Transfer:	682,915	5240
From: Designated Funds TPA - Texas Performing Arts Revolving Fund Income	682,915	
To: Designated Funds TPA - Texas Performing Arts Maintenance, Operation, and Equipment	682,915	

22. Request for Budget Change - U. T. Austin: Transfer a total of \$600,000 from U. T. System South Texas Replication Project operating income account to U. T. System South Texas Replication Project Pan Am and U. T. System South Texas Replication Project Brownsville subaccounts to budget anticipated income from pending invoice to U. T. System (RBC No. 5244) -- amendment to the 2012-13 budget

The pending invoice is based on a contract to support UTeach Replication at U. T. Pan American and U. T. Brownsville. UTeach is an innovative and successful secondary teacher preparation program at U. T. Austin for students majoring in science, mathematics, and computer science. The UTeach Institute partners with other universities to replicate the UTeach program model.

<u>Description</u>	<u>\$ Amount</u>	<u>RBC #</u>
<b>U. T. System South Texas Replication Project</b>		
Amount of Transfer:	600,000	5244
From: Designated Funds UTI - U. T. System South Texas Replication Project Operating Income	600,000	
To: Designated Funds UTI - U. T. System South Texas Replication Project Pan Am	300,000	
Brownsville	300,000	

23. Employment Agreement - U. T. Austin: Amendment of nonguaranteed compensation to Agreement of Head Women's Softball Coach Connie S. Clark

The following Amendment No. 5 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 Amendment No. 5 is approved, total annual compensation for Coach Clark may be in excess of \$250,000. Such employment under the Agreement, as amended by Amendments No. 1 through 4, 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. The violation of the provisions of such Constitution, bylaws, rules, regulations, or policies shall be grounds for suspension without pay or dismissal (Regents' *Rules and Regulations*, Rule 10501, Section 2.2.12 - Athletic Employment Agreements).

Item: Head Women's Softball Coach Agreement

From: **Guaranteed compensation:**

Annual Salary:

FY 2012-13: \$175,000 annually

FY 2013-14: \$177,500 annually

FY 2014-15: \$183,000 annually

Automobile: \$7,500 annually, currently within Annual Salary

Product Endorsement:

FY 2012-13: \$12,500 annually

FY 2013-14: \$12,500 annually

FY 2014-15: \$12,500 annually

**Nonguaranteed compensation:**

Summer Camps: TBD after camps are completed

Team Performance Incentives: maximum \$60,000 annually

Team Academic Performance Incentives: maximum \$10,000 annually

To: **Guaranteed compensation (remains the same):**

Annual Salary:

FY 2012-13: \$175,000 annually

FY 2013-14: \$177,500 annually

FY 2014-15: \$183,000 annually

Automobile: \$7,500 annually, currently within Annual Salary

Product Endorsement:

FY 2012-13: \$12,500 annually

FY 2013-14: \$12,500 annually

FY 2014-15: \$12,500 annually

**Nonguaranteed compensation:**

Sports Camps and Clinics: TBD after camps are completed

Team Performance Incentives: maximum \$60,000 annually

Team Academic Performance Incentives: maximum \$10,000 annually

Equipment Agreement Performance Incentives: TBD

Honorary Coach Appointment (that is, to serve as head or assistant

coach for an amateur softball team to compete nationally or

internationally): TBD, subject to approval by Athletic Director and

University President

Source of Funds: Intercollegiate Athletics

Guaranteed  
Compensation  
Percent Change: No change

Nonguaranteed  
Compensation  
Change: Replaced the term "Summer Camps" with "Sports Camps and Clinics" and added "Equipment Agreement Performance Incentives" and "Honorary Coach Appointment" clauses

Description: Amendment No. 5 to the Agreement for employment of Head Women's Softball Coach Connie S. Clark

Period: Upon execution through August 31, 2015

24. Employment Agreement - U. T. Austin: Amended and restated Head Coach Agreement for Head Women's Volleyball Coach Jerritt K. Elliott

The following Head Coach 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 annual compensation for Coach Elliott will be in excess of \$250,000. 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. The violation of the provisions of such Constitution, bylaws, rules, regulations, or policies shall be grounds for suspension without pay or dismissal (Regents' *Rules and Regulations*, Rule 10501, Section 2.2.12 - Athletic Employment Agreements).

Item: Head Women's Volleyball Coach Agreement

From: **Guaranteed compensation:**

Annual Salary:

FY 2013-14: \$165,000 annually

FY 2014-15: \$175,000 annually

FY 2015-16: \$187,000 annually

Automobile: option of one dealer car or \$7,500 annually

Product Endorsement

FY 2013-14: \$20,000 annually

FY 2014-15: \$20,000 annually

FY 2015-16: \$20,000 annually

**Nonguaranteed compensation:**

Summer Camps: TBD after camps are completed  
Team Performance Incentives: maximum \$77,000 annually  
Team Academic Performance Incentives: maximum \$10,000 annually

To: **Guaranteed compensation:**

Annual Salary:  
FY 2013-14: \$215,000 annually  
FY 2014-15: \$220,000 annually  
FY 2015-16: \$225,000 annually  
FY 2016-17: \$225,000 annually  
FY 2017-18: \$230,000 annually

Retention Supplement:  
FY 2013-14: \$10,000 annually  
FY 2014-15: \$15,000 annually  
FY 2015-16: \$15,000 annually  
FY 2016-17: \$15,000 annually  
FY 2017-18: \$20,000 annually

Automobile: option of one dealer car or \$7,500 annually

Product Endorsement  
FY 2013-14: \$55,000 annually  
FY 2014-15: \$55,000 annually  
FY 2015-16: \$60,000 annually  
FY 2016-17: \$60,000 annually  
FY 2017-18: \$60,000 annually

**Nonguaranteed compensation:**

Sports Camps and Clinics: TBD after camps are completed  
Team Performance Incentives: maximum \$92,000 annually  
Team Academic Performance Incentives: maximum \$20,000 annually  
Social Club Membership: TBD, subject to approval by Athletic Director  
Honorary Coach Appointment (that is, to serve as head or assistant coach for an amateur volleyball team to compete nationally or internationally): TBD, subject to approval by Athletic Director and University President

Source of Funds: Intercollegiate Athletics

Guaranteed  
Compensation

Percent Change: Annual Salary  
FY 2013-14: 30% from current contract amount

FY 2014-15: 2% from FY 2013-14  
FY 2015-16: 2% from FY 2014-15  
FY 2016-17: 0% from FY 2015-16  
FY 2017-18: 2% from FY 2016-17

**Retention Supplement**

FY 2013-14: (new category)  
FY 2014-15: 50% from FY 2013-14  
FY 2015-16: 0% from FY 2014-15  
FY 2016-17: 0% from FY 2015-16  
FY 2017-18: 33% from FY 2016-17

**Product Endorsement**

FY 2013-14: 175% from current contract amount  
FY 2014-15: 0% from FY 2013-14  
FY 2015-16: 9% from FY 2014-15  
FY 2016-17: 0% from FY 2015-16  
FY 2017-18: 0% from FY 2016-17

**Nonguaranteed  
Compensation**

**Change:**

Replaced the term "Summer Camps" with "Sports Camps and Clinics," added "Social Club Membership" and "Honorary Coach Appointment" clauses, and modified "Team Performance Incentives," and "Team Academic Performance Incentives" as shown below:

**Team Performance Incentives**

FY 2013-14: 19% from current contract amount  
FY 2014-15: 0% from FY 2013-14  
FY 2015-16: 0% from FY 2014-15  
FY 2016-17: 0% from FY 2015-16  
FY 2017-18: 0% from FY 2016-17

**Team Academic Performance Incentives**

FY 2013-14: 100% from current contract amount  
FY 2014-15: 0% from FY 2013-14  
FY 2015-16: 0% from FY 2014-15  
FY 2016-17: 0% from FY 2015-16  
FY 2017-18: 0% from FY 2016-17

**Description:**

Head Coach Agreement for employment of Head Women's Volleyball Coach Jerritt K. Elliott

**Period:**

September 1, 2013 through August 31, 2018

25. Employment Agreement - U. T. Austin: Amendment of nonguaranteed compensation to Agreement of Head Men's Swimming and Diving Coach Edwin C. Reese

The following Amendment No. 6 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 Amendment No. 6 is approved, total annual compensation for Coach Reese may be in excess of \$250,000. Such employment under the Agreement, as amended by Amendments No. 1 through 5, 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. The violation of the provisions of such Constitution, bylaws, rules, regulations, or policies shall be grounds for suspension without pay or dismissal (Regents' *Rules and Regulations*, Rule 10501, Section 2.2.12 - Athletic Employment Agreements).

Item: Head Men's Swimming and Diving Coach Agreement

From: **Guaranteed compensation:**

Annual Salary:

FY 2012-13: \$166,104 annually  
FY 2013-14: \$166,104 annually  
FY 2014-15: \$166,104 annually  
FY 2015-16: \$166,104 annually

Salary Supplement:

FY 2012-13: \$15,000 annually  
FY 2013-14: \$15,000 annually  
FY 2014-15: \$15,000 annually  
FY 2015-16: \$15,000 annually

Automobile: one dealer car

Product Endorsement:

FY 2012-13: \$2,000 annually  
FY 2013-14: \$2,000 annually  
FY 2014-15: \$2,000 annually  
FY 2015-16: \$2,000 annually

**Nonguaranteed compensation:**

Team Performance Incentives: maximum \$42,000 annually  
Team Academic Performance Incentives: maximum \$10,000 annually

To: **Guaranteed compensation (remains the same):**

Annual Salary:

FY 2012-13: \$166,104 annually  
FY 2013-14: \$166,104 annually



FY 2014-15: \$166,104 annually  
FY 2015-16: \$166,104 annually

**Salary Supplement:**

FY 2012-13: \$15,000 annually  
FY 2013-14: \$15,000 annually  
FY 2014-15: \$15,000 annually  
FY 2015-16: \$15,000 annually

Automobile: one dealer car

**Product Endorsement:**

FY 2012-13: \$2,000 annually  
FY 2013-14: \$2,000 annually  
FY 2014-15: \$2,000 annually  
FY 2015-16: \$2,000 annually

**Nonguaranteed compensation:**

Sports Camps and Clinics: TBD after camps are completed  
Team Performance Incentives: maximum \$42,000 annually  
Team Academic Performance Incentives: maximum \$10,000 annually  
Honorary Coach Appointment (that is, to serve as head or assistant coach for an amateur swimming and diving team to compete nationally or internationally): TBD, subject to approval by Athletic Director and University President

Source of Funds: Intercollegiate Athletics

Guaranteed  
Compensation

Percent Change: No change

Nonguaranteed  
Compensation

Change: Added "Sports Camps and Clinics" and "Honorary Coach Appointment" clauses

Description: Amendment No. 6 to the Agreement for employment of Head Men's Swimming and Diving Coach Edwin C. Reese

Period: Upon execution through August 31, 2016

26. Employment Agreement - U. T. Austin: Head Coach Agreement for Men’s and Women’s Track and Field/Cross Country Coach Phillip Mario Sategna

The following Head Coach 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 annual compensation for Coach Sategna may be in excess of \$250,000. 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. The violation of the provisions of such Constitution, bylaws, rules, regulations, or policies shall be grounds for suspension without pay or dismissal. (Regents’ *Rules and Regulations*, Rule 10501, Section 2.2.12 - Athletic Employment Agreements)

Item: Head Track and Field/Cross Country Coach Agreement

Proposed: **Guaranteed compensation:**

Annual Salary:

- FY 2012-13: \$223,000 (prorated for June 20 - August 31, 2013)
- FY 2013-14: \$223,000 annually
- FY 2014-15: \$223,000 annually
- FY 2015-16: \$223,000 annually
- FY 2016-17: \$223,000 annually
- FY 2017-18: \$223,000 annually

Automobile: option of one dealer car or \$7,500 annually

Product Endorsement

- FY 2013-14: \$2,000 annually
- FY 2014-15: \$2,000 annually
- FY 2015-16: \$2,000 annually
- FY 2016-17: \$2,000 annually
- FY 2017-18: \$2,000 annually

**Nonguaranteed compensation:**

- Sports Camps and Clinics: TBD after camps are completed
- Team Performance Incentives: maximum \$52,000 annually
- Team Academic Performance Incentives: maximum \$20,000 annually
- Social Club Membership: TBD, subject to approval by Athletic Director
- Honorary Coach Appointment (that is, to serve as head or assistant coach for an amateur track and field/cross country team to compete nationally or internationally): TBD, subject to approval by Athletic Director and University President

Source of Funds: Intercollegiate Athletics

Description: Head Coach Agreement for employment of Head Track and Field/Cross Country Coach Phillip Mario Sategna

Period: June 20, 2013 through August 31, 2018

27. Sale of Surplus Property - U. T. Austin: Authorization to sell a magnetic resonance imaging system

The following sale of surplus property has been administratively approved by the Executive Vice Chancellor for Academic Affairs. A sale in the amount of \$100,000 or more requires approval through the Consent Agenda by the U. T. System Board of Regents to comply with Regents' *Rules and Regulations*, Rule 80201.

Item to be Sold: General Electric Signa EXCITE 3.0T Magnetic Resonance Imaging System presently in operation at U. T. Austin's Imaging Research Center (IRC) on the West Pickle Research Campus in the Imaging Research Center building

Amount: Between \$250,000 and \$400,000

Purchaser: Not yet determined

Explanation: The General Electric Signa EXCITE 3.0T Magnetic Resonance Imaging System was installed in the Imaging Research Center in 2005. The technology of MRI systems has changed significantly in the past decade and the GE MRI System proposed for sale is no longer adequate for current research at the University. A new MRI has been installed in the new IRC labs in the Norman Hackerman Building. Operation of the GE MRI System requires a service contract with General Electric Medical Systems and significant institutional support. Offers from other University of Texas System institutions were solicited, but there was no interest in acquiring this MRI.

Method of Sale: Competitive bidding process

Authorization: U. T. Austin is requesting that the Board authorize the Vice President and Chief Financial Officer to conduct the bidding process and consummate the sale of the General Electric Signa EXCITE 3.0T Magnetic Resonance Imaging System.

28. New Award of Tenure and Emeritus Appointments - U. T. Austin: Amendments to the 2013-14 budget

The following personnel actions involving new award of tenure and emeritus appointments have been administratively approved by the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the 2014 Annual Operating Budget and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>School of Architecture</b>		
Architecture		
Allan W. Shearer	Assistant Professor	Associate Professor (T)
<b>McCombs School of Business</b>		
Accounting		
Urton L. Anderson	Professor (T)	Professor Emeritus
John M. McInnis	Assistant Professor	Associate Professor (T)
Robert G. May	Professor (T)	Professor Emeritus
Management		
Francisco Polidoro, Jr.	Assistant Professor	Associate Professor (T)
Marketing		
Ying Zhang	Assistant Professor	Associate Professor (T)
<b>College of Communication</b>		
Communication Sciences and Disorders		
Courtney T. Byrd	Assistant Professor	Associate Professor (T)
Chang Liu	Assistant Professor	Associate Professor (T)
Li Sheng	Assistant Professor	Associate Professor (T)
Communication Studies		
Keri K. Stephens	Assistant Professor	Associate Professor (T)
Journalism		
Hsiang (Iris) Chyi	Assistant Professor	Associate Professor (T)
Homero Gil de Zuniga	Assistant Professor	Associate Professor (T)

Radio-Television-Film

Mary C. Beltran	Assistant Professor	Associate Professor (T)
Kathryn Fuller	New Hire	Professor (T)
Alisa H. Perren	New Hire	Associate Professor (T)

**College of Education**

Curriculum and Instruction

Catherine Riegler-Crumb	Assistant Professor	Associate Professor (T)
Allison Skerrett	Assistant Professor	Associate Professor (T)
Melissa R. Wetzel	Assistant Professor	Associate Professor (T)

Educational Administration

Victor B. Saenz	Assistant Professor	Associate Professor (T)
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Educational Psychology

Stephanie W. Cawthon	Assistant Professor	Associate Professor (T)
Tiffany A. Whittaker	Assistant Professor	Associate Professor (T)

Special Education

Marcia Barnes	New Hire	Professor (T)
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**College of Engineering**

Chemical Engineering

Jennifer A. Maynard	Assistant Professor	Associate Professor (T)
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Electrical and Computer Engineering

Andrea Alu	Assistant Professor	Associate Professor (T)
Alexis Kwasinski	Assistant Professor	Associate Professor (T)
Haris Vikalo	Assistant Professor	Associate Professor (T)

Mechanical Engineering

Dragan Djurdjanovic	Assistant Professor	Associate Professor (T)
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Petroleum and Geosystems Engineering

Matthew T. Balhoff	Assistant Professor	Associate Professor (T)
David DiCarlo	Assistant Professor	Associate Professor (T)

**College of Fine Arts**

Art and Art History

Edward Chambers	Assistant Professor	Associate Professor (T)
Thelma R. Coles	Professor (T)	Professor Emeritus
Mark K. Goodman	Professor (T)	Professor Emeritus
Kenneth J. Hale	Professor (T)	Professor Emeritus
Lawrence D. McFarland	Professor (T)	Professor Emeritus
Susan D. Whyne	Associate Professor (T)	Associate Professor Emeritus

**Music**

Sonia T. Seeman	Assistant Professor	Associate Professor (T)
Yevgeniy Sharlat	Assistant Professor	Associate Professor (T)
Daxun Zhang	Assistant Professor	Associate Professor (T)

**Theatre and Dance**

Lee E. Abraham	Associate Professor (T)	Associate Professor Emeritus
Laura G. Gutierrez	New Hire	Associate Professor (T)
Coleman A. Jennings	Professor (T)	Professor Emeritus
Amarante L. Lucero	Professor (T)	Professor Emeritus
Yacov Sharir	Professor (T)	Professor Emeritus
Susan L. Zeder	Professor (T)	Professor Emeritus

**School of Geosciences**

**Geological Sciences**

Ginny A. Catania	Assistant Professor	Associate Professor (T)
Jung-Fu Lin	Assistant Professor	Associate Professor (T)
Leon E. Long	Professor (T)	Professor Emeritus
James T. Sprinkle	Professor (T)	Professor Emeritus

**School of Information**

**Information**

Diane E. Bailey	Assistant Professor	Associate Professor (T)
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**School of Law**

**Law**

Justin Driver	Assistant Professor	Professor (T)
Jennifer E. Laurin	Assistant Professor	Professor (T)
Angela K. Littwin	Assistant Professor	Professor (T)
Sean H. Williams	Assistant Professor	Professor (T)

**College of Liberal Arts**

**Anthropology**

Kimberly M. Tallbear	New Hire	Associate Professor (T)
Anthony K. Webster	New Hire	Associate Professor (T)

**Asian Studies**

Donald R. Davis, Jr.	New Hire	Associate Professor (T)
J. Patrick Olivelle	Professor (T)	Professor Emeritus

**English**

Lars Hinrichs	Assistant Professor	Associate Professor (T)
Lisa Olstein	New Hire	Associate Professor (T)
Matthew T. Richardson	Assistant Professor	Associate Professor (T)

**Geography and Environment**

Jennifer A. Miller	Assistant Professor	Associate Professor (T)
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Germanic Studies Marc Pierce	Assistant Professor	Associate Professor (T)
Government Stephen A. Jessee Christopher Wlezien	Assistant Professor New Hire	Associate Professor (T) Professor (T)
History Indrani Chatterjee Sumit Guha	New Hire New Hire	Professor (T) Professor (T)
Linguistics John T. Beavers	Assistant Professor	Associate Professor (T)
Psychology Juan M. Dominguez Alison R. Preston	Assistant Professor Assistant Professor	Associate Professor (T) Associate Professor (T)
<b>College of Natural Sciences</b>		
School of Biological Sciences - Integrative Biology		
Franklin H. Bronson	Professor (T)	Professor Emeritus
Nancy A. Moran	New Hire	Professor (T)
Howard Ochman	New Hire	Professor (T)
Mary Ann Rankin	Professor (T)	Professor Emeritus
School of Biological Sciences - Molecular Cell and Developmental Biology		
Sibum Sung	Assistant Professor	Associate Professor (T)
Computer Science Brent R. Waters	Assistant Professor	Associate Professor (T)
School of Human Ecology - Nutritional Sciences		
Molly S. Bray	New Hire	Professor (T)
Mathematics Thomas Chen Stephen G. Walker	Assistant Professor New Hire	Associate Professor (T) Professor (T)
Physics Gregory A. Fiete Xiaoqin (Elaine) Li	Assistant Professor Assistant Professor	Associate Professor (T) Associate Professor (T)
<b>School of Nursing</b>		
Nursing Miyong Kim	New Hire	Professor (T)

**College of Pharmacy**

Pharmacy		
James W. McGinity	Professor (T)	Professor Emeritus

**LBJ School of Public Affairs**

Public Affairs		
Joshua W. Busby	Assistant Professor	Associate Professor (T)
William Inboden	Assistant Professor	Associate Professor (T)

**School of Social Work**

Social Work		
Esther Calzada	New Hire	Associate Professor (T)

29. New Award of Tenure Appointments - U. T. Brownsville: Amendments to the 2013-14 budget

The following personnel actions involving new award of tenure appointments have been administratively approved by the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the 2014 Annual Operating Budget and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
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**College of Biomedical Sciences and Health Professions**

Biomedicine		
Alexander Kazansky	Associate Professor	Associate Professor (T)

**College of Education**

Health and Human Performance		
Christopher Ledingham	Assistant Professor	Associate Professor (T)

Teaching, Learning and Innovation		
Maria Elena Valdes-Corbeil	Assistant Professor	Associate Professor (T)

**College of Liberal Arts**

Music		
Jonathan Guist	Assistant Professor	Associate Professor (T)

Government		
Guadalupe Correa-Cabrera	Assistant Professor	Associate Professor (T)

**College of Science, Mathematics, and Technology**

Physics and Astronomy		
Teviet Creighton	Assistant Professor	Associate Professor (T)



Chemistry and Environmental Sciences  
 Henry Justin Moore                      Assistant Professor                      Associate Professor (T)

Computer and Information Sciences  
 Liyu Zhang                                      Assistant Professor                      Associate Professor (T)

**School of Business**

Management and Marketing  
 Kevin Cruthirds                              Assistant Professor                      Associate Professor (T)  
 Jennie Johnson                              Assistant Professor                      Associate Professor (T)

Accounting and Management  
 Information Systems  
 Anil Singh                                      Assistant Professor                      Associate Professor (T)

30. Emeritus Appointment - U. T. Brownsville: Appointment of Yvonne Freeman from Professor in the Department of Language, Literacy, and Intercultural Studies to Professor Emeritus (RBC No. 5280) -- amendment to the 2012-2013 budget

31. Emeritus Appointment - U. T. Brownsville: Appointment of David Freeman from Professor in the Department of Language, Literacy, and Intercultural Studies to Professor Emeritus (RBC No.5281) -- Amendment to the 2012-2013 budget

32. Tenure Appointment - U. T. Dallas: Amendment to the 2012-13 budget

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

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
<b>Erik Jonsson School of Engineering and Computer Science</b>					
Mechanical Engineering					
Associate Professor					
Stefano Leonardi (T)	7/1-5/31	100	09	118,000	5326

33. New Award of Tenure Appointments - U. T. Dallas: Amendments to the 2013-14 budget

The following personnel actions involving new award of tenure appointments have been administratively approved by the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the 2014 Annual Operating Budget and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>School of Arts and Humanities</b>		
Arts and Technology		
Monica Evans	Assistant Professor	Associate Professor (T)
Todd Fechter	Assistant Professor	Associate Professor (T)
David Parry	Assistant Professor	Associate Professor (T)
History		
Peter Park	Assistant Professor	Associate Professor (T)
Monica Rankin	Assistant Professor	Associate Professor (T)
Emerging Media and Communications		
David Parry	Assistant Professor	Associate Professor (T)
<b>School of Behavioral and Brain Sciences</b>		
Neuroscience		
Francesca Filbey	Assistant Professor	Associate Professor (T)
Cognitive - Neuroscience		
Christa McIntyre Rodriquez	Assistant Professor	Associate Professor (T)
<b>Erik Jonsson School of Engineering and Computer Science</b>		
Electrical Engineering		
Roozbeh Jafari	Assistant Professor	Associate Professor (T)
<b>School of Economic, Political and Policy Sciences</b>		
Economics		
Xin (Sherry) Li	Assistant Professor	Associate Professor (T)
Political Science		
Clint Peinhardt	Assistant Professor	Associate Professor (T)

**Naveen Jindal School of Management**

Accounting

Zhonglan Dai	Assistant Professor	Associate Professor (T)
Yibin Zhou	Assistant Professor	Associate Professor (T)

Finance

Valery Polkovnichenko	Assistant Professor	Associate Professor (T)
Aljandro Zentner	Assistant Professor	Associate Professor (T)

Marketing

Ying Xie	Associate Professor	Associate Professor (T)
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Management Information Systems

Xianjun Geng	Assistant Professor	Associate Professor (T)
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**School of Natural Sciences and Mathematics**

Chemistry

Mihaela Stefan	Assistant Professor	Associate Professor (T)
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Physics

Chuanwei Zhang	Associate Professor	Associate Professor (T)
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34. Tenure Appointments - U. T. El Paso: Amendments to the 2012-13 budget

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

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
<b>College of Business Administration</b>					
Accounting					
Professor and Paul L. Foster and Alejandra De La Vega Foster Distinguished Chair in International Business					
David B. Farber (T)	6/1	100	09	180,000	5250

**College of Liberal Arts**

Public Administration

Professor and Director of the  
Master of Public Administration  
Program

Bradley S. Chilton (T)                      5/16              100              09              95,000              5251

35. New Award of Tenure Appointments - U. T. El Paso: Amendments to the 2013-14 budget

The following personnel actions involving new award of tenure appointments have been administratively approved by the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the 2014 Annual Operating Budget and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
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**College of Business Administration**

Economics and Finance

Nathan Ashby

Assistant Professor

Associate Professor (T)

**College of Education**

Teacher Education

Alberto Esquinca

Assistant Professor

Associate Professor (T)

**College of Engineering**Computer Science and Electrical  
and Computer Engineering

Jeanine Cook

New Hire

Professor (T)

Industrial, Manufacturing and  
Systems Engineering

Jose Espiritu Nolasco

Assistant Professor

Associate Professor (T)

Heidi Taboada-Jimenez

Assistant Professor

Associate Professor (T)

Mechanical Engineering

Chintalapalle Ramana

Assistant Professor

Associate Professor (T)

**College of Health Sciences**

Rehabilitation Sciences

Chih-Chin Chou

New Hire

Associate Professor (T)

**College of Liberal Arts**

Creative Writing

José de Piérola

Assistant Professor

Associate Professor (T)

Criminal Justice

Leanne F. Alarid

New Hire

Associate Professor (T)

Egbert Zavala

New Hire

Associate Professor (T)

English		
Isabel Baca	Assistant Professor	Associate Professor (T)
Robert Gunn	Assistant Professor	Associate Professor (T)
Maryse Jayasuriya	Assistant Professor	Associate Professor (T)
Jonna Perrillo	Assistant Professor	Associate Professor (T)
Marion Rohrleitner	Assistant Professor	Associate Professor (T)

History		
Keith Ereksun	Assistant Professor	Associate Professor (T)
Joshua Fan	Assistant Professor	Associate Professor (T)

Music		
Lorenzo Candelaria	New Hire	Professor (T)

Philosophy		
Marc Moffett	New Hire	Associate Professor (T)

**College of Science**

Biological Sciences		
Eli Greenbaum	Assistant Professor	Associate Professor (T)
Manuel Miranda-Arango	Assistant Professor	Associate Professor (T)
Germán Rosas-Acosta	Assistant Professor	Associate Professor (T)

Geological Sciences		
Jasper Konter	Assistant Professor	Associate Professor (T)

36. New Award of Tenure and Emeritus Appointments - U. T. Pan American: Amendments to the 2013-14 budget

The following personnel actions involving new award of tenure and emeritus appointments have been administratively approved by the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the 2014 Annual Operating Budget and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
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**College of Arts and Humanities**

Art		
Robert Bradley	Assistant Professor	Associate Professor (T)
Marcus Farris	Assistant Professor	Associate Professor (T)
Donald Lyles	Assistant Professor	Associate Professor (T)
Elena Macias	Assistant Professor	Associate Professor (T)

Communication		
David Carren	Associate Professor	Associate Professor (T)
Jennifer Lemanski	Assistant Professor	Associate Professor (T)
Jack Stanley	Professor (T)	Emeritus Professor
English		
William Broz	Assistant Professor	Associate Professor (T)
Philip Zwerling	Assistant Professor	Associate Professor (T)
History and Philosophy		
Tamer Balci	Assistant Professor	Associate Professor (T)
Irving Levinson	Assistant Professor	Associate Professor (T)
Charles Waite	Assistant Professor	Associate Professor (T)
<b>College of Education</b>		
Educational Leadership		
Rosalinda Hernandez	Assistant Professor	Associate Professor (T)
Shirley Mills	Assistant Professor	Associate Professor (T)
Curriculum and Instruction		
Zulmaris Diaz	Assistant Professor	Associate Professor (T)
John W. McBride	Professor (T)	Emeritus Professor
Luz Murillo	Assistant Professor	Associate Professor (T)
Michael Whitacre	Assistant Professor	Associate Professor (T)
Health and Kinesiology		
Robert Guinn	Professor (T)	Emeritus Professor
Jung-il Oh	Assistant Professor	Associate Professor (T)
Lin Wang	Assistant Professor	Associate Professor (T)
<b>College of Engineering and Computer Science</b>		
Computer Science		
Robert Schweller	Assistant Professor	Associate Professor (T)
Mechanical Engineering		
Dorina Mihut	Assistant Professor	Associate Professor (T)
<b>College of Business</b>		
<b>Administration</b>		
Computer Information Systems		
Vishal Midha	Assistant Professor	Associate Professor (T)
Marketing		
Mohammadali Zolfagharian	Assistant Professor	Associate Professor (T)

**College of Science and Mathematics**

Chemistry Kenneth Smith	Assistant Professor	Associate Professor (T)
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**College of Social and Behavioral Sciences**

Political Science Xi Chen	Assistant Professor	Associate Professor (T)
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Psychology Michiyo Hirai	Assistant Professor	Associate Professor (T)
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Public Affairs and Security Studies Aziza Zemrani	Assistant Professor	Associate Professor (T)
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Sociology and Anthropology Margaret Dorsey	Assistant Professor	Associate Professor (T)
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37. New Award of Tenure Appointments - U. T. Permian Basin: New award of tenure appointments -- amendment to the 2013-14 budget

The following personnel actions involving new award of tenure appointments have been administratively approved by the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the 2014 Annual Operating Budget and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
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**School of Business and Engineering**

Finance Shuming Bai	Assistant Professor	Associate Professor (T)
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Mechanical Engineering Ramiro Bravo	Associate Professor	Associate Professor (T)
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**College of Arts and Science**

Mathematics Chris Hiatt	Assistant Professor	Associate Professor (T)
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Criminal Justice Anthony Hoskin	Assistant Professor	Associate Professor (T)
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38. Contract (funds going out) - U. T. San Antonio: Apex Systems, Inc. dba Virginia Apex Systems, Inc. to provide on-call professional temporary technical and consulting services and related services during the implementation of Oracle/PeopleSoft 9.1

Agency: Apex Systems, Inc. dba Virginia Apex Systems, Inc.

Source of Funds: Designated Tuition

Funds: Possible service fees of more than \$1,000,000 for the initial term and the two optional one-year renewal terms (cumulative)

Period: Initial 12-month term beginning March 8, 2013, with two additional 12-month renewal options

Description: On-call PeopleSoft professional temporary technical and consulting services related to the UTShare/PeopleSoft project at U. T. San Antonio

39. Contract (funds going out) - U. T. San Antonio: The Evolvers Group L.P. to provide on-call professional temporary technical and consulting services and related services during the implementation of Oracle/PeopleSoft 9.1

Agency: The Evolvers Group L.P.

Source of Funds: Designated Tuition

Funds: Possible service fees of more than \$1,000,000 for the initial term and the two optional one-year renewal terms (cumulative)

Period: Initial 12-month term beginning March 8, 2013, with two additional 12-month renewal options

Description: On-call PeopleSoft professional temporary technical and consulting services related to the UTShare/PeopleSoft project at U. T. San Antonio



40. Contract (funds going out) U. T. San Antonio: Neos Consulting Group, LLC to provide on-call professional temporary technical and consulting services and related services during the implementation of Oracle/PeopleSoft 9.1

Agency: Neos Consulting Group, LLC

Source of Funds: Designated Tuition

Funds: Possible service fees of more than \$1,000,000 for the initial term and the two optional one-year renewal terms (cumulative)

Period: Initial 12-month term beginning March 8, 2013, with two additional 12-month renewal options

Description: On-call PeopleSoft professional temporary technical and consulting services related to the UTShare/PeopleSoft project at U. T. San Antonio

41. Contract (funds going out) U. T. San Antonio: Peak Performance Technologies, Inc. to provide on-call professional temporary technical and consulting services and related services during the implementation of Oracle/PeopleSoft 9.1

Agency: Peak Performance Technologies, Inc.

Source of Funds: Designated Tuition

Funds: Possible service fees of more than \$1,000,000 for the initial term and the two optional one-year renewal terms (cumulative)

Period: Initial 12-month term beginning March 8, 2013, with two additional 12-month renewal options

Description: On-call PeopleSoft professional temporary technical and consulting services related to the UTShare/PeopleSoft project at U. T. San Antonio

42. Contract (funds going out) U. T. San Antonio: Precision Task Group, Inc. to provide on-call professional temporary technical and consulting services and related services during the implementation of Oracle/PeopleSoft 9.1

Agency: Precision Task Group, Inc.

Source of Funds: Designated Tuition

Funds: Possible service fees of more than \$1,000,000 for the initial term and the two optional one-year renewal terms (cumulative)

Period: An initial 12-month term beginning March 8, 2013, with two additional 12-month renewal options

Description: On-call PeopleSoft professional temporary technical and consulting services related to the UTShare/PeopleSoft project at U. T. San Antonio

43. New Hires with Tenure - U. T. San Antonio: Amendments to the 2012-13 budget

The following personnel actions involving new hires with tenure appointments have been administratively approved by the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the 2013 Annual Operating Budget and are consistent with the Regent's *Rules and Regulations*, Rule 31007.

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
<b>College of Business</b>					
Department of Management					
Professor and Dean					
Wm. Gerard Sanders (T)	6/1-8/31	100	12	335,000	5264
<b>College of Education and Human Development</b>					
Department of Interdisciplinary Learning and Teaching					
Associate Professor					
Richard Boon (T)	8/19-5/31	100	09	65,000	4988
John Sutterby (T)	8/19-5/31	100	09	67,000	5263
<b>College of Public Policy</b>					
Department Demography					
Professor					
Rene Zenteno (T)	7/17-5/31	100	09	135,000	5265
<b>College of Sciences</b>					
Department of Physics and Astronomy					
Professor					
Robert Whetten (T)	8/19-5/31	100	09	170,000	5266

- 44. Request for Budget Change - U. T. San Antonio: Transfer \$2,900,000 from Campus Reserves fund to the North Thermal Energy Plant Steam-driven chiller replacement, April 2012 fund to provide funding to remove Chiller #2, a 38-year old, deteriorating, steam-driven chiller from the North Thermal Energy Plant and replace it with a new energy efficient electric-driven chiller (RBC No. 5209) -- amendment to 2012-13 budget
  
- 45. Request for Budget Change - U. T. San Antonio: Transfer \$1,550,000 from the Texas Higher Education Coordinating Board to Voekler TRIP Matching; Zachry Mechanical Engineering Department Chair; Quincy Lee Professorship Endowment for Excellence in Real Estate Finance and Development Education; Nancy and Buck Kudla Endowed Fellowship in Information Assurance and Security; Bone Bank Allografts and Joe Mims Research Fellowship Endowment; and Robert A. Welch Distinguished University Chair to record Texas Research Incentive Program (TRIP) funding received in FY2013 (RBC No. 5303 and 5304) -- amendment to 2012-13 budget
  
- 46. New Award of Tenure and Emeritus Appointments - U. T. San Antonio: Amendments to the 2013-14 budget

The following personnel actions involving new award of tenure and emeritus appointments have been administratively approved by the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the 2014 Annual Operating Budget and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>College of Business</b>		
Accounting Dennis Lopez	Assistant Professor	Associate Professor (T)
Economics Long Liu Edgar Ghossoub	Assistant Professor Assistant Professor	Associate Professor (T) Associate Professor (T)
Finance Natasha Burns	Assistant Professor	Associate Professor (T)
Management Michael McDonald Pepe Chang	Associate Professor Assistant Professor	Associate Professor (T) Associate Professor (T)
<b>College of Education and Human Development</b>		
Educational Leadership and Policy Studies Abraham DeLeon	Assistant Professor	Associate Professor (T)

Interdisciplinary Learning and Teaching		
Barbara Gonzalez-Pino	Associate Professor (T)	Associate Professor Emeritus
<b>College of Engineering</b>		
Biomedical Engineering		
JingYong Ye	Assistant Professor	Associate Professor (T)
Civil and Environmental Engineering		
Samer Dessouky	Assistant Professor	Associate Professor (T)
Heather Shipley	Assistant Professor	Associate Professor (T)
Electrical and Computer Engineering		
Brian Kelley	Assistant Professor	Associate Professor (T)
Jianqui (Michelle) Zhang	Assistant Professor	Associate Professor (T)
Mechanical Engineering		
Hung-da Wan	Assistant Professor	Associate Professor (T)
<b>College of Liberal and Fine Arts</b>		
Anthropology		
Michael Cepek	Assistant Professor	Associate Professor (T)
Jamon Halvaksz	Assistant Professor	Associate Professor (T)
Art and Art History		
Julie Johnson	Assistant Professor	Associate Professor (T)
Communication		
Karen Daas	Assistant Professor	Associate Professor (T)
Seok Kang	Assistant Professor	Associate Professor (T)
Juyan Zhang	Assistant Professor	Associate Professor (T)
English		
Mark Bayer	Assistant Professor	Associate Professor (T)
David Vance	Assistant Professor	Associate Professor (T)
Modern Languages		
MaryEllen Garcia	Associate Professor (T)	Associate Professor Emeritus
Frank Pino, Jr.	Associate Professor (T)	Associate Professor Emeritus
Music		
Mark Brill	Assistant Professor	Associate Professor (T)
Matthew Dunne	Assistant Professor	Associate Professor (T)
John Millican	Assistant Professor	Associate Professor (T)

Philosophy and Classics

Joel Christensen	Assistant Professor	Associate Professor (T)
Jill Hernandez	Assistant Professor	Associate Professor (T)
Alistair Welchman	Assistant Professor	Associate Professor (T)

Psychology

Daniel Beal	Assistant Professor	Associate Professor (T)
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**College of Public Policy**

Criminal Justice

Robert Tillyer	Assistant Professor	Associate Professor (T)
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**College of Sciences**

Biology

Fidel Santamaria	Assistant Professor	Associate Professor (T)
Todd Troyer	Assistant Professor	Associate Professor (T)

Chemistry

Douglas Frantz	Assistant Professor	Associate Professor (T)
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Computer Science

Jianhua Ruan	Assistant Professor	Associate Professor (T)
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47. Approval of Dual Positions of Honor, Trust, or Profit - U. T. San Antonio: Appointment by the Texas Commission on the Arts of Ken Little, M.F.A., as State Visual Three-Dimensional Artist

The following item has been approved by the Executive Vice Chancellor for Academic Affairs in accordance with the Regents' *Rules and Regulations*, Rule 30103.

It has been determined that the holding of this office is of benefit to the State of Texas and The University of Texas and there is no conflict between holding this position and the appointment with the University. The Board is also asked to find that holding this position is of benefit to the State of Texas and the University and there is no conflict between the position and the University.

Name:	Ken Little, M.F.A.
Title:	Professor
Position:	State Visual Three-Dimensional Artist
Period:	April 29, 2013 through April 28, 2014

Description: The State Visual Three-Dimensional Artist represents the state's artistic legacy and is the highest accolade for excellence in the arts. Recipients represent the best in the rich and diverse artistic community, and inspire others through their unique creative expression.

48. New Hire with Tenure - U. T. Tyler: Amendment to the 2012-13 budget

The following Request for Budget Change 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 conditioned upon approval of the creation of the U. T. Tyler College of Pharmacy (Academic Affairs Committee, Item 3):

Description	Effective Date	% Time	Full-time Salary		RBC #
			No. Mos.	Rate \$	
<b>College of Pharmacy</b> Pharmacy Professor and Dean					
Lane Brunner (T)	8/19-5/31	100	09	230,000	5327

49. New Award of Tenure Appointments - U. T. Tyler: Amendments to the 2013-14 budget

The following personnel actions involving new award of tenure appointments have been administratively approved by the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the 2014 Annual Operating Budget and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

College, Department, and Name	From	To
<b>College of Arts and Science</b>		
Art and Science Merrie Wright	Assistant Professor	Associate Professor (T)
Biology John Placyk	Assistant Professor	Associate Professor (T)
Chemistry Randy Back	Assistant Professor	Associate Professor (T)
Social Sciences John Clark	Assistant Professor	Associate Professor (T)
Thomas Guderjan	Assistant Professor	Associate Professor (T)



secure capital needed to improve Premier's service capabilities. Other owner-members of Premier are overwhelmingly supportive of the reorganization and IPO plans. The agreements being concluded (subject to Board approval) between the named institutions and Premier would result in title to the post-reorganization interests being held in the name of the Board of Regents, for the benefit of the named institutions and under the institutions' management. Associated voting rights would be exercised by way of a voting trust.

51. **Degree Program - U. T. Southwestern Medical Center: Approval of preliminary planning authority for a Doctor of Philosophy degree program in Organic Chemistry**

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President Podolsky that the U. T. System Board of Regents approve preliminary planning authority for U. T. Southwestern Medical Center to include:

- a. a Doctor of Philosophy degree program in Organic Chemistry; and
- b. submission of the request to the Texas Higher Education Coordinating Board as notification. (Once the preliminary authority is approved, U. T. Southwestern Medical Center will develop a final degree program for approval by the U. T. System Board of Regents and the Coordinating Board.)

Program Description:

This program will prepare organic chemists for careers in drug discovery and development; and will provide them with the opportunity to obtain positions in the pharmaceutical industry, in government regulatory agencies, or as independent researchers in academic or government settings. For this research focus, success requires an education that integrates organic chemistry with biology and biochemistry.

52. **Degree Program - U. T. Southwestern Medical Center: Approval of preliminary planning authority for a Doctor of Philosophy degree program in Applied Clinical Research**

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President Podolsky that the U. T. System Board of Regents approve preliminary planning authority for U. T. Southwestern Medical Center to include:

- a. a Doctor of Philosophy degree program in Applied Clinical Research; and
- b. submission of the request to the Texas Higher Education Coordinating Board as notification. (Once the preliminary authority is approved, U. T. Southwestern Medical Center will develop a final degree program for approval by the U. T. System Board of Regents and the Coordinating Board.)



Program Description:

The proposed Ph.D. program is designed to provide research training in patient-oriented research for graduate-level health care professionals (holding a master's degree) having discipline specific clinical skills. The addition of doctoral-level research training in combination with their existing professional degree would enhance opportunities for professional growth (e.g., research) and employment (e.g., state, federal, academia, and nonprofit research institution).

53. Contract (funds coming in) - U. T. Southwestern Medical Center: Payment in support of a collaborative agreement with Children's Medical Center of Dallas to create a joint maternal/fetal medicine and obstetrics program

Agency: Children's Medical Center of Dallas

Funds: \$20,000,000

Period: June 25, 2013 through October 1, 2013 (unless extended by both parties)

Description: The parties will collaborate together to create a regional center of excellence for complex obstetrics and maternal/fetal medicine, devoted both to outstanding clinical quality and to an exceptional patient/family experience.

54. Contract (funds coming in) - U. T. Southwestern Medical Center: To provide professional and technical services to support the operations of UT Southwestern Moncrief Cancer Center

Agency: UT Southwestern Moncrief Cancer Center

Funds: \$4,629,916

Period: September 1, 2013 through August 31, 2014

Description: UT Southwestern Moncrief Cancer Center is an affiliated entity and its financials are consolidated with the financials of U. T. Southwestern Medical Center and the President of U. T. Southwestern Medical Center is a member of UT Southwestern Moncrief Cancer Center.

55. Contract (funds going out) - U. T. Southwestern Medical Center: Anderson Emergency Physicians, P.A. dba Trinity River Emergency Specialists, P.A.

Agency: Anderson Emergency Physicians, P.A. dba Trinity River  
Emergency Specialists, P.A.

Funds: \$3,625,864

Source of Funds: Designated Funds - Medical Service Research Development Plan

Period: July 1, 2013 through August 31, 2017

Description: Anderson Emergency Physicians to provide emergency  
physician services

56. New Award of Tenure Appointments - U. T. Southwestern Medical Center: Amendments to the 2013-14 budget

The following personnel actions involving new award of tenure appointments have been administratively approved by the Executive Vice Chancellor for Health Affairs. The personnel actions have been included in the 2014 Annual Operating Budget and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>College of Biochemistry</b>		
Biochemistry		
John MacMillan	Assistant Professor	Associate Professor (T)
Benjamin Peng-Chu Tu	Assistant Professor	Associate Professor (T)
<b>College of Children's Medical Research Institute</b>		
Children's Medical Research Institute		
Ralph DeBerardinis	Assistant Professor	Associate Professor (T)
<b>College of Clinical Sciences</b>		
Clinical Sciences		
Guanghua Xiao	Assistant Professor	Associate Professor (T)
Yang Xie	Assistant Professor	Associate Professor (T)
<b>College of Immunobiology</b>		
Immunobiology		
Lora Hooper	Assistant Professor	Professor (T)
Felix Yarovinsky	Assistant Professor	Associate Professor (T)

**College of Internal Medicine**

Internal Medicine

James Brugarolas	Assistant Professor	Associate Professor (T)
Zhi-Ping Liu	Assistant Professor	Associate Professor (T)

**College of Microbiology**

Microbiology

Neal Alto	Assistant Professor	Associate Professor (T)
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**College of Neurology and Neurotherapeutics**

Neurology and Neurotherapeutics

Juan Pascual	Assistant Professor	Associate Professor (T)
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**College of Pediatrics**

Pediatrics

James Amatruda	Assistant Professor	Associate Professor (T)
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**College of Physiology**

Physiology

Chengcheng Zhang	Assistant Professor	Associate Professor (T)
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57. Approval of Dual Positions of Honor, Trust, or Profit - U. T. Southwestern Medical Center: Appointment by Governor Perry of Robert B. Simonson, D.O., P.A., to the Texas Medical Board

The following item has been approved by the Executive Vice Chancellor for Health Affairs in accordance with the Regents' *Rules and Regulations*, Rule 30103.

It has been determined that the holding of this office is of benefit to the State of Texas and The University of Texas and there is no conflict between holding this position and the appointment with the University. The Board is also asked to find that holding this position is of benefit to the State of Texas and the University and there is no conflict between the position and the University.

Name: Robert B. Simonson, D.O., P.A.  
 Title: Associate Clinical Professor, Emergency Medicine  
 Position: Member, Texas Medical Board  
 Period: May 10, 2013 through April 13, 2015  
 Compensation: None

Description: Governor Perry has appointed Dr. Simonson to the Texas Medical Board. The Texas Medical Board protects and enhances the public's health, safety, and welfare by establishing and maintaining standards of excellence used in regulating the practice of medicine and ensuring quality health care for Texans.

58. Degree Program - U. T. Medical Branch - Galveston: Approval of preliminary planning authority for a Doctorate in Occupational Therapy (O.T.D.)

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President Callender that the U. T. System Board of Regents approve preliminary planning authority for U. T. Medical Branch - Galveston to include:

- a. a Doctorate in Occupational Therapy (O.T.D.); and
- b. submission of the request to the Texas Higher Education Coordinating Board as notification. (Once preliminary planning authority is approved, U. T. Medical Branch - Galveston will develop a final degree program for approval by the U. T. System Board of Regents and the Coordinating Board.)

Program Description:

The proposed degree plan would enable licensed occupational therapists with master's degrees and at least two years of practice experience to remain in the workforce while also enrolling in a course of study that would prepare them to assume more senior roles in practice settings and to serve as clinical faculty in the state's entry-level professional education programs. The program would be specifically designed to enhance partnerships between clinicians and academicians in the pursuit of knowledge with the ultimate goal of improving patient care.

Highly qualified and experienced occupational therapists in Texas are currently providing direct care and are committed to remaining in the workplace, but these future leaders want to contribute in ways that will make a bigger impact. They seek an advanced professional degree that is offered in other areas of the United States, but not in Texas institutions of higher learning. They currently need to go out of state if they wish to earn this degree.

59. Lease - U. T. Medical Branch - Galveston: Authorization to lease space from Huntsville Investments, LLC for medical office use

Description: Lease of approximately 7,744 square feet of office space at 200 River Pointe, Conroe, Texas, for medical office use for U. T. Medical Branch's Correctional Managed Care program

Lessor: Huntsville Investments, LLC, a Texas limited liability company

Term: The lease is estimated to commence on August 1, 2013 and the term is for a period of five years. U. T. Medical Branch has the option, exercisable in its discretion, to renew the lease for one five-year renewal term. Because the renewal option would result in total rent in excess of \$1,000,000, the institution is requesting Board approval of the lease.

Lease Costs: \$696,960 in rent during the initial five-year term. The rental rate for the first year of the term is \$17.50 per square foot annually and increases by \$0.25 per square foot each year of the term. Rent for the renewal option period will be at the then fair market rental, with a ceiling of \$20.35 per square foot per year for the first year of the renewal term. U. T. Medical Branch will contribute \$110,000 for construction of the improvements to the premises. The Lessor will pay construction costs exceeding the U. T. Medical Branch contribution, which additional costs are currently estimated to be \$20,000.

Source of Funds: Contract funds from the correctional managed care contract

60. Foreign Contract (funds coming in) - U. T. Medical Branch - Galveston: Contract with Rwanda Ministry of Health, Rwanda Human Resources for Health Program, and Rwanda Ministry of Health to advise the Rwanda Ministry of Health regarding health care delivery and procedures

Agency: Rwanda Ministry of Health

Funds: Not to exceed \$250,000

Period: August 1, 2013 through July 31, 2014

Description: U. T. Medical Branch - Galveston will send two internal medicine faculty to advise the Rwanda Ministry of Health regarding health care delivery and procedures to the various providers managing patients in Rwanda, based upon the conditions and resources available to the health care facilities in Rwanda. The Clinton Health Access Initiative has partnered with the Rwandan government to recruit and fund approximately 100 physicians and nurses to spend, on

average, one year each in Rwanda. The U. T. Medical Branch - Galveston School of Medicine was selected to participate along with Duke University, New York University, the University of Maryland, Brown University, Harvard University, and others. This project provides a unique opportunity for international health experience in a well-designed project overseen by Ira Magaziner, former President Clinton's advisor on health care reform.

61. Contract (funds coming in) - U. T. Medical Branch - Galveston: Texas Department of Criminal Justice (TDCJ) to provide medical and psychiatric care to offenders in units operated by TDCJ

Agency: Texas Department of Criminal Justice  
 Funds: \$768,566,499  
 Period: September 1, 2013 through August 31, 2015  
 Description: U. T. Medical Branch - Galveston to provide medical and psychiatric care to offenders in units operated by TDCJ

62. Tenure and Emeritus Appointments - U. T. Medical Branch - Galveston: Amendments to the 2012-13 budget

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

Description	Effective Date	% Time	Full-time Salary		RBC #
			No. Mos.	Rate \$	
<b>Academic Enterprise</b>					
Internal Medicine					
Robert Beach					5201
From: Clinical Professor		100	12	218,715	
To: Professor Emeritus	05/1-8/31				
Preventive Medicine and Community Health					
Daniel Freeman					5203
From: Director of Biostatistics		100	12		
To: Professor Emeritus	05/1-8/31				

Neurology						
Professor and Chair						
	Anish Bhardwaj (T)	08/1-12/31	100	12	450,000	5285
Occupational Therapy						
	Gretchen Stone					5289
From:	Associate Professor (T)		100	12	76,000	
To:	Emeritus Associate Professor	05/1-8/31				

63. Tenure - U. T. Medical Branch - Galveston: Amendments to the 2013-14 budget

The following personnel actions involving new award of tenure appointments have been administratively approved by the Executive Vice Chancellor for Health Affairs. The personnel actions have been included in the 2014 Annual Operating Budget and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>School of Medicine</b>		
Biochemistry and Molecular Biology		
Kyung Choi	Assistant Professor	Associate Professor (T)
Marc Morais	Assistant Professor	Associate Professor (T)
Olivera Nestic-Taylor	Assistant Professor	Associate Professor (T)
Dermatology		
Michael Wilkerson	Associate Professor	Professor (T)
Internal Medicine		
Tapas Hazra	Associate Professor	Professor (T)

Neuroscience and Cell Biology		
Shao-Jun Tang	Assistant Professor	Associate Professor (T)
Obstetrics and Gynecology		
Shannon Clark	Assistant Professor	Associate Professor (T)
Maged Costantine	Assistant Professor	Associate Professor (T)
Jeff Temple	Assistant Professor	Associate Professor (T)
Otolaryngology		
Susan McCammon	Assistant Professor	Associate Professor (T)
Pathology		
Michael Loeffelholz	Associate Professor	Professor (T)
Thomas Ksiazek	Professor	Professor (T)
Gustavo Valbuena	Assistant Professor	Associate Professor (T)
Pharmacology and Toxicology		
Jia Zhou	Assistant Professor	Associate Professor (T)
Rehabilitation Sciences		
James Graham	Assistant Professor	Associate Professor (T)

64. Foreign Contract (funds coming in) - U. T. Health Science Center - Houston: Memorandum of Understanding with the Saudi Arabian Cultural Mission to provide funding to support Saudi Arabian physicians participating in U. T. Health Science Center - Houston's Graduate Medical Education Residency Programs

Agency:	Saudi Arabian Cultural Mission
Funds:	\$134,390
Source of Funds:	Saudi Arabian Cultural Mission and Saudi Arabian Ministry of Higher Education
Period:	July 1, 2013 through June 30, 2014
Description:	The purpose of this agreement is to provide funding to U. T. Health Science Center - Houston to support two Saudi Arabian physicians participating in the Graduate Medical Education Residency Programs.



65. Emeritus Appointment - U. T. Health Science Center - Houston: Appointment of Jarvis Chan from Professor, School of Dentistry, to Professor Emeritus in the Department of Basic Sciences (RBC No. 5267) -- amendment to the 2013-2014 budget

66. Emeritus Appointment - U. T. Health Science Center - Houston: Appointment of James B. Sweet from Professor, School of Dentistry, to Professor Emeritus in the Department of Oral and Maxillofacial Surgery effective June 21, 2001 (RBC No. 5269)

Note: Due to processing errors at the institution, this request was not placed on the U. T. System Board of Regents' Docket at the time of Dr. Sweet's retirement. President Colasurdo has approved the retroactive date of June 2001 as the approval for this appointment.

67. Emeritus Appointment - U. T. Health Science Center - Houston: Appointment of John F. Helfrick from Professor and Chairman, School of Dentistry, to Professor Emeritus in the Department of Oral and Maxillofacial Surgery effective August 1, 2001 (RBC No. 5274)

Note: Due to processing errors at the institution, this request was not placed on the U. T. System Board of Regents' Docket at the time of Dr. Helfrick's retirement. President Colasurdo has approved the retroactive date of June 2001 as the approval for this appointment.

68. New Award of Tenure Appointments - U. T. Health Science Center - Houston: Amendments to the 2013-14 budget

The following personnel actions involving new award of tenure appointments have been administratively approved by the Executive Vice Chancellor for Health Affairs. The personnel actions have been included in the 2014 Annual Operating Budget and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>Medical School</b>		
Biochemistry and Molecular Biology Lei Zheng	Assistant Professor	Associate Professor (T)
Internal Medicine, Cardiology H. Vernon Anderson	Professor	Professor (T)
Internal Medicine, Geriatrics Dongchuan Guo	Assistant Professor	Associate Professor (T)
Internal Medicine, Infectious Diseases Cesar A. Arias	Associate Professor	Associate Professor (T)

Internal Medicine, Renal Diseases  
Bruce C. Kone Professor Professor (T)

Obstetrics, Gynecology and  
Reproductive Sciences  
Sean C. Blackwell Associate Professor Professor (T)

Otorhinolaryngology Head and Neck  
Surgery  
Samer Fakhri Associate Professor Professor (T)

**School of Biomedical Informatics**

Biomedical Informatics  
Hua Xu Associate Professor Associate Professor (T)

**School of Public Health**

Epidemiology and Disease Control,  
Austin Regional Campus  
Melissa H. Stigler Assistant Professor Associate Professor (T)

Management, Policy, and Community  
Health  
Lee Revere New Hire Associate Professor (T)

69. Tenure Appointment - U. T. Health Science Center - San Antonio: Amendment to the 2012-13 budget

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

Description	Effective Date	% Time	Full-time Salary		RBC #
			No. Mos.	Rate \$	
<b>School of Medicine</b>					
Urology					
Professor and Chair					
Ronald Rodriguez (T)	1/1-8/31	100	12	385,000	5200

70. Emeritus Appointments - U. T. Health Science Center - San Antonio: Approval of Emeritus Titles

**Kenneth Kalkwarf**, from Special Assistant to the President to Dean Emeritus, Dean of the Dental School, effective 9/1/2013 (RBC No. 5321) -- amendment to the 2013-2014 budget

**Carol Reineck**, from Professor and Chair to Professor Emeritus, Health Restoration and Care Systems Management, effective 9/1/2013 (RBC No. 5322) -- amendment to the 2013-2014 budget

**William McDavid**, from Professor to Professor Emeritus, Department of Comprehensive Dentistry, effective 9/1/2012 (RBC No. 5225) -- amendment to the 2012-13 budget

**Steven Schenker**, from Professor to Professor Emeritus, Department of Medicine, effective 9/1/2009 (RBC No. 5191) -- amendment to the 2009-10 budget

**Michael Stern**, from Professor to Professor Emeritus, Department of Otolaryngology, effective 9/1/2009 (RBC No. 5196) -- amendment to the 2009-10 budget

**G. Howard Holt**, from Professor to Professor Emeritus, Department of Medicine, effective 9/1/2009 (RBC No. 5191) -- amendment to the 2009-10 budget

The Emeritus appointments -- amendments to the 2009-10 budget -- were Emeritus appointments that were originally prepared to be included with the August 2009 Docket; however, there is no record of submission by the institution.

71. New Award of Tenure Appointments - U. T. Health Science Center - San Antonio: Amendments to the 2013-14 budget

The following personnel actions involving new award of tenure appointments have been administratively approved by the Executive Vice Chancellor for Health Affairs. The personnel actions have been included in the 2014 Annual Operating Budget and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>Dental School</b>		
Comprehensive Dentistry		
Xiao-Dong Chen	Associate Professor	Professor (T)
Adriana Vargas-Green	Assistant Professor	Associate Professor (T)
Robert A. Kaminski	Assistant Professor	Associate Professor (T)
Endodontics		
Armen N. Akopian	Assistant Professor	Associate Professor (T)
Fabricio B. Teixeira	Associate Professor	Associate Professor (T)

**School of Medicine**

## Biochemistry

Yuzuru Shiio	Assistant Professor	Associate Professor (T)
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## Cellular and Structural Biology

Alexander J.R. Bishop	Assistant Professor	Associate Professor (T)
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Qitao Ran	Assistant Professor	Associate Professor (T)
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Suzette D. Tardif	Associate Professor	Professor (T)
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## Medicine

Ricardo C.T. Aguiar	Associate Professor	Associate Professor (T)
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Anand B. Karnad	Professor	Professor (T)
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Donna M. Lehman	Associate Professor	Associate Professor (T)
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## Pathology

Yuji Ikeno	Assistant Professor	Associate Professor (T)
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## Pediatrics

Margarita M. Vasquez	Assistant Professor	Associate Professor (T)
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## Pharmacology

Xin-Yun Lu	Associate Professor	Professor (T)
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## Physiology

Salvatore Oddo	Assistant Professor	Associate Professor (T)
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## Radiology

Rajeev Suri	Assistant Professor	Associate Professor (T)
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## Urology

Susan S. Padalecki	Assistant Professor	Associate Professor (T)
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**School of Nursing**

## Family and Community Health Systems

Norma Martinez Rogers	Clinical Professor	Professor (T)
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72. Approval of Dual Positions of Honor, Trust, or Profit - U. T. Health Science Center - San Antonio: Dual Appointments

The following items have been approved by the Executive Vice Chancellor for Health Affairs in accordance with the Regents' *Rules and Regulations*, Rule 30103.

It has been determined that the holding of these offices is of benefit to the State of Texas and The University of Texas and there is no conflict between holding these positions and the appointments with the University. The Board is also asked to find that holding these positions is of benefit to the State of Texas and the University and there is no conflict between the positions and the University.

**Name:** Michael R. Arambula, Pharm.D.

Title: Adjunct Associate Professor, Department of Psychiatry

**Name:** Karl W. Swann, M.D.

Title: Adjunct Assistant Professor, Department of Neurosurgery

Position: Members, Texas Medical Board

Period: May 13, 2013 through April 13, 2019

Compensation: None

Description: Governor Perry has reappointed Dr. Arambula and Dr. Swann to the Texas Medical Board. The Board protects and enhances the public health, safety, and welfare by establishing and maintaining standards of excellence used in regulating the practice of medicine and ensuring quality health care for Texas.

**Name:** Geoffrey D. Clarke, Ph.D.

Title: Professor, Department of Radiology

Position: Member, Texas Board of Licensure for Professional Medical Physicists

Period: May 3, 2013 through February 1, 2019

Compensation: None

Description: Governor Perry has appointed Dr. Clarke to the Texas Board of Licensure for Professional Medical Physicists. The Board regulates the practice of medical physics in Texas.

**Name:** Curtis Triplitt, Pharm.D.  
**Title:** Assistant Professor, Department of Medicine-Diabetes  
**Position:** Member, Texas Diabetes Council  
**Period:** April 17, 2013 through February 1, 2019  
**Compensation:** None  
**Description:** Governor Perry has appointed Dr. Triplitt to the Texas Diabetes Council. The Council assists in the development and implementation of a public awareness strategy focusing on diabetes and its complications.

73. Lease - U. T. M. D. Anderson Cancer Center: Authorization to lease space to M. D. Anderson Physicians Network and M. D. Anderson Services Corporation for use as office space

**Description:** Lease of approximately 18,072 rentable square feet at 7007 Bertner Avenue, Houston, Texas, to be used by M. D. Anderson Physicians Network and M. D. Anderson Services Corporation as office space

**Lessees:** M. D. Anderson Physicians Network and M. D. Anderson Services Corporation, both 501(c)(3) Texas nonprofit corporations, and both affiliated with U. T. M. D. Anderson Cancer Center

**Term:** Term is anticipated to commence on October 24, 2013, and continues for 10 years with two five-year options to renew

**Rent:** Approximately \$6,524,376 in building rent over the initial 10-year term; operating expenses are included in the rent. Rent for the extension terms will be at the then current market rental rate. The Lessor will purchase furnishings with a value not to exceed \$750,000 to be used in, and remain with, leased premises. The Lessees will lease the furnishings for an additional monthly rental amount that will fully amortize the cost of the furnishings over the initial 10-year lease term.

74. Contract (funds going out) - U. T. M. D. Anderson Cancer Center: Epsilon Data Management, LLC to provide fundraising support services

Agency: Epsilon Data Management, LLC

Funds: Total cost of goods and services under this agreement will not exceed \$33,000,000 without prior written authorization from U. T. M. D. Anderson Cancer Center. The contract cap with all renewal options will not exceed \$55,000,000.

Source of Funds: Hospital patient income

Period: Term of the initial agreement will be for a period of 36 months, commencing on September 1, 2013, and continuing through August 31, 2016, with the option for two additional 12-month renewals

Description: Vendor will provide support for fundraising strategies, including mail and production services for various donor programs

75. Contract (funds going out) - U. T. M. D. Anderson Cancer Center: Fisk Electric Company to provide network cabling installation and testing services

Agency: Fisk Electric Company

Funds: The contract cap with all renewal options will not exceed \$6,715,000. Total cost of goods and services under the initial agreement will not exceed \$2,686,000 without prior written authorization from U. T. M. D. Anderson Cancer Center.

Source of Funds: Hospital patient income

Period: Term of the initial agreement will be for a period of 24 months, commencing on September 1, 2013, and continuing through August 31, 2015, with the option for three additional 12-month renewals

Description: Vendor will provide network cabling installation and testing services for cat 5 and cat 6 cabling, fiber and copper cabling, and all associated connectors, wall jacks, and termination points.

76. Contract (funds going out) - U. T. M. D. Anderson Cancer Center: MCA Communications, Inc. to provide network cabling installation and testing services

Agency: MCA Communications, Inc.

Funds: The contract cap with all renewal options will not exceed \$6,715,000. Total cost of goods and services under the initial agreement will not exceed \$2,686,000 without prior written authorization from U. T. M. D. Anderson Cancer Center.

Source of Funds: Hospital patient income

Period: Term of the initial agreement will be for a period of 24 months, commencing on September 1, 2013, and continuing through August 31, 2015, with the option for three additional 12-month renewals

Description: Vendor will provide network cabling installation and testing services for cat 5 and cat 6 cabling, fiber and copper cabling, and all associated connectors, wall jacks, and termination points.

77. Contract (funds going out) - U. T. M. D. Anderson Cancer Center: Walker Engineering, Inc. to provide network cabling installation and testing services

Agency: Walker Engineering, Inc.

Funds: The contract cap with all renewal options will not exceed \$6,715,000. Total cost of goods and services under the initial agreement will not exceed \$2,686,000 without prior written authorization from U. T. M. D. Anderson Cancer Center.

Source of Funds: Hospital patient income

Period: Term of the initial agreement will be for a period of 24 months, commencing on September 1, 2013 and continuing through August 31, 2015, with the option for three additional 12-month renewals

Description: Vendor will provide network cabling installation and testing services for cat 5 and cat 6 cabling, fiber and copper cabling, and all associated connectors, wall jacks, and termination points.



78. Tenure Appointments - U. T. M. D. Anderson Cancer Center: Amendments to the 2012-13 budget

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

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
<b>Medical Staff</b>					
Radiation Oncology					
Professor					
Arnold dela Cruz Paulino (T)	7/1-8/31	100	12	432,000	5255
Infectious Diseases, Infection Control, and Employee Health					
Professor					
Pablo Christian Okhuysen(T)	7/1-8/31	100	12	250,000	5257
<b>Research Staff</b>					
Biostatistics					
Associate Professor					
Liang Li (T)	6/1-8/31	100	12	145,000	5256

79. Request for Budget Change - U. T. M. D. Anderson Cancer Center: Amendments to the 2012-13 budget

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

<u>Description</u>	<u>\$ Amount</u>	<u>RBC #</u>
<b>Auxiliary Services</b>		
Amount of Transfer:	2,500,000	5302
From: Auxiliary Revenues	2,500,000	
To: Auxiliary Operating Expenses	2,500,000	

This adjustment is needed to adjust revenues, projected revenues, and expenses for this fiscal year due to increased activity.

80. New Award of Tenure - U. T. M. D. Anderson Cancer Center: Amendments to the 2013-14 budget

The following personnel actions involving new award of tenure have been administratively approved by the Executive Vice Chancellor for Health Affairs. The personnel actions have been included in the 2014 Annual Operating Budget and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

<u>Department, and Name</u>	<u>From</u>	<u>To</u>
Experimental Therapeutics George Calin	Associate Professor	Professor (T)
Melanoma Medical Oncology Michael Davies	Assistant Professor	Associate Professor (T)
General Internal Medicine Holly Holmes	Assistant Professor	Associate Professor (T)
Behavioral Science Damon Vidrine	Assistant Professor	Associate Professor (T)
Palliative Care and Rehab Medicine Sriram Yennu	Assistant Professor	Associate Professor (T)
Surgical Oncology Thomas Aloia Elizabeth Mittendorf	Assistant Professor Assistant Professor	Associate Professor (T) Associate Professor (T)
Pulmonary Medicine Scott Evans	Assistant Professor	Associate Professor (T)
Molecular Pathology Sendurai Mani	Assistant Professor	Associate Professor (T)
Molecular and Cellular Oncology Dos Sarbassov	Assistant Professor	Associate Professor (T)
Epidemiology Paul Scheet	Assistant Professor	Associate Professor (T)
Gynecologic Oncology and Reproductive Medicine Kathleen Schmeler	Assistant Professor	Associate Professor (T)
Diagnostic Radiology Alda Tam	Assistant Professor	Associate Professor (T)

Neuro-Oncology Research		
Candelaria Gomez-Manzano	Assistant Professor	Associate Professor (T)
Hematopathology		
Sergej Konoplev	Assistant Professor	Associate Professor (T)
Roberto Miranda	Associate Professor	Associate Professor (T)
Sa Wang	Associate Professor	Associate Professor (T)
Clinical Cancer Prevention- Research		
Xiangwei Wu	Associate Professor	Associate Professor (T)

81. Dual Appointment of Honor, Trust, or Profit - U. T. M. D. Anderson Cancer Center: Appointment by Governor Perry of Leon J. Leach, Ph.D., to the Health and Human Services Council

The following item has been approved by the Executive Vice Chancellor for Health Affairs in accordance with the Regents' *Rules and Regulations*, Rule 30103.

It has been determined that the holding of this office is of benefit to the State of Texas and The University of Texas and there is no conflict between holding this position and the appointment with the University. The Board is also asked to find that holding this position is of benefit to the State of Texas and the University and there is no conflict between the position and the University.

Name: Leon J. Leach, Ph.D.

Title: Executive Vice President

Position: Member, Health and Human Services Council

Period: February 1, 2013 through February 1, 2019

Compensation: None

Description: Governor Perry has reappointed Dr. Leach to the Health and Human Services Council. The Health and Human Services Council assists in developing policies and rules for the Health and Human Services Commission and makes recommendations regarding management and operation of the Commission.

82. Emeritus Appointment - U. T. Health Science Center - Tyler: Appointment of Michael K. Pangburn, Ph.D., Professor of Biochemistry, to Emeritus Professor (RBC No. 5356) -- amendment to the 2013-14 budget