

MATERIAL SUPPORTING THE AGENDA

VOLUME XLVIIa

This volume contains the Material Supporting the Agenda furnished to each member of the Board of Regents prior to the meetings held on:

September 3, 1999
November 10-11, 1999
January 5, 2000
January 14, 2000
February 9-10, 2000

The material is divided according to the standing committees and the meetings that were held and is color coded as follows:

White paper - for documentation of all items that were presented before the deadline date.

Blue paper - Executive Session

Yellow paper – for documentation of items submitted after the deadline date for inclusion in the Agenda (late items) and distributed to members of the Board of Regents prior to the meeting.

Material distributed at the meeting as additional documentation is not included in the bound volume. If the Executive Secretary was furnished a copy, then that material goes into the appropriate subject file.



**Material Supporting the Agenda
of the
Board of Regents
The University of Texas System**

Meeting No. 928

February 9-10, 2000

Houston, Texas

BOARD OF REGENTS
OF
THE UNIVERSITY OF TEXAS SYSTEM

CALENDAR

Date: **Wednesday, February 9, 2000**

Time: **2:00 p.m.**
Place: Tapestry Room, 12th Floor, Warwick Park Plaza Hotel
5701 Main Street, Houston, Texas
Purpose: Convene in Open Session to Discuss the Permanent University Fund
and Capital Improvement Program

See Page 2, Items A - B

Time: **3:00 p.m. or upon conclusion of Open Session**
Place: Tapestry Room, 12th Floor, Warwick Park Plaza Hotel
5701 Main Street, Houston, Texas
Purpose: Recess to Executive Session, Reconvene in Open Session, and
Recess

See Page 3, Item C

Time: **3:30 p.m. or upon conclusion of Executive Session**
Place: Tapestry Room, 12th Floor, Warwick Park Plaza Hotel
5701 Main Street, Houston, Texas
Purpose: Convene in Open Session for Facilities Planning and Construction
Committee Meeting and Tour of The University of Texas Health
Science Center at Houston Campus and Adjourn

See Page 3, Item D

Date: **Thursday, February 10, 2000**

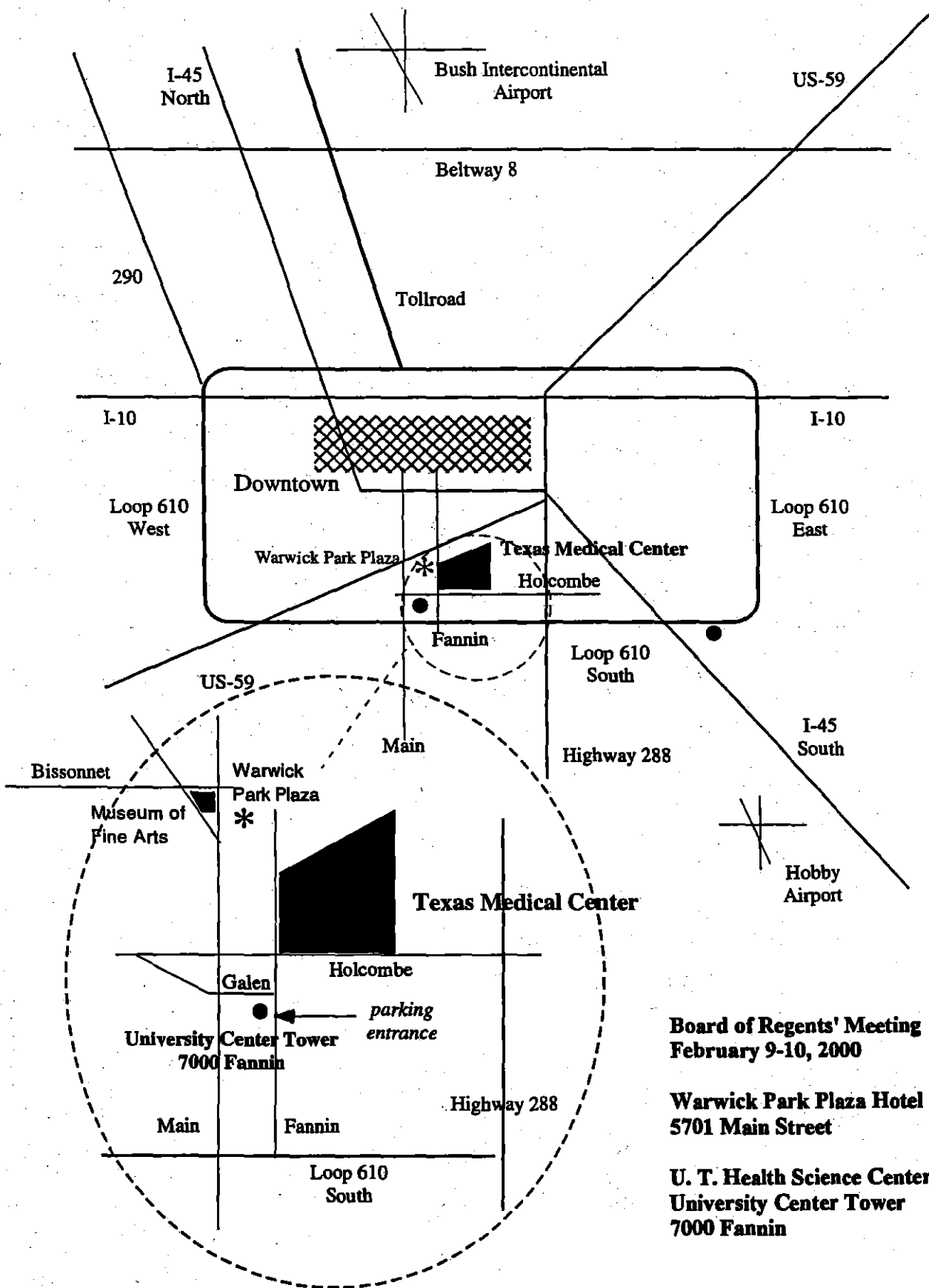
Time: **8:30 a.m.**
Place: Room 1712, President's Board Room, 17th Floor, University Center
Tower, The University of Texas Health Science Center at Houston,
7000 Fannin Street
Purpose: Reconvene in Open Session to Recess Immediately to Executive
Session and Reconvene in Open Session

See Page 4, Items E - H

Time: **9:00 a.m. or upon conclusion of Executive Session**
Place: Room 1505 C, 15th Floor, University Center Tower, The University
of Texas Health Science Center at Houston, 7000 Fannin Street
Purpose: Open Session to Continue Until Completion of Business

See Pages 5 - 117, Items I - Q

Telephone Numbers



**Board of Regents' Meeting
February 9-10, 2000**

**Warwick Park Plaza Hotel
5701 Main Street**

**U. T. Health Science Center - Houston
University Center Tower
7000 Fannin**

Executive Session of the Board

BOARD OF REGENTS
EXECUTIVE SESSION
Pursuant to Texas Government Code
Chapter 551, Sections 551.071 and 551.074

Date: **February 9, 2000**

Time: 3:00 p.m. approximately

Place: Tapestry Room, 12th Floor, Warwick Park Plaza Hotel, 5701 Main Street, Houston, Texas

Personnel Matters Relating to Appointment, Employment, Evaluation, Assignment, Duties, Discipline, or Dismissal of Officers or Employees - Section 551.074

Date: **February 10, 2000**

Time: 8:30 a.m. approximately

Place: Room 1712, President's Board Room, University Center Tower, The University of Texas Health Science Center at Houston, 7000 Fannin

Consultation with Attorney Regarding Pending and/or Contemplated Litigation or Settlement Offers - Section 551.071

- a. U. T. Health Science Center – Houston: Proposed Settlement of Medical Liability Litigation

- b. U. T. Health Science Center – San Antonio: Proposed Settlement of Medical Liability Claim

Meeting of the Board

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

Date: **Wednesday, February 9, 2000**

Time: 2:00 p.m.

Place: Tapestry Room, 12th Floor, Warwick Park Plaza Hotel
5701 Main Street, Houston, Texas

A. CALL TO ORDER

B. CONVENE IN OPEN SESSION TO DISCUSS THE PERMANENT
UNIVERSITY FUND AND CAPITAL IMPROVEMENT PROGRAM

1. U. T. System: Request to Amend the FY 2000-2005 Capital Improvement Program and the FY 2000-2001 Capital Budget to Add Projects; Approve Modification of Funding for Previously Approved Projects; Appropriate Funds and Reduce Previously Appropriated Funds for Repair and Rehabilitation and Equipment Projects Initiated in the Capital Budget; Approve Redesignation of Project; and Authorize Institutional Management of Projects

(Included in the Executive Committee Agenda on Page 20.)

2. U. T. Board of Regents: Request to Amend the Fund Distributions Section of the Permanent University Fund (PUF) Investment Policy Statement and PUF Distribution for the Fiscal Year Ending August 31, 2000

(Included in the Meeting of the Board Agenda Item 2 on Page 13.)

- C. RECESS TO EXECUTIVE SESSION (TEXAS GOVERNMENT CODE, CHAPTER 551) PER THE AGENDA ON PAGE 1

Personnel Matters Relating to Appointment, Employment, Evaluation, Assignment, Duties, Discipline, or Dismissal of Officers or Employees - Section 551.074

- D. RECONVENE IN OPEN SESSION AND RECESS TO FACILITIES PLANNING AND CONSTRUCTION COMMITTEE MEETING AND U. T. HEALTH SCIENCE CENTER - HOUSTON CAMPUS TOUR

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

Date: Thursday, February 10, 2000

Time: 8:30 a.m. approximately (following 8:00 a.m. group photo)

Place: Room 1712, President's Board Room, 17th Floor, University Center Tower, The University of Texas Health Science Center at Houston, 7000 Fannin Street

E. RECONVENE IN OPEN SESSION

F. RECESS TO EXECUTIVE SESSION (TEXAS GOVERNMENT CODE, CHAPTER 551) PER THE AGENDA ON PAGE 1

Consultation with Attorney Regarding Pending and/or Contemplated Litigation or Settlement Offers - Section 551.071

- a. U. T. Health Science Center – Houston: Proposed Settlement of Medical Liability Litigation
- b. U. T. Health Science Center – San Antonio: Proposed Settlement of Medical Liability Claim

G. RECONVENE IN OPEN SESSION

H. CONSIDERATION OF ACTION ON EXECUTIVE SESSION MATTERS (ITEM F) AND MOVE TO ROOM 1505 C

Date: Thursday, February 10, 2000 (continued)

Time: 9:00 a.m. or upon conclusion of Executive Session

Place: Room 1505 C, 15th Floor, University Center Tower, The University of Texas Health Science Center at Houston

I. WELCOME AND REMARKS BY PRESIDENT LOW

J. APPROVAL OF MINUTES OF REGULAR MEETING HELD NOVEMBER 10-11, 1999, AND SPECIAL MEETINGS HELD JANUARY 5 AND 14, 2000

K. MATTERS RELATED TO THE UNIVERSITY OF TEXAS INVESTMENT MANAGEMENT COMPANY (UTIMCO)

1. U. T. System: Report on Investments for the Fiscal Quarter Ended November 30, 1999

REPORT

Pages 8 - 12 contain the Summary Reports on Investments for the fiscal quarter ended November 30, 1999.

Item a on Page 8 presents the summary report for Permanent University Fund (PUF) Investments. PUF Investments began the quarter with a market value of \$7.5 billion. During the quarter, contributions of mineral income from PUF Lands equaled \$18.6 million, up 23.2% versus receipts for the first quarter of the prior fiscal year. In addition, total investment return was \$279.3 million of which \$65.6 million was income return distributed to the Available University Fund (AUF) and \$213.7 million was price return. PUF market value ended the quarter at \$7.7 billion.

Quarter-end asset allocation was 69% broadly defined equities and 31% fixed income versus an unconstrained neutral allocation of 80% equities and 20% fixed income. Within equities, quarter-end allocation was 47% U. S. large and mid cap stocks, 4% U. S. small cap stocks, 7% non-U. S. equities and 11% alternative equities.

The PUF's accrued investment income of \$65.6 million increased by a nominal rate of .2% versus \$65.5 million for the first quarter of the prior fiscal year and decreased by 2.4% on an inflation adjusted basis. Distributed investment income for the quarter of \$65.6 million was \$2.5 million over budget and \$.1 million over investment income earned during the first quarter of the prior fiscal year.

Total investment return for the quarter was 3.7%. The fixed income portfolio posted a total return of 1.2% for the quarter versus 1.5% for the Lehman Aggregate Bond Index. Equities, as an asset class, posted higher relative returns with the S&P 500 Index and Russell 3000 Index posting returns of 5.5% and 6.4%, respectively. The PUF's equity portfolios (including non-U. S. portfolios) produced a lower return of 4.6%. Finally, alternative equities produced a 6.8% return for the quarter.

Item b on Page 9 reports summary activity for the Permanent Health Fund (PHF). This was funded on August 30, 1999, with contributions in the amount of \$890 million. Total investment return for the quarter was 3.4%. The transition investment plan for the PHF's assets was completed in December 1999 following quarter end. Quarter-end asset allocation was 61% broadly defined equities, 15% fixed income and 24% money market funds. PHF market value ended the quarter at \$918.2 million.

Item c on Page 10 reports summary activity for the Long Term Fund (LTF). During the quarter, net contributions totaled \$23.1 million representing a 26.9% decrease over the first quarter of the prior fiscal year. Investment return was \$158.2 million. Distributions to the 5,148 endowment and other accounts underlying the LTF totaled \$26.4 million; an increase of 5.2% versus the first quarter of the prior year. The Fund's market value closed the quarter at \$2.8 billion.

Asset allocation at quarter-end was 21% fixed income and 79% broadly defined equities. Within equities, U. S. small cap and non-U. S. equities were slightly overweighted at 12% and 16%, respectively, of total assets. U. S. large and mid cap equities were also overweighted at 32% while alternative equities were underweighted at 19% versus a neutral weighting of 25%. Total investment return for the quarter was 6.0% versus the neutral policy portfolio return of 4.9%.

Item d on Page 11 presents summary activity for the Short Intermediate Term Fund. During the quarter, the Fund received net contributions of \$143.9 million. It earned \$16.7 million in total return and incurred expenses of \$100 thousand. Distributions to the U. T. System component institutions equaled \$26.6 million, resulting in a quarter-end Fund value of \$1.9 billion versus \$1.8 billion at the beginning of the quarter. Total return on the Fund was .9% for the quarter versus the Fund's performance benchmark of 1.2%.

Item e on Page 12 presents book and market value of cash, fixed income, equity and other securities held in funds outside of internal investment pools. Total cash and equivalents, consisting primarily of component operating funds held in the Dreyfus money market fund, decreased by \$40 million to \$755 million during the first quarter. Asset values for the remaining asset classes were fixed income securities: \$71 million versus \$66 million at previous quarter-end; equities: \$73 million versus \$60 million at previous quarter-end; and other investments of \$7 million versus \$21 million at previous quarter-end.

a. PERMANENT UNIVERSITY FUND

Summary Investment Report at November 30, 1999.--

PERMANENT UNIVERSITY FUND (1)
 INVESTMENT SUMMARY REPORT
 (\$ millions)

	<u>FY98-99</u> Full Year	<u>FY99-00</u> 1st Qtr
Beginning Market Value	6,517.1	7,465.6
PUF Lands Receipts (2)	54.3	18.6
Investment Income (3)	263.9	65.6
Investment Income Distributed	(263.9)	(65.6)
Realized Gains	447.7	254.0
Change in Unrealized Gains	446.5	(40.3)
Ending Market Value	<u>7,465.6</u>	<u>7,697.9</u>
∞ AUF income:		
Investment Income	263.9	65.6
Surface Income	9.5	1.5
Total	<u>273.4</u>	<u>67.1</u>

Report prepared in accordance with Sec. 51.0032 of the Texas Education Code.

- (1) Excludes PUF Lands mineral and surface interests with estimated August 31, 1999 values of \$558.8 million and \$156.3 million, respectively.
- (2) As of November 30, 1999: 1,260,356 acres under lease; 518,657 producing acres; 3,341 active leases; and 2,046 producing leases.
- (3) Investment income includes amortization of discount and premium bonds in accordance with statutory requirements.

b. PERMANENT HEALTH FUND

Summary Investment Report at November 30, 1999.--

PERMANENT HEALTH FUND
INVESTMENT SUMMARY REPORT
(\$ millions)

	<u>FY98-99</u> <u>Full Year</u>	<u>FY99-00</u> <u>1st Qtr</u>
Beginning Net Assets	-	890.3
Contributions (1)	890.0	-
Investment Return	0.3	38.5
Expenses	-	(0.6)
Distributions	-	(10.0)
Ending Net Assets	<u>890.3</u>	<u>918.2</u>
Net Asset Value per Unit	1.000284	1.031672
No. of Units (End of Period)	890,000,000	890,000,000

Report prepared in accordance with Sec. 51.0032 of the Texas Education Code.

(1) Funded 8/30/99

c. LONG TERM FUND

Summary Investment Report at November 30, 1999.--

LONG TERM FUND
INVESTMENT SUMMARY REPORT
(\$ millions)

	<u>FY98-99</u> <u>Full Year</u>	<u>FY99-00</u> <u>1st Qtr</u>
Beginning Net Assets	2,147.7	2,602.3
Net Contributions	85.0	23.1
Investment Return	482.5	158.2
Receipt of Funds from System for UTIMCO Fee	2.2	0.5
Expenses	(8.3)	(1.9)
Distributions (Payout)	(101.5)	(26.4)
Distribution of Gain on Participant Withdrawals	(5.3)	(0.2)
Ending Net Assets	<u>2,602.3</u>	<u>2,755.6</u>
Net Asset Value per Unit	5.347	5.612
No. of Units (End of Period)	486,701,841	490,996,364
Distribution Rate per Unit	0.210	0.05375

Report prepared in accordance with Sec. 51.0032 of the Texas Education Code.

d. SHORT INTERMEDIATE TERM FUND

Summary Investment Report at November 30, 1999.--

SHORT INTERMEDIATE TERM FUND
INVESTMENT SUMMARY REPORT
(\$ millions)

	<u>FY98-99</u> <u>Full Year</u>	<u>FY99-00</u> <u>1st Qtr</u>
Beginning Net Assets	1,809.6	1,769.4
Contributions (Net of Withdrawals)	13.2	143.9
Investment Return	53.4	16.7
Expenses	(0.5)	(0.1)
Distributions of Income	<u>(106.3)</u>	<u>(26.6)</u>
Ending Net Assets	1,769.4	1,903.3

Report prepared in accordance with Sec. 51.0032 of the Texas Education Code.

e. SEPARATELY INVESTED ASSETS

Summary Investment Report at November 30, 1999.--

**SEPARATELY INVESTED ASSETS
SUMMARY REPORT
(\$ thousands)**

ASSET TYPES	FUND TYPE													
	CURRENT PURPOSE				ENDOWMENT & SIMILAR FUNDS		ANNUITY & LIFE INCOME FUNDS		AGENCY FUNDS		OPERATING FUNDS		TOTAL	
	DESIGNATED		RESTRICTED		BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET
Cash & Equivalents:														
Beginning value 9/1/99	3,812	3,812	2,293	2,293	24,638	24,638	417	417	3	3	764,510	764,510	795,673	795,673
Increase/(Decrease)	(338)	(338)	(957)	(957)	3,653	3,653	(97)	(97)	-	-	(42,465)	(42,465)	(40,204)	(40,204)
Ending value 11/30/99	3,474	3,474	1,336	1,336	28,291	28,291	320	320	3	3	722,045	722,045	755,469	755,469
Debt Securities:														
Beginning value 9/1/99	-	-	7	5	54,337	53,084	8,072	8,223	-	-	5,045	4,958	67,461	66,270
Increase/(Decrease)	-	-	-	-	(240)	(361)	(90)	(141)	-	-	5,119	5,150	4,789	4,648
Ending value 11/30/99	-	-	7	5	54,097	52,723	7,982	8,082	-	-	10,164	10,108	72,250	70,918
Equity Securities:														
Beginning value 9/1/99	42	5,214	2,425	2,559	20,801	36,026	6,904	7,620	-	-	8,016	8,096	38,188	59,515
Increase/(Decrease)	-	19	2,916	2,933	245	1,273	(40)	387	-	-	7,778	8,602	10,899	13,214
Ending value 11/30/99	42	5,233	5,341	5,492	21,046	37,299	6,864	8,007	-	-	15,794	16,698	49,087	72,729
Other:														
Beginning value 9/1/99	14,150	14,150	323	323	499	499	5,850	6,381	-	-	-	-	20,822	21,353
Increase/(Decrease)	(14,150)	(14,150)	(259)	(259)	(16)	(16)	-	387	-	-	-	-	(14,425)	(14,038)
Ending value 11/30/99	-	-	64	64	483	483	5,850	6,768	-	-	-	-	6,397	7,315

Report prepared in accordance with Sec. 51.0032 of the Texas Education Code.

Details of individual assets by account furnished upon request.

2. U. T. Board of Regents: Request to Amend the Fund Distributions Section of the Permanent University Fund (PUF) Investment Policy Statement and PUF Distribution for the Fiscal Year Ending August 31, 2000

Note: This item is scheduled to be the subject of discussion and vote on Wednesday, February 9, 2000.

RECOMMENDATION

The Business Affairs and Audit Committee recommends that the U. T. Board of Regents amend:

- a. The Fund Distributions section of the Investment Policy Statement for the Permanent University Fund (PUF) as set out in congressional style on Pages 15 - 16
- b. The PUF distribution to the Available University Fund (AUF) to \$309,202,401 from \$285,923,022 for the fiscal year ending August 31, 2000.

BACKGROUND INFORMATION

The U. T. Board of Regents approved the Investment Policy Statement for the Permanent University Fund (PUF) at its November 11, 1999 meeting on condition that the Executive Secretary to the Board make edits to reflect additional comments expressed by the Board members at the meeting. The current Investment Policy Statement requires, under the section on the Fund Distributions, that the distribution amount shall be adjusted annually based on an increase over the prior year's distribution by the average inflation rate, as measured by the Consumer Price Index (C. P. I.) for the previous 12 quarters. The statement also provides that, if the inflation increase results in a distribution rate below 3.5%, the Board of Directors of The University of Texas Investment Management Company (UTIMCO) shall recommend an increase in the distribution amount as long as such increase does

not result in a distribution rate of more than 5.5%. Under the current statement, the UTIMCO Board shall recommend a decrease in the annual distribution amount if the distribution rate exceeds 5.5%, as long as such decrease does not result in a rate less than 3.5%.

At the January 14, 2000 meeting of the Business Affairs and Audit Committee (BAAC), a review of methodology for determining the average market value to be used for applying the distribution rate of 4.5% was discussed. A representative from Cambridge Associates provided data that reflected a moving 12 quarter average for computing a distribution amount is more common than the C. P. I. constant growth methodology; however, Cambridge noted that adjusting the distribution by an average inflation rate provides stability for real spending over time. Based on a review of the current needs of the U. T. System, the members of the BAAC voted to recommend that the annual distribution for the upcoming fiscal year be based on a moving 12 quarter average. The average is to be determined each year, after Fiscal Year 2000, based on the 12 quarters ending each February. Each year's distribution amount will be used to prepare the budget for the upcoming fiscal year. For Fiscal Year 2000, the BAAC recommended the original distribution of \$285,923,022 be increased to \$309,202,401, effective March 1, 2000, to reflect the new methodology using a 12 quarter average ending November 30, 1999. With an effective date of March 1, 2000, the prorated distribution for Fiscal Year 2000 is \$297,562,712.

The Committee also recommended that Chairman Evans be authorized to appoint an Investment Policy Review Subcommittee to the BAAC for the purpose of conducting a comprehensive review of the spending policy adopted by the U. T. Board of Regents in April 1993, with the subcommittee to report its recommendations not later than the April 2000 meeting of the Business Affairs and Audit Committee with possible recommendations to the U. T. Board of Regents at its May 2000 meeting.

**THE UNIVERSITY OF TEXAS SYSTEM
PERMANENT UNIVERSITY FUND
INVESTMENT POLICY STATEMENT**

...

Fund Distributions

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

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

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

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

Annually, the U. T. Board of Regents will approve a distribution amount to the AUF.

In conjunction with the annual U. T. System budget process, UTIMCO shall recommend to the U. T. Board in May of each year an amount to be distributed to the AUF during the next fiscal year. UTIMCO's recommendation on the annual distribution [~~amount~~] shall be an amount equal to 4.5% of the trailing twelve quarter average of the net asset value of the Fund for the quarter ending February of each year. [~~based on the following policy:~~

- A. ~~Increase the prior year's distribution by the average inflation rate (C.P.I.) for the previous twelve quarters.~~
- B. ~~If the inflationary increase in Step A. results in a distribution rate below 3.5% (computed by taking the proposed distribution amount divided by the previous twelve quarter average market value), the UTIMCO Board shall recommend an increase in the distribution amount as long as such increase does not result in a distribution rate of more than 5.5%.~~
- C. ~~If the inflationary increase in Step A. results in a distribution rate above 5.5% (computed by taking the proposed distribution amount divided by the previous twelve quarter average market value), the UTIMCO Board shall recommend a decrease in the distribution amount as long as such decrease does not result in a distribution rate of less than 3.5%.]~~

Following approval of the distribution amount, distributions from the Fund to the AUF may be quarterly or annually at the discretion of UTIMCO Management.

...

The effective date of this policy shall be February 9, 2000 [~~November 11, 1999~~].

3. U. T. Board of Regents: Proposed Amendment to the Regents' Rules and Regulations, Part One, Chapter I, Section 7 (Committee Structure)

RECOMMENDATION

It is recommended that the Regents' Rules and Regulations, Part One, Chapter I, Section 7 be amended as set forth below in congressional style to add a new Subsection 7.3, relating to the Board of Directors of The University of Texas Investment Management Company (UTIMCO), and to renumber present Subsection 7.3 as Subsection 7.4:

- 7.3 The University of Texas Investment Management Company (UTIMCO).--Pursuant to Section 66.08 of the Texas Education Code, the U. T. Board of Regents shall appoint the nine directors of The University of Texas Investment Management Company (UTIMCO). At least three members of the UTIMCO Board of Directors and the Chancellor shall be appointed by the Chairman of the U. T. Board of Regents, by and with the consent of the U. T. Board of Regents, as directors of UTIMCO. At least one director will be selected from a list of candidates with substantial background and expertise in investments that is submitted to the U. T. Board of Regents by the Board of Regents of The Texas A&M University System.

BACKGROUND INFORMATION

This proposed amendment to the Regents' Rules and Regulations, Part One, Chapter I, Section 7 will conform the Rules to the Texas Education Code Section 66.08 (d) and (e) relating to the membership of the Board of Directors. The proposed amendment has been reviewed and approved by the Vice Chancellor and General Counsel.

See Item 4 on Page 18 relating to a proposed amendment to Article III (Board of Directors) of the UTIMCO Bylaws.

4. U. T. Board of Regents: Proposed Amendments to Article III (Board of Directors) of the Bylaws of UTIMCO

RECOMMENDATION

The Board of Directors of The University of Texas Investment Management Company (UTIMCO) recommends that the U. T. Board of Regents amend Section 3 of Article III (Board of Directors) of the UTIMCO Bylaws as set forth below in congressional style:

Section 3. Appointment and Term. Except for those Directors named in the Articles of Incorporation, Directors shall be appointed by the Board of Regents, except that the Chancellor of the System shall serve as a Director so long as he remains Chancellor of the System. Until otherwise changed by the Board of Regents in compliance with applicable law, the members of the Board of Directors shall include (i) the Chancellor of the System, (ii) at least three (3) persons then serving as members of the Board of Regents ("Regental Directors"), and (iii) one or more persons selected by the Board of Regents from a list of candidates with substantial background and expertise in investments that is submitted by the Board of Regents of The Texas A&M University System. The three (3) Regental Directors shall serve for two-year terms that expire on the first day of April [~~February~~] of each odd-numbered year[~~, except that the initially appointed Regental Directors shall serve until February 1, 1997~~]. 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 [~~February~~] of the appropriate year, except that the term of one of the current Directors shall end on April 1, 2001, the term of two (2) of the current Directors shall end on April 1, 2002, and the term of two (2) of the current Directors shall end on April 1, 2003 [~~all Directors serving on May 8, 1997, shall end on February 1, 1999~~]. Notwithstanding the foregoing, the Board of Regents may, from time to time, alter the terms of the Directors. Each person serving as a Director shall serve until the earlier to occur of (i) the expiration of such Director's term or (ii) such Director's death, resignation, or removal as provided in these Bylaws.

BACKGROUND INFORMATION

Section 66.08 of the Texas Education Code requires that the U. T. Board of Regents approve all amendments to UTIMCO Bylaws. The proposed amendment to Section 3 of Article III is recommended to provide for greater board stability through staggered terms for UTIMCO outside directors. The proposed amendments were approved by the UTIMCO Board at its meeting on December 9, 1999.

See Item 3 on Page 17 which proposes a related amendment to the Regents' Rules and Regulations.

L. RECESS FOR MEETINGS OF THE STANDING COMMITTEES AND COMMITTEE REPORTS TO THE BOARD

The Standing Committees of the Board of Regents of The University of Texas System will meet as set forth below to consider recommendations on those matters on the agenda for each Committee listed in the Material Supporting the Agenda. At the conclusion of each Standing Committee meeting, the report of that Committee will be formally presented to the Board for consideration and action.

Executive Committee: Chairman Evans
Vice-Chairman Loeffler, Vice-Chairman Clements
MSA Page 20 (Note: The Executive Committee is scheduled to meet on Wednesday, February 9, 2000.)

Business Affairs and Audit Committee: Chairman Riter
Regent Hunt, Regent Oxford
MSA Page 28

Academic Affairs Committee: Chairman Miller
Regent Hunt, Regent Oxford, Regent Romero
MSA Page 62

Health Affairs Committee: Chairman Loeffler
Regent Clements, Regent Oxford, Regent Sanchez
MSA Page 84

Facilities Planning and Construction Committee:
Chairman Clements, Regent Riter, Regent Romero, Regent Sanchez
MSA Page 91

Executive Committee

EXECUTIVE COMMITTEE
Committee Chairman Evans

Date: February 9, 2000

Time: 2:00 p.m.

Place: Tapestry Room, 12th Floor, Warwick Park Plaza Hotel,
5701 Main Street, Houston, Texas

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U. T. System: Request to Amend the FY 2000-2005 Capital Improvement Program and the FY 2000-2001 Capital Budget to Add Projects; Approve Modification of Funding for Previously Approved Projects; Appropriate Funds and Reduce Previously Appropriated Funds for Repair and Rehabilitation and Equipment Projects Initiated in the Capital Budget; Approve Redesignation of Project; and Authorize Institutional Management of Projects

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U. T. System: Request to Amend the FY 2000-2005 Capital Improvement Program and the FY 2000-2001 Capital Budget to Add Projects; Approve Modification of Funding for Previously Approved Projects; Appropriate Funds and Reduce Previously Appropriated Funds for Repair and Rehabilitation and Equipment Projects in the Capital Budget; Approve Redesignation of Project; and Authorize Institutional Management of Projects

RECOMMENDATION

The Executive Committee recommends, based on the allocation of Permanent University Fund Bond Proceeds as set forth in Table 1 on Page 24, that the U. T. Board of Regents:

- a. Amend the FY 2000-2005 Capital Improvement Program and the FY 2000-2001 Capital Budget to add projects as set forth in Table 2 on Page 25
- b. Approve modification of funding and revised project cost for previously approved projects as set forth in Table 3 on Page 26
- c. Appropriate funds and reduce previously appropriated funds for nonarchitecturally or historically significant repair and rehabilitation and equipment projects in the FY 2000-2001 Capital Budget as set forth in Table 4 on Page 27
- d. Approve redesignation of the U. T. San Antonio Academic Building III – Phase I as the Academic Building III
- e. Authorize component institutions to manage the total project budgets, appoint architects, approve facility programs, prepare final plans, and award contracts associated with projects noted to be institutionally managed as indicated in Table 2, Page 25.

BACKGROUND INFORMATION

On November 2, 1999, Texas voters approved an amendment to Article VII, Section 18 of the Texas Constitution that changed the distribution of income from the Permanent University Fund (PUF) to the Available University Fund (AUF). Pending a review of the effects of the constitutional amendment, the U. T. Board of Regents did not include any PUF funded projects in the FY 2000-2005 Capital Improvement Program (CIP) approved at the November 11, 1999 meeting. It was agreed that the requests for PUF funded projects submitted by the component institutions would be prioritized by U. T. System Administration staff and then presented to either the Academic Affairs Committee or the Health Affairs Committee of the Board. Each committee would further prioritize the projects and forward their list to the Chancellor. The Chancellor would compile one list of projects for the Executive Committee to consider.

At the November 11, 1999 meeting, the Board also approved an Investment Policy Statement for the PUF that provided for a 4.5% annual distribution from the PUF to the AUF. Analysis by the U. T. System Office of Business Affairs projected that, based on the approved Policy Statement, \$285,000,000 of additional PUF bonds could be issued through FY 2005 while maintaining the requirements of the AUF Spending Policy approved by the Board in April 1993.

At the January 14, 2000 meeting of the Business Affairs and Audit Committee, the Committee reviewed the effects of adjusting the 12 quarter average of the PUF market value and recommended a moving average that will end each February. Using the moving average, the Office of Business Affairs projects that \$650,000,000 of additional PUF bonds could be issued through FY 2005 rather than \$285,000,000 as calculated in November. The Executive Committee met on January 20, 2000, and recommended that \$401,632,000 of PUF bond proceeds be used to fund \$847,582,000 of projects as itemized in Table 1 on Page 24, after considering the revised projections.

Based on the projects recommended by the Executive Committee, the projects to be added to the CIP include New Construction projects totaling \$407,300,000, and Repair and Rehabilitation and Equipment projects totaling \$31,000,000, as itemized in Table 2 on Page 25. These projects include \$214,100,000 of PUF funding.

The Executive Committee also recommended that 12 existing FY 2000-2005 CIP projects receive new PUF funding totaling \$187,532,000, as itemized in Table 3 on

Page 26. Of the 12 projects, seven are New Construction, and five are Repair and Rehabilitation. The following three existing projects will receive an increase in project cost and PUF funding:

- The U. T. Arlington Carlisle Hall - Stairwell Towers Addition project cost is increasing from \$1,612,000 to \$1,700,000. This revision is due to cost escalation that has occurred since the original project estimate.
- The U. T. El Paso Academic Services Building project cost is increasing from \$7,000,000 to \$10,000,000. The original project cost was based on building an addition to an existing facility as opposed to the revised recommendation which is to construct a new freestanding facility.
- The U. T. San Antonio Academic Building III project cost is increasing from \$25,000,000 to \$52,000,000 to accommodate an additional project phase. The project was originally conceived as a multiphase project over several years, but will now be designed and constructed as one project. The redesignation of this project from Academic Building III – Phase I reflects this project modification made possible by additional PUF funding.

Projects that are New Construction will receive appropriation of funds at design development approval. Repair and Rehabilitation and Equipment projects will receive appropriation of funds through approval of this item, as shown in Table 4 on Page 27. Adjustments to appropriations for five previously appropriated Repair and Rehabilitation projects are also proposed. These include reduced Revenue Financing System Bond Proceeds from \$9,000,000 to \$2,500,000 for the 1604 Campus Thermal Energy Plant Upgrade project at U. T. San Antonio that will be possible due to appropriation of new PUF funding.

The three projects that have been recommended for institutional management include one small renovation project at U. T. Arlington and two equipment purchases to upgrade campus computers and technological equipment at U. T. San Antonio and U. T. Health Science Center - San Antonio.

Approval of this item will amend the FY 2000-2005 Capital Improvement Program and the FY 2000-2001 Capital Budget to include and to modify projects as indicated in Tables 2 and 3 on Pages 25 - 26, will appropriate funds for projects as indicated in Table 4 on Page 27, and will approve projects for institutional management as indicated in Table 2 on Page 25.

Request to Amend the University of Texas System
 FY 2000-2005 Capital Improvement Program and FY 2000-2001 Capital Budget

TABLE 1

**Prioritization of PUF Funding for
 The University of Texas System Academic and Health Institutions**

Priority	Component	Project	Project Cost	PUF Request	Running PUF Request	Tuition/ Rev. Bonds	Gifts & Grants	Institutional Funds
1	M. D. Anderson	Basic Sciences Research Building	\$137,200,000	\$30,000,000	\$30,000,000	\$32,200,000	\$75,000,000	
2	U. T. San Antonio	Academic Building III	\$52,000,000	\$37,000,000	\$67,000,000	\$15,000,000		
		Thermal Energy Plant Upgrade - 1604 Campus	\$9,000,000	\$6,500,000	\$73,500,000	\$2,500,000		
3	SWMC	North Campus Phase 4	\$240,000,000	\$80,000,000	\$153,500,000	\$100,000,000	\$60,000,000	
4	U. T. Dallas	Engineering and Computer Science Complex	\$40,000,000	\$30,000,000	\$183,500,000		\$10,000,000	
5	U. T. Austin	Biological Science - Wet Lab Building	\$52,000,000	\$39,000,000	\$222,500,000			\$13,000,000
6	U. T. Arlington	Carlisle Hall - Stairwell Towers Addition	\$1,700,000	\$1,700,000	\$224,200,000			
		Brick Repairs - Pickard Hall & College of Bus. Admin.	\$12,500,000	\$12,500,000	\$236,700,000			
7	HSC Houston	Research Expansion Building, Phase I	\$125,000,000	\$50,000,000	\$286,700,000		\$75,000,000	
8	HSC San Antonio	Admin. Systems Phase I, Software/Hardware/Replace.	\$2,200,000	\$1,600,000	\$288,300,000		\$600,000	
9	U. T. El Paso	Academic Services Building	\$10,000,000	\$10,000,000	\$298,300,000			
10	U. T. Tyler	Student Health and Kinesiology	\$19,300,000	\$9,700,000	\$308,000,000		\$9,600,000	
11	U. T. Arlington	Bookstore Ren.-NanoFab Cleanroom Res./Teach.	\$2,000,000	\$2,000,000	\$310,000,000			
12	UTMB	Library Facilities Upgrade	\$7,900,000	\$3,950,000	\$313,950,000		\$3,950,000	
13	HC Tyler	Electrical Distribution System Upgrade Phase III	\$2,370,000	\$2,370,000	\$316,320,000			
14	U. T. San Antonio	Campus Equipment and Technology	\$5,300,000	\$5,300,000	\$321,620,000			
15	UTMB	Student Learning Center	\$8,292,000	\$4,192,000	\$325,812,000		\$4,100,000	
16	U. T. El Paso	Engineering/Science Complex	\$6,000,000	\$6,000,000	\$331,812,000			
17	U. T. Dallas	Callier Center Satellite Facility	\$2,600,000	\$1,600,000	\$333,412,000			\$1,000,000
18	HSC San Antonio	Core Research Facilities	\$9,000,000	\$7,000,000	\$340,412,000		\$2,000,000	
19	U. T. San Antonio	Engineering/Biotechnology Building - Phase III	\$40,000,000	\$35,000,000	\$375,412,000		\$5,000,000	
20	HSC San Antonio	Interdisciplinary Teaching Space - Phase I Classroom	\$14,000,000	\$7,000,000	\$382,412,000		\$7,000,000	
21	UTMB	Multi-Purpose Research Building	\$48,000,000	\$18,000,000	\$400,412,000		\$30,000,000	
22	HC Tyler	Roof Replacement - Buildings A, B, C, and D	\$1,220,000	\$1,220,000	\$401,632,000			
	24 Projects	TOTALS	\$847,582,000	\$401,632,000		\$149,700,000	\$282,250,000	\$14,000,000

Request to Amend the University of Texas System
 FY 2000-2005 Capital Improvement Program and FY 2000-2001 Capital Budget

TABLE 2

Projects To Be Added To the FY 2000-2005 CIP and FY 2000-2001 Capital Budget

* Projects to be Institutionally Managed

Project Name	R&R, Equip., or New Const.	Project Cost	Funding		
			PUF	Gifts/Grants	Rev. Bonds
<u>UT Arlington</u> Brick Repairs - Pickard Hall and the College of Business Administration	R&R	12,500,000	12,500,000		
* Bookstore Renovation for NanoFab Cleanroom Research and Teaching Facility	R&R	2,000,000	2,000,000		
<u>UT Dallas</u> Engineering and Computer Science Complex	New Const.	40,000,000	30,000,000	10,000,000	
<u>UT El Paso</u> Engineering/Science Complex	New Const.	6,000,000	6,000,000		
<u>UT San Antonio</u> * Campus Equipment and Technology	Equip.	5,300,000	5,300,000		
Engineering/Biotechnology Building - Phase III	New Const.	40,000,000	35,000,000	5,000,000	
<u>UT Tyler</u> Student Health and Kinesiology	New Const.	19,300,000	9,700,000	9,600,000	
<u>UT Southwestern Medical Center - Dallas</u> North Campus Phase 4	New Const.	240,000,000	80,000,000	60,000,000	100,000,000
<u>UT Medical Branch - Galveston</u> Multi-Purpose Research Building	New Const.	48,000,000	18,000,000	30,000,000	
<u>UT Health Science Center - San Antonio</u> * Administration Systems Phase I, Software/Hardware Replacement	Equip.	2,200,000	1,600,000	600,000	
Core Research Facilities	R&R	9,000,000	7,000,000	2,000,000	
Interdisciplinary Teaching Space - Phase I Classroom	New Const.	14,000,000	7,000,000	7,000,000	
TOTALS		438,300,000	214,100,000	124,200,000	100,000,000

Request to Amend the University of Texas System
 FY 2000-2005 Capital Improvement Program and FY 2000-2001 Capital Budget

TABLE 3

Existing CIP Projects To Receive Modified Funding and/or Revised Project Cost

Project Name	Exist. Proj. Cost	Addds	New Proj. Cost	Existing Funding (In millions)										New Funding (In millions)						
				Rev. Bonds	Tuit. Bonds	AUF	Gen. Rev.	Gifts Grants	Hosp. Rev.	Inter. Local	Desig. Tuit.	Unx. Plant	PUF	Rev. Bonds	Tuit. Bonds	Gifts Grants	Inter. Local	Desig. Tuit.		
<u>UT Arlington</u> Carlisle Hall - Stairwell Towers Addition	1,612,000	88,000	1,700,000		1.612										1.700					
<u>UT Austin</u> Biological Science - Wet Lab Building	52,000,000		52,000,000			20.375		12.000				19.625			39.000					13.000
<u>UT Dallas</u> Callier Center Satellite Facility	2,600,000		2,600,000					1.300		1.300					1.600				1.000	
<u>UT El Paso</u> Academic Services Building	7,000,000	3,000,000	10,000,000									7.000			10.000					
<u>UT San Antonio</u> 1604 Campus Thermal Energy Plant Upgrade	9,000,000		9,000,000	9.000										6.500	2.500					
Academic Building III	25,000,000	27,000,000	52,000,000		15.000		10.000								37.000		15.000			
<u>UT Medical Branch - Galveston</u> Library Facilities Upgrade	7,900,000		7,900,000					7.900							3.950			3.950		
Student Learning Center	8,292,000		8,292,000					8.292							4.192			4.100		
<u>UT Health Science Center - Houston</u> Research Expansion Building, Phase I	125,000,000		125,000,000					125.000							50.000			75.000		
<u>UTMD Anderson Cancer Center</u> Basic Sciences Research Building	137,200,000		137,200,000	32.200				75.000	30.000						30.000	32.200		75.000		
<u>UT Health Center - Tyler</u> Electrical Distribution System Upgrade Phase III	2,370,000		2,370,000							2.370					2.370					
Roof Replacement - Bldgs. A, B, C, and D	1,220,000		1,220,000												1.220	1.220				
TOTALS	379,194,000	30,088,000	409,282,000	41.200	16.612	20.375	10.000	229.492	32.370	1.300	26.625	1.220		187.532	34.700	15.000	158.050	1.000	13.000	

Request to Amend the University of Texas System
 FY 2000-2005 Capital Improvement Program and FY 2000-2001 Capital Budget
TABLE 4

Repair and Rehabilitation and Equipment Projects in the FY 2000-2001 Capital Budget To Receive Appropriations

Project Name	New to CIP or Existing Projects	Project Cost	Existing Funding To Remain		New Funding to be Appropriated	
			Rev. Bonds	Gifts/Grants	PUF	Gifts/Grants
<u>UT Arlington</u>						
Brick Repairs - Pickard Hall and the College of Business Administration	New to CIP	12,500,000			12,500,000	
Bookstore Renovation for NanoFab Cleanroom Research and Teaching Facility	New to CIP	2,000,000			2,000,000	
<u>UT San Antonio</u>						
1604 Campus Thermal Energy Plant Upgrade	Existing	9,000,000	2,500,000		6,500,000	
Campus Equipment and Technology	New to CIP	5,300,000			5,300,000	
<u>UT Medical Branch - Galveston</u>						
Library Facilities Upgrade	Existing	7,900,000		3,950,000	3,950,000	
Student Learning Center	Existing	8,292,000		4,100,000	4,192,000	
<u>UT Health Science Center - San Antonio</u>						
Administration Systems Phase I, Software/Hardware Replacement	New to CIP	2,200,000			1,600,000	600,000
Core Research Facilities	New to CIP	9,000,000			7,000,000	2,000,000
<u>UT Health Center - Tyler</u>						
Electrical Distribution System Upgrade Phase III	Existing	2,370,000			2,370,000	
Roof Replacement - Buildings A, B, C, and D	Existing	1,220,000			1,220,000	
TOTALS		59,782,000	2,500,000	8,050,000	46,632,000	2,600,000

Business Affairs & Audit Committee

BUSINESS AFFAIRS AND AUDIT COMMITTEE
Committee Chairman Riter

Date: February 10, 2000
Time: Following the Meeting of the Board
Place: Room 1505 C, 15th Floor, University Center Tower,
The University of Texas Health Science Center at Houston

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3. U. T. System: Recommendation to Approve Fiscal Year 2001 Budget Preparation Policies and Limitations for General Operating Budgets, Auxiliary Enterprises, Contracts and Grants, Restricted Current Funds, Designated Funds, and Service and Revolving Funds Activities and Calendar for Budget Operations	45
4. U. T. System: Request for Adoption of Resolution to Argonaut Southwest Insurance Company to Guarantee Payments Under Phase II of a Rolling Owner Controlled Insurance Program (ROCIP)	50

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| 5. | U. T. El Paso: Frank B. Cotton Trust - Request for Authorization to Sell 3.020 Acres of Land and Improvements Located at 1605-1623 East Paisano Drive, El Paso, El Paso County, Texas, and Authorization to Execute All Documents Related Thereto | 57 |
| 6. | U. T. Southwestern Medical Center - Dallas: Request for Approval to Purchase Real Property Located at 6019-6111 Harry Hines Boulevard in Dallas, Dallas County, Texas, and Authorization to Execute All Documents Related Thereto | 58 |
| 7. | U. T. System Administration and U. T. Austin: Request for Approval to Amend Resolution Regarding the List of Individuals Authorized to Negotiate, Execute, and Administer Classified Government Contracts (Key Management Personnel) | 59 |

INFORMATIONAL REPORTS

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| 1. | U. T. System: Discussion of the December 1999 Monthly Financial Report | 61 |
| 2. | U. T. System: Annual Presentation of the Reporting Package for the Board of Regents | 61 |

1. U. T. System: Recommendation to Approve Chancellor's Docket No. 100

RECOMMENDATION

It is recommended that Chancellor's Docket No. 100 be approved.

It is requested that the committee confirm that authority to execute contracts, documents, or instruments approved therein has been delegated to appropriate officials of the respective institution involved.

2. U. T. Board of Regents: Proposed Amendments to the Regents' Rules and Regulations, Part Two, Chapter I, Section 1 (Gifts to The University of Texas System) and Chapter IX (Matters Relating to Investments, Trusts, and Lands), Sections 2, 5, and 6 and Recommendation to Rescind Section VIII (Gifts of Real Estate) of the U. T. System Gifts Policy Guidelines and to Adopt New Gift Policy Guidelines for Surface and Mineral Estates in Real Property

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs, the Vice Chancellor and General Counsel, and the Vice Chancellor for Development and External Relations that the Regents' Rules and Regulations, Part Two, Chapter I, Section 1, regarding authorization to accept gifts of real property, and Chapter IX, Sections 2, 5, and 6, regarding investments, trusts, and lands, be amended as set forth below in congressional style:

- a. Amend Chapter I, Section 1 as follows and renumber present Subdivisions 1.(15)1 through 1.(15)5 accordingly:

Sec. 1. Gifts to The University of Texas System.

...

- 1.2 Unless otherwise approved by the Board, all gifts to the System or any component institution shall be made in accordance with all relevant laws and Board policies, including but not limited

- to~~[-]~~ the provisions of the U. T. System Gift Acceptance Procedures, the Gift[s] Policy Guidelines for Surface and Mineral Estates in Real Property, the Environmental Review Policy for Acquisitions of Real Property Assets, and approved institutional policies.
- 1.3 The Board delegates to the Chancellor~~[-]~~ or the president of a component institution ~~[chief administrative officer]~~, or a designee specified in writing, the authority to accept gifts, other than gifts of real property, that are not processed or administered by the Office of Development and External Relations and that conform to all relevant laws and Board policies, including but not limited to the U. T. System Gift Acceptance Procedures, the Gift[s] Policy Guidelines for Surface and Mineral Estates in Real Property, the Environmental Review Policy for Acquisitions of Real Property Assets, and approved institutional policies, provided that such gifts have a value of \$500,000 or less (in cash or in kind). Such gifts that have a value of more than \$500,000 (in cash or in kind) must be submitted to the Board for approval via the docket.
- 1.4 The Board delegates to the Executive Vice Chancellor for Business Affairs, or a designee specified in writing, authority to accept all gifts of real property of any value that are not processed or administered by the Office of Development and External Relations and that conform to all relevant laws and Board policies, including but not limited to the U. T. System Gift[s] Policy Guidelines for Surface and Mineral Estates in Real Property, the Environmental Review Policy for Acquisitions of Real Property Assets, and approved institutional policies~~[-]~~, ~~provided that such gifts have a value of \$500,000 or less. Such gifts that have a value of more than \$500,000 must be submitted to the Board for approval via the docket.~~
- 1.5 The Board delegates to the Vice Chancellor for Development and External Relations, or a designee specified in writing, authority to accept all gifts of any value (either in cash or in kind) that conform to all relevant laws and Board policies, including but not limited to the U. T. System Gift Acceptance Procedures, the Gift[s] Policy Guidelines for Surface and Mineral Estates in Real Property, and the Environmental Review Policy for Acquisitions of Real Property Assets, and are processed or administered by the Office of Development and External Relations.

- 1.6 The Board delegates to the Vice Chancellor for Development and External Relations, or a designee specified in writing, authority to take any and all ~~[necessary or]~~ desirable actions relating to the administration and management of gifts accepted by the Office of Development and External Relations, including without limitation the modification or termination of trusts, endowments, and quasi-endowments as may be permitted by applicable law, policies, ~~and~~ these Rules and Regulations, and the Gift Acceptance Procedures.
- 1.7 The Board delegates to the president of a component institution ~~[chief administrative officer]~~, or a designee specified in writing, authority to execute all necessary Internal Revenue Service forms, including without limitation IRS Forms 8283 and 8282, that relate to gifts accepted by the president ~~[chief administrative officer]~~ or accepted by the Board via the docket or as an agenda item.
- 1.8 The Board delegates to the Vice Chancellor for Development and External Relations, or a designee specified in writing, authority to execute all necessary Internal Revenue Service forms, including without limitation IRS Forms 8283 and 8282, that relate to gifts processed or administered by the Office of Estates and Trusts ~~[Development and External Relations]~~.
- 1.9 The Board delegates to the Executive Vice Chancellor for Business Affairs, or a designee specified in writing, authority to execute all necessary Internal Revenue Service forms, including without limitation IRS Forms 8283 and 8282, that relate to real property gifts processed or administered by the Real Estate Office and University Lands - West Texas Operations.
- 1.(10) The Office of Development and External Relations shall submit a report to the Board summarizing acceptance and approval by the Office of Development and External Relations of gifts and other actions which conform to all relevant laws and Board policies, including but not limited to~~;~~ the Gift~~[s]~~ Acceptance Procedures, ~~[Policy Guidelines]~~ no less frequently than annually.
- 1.~~(11)~~(40) Recommendations regarding the acceptance of gifts or other actions which do not conform to all relevant laws and Board policies, including but not limited to the Gift Acceptance Procedures ~~[Guidelines]~~, shall be made through the Chancellor

to the Board via the Agenda after review by the appropriate offices of the terms of the gifts, the nature of the donated assets and/or the requested action.

- 1.(12[44]) Gifts to Establish Endowments.
- [4.(11)1] Endowments will be established with gifts which have been completed for tax purposes or with a combination of such gifts and pledges at a minimum funding level of \$10,000. Endowments may be established to fund scholarship programs and other educational activities as well as the endowed academic positions specified in Section 3 below.
- [4.(11)2] ~~Should the Board determine at any time that an endowment fund is not of sufficient size and has no foreseeable prospects of growing to sufficient size to justify the continuing costs of maintenance of such fund as a separate fund, then in the Board's discretion the principal of such fund may be expended for or otherwise devoted to the accomplishment, as near as may be possible, of the purposes for which the fund was established.]~~
- 1.(13[42]) Except as provided in this Subsection, the preceding Subsections, or approved institutional policies, no member of the staff of any institution has the authority to accept gifts.
- 1.(14[43]) Neither the System nor any of its component institutions will administer a gift for the benefit of any designated individual unless the donor is exempt from federal income taxes as defined by the Commissioner of Internal Revenue.
- 1.(15[44]) Acceptance of all gifts of real property [estate] shall be subject to the U. T. System Gift[s] Policy Guidelines for Surface and Mineral Estates in Real Property and the Environmental Review Policy for Acquisitions of Real Property Assets [Estate. ~~The Coordinating Board, for purposes of state funding, may review and approve as an addition to an institution's educational and general building and facilities inventory any improved real property acquired by gift or lease purchase as provided in Section 61.058(d) of the Texas Education Code.~~].
- 1.(16[45]) Conduct Related to Gifts.

....

b. Amend Chapter IX, Section 2, Subsection 2.3 and Subdivision 2.52 as shown below:

Sec. 2. Authorizations Regarding Sales, Assignments, Conveyances, Receipt of Property, and Proxies.

...

2.3 Additional Authority to Sell Securities for and on Behalf of the Board.--The Executive Director, [-] Estates and Trusts shall be authorized to sell, for and on behalf of the Board, any and all securities of any description whatever from any source, received as gifts and/or bequests, registered in the name of the Board, or in any other form of registration of such securities held for the account of the Board in whatever manner, including all fiduciary capacities and including those registered in the names of trusts managed and controlled by said Board.

...

2.52 The Vice Chancellor for Development and External Relations or the Executive Director, [-] Estates and Trusts is authorized to seek, demand, collect, recover, and receive any and all sums of money, debts, dues, rights, property, effects, or demands due, payable, or belonging, or that may become due or payable to the Board from any person or persons as a result of, or relating to, a gift or bequest and to execute any and all necessary or proper receipts, releases, and discharges therefor and any other instruments as may be necessary or appropriate from time to time relating to the receipt, handling, management, control, and disposition of any asset acquired by gift or bequest unless and until such time as the Office of Estates and Trusts has delivered the asset to another office for management purposes as provided in these Rules and Regulations.

.....

c. Amend Chapter IX, Section 5, Subsections 5.1 and 5.2 as shown below:

Sec. 5. Policy for Investment and Management of Endowment, Trust, and Other Accounts Invested Through or Separate from U. T. Investment Pools.

5.1 Endowment funds and funds functioning as endowments will be managed in a manner consistent with the U. T. System Gift[s] Acceptance Procedures [~~Policy Guidelines~~], prudent person investment standards, and the Uniform Management of Institutional Funds Act (Title 10, Chapter 163, Texas Property Code). These funds will be managed separately and not commingled with the Long Term Fund if the terms of the instrument by which the fund was created preclude investment through the Long Term Fund. In addition, nonmarketable securities held by an endowment fund may be recorded as separately invested. All other endowment funds and funds functioning as endowments will be invested through the Long Term Fund.

5.2 Trust funds and other life income accounts will be invested and administered consistent with The University of Texas System Separately Invested Endowment, Trust, and Other Accounts Investment Policy Statement, U. T. System Gift[s] Acceptance Procedures [~~Policy Guidelines~~], prudent person investment standards, and the Texas Trust Code (Title 9, Subtitle B, Texas Property Code).

.....

d. Amend Chapter IX, Section 6, Subsections 6.8 and 6.9 as shown below:

Sec. 6. Matters Relating to Real Property.

...

6.8 Planned Gifts and Bequests.--The Office of Estates and Trusts shall, in accordance with applicable Board policies, process and administer the receipt of real property [assets] received by the Board through a bequest, an interest in an account held in trust, a [~~or~~] gift to establish or modify an endowment (other than the Permanent University Fund), a fund functioning as an endowment, or a life income or annuity fund. The Office of Estates and Trusts shall promptly notify the Real Estate Office and University Lands - West Texas Operations of gifts of surface

and mineral estates in real property received, processed, and administered pursuant to this Subsection 6.8 to be managed by the Real Estate Office and University Lands - West Texas Operations, respectively. This Subsection 6.8 shall not apply to current purpose gifts of surface and mineral estates in real property (other than gifts received through a bequest or a trust) or additions to an existing endowment, a fund functioning as an endowment, or a life income or annuity fund if the addition does not change or modify the purpose of the endowment or fund.

- 6.9 Current Purpose Gifts.--The Real Estate Office and University Lands - West Texas Operations shall, in accordance with Board policies, process and administer the receipt of all gifts of surface and mineral estates in real property that are not processed and administered in accordance with Subsection 6.8 of this Section[~~The Real Estate Office and University Lands - West Texas Operations shall manage all surface and mineral estates in real property so received], unless the property is used as campus property by the component. The component shall manage real property used for campus purposes.~~

.....

It is further recommended that Section VIII (Gifts of Real Estate) of the U. T. System Gifts Policy Guidelines be rescinded for the reasons detailed in the Background Information of this agenda item and the new Gift Policy Guidelines for Surface and Mineral Estates in Real Property be adopted as set out below:

Gift Policy Guidelines for Surface and Mineral Estates in Real Property

A. Introduction

These guidelines apply to all gifts of surface and mineral estates in real property regardless of type, location, or designated use of the funds to be derived therefrom. In the absence of guidelines or policies relating to such gifts designated for campus use, these policy guidelines shall apply. The Board of Regents recognizes that the full implementation of these guidelines with respect to surface and mineral estates in real property donated or bequeathed to the U. T. System or any of its component institutions may not be achievable in all cases. The Real Estate Office (REO) and University Lands - West Texas Operations (ULWTO) will evaluate gifts of surface and mineral estates in real property and apply these guidelines to the extent reasonably practicable and in the best interest of the U. T. System.

B. Definitions

1. A "gift" includes conveyances and testamentary transfers, as well as trust distributions to the U. T. System or any of its component institutions.
2. "Real property" means, individually and collectively, the surface estate and the mineral estate.
3. "Surface estate" means any interest in the surface of real property including fee and leased fee interests, together with all appurtenances and improvements attached thereto, and all property interests that do not constitute the mineral estate.
4. "Mineral estate" means mineral rights of gas, oil and minerals, whether joined to or severed from the surface estate and the associated rights as properly conveyed to the U. T. System or component institution. An overriding royalty interest that is not subject to any costs shall also be a "mineral estate."
5. The "Responsible Officer" is the Executive Vice Chancellor for Business Affairs or his/her designee (for current purpose gifts) or the Vice Chancellor for Development and External Relations or his/her designee (for endowments and other planned gifts) and is responsible, based on the recommendations of the REO and ULWTO, for the initiation and completion of the formal acceptance of the gift via administrative approval, the Docket, or the Agenda, as appropriate.
6. A "qualified gift of a surface estate" is:
 - a. any interest that will net more than \$25,000 upon sale; or
 - b. a property for which there is an effective direct use by a component institution.

C. Procedures for Acceptance of Gifts of Surface Estates

1. Notification of the REO. The component institution (for current purpose gifts) or the Office of Estates and Trusts (OET) (for planned or endowment gifts) will notify the REO upon identification of a potential gift of real property.

2. Information to be submitted to the REO. The component institution or REO will request that the donor provide as much of the following information as possible to allow the REO to evaluate the proposed gift. If not paid by the donor, the benefited component institution shall pay all costs incurred by the REO to evaluate the gift or protect U. T. System's interests with respect to the gift, including title policy premiums. The Board of Regents strongly encourages the acquisition of a title policy at the time the property is acquired whether the policy premium is paid with funds provided by the donor or the component.

a. Fee Interests in Surface Estates.

- i) Map showing location of property
- ii) Legal description of property
- iii) Proof of ownership (deed)
- iv) Survey of subject property and improvements
(Category 1A survey preferred)
- v) List of improvements
- vi) Copies of current leases, if any
- vii) Current title commitment and copies of all title exceptions, including deed restrictions or covenants and liens
- viii) Copy of the donor's title policy, if any
- ix) List of current expenses required to maintain/operate the property
- x) Proof of payment of taxes and association fees, if any
- xi) Recent appraisal or other acceptable valuation
- xii) Copies of documents relating to past or current litigation directly affecting the real estate

- xiii) A written statement from the donor identifying any known waste disposal sites or contamination or spills of hazardous or other regulated materials on the property, or a statement to the contrary, and assuring compliance with the U. T. System Environmental Review Policy for Acquisitions of Real Property Assets
 - xiv) Written statement from the donor outlining purpose of the gift
 - xv) Permission for access to the property to conduct on-site inspections
 - xvi) Such other information as may be requested by the Office of General Counsel, REO, or OET.
- b. **Leased Fee Interests in Surface Estates.**
- i) Copies of fully executed leases and lease amendments
 - ii) Items listed in a. above
 - iii) History of all lease payments
 - iv) Estoppel certificates
 - v) Insurance policy and certificates.
3. **Sale of a Surface Estate by Executor or Trustee.** The REO will generally request that the surface estate received from an estate or trust be sold rather than distributed to the University. The sale price shall be based upon a fair market value appraisal or other generally accepted industry standard for valuing the property. The REO shall provide assistance to facilitate the sale of the surface estate, when appropriate. If the surface estate is not sold within a reasonable period of time, the REO will evaluate the surface estate to determine whether the gift will be accepted or rejected.
4. **Evaluation of Qualified Gifts of Surface Estates.** The REO will evaluate and inspect a proposed gift of surface estate. Only qualified gifts of surface estates will be recommended for further review and evaluation.

5. Special Conditions.

- a. **Unencumbered Surface Estate.** The REO generally will not recommend acceptance of a qualified gift of an unencumbered surface estate unless there is a clear benefit to the U. T. System and the following conditions are met:
- i) Adequate provisions are made by the donor or the component institution for the expense of management until disposition. The donor should be encouraged to contribute funds for the management of the property until disposition occurs. Any unreimbursed costs of management or sale of the property will be charged either against income from the property or proceeds from the sale of the property;
 - ii) The gift is of a 100% interest in the property; and
 - iii) There are no undue limitations on the U. T. System's ability to own, manage, and dispose of the property.
- b. **Encumbered Surface Estate.** The REO generally will not recommend acceptance of a qualified gift of a surface estate that is mortgaged or encumbered unless there is a clear benefit to the U. T. System and the following conditions are met:
- i) The donor donates funds or makes other appropriate arrangements to meet all debt requirements;
 - ii) Adequate provisions are made by the donor or the component institution for the expense of management until disposition. The donor should be encouraged to contribute funds for the management of the property until disposition occurs. Any unreimbursed costs of management or sale of the property will be charged either against income from the property or proceeds from the sale of the property;
 - iii) The gift is of a 100% interest in the property; and
 - iv) There are no undue limitations on the U. T. System's ability to own, manage, and dispose of the property.

6. Environmental Assessment. An environmental assessment of the gift must be completed in accordance with the "U. T. System Environmental Review Policy for Acquisitions of Real Property Assets."
7. Evaluation Criteria. The REO will consider all criteria for acceptance outlined in this policy and information gathered with respect to the property in determining whether to recommend acceptance of a qualified gift of real property. To demonstrate a clear benefit to the U. T. System, the REO will evaluate the return expected from a qualified gift of a surface estate based on, but not limited to, such factors as income potential, development characteristics, type of property interest, holding costs, management requirements, holding period, location, potential environmental liabilities, encumbrances, and any other potential liabilities or risks associated with the asset.
8. Gift Acceptance. The REO will make a recommendation to the Responsible Officer or the Board of Regents who will accept or reject the gift.
9. Title. Title to each property shall be held in the name of the Board of Regents, and not in the name of any component institution, department, or individual. The REO will ensure that all deeds for gifts of surface estates are recorded in the county where the property is located and will retain the original deed in its permanent records.
10. Valuation of a Surface Estate.
 - a. Appraisal Preferred. The preferred method of valuation for the purpose of determining gift value, sale price, or lease rates for a surface estate shall be an appraisal prepared by an independent State-certified or other licensed appraiser.
 - b. Small Gifts. The value of a surface estate less than \$50,000 may be determined by solicitation of offers or by any other generally accepted industry standards including tax assessments.
 - c. Public Auction or Bids. An appraisal is not required when a surface estate is sold at public auction or by use of sealed bids.

D. Procedures for Acceptance of Gifts of Mineral Estates

1. Notification of the ULWTO. The component institution (for current purpose gifts) or OET (for planned or endowment gifts) will notify ULWTO upon identification of a potential gift of a mineral estate. ULWTO will evaluate the mineral estate and determine whether the asset should be accepted or rejected by the U. T. System or in the case of a testamentary transfer or trust whether to request that the interest be sold. ULWTO will provide assistance to facilitate the conveyance or sale of the mineral assets.

2. Information to be submitted to ULWTO. The component institution or ULWTO will request that the donor provide as much of the following information as possible to allow ULWTO to evaluate the proposed gift. If not paid by the donor, the benefited component institution shall pay all costs incurred by ULWTO to evaluate the gift or to protect the U. T. System's interests with respect to the gift.
 - a. Map, plat, or survey of the property
 - b. Legal description of the property
 - c. Proof of ownership (deed or assignment)
 - d. Copies of current oil and gas leases, if any
 - e. Copies of division orders, if any
 - f. Copies of other relevant documents, such as unit agreements and operating agreements
 - g. List of encumbrances including any liens and copies of the corresponding documentation
 - h. Abstracts of title or title opinions
 - i. Geological or geophysical records
 - j. Lease ratifications and lease assignments
 - k. Copies of appraisals or reserve studies

- I. Copies of documents relating to past or present litigation directly affecting the property
 - m. Copies of insurance coverage carried by the well operator relative to environmental damage.
- 3. Sale of a Mineral Estate by Executor or Trustee. ULWTO will generally request that the mineral estate received from an estate or trust be conveyed. However, if the sale of the minerals is appropriate, the sale price shall be based upon a fair market value appraisal or other generally accepted industry standard for valuing the property. ULWTO shall provide assistance to facilitate the sale of the mineral estate, when appropriate. If the mineral estate is not sold within a reasonable period of time, ULWTO will evaluate the mineral estate to determine whether the gift will be accepted or disclaimed.
- 4. Evaluation of Qualified Gifts of Mineral Estates. ULWTO will evaluate a proposed gift of mineral estate. Only qualified gifts of mineral estates will be recommended for further review and evaluation.
- 5. Evaluation Criteria. ULWTO will consider all of the criteria for acceptance outlined in this policy and information gathered with respect to the minerals in determining whether to recommend acceptance of a qualified gift of a mineral estate.
- 6. Gift Acceptance. ULWTO will make a recommendation to the Responsible Officer or the Board of Regents who will accept or reject the gift.
- 7. Title. Title to each mineral estate shall be held in the name of the Board of Regents, and not in the name of any component institution, department, or individual. ULWTO will ensure that all deeds for gifts of mineral estates are recorded in the county where the mineral estate is located and will retain the original deed in its permanent records.
- 8. Valuation of a Mineral Estate. The preferred method of valuation for the purpose of determining value for a mineral estate shall be at the discretion of ULWTO, but shall always be by generally accepted industry standards.

BACKGROUND INFORMATION

The proposed amendments to the Regents' Rules and Regulations, Part Two, Chapter I, Section 1 provide revisions to existing policies and the procedure that relates to the acceptance of gifts to the U. T. System or to any component institution. In addition, Subsection 1.4 is amended to delegate authority to the Executive Vice Chancellor for Business Affairs to accept gifts of real property of any value that are not processed or administered by the Office of Development and External Relations. This change will provide greater efficiency in the processing of real property gifts and provide delegation to the Executive Vice Chancellor for Business Affairs that is consistent with the delegation given to the Vice Chancellor for Development and External Relations for the acceptance of planned gifts. Subsection 1.(11)2 concerning modification of endowment funds is deleted as this authority was previously delegated to the Vice Chancellor for Development and External Relations and is contained in Subsection 1.6. New language has been added to Subsection 1.9 to delegate authority to the Executive Vice Chancellor for Business Affairs to execute IRS Forms 8283 and 8282 that relate to the acceptance of real property gifts.

The proposed editorial amendments to the Regents' Rules and Regulations, Part Two, Chapter IX, Sections 2 and 5 update the title of the Executive Director, Estates and Trusts and the title of the U. T. System Gift Acceptance Procedures.

The proposed amendments to Part Two, Chapter IX, Section 6, Subsections 6.8 and 6.9 clarify which U. T. System office or component institution maintains the responsibility for real property designated for planned gifts and bequests or current purpose gifts.

The U. T. System Trust Fund Real Estate Policy Statement was adopted by the U. T. Board of Regents in April 1988 and was amended in August 1991. The policy was subsequently incorporated into the U. T. System Gifts Policy Guidelines that was adopted by the U. T. Board of Regents in August 1995 and amended in November 1995.

At the August 1999 meeting, the U. T. Board of Regents amended the Regents' Rules and Regulations and delegated authority to the Vice Chancellor for Development and External Relations to promulgate U. T. System Gift Acceptance Procedures consistent with the Regents' Rules and Regulations. As part of this action, Section VIII (Gifts of Real Estate) of the current U. T. System Gifts Policy Guidelines would remain in effect until a new real estate gift policy was presented to the U. T. Board of Regents for approval. It is recommended that Section VIII (Gifts

of Real Estate) of the U. T. System Gifts Policy Guidelines be rescinded and the new U. T. System Gift Policy Guidelines for Surface and Mineral Estates in Real Property be adopted.

The proposed policy provides guidelines for accepting leasehold interests, campus properties, and bequests of surface and mineral estates in real property. The new policy reflects the authority of the Executive Vice Chancellor for Business Affairs to accept current purpose gifts of real property of any value not processed or administered by the Office of Development and External Relations. The proposed policy also confirms the authority of the Vice Chancellor for Development and External Relations or his/her designee to accept real property gifts of any value for endowments or other planned gifts. The proposed policy states standards for the valuation of gifts of real property and the Real Estate Office and University Lands - West Texas Operations will make an initial determination of qualification for acceptance for all gifts and bequests of real property in accordance with standards set out in the new policy.

3. U. T. System: Recommendation to Approve Fiscal Year 2001 Budget Preparation Policies and Limitations for General Operating Budgets, Auxiliary Enterprises, Contracts and Grants, Restricted Current Funds, Designated Funds, and Service and Revolving Funds Activities and Calendar for Budget Operations

RECOMMENDATION

With the concurrence of the U. T. System Executive Officers, the Chancellor recommends that the U. T. Board of Regents approve the Budget Preparation Policies and Limitations and Calendar for use in preparing the FY 2001 Operating Budget for the U. T. System as set out below:

U. T. System FY 2001 Budget Preparation Policies

General Guidelines – The regulations and directives included in the General Appropriations Act enacted by the 76th Texas Legislature serve as the basis for these guidelines and policies. In preparing the draft of the FY 2001 Operating Budget, the president of each component institution should adhere to guidelines and policies as detailed below and as included in the General Appropriations Act.

Overall budget totals, including reasonable reserves, must be limited to the funds available for the year from General Revenue Appropriations, Estimates of Educational and General Income, and limited use of institutional unappropriated balances.

Salary Guidelines – Recommendations regarding salary policy are subject to the following directives.

1. Salaries Proportional by Fund – Unless otherwise restricted, payment for salaries, wages, and benefits paid from appropriated funds, including local funds and educational and general funds as defined in Texas Education Code Section 51.009 (a) and (c), shall be proportional to the source of funds.
2. Merit Increases – Subject to available resources and resolution of any major salary inequities, institutions should give priority to implementing merit salary increases for faculty and staff keeping in mind the 2000-2001 biennium goal of at least an average 8% merit salary increase for faculty and staff. This would include the mandatory \$100 per month for non-faculty employees required by the Legislature in the first year of the biennium.

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

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

To be eligible for a merit increase, classified staff must have been employed by the institution for at least six months as of August 31, 2000.

3. Other Increases – Equity adjustments, competitive offers, and increases to accomplish contractual commitments may also be granted in this budget and should also consider merit where appropriate, subject to available resources. Such increases should be noted and explained in the supplemental data accompanying the budget.
4. New Positions – New administrative and professional, classified staff and faculty positions are to be requested only when justified by workloads or to meet needs for developing new programs. Full-time equivalent (FTE) positions of an institution which exceed the numbers stipulated in the General Appropriations Act must be approved by the Governor and the Legislative Budget Board. Care should be taken when proposing any new FTE positions which might cause the total to exceed the caps.

5. Capital Equity – U. T. Arlington, U. T. Dallas, U. T. El Paso, U. T. Permian Basin, U. T. San Antonio, and U. T. Tyler were appropriated funds in an item entitled Capital Equity and Excellence Funding, a portion of which is intended to compensate these institutions for recent disparities in funds available for capital items from the Permanent University Fund. Funds budgeted for FY 2001 from this item, in these amounts, should be devoted to nonrecurring expenses. These amounts are estimated as follows:

Capital Equity	
Component	Annual
U. T. Arlington	\$3,941,139
U. T. Dallas	2,786,842
U. T. El Paso	2,815,801
U. T. Permian Basin	356,974
U. T. San Antonio	4,373,607
U. T. Tyler	725,639

6. Tobacco Settlement Funds – The distribution from the Endowment Funds appropriated to Higher Education and to the Permanent Health Fund for Health Related Institutions should be estimated at 4.59 percent as shown in the following tables:

Individual Endowments	
Component	Annual
U. T. El Paso	\$1,147,500
U. T. SWMC Dallas	2,295,000
U. T. MB Galveston	1,147,500
U. T. HSC Houston	1,147,500
U. T. HSC San Antonio	9,180,000
U. T. MDA Cancer Ctr.	4,590,000
U. T. HC Tyler	1,147,500
U. T. RAHC*	918,000

*Lower Rio Grande Valley Regional Academic Health Center (RAHC)

Permanent Health Fund	
Component	Annual
U. T. SWMC Dallas	\$2,096,419
U. T. MB Galveston	2,047,895
U. T. HSC Houston	1,779,924
U. T. HSC San Antonio	1,666,213
U. T. MDA Cancer Ctr.	1,664,813
U. T. HC Tyler	1,177,030

7. It is the expectation that Fiscal Year 2001 salary increases for merit, equity, or other reasons be included in the Operating Budgets.

Staff Benefits Guidelines – Recommendations regarding the state contribution for employees staff benefits such as group insurance premiums, teacher retirement, and optional retirement are subject to legislative determination via the General Appropriations Act. The Chancellor will issue supplemental instructions regarding group insurance premiums and premium sharing rates at a later date.

Other Employee Benefits – Employer contributions to the self-insured Unemployment Compensation Fund will be based on an actuarial study. Upon approval of the actuarial study, the Chancellor will issue appropriate instructions regarding the implementation of Unemployment Compensation Insurance and Workers' Compensation Insurance Benefits. Workers' Compensation Insurance rates will be experience rated for each component.

Other Operating Expenses Guidelines – Increases in Maintenance, Operation, Equipment, and Travel are to be justified by expanded workloads, for developing new programs, or for correcting past deferrals or deficiencies.

FY 2001 Operating Budget and
Legislative Appropriations Request Calendar

February 10, 2000	U. T. Board of Regents approves budget policies for FY 2001 Operating Budgets
April 5-18, 2000	Budget policy/resource allocation hearings with System Administration
May 1, 2000	Receive Detailed Instructions for Legislative Appropriations Request for the Biennium Beginning September 1, 2001
May 5, 2000	Draft copies of budgets, salary rosters, and supplemental data due to System Administration
May 8-19, 2000	Technical budget hearings with System Budget Office
May 31, 2000	Final copies of budgets, salary rosters, and supplemental data due to System Administration
July 14, 2000	Draft of Legislative Appropriations Request due to System Budget Office for technical review
July 20, 2000	Final copy of Legislative Appropriations Request due to System Budget Office for printing
July 31, 2000 (estimated)	Legislative Appropriations Request due to Legislative Budget Board and Governor's Budget Office
August 10, 2000	U. T. Board of Regents approves Operating Budget
August 18, 2000	Approved budgets and salary rosters due to System Administration for copying and binding
August-September 2000	Joint Legislative Appropriations Request Budget Hearings

BACKGROUND INFORMATION

The U. T. System FY 2001 Budget Preparation Policies track the regulations and directives included in the General Appropriations Act enacted by the 76th Texas Legislature. No funds, other than Faculty Salaries, have been specifically defined in the General Appropriations Act for salary increases for FY 2001. Funds for a 3% Faculty Salary merit increase may be available contingent upon the Comptroller of Public Accounts certifying sufficient revenue is available from the General Revenue Fund. If such funds are made available, faculty salary increases shall be awarded on the basis of merit and not awarded on an across-the-board percentage basis. Institutions should give priority to implementing merit salary increases if resources are available.

4. U. T. System: Request for Adoption of Resolution to Argonaut Southwest Insurance Company to Guarantee Payments Under Phase II of a Rolling Owner Controlled Insurance Program (ROCIP)

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Health Affairs, and the Executive Vice Chancellor for Business Affairs that the resolution to Argonaut Southwest Insurance Company, Menlo Park, California, to insure The University of Texas System under Phase II of a Rolling Owner Controlled Insurance Program (ROCIP), be adopted as set forth below:

RESOLUTION

WHEREAS, Argonaut Southwest Insurance Company (Argonaut), Menlo Park, California, will insure The University of Texas System and other persons under Phase II of a Rolling Owner Controlled Insurance Program (ROCIP) for various construction projects managed by the Office of Facilities Planning and Construction;

WHEREAS, Pursuant to this ROCIP, Argonaut will issue one or more workers' compensation insurance policies and comprehensive general liability insurance policies that contain combined \$250,000 per occurrence deductibles that include allocated costs and indemnity payments; however, such deductibles are subject to aggregate limits of \$4,765,850 for the ROCIP; and

WHEREAS, The Board of Regents of The University of Texas System understands and agrees that this large deductible ROCIP requires the prompt reimbursement of sums advanced by Argonaut to adjust or pay claims within the deductibles, and the Board desires to guaranty to Argonaut the prompt reimbursement of the deductibles for the ROCIP; now, therefore, be it

RESOLVED, That the Board hereby guarantees to Argonaut the prompt repayment of the sums advanced by Argonaut to adjust or pay claims within the deductibles for the ROCIP, subject to the aggregate deductible limits for the Program. This guaranty shall remain fully binding although Argonaut 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 The University of Texas System; and, be it further

RESOLVED, That the Board represents and warrants to Argonaut that the funds necessary to reimburse Argonaut for the aggregate deductible liability of the insured for the ROCIP are included in the appropriations for the project heretofore approved by the Board.

BACKGROUND INFORMATION

Definition of a ROCIP

A ROCIP is the centralized purchasing of insurance (workers' compensation, general liability, excess liability, and builder's risk) for all contractors working on a project site. Customarily, this insurance is purchased by each contractor in small quantities from different insurers, and the cost is passed through to the owner in the general contractor's bid. In a ROCIP, there is usually only one insurance company which issues separate policies to the contractor and each subcontractor on a project.

Need and Purpose for Resolution

Insurance companies that provide coverage for a ROCIP incur significant liabilities once the policies have been issued. The insurance companies are responsible for 100% of all claims whether or not the owner pays its share, i.e., the policy deductible. Consequently, insurance companies require the issuance of a letter of credit, security interest in the owner's property, promissory note, or other substantial financial instrument to satisfy the requirements of their state insurance commission, as well as the due diligence owed their stockholders. However, for the U. T. System, Argonaut has agreed to accept the above resolution in lieu of a letter of credit, secured interest, or promissory note. To our knowledge, no other entity participating in a ROCIP has negotiated such a favorable agreement with its insurance company.

History

In an effort to effect greater cost control on construction projects within the U. T. System, the Office of Business and Administrative Services (University) investigated the feasibility of participating in an Owner Controlled Insurance Program (OCIP) for the U. T. M. D. Anderson Cancer Center Bertner Complex project managed by the Office of Facilities Planning and Construction. It was determined that an OCIP was the most effective and inexpensive method of insuring liability exposures for this project and was attractive because it provided contractors, as well as the University, with uniform coverage, higher limits, improved claims administration, and continuity of coverage through the contract term.

In 1994, the U. T. Board of Regents adopted a resolution making a guaranty to Argonaut pertaining to the OCIP for the Bertner Complex construction project at U. T. M. D. Anderson Cancer Center. This innovative program provided insurance coverage for the prime contractor and subcontractors for general liability, workers' compensation, excess liability, and builder's risk. The savings to the project as a result of purchasing insurance in this manner were in excess of \$1,000,000.

In 1997, with the success of the Bertner Complex OCIP, the U. T. Board of Regents approved a similar resolution to Argonaut. The University decided to expand this program to include numerous construction projects at several institutions. The ROCIP provided similar coverage for 19 projects totaling over \$200 million in construction values. These projects are approximately 90% complete. The projected savings as of December 13, 1999, is over \$1.8 million. That number will fluctuate depending on additional claim activity until project completion and payroll audits which may result in deductive change orders. (Exhibit A on Page 55 reflects the projects and estimated savings associated with ROCIP Phase I.)

With the demonstrated success of ROCIP Phase I, U. T. System Administration extended the program (ROCIP Phase II) in April 1999 for an additional \$180 million in construction projects. ROCIP Phase II was expanded in July 1999 to cover construction projects valued at a total of \$300 million through the end of calendar year 1999. By November 1999, 18 projects (as listed in Exhibit B on Page 56) totaling \$268 million in construction values were enrolled in ROCIP Phase II. While it is too early to estimate savings on ROCIP Phase II, past experience indicates savings should be significant. Argonaut has been the only company offering this type of insurance program willing to accept a governing board resolution in lieu of a letter of credit or other form of collateral guarantee.

How a ROCIP Works

Under a ROCIP, the University receives a deductive alternate along with the base bid from the contractors. The deductive alternate is for the cost of the insurance to be provided by the University under ROCIP. The University then has the option of including the contractor in ROCIP and taking the deductive alternate. This allows the University to evaluate the savings from the plan. The University secures policies for all contractors working on the project site. The net cost of the insurance policy placed by the University is "loss sensitive," in that savings to the University fluctuate with claim payments. A large emphasis is placed on loss control and safety to maximize the savings potential for the University.

The contractors report their payrolls to the ROCIP insurance carrier rather than to their own insurance companies. Funds saved by not allowing contractors to pass through insurance costs as part of their bid on a project are used to pay for the University-procured policies. All claims related to the project sites are paid by the ROCIP insurance carrier. When the projects are completed, all policies, except for completed operations coverage, are terminated.

A ROCIP presents advantages over conventional construction insurance and loss control procedures for two specific reasons: (1) creating economies of scale by centralizing the purchased insurance coverage and (2) streamlining project management by coordinating a number of on-site functions (such as loss control, safety, security, and record keeping) under a single authority. Control is the key to the operation and success of a ROCIP as it is provided for essential project insurance lines, subcontractors in all tiers through their contracts, site security, and loss prevention and claims management programs by the University.

Benefits of a ROCIP

Insurance costs are considered an expense item in the contractors' and subcontractors' bids. Consequently, contractors and subcontractors include an additional 5-10% in overhead charges, which are passed on to the University in their bid.

In addition, when the insurance is purchased on an individual basis by each contractor/subcontractor, the premium is paid up front in its entirety. In a ROCIP, the combined purchasing power enables the University to structure its premium and loss reserve payments over a longer period of time.

A ROCIP will provide insurance coverages and limits that small or HUB-owned businesses would normally not be able to purchase on their own.

Allowing the general contractors and subcontractors to purchase their policies of insurance separately and from different insurers creates a combination of varying limits, coverages, wordings, retentions, etc. A ROCIP standardizes the overall program and assures the University uniformity of coverage. It also reduces the potential for insurance-related litigation between contractors.

By controlling the insurance through a ROCIP, the University will be able to monitor safety programs and procedures for the project. This is one of the key elements of the ROCIP because "loss" dollars saved flow directly back to the University.

Proposed Resolution

The proposed resolution will provide Argonaut with assurances necessary to complete the ROCIP Phase II program. U. T. System Administration is currently working to implement Phase III of the ROCIP through the issuance of a Request for Proposals for a Program Administrator. The Program Administrator will review the needed coverages and recommend insurance carriers for participation in ROCIP Phase III. It is anticipated that an updated resolution for ROCIP Phase III will be presented to the U. T. Board of Regents at a future meeting.

Exhibit A

**The University of Texas System
Rolling Owner Controlled Insurance Program - Phase I
13-Dec-99**

Project	Component	Percentage Complete	Contract Price	Deduction	Total Cost	Claims	Savings
Austin Parking Garage 4A	Austin	97%	\$7,955,185	\$136,420	\$38,201	\$1,189	\$97,030
Callier Center	Dallas	92%	\$2,250,900	\$110,795	\$10,363	\$0	\$100,432
College of Business Administration	Arlington	97%	\$5,645,646	\$126,587	\$32,347	\$4,213	\$90,027
Chiller Station #5	Austin	100%	\$1,414,960	\$19,440	\$5,340	\$29,408	(\$15,308)
Dorothy Gebauer	Austin	81%	\$6,525,703	\$199,903	\$31,906	\$4,507	\$163,490
Institute of Texan Cultures	San Antonio	91%	\$861,183	\$16,410	\$5,058	\$1,623	\$9,729
Longview	Tyler	31%	\$3,942,836	\$40,957	\$7,760	\$0	\$33,197
Stadium	Austin	99%	\$33,363,712	\$864,000	\$304,658	\$190,958	\$368,384
Stadium-Football Field	Austin	99%	\$3,063,052	\$49,000	\$14,243	\$14,011	\$20,746
Pan American Library	Pan American	100%	\$5,216,618	\$114,936	\$42,458	\$93,735	(\$21,257)
Pan American Science	Pan American	100%	\$5,699,332	\$94,367	\$35,656	\$17,172	\$41,539
San Antonio Research Building	San Antonio	54%	\$16,335,948	\$417,543	\$49,444	\$61,852	\$306,247
San Antonio Parking Garage	San Antonio	92%	\$7,822,504	\$221,710	\$40,590	\$26,596	\$154,524
SW Medical Center 3 Floor Finish Out	SWMC	21%	\$10,712,000	\$110,873	\$17,303	\$0	\$93,570
Southwest Medical Center	SWMC	94%	\$48,847,513	\$1,124,058	\$303,215	\$595,511	\$225,332
Track and Soccer	Austin	99%	\$21,816,143	\$626,688	\$200,449	\$495,780	(\$69,541)
Utility Infrastructure, El Paso	El Paso	99%	\$8,398,569	\$171,161	\$31,655	\$952	\$138,554
Visual Arts Permian Basin	Permian Basin	80%	\$3,324,135	\$85,091	\$11,289	\$15,279	\$58,523
Welch Hall	Austin	97%	\$11,836,610	\$198,221	\$54,403	\$47,419	\$96,399
TOTAL			\$205,032,549	\$4,728,159	\$1,236,338	\$1,600,205	\$1,891,616

Final Savings cannot be computed until the final payroll audits and all claims are closed.

Total Cost includes primary, excess insurance, Builders Risk, and fees.

Claims include Loss Conversion Factor of 1.07 for Workers' Compensation and 1.10 for General Liability

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Exhibit B

The University of Texas System Rolling Owner Controlled Insurance Program - Phase II 17-Nov-99

Project	Component	Percentage Complete	Contract Price
Alkek Patient Tower	MD Anderson	52%	\$5,445,000
Chiller Station #3	Austin	19%	\$4,269,675
Houston Medical Science Bldg.	HSC Houston	7%	\$2,804,950
Jesse H Jones Rotary House	MD Anderson	6%	\$9,921,247
Library and Lecture Center	Permian Basin	6%	\$11,654,400
MDA Faculty Center	MD Anderson	39%	\$38,234,144
Pan Am Student Union	Pan American	10%	\$5,364,890
Mary Moody Graves	UT MB Galveston	40%	\$8,681,300
Psychology, Child Development	Austin	4%	\$41,725,000
New Student Housing	Austin	12%	\$43,980,205
Mesa Bldg., Thermal Plant Upgrade			
Campbell	Permian Basin	56%	\$3,476,755
First Service	Permian Basin	95%	\$501,040
Radiology Renovation	UT MB Galveston	5%	\$10,210,310
UTMB Utility Systems Upgrade	UT MB Galveston	28%	\$3,442,586
Downtown Campus, Phase III	San Antonio	0%	\$26,764,780
Life Health Science Center	Brownsville	0%	\$18,000,000
Parking Garage 4B & Office	Austin	6%	\$20,378,841
General Classroom and Computer Center	Pan American	0%	\$13,600,000
TOTAL			\$268,455,123

It is too early to provide information relative to Total Cost, Claims, and Savings for Phase II of the ROCIP.

5. U. T. El Paso: Frank B. Cotton Trust - Request for Authorization to Sell 3.020 Acres of Land and Improvements Located at 1605-1623 East Paisano Drive, El Paso, El Paso County, Texas, and Authorization to Execute All Documents Related Thereto

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 given for the U. T. System Real Estate Office, on behalf of U. T. El Paso, to sell 3.020 acres of land and improvements located at 1605-1623 East Paisano Drive in El Paso, El Paso County, Texas, to Mr. Miguel Bilancieri of El Paso, or an affiliated entity, for \$526,400. No brokers will be involved in the transaction. Proceeds from the sale will be added to the Frank B. Cotton Trust for the benefit of U. T. El Paso.

It is further recommended that the Executive Vice Chancellor for Business Affairs or the Executive Director of Real Estate be authorized to execute all documents, instruments, and other agreements and to take all such further action deemed necessary or desirable to carry out the purpose and intent of the foregoing recommendation.

BACKGROUND INFORMATION

The subject property was part of a large donation of land that was made to the U. T. Board of Regents in 1937 for the benefit of the College of Mines and Metallurgy, now known as U. T. El Paso. The improvements were constructed by a former tenant and used as a truck stop and gasoline station. In 1992, 17 leaking underground petroleum storage tanks were removed from the property and cleanup and remediation work has been ongoing since that time. The site is now eligible for closure and an application has been filed with the Texas Natural Resource Conservation Commission to close the site. The sale will take place upon receipt of the closure letter.

An MAI appraisal by William Scott Burns & Company, Inc., has placed a value of \$560,000 on the property. The buyer is a tenant of a portion of the property. The sales price of \$526,400 is six percent less than the full appraised value given that no

commissions will be paid to any brokers for the transaction. U. T. El Paso will net the same income that it would have received if the property was marked for full price using a broker, with no loss of income, vacancy, or marketing expense during the sales process.

6. U. T. Southwestern Medical Center - Dallas: Request for Approval to Purchase Real Property Located at 6019-6111 Harry Hines Boulevard in Dallas, Dallas County, Texas, and Authorization to Execute All Documents Related Thereto

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Health Affairs, and President Wildenthal that authorization be given for the U. T. System Real Estate Office, on behalf of U. T. Southwestern Medical Center - Dallas, to purchase the real property located at 6019-6111 Harry Hines Boulevard in Dallas, Dallas County, Texas, at its appraised fair market value plus any applicable transaction costs.

It is further recommended that the Executive Vice Chancellor for Business Affairs or the Executive Director of Real Estate be authorized to execute all documents, instruments, and other agreements and to take all such further actions deemed necessary or desirable to carry out the purpose and intent of the foregoing recommendation.

BACKGROUND INFORMATION

The subject property is comprised of a medical/dental office building with 6,100 square feet of gross building area and 24,219 square feet of land. The property is contiguous to the U. T. Southwestern Allied Health Sciences School - Dallas. The proposed purchase price for the property is its MAI appraised value of \$560,000 plus applicable fees and closing costs. The source of funding for the acquisition will be local fund cash balances.

On behalf of U. T. Southwestern Medical Center - Dallas, the Fikes Foundation of Dallas, Texas, has placed the property under contract and will either assign its interest in the contract or sell the property immediately upon its acquisition to U. T. Southwestern Medical Center - Dallas at the same price plus any applicable transaction costs. This purchase was previously approved in the institution's Capital Improvement Plan. Additionally, this property is located within the acquisition area that was established by the Texas Legislature in 1967. House Bill 287, Chapter 73, Page 140, 60th Texas Legislature, Regular Session, 1967, authorizes the U. T. Board of Regents to acquire by purchase, exchange, gift or otherwise, certain properties to be used for campus expansion and university purposes.

7. U. T. System Administration and U. T. Austin: Request for Approval to Amend Resolution Regarding the List of Individuals Authorized to Negotiate, Execute, and Administer Classified Government Contracts (Key Management Personnel)

RECOMMENDATION

The Chancellor recommends that the U. T. Board of Regents approve the amended resolution set out below updating the roster of administrative officials of the U. T. System and the U. T. Board of Regents as shown under items a. and d.:

BE IT RESOLVED:

- a. That those persons occupying the following positions among the officers of The University of Texas System shall be known as the Key Management Personnel as described in the Department of Defense National Industrial Security Program Operating Manual for safeguarding classified information:

William H. Cunningham, Chancellor, Chief Executive Officer,
U. T. System

Larry R. Faulkner, President, U. T. Austin

Juan M. Sanchez, Vice President for Research, U. T. Austin

G. Charles Franklin, Vice President for Business Affairs, U. T. Austin

Wayne K. Kuentler, Director, Office of Sponsored Projects,

U. T. Austin; U. T. System a.k.a. U. T. Austin Security Supervisor

Bobby C. McQuiston, Associate Director, Office of Sponsored
Projects, U. T. Austin

- b. That the Chief Executive Officer and the members of the Key Management Personnel have been processed or will be processed for a personnel clearance for access to classified information, to the level of the facility clearance granted to the institution, as provided for in the aforementioned National Industrial Security Program Operating Manual, and all replacements for such positions will be similarly processed for security clearance.
- c. That the said Key Management Personnel are hereby delegated all of the Board's duties and responsibilities pertaining to the protection of classified contracts of the Department of Defense, or User Agencies of its Industrial Security Program, awarded to the institutions of The University of Texas System.
- d. That the following named members of the U. T. Board of Regents shall not require, shall not have, and can be effectively excluded from access to all classified information in the possession of The University of Texas System and do not occupy positions that would enable them to affect adversely the policies and practices of the institutions of The University of Texas System in the performance of classified contracts for the Department of Defense, or User Agencies of its Industrial Security Program, and need not be processed for a personnel clearance:

Members of the U. T. Board of Regents:

Donald L. Evans, Chairman
Tom Loeffler, Vice-Chairman
Rita C. Clements, Vice-Chairman
Woody L. Hunt
Charles Miller
Patrick C. Oxford
A. W. "Dub" Riter, Jr.
Raul R. Romero
A. R. (Tony) Sanchez, Jr.

BACKGROUND INFORMATION

The proposed resolution is needed to comply with Department of Defense National Industrial Security Program Operating Manual requirements and to provide for the exclusion of named members of the U. T. Board of Regents. Other than changes

to update the names of current Board members and officers of the U. T. System, the proposed resolution is identical to the one adopted by the U. T. Board of Regents in August 1995.

INFORMATIONAL REPORTS

1. U. T. System: Discussion of the December 1999 Monthly Financial Report

REPORT

Mr. R. D. Burck, Executive Vice Chancellor for Business Affairs, will discuss the December 1999 Monthly Financial Report for the U. T. System.

2. U. T. System: Annual Presentation of the Reporting Package for the Board of Regents

REPORT

Mr. R. D. Burck, Executive Vice Chancellor for Business Affairs, will report to the U. T. Board of Regents on the information contained in the updated U. T. System "Reporting Package for the Board of Regents." Information provided in the report includes financial, investment, and research data for the U. T. System institutions covering a five-year period ending August 31, 1999. The report also includes faculty, employee, and student demographics extending from the Fall 1995 through the Fall 1999 Semester. A copy of the "Reporting Package for the Board of Regents" is on file in the Office of the Board of Regents.

Academic Affairs Committee

ACADEMIC AFFAIRS COMMITTEE
Committee Chairman Miller

Date: February 10, 2000
Time: Following the Meeting of the Business Affairs and Audit Committee
Place: Room 1505 C, 15th Floor, University Center Tower,
The University of Texas Health Science Center at Houston

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5. U. T. Brownsville: Recommendation to (a) Approve an Amendment to the Educational Partnership Agreement with Texas Southmost College, (b) Authorize Submission of the Amended Agreement to the Coordinating Board for Approval, and (c) Authorize the Executive Vice Chancellor for Academic Affairs to Execute the Amended Agreement on Behalf of the U. T. Board of Regents 73
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INFORMATIONAL REPORT

- U. T. System: Presentation on K-16 Leadership Council 83

1. U. T. Board of Regents: Proposed Amendments to the Regents' Rules and Regulations, Part One, Chapter III, Section 1, Subsection 1.8 (Academic Titles)

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Health Affairs, and the Vice Chancellor and General Counsel that the Regents' Rules and Regulations, Part One, Chapter III, Section 1, Subsection 1.8, relating to academic titles, be amended as set forth below in congressional style:

- (i) ~~[In the general academic institutions with health related clinical programs, persons appointed to full-time positions for the primary purpose of patient care and other service activities shall be given one of the following titles, even though the individuals may be assigned teaching or research responsibilities:~~

~~(1) Professor of Clinical~~

~~_____
(title of specialty)~~

~~(2) Associate Professor of Clinical~~

~~_____
(title of specialty)~~

~~(3) Assistant Professor of Clinical~~

~~_____
(title of specialty)~~

~~(4) Instructor in Clinical~~

~~_____
(title of specialty)~~

~~For persons appointed to positions pursuant to this Item, all appointment letters, personnel forms, budgets and other official documents shall state in parenthesis following the name and title of the individual either "(nontenure track clinical appointment)" or "(nontenure track appointment)," as appropriate, and service in such positions shall not be credited as faculty service toward calculation of any maximum probationary period.~~

(j) Persons [~~In the health components, persons~~] appointed to full-time positions for the primary purpose of [~~either~~] research activities, [~~or~~] patient care, and other service activities shall be given one of the following titles, even though the individuals may be assigned teaching responsibilities:

(1) Professor of

(title of specialty)

(2) Associate Professor of

(title of specialty)

(3) Assistant Professor of

(title of specialty)

(4) Instructor in

(title of specialty)

For persons appointed to positions pursuant to this Item, all appointment letters, personnel forms, budgets and other official documents shall state in parenthesis following the name and title of the individual either "(nontenure-track clinical appointment)" or "(nontenure-track research appointment)," as appropriate, and service in such positions shall not be credited as faculty service toward calculation of any maximum probationary period.

This item requires the concurrence of the Health Affairs Committee.

BACKGROUND INFORMATION

The proposed amendments to the Regents' Rules and Regulations, Part One, Chapter III, Section 1, Subsection 1.8, relating to appointments to positions with academic titles in which tenure cannot be awarded, will provide authority for the academic components to give these titles to persons primarily engaged in research and will provide uniformity in the use of titles at the academic and health component institutions.

2. U. T. Board of Regents: Proposed Amendment to the Regents' Rules and Regulations, Part Two, Chapter I, Section 4 (Assessment, Collection, and Waiver of Tuition and Fees)

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Academic Affairs, and the Vice Chancellor and General Counsel that the Regents' Rules and Regulations, Part Two, Chapter I, Section 4, relating to assessment, collection, and waiver of tuition and fees, be amended by adding Subsection 4.3 as set forth below in congressional style:

- Sec. 4. Assessment, Collection, and Waiver of Tuition and Fees.--Tuition, fees, and other charges will be fixed as prescribed or as authorized by statute and will be published in the institutional catalog with a description of the criteria for any authorized exemptions and waivers.
- 4.1 The authority of the U. T. Board of Regents to grant exemptions and waivers from tuition, fees, and other charges in accordance with statute, is delegated to the presidents of the U. T. System component institutions.
 - 4.2 The Board delegates to the presidents of the component institutions the authority to approve changes in the amounts of incidental fees authorized by Section 54.504, Texas Education Code, for those fees that have previously been approved by the Board. As a condition to approval of any increase in such fees, the president must find that such increase is required in order for the incidental fee to reasonably reflect the actual cost to the component institution of the materials or services to be provided.

- 4.3** The Board delegates to the presidents of the component institutions the authority to approve changes in laboratory fees authorized by Section 54.501(a), Texas Education Code, and changes in supplemental fees authorized by Section 54.051(l), Texas Education Code, for laboratory and supplemental fees previously approved by the Board.

This item requires the concurrence of the Health Affairs Committee.

BACKGROUND INFORMATION

Section 65.31(g) of the Texas Education Code permits the U. T. Board of Regents, by rule, to delegate a power or duty of the Board to the presidents of the component institutions, acting as agents of the U. T. Board of Regents. The proposed amendment to the Regents' Rules and Regulations, Part Two, Chapter I, Section 4, is in keeping with prior actions of the U. T. Board of Regents, most recently at the November 1999 meeting, to delegate approval authority for increases to approved incidental fees.

Approval of this item, coupled with Board delegation in November 1999, repeals the Board's August 1987 policy on laboratory fees and October 1987 policy on incidental fees requiring all fee increases to be submitted annually in February. The U. T. System Offices of Academic Affairs and Health Affairs will process fee requests throughout the year with the understanding that incidental fees must be published in a catalog or catalog addendum before they are charged and that no fees may be assessed retroactively for courses for which a student has already registered. This authority would only apply to laboratory or supplemental fees previously approved by the U. T. Board of Regents for a component institution.

Texas law requires a \$2 minimum and \$30 maximum charge for laboratory fees, with the fee not exceeding the costs of materials and supplies provided. State law also allows a governing board to approve a charge ("supplemental fee") for individual coaching or instruction in art, architecture, drama, speech, or music. New laboratory or supplemental fees proposed by a component institution will continue to be submitted to the U. T. System for review prior to forwarding to the U. T. Board of Regents for final approval via the institutional dockets.

3. U. T. Arlington: Request for Authorization to Establish a Master of Music in Music Education Degree; Approval to Submit the Proposed Degree Program to the Coordinating Board for Approval (Catalog Change); and Authorization of Certification that Coordinating Board Criteria for Approval Are Met

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Witt that authorization be granted to establish a Master of Music in Music Education at U. T. Arlington; to submit the proposal to the Texas Higher Education Coordinating Board for review and appropriate action; and to authorize the Chancellor or the Executive Vice Chancellor for Academic Affairs to certify on behalf of the U. T. Board of Regents that relevant Coordinating Board criteria for approval by the Commissioner of Higher Education have been met. In addition, the Coordinating Board will be asked to change U. T. Arlington's Table of Programs to reflect authorization for the proposed degree program. The proposed degree program is consistent with the mission statement of U. T. Arlington and its plans for offering quality degree programs to meet student needs. A description of the degree program is included in the Background Information of this agenda item.

Upon approval by the Coordinating Board, the next appropriate catalog published at U. T. Arlington will be amended to reflect this action.

BACKGROUND INFORMATION

Program Description

The U. T. Arlington Department of Music is proposing a Master of Music in Music Education degree with thesis and nonthesis options. The thesis option will require 30 semester credit hours that will include 24 semester credit hours of course work and a six semester credit hour thesis. The nonthesis option will require 36 semester credit hours that will include 33 semester credit hours of course work and a three semester credit hour project. A final comprehensive examination will be required of both options.

The Master of Music in Music Education degree will benefit public and private school teachers in the Dallas/Fort Worth metroplex by providing students quality instruction and the opportunity to work on a graduate degree while being actively involved as music educators. The anticipated date for starting the degree program is Fall 2000.

Need and Student Demand

Upon inception of a Master of Music in Music Education degree, the Department of Music forecasts 15 students to enroll in the program during the first year. A department-generated survey, distributed in the summer of 1999, indicated that 80 respondents were interested in pursuing a master's degree in music at U. T. Arlington. Those polled were U. T. Arlington music alumni residing in the area, as well as local music teachers. There is also a desire from area teachers to pursue graduate degrees in music to improve their teaching techniques, to enhance their income and job security, and to stay abreast of new developments in their fields.

Program Quality

The U. T. Arlington Department of Music employs a number of nationally recognized scholars and performers who bring substantial visibility to the College of Liberal Arts and the University. All of the current instructors and adjunct faculty are available to teach courses at the graduate level. It is anticipated that new faculty will be hired to teach courses in the areas of Music Education (Fall 2000), Musicology/Theory (Fall 2001), and Violin (Fall 2002).

Offering the Master of Music in Music Education degree at U. T. Arlington will provide easy access to a quality program. The offering of a large percentage of graduate courses during the summer and in late afternoon and evening hours during the regular semesters will allow professional educators to finish their degrees in a reasonable amount of time.

Cost

The five-year cost to the University is expected to be \$590,000. This relatively low cost is the result of limiting the number of newly organized courses offered in a term to two or three and using existing laboratories and equipment.

Coordinating Board Criteria

The proposed program meets all applicable Coordinating Board criteria (8) for degree programs that may be approved by the Commissioner of Higher Education on behalf of the Coordinating Board.

Summary

U. T. Arlington is requesting authorization to establish a Master of Music in Music Education degree. This degree will allow music teachers to become more articulate, reflective practitioners able to assess and adapt their teaching and learning expectations. Additionally, an accomplished and talented music faculty coupled with a diverse and motivated student body make U. T. Arlington an inviting place to pursue a Master of Music degree for both traditional and nontraditional students. The five-year cost to the University is expected to be \$590,000.

A copy of the proposal for the Master of Music in Music Education at U. T. Arlington is on file in the U. T. System Office of Academic Affairs.

4. U. T. Brownsville: Request for Authorization to Establish a Master of Science in Public Health Nursing in Cooperation with The University of Texas Health Science Center at Houston School of Public Health, and Approval to Submit the Degree Program to the Coordinating Board for Approval (Catalog Change)

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Garcia that authorization be granted to establish a Master of Science in Public Health Nursing (MSPHN) at U. T. Brownsville, in cooperation with U. T. Health Science Center - Houston School of Public Health, and to submit the proposal to the Texas Higher Education Coordinating Board for review and appropriate action. The new costs for the first five years of program operation would exceed \$1,000,000; therefore, the proposed degree program does

not meet the Certification for Approval of New Bachelor's and Master's Level Degree Programs by the Commissioner and must be approved by the Coordinating Board. A description of the degree program is included in the Background Information of this agenda item.

Upon approval by the Coordinating Board, the next appropriate catalog published at U. T. Brownsville will be amended to reflect this action.

BACKGROUND INFORMATION

Program Description

U. T. Brownsville proposes to offer a Master of Science in Public Health Nursing (MSPHN), in cooperation with U. T. Health Science Center - Houston School of Public Health, which will provide five core public health courses for the program. Public Health Nursing is distinguished from other nursing programs in that it focuses not on providing direct care to individuals but on promoting and protecting the health of communities and populations using knowledge from nursing, social, and public health sciences. The program is especially targeted to currently practicing nurses who desire more knowledge to carry out such functions as:

- assessment of health needs,
- administration or supervision of public health programs or projects,
- education and consultation with community entities,
- policy analysis and development at local, state, and federal levels.

The first students in this interdisciplinary, 44 semester credit hour program administered by the U. T. Brownsville School of Health Sciences are expected to enroll in Fall 2000.

Need and Student Demand

Trained graduate-level public health nurses are needed to serve the public through offices of the Texas Department of Health at local, regional, and state levels. They are also needed in managed care agencies, community clinics, public school offices,

such as the Campus Care Centers of the Brownsville Independent School District, health planning agencies, such as the Brownsville Area Health Planning Council, and by colleges as teaching faculty members. In addition, border-area manufacturing facilities (maquiladoras) which employ over 30,000 people, need well prepared nurses to teach good health practices, conduct needs assessments, and coordinate interventions. This proposal is supported by public health officials from South Texas, who attest to the need and market for graduates of the proposed program.

The proposed program is also expected to attract students from outside the region because there are relatively few Public Health Nursing programs in the nation and only one other such program in Texas. A maximum enrollment of 40 and a graduation rate of 18 students per year are projected by the end of the first five years.

Program Quality

This program will be directed by an experienced nursing educator with a professional specialization in Public Health Nursing. The nursing and public health nursing components of the proposed program will be taught by three current U. T. Brownsville faculty members and two additional faculty members who will be hired, all with appropriate doctoral preparation. Five public health courses will be taught by faculty of the U. T. Health Science Center - Houston School of Public Health. The curriculum will meet all current standards and guidelines of relevant national associations and councils concerned with public health nursing. With a modest enhancement of library resources, all facilities, equipment, and other support services are adequate.

Cost

The five-year cost for this proposed program at U. T. Brownsville is projected to be \$1,734,725. This sum reflects the cost of reallocated and new faculty salaries, administrative costs, library enhancements, and equipment for new faculty. These costs will be met through reallocation of existing resources and State formula income after the first two years. U. T. Health Science Center - Houston will permit nursing students to occupy otherwise unused seats in its public health courses, which will be taught in the new Public Health Division of the Regional Academic Health Center in Brownsville. Thus, some cost savings are a result of using existing courses offered by another component.

Summary

U. T. Brownsville is requesting authorization to establish a Master of Science in Public Health Nursing (MSPHN) program to prepare nursing professionals for health promotion and disease prevention, focusing on communities and populations. The U. T. Health Science Center - Houston School of Public Health will cooperate in the delivery of this program by providing access to existing public health courses. The total cost estimate to provide this new graduate program addressing public health needs in South Texas will be approximately \$1,734,725 over five years.

A copy of the complete proposal for the Master of Science in Public Health Nursing is on file in the U. T. System Office of Academic Affairs.

5. U. T. Brownsville: Recommendation to (a) Approve an Amendment to the Educational Partnership Agreement with Texas Southmost College, (b) Authorize Submission of the Amended Agreement to the Coordinating Board for Approval, and (c) Authorize the Executive Vice Chancellor for Academic Affairs to Execute the Amended Agreement on Behalf of the U. T. Board of Regents

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Garcia to approve an amendment to Item VII of the Educational Partnership Agreement between the U. T. Board of Regents, on behalf of U. T. Brownsville, and the Board of Trustees of Southmost Union Junior College District, Brownsville, Texas, on behalf of Texas Southmost College, as set out below in congressional style:

VII. Term of Agreement [Termination]

This agreement shall be effective for a term of 99 years from September 1, 1991, the effective date of the agreement, and may be extended upon mutual agreement of the Parties [Either Party may terminate this Agreement to be effective at the end of a fiscal year by giving four years written notice to the other Party].

It is further recommended that the Executive Vice Chancellor for Academic Affairs be authorized, on behalf of the U. T. Board of Regents, to execute the amended Educational Partnership Agreement and to submit the amended agreement to the Texas Higher Education Coordinating Board for approval.

BACKGROUND INFORMATION

As authorized by Sections 51.661 et seq. and 77.01 et seq. of the Texas Education Code, the U. T. Board of Regents and the Board of Trustees of the Southmost Union Junior College District entered into a partnership agreement in June 1991 to consolidate the operations of U. T. Brownsville and Texas Southmost College. Broadly stated, the purpose of the partnership was to significantly enhance educational opportunities in the region by combining resources of two separate entities within a single operating unit, the partnership.

While operating resources were combined, each Board retains title to its assets and continues to fulfill all of its statutory responsibilities. For both Boards, the responsibility to deliver instructional and related services is achieved through the partnership, the consolidated operating unit.

In 1991, the concept of a single operating unit to deliver services for two separate boards was bold and untested. Consequently, the partnership agreement included a provision that either party could terminate the agreement by giving four years written notice. The effectiveness of the partnership is now proven. The consolidated faculties now operate as a single faculty and this larger faculty has made it possible to create 12 additional bachelor's degree programs and eight additional master's degree programs. The consolidated student registration and advisement process has resulted in a 25% increase in the number of students concurrently enrolled in Texas Southmost College (lower division) courses and U. T. Brownsville (upper division) courses. The overall attractiveness to students has resulted in an increase of 33% in associate degrees awarded, 87% in bachelor's degrees awarded, and 170% in master's degrees awarded.

State and community support for the partnership has been demonstrated by the Southmost Union Junior College District Board of Trustees' acquisition of 289 acres of additional campus land and the State's funding of two major building complexes using tuition revenue bonds. The State-funded buildings are located on campus lands acquired by the Southmost Union Junior College District Board of Trustees.

Because the partnership is now a demonstrably effective method of serving the community rather than a bold and untested concept, it is recommended that the four-year notice of termination clause in the agreement be replaced with a term of at least 99 years. The Southmost Union Junior College District Board approved the amendment to the Term of Agreement on January 18, 2000.

6. U. T. Dallas: Request for Authorization to Establish a Doctor of Audiology Degree and Approval to Submit the Proposed Degree Program to the Coordinating Board for Approval (Catalog Change)

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Jenifer that authorization be granted to establish a Doctor of Audiology (Au.D.) degree at U. T. Dallas and to submit the proposal to the Texas Higher Education Coordinating Board for review and appropriate action. In addition, the Coordinating Board will be asked to change the U. T. Dallas Table of Programs to reflect authorization for the proposed degree program. The proposed degree program is consistent with the mission statement of U. T. Dallas and its plan for offering quality degree programs to meet student needs. A description of the degree program is included in the Background Information of this agenda item.

Upon approval by the Coordinating Board, the next appropriate catalog published at U. T. Dallas will be amended to reflect this action.

BACKGROUND INFORMATION

Program Description

U. T. Dallas proposes to offer a Doctor of Audiology (Au.D.) degree (a clinical doctorate) in response to adoption of new standards by the American Speech-Language-Hearing Association, which require those entering into the profession of audiology to have 75 graduate credit hours for certification by the Year 2007 and

a doctoral degree by the Year 2012. Currently, U. T. Dallas offers a 48 graduate credit hour Master of Science degree in Communication Disorders with an emphasis in audiology and the Ph.D. in Human Development and Communication Sciences (a research doctorate) which includes advanced course work and research opportunities in audiology and hearing science. Thus, U. T. Dallas is in an excellent position to expand its academic offerings and clinical training to meet the requirements of a Doctor of Audiology degree.

The objectives of the doctorate in audiology proposed by the School of Human Development at U. T. Dallas are to provide academic and clinical education for those entering the profession of audiology and to prepare them to practice competently in a rapidly changing, technologically advanced era. The proposed program will include state-of-the-art teaching and clinical experiences covering the scientific, clinical, and professional bases of hearing and disorders of the auditory system.

Students holding a master's degree and the American Speech-Language-Hearing Association Certificate of Clinical Competence in Audiology will complete 24 hours of core courses and 27 hours of advanced courses. Experiential courses (45 hours) provide individually supervised experience in the practice of audiology and in clinical research. Students entering without a master's degree would also complete 31 hours of foundation courses for a total of 127 hours. If approved, the program would be offered for Fall 2001.

Need and Student Demand

Currently, there are about 700 audiologists licensed to practice in Texas. According to the National Institute of Deafness and Other Communication Disorders, there is a need for almost 1,000 audiologists to serve the population of Texas adequately and a need for 17,000-18,000 audiologists nationally. The four academic programs in Texas currently training audiologists at the master's level graduate between 20 and 30 audiologists annually. The demand for well trained audiologists is expected to exceed the supply for some time to come. While the proposed Au.D. program may attract audiologists seeking retraining, the program is designed to allow U. T. Dallas to maintain its role and reputation in the preparation of new audiologists. The intensive practicum requirement of the program will result in a maximum annual enrollment of eight to nine new students, with a total projected enrollment of 32 students in the fifth year. In Texas, the number of persons with hearing impairment exceeds one million.

Program Quality

The proposed doctoral audiology program will build on the existing master's and related doctoral programs. It will be housed at the Callier Center for Communication Disorders, a state-of-the-art clinical, educational, and research facility with a long history of involvement in the clinical training of audiologists. The Center has an extensive array of equipment for diagnosis and treatment of communication disorders, as well as for research studies. The clinical programs at Callier will serve as a major practicum site for the proposed program. Thus, the University already possesses the necessary faculty, technological infrastructure, and most of the library resources necessary to mount this new degree program.

Students in the Au.D. program will have the opportunity to study with recognized scholars in the field and to participate in clinical trials research in addition to research in the laboratory. Of the 17 faculty members identified in the proposal, 14 currently supervise 29 doctoral students in the Human Development and Communication Sciences Ph.D. program. Four hold chaired professorships or other academic titles of distinction, and all have made and will continue to make important contributions to the field of audiology through their basic and clinical research. Graduates of the program will be very competitive at the national level and will be competent to provide audiology services in medical, educational, and industrial environments that will include both diagnosis and treatment of hearing disorders.

Cost

The projected five-year cost to transition from a master's-level program in audiology to the doctoral-level program is \$844,404 for faculty salaries, graduate assistants, and clerical staff and modest amounts of enhancements in materials, library, and instructional technology. The cost is relatively low because the proposed Au.D. degree will build on and utilize courses from the currently authorized M.S. in Communication Disorders and the Ph.D. in Human Development and Communication Sciences. Only four new regular courses and one seminar course will be required. The faculty, technological infrastructure, basic library resources, and practicum sites necessary to implement the program are in place at the present time, and all will be utilized more efficiently as a result of adding the Au.D. degree. The additional costs will be met through reallocation of State funds, non-State funds in hand, and formula generation after the first two years.

Summary

U. T. Dallas is requesting authorization to establish a Doctor of Audiology (Au.D.) degree. Authorization to offer the degree will allow U. T. Dallas to prepare audiologists who meet the upgraded academic and clinical training standards for State licensure in audiology. It will also help to ensure an uninterrupted flow of well trained and highly qualified audiologists to serve the people of Texas.

A copy of the proposal for the Doctor of Audiology degree at U. T. Dallas is on file in the U. T. System Office of Academic Affairs.

7. U. T. Permian Basin: Request for Authorization to Establish a Bachelor of Arts in Leadership Studies; Approval to Submit the Proposed Degree Program to the Coordinating Board for Approval (Catalog Change); and Authorization of Certification that Coordinating Board Criteria for Approval Are Met

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Sorber that authorization be granted to establish a Bachelor of Arts in Leadership Studies and a related 15 semester credit hour certificate program at U. T. Permian Basin; to submit the proposal to the Texas Higher Education Coordinating Board for review and appropriate action; and to authorize the Chancellor or the Executive Vice Chancellor for Academic Affairs to certify on behalf of the U. T. Board of Regents that relevant Coordinating Board criteria for approval by the Commissioner of Higher Education have been met. The proposed bachelor's degree and certificate program are consistent with the Table of Programs for U. T. Permian Basin and institutional plans for offering quality degree programs to meet student needs. A description of the degree program is included in the Background Information of this agenda item.

Upon approval by the Coordinating Board, the next appropriate catalog published at U. T. Permian Basin will be amended to reflect this action.

BACKGROUND INFORMATION

Program Description

U. T. Permian Basin proposes to offer a Bachelor of Arts degree in Leadership Studies. This interdisciplinary liberal arts program focuses on the study and understanding of leadership, drawing on the history, political science, management, English and speech fields of study. Graduates will have an excellent liberal arts education and be prepared for substantive roles in a wide variety of public agencies, private businesses, and civic organizations. This 30 semester credit hour major is a unique program to Texas, and only a few such undergraduate degree programs are offered in the United States. A related 15 semester credit hour certificate program will be available to students in any major. The program will be administered through the Department of Humanities and Fine Arts, utilizing faculty from five existing program areas.

Need and Student Demand

It is anticipated that Leadership Studies will enroll 15 students the first year, increasing by five each year for the first five years. This projection is based on current enrollment in leadership courses that serve the minor in this area, and inquiries received from parents and students interested in this major program. Students from around the State who have attended John Ben Shepperd Student Leadership Forums comprise a large pool of potential students for this major.

Because there are no comparable programs available in Texas, it is expected that students attending other Texas universities would be interested in the proposed certificate program. For U. T. System institutions wishing to make the certificate program available to their students, U. T. Permian Basin is prepared to cooperate in delivery of the program through distance education.

Program Quality

Leadership courses will be offered by tenured and tenure-track faculty members in history, management, political science, speech, and philosophy who have excellent teaching and research records. The program will also benefit from one new tenure-track faculty member with expertise in public administration to be added to the Humanities and Fine Arts faculty by the third year of the program and a visiting faculty position beginning the second year. U. T. Permian Basin library resources provide excellent support for the leadership program.

Cost

The total added cost for this program for its first five years is \$258,950, reflecting the cost of existing faculty time and of two new faculty positions (one tenure-track and one visiting position). This program will require the addition of seven organized courses in leadership, a practicum, and four new courses in related fields. Of the total cost estimate (\$258,950), \$55,400 will come from the John Ben Shepperd Public Leadership Institute special item funding and the remainder from existing institutional faculty salaries and maintenance and operation funds.

Coordinating Board Criteria

The proposed program meets all applicable Coordinating Board criteria (8) for degree programs that may be approved by the Commissioner of Higher Education on behalf of the Coordinating Board.

Summary

U. T. Permian Basin is requesting authorization to establish a Bachelor of Arts in Leadership Studies and an associated 15 semester credit hour certificate program. Experienced faculty from current programs in the Department of Humanities and Fine Arts will teach all the courses for this unique program. At an estimated cost of \$258,950, this program will provide an excellent liberal arts education and prepare graduates for leadership roles.

A copy of the complete proposal for the Bachelor of Arts degree and Certificate Program in Leadership Studies is on file in the U. T. System Office of Academic Affairs.

8. U. T. San Antonio: Request for Authorization to Establish a Bachelor of Arts in Classical Studies; Approval to Submit the Proposed Degree Program to the Coordinating Board for Approval (Catalog Change); and Authorization of Certification that Coordinating Board Criteria for Approval Are Met

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Romo that authorization be granted to establish a Bachelor of Arts in Classical Studies at U. T. San Antonio; to submit the proposal to the Texas Higher Education Coordinating Board for review and appropriate action; and to authorize the Chancellor or the Executive Vice Chancellor for Academic Affairs to certify, on behalf of the U. T. Board of Regents, that relevant Coordinating Board criteria for approval by the Commissioner of Higher Education have been met. The proposed bachelor's degree is consistent with the Table of Programs for U. T. San Antonio and institutional plans for offering quality degree programs to meet student needs. A description of the degree program is included in the Background Information of this agenda item.

Upon approval by the Coordinating Board, the next appropriate catalog published at U. T. San Antonio will be amended to reflect this action.

BACKGROUND INFORMATION

Program Description

The Division of English, Classics, Philosophy, and Communication at U. T. San Antonio proposes to offer a Bachelor of Arts degree in Classical Studies. The degree will provide students with a broad background in classical languages, literature, and culture. The students will study Latin; the history, culture, and interrelationships of Greek and Latin; and the influences of Greek and Latin on international cultures. The rigorous liberal arts curriculum will encourage critical thinking and develop analytical skills. The major will consist of 36 semester credit hours.

Need and Student Demand

Surveys, as well as testimonials from professionals, indicate that the demand for classics courses at U. T. San Antonio and in the local and regional community is significant. The program is expected to have approximately 25 majors by the end of the first five years. Graduates will have an excellent preparation for professional programs such as law and graduate school. They may also choose to teach in secondary schools. Because the program will provide a liberal arts education, it will also attract some nontraditional students from the community who are not interested in pursuing career goals.

Program Delivery

Two tenure-track faculty and two nontenure-track faculty will be able to provide a rich curriculum of foundation courses and rotating topics courses, thus ensuring the quality and low cost of the program. The library resources in Classics have been enhanced in recent years through the regular library budget, and the budget is projected to remain adequate for the program in coming years.

Cost

The current minor program in Classics will provide the foundation for this new degree. The program will be built on seven organized courses with four topics courses revised from classes currently taught in Humanities and English. Only two completely new courses will be added. The incremental program cost consists of one additional foundation course taught each semester by a nontenure-track faculty member. The total incremental cost for the first five years of the program is estimated to be \$23,500.

Certification

The proposed program meets all applicable Coordinating Board criteria (8) for degree programs that may be approved by the Commissioner of Higher Education on behalf of the Coordinating Board.

Summary

U. T. San Antonio is requesting authorization to establish a Bachelor of Arts degree in Classical Studies. This liberal arts program will provide students a broad background in classical languages, literature, and culture, as well as

excellent preparation for professional programs such as law and graduate school. The program will be built on an active Classics minor program at a total incremental cost of \$23,500 over the first five years.

A copy of the complete proposal for the Bachelor of Arts degree in Classical Studies is on file in the U. T. System Office of Academic Affairs.

INFORMATIONAL REPORT

U. T. System: Presentation on K-16 Leadership Council

REPORT

At the request of Committee Chairman Miller, Dr. Ed Sharpe, Executive Vice Chancellor for Academic Affairs; Dr. Felipe Alanis, Assistant Vice Chancellor for Academic Affairs; and President Diana Natalicio, Chair of the K-16 Leadership Council, will report on the progress of the K-16 Leadership Council at the U. T. System.

Health Affairs Committee

HEALTH AFFAIRS COMMITTEE
Committee Chairman Loeffler

Date: February 10, 2000
Time: Following the Meeting of the Academic Affairs Committee
Place: Room 1505 C, 15th Floor, University Center Tower,
The University of Texas Health Science Center at Houston

	<u>Page</u>
1. U. T. Health Science Center - Houston: Request for Approval to Negotiate a Ground Lease with Texas Medical Center, Inc., Houston, Texas, on Approximately 1.5 Acres of Land Located in Houston, Harris County, Texas, and Authorization to Execute All Documents Related Thereto	85
2. U. T. Health Science Center - San Antonio: Request for Authorization to Accept a Gift of Approximately 8.973 Acres of Land and Improvements Located in Laredo, Webb County, Texas, from the City of Laredo for a Proposed Campus Extension and Authorization to Execute All Documents Related Thereto	86
3. U. T. Health Science Center - San Antonio: Request for Authorization to Establish a Bachelor of Science Degree in Physician Assistant Studies and Approval to Submit the Proposal to the Coordinating Board for Approval (Catalog Change)	87

1. U. T. Health Science Center - Houston: Request for Approval to Negotiate a Ground Lease with Texas Medical Center, Inc., Houston, Texas, on Approximately 1.5 Acres of Land Located in Houston, Harris County, Texas, and Authorization to Execute All Documents Related Thereto

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Health Affairs, and President Low that authorization be granted by the U. T. Board of Regents, on behalf of U. T. Health Science Center - Houston, to negotiate a ground lease with Texas Medical Center, Inc., Houston, Texas, on approximately 1.5 acres of land located in Houston, Harris County, Texas, for the construction of a replacement facility for the Mental Sciences Institute.

It is further recommended that the Executive Vice Chancellor for Business Affairs or the Executive Director of Real Estate, with the concurrence of the Office of General Counsel, be authorized to execute all documents, instruments, and other agreements and to take all such actions deemed necessary or desirable to carry out the purpose and intent of the foregoing recommendation.

BACKGROUND INFORMATION

U. T. Health Science Center - Houston received approval from the U. T. Board of Regents on August 12, 1999, to transfer ownership of the Mental Sciences Institute facility, which consists of 5.019 acres of land and improvements located at 1300 Moursund Street, Houston, Harris County, Texas, to U. T. M. D. Anderson Cancer Center in exchange for the transfer of funds totaling \$15,000,000 from U. T. M. D. Anderson Cancer Center. The FY 2000-2005 Capital Improvement Program, approved by the U. T. Board of Regents in November 1999, includes a project at U. T. Health Science Center - Houston to provide a replacement facility for the existing Mental Sciences Institute. U. T. Health Science Center - Houston desires to build its replacement facility on 1.5 acres of land owned by the Texas Medical Center, Inc., and located on the West Leland Anderson Campus which is south of McGregor Drive, west of the access road for State Highway 288, and north of the YMCA Child Care Center.

The terms of the ground lease will include: (1) a 99-year term with an option to renew for 99 years; (2) a \$1.00 per year lease payment with all improvements reverting to the landlord at the expiration of the lease; (3) a requirement that the tenant seek the approval of the landlord on all construction plans and drawings; (4) a requirement that construction begin within three years after commencement date of the lease; and (5) a requirement that the land be subject to the Texas Medical Center's Restrictive Covenants.

2. U. T. Health Science Center - San Antonio: Request for Authorization to Accept a Gift of Approximately 8.973 Acres of Land and Improvements Located in Laredo, Webb County, Texas, from the City of Laredo for a Proposed Campus Extension and Authorization to Execute All Documents Related Thereto

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Health Affairs, and President Howe that authorization be given for the U. T. Board of Regents to accept a gift of approximately 8.973 acres of land and improvements located in Laredo, Webb County, Texas, from the City of Laredo for a proposed campus extension of U. T. Health Science Center - San Antonio.

It is further recommended that the Executive Vice Chancellor for Business Affairs or the Executive Director of Real Estate be authorized to execute all documents, instruments, and other agreements and to take all such further actions deemed necessary to carry out the purpose and intent of the foregoing recommendation.

BACKGROUND INFORMATION

The proposed Laredo Campus Extension of the U. T. Health Science Center - San Antonio was authorized by Senate Bill 1288 during the 76th Texas Legislature. The legislation specified that a public or private entity donate a suitable site for the campus to the U. T. Board of Regents. To that end, the City of Laredo proposes

to donate real property consisting of two tracts of land containing approximately 8.973 acres and an existing office building constructed in 1978. This site is adjacent to Laredo's Mercy Regional Hospital. The appraised market value of the land is \$1,446,000 and the building improvements are valued at \$390,000.

The proposed real property gift is to be processed in accordance with existing U. T. System policies and guidelines relating to acceptance of such gifts.

See Item 6 on Page 105 relating to the Laredo Campus Extension under the Facilities Planning and Construction Committee.

3. U. T. Health Science Center - San Antonio: Request for Authorization to Establish a Bachelor of Science Degree in Physician Assistant Studies and Approval to Submit the Proposal to the Coordinating Board for Approval (Catalog Change)

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President Howe that authorization be granted to U. T. Health Science Center - San Antonio to establish a Bachelor of Science (B.S.) degree in Physician Assistant Studies and to submit the proposal to the Texas Higher Education Coordinating Board for review and appropriate action. The new costs for the first five years of program operation will exceed \$1,000,000; therefore, the proposed degree program does not meet the Certification for Approval of New Bachelor's and Master's Level Degree Programs by the Commissioner and will have to be approved by the Coordinating Board. The proposed degree is consistent with the U. T. Health Science Center - San Antonio mission statement and Table of Programs. A description of the proposal is included in the Background Information of this agenda item.

Upon approval by the Coordinating Board, the next appropriate catalog published at U. T. Health Science Center - San Antonio will be amended to reflect this action.

BACKGROUND INFORMATION

Program Description

The Physician Assistant Studies program at the U. T. Health Science Center - San Antonio was a cooperative degree program with the United States Army at Fort Sam Houston from 1992 through 1997. The U. T. Board of Regents approved the cooperative program at its June 1992 meeting. In 1996, the Army indicated it needed to expand its capacity and could no longer accommodate civilian students. Consequently, U. T. Health Science Center - San Antonio is proposing to establish its own Physician Assistant Studies program.

The proposed Bachelor of Science degree in Physician Assistant Studies is a 165 semester credit hour two-plus-two program. Students are expected to have earned 60 semester hours of general and prerequisite courses prior to entry into the two-year professional program. The Physician Assistant Studies program will be offered through the Department of Physician Assistant Studies, School of Allied Health Sciences at the U. T. Health Science Center - San Antonio.

The focus of the program will be to provide primary care physician assistants for South Texas. The health-care needs and culture of those living in South Texas are emphasized in the program through course work and clinical fieldwork sites. The program will foster development of skills and processes to meet the unique health-care needs of South Texas. These skills and processes include medical Spanish for those students who are not bilingual, emphasis on infectious diseases found in the border communities, preventive medicine, and community medicine with a focus on diabetes, obesity, and socioeconomic factors pertaining to the South Texas area. The first class of students is projected to enroll in September 2000.

Need

The employment outlook for physician assistants is bright. New student enrollment in this program will be maintained at 20 students per year making a total enrollment of approximately 40 after the first year. A 1996 study by the American Academy of Physician Assistants indicated there are seven job opportunities for each of the nation's physician assistant graduates, and this trend is expected to continue, if not increase, over the next decade. The U. S. Department of Labor has placed the physician assistant profession among the top 15 career choices and projects a 46% increase in the number of physician assistant jobs through the Year 2006. Places of employment include physician's offices, community health centers, public health agencies, and hospitals.

The physician assistant graduates will work as team members with other health-care providers including nurse practitioners. They will provide both clinical primary care services directly for patients and will implement community-based interventions, especially in areas where South Texas residents have a high incidence of a particular disease or condition.

Quality

The curriculum will include basic science and clinical science classes for a 12-month period. Many of these classes will be interdisciplinary with physician assistant students integrated into existing classes of medical, allied health, and advanced practice nurse students. Students will receive actual experience in working with nurse practitioners during the educational program by taking classroom and some clinical courses together. Following the didactic year, students will participate in nine clinical practicums or preceptorships ranging in length from four to eight weeks each. Nearly 60 clinical sites are already affiliated with the U. T. Health Science Center - San Antonio and over 100 preceptors have been identified.

To be considered for admission, applicants must have a minimum of 60 hours of undergraduate courses and an overall grade point average (GPA) of 2.75 or higher. Applicants must have a GPA of 3.0 or higher in prerequisite courses. In addition, applicants must obtain a Basic Cardiac Life Support HeartSaver Certificate Card and maintain that certification throughout their course of study. Following completion of the education prerequisites, students will be evaluated on the following criteria: (a) employment history and life experience, especially in rural or underserved communities; (b) direct patient care experience and skills; (c) three recommendations; (d) personal statement of intent; and (e) scores on the Test of English as a Foreign Language and other tests as appropriate. The most competitive and most desirable applicants will also have an essay evaluation score and an objective behavioral interview by the Physician Assistant Department faculty.

Presently, there are 1.5 full-time equivalent (FTE) faculty positions funded for the Physician Assistant Studies program. The search for a Chair of the program began in September 1999 and the candidates to be interviewed have been identified. All candidates selected for interviews hold a Ph.D. By the time students enroll in the program, there will be 3.2 FTE faculty and there will be 4.2 FTE faculty by the second year. These numbers do not include preceptors or the nursing, medical, and allied health faculty members who will be team teaching in the program. The accreditation site visit from the Commission on Accreditation for Allied Health Education Programs is scheduled for July 20-21, 2000, prior to the enrollment of the first class.

Cost

The estimated cost of the Physician Assistant Studies program over the first five years is \$1,443,770. The funds generated from the State formula will provide the resources necessary for the program, and the South Texas Veteran's Administration (VA) will provide funds for one FTE as long as VA students are enrolled in the program.

Summary

U. T. Health Science Center - San Antonio is requesting authorization to establish a Bachelor of Science degree in Physician Assistant Studies and to submit the proposed degree to the Texas Higher Education Coordinating Board for approval. The proposed degree will address the unmet need for Physician Assistants in South Texas, the State, and the nation, and is consistent with the U. T. Health Science Center - San Antonio mission statement and Table of Programs.

A copy of the proposal to establish a Bachelor of Science (B.S.) degree in Physician Assistant Studies is on file in the U. T. System Office of Health Affairs.

**Facilities, Planning & Construction
Committee**

FACILITIES PLANNING AND CONSTRUCTION COMMITTEE
Committee Chairman Clements

Date: February 10, 2000
Time: Following the Meeting of the Health Affairs Committee
Place: Room 1505 C, 15th Floor, University Center Tower,
The University of Texas Health Science Center at Houston

	<u>Page</u>
1. U. T. Board of Regents: Proposed Amendments to the Regents' <u>Rules and Regulations</u> , Part Two, Chapter VIII, Section 1, Subsection 1.3 (Selection Committees), Section 2, Subsection 2.1 (General Requirements) and Subsection 2.2 (Major Projects Procedures)	93
2. U. T. System: Request to Approve Campus Master Plans for The University of Texas at Austin, The University of Texas at El Paso, The University of Texas - Pan American, and The University of Texas of the Permian Basin	97
3. U. T. Austin - Jester Center Fire and Life Safety Renovation (Project No. 102-998): Request for Approval to Revise Total Project Cost and Reduce Appropriation and Expenditure of Funds	98
4. U. T. Health Science Center - San Antonio - Children's Cancer Research Center: Request to Amend the FY 2000-2005 Capital Improvement Program and the FY 2000-2001 Capital Budget to Include Project	99

5. U. T. Health Science Center - San Antonio - Harlingen Medical Education Division of the Regional Academic Health Center (RAHC) (Project No. 402-994): Request for Approval of Design Development Plans; Approval of Total Project Cost; Appropriation of Funds and Authorization of Expenditure; and Approval of Use of Revenue Financing System Parity Debt, Receipt of Parity Debt Certificate, and Finding of Fact with Regard to Financial Capacity 101
6. U. T. Health Science Center - San Antonio - Laredo Campus Extension: Request to Amend the FY 2000-2005 Capital Improvement Program and the FY 2000-2001 Capital Budget to Include Project 105
7. U. T. Health Science Center - San Antonio - South Texas Centers for Biology in Medicine: Request for Approval to Revise Total Project Cost and Appropriation of Funds and Authorization of Expenditure 106

1. U. T. Board of Regents: Proposed Amendments to the Regents' Rules and Regulations, Part Two, Chapter VIII, Section 1, Subsection 1.3 (Selection Committees), Section 2, Subsection 2.1 (General Requirements) and Subsection 2.2 (Major Projects Procedures)

RECOMMENDATION

Chairman Evans recommends that the Regents' Rules and Regulations, Part Two, Chapter VIII, Sections 1 and 2, regarding architect and design-build contractor selection for major projects be amended as set forth below in congressional style:

- a. Amend Section 1, Subsection 1.3 as set forth below:

- 1.3 Selection Committees.—Selection Committees for Major Projects shall be appointed by the institutional president in consultation with the Office of Facilities Planning and Construction and the Executive Vice Chancellor for Business Affairs. Selection Committees for Minor Projects shall be appointed by the Responsible Administrator.

1.31 For projects identified by the Facilities Planning and Construction Committee (FPCC) to be of special interest to the Board of Regents because of proposed siting, historical or cultural significance, proposed use, or other unique characteristics, the FPCC will serve as the Selection Committee. For these special interest projects, the institutional president will appoint a Selection Advisory Committee which may include two members of the Board named by the Chairman. The Selection Advisory Committee will interview and review the work of candidates to prepare an unranked list of approximately four architects to be presented through the Chancellor to the FPCC for consideration. The FPCC may select an architect from this list, may ask the Advisory Committee for additional recommendations of architects responding to the Request for Qualifications (RFQ), or may select an architect responding to the RFQ but not on the list on the basis of qualifications. The FPCC will conduct interviews and site visits as determined necessary and will select the architect.

1.32 For all other Major Construction and Repair and Rehabilitation Projects, Selection Committees are authorized to evaluate, rank, and make selection recommendations of project architects for appointment by the Chancellor. Selection Committees are authorized to evaluate, rank, and select

qualifications and competitive sealed proposals in response to requests for qualifications and requests for proposals by design-build contractors, construction manager-agents, construction managers-at-risk, general contractors, and job order contractors. Selection Committees are also authorized ~~[and]~~ to enter into discussions for modification and negotiation of competitive sealed proposals in response to requests for proposals with respondents, as required or permitted by law. ~~[Selection Committees for Major Projects shall be appointed by the Director of the Office of Facilities Planning and Construction in consultation with the institutional chief administrative officer and the Executive Vice Chancellor for Business Affairs. Selection Committees for Minor Projects shall be appointed by the Responsible Administrator.]~~

b. Amend Section 2, Subsections 2.1 and 2.2, as set forth below:

2.1 General Requirements.

2.11 Subject to Subsection 1.3 and Subdivisions 2.12, 2.13, 2.14 and 2.15 of this Section and the general provisions of Part One, Chapter I, Section 9 and except as otherwise specified in these Rules and Regulations, the Chancellor with the advice of the appropriate Executive Vice Chancellor ~~[or Vice Chancellor]~~ and institutional president ~~[chief administrative officer]~~ is authorized to appoint architects, approve plans, and execute contracts for all new construction projects exceeding \$1,000,000 and for major repair and rehabilitation projects exceeding \$2,000,000 ("Major Projects") that have previously been approved or authorized by the Board.

...

2.2 Major Projects Procedures.

...

2.23 The Chancellor, on behalf of the Board, will utilize the services of a project architect, engineer, or design-build contractor for each Major Project or portion thereof as may be desirable or required by law. Request for Qualifications (RFQ) issued to solicit responses from interested architects will include a requirement that the architect evidence agreement that the architect adhere to the approved Campus Master Plan and a set of criteria applicable to the facility program and the needs of the institution. Contracts with architects and engineers shall

comply with guidelines issued by the Office of General Counsel and shall be written on a standard form approved by the Office of General Counsel.

- 2.24 After approval of the facility program, the Chancellor or delegate is authorized to give the project architect, engineer, or design-build contractor the facility program and the Campus Master Plan and to direct the preparation of schematic plans, exterior design, ~~and~~ site plans, cost estimates, and other necessary and appropriate documents ("Schematic Plans") and design development plans, elevations, and sections, outline specifications, cost estimates, and other related work to fix the design, dimensions, materials, and scope of the project in greater detail ("Design Development Plans"). Design Development Plans are referred to as Preliminary Plans in applicable rules of the Texas Higher Education Coordinating Board. The project architect, engineer, or design-build contractor shall work with the Ad Hoc Project Building Committee, if any, ~~and~~ the Office of Facilities Planning and Construction, and the Facilities Planning and Construction Committee with regard to architectural design ~~[plans and documents]~~.

....

BACKGROUND INFORMATION

Currently, the Regents' Rules and Regulations, Part Two, Chapter VIII, Section 1, Subsection 1.3 authorize the Selection Committees to evaluate, rank, and select qualifications and competitive sealed proposals in response to requests for qualifications and requests for proposals by design-build contractors, construction manager-agents, construction managers-at-risk, general contractors, and job order contractors and to enter into discussions for modification and negotiation of competitive sealed proposals in response to requests for proposals with respondents, as required or permitted by law. Section 2, Subsection 2.1, Subdivision 2.11 of Chapter VIII, Part Two, authorizes the Chancellor to appoint architects except as otherwise specified in the Rules and Regulations. This agenda item modifies the selection process of architects for projects determined to be of special interest to the U. T. Board of Regents.

With this new process the Office of Facilities Planning and Construction will present a twelve-month forecast of new projects to the Facilities Planning and Construction Committee (FPCC) each quarter for review and determination of which projects are of special interest to the Board. For the projects identified as special interest, the

FPCC will serve as the Selection Committee. For these projects the institutional president will appoint a Selection Advisory Committee that may include two members of the U. T. Board of Regents named by the Chairman. The Selection Committee will submit an unranked short list of architects to the FPCC, through the Chancellor, for interview and selection. The FPCC may select an architect from this list or an architect not on this list on the basis of qualifications.

The amendments to Section 2, Subsection 2.1, Subdivision 2.11 and Section 2, Subsection 2.2, Subdivisions 2.23 and 2.24 of Chapter VIII, Part Two are required to reflect emphasis on architectural design meeting the project program criteria and the Campus Master Plan. At each step in the design process, beginning with the Request for Qualifications (RFQ), new emphasis will be placed on the requirement that the selected design agent adhere to the Campus Master Plan, and the set of criteria applicable to the facility program and the needs of the component in developing the project design.

Consistent with Subdivision 2.25, the design of all Major Project new construction and architecturally or historically significant Repair and Rehabilitation projects will continue to be reviewed by the FPCC and recommendations forwarded to the U. T. Board of Regents for final approval.

Approval of these amendments to the Regents' Rules and Regulations will require corresponding amendments to the Regental Policy entitled "Procedures to be Followed by University of Texas System Institutions to Gain Authorization of Major New Construction and Major Renovation Projects" approved by the U. T. Board of Regents in December 1994. These amendments will be made following approval of this item and circulated to members of the Board for review prior to general distribution.

1. U. T. Board of Regents: Proposed Amendments to the Regents' Rules and Regulations, Part Two, Chapter VIII, Section 1, Subsection 1.3 (Selection Committees), Section 2, Subsection 2.1 (General Requirements) and Subsection 2.2 (Major Projects Procedures)

RECOMMENDATION

Chairman Evans recommends that the Regents' Rules and Regulations, Part Two, Chapter VIII, Sections 1 and 2, regarding architect and design-build contractor selection for major projects be amended as set forth below in congressional style:

- a. Amend Section 1, Subsection 1.3 as set forth below:

- 1.3 Selection Committees.--Selection Committees for Major Projects shall be appointed by the institutional president in consultation with the Office of Facilities Planning and Construction and the Executive Vice Chancellor for Business Affairs. Selection Committees for Minor Projects shall be appointed by the Responsible Administrator.

1.31 For projects identified by the Facilities Planning and Construction Committee (FPCC) to be of special interest to the Board of Regents because of proposed siting, historical or cultural significance, proposed use, or other unique characteristics, the FPCC will serve as the Selection Committee. For these special interest projects, the institutional president will appoint a Selection Advisory Committee which may include two members of the Board named by the Chairman. The Selection Advisory Committee will interview and review the work of candidates to prepare an unranked list of approximately four architects or design-build contractors to be presented through the Chancellor to the FPCC for consideration. The FPCC will conduct interviews and site visits as determined necessary and will select the architect or design-build contractor.

1.32 For all other Major Construction and Repair and Rehabilitation Projects, Selection Committees are authorized to evaluate, rank, and make selection recommendations of project architects for appointment by the Chancellor.

Selection Committees are authorized to evaluate, rank, and select qualifications and competitive sealed proposals in response to requests for qualifications and requests for proposals by design-build contractors, construction managers-agents, construction managers-at-risk, general contractors, and job order contractors. Selection Committees are also authorized [and] to enter into discussions for modification and negotiation of competitive sealed proposals in response to requests for proposals with respondents, as required or permitted by law. [~~Selection Committees for Major Projects shall be appointed by the Director of the Office of Facilities Planning and Construction in consultation with the institutional chief administrative officer and the Executive Vice Chancellor for Business Affairs. Selection Committees for Minor Projects shall be appointed by the Responsible Administrator.~~]

b. Amend Section 2, Subsections 2.1 and 2.2, as set forth below:

2.1 General Requirements.

2.11 Subject to Subsection 1.3 and Subdivisions 2.12, 2.13, 2.14 and 2.15 of this Section and the general provisions of Part One, Chapter I, Section 9 and except as otherwise specified in these Rules and Regulations, the Chancellor with the advice of the appropriate Executive Vice Chancellor [~~or Vice Chancellor~~] and institutional president [~~chief administrative officer~~] is authorized to appoint architects, approve plans, and execute contracts for all new construction projects exceeding \$1,000,000 and for major repair and rehabilitation projects exceeding \$2,000,000 ("Major Projects") that have previously been approved or authorized by the Board.

2.2 Major Projects Procedures.

2.23 The Chancellor, on behalf of the Board, will utilize the services of a project architect, engineer, or design-build contractor for each Major Project or portion thereof as may be desirable or required by law. Request for

Qualifications (RFQ) issued to solicit responses from interested architects will include a requirement that the architect evidence agreement that the architect adhere to the approved Campus Master Plan and a set of criteria applicable to the facility program and the needs of the institution. Contracts with architects and engineers shall comply with guidelines issued by the Office of General Counsel and shall be written on a standard form approved by the Office of General Counsel.

- 2.24 After approval of the facility program, the Chancellor or delegate is authorized to give the project architect, engineer, or design-build contractor the facility program and the Campus Master Plan and to direct the preparation of schematic plans, exterior design, ~~[and]~~ site plans, cost estimates, and other necessary and appropriate documents ("Schematic Plans") and design development plans, elevations, and sections, outline specifications, cost estimates, and other related work to fix the design, dimensions, materials, and scope of the project in greater detail ("Design Development Plans"). Design Development Plans are referred to as Preliminary Plans in applicable rules of the Texas Higher Education Coordinating Board. The project architect, engineer, or design-build contractor shall work with the Ad Hoc Project Building Committee, if any, ~~[and]~~ the Office of Facilities Planning and Construction, and the Facilities Planning and Construction Committee with regard to architectural design ~~[plans and documents]~~.

BACKGROUND INFORMATION

Currently, the Regents' Rules and Regulations, Part Two, Chapter VIII, Section 1, Subsection 1.3 authorize the Selection Committees to evaluate, rank, and select qualifications and competitive sealed proposals in response to requests for qualifications and requests for proposals by design-build contractors, construction manager-agents, construction managers-at-risk, general contractors, and job order contractors and to enter into discussions for modification and negotiation of competitive sealed proposals in response to requests for proposals with

respondents, as required or permitted by law. Section 2, Subsection 2.1, Subdivision 2.11 of Chapter VIII, Part Two, authorizes the Chancellor to appoint architects except as otherwise specified in the Rules and Regulations. This agenda item modifies the selection process of architects and design-build contractors for projects determined to be of special interest to the U. T. Board of Regents.

With this new process the Office of Facilities Planning and Construction will present a twelve-month forecast of new projects to the Facilities Planning and Construction Committee (FPCC) each quarter for review and determination of which projects are of special interest to the Board. For the projects identified as special interest, the FPCC will serve as the Selection Committee. For these projects the institutional president will appoint a Selection Advisory Committee that may include two members of the U. T. Board of Regents named by the Chairman. The Selection Committee will submit an unranked short list of architects or design-build contractors to the FPCC, through the Chancellor, for interview and selection.

The amendments to Section 2, Subsection 2.1, Subdivision 2.11 and Section 2, Subsection 2.2, Subdivisions 2.23 and 2.24 of Chapter VIII, Part Two are required to reflect emphasis on architectural design meeting the project program criteria and the Campus Master Plan. At each step in the design process, beginning with the Request for Qualifications (RFQ), new emphasis will be placed on the requirement that the selected design agent adhere to the Campus Master Plan, and the set of criteria applicable to the facility program and the needs of the component in developing the project design.

Consistent with Subdivision 2.25, the design of all Major Project new construction and architecturally or historically significant Repair and Rehabilitation projects will continue to be reviewed by the FPCC and recommendations forwarded to the U. T. Board of Regents for final approval.

Approval of these amendments to the Regents' Rules and Regulations will require corresponding amendments to the Regental Policy entitled "Procedures to be Followed by University of Texas System Institutions to Gain Authorization of Major New Construction and Major Renovation Projects" approved by the U. T. Board of Regents in December 1994. These amendments will be made following approval of this item and circulated to members of the Board for review prior to general distribution.

2. U. T. System: Request to Approve Campus Master Plans for The University of Texas at Austin, The University of Texas at El Paso, The University of Texas - Pan American, and The University of Texas of the Permian Basin

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Academic Affairs, and Presidents Faulkner, Natalicio, Nevárez, and Sorber that the U. T. Board of Regents approve the Campus Master Plans developed and submitted by The University of Texas at Austin, The University of Texas at El Paso, The University of Texas - Pan American, and The University of Texas of the Permian Basin.

BACKGROUND INFORMATION

A presentation made to the Facilities Planning and Construction Committee (FPCC) on July 7, 1998, outlined the status of existing campus master planning efforts at each U. T. System component institution. As a follow-up to the July 7 meeting, the Committee members requested that each Campus Master Plan address specific elements and that a summary of this information be available at U. T. System. Chancellor Cunningham distributed a memorandum to the presidents outlining the essential elements that should be addressed in each Campus Master Plan. The Office of Facilities Planning and Construction was assigned the overall responsibility to coordinate all Campus Master Plan development efforts for the U. T. System component institutions and to provide summaries of all Campus Master Plans to the FPCC.

On August 12, 1999, FPCC Chairman Clements reported that the Committee had reviewed the Campus Master Plan Executive Summaries for the following components: U. T. Austin, U. T. El Paso, U. T. Pan American, U. T. Permian Basin, U. T. Health Science Center - San Antonio, and U. T. Health Center - Tyler. Copies of these Executive Summaries were provided to members of the U. T. Board of Regents.

Since the August 1999 meeting, final edits have been completed by incorporating comments from the members of the Board, and it is now requested that Campus Master Plans be approved for U. T. Austin, U. T. El Paso, U. T. Pan American, and U. T. Permian Basin. The Campus Master Plans for U. T. Health Science Center - San Antonio and U. T. Health Center - Tyler are undergoing further review.

Drafts of additional Campus Master Plans have been submitted to the FPCC and Executive Summaries of these Plans will be brought before the U. T. Board of Regents as these reviews are completed.

3. U. T. Austin - Jester Center Fire and Life Safety Renovation (Project No. 102-998): Request for Approval to Revise Total Project Cost and Reduce Appropriation and Expenditure of Funds

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Academic Affairs, and President Faulkner that the U. T. Board of Regents:

- a. Approve a revised total project cost of \$11,000,000 for the Jester Center Fire and Life Safety Renovation project at U. T. Austin
- b. Approve reduced appropriation and expenditure of funds of \$9,150,000 from Revenue Financing System Bond Proceeds and \$1,850,000 from Designated Tuition Funds.

BACKGROUND INFORMATION

The Jester Center Fire and Life Safety Renovation project at U. T. Austin is included in the FY 2000-2005 Capital Improvement Program and the FY 2000-2001 Capital Budget at a total project cost of \$15,000,000, with funding of \$12,500,000 from Revenue Financing System Bond Proceeds and \$2,500,000 from Designated Tuition Funds.

Original cost projections have been reduced by \$4,000,000 after selection of a construction contractor through a competitive sealed proposal process. The firm, Stewart-Matl Ltd., Austin, Texas, was selected based on their price, schedule, and technical proposal.

Approval of this item will amend the FY 2000-2005 Capital Improvement Program and the FY 2000-2001 Capital Budget to reduce the total project cost from \$15,000,000 to \$11,000,000, with funding of \$9,150,000 from Revenue Financing System Bond Proceeds and \$1,850,000 from Designated Tuition Funds.

4. U. T. Health Science Center - San Antonio - Children's Cancer Research Center: Request to Amend the FY 2000-2005 Capital Improvement Program and the FY 2000-2001 Capital Budget to Include Project

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Health Affairs, and President Howe that the U. T. Board of Regents amend the FY 2000-2005 Capital Improvement Program and the FY 2000-2001 Capital Budget to include the Children's Cancer Research Center at U. T. Health Science Center - San Antonio at a preliminary project cost of \$49,500,000, with funding from Revenue Financing System Bond Proceeds.

BACKGROUND INFORMATION

House Bill 1945, codified as Texas Education Code Section 63.001 et seq. during the 76th Texas Legislative Session, established the Permanent Health Fund, including a \$200,000,000 fund for U. T. Health Science Center - San Antonio. Under Section 63.102(c) of the statute, an amount appropriated from the \$200,000,000 may be used to establish, maintain, and operate a children's cancer center.

The Children's Cancer Research Center (CCRC) project at U. T. Health Science Center - San Antonio includes the construction of a new facility of approximately 168,000 square feet. The CCRC program will promote children's public health issues, specifically children's cancer research, and will advance scientific knowledge relevant to childhood cancer in order to provide the basis for future progress in prevention, diagnosis, and treatment of these diseases. The project will also accelerate the translation of existing knowledge into novel therapies, vaccines, and other interventions.

Approval of this item will amend the FY 2000-2005 Capital Improvement Program and the FY 2000-2001 Capital Budget to include the Children's Cancer Research Center project at U. T. Health Science Center - San Antonio at a preliminary project cost of \$49,500,000, with funding from Revenue Financing System Bond Proceeds. Income generated from the \$200,000,000 endowment will be used to cover the Revenue Financing System Bond debt service.

5. U. T. Health Science Center - San Antonio - Harlingen Medical Education Division of the Regional Academic Health Center (RAHC) (Project No. 402-994): Request for Approval of Design Development Plans; Approval of Total Project Cost; Appropriation of Funds and Authorization of Expenditure; and Approval of Use of Revenue Financing System Parity Debt, Receipt of Parity Debt Certificate, and Finding of Fact with Regard to Financial Capacity

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Health Affairs, and President Howe that the U. T. Board of Regents:

- a. Approve design development plans for the Harlingen Medical Education Division of the Regional Academic Health Center (RAHC) project for the U. T. Health Science Center - San Antonio
- b. Approve a total project cost of \$25,000,000
- c. Appropriate funds and authorize expenditure of \$25,000,000, with funding from Tuition Revenue Bond Proceeds.

The Chancellor also concurs in the recommendation of the Executive Vice Chancellor for Business Affairs that, in compliance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System, adopted by the U. T. Board of Regents on February 14, 1991, and amended on October 8, 1993, and August 14, 1997, and upon delivery of the Certificate of an Authorized Representative as set out on Page 103, the U. T. Board of Regents resolves that:

- a. Parity Debt shall be issued to pay the project's cost, including any project costs prior to the issuance of such Parity Debt

- b. 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. Board of Regents relating to the Financing System
- c. U. T. component 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. Board of Regents of tax-exempt Parity Debt in the aggregate amount of \$25,000,000
- d. This resolution satisfies the official intent requirements set forth in Section 1.150-2 of the U. S. Treasury Regulations.

BACKGROUND INFORMATION

The Harlingen Medical Education Division of the RAHC project for the U. T. Health Science Center - San Antonio is included in the FY 2000-2005 Capital Improvement Program and the FY 2000-2001 Capital Budget at a total project cost of \$25,000,000, with funding from Tuition Revenue Bond Proceeds.

The project involves the construction of an undergraduate and graduate medical education facility of approximately 90,000 gross square feet to support increased clinical training of medical professionals in the Lower Rio Grande Valley, with the long-term prospect of increasing interest in entering practice in this severely underserved area. This training will take multiple forms and will target three levels of health professionals: medical students in preparatory training, medical residents in specialty training, and practicing community physicians engaged in lifelong learning through Continuing Medical Education. In addition, the RAHC will provide a community resource, medical library access, in-person and electronic meeting areas, and health promotions program support.

In 1997, the 75th Texas Legislature authorized \$30,000,000 of tuition bonds to be issued for the RAHC project. After the issuance of the \$25,000,000 tuition bonds for the Harlingen Medical Education Division of the RAHC, an additional \$5,000,000 of tuition bond authority will remain for the Brownsville Public Health

Division of the RAHC. The debt service coverage for the \$25,000,000 is reflected on Page 104. This project financing assumes interim financing at a 5% interest rate for FY 2000 and a 7% interest rate for 20 years with the fixed rate borrowing to occur in FY 2001.

PARITY DEBT CERTIFICATE OF U. T. SYSTEM REPRESENTATIVE

I, the undersigned Assistant Vice Chancellor for Finance of The University of Texas System, a U. T. System Representative under the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System, (the "Master Resolution"), adopted by the U. T. Board of Regents ("Board") on February 14, 1991, and amended on October 8, 1993, and August 14, 1997, do hereby execute this certificate for the benefit of the Board pursuant to Section 5(a)(ii) of the Master Resolution in connection with the authorization by the Board to issue "Parity Debt" to finance the construction cost of the Harlingen Medical Education Division of the RAHC, and do certify that to the best of my knowledge, the Board is in compliance with and not in default of any terms, provisions, and conditions in the Master Resolution, the First Supplemental Resolution Establishing the Revenue Financing System Commercial Paper Program ("First Supplemental"), the Second Supplemental Resolution, the Third Supplemental Resolution, the Fourth Supplemental Resolution, the Fifth Supplemental Resolution, the Sixth Supplemental Resolution, the Seventh Supplemental Resolution, the Eighth Supplemental Resolution, and the Ninth Supplemental Resolution.

EXECUTED this 5th day of January, 2000

/s/ Pamela K. Clayton
Assistant Vice Chancellor for Finance

**The University of Texas System
Revenue Financing System
Debt Service Coverage
(\$ in millions)**

	Actual			Forecast				
	FY 97	FY 98	FY 99	FY 2000	FY 01	FY 02	FY 03	FY 04
Available Revenues	3,900.3	4,208.7	4,363.1	4,588.8	4,670.5	4,778.7	4,851.8	4,971.5
Operating Expenses	(3,657.7)	(3,911.5)	(4,166.5)	(4,298.3)	(4,391.3)	(4,481.5)	(4,574.1)	(4,665.5)
Net Revenues Available for Debt Service	242.6	297.2	196.6	290.5	279.2	297.2	277.7	306.0
Other Mandatory Transfers	(1.8)	(1.3)	(0.8)	(0.9)	(0.9)	(1.0)	(1.0)	(1.0)
Debt Service:								
Non - Tuition Related	(51.8)	(65.1)	(55.0)	(59.5)	(55.9)	(55.8)	(63.5)	(63.3)
Tuition Debt Service								
Bonds issued prior to 1993	(7.7)	(7.1)	(7.2)	(7.7)	(7.7)	(7.7)	0.0	0.0
South Texas Border Initiative Debt	(14.0)	(12.6)	(13.1)	(13.1)	(13.1)	(13.2)	(13.2)	(13.2)
Debt Authorized by 75th Legislature								
Tuition Bonds issued during FY98 and FY99			(5.8)	(11.5)	(13.5)	(13.5)	(13.5)	(13.5)
Recommended to BOR 2/00-\$25 mil				(1.25)	(2.36)	(2.36)	(2.36)	(2.18)
Remaining Tuition Project Financing			(14.46)	(3.80)	(5.35)	(5.35)	(5.35)	(5.54)
TOTAL DEBT SERVICE	(73.5)	(84.8)	(95.6)	(96.9)	(97.9)	(97.9)	(97.9)	(97.7)
Debt Service Coverage Without Tuition Bonds (x)	4.5	4.5	3.5	4.8	4.9	5.2	4.3	4.8
Debt Service Coverage With Tuition Bonds (x)	3.2	3.5	2.0	3.1	2.9	3.0	2.9	3.2

6. U. T. Health Science Center - San Antonio - Laredo Campus Extension: Request to Amend the FY 2000-2005 Capital Improvement Program and the FY 2000-2001 Capital Budget to Include Project

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Health Affairs, and President Howe that the U. T. Board of Regents amend the FY 2000-2005 Capital Improvement Program and the FY 2000-2001 Capital Budget to include the Laredo Campus Extension of the U. T. Health Science Center - San Antonio at a preliminary project cost of \$4,000,000, with funding of \$2,000,000 from Gifts and Grants and \$2,000,000 from Local Funds (interest on the Children's Cancer Endowment Fund established by the 76th Texas Legislature as part of the tobacco settlement).

BACKGROUND INFORMATION

The Laredo Campus Extension project involves the construction of a new facility of approximately 20,000 square feet in Laredo, Texas, as an extension of the U. T. Health Science Center - San Antonio. This project will provide offices for the Area Health Education Center and South Texas Border Initiative programs, classrooms, laboratories, administrative areas, and teleconferencing facilities.

Approval of this item will amend the FY 2000-2005 Capital Improvement Program and the FY 2000-2001 Capital Budget to include the Laredo Campus Extension project of the U. T. Health Science Center - San Antonio at a preliminary project cost of \$4,000,000, with funding of \$2,000,000 from Gifts and Grants and \$2,000,000 from Local Funds (interest on the Children's Cancer Endowment Fund established by the 76th Texas Legislature as part of the tobacco settlement).

See Item 2 on Page 86 relating to the Laredo Campus Extension under the Health Affairs Committee.

7. U. T. Health Science Center - San Antonio - South Texas Centers for Biology in Medicine: Request for Approval to Revise Total Project Cost and Appropriation of Funds and Authorization of Expenditure

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Health Affairs, and President Howe that the U. T. Board of Regents:

- a. Revise the total project cost for the South Texas Centers for Biology in Medicine project at U. T. Health Science Center - San Antonio from \$19,000,000 to \$22,000,000
- b. Appropriate additional funds and authorize expenditure of \$3,000,000, with funding from Gifts and Grants.

BACKGROUND INFORMATION

The South Texas Centers for Biology in Medicine project at U. T. Health Science Center - San Antonio is included in the FY 2000-2005 Capital Improvement Program and the FY 2000-2001 Capital Budget at a total project cost of \$19,000,000, with funding of \$13,000,000 from Gifts and Grants and \$6,000,000 from Permanent University Fund Bond Proceeds. The scope of the current project leaves most of the third level of this facility as shell space to be completed at a later date.

As revised, this project will finish approximately 12,000 square feet of the third level shelled space in the South Texas Centers for Biology in Medicine. The space will be used by the Director and faculty of the Children's Cancer Research Center (CCRC) in anticipation of building a permanent facility for the research program. Amending the current project to accommodate start-up of the CCRC program made possible by the recent tobacco settlement will permit an early start of this important program by Fall 2000. The current construction is anticipated to be completed in Spring 2000.

Approval of the South Texas Centers for Biology in Medicine project at U. T. Health Science Center - San Antonio will amend the FY 2000-2005 Capital Improvement Program and the FY 2000-2001 Capital Budget to increase the total project cost from \$19,000,000 to \$22,000,000, with additional funding of \$3,000,000 from Gifts and Grants.

Other Matters

M. RECONVENE AS COMMITTEE OF THE WHOLE

N. REPORT OF BOARD FOR LEASE OF UNIVERSITY LANDS

REPORT

The Board for Lease of University Lands met on November 17, 1999, in the Board Room of The University of Texas Health Science Center at Houston in Houston, Texas, for a general business meeting and to award leases for Regular Oil and Gas Lease Sale No. 96. Bids were opened at the Center for Energy and Economic Diversification in Midland, Texas, on November 16, 1999.

Following is a report on the result of the lease sale:

Regular Oil and Gas Lease Sale No. 96: Total bonuses received in the amount of \$1,273,395.31 for 12,715.012 acres (43 tracts) leased; single highest bid was \$72,832.82 (\$437.50/acre) for a 166.475-acre tract in Reagan County; 19,916.131 acres (66 tracts) nominated for lease.

Following is a report on the general business meeting:

- a. Approval of the Minutes of the July 21, 1999, meeting of the Board for Lease
- b. Staff presentation regarding the feasibility of having the Board meet by videoconference
- c. Authorization of the forfeiture of University Lease Nos. 63142, 63143, and 63144 on December 17, 1999, with certain reinstatement rights because royalties and other sums due under the leases had not been paid
- d. Executive Session pursuant to authority granted under Section 551.071 of the Texas Government Code regarding pending or contemplated litigation in relation to the forfeiture docket item

- e. Approval of lease procedures and terms for Regular Oil and Gas Lease Sale No. 97 to be held on Wednesday, May 17, 2000
- f. Approval of 12 pooled units proposed by Rust Oil Corporation and covering portions of University Lands in Sections 10, 11, and 15, Block 13, Andrews County, Texas
- g. Approval of a high-pressure-air injection secondary recovery unit proposed by Goldrus Producing Company and covering portions of University Lands in Block 48, Reagan County, Texas
- h. Delegation of the Board's authority to approve pooled units to the Executive Director of West Texas Operations under specific conditions and criteria
- i. General Land Office staff presentation of an overview of the General Land Office's State Power Program (which authorizes the Commissioner to convert oil and gas royalties taken in kind from State lands into other forms of energy, including electricity, for sale to certain public retail customers)
- j. Approval of the management of the royalty-in-kind programs as presented by staff, including expressly authorizing staff to explore the marketing of University in-kind oil and gas under the General Land Office's State Power Program.

The next regular meeting of the Board for Lease of University Lands and lease awards for Regular Oil and Gas Lease Sale No. 97 is scheduled at the Center for Energy and Economic Diversification in Midland, Texas, on May 17, 2000.

O. OTHER MATTERS

1. U. T. System: Report of Summary of Gift Acceptance and Related Administrative Actions Conforming to Board Policy for September 1, 1999 Through November 30, 1999

(See Pages 111 - 115.)

ACCEPTANCE OF GIFTS HELD BY BOARD
September 1, 1999 Through November 30, 1999

# ALL ITEMS	COMPONENT INSTITUTION	ASSET TYPES						MATCHING FUNDS	TOTAL VALUE
		CASH	SECURITIES	REAL ESTATE	PLEDGES	OTHER	TRANSFERS		
4	U. T. Arlington	\$ 20,416	\$ -	\$ 2,500	\$ -	\$ -	\$ -	\$ -	\$ 22,916
28	U. T. Austin	\$ 4,508,567	\$ 263,330	\$ -	\$ 361,477	\$ -	\$ 20,000	\$ 50,000	\$ 5,153,374 *
2	U. T. Dallas	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,320,979	\$ -	\$ 1,320,979
6	U. T. El Paso	\$ 218,962	\$ 19,998	\$ -	\$ 1,000	\$ -	\$ -	\$ -	\$ 239,960
25	U. T. Pan American	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6	U. T. San Antonio	\$ 163,056	\$ 2,870	\$ -	\$ 5,130	\$ -	\$ -	\$ -	\$ 171,056
12	U. T. SWMC-Dallas	\$ 784,124	\$ -	\$ 996	\$ -	\$ -	\$ 875,154	\$ 1,700,000	\$ 1,158,831 *
13	U. T. M.B.-Galveston	\$ 1,239,042	\$ -	\$ -	\$ 7,750	\$ -	\$ 51,500	\$ -	\$ 1,298,292
2	UTHSC-Houston	\$ 5,000	\$ -	\$ -	\$ 15,000	\$ -	\$ -	\$ -	\$ 20,000
4	UTHSC-San Antonio	\$ 126,216	\$ 70,228	\$ -	\$ 179,772	\$ -	\$ -	\$ -	\$ 376,216
5	UTMDACC	\$ 137,122	\$ 25,552	\$ -	\$ -	\$ -	\$ 469,811	\$ -	\$ 632,484
107	TOTAL	\$ 7,202,505	\$ 381,977	\$ 3,496	\$ 570,129	\$ -	\$ 2,737,443	\$ 1,750,000	\$ 10,394,108

* Not included in total: U. T. Austin - \$50,000 of Board-held matching funds;
U. T. SWMC-Dallas - \$1,700,000 of Board-held matching funds and \$501,442.60 transfer of endowment funds.

NOTE: Compiled by Office of Development and External Relations

CLASSIFICATION OF GIFTS AND OTHER ACTIONS
September 1, 1999 Through November 30, 1999

COMPONENT INSTITUTION	ENDOWMENTS	CHARITABLE REMAINDER TRUSTS	POOLED INCOME FUND	REMAINDER INTERESTS	HELD IN TRUST BY OTHERS	CURRENT PURPOSE	OTHER
U. T. Arlington	3	---	---	---	--	1	---
U. T. Austin	27	---	---	---	2	---	---
U. T. Dallas	2	---	---	---	---	---	---
U. T. El Paso	6	---	---	---	---	---	---
U. T. Pan American	12	---	---	---	13	---	---
U. T. San Antonio	6	---	---	---	---	---	---
U. T. SWMC-Dallas	6	---	---	---	7	1	---
U. T. M.B.-Galveston	12	---	1	---	---	---	---
UTHSC-Houston	2	---	---	---	---	---	---
UTHSC-San Antonio	4	---	---	---	---	---	---
UTMDACC	2	---	---	---	---	3	---
TOTAL	82	0	1	0	22	5	0

PURPOSES OF GIFTS HELD BY BOARD AND OTHERS

September 1, 1999 Through November 30, 1999

COMPONENT INSTITUTION	ENDOWMENT								CURRENT PURPOSE	OTHER PURPOSE
	DIST. CHAIR	CHAIR	DIST. PROF'SHIP	PROF'SHIP	FACULTY FELLOWSHIP	GRADUATE FELLOWSHIP	SCHOLARSHIP	OTHER		
U. T. Arlington	---	---	---	---	---	---	2	---	1	---
U. T. Austin	---	1	---	2	---	3	14	7	---	1
U. T. Dallas	---	---	---	---	---	---	---	1	---	---
U. T. El Paso	---	---	---	---	---	---	4	2	---	---
U. T. Pan American	---	---	---	---	---	---	3	---	---	---
U. T. San Antonio	---	---	---	---	---	---	5	1	---	---
U. T. SWMC-Dallas	1	1	---	---	---	---	---	8	1	---
U. T. M.B.-Galveston	---	---	---	1	---	---	5	5	---	1
UTHSC-Houston	---	---	---	---	---	---	2	---	---	---
UTHSC-San Antonio	---	---	1	---	---	---	2	1	---	---
UTMDACC	---	---	---	---	---	---	---	1	3	---
TOTAL	1	2	1	3	0	3	37	26	5	2

Total purposes may not equal the total number of items because some items pertain to multiple purposes.

OTHER ADMINISTRATIVE ACTIONS
September 1, 1999 Through November 30, 1999

<u>COMPONENT INSTITUTION</u>	<u>ESTABLISH ENDOWMENT</u>	<u>REDESIGNATE ENDOWMENT LEVEL</u>	<u>OTHER REDESIGNATION</u>	<u>DISSOLVE ENDOWMENT</u>	<u>APPROVE/ALLOCATE MATCHING</u>	<u>ACCEPT TRUSTEESHIP</u>	<u>OTHER</u>
U. T. Arlington	2	---	1	---	---	---	---
U. T. Austin	21	1	2	---	1	1	---
U. T. Dallas	1	---	1	---	---	---	---
U. T. El Paso	6	---	---	---	---	---	---
U. T. Pan American	3	---	22	---	---	---	---
U. T. San Antonio	6	---	---	---	---	---	---
U. T. SWMC-Dallas	8	2	2	1	3	---	---
U. T. M.B.-Galveston	11	---	---	1	---	---	---
UTHSC-Houston	2	---	---	---	---	---	---
UTHSC-San Antonio	4	---	---	---	---	---	---
UTMDACC	1	1	---	---	---	---	---
TOTAL	65	4	28	2	4	1	0

COMPARATIVE SUMMARY OF GIFTS ACCEPTED VIA THE OFFICIAL ADMINISTRATIVE PROCESS
September 1, 1999 Through November 30, 1999

COMPONENT INSTITUTION	FY 1999 FULL YEAR	FISCAL YEAR 2000			FULL YEAR
		9/1/99 - 11/30/99	12/1/99 - 2/29/00	3/1/00 - 5/31/00	
U. T. System	\$ 95,000	\$ -	\$ -	\$ -	\$ -
U. T. Arlington	\$ 612,441	\$ 22,916	\$ -	\$ -	\$ -
U. T. Austin	\$ 17,668,529	\$ 5,153,374	\$ -	\$ -	\$ -
U. T. Dallas	\$ 1,060,674	\$ 1,320,979	\$ -	\$ -	\$ -
U. T. El Paso	\$ 3,180,702	\$ 239,960	\$ -	\$ -	\$ -
U. T. Pan American	\$ 60,674	\$ -	\$ -	\$ -	\$ -
U. T. Brownsville	\$ 110,674	\$ -	\$ -	\$ -	\$ -
U. T. Permian Basin	\$ 210,674	\$ -	\$ -	\$ -	\$ -
U. T. San Antonio	\$ 680,768	\$ 171,056	\$ -	\$ -	\$ -
U. T. Tyler	\$ 260,749	\$ -	\$ -	\$ -	\$ -
U. T. SWMC-Dallas	\$ 7,802,087	\$ 1,158,831	\$ -	\$ -	\$ -
U. T. M.B.-Galveston	\$ 7,563,732	\$ 1,298,292	\$ -	\$ -	\$ -
UTHSC-Houston	\$ 2,987,214	\$ 20,000	\$ -	\$ -	\$ -
UTHSC-San Antonio	\$ 1,375,242	\$ 376,216	\$ -	\$ -	\$ -
UTMDACC	\$ 7,330,854	\$ 632,484	\$ -	\$ -	\$ -
UTHC-Tyler	\$ 1,294,378	\$ -	\$ -	\$ -	\$ -
Multi-Component	\$ 170,000	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ 52,464,391	\$ 10,394,108	\$ -	\$ -	\$ -

2. U. T. Board of Regents: Presentation of Proposed Goal Statement on Distance Education

REPORT

At the request of the Special Committee on Telecommunications and Technology Transfer, chaired by Regent A. R. (Tony) Sanchez, Jr., Dr. Mario J. Gonzalez, Vice Chancellor for Information Technology and Distance Education, will present a report on the development of a goal statement on distance education for The University of Texas System. It is anticipated that the statement will be available for review prior to the February 2000 meeting of the U. T. Board of Regents.

P. SCHEDULED EVENTS

1. Board of Regents' Meetings -- 2000

<u>Dates</u>	<u>Locations/Hosts</u>
May 10-11, 2000	Austin - no host
August 9-10, 2000	Austin - no host
November 15-16, 2000	U. T. Health Center - Tyler

2. Official Commencements -- 2000

May 6	U. T. Tyler
May 12-14	U. T. Arlington
May 13	U. T. Brownsville
	U. T. El Paso
	U. T. Pan American
	U. T. Permian Basin
	U. T. San Antonio (tentative)
	U. T. Medical Branch - Galveston
	U. T. M. D. Anderson Cancer Center
May 20	U. T. Austin
	U. T. Dallas
May 27	U. T. Health Science Center - San Antonio
June 3	U. T. Southwestern Medical Center - Dallas
June 11	U. T. Health Science Center - Houston

Handout @
2/10/00 BOR mtg.

January 20, 2000

Distance Education in The University of Texas System

Background

The Board of Regents of The University of Texas System remains unalterably committed to a fundamental principle: access to education for all Texans is the cornerstone for what Texas will be in the 21st Century. Decisions and actions based on this principle are driven by several well documented facts:

- In order for Texas to provide a better future for all Texans and in order for Texas to continue to be competitive nationally and internationally, Texas must produce more college graduates.
- Our knowledge-based economy will require more educated Texans.
- Current matriculation and graduation rates will be insufficient to produce the additional 20,000 undergraduate degrees that Texas must produce annually on a per capita basis simply to achieve the average national degree production rate.
- For the foreseeable future, funding from traditional sources will be insufficient to construct campus facilities at a rate that will accommodate the anticipated surge in the college student population.

UT TeleCampus

The Board of Regents of The University of Texas System established the UT TeleCampus as the central point for distance education services throughout the U. T. System. The creation of the TeleCampus was based on the following observations:

1. Increased access to educational opportunities and the sharing of educational resources and intellectual capital can have a dramatic impact on education.
2. Information technology and the appropriate use of distance education have the greatest potential for providing better access to educational opportunities to more Texans in the shortest amount of time.

Mission Statement

The mission of the UT TeleCampus is to empower the component institutions of The University of Texas System to be world-class leaders in distance education and to take full advantage of the economies of scale inherent in distance learning technologies.

Operating Principles for the UT TeleCampus

1. All matters of curriculum, course content, student performance and related academic matters remain the responsibility of the accredited component institutions and their faculties.
2. The UT TeleCampus will support the faculty members of the component institutions and the distance learning students in much the same way that the facilities and staff of a physical campus support faculty and students. Services will include provision of online library services, records and registration services, and high quality virtual classrooms. In addition, the TeleCampus will assist and train faculty and staff in the design and delivery of web-based courses and with copyright and related intellectual property issues.
3. The UT TeleCampus will promote the U. T. name and build market recognition for all component institutions while also encouraging each component to build its own name recognition within its markets.
4. While supporting each component in the development of its own distance learning programs, the TeleCampus will also facilitate the development of cooperative programs using the most appropriate specialists from multiple components.
5. Tuition and fees for TeleCampus courses will be determined by the individual components or, in the case of cooperative programs, by all of the cooperating institutions. Revenues including formula funds will accrue to the institutions teaching the courses.
6. During the development period, the UT TeleCampus will provide financial incentives as a catalyst for institutions and their faculties to develop and offer TeleCampus courses and programs. Incentives will be used to develop instructional expertise and the capacity to offer distance learning instruction.
7. All U. T. System component institutions will be expected to be active participants in distance education activities administered by the UT TeleCampus.

Distance Education Goals -- General

1. During the next five years, the UT TeleCampus will provide a range of programs that are comprehensive, market driven, and based on the needs of Texans as defined most recently by the November 1998 Report of the Texas Strategic Economic Development Planning Commission.
2. These programs should focus on the following Target Market Groups:
 - (a) Business and Industry Learners
 - (b) U. T. Component Campus Students
 - (c) Workforce and Credentials Development
3. Programs administered by the UT TeleCampus should focus on Service, Quality, Consistency, and Opportunity.
 - **Service:** Provide distance education students, associated faculty, and administrators with a superior, service-oriented organization from which to conduct administrative, support, and distance learning activities.
 - **Quality:** Create a process that encourages collaboration between U. T. System component institutions and faculty members in the development of high quality distance education courses and programs.
 - **Consistency:** Enhance the quantity and quality of educational resource options and services available to current and future U. T. System students by promulgating consistent standards for component institutions.
 - **Opportunity:** Support the economic and workforce development needs of Texas, including those identified in the State's Strategic Economic Development Plan.

Distance Education Goals -- Specific

1. By Fall 2000, enroll at least 500 students in courses administered by the UT TeleCampus.
2. By Fall 2001, at least one in-service program for public school teachers will be available through the TeleCampus.
3. By Fall 2001, the TeleCampus will be a recognized provider of learning resources and learning assistance to public school students.
4. By Fall 2002, all U. T. component institutions will have used the TeleCampus to deliver at least one credit or continuing education course.
5. By Fall 2002, the TeleCampus will be able to transfer student registration and grade records transparently between the student's home institution and the institution providing the distance learning course.

6. By Fall 2002, some TeleCampus courses will be taught in multiple sections and may be licensed to institutions other than the originating component institution.
7. By Fall 2002, it will be possible to meet the core curriculum requirements of all components with courses delivered by the TeleCampus.
8. By Fall 2005, all U. T. components will have an active cadre of faculty and staff who utilize the TeleCampus for delivery of distance education.
9. By Fall 2005, the TeleCampus will be a major provider of in-service education for public school teachers.

3. Other Events

November 3, 2000

U. T. M. D. Anderson Cancer Center:
Faculty Honors Convocation

Q. ADJOURNMENT