

Meeting No. 943

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

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August 8-9, 2001

Arlington, Texas

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MEETING NO. 943

WEDNESDAY, AUGUST 8, 2001.--The members of the Board of Regents of The University of Texas System convened at 11:45 a.m. on Wednesday, August 8, 2001, in the Fleetwood Room on the Second Floor, Arlington Hilton Hotel, 2401 East Lamar Boulevard, Arlington, Texas, with the following in attendance:

ATTENDANCE.--

Present

Chairman Miller, presiding
Vice-Chairman Clements
Vice-Chairman Riter
Regent Craven
Regent Hunt
Regent Krier
Regent Oxford

Absent

*Vice-Chairman Romero
Regent Sanchez

Counsel and Secretary Frederick

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

RECESS TO EXECUTIVE SESSION.--At 11:45 a.m., Chairman Miller announced that the Board would recess to convene in Executive Session pursuant to Texas Government Code Sections 551.071, 551.072, and 551.074 to consider those matters listed on the Executive Session agenda.

RECONVENE.--At 1:35 p.m., the Board reconvened in open session in the Shamrock Room on the First Floor of the Arlington Hilton Hotel for action on matters considered in Executive Session.

*Vice-Chairman Raul R. Romero resigned from the Board of Regents on August 6, 2001.

EXECUTIVE SESSION OF THE BOARD OF REGENTS

Chairman Miller reported that the Board met in Executive Session to discuss matters in accordance with Texas Government Code Sections 551.071, 551.072, and 551.074. He said no action was taken on the legal item or the personnel item on the Executive Session agenda. In response to an inquiry from Chairman Miller regarding the wishes of the Board, the following action was taken:

U. T. System: Authorization to Purchase Lots 1 and 2 and the West 59 Feet of Lot 3, Block 082, of the Original City of Austin, Travis County, Texas, and Authorization for the Executive Vice Chancellor for Business Affairs or the Executive Director of Real Estate to Execute All Related Documents

Given the need for additional space to house personnel and functions of The University of Texas System Administration and upon motion of Vice-Chairman Riter, duly seconded, the Board approved the purchase of Lots 1 and 2 and the West 59 feet of Lot 3, Block 082, of the Original City of Austin, Travis County, Texas, according to the parameters discussed in Executive Session.

The Board further authorized the Executive Vice Chancellor for Business Affairs or the Executive Director of Real Estate to take all steps necessary to implement these actions and to execute all related documents.

CONVENE IN OPEN SESSION TO DISCUSS PROPOSED FISCAL YEAR 2002 OPERATING BUDGETS AND FISCAL YEAR 2002-2007 CAPITAL IMPROVEMENT PROGRAM.--Chairman Miller announced a quorum present and called the meeting to order to consider two items relating to the Fiscal Year 2002 Operating Budgets and the Fiscal Year 2002-2007 Capital Improvement Program (CIP) and Fiscal Year 2002-2003 Capital Budget as follows:

1. U. T. System: Recommended Approval of Non-Personnel Aspects of the Operating Budgets for the Fiscal Year Ending August 31, 2002, Including Auxiliary Enterprises, Grants and Contracts, Designated Funds, Restricted Current Funds, and Medical and Dental Services, Research and Development Plans and Authorization for the Chancellor to Make Editorial Corrections Therein; and Approval of Permanent University Fund Bond Proceeds Reserve Allocation for Library, Equipment, Repair and Rehabilitation Projects

Action on the item related to the non-personnel aspects of The University of Texas System Operating Budgets for the Fiscal Year ending August 31, 2002, was deferred for consideration by the Finance and Planning Committee on August 9, 2001, and was approved at that time.

See Page 31 for approval of non-personnel and personnel aspects of the Fiscal Year 2002 Operating Budgets.

2. U. T. System: Recommendation to Adopt the Six-Year Capital Improvement Program (CIP) for Fiscal Year 2002 Through Fiscal Year 2007; Approve the Capital Budget for Fiscal Years 2002 and 2003; Approve Redesignation of Previously Approved Projects in the CIP; Reduce Previously Appropriated Funds for Repair and Rehabilitation Projects Deleted or Decreased in Scope; Appropriate Additional Funds for Previously Approved Projects with Increased Total Project Costs; Appropriate Funds for New Repair and Rehabilitation Projects Initiated in the Capital Budget; and Approve the Use of Revenue Financing System Parity Debt for Repair and Rehabilitation Projects Initiated in the Capital Budget for Which Revenue Financing System Bonds are Identified as a Funding Source, Receipt of Parity Debt Certificate from the U. T. System Representative, and Determine that the Component Institutions for Whom the Parity Debt is Being Requested Possess the Financial Capacity to Satisfy their Respective Debt Obligation

Action on the item related to the Fiscal Year 2002-2007 Capital Improvement Program (CIP) and Fiscal Year 2002-2003 Capital Budget was deferred for consideration by the Finance and Planning Committee on August 9, 2001, and was approved at that time.

See Page 33 for approval of this CIP and Capital Budget.

RECESS TO EXECUTIVE SESSION.--At 2:45 p.m., Chairman Miller announced that the Board would recess to convene in Executive Session pursuant to Texas Government Code Section 551.074 to consider those matters listed on the Executive Session agenda.

RECONVENE.--At 5:00 p.m., the Board reconvened in open session for action on matters considered in Executive Session.

EXECUTIVE SESSION OF THE BOARD OF REGENTS

Chairman Miller reported that the Board met in Executive Session to discuss matters in accordance with Texas Government Code Section 551.074. He said no action was taken on personnel items on the Executive Session agenda.

U. T. System: Consideration of Personnel Aspects of the Operating Budgets for the Fiscal Year Ending August 31, 2002, Including Auxiliary Enterprises, Grants and Contracts, Designated Funds, Restricted Current Funds, and Medical and Dental Services, Research and Development Plans and Authorization for the Chancellor to Make Editorial Corrections Therein

Action on the item related to the personnel aspects of The University of Texas System Operating Budgets for the Fiscal Year ending August 31, 2002, was deferred for consideration with the non-personnel aspects of the Operating Budgets by the Finance and Planning Committee on August 9, 2001, and was approved at that time.

See Page 31 for approval of non-personnel and personnel aspects of the Fiscal Year 2002 Operating Budgets.

RECESS.--At 5:00 p.m., Chairman Miller announced that the Board would recess to reconvene in Open Session on Thursday, August 9, at 8:30 a.m. in the Bluebonnet Ballroom South at The University of Texas at Arlington, Arlington, Texas.

THURSDAY, AUGUST 9, 2001.--The members of the Board of Regents of The University of Texas System reconvened at 8:35 a.m. on Thursday, August 9, 2001, in the Bluebonnet Ballroom South at The University of Texas at Arlington, Arlington, Texas, with the following in attendance:

ATTENDANCE.--

Present

Chairman Miller, presiding
Vice-Chairman Clements
Vice-Chairman Riter
Regent Craven
Regent Hunt
Regent Krier
Regent Oxford

Absent

*Vice-Chairman Romero
Regent Sanchez

Counsel and Secretary Frederick

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

WELCOME BY DR. ROBERT E. WITT, PRESIDENT OF THE UNIVERSITY OF TEXAS AT ARLINGTON.--Chairman Miller stated that the Board was pleased to be meeting at The University of Texas at Arlington and called on President Witt, who, on behalf of the faculty, staff, and students of the institution welcomed the members of the Board and other guests to the campus.

U. T. BOARD OF REGENTS: APPROVAL OF MINUTES OF REGULAR MEETING HELD MAY 9-10, 2001, AND SPECIAL MEETINGS HELD JUNE 27 AND JULY 10, 2001.--The Minutes of the regular meeting of the Board of Regents of The University of Texas System held on May 9-10, 2001, in Austin, Texas, were approved as distributed by the Counsel and Secretary to the Board. The official copy of these Minutes is recorded in the Permanent Minutes, Volume XLVIII, Pages 612 - 861.

*Vice-Chairman Raul R. Romero resigned from the Board of Regents on August 6, 2001.

The Board also approved the Minutes of the special meetings of the Board of Regents of the U. T. System held on June 27 and July 10, 2001, in Austin, Texas, as distributed by the Counsel and Secretary to the Board. The official copy of these Minutes is recorded in the Permanent Minutes, Volume XLVIII, Pages 862 - 869.

SPECIAL ITEMS

1. U. T. Board of Regents - Regents' Rules and Regulations, Part One: Amendments to Chapter I, Section 7, Subsection 7.2 (Board for Lease of University Lands)

The Board amended the Regents' Rules and Regulations, Part One, Chapter I, Section 7, Subsection 7.2, regarding the Board for Lease of University Lands, to read as set forth below:

Sec. 7. Committees and Other Appointments.

...

- 7.2 Board for Lease of University Lands.--At the first available opportunity following February 1 of each odd-numbered year, two qualified members of the Board, as specified in Section 66.62, Texas Education Code, shall be selected by the Board, upon recommendation of the Chairman of the Board, to serve on the Board for Lease of University Lands. In the event a Board member appointed to the Board for Lease of University Lands is unable to attend a regular meeting of the Board for Lease of University Lands, the Chairman may appoint, as a substitute, a qualified member of the Board to attend the meeting. The Office of Business Affairs, on behalf of the Board of Regents, will assign employees of The University of Texas System to assist the Board for Lease of University Lands in the performance of its duties and responsibilities and will consult with the Chancellor and the Office of General Counsel as necessary and appropriate. The Executive Vice Chancellor for Business Affairs shall report significant activities of the Board for Lease of University Lands to the Board, as appropriate.

These amendments to Part One, Chapter I, Section 7, Subsection 7.2 add a provision to the Regents' Rules to allow for the appointment of a qualified Board member to substitute at a regularly scheduled meeting of the Board for Lease of University Lands, if an appointed member is unable to attend. State law related to the Board for Lease of University Lands allows the appointment of a substitute under these circumstances.

The amendments also update the duties of the Executive Vice Chancellor for Business Affairs to report significant activities of the Board for Lease of University Lands to the U. T. Board of Regents, as appropriate.

2. U. T. Board of Regents - Regents' Rules and Regulations, Part One: Approval to Amend Chapter II, Sections 5 (Executive Vice Chancellor for Business Affairs) and 6 (Executive Vice Chancellor for Academic Affairs); Chapter III, Section 38 (Employee Advisory Council); Chapter IV, Section 3 (Faculty Advisory Council); and Chapter VI, Section 1, Subsection 1.6 (Student Advisory Council)

The Board amended the Regents' Rules and Regulations, Part One, Chapter II, Sections 5 and 6 regarding the Executive Vice Chancellor for Business Affairs and the Executive Vice Chancellor for Academic Affairs; Chapter III, Section 38 regarding the Employee Advisory Council; Chapter IV, Section 3 regarding the Faculty Advisory Council; and Chapter VI, Section 1, Subsection 1.6, regarding the Student Advisory Council, to read as set forth below:

- a. Chapter II, Section 5, regarding the duties and responsibilities of the Executive Vice Chancellor for Business Affairs, was amended as follows:

Sec. 5. Executive Vice Chancellor for Business Affairs.

...

- 5.2(23) Serving as System liaison to the U. T. System Employee Advisory Council.
- 5.2(24) Performing such other duties as may be assigned by the Chancellor.

- b. Chapter II, Section 6, regarding the duties and responsibilities of the Executive Vice Chancellor for Academic Affairs, was amended as set forth on Page 8.

Sec. 6. Executive Vice Chancellor for Academic Affairs.

. . .

- 6.28 Serving as System liaison to the U. T. System Faculty Advisory Council and the Student Advisory Council.
- 6.29 Performing such other duties as may be assigned by the Chancellor.

- c. Chapter III, Section 38, regarding the Employee Advisory Council, was amended as set forth below:

Sec. 38. Employee Advisory Council.--At the discretion of the Chairman of the Board of Regents and the Chancellor, a staff employee advisory council representing component institutions in the U. T. System may be formed to facilitate the flow of ideas and information between and among the Board of Regents, the System Administration, and the component institutions. The Executive Vice Chancellor for Business Affairs will serve as System liaison to the Council. The Chairman and Chancellor will promulgate guidelines for the selection of employee advisory council representatives. Representatives of the employee advisory council may from time to time address the Board at meetings of the Board and may recommend action to the Board through the Chancellor. At least once each year, a meeting will be arranged between the employee advisory council executive committee and the Board.

- d. Chapter IV, Section 3, regarding the Faculty Advisory Council, was amended as follows:

Sec. 3. Faculty Advisory Council.--At the discretion of the Chairman of the Board of Regents and the Chancellor, a faculty advisory council representing component institutions in the U. T. System may be formed to facilitate the flow of ideas and information between and among the Board of Regents, the System Administration, and the component institutions. The Executive Vice Chancellor for Academic Affairs will serve as System

liaison to the Council. The Chairman and Chancellor will promulgate guidelines for the selection of faculty advisory council representatives. Representatives of the faculty advisory council may from time to time address the Board at meetings of the Board and may recommend action to the Board through the Chancellor. At least once each year, a meeting will be arranged between the faculty advisory council executive committee and the Board.

- e. Chapter VI, Section 1, Subsection 1.6, regarding the Student Advisory Council, was amended as follows:

1.6 Student Advisory Council.--At the discretion of the Chairman of the Board of Regents and the Chancellor, a student advisory council representing component institutions in the U. T. System may be formed to facilitate the flow of ideas and information between and among the Board of Regents, the System Administration, and the component institutions. The Executive Vice Chancellor for Academic Affairs will serve as System liaison to the Council. The Chairman and Chancellor will promulgate guidelines for the selection of student advisory council representatives. Representatives of the student advisory council may from time to time address the Board at meetings of the Board and may recommend action to the Board through the Chancellor. At least once each year, a meeting will be arranged between the student advisory council executive committee and the Board.

Amendments to the Regents' Rules and Regulations, Part One, Chapter II, Section 5 update the duties of the Executive Vice Chancellor for Business Affairs to include the assignment to serve as System liaison to The University of Texas System Employee Advisory Council, established by the U. T. Board of Regents on August 10, 2000.

Parallel language added to Section 6 updates the duties of the Executive Vice Chancellor for Academic Affairs to serve as System liaison to the Faculty and Student Advisory Councils.

These liaison assignments were also added to language in Chapters III, IV, and VI of the Regents' Rules concerning the Employee, Faculty, and Student Advisory Councils, respectively.

3. U. T. Board of Regents: Approval to Amend the Regents' Rules and Regulations, Part One, Chapter II, Section 17, Subsection 17.4 (Honorary Titles) and Add New Section 19 (Honorary Degrees)

With the exception of honorary degrees awarded shortly after The University of Texas at Austin was opened in 1883 and degrees awarded in 1923 to former University President Robert E. Vinson and in 1935 to John Nance Garner, then Vice President of the United States, the Board of Regents has only awarded an honorary degree to a sitting President of the United States or the President's spouse. Degrees were awarded to President Lyndon B. Johnson and Mrs. Lyndon B. Johnson in 1964 and to President George Herbert Walker Bush in 1990.

Inclusion of the policy on the award of honorary degrees in the Regents' Rules and Regulations, Part One, Chapter II, clarifies long-standing policy and provides ready access to a written policy as set forth below:

- a. Section 17, Subsection 17.4, regarding honorary emeritus titles for administrators, was renumbered as Section 18.
- b. Section 19, regarding honorary degrees, was added as set forth below:

Sec. 19. Honorary Degrees.

In accordance with long-standing Board tradition, honorary degrees may be awarded only to a sitting President of the United States. Award of an honorary degree is to be reported to the Board at the next regular meeting of the Board.

4. U. T. Board of Regents: Amendments to the Regents' Rules and Regulations, Part One, Chapter III, Section 1 (Appointments) and Section 6 (Tenure, Promotion, and Termination of Employment)

To conform the Regents' Rules and Regulations to Section 51.943 of the Texas Education Code enacted by the 77th Texas Legislature, the Board amended Part One, Chapter III, Sections 1 and 6, relating to appointments, reappointment, and nonrenewal of faculty, to read as set forth below:

Sec. 1. Appointments.

...

1.6 Appointment of Faculty.-- All persons employed by a component institution as a member of the faculty shall be given one of the titles specified in Subsection 1.8 of this Chapter. Section 51.943, Texas Education Code, states that faculty members who are to be reappointed shall be offered a written contract at least thirty (30) days prior to the beginning of the academic year. It is important that the content of such contracts appropriately reflect the rights of the component institution and the faculty. Therefore, consistent with statements in prior communications from the Executive Vice Chancellor for Academic Affairs and the Executive Vice Chancellor for Health Affairs to the presidents of the component institutions, the terms and conditions of employment of all faculty members shall be embodied in a Memorandum of Appointment in the format and with the content specified in the standard forms found on the System Web site under the section for the Office of General Counsel of the System.

1.7 Reappointment of Faculty.

1.71 Tenured faculty and nontenured faculty who are to be reappointed shall be provided a Memorandum of Appointment at least thirty (30) days prior to the beginning of the academic year.

- 1.72 If a component institution is unable to offer a Memorandum of Appointment to a tenured faculty member or to a nontenured faculty member who is to be reappointed at least thirty (30) days prior to the beginning of the next academic year, written notification shall be given within such time stating the reason(s) for the inability and specifying the date that a Memorandum of Appointment will be offered.
- 1.73 If within sixty (60) days after the beginning of an academic year a Memorandum of Appointment has not been offered to a tenured faculty member or to a nontenured faculty member who is to be reappointed, the faculty member must be retained for that academic year on terms that are at least as favorable as the terms for the prior academic year unless the component institution and the faculty member agree upon different terms that are stated in a Memorandum of Appointment.
- 1.74 If a nontenured faculty member, other than a faculty member appointed to a title provided for in Subdivision 1.83 of this Chapter, is not to be reappointed or is to receive a terminal year of appointment, notice shall be given the faculty member in accordance with Subdivision 6.23, Subsection 6.7, or Subsection 6.8 of this Chapter, as appropriate.

...

- 1.83 The following academic titles may also be used by the component institutions. Tenure cannot be awarded to a person appointed to these titles and, with the exception of the titles of Instructor and Technical Instructor, academic service with these titles cannot be counted toward the satisfaction of any maximum probationary period. Appointments to these titles shall be for a period of time not to exceed one academic year except in the case of Lecturer or Senior Lecturer when, in individual

cases, appointment may be for periods of time not to exceed three academic years. In individual cases, as determined by a component institution, full-time appointment to a clinical or research position with a title authorized by Subdivision 1.83(i) may be for periods of time not to exceed three academic years. With the exception of the titles of Instructor and Technical Instructor, such appointments shall terminate at the expiration of the stated period of appointment without notification of nonrenewal. If a component institution determines that it is to the benefit of the institution, it may offer reappointments to these titles in accordance with Subsection 1.7 of this Chapter.

...

1.84

...

(b) Adjunct Professor, Adjunct Associate Professor, and Adjunct Assistant Professor. One of these titles may be used when a qualified person from business, industry, government, private practice, or another institution of higher education may be teaching a course or participating in the teaching of a course at one of the component institutions. Except in special circumstances, this prefix should be used to designate part-time service on the faculty. In the health components, this prefix should be used only for those persons not involved in patient care who otherwise satisfy the above criteria. Appointments to the faculty with an adjunct title may be with or without pay and shall be for a stated period of time not to exceed one academic year. Such appointments shall terminate upon expiration of the stated period of appointment without notification of nonrenewal. If a

component determines that it is to the benefit of the institution, it may offer reappointment to an adjunct faculty member in accordance with Subsection 1.7 of this Chapter.

- (c) Clinical Professor, Clinical Associate Professor, Clinical Assistant Professor, and Clinical Instructor. These titles may be used by the components to designate regular part-time service on the faculty while involved in a health professions clinical experience program. Appointments to the faculty with a clinical title may be with or without pay and shall be for a period of time not to exceed one academic year. Such appointments shall terminate upon expiration of the stated period of appointment without notification of nonrenewal. If a component determines that it is to the benefit of the institution, it may offer reappointment to a clinical faculty member in accordance with Subsection 1.7 of this Chapter.

...

Sec. 6. Tenure, Promotion, and Termination of Employment.

...

- 6.23 The maximum period of probationary faculty service in nontenured status with any academic title or combination of academic titles specified in Subdivision 6.21 shall not be more than seven years of full-time academic service at the general academic institutions of the System and not more than nine years of full-time academic service at the health-related institutions of the System. In the event that a component institution fails to specify the maximum length of probationary service in its Handbook of Operating Procedures, such period shall be seven years at the general academic institutions of the System and

nine years at the health-related institutions of the System. No later than thirty (30) days prior to the beginning of the penultimate academic year of the maximum probationary period in effect at any component institution, all nontenured faculty appointed to a title that accrues time toward satisfaction of a probationary period shall be given notice that the subsequent academic year will be the terminal year of employment or that, subject to the approval of the Board, beginning with the subsequent academic year tenure or a seven-year term appointment will be granted. A Memorandum of Appointment shall be provided to such faculty member in accordance with Subsection 1.7 of this Chapter.

...

- 6.7 In the event of decision not to reappoint a nontenured faculty member in an academic rank specified in Subdivision 6.21, written notice will be given him or her not later than March 1st of the first academic year of probationary service if the appointment expires at the end of that academic year, or not later than December 15th of the second academic year of probationary service if the appointment expires at the end of that academic year. After two or more academic years written notice shall be given not later than thirty (30) days prior to the end of the then current academic year that the subsequent year will be the terminal academic year of appointment and a Memorandum of Appointment shall be provided to such faculty member in accordance with Subsection 1.7 of this Chapter. The notice required by this Subsection is not applicable where termination of employment is for good cause under Subsection 6.3 above.
- 6.8 A faculty member serving a seven-year term appointment shall be given notice not later than thirty (30) days prior to the end of the sixth academic year of such appointment period that the subsequent academic year will be the terminal year of employment or that, subject to the approval of the Board, at the conclusion of the subsequent academic year he or she will be reappointed to a seven-year term appointment. A Memorandum of Appointment shall be provided to such faculty member in accordance with Subsection 1.7 of this Chapter.

5. U. T. Board of Regents - Regents' Rules and Regulations, Part One: Amendments to Chapter VIII, Section 1 (Naming of Facilities and Other Entities) and Part Two, Chapter VIII, Section 1 (Capital Improvement Program)

The Board amended the Regents' Rules and Regulations, Part One, Chapter VIII, regarding naming of facilities and other entities, and Part Two, Chapter VIII, relating to the Capital Improvement Program, to read as set forth below:

- a. New Subsection 1.6, relating to non-honorific redesignation of projects, was added to Part One, Chapter VIII, Section 1 as follows:

Sec. 1. Naming of Facilities and Other Entities.

...

- 1.6 Non-honorific Redesignation.--Non-honorific renaming and redesignation of projects in the Capital Improvement Program (CIP) shall be reviewed and approved by the Chancellor or the Chancellor's delegate. Such approved redesignations will be included in the amended CIP.

- b. Part Two, Chapter VIII, Section 1, Subsection 1.2, Subdivision 1.23 was renumbered as Subsection 1.3 and language was added regarding the 3% rule for expenditures prior to design development approval and institutional management as follows:

Sec. 1. Capital Improvement Program.

...

- 1.3 Adoption of the CIP provides authority for the U. T. System Administration and the institutional administration to expend institutional funds up to 3% of the anticipated preliminary project cost to develop the formal Facility Program document, select the project architect, and develop preliminary project plans. These funds will be provided by the component institution initially but may be reimbursed to the component institution from applicable bond proceeds after design development approval and appropriation of project funds by the Board.

- 1.31 For projects identified and designated as feasibility and planning phases of design, the U. T. System Administration and the institutional administration may expend institutional funds not to exceed the full preliminary project cost. These funds will be provided by the component institution initially but may be reimbursed from applicable bond proceeds after design development approval and appropriation of project funds by the Board.
 - 1.32 Requests to expend funds in excess of the amount equal to the 3% but not more than 10% of the anticipated preliminary project shall be reviewed and approved by the Chancellor.
- 1.4 Institutional Management of Major Projects.--Adoption of the CIP includes authorization of institutional management of Major Projects so designated in the CIP. "Off-cycle" requests for institutional management shall be reviewed and approved by the Chancellor or Chancellor's delegate. Projects approved for institutional management will be included in the amended CIP.
- 1.5 Capital Budget.--The CIP will include the Capital Budget, a two-year detailed expenditure allocation of source(s) of funds.
- 1.51 Approval of the Capital Budget authorizes and appropriates funding amounts and sources for identified major repair and rehabilitation projects that are not architecturally or historically significant. Authorization of these projects and appropriation of these funds allows these projects to be presented to the Chancellor for approval of design development plans, authorization for expenditure of funds, and execution of the projects by the administrative staff without returning to the Board for further approvals.
 - 1.52 The Board will approve the design development plans for all Major Projects other than repair and rehabilitation projects that are not architecturally or historically significant.

The amendment to the Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, relating to naming of facilities and other entities, adds language to allow review and approval of minor, non-honorific name changes to projects in the CIP for clarification of scope that do not affect the overall project intent by the Chancellor or Chancellor's delegate.

The amendment to Subdivision 1.31 of Subsection 1.3, Section 1, Chapter VIII, Part Two allows the 3% cap on expenditures prior to design development approval to be waived if the project is clearly defined and designated as a feasibility and planning project. In many cases these projects are used to evaluate existing conditions to determine the best definition of scope for a larger, future CIP project. The new Subdivision 1.32 also allows the Chancellor to approve expenditures above 3% of the preliminary project cost, but not to exceed 10%. In many cases, especially projects that have some renovation work with new construction, the early consultant fees and investigations exceed 3%. This change will allow increases in the approved expenditures, but retain Board approval of changes greater than 10%.

Subsection 1.4 authorizes institutional management of certain Major Projects as designated in the CIP. In some cases, the institution may request management of Major Projects due to the nature of the construction, which would warrant closer coordination of the work in association with campus activities.

6. U. T. Board of Regents: Approval to Amend the Regents' Rules and Regulations, Part One, Chapter VIII to Add New Section 5 (Charter School Operations) and Chapter I, Section 9, to Add a New Subsection 9.5 (Delegation of Authority Related to Charter School Operations)

The Board amended the Regents' Rules and Regulations, Part One as set forth below:

- a. A new Section 5, related to charter school operations, was added to Chapter VIII as follows:

Sec. 5. Charter School Operations.--Upon a finding by the Chancellor and the Executive Vice Chancellor for Academic Affairs that a proposed application for a charter to operate an open enrollment charter school as authorized by Texas Education Code Section 12.101 meets requirements of

State law and furthers the institutional mission, an institution may apply to the State Board of Education to operate a charter school. Charter school operations will adhere to all applicable provisions of State law including the Texas Public Information Act.

The oversight and supervision of the charter school is delegated to the institutional president, with a report to the Board each year, detailing activities and performance of the charter school.

An advisory council shall be appointed by the president to advise him or her on operation of the charter school. The advisory council will comply with all provisions of the Texas Open Meetings Act applicable to the Board of Regents.

- b. A new Subsection 9.5, related to delegation of authority for charter school operations, was added to Chapter I, Section 9 as follows and current Subsections 9.5 and 9.6 were renumbered as Subsections 9.6 and 9.7, respectively:

9.5 Delegation of Authority Related to Charter School Operations.--Authority delegated by the Board in these Rules and Regulations includes actions related to the oversight and operation of an open enrollment charter school as authorized in Part One, Chapter VIII, Section 5 of these Rules and Regulations.

The addition of Section 5 to the Regents' Rules and Regulations, Part One, Chapter VIII, delegates the approval of an application by a University of Texas general academic institution to operate an open enrollment charter school to the Chancellor and Executive Vice Chancellor for Academic Affairs and delegates oversight and supervision of a charter school to the institutional president. U. T. Austin currently operates a charter school under approval received in 1998 from the State Board of Education.

New Subsection 9.5 to Part One, Chapter I of the Regents' Rules and Regulations further clarifies delegation for approved charter school operations.

7. U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Authorization to Amend Chapter XI (Contract Administration), Section 2, Subsection 2.3 and to Add New Subsection 2.4

In accordance with Section 51.928(b), Texas Education Code, the Board amended the Regents' Rules and Regulations, Part Two, Chapter XI, Section 2, Subsection 2.3, relating to contracts between or among The University of Texas System Administration and component institutions, and added new Subsection 2.4, relating to contracts with System Administration or between or among component institutions, to read as set forth below:

Sec. 2. Special Approval Processes.

...

2.3 Contracts Between or Among System Administration and Component Institutions.--The Board delegates to the Executive Vice Chancellor for Business Affairs authority to execute on behalf of the Board contracts or agreements between or among System Administration and component institutions for resources or services. Any such contract or agreement shall provide for the recovery of the cost of services and resources furnished.

2.4 Contracts with System Administration or Between or Among Component Institutions.--The Board delegates to the component president authority to execute on behalf of the Board contracts or agreements with System Administration or between or among component institutions for resources or services. Any such contract or agreement shall provide for the recovery of the cost of services and resources furnished.

These revisions adopt rules providing for delegated authority to the Executive Vice Chancellor for Business Affairs to execute contracts or agreements between or among System Administration and component institutions, and for the component president to execute contracts or agreements with System Administration or between or among component institutions.

8. U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Amendment of Chapter XI, Section 3 (Legal Matters)

The Board amended the Regents' Rules and Regulations, Part Two, Chapter XI, Section 3, relating to legal matters, to read as set forth below:

Sec. 3. Legal Matters.

...

3.2 Settlement of Disputes.--Except as provided in Subsection 3.3 of this Section, the Board delegates to the Vice Chancellor and General Counsel authority to execute and deliver on behalf of the Board agreements settling any claim, dispute, or litigation subject to approval of System officials as set out below and compliance with all other legal requirements. The Vice Chancellor and General Counsel shall consult with the component president and the appropriate Executive Vice Chancellor with regard to all significant settlements that will be paid out of institutional funds. The Vice Chancellor and General Counsel shall consult with the Office of Development and External Relations with respect to settlement of will contests and other matters relating to gifts and bequests administered by that Office.

<u>Amount</u>	<u>Additional Requirements</u>
\$150,000 or less	None
\$150,001 to \$500,000	Concurrence of the Chancellor or the appropriate Executive Vice Chancellor
More than \$500,000	Concurrence of the Board of Regents, the Executive Committee, or the appropriate standing committee of the Board

The amount of the settlement shall mean the amount that might be reasonably expected to be recoverable by U. T. System but not received pursuant to the settlement or, in the case of a claim against U. T. System, the total settlement amount to be paid by U. T. System.

....

Amendment of the Regents' Rules and Regulations, Part Two, Chapter XI, Section 3, Subsection 3.2 deletes, at Chairman Miller's request, the requirement that the Chairman of the Board concur in certain settlements valued up to \$500,000.

The change in settlement limits will impact primarily the settlement of medical liability claims, which are currently reviewed by the head of The University of Texas System Office of General Counsel's Medical Liability Section, the Vice Chancellor and General Counsel, the institutional president, the Executive Vice Chancellor for Health Affairs, and the Chancellor. The second change refines the definition of "settlement amount" related to claims by U. T. as the difference between the amount reasonably in controversy and the amount recommended to be paid.

9. U. T. System: Report of Summary of Gift Acceptance Conforming to Board Policy for March 1, 2001 Through May 31, 2001

Vice Chancellor for Development and External Relations Perry reviewed the Summary of Gift Acceptance for The University of Texas System for the period March 1, 2001 through May 31, 2001, as set forth on Page 23.

Vice Chancellor Perry reported 135 items conforming to Board policy were approved including the acceptance of \$58,231,514 in gifts. Other matching contributions from previously accepted Board-held matching funds totaled \$92,000 and transfers of endowment funds totaled \$512,024.50.

Mrs. Perry noted that this report includes only those funds that relate to endowments, estates, and other funds managed by the U. T. System Office of Development and External Relations.

<u># ALL</u> <u>ITEMS</u>	<u>COMPONENT INSTITUTION</u>	<u>TOTAL VALUE</u>
1	U. T. System Administration	\$ 50,000
3	U. T. Arlington	20,000
72	U. T. Austin	21,528,189
2	U. T. Brownsville	510,000
4	U. T. Dallas	31,535,515
3	U. T. El Paso	30,020
3	U. T. Pan American	25,000
2	U. T. Permian Basin	60,100
4	U. T. San Antonio	40,000
7	U. T. Tyler	50,000
6	U. T. Southwestern Medical Center - Dallas	942,000 *
6	U. T. Medical Branch - Galveston	1,810,000 *
7	U. T. Health Science Center - Houston	264,809 *
7	U. T. Health Science Center - San Antonio	54,050
7	U. T. M. D. Anderson Cancer Center	1,310,000
<u>1</u>	<u>U. T. Health Center - Tyler</u>	<u>1,830</u>
135	TOTAL	\$ 58,231,514

* Not included in total:

U. T. Southwestern Medical Center - Dallas: \$92,000 of Board-held matching funds;

U. T. Medical Branch - Galveston: \$500,000 transfer of endowment funds;

U. T. Health Science Center - Houston: \$12,024.50 transfer of endowment funds.

RECESS FOR COMMITTEE MEETINGS AND COMMITTEE REPORTS TO THE BOARD.--At 9:00 a.m., the Board recessed for meetings of the Standing Committees, and Chairman Miller announced that at the conclusion of each committee meeting the Board would reconvene to approve the report and recommendations of that committee.

The meetings of the Standing Committees were conducted in open session and the reports and recommendations thereof are set forth on the following pages.

REPORTS AND RECOMMENDATIONS OF STANDING COMMITTEES

REPORT OF EXECUTIVE COMMITTEE (Page 24).--Chairman Miller reported that there were no items referred from the Executive Committee to the Board pursuant to Section 7, Subsection 7.1, Subdivision 7.14 of Chapter I of Part One of the Regents' Rules and Regulations.

REPORT AND RECOMMENDATIONS OF THE FINANCE AND PLANNING COMMITTEE (Pages 25 - 72).--Committee Chairman Hunt reported that the Finance and Planning Committee met in open session to consider those matters on its agenda and to formulate recommendations for the U. T. Board of Regents. Unless otherwise indicated, the actions set forth in the Minute Orders which follow were recommended by the Finance and Planning Committee and approved in open session and without objection by the U. T. Board of Regents:

1. U. T. System: Approval of Chancellor's Docket No. 106 (Catalog Change)

The Board approved Chancellor's Docket No. 106 in the form distributed by the Counsel and Secretary to the Board. It is attached following Page 108 in the official copies of the Minutes and is made a part of the record of this meeting.

It was expressly authorized that any contracts or other documents or instruments approved therein may be executed by the appropriate officials of the respective institution involved.

Appointments involving former executive vice chancellor and president positions were found to be in the best interest of The University of Texas System, as required by Texas Education Code Section 51.946.

Committee Chairman Hunt noted that a supplemental Docket item on Page Pan American - 3 concerning meal plan rates for The University of Texas - Pan American had been sent to Board members in advance of the meeting.

Chancellor Burck indicated that approval of Item 2 on Page Chancellor - 3 will transfer lapsed Library, Equipment, Repair and Rehabilitation funds of \$3.9 million to U. T. System Administration for needed renovation projects. These projects will include items to address health, safety, and security; improvements to public communication and public access; and infrastructure support for U. T. System Administration facilities including Ashbel Smith Hall, O. Henry Hall, Regents' Plaza (used for public events by members of the Austin Downtown Alliance) and the Bauer House. It is anticipated the renovations will be completed by the May 8-9, 2002 Board of Regents' meeting in Austin.

Chairman Miller suggested asking the media what can be done as a part of the renovations to improve public communication and public access to the Board's meetings. He mentioned possible future broadcasting of meetings via the World Wide Web and asked that consideration be given to have that capability in the future.

2. U. T. Board of Regents - Regents' Rules and Regulations, Part One: Amendments to Chapter I, Section 9 (Delegation to Act on Behalf of the Board), Subsection 9.2, Subdivision 9.29, Subparagraph 9.291

In order to add cooperative program and certain material transfer agreements to those foreign contracts and agreements not requiring approval by the U. T. Board of Regents via the docket or the agenda, the Board amended the Regents' Rules and Regulations, Part One, Chapter I, Section 9, relating to delegation to act on behalf of the Board, to read as set forth below:

Sec. 9. Delegation to Act on Behalf of the Board.

...

9.2 Delegation of Authority to Execute and Deliver Contracts, Agreements, and Documents.--

...

9.29 The following contracts and agreements must be approved by the Board via the docket or the agenda, regardless of the contract amount:

9.291 Contracts and agreements of any kind or nature with a foreign government or agency thereof, except affiliation agreements and cooperative program agreements prepared on standard forms approved by the Office of General Counsel, and material transfer agreements prepared on an approved standard form or satisfying the requirements set by the Office of General Counsel.

....

3. U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Approval to Amend Chapter IV (Purchasing)

The Board amended the Regents' Rules and Regulations, Part Two, Chapter IV, to conform to Texas Education Code Section 51.9335 to permit institutions of higher education to acquire goods and services using the purchasing method that provides the best value. Medical components received prior statutory authorization to use best value purchasing methods. These amendments to the Regents' Rules allow academic components to use such

methods commencing September 1, 2001. Obtaining this statutory authority was one of the deregulation issues included in The University of Texas System initiatives of the 77th Texas Legislature.

Chapter IV is set forth below in its entirety:

CHAPTER IV

PURCHASING

Sec. 1. Purchasing Ethics.

- 1.1 First consideration shall be given to the objectives and policies of the System and its component institutions.
- 1.2 Every effort shall be made to obtain the best value for each dollar of expenditure.
- 1.3 Honesty in sales representation shall be demanded, whether offered through the medium of oral or written statement, an advertisement, or a sample of the product.
- 1.4 Purchasing agents, their staffs and others authorized by or under these regulations to make purchases shall not accept personal gifts or gratuities that might in any way result in an obligation to individuals or firms seeking business.
- 1.5 All purchases, regardless of the source of funds, shall be made using the method that provides the best value to the component institution or the System and in accordance with (a) the requirements of Sections 51.9335, 73.115, or 74.008, Texas Education Code, as applicable, unless otherwise authorized by law, System policy, or approved component policy; and (b) the component's institutional Handbook of Operating Procedures.
- 1.6 No bidder or proposer shall receive special consideration.

Any violations of these purchasing ethics shall be reported promptly by the chief business officer to the Executive Vice Chancellor for Business Affairs.

Sec. 2. Contacts with State Agencies and Vendors.--All contacts, whether oral or written, with State agencies and with vendors regarding procurement activities are handled through the Office of General Counsel or the official purchasing agents and the divisions, departments, or offices to whom the purchasing function has been specifically delegated, unless advance written authorization is obtained from the purchasing agent or the chief business officer for other persons to do so.

Sec. 3. Purchasing Procedures.

3.1 The official purchasing agent of each component institution shall promulgate procedures to facilitate and expedite the purchasing function. Such procedures shall be developed in accordance with sound business practices and applicable State law. Purchasing procedures shall be implemented only after appropriate review and approval for inclusion in the institutional Handbook of Operating Procedures, including review and approval of the chief business officer.

3.2 Closed specifications shall not be used except in unusual instances clearly justified as being essential to efficient operating performance. Reports of all such exceptions shall be maintained by the chief business officer.

Sec. 4. Purchase from or Sale to an Officer or Employee.--Purchase from, or sale to, any officer or employee of the System or a component institution of any supplies, materials, services, equipment, or property must have the prior approval of the component president and the appropriate Executive Vice Chancellor or the Chancellor. Any such purchases shall be made only if the cost is less than from any other known source. This Section does not apply to sales or purchases made at public auction or sales approved by the institutional president valued at \$5,000 or less.

4. U. T. Board of Regents: Authorization to Amend the Regents' Rules and Regulations, Part Two, Chapter VII, Section 8 (Disposal of Property of the System)

The Board amended the Regents' Rules and Regulations, Part Two, Chapter VII, Section 8, regarding disposal of property of The University of Texas System, to read as set forth below:

Sec. 8. Disposal of Property of the System.--The process outlined in this Section governs the sale and disposal of property, with the exception of sale of artwork or duplicate volumes which is covered by Section 11 of this Chapter.

- 8.1 Whenever any item of equipment becomes obsolete or useless for the needs and purposes of the department concerned, a written report of such fact shall be made to the chief business officer to determine whether or not such item of equipment is needed by any other department and, if so, to transfer and assign the equipment to such department.
- 8.2 If the chief business officer shall determine that the equipment is not needed for any department, that is not practicable to store the equipment for possible future use, and that the equipment can be used for instructional purposes, it shall be made available to a public school or school district in accordance with Section 2175.304(b) of the Texas Government Code before disposing of the property in another manner. The instructional equipment may be transferred to the public school or school district for such consideration, or for no consideration, as the chief business officer determines appropriate.
- 8.3 Surplus or salvage data processing equipment, as defined by Section 2054.003(3)(A) of the Texas Government Code, that is not transferred to a public school or school district as provided in Subsection 8.2 of this Section or that is not disposed of under other law must be offered next and at no charge to a school district, open enrollment charter school, or the Texas Department of Criminal Justice in accordance with Subchapter C of Chapter 2175 of the Texas Government Code.

- 8.4 Surplus or salvage equipment that is not disposed of as provided in Subsections 8.1, 8.2, or 8.3 of this Section shall be disposed of in accordance with the following provisions:
- 8.41 For items of little value or limited use where sale on competitive bids is not practicable, the chief business officer shall have the authority to dispose of the property on the basis of negotiated bids or surplus auction in amounts under \$50,000.
 - 8.42 Sale of property estimated to bring \$50,000 or more shall be made on a basis of competitive bids.
 - 8.43 A sale in the amount of \$100,000 or more shall be approved in advance by the Chancellor and ratified by the Board through the institutional docket.
 - 8.44 Sales to employees are governed by the provisions of Part Two, Chapter IV, Section 5 of these Rules.
- 8.5 If an item of surplus or salvage equipment is not disposed of as provided in this Section and the chief business officer determines that the item is of nominal use or value, the chief business officer may direct that the item be donated to a civic or charitable organization or destroyed. If the chief business officer directs the donation of the item to a civic or charitable organization, he or she shall assure that the donation serves a proper public purpose appropriate to the function of the U. T. System or the U. T. System component institution, adequate consideration flows to the public, and sufficient controls are in place to ensure the public purpose is achieved.

In 1993, the Attorney General of Texas issued an opinion (Texas Attorney General Opinion No. DM-268) that a donation of surplus property with nominal use or value to the governmental entity is permissible if: (1) the donation serves a public purpose appropriate to the function of the governmental entity; (2) adequate consideration flows to the public as a result of the donation; and (3) the governmental entity maintains sufficient controls to assure that the public purpose is met.

The amendments to Part Two, Chapter VII, Section 8 of the Regents' Rules and Regulations reflect the requirement of Sections 2175.126(b), 2175.128(b), and 2175.304(b) of the Texas Government Code, as adopted by the 77th Texas Legislature, to transfer surplus data processing equipment

not disposed of in accordance with other law to a school district, open enrollment charter school, or the Texas Department of Criminal Justice. The amendments also include language to permit donations of surplus property in accordance with the three requirements identified in Texas Attorney General's Opinion DM-268.

5. U. T. System: Approval of Non-Personnel and Personnel Aspects of the Operating Budgets for the Fiscal Year Ending August 31, 2002, Including Auxiliary Enterprises, Grants and Contracts, Designated Funds, Restricted Current Funds, and Medical and Dental Services, Research and Development Plans and Authorization for the Chancellor to Make Editorial Corrections Therein; and Approval of Permanent University Fund Bond Proceeds Reserve Allocation for Library, Equipment, Repair and Rehabilitation Projects

On August 8, 2001, Chancellor R. D. Burck gave a comprehensive overview of the proposed Operating Budgets for The University of Texas System for the Fiscal Year ending August 31, 2002, including the economic impact of the budgets on the State of Texas. (A copy of Chancellor Burck's PowerPoint presentation entitled "[U. T. System Operating Budget Fiscal Year 2002](#)" is on file in the Office of the Board of Regents.)

Based on that presentation, the Board approved the non-personnel aspects of the U. T. System Operating Budgets as listed below for the Fiscal Year ending August 31, 2002, including Auxiliary Enterprises, Grants and Contracts, Designated Funds, Restricted Current Funds, and Medical and Dental Services, Research and Development Plans; authorized the Chancellor to make editorial corrections therein; and authorized subsequent adjustments to be submitted to the U. T. Board of Regents for ratification through the institutional dockets:

- The University of Texas System Administration
(including the Available University Fund)
- The University of Texas at Arlington
- The University of Texas at Austin
- The University of Texas at Brownsville
- The University of Texas at Dallas
- The University of Texas at El Paso
- The University of Texas - Pan American
- The University of Texas of the Permian Basin
- The University of Texas at San Antonio
- The University of Texas at Tyler

The University of Texas Southwestern Medical Center at Dallas
The University of Texas Medical Branch at Galveston
The University of Texas Health Science Center at Houston
The University of Texas Health Science Center at San Antonio
The University of Texas M. D. Anderson Cancer Center
The University of Texas Health Center at Tyler

These budgets are a part of the Minutes of this meeting and the official copy is in bound Volume LVI entitled Annual Budget for 2001-2002.

Further, Permanent University Fund Bond Proceeds in the amount of \$30,000,000 were appropriated from reserves to fund Library, Equipment, Repair and Rehabilitation Projects for Fiscal Year 2002.

In addition, U. T. System component institutions were authorized to purchase approved equipment items and library materials and to contract for repair and rehabilitation projects following standard purchasing and contracting procedures within approved dollar limits. Substitute equipment purchases are to receive prior approval by the Chancellor and the appropriate Executive Vice Chancellor and, where required, the U. T. Board of Regents. Transfers by the U. T. System Administration of allocated funds to institutional control or to vendors will coincide with vendor payment requirements. Final approval of specific repair and rehabilitation projects will be in accordance with procedures for construction projects established by the Board.

Fiscal Year 2002 funds from these reserves not expended or obligated by contract/purchase order within six months after the close of Fiscal Year 2002 are to be available for future System-wide reallocation unless specific authorization to continue obligating the funds is given by the Executive Vice Chancellor for Business Affairs on recommendation of the president of a component institution and the Executive Vice Chancellor for Health Affairs or the Executive Vice Chancellor for Academic Affairs.

Upon motion of Regent Hunt, the Board also approved the personnel aspects of the Operating Budgets for the Fiscal Year ending August 31, 2002, and authorized the Chancellor to make editorial corrections therein and subsequent adjustments to be submitted to the U. T. Board of Regents for ratification through the institutional dockets with the specific finding that proposed initial appointments covered by Section 51.946 of the Texas Education Code are in the best interest of the U. T. System. See Page 4 related to consideration of the personnel aspects of the Operating Budgets.

The Chancellor was also authorized to amend the Operating Budgets for the Fiscal Year ending August 31, 2002, to include detail on the proposed institutional uses of Excellence Funds appropriated by the 77th Texas Legislature.

See the item below related to approval of the Capital Improvement Program (CIP) for Fiscal Year 2002-2007 and the Capital Budget for Fiscal Year 2002-2003.

Chairman Miller congratulated Chancellor Burck for his work on the budget and emphasized that even though the U. T. System component institutions are State institutions, State General Revenue Funds have been declining and now amount to only 23% of the total U. T. System budget.

6. U. T. System: Approval to Adopt the Six-Year Capital Improvement Program (CIP) for Fiscal Year 2002-2007; Approval of the Capital Budget for Fiscal Year 2002-2003; Redesignation of Previously Approved Projects in the CIP; Reduction of Previously Appropriated Funds for Repair and Rehabilitation Projects Deleted or Decreased in Scope; Appropriation of Additional Funds for Previously Approved Projects with Increased Total Project Costs; Appropriation of Funds for New Repair and Rehabilitation Projects Initiated in the Capital Budget; and Approval of the Use of Revenue Financing System Parity Debt for Repair and Rehabilitation Projects Initiated in the Capital Budget for Which Revenue Financing System Bonds are Identified as a Funding Source, Receipt of Parity Debt Certificate from the U. T. System Representative, and Determination that the Component Institutions for Whom the Parity Debt is Being Requested Possess the Financial Capacity to Satisfy their Respective Debt Obligation

Chancellor R. D. Burck gave an overview of The University of Texas System Capital Improvement Program (CIP) for Fiscal Year 2002-2007 on August 8, 2001, including the economic impact of projects in the CIP on the State of Texas economy. (A copy of [Chancellor Burck's PowerPoint presentation](#) is on file in the Office of the Board of Regents.) Based on that presentation, the Board:

- a. Adopted the U. T. System Capital Improvement Program for Fiscal Year 2002-2007
- b. Approved the Capital Budget for Fiscal Year 2002-2003
- c. Approved the redesignation of projects previously approved in the CIP as set forth on Page 37

- d. Reduced previously appropriated funds in an aggregate amount of \$52,241,000 for repair and rehabilitation projects deleted or decreased in scope in the FY 2002-2003 Capital Budget as reflected in the Deleted or Reduced Appropriations column on Pages 38 - 40
- e. Appropriated additional funding with increased total project costs for previously approved repair and rehabilitation projects in an aggregate amount of \$54,362,200, as reflected in the FY 2002-2003 Capital Budget and as set forth in the Additional Appropriations column on Pages 38 - 40
- f. Appropriated funding in an aggregate amount of \$187,636,750 for new repair and rehabilitation projects initiated in the FY 2002-2003 Capital Budget, as reflected in the Appropriations for Projects Initiated in the Capital Budget column on Pages 38 - 40
- g. Approved the use of \$10,000,000 of Revenue Financing System Parity Debt for The University of Texas at Austin repair and rehabilitation project initiated in the FY 2002-2003 Capital Budget for which Revenue Financing System Bonds have been identified as all or a portion of the funding for the Frank C. Erwin, Jr. Special Events Center including fire and life safety upgrades and a new basketball practice facility as set forth on Page 41.

Further, the U. T. System Administration was authorized, in consultation with the component institutions, to proceed with planning for projects contained in the Capital Budget portion of the CIP and to bring recommendations to the Chancellor and the U. T. Board of Regents and in accordance with the Regents' Rules and Regulations, Part Two, Chapter VIII. (See Page 16 regarding amendments to the Regents' Rules and Regulations, Part Two, Chapter VIII.)

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 42, the Board resolved 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. Austin, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. Board of Regents of tax-exempt Parity Debt in the aggregate amount of \$10,000,000
- d. This resolution satisfies the official intent requirements set forth in Section 1.150-2 of the U. S. Treasury Regulations.

The CIP is a six-year projection of major repair and rehabilitation and construction projects to be implemented and funded from component institutions and U. T. System-wide revenue sources. Projects included in the CIP correspond to the highest priority needs identified in the long-range strategic planning process and institutional capital renewal plans. Future projects listed in the CIP are for consideration when funding has been secured.

Adoption of the CIP authorizes U. T. System Administration and the institutional administration to expend up to 3% of the preliminary project cost of a project to develop the formal Project Building Program document, select the Project Architect, and develop preliminary project plans. These funds will be appropriated by the component institution initially but may be reimbursed from project funds after design development approval and appropriation of project funds by the U. T. Board of Regents. (See Page 16 regarding related amendments to the Regents' Rules and Regulations, Part Two, Chapter VIII.)

The Capital Budget is the first two years of the six-year CIP. Approval of the Capital Budget authorizes and appropriates funding amounts and sources for identified major repair and rehabilitation projects that are not architecturally or historically significant. Authorization of these projects and appropriation of these funds allows these projects to be presented to the Chancellor for design development plan approval and authorization for expenditure of funds, and subsequent execution of the project by the administrative staff, without returning to the U. T. Board of Regents for further approvals. The U. T. Board of Regents approves the design development plans for all major projects other than repair and rehabilitation projects that are not architecturally or historically significant.

See Page 31 related to the Fiscal Year 2002 appropriation of PUF Bond Proceeds from reserves provided in the six-year CIP for Library, Equipment, Repair and Renovation projects.

**THE UNIVERSITY OF TEXAS SYSTEM
FY 2002-2007 Capital Improvement Program**

PROJECTS REDESIGNATED IN THIS CIP

Institution	Previously Approved Project Name	Redesignated Project Name
<u>UT Austin</u>	Basketball Support Facility	Erwin Center Renovations/Fire and Life Safety/Basketball Practice Facility
	Marine Science Institute Wetlands Education Center-Phase I	Marine Science Institute Wetlands Education Center
	Gregory Gymnasium Aquatics Complex	Gregory Gymnasium Aquatics
	Old Student Health Center Renovation	Old Student Health Center Renovation, Phase I
<u>UT Pan American</u>	Campus Entrance Traffic Flow	Campus Entrance/Visitors' Center
	Education Complex Renovation	Education Complex Addition and Renovation
<u>UT San Antonio</u>	Engineering/Biotechnology Building, Phase III	Biotechnology, Sciences and Engineering Building
<u>UTSWMC Dallas</u>	Student Services Building	The Bryan Williams, M.D., Student Center
<u>UTHSC Houston</u>	Addition of Student Apartments/Expansion of Child Development Center	Expansion of Student Housing
	Bulkout of the 9th floor of the Denton A. Cooley Building	Expansion of IMM Cardiovascular Research
	Mental Sciences Institute - Replacement Facility	Mental Sciences Institute - Replacement Facility, Phase I
	Indoor Air Quality at the Medical School	Renovations of the Medical School Building
<u>UTHSC San Antonio</u>	Laredo Campus Extension	D. D. Hacher Building
	Core Research Facility	Research Cores
	Center for Longevity and Aging Studies	Sam and Ann Barshop Center for Longevity and Aging Studies
<u>UTMDACC</u>	Basic Sciences Building Exhaust System - Phase I	Basic Research Building Exhaust System (Phases I & II)
	Basic Sciences Building Exhaust System - Phase II	(combined with above into one project)

The University of Texas System
Fiscal Year 2002-2003 Capital Budget
Repair and Rehabilitation Projects

38

	<u>Previously Approved Projects</u>			<u>New Projects</u>	<u>Total Projects</u>
	<u>current Appropriations</u>	<u>Deleted or Reduced Appropriations</u>	<u>Additional Appropriations</u>	<u>Appropriations For Projects Initiated in the Capital Budget</u>	<u>Capital Budget Total Project Costs</u>
UT Arlington					
Brick Repairs • Pickard Hall and the College of Business Administration	13,068,800				13,068,800
Campus Asbestos Abatement	1,875,582				1,875,582
HVAC/IAQ Improvements • Life Science Animal Wing	2,620,000				2,620,000
Subtotal	17,564,382				17,564,382
UT Austin					
ADA Compliance Modifications and Improvements - Phase II	6,000,000	(1,500,000)			4,500,000
Benedict/Mazes/Batts Renovation - Phase I	6,000,000		26,000,000		32,000,000
Campus Fire and Life Safety Improvements - Phase I				14,000,000	14,000,000
Experimental Science Building Renovation - Phase I	33,300,000	(32,550,000)			750,000
Hogg Auditorium Renovation	8,000,000				8,000,000
Old Student Health Center Renovation • Phase I	27,000,000	(9,991,000)			17,009,000
Pharmacy Building Renovation				250,000	250,000
Ransom Center Renovation	6,000,000		8,555,200		14,555,200
Stadium Fire and Life Safety				10,000,000	10,000,000
Texas Swim Center Renovation - Phase I	3,000,000				3,000,000
Texas Swim Center Renovation • Phase II				2,000,000	2,000,000
Subtotal	89,300,000	(44,041,000)	34,555,200	26,250,000	106,064,200
UT Dallas					
Founders/Founders Annex/Berkner Renovation				21,993,750	21,993,750
McDermott Library Renovation - Phase II	3,000,000				3,000,000
Subtotal	3,000,000			21,993,750	24,993,750
UT El Paso					
Sun Bowl Structural Repairs	2,850,000				2,850,000
Subtotal	2,850,000				2,850,000
UT Pan American					
Academic Annex Renovation				2,000,000	2,000,000
Administrative Offices Renovation	5,037,000				5,037,000
Math Building Renovation	2,880,000				2,880,000
Subtotal	7,917,000			2,000,000	9,917,000

The University of Texas System
 Fiscal Year 2002-2003 Capital Budget
 Repair and Rehabilitation Projects

	Previously Approved Projects			New Projects	Total Projects
	current Appropriations	Deleted or Reduced Appropriations	Additional Appropriations	Appropriations For Projects Initiated in the capital Budget	Capital Budget Total Project costs
UT Permian Basin					
Mesa Building Improvements/Gymnasium Renovations, Phase I				5,610,000	5,610,000
Student Union	7,000,000	(5,600,000)			1,400,000
Subtotal	7,000,000	(5,600,000)		5,610,000	7,010,000
UT San Antonio					
Campus Equipment and Technology	3,800,000				3,800,000
Subtotal	3,800,000				3,800,000
UTSWMC Dallas					
Remodel Carey Basic Science Building				28,000,000	28,000,000
Remodel Jonsson Basic Science Research Building	2,400,000		2,000,000		4,400,000
St. Paul University Hospital Remodel				15,000,000	15,000,000
Subtotal	2,400,000		2,000,000	43,000,000	47,400,000
UTMB Galveston					
John Sealy Hospitals Complex Renovation	7,000,000				7,000,000
Keller Building Research Support	3,000,000				3,000,000
Library Facilities Upgrade	7,900,000				7,900,000
Operating Suite Modifications	5,335,000				5,335,000
Rebecca Sealy Hospital Renovation	9,850,000				9,850,000
Research Facilities Expansion	48,000,000				48,000,000
Student Learning Center	8,292,000				8,292,000
TDCJ Hospital Cladding Restoration	6,560,000				6,560,000
TDCJ Hospital Fire Sprinklers	6,300,000				6,300,000
Utilities Systems Upgrade	12,700,000				12,700,000
Subtotal	114,937,000				114,937,000
UTHSC Houston					
Expansion of School of Health Information Sciences				3,000,000	3,000,000
Renovations of the Medical School Building	12.6M.m	(2,600,000)			10,000,000
Subtotal	12,600,000	(2,600,000)		3,000,000	13,000,000

The University of Texas System
 Fiscal Year **2002-2003 Capital Budget**
 Repair and Rehabilitation **Projects**

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	<u>Previously Approved Projects</u>			<u>New Projects</u>	<u>Total Projects</u>
	<u>current Appropriations</u>	<u>Deleted or Reduced Appropriations</u>	<u>Additional Appropriations</u>	<u>Appropriations For Projects Initiated in the Capital Budget</u>	<u>Capital Budget Total Project Costs</u>
UTHSC San Antonio					
Central Energy Plant & Conservation Retrofits	6,772,000				6,772,000
Research Cores	9,000,000				9,000,000
Subtotal	15,772,000				15,772,000
UTMDACC					
American Disabilities Ad Upgrades				6,000,000	6,000,000
Basic Research Building Exhaust System (Phases I & II)	4,200,000		300,000		4,500,000
Bone Marrow Transplantation Laboratory	4,100,000				4,100,000
Combined Backfill - Phase I, Stages I & II	23,588,000				23,588,000
Combined Backfill - Phase III				60,000,000	60,000,000
Combined Backfill Renovation - Phase II	28,700,000				28,700,000
Energy Management Projects				3,000,000	3,000,000
Life Safety/Fire Access/Pedestrian Traffic Improvements at Clark Entrance	3,500,000		3,500,000		7,000,000
Lutheran Pavilion Patient Tower Refurbishment	9,700,000				9,700,000
Physical Plant Shop and Storage Replacement				7,000,000	7,000,000
Research Lab Renovations	11,800,000		13,200,000		25,000,000
Rod Replacement Gimbel, Bates F-n, Anderson Center, New Clark	4,000,000				4,000,000
Rotary House International Guest Services Buildout				3,000,000	3,000,000
Science Park Res. Div. Infrastructure Upgrades/Griffin Building Expansion	13,600,000				13,600,000
Telehealth Center				3,800,000	3,800,000
Subtotal	103,188,000		17,000,000	82,800,000	202,988,000
UTHC Tyler					
Ambulatory Care center - Phase II				2,983,000	2,983,000
Completion Third Floor Shell Space in the Ambulatory Care Center	2,820,000		807,000		3,627,000
Electrical Distribution System Upgrade - Phase III	2,370,000				2,370,000
Roof Replacement - Buildings A, B, C, and D	1,220,000				1,220,000
Subtotal	6,410,000		807,000	2,983,000	10,200,000
Totals	386,738,382	(52,241,000)	54,362,200	187,636,750	576,496,332

The University of Texas System
 Request for Appropriation of
 Revenue Financing System Debt
 for Repair and **Rehabilitation Projects** in the
 FY **2002-2003** Capital Budget

4

<u>Campus</u>	<u>Requested Appropriations for Projects</u>	<u>Total Project Costs</u>	<u>Amount of Revenue Bonds Requested</u>	<u>Maximum Annual Debt Service for Project</u>	<u>Campus Level Ratios</u>	
					<u>Debt Service Coverage</u>	<u>Range over period FY 2001-2006</u> <u>Debt Service as a % of Total Expenditures</u>
U.T. Austin	Erwin Center Renovations/Fire and Lie Safety/ Basketball Practice Facility	\$10,000,000	\$10,000,000	5071,040	1.64x - 1.96x	4.4% = 4.0%

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 repair and rehabilitation cost of the Erwin Center Renovations/ Fire and Life Safety/Basketball Practice Facility at U. T. Austin 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 as amended, the Eighth Supplemental Resolution, and the Ninth Supplemental Resolution as amended.

EXECUTED this 19th day of July, 2001

/s/ Philip Aldridge
Assistant Vice Chancellor for Finance

7. U. T. Board of Regents: Adoption of Tenth Supplemental Resolution to the Master Resolution Authorizing the Issuance of Board of Regents of The University of Texas System Revenue Financing System Bonds in One or More Installments in an Aggregate Principal Amount Not to Exceed \$580,000,000; Authorization for Officers of U. T. System to Complete All Related Transactions; and Approval of Use of Revenue Financing System Parity Debt, Receipt of Certificate, and Finding of Fact with Regard to Financial Capacity

The Board:

- a. Adopted the Tenth Supplemental Resolution to the Master Resolution to authorize the issuance, sale, and delivery of Board of Regents of The University of Texas System Revenue Financing System Bonds in one or more installments in an aggregate principal amount not to exceed \$580,000,000 maturing not later than August 15, 2032, to be used to refund a portion of the outstanding Revenue Financing System Commercial Paper Notes, Series A, to provide new money to fund construction and acquisition costs of projects in the Capital Improvement Program and to pay the costs of issuance and any original issue discount
- b. Authorized appropriate officers and employees of the U. T. System as set forth in the Tenth Supplemental Resolution to take any and all actions necessary to carry out the intentions of the U. T. Board of Regents, including determining the method of sale and the selection of the underwriters, within the limitations and procedures specified therein; making certain covenants and agreements in connection therewith; and resolving other matters incident and related to the issuance, sale, security, and delivery of such bonds.

Note: [The Tenth Supplemental Resolution to the Master Resolution](#), which was before the Board, had been reviewed by outside bond counsel and the Office of General Counsel. The Resolution is not included in these Minutes but is on file in the Office of the Board of Regents.

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 45, the Board resolved that:

- a. Parity Debt shall be issued to pay the project's cost including any costs incurred 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. The 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
- d. This resolution satisfies the official intent requirements set forth in Section 1.150-2 of the U. S. Treasury Regulations.

The initial installment will be comprised of Revenue Financing System Bonds, Series 2001B and Series 2001C.

Proceeds from the Series 2001B Bonds are expected to be used to refund a portion of the outstanding Revenue Financing System Commercial Paper Notes, Series A, in the amount of \$116,082,000 and to provide new money to fund project costs of approximately \$44,800,000. The remaining proceeds will be used to pay costs of issuance and provide for an original issue discount.

Proceeds from the Series 2001C Bonds are expected to be used to provide approximately \$88,303,000 of new money to fund Tuition Revenue Bond projects at specific U. T. System component institutions authorized by Sections 55.1722 and 55.1732 of the Texas Education Code.

At the request of Chairman Miller, Mr. Philip Aldridge, Assistant Vice Chancellor for Finance, explained the strength of these bonds, saying that U. T. System is significantly under the average cost of underwriting bonds and that interest rates are at a competitive level. He said expected rates are in the 4.8% range whereas the budget was 6%, resulting in a significant savings in revenues.

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" 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 as amended, the Eighth Supplemental Resolution, and the Ninth Supplemental Resolution as amended.

EXECUTED this 25th day of July, 2001

/s/ Philip Aldridge
Assistant Vice Chancellor for Finance

8. U. T. System: Amendment of Section VIII of the Standard Bank Depository Agreement and Delegation of Editorial Authority to the Office of Finance

The Board amended Section VIII of the standard Bank Depository Agreement for The University of Texas System as set out below to delete reference to the use of Securities and Exchange Commission Form 19-A which is no longer required by the Federal Reserve Bank:

Section VIII. Delivery, Release and Substitution of Collateral

...
Written notice to the Board and the Custodian must be in the form as required by the Federal Reserve Bank holding the collateral. . . .

Further, the Office of Finance, with approval by the Office of General Counsel, was authorized to make future editorial changes as long as the latest copy of the standard Bank Depository Agreement is kept on file as a standard Office of General Counsel contract. Substantive changes to the standard Bank Depository Agreement are to be submitted to the U. T. Board of Regents for ratification through the docket.

9. U. T. System: Authorization for an Aggregate Amount of Equipment Financing for Fiscal Year 2002 and Approval of Use of Revenue Financing System Parity Debt, Receipt of Certificate, and Finding of Fact with Regard to Financial Capacity

The Board approved an aggregate amount of \$21,715,000 under the Revenue Financing System for equipment to be purchased in Fiscal Year 2002 by University of Texas System component institutions as set forth below:

U. T. Arlington	\$2,500,000
U. T. Austin	\$4,100,000
U. T. El Paso	\$7,915,000
U. T. Southwestern Medical Center - Dallas	\$2,000,000
U. T. M. D. Anderson Cancer Center	\$5,000,000
U. T. System Administration	\$ 200,000

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 48, the Board resolved that:

- a. Parity Debt shall be issued to pay the cost of equipment including costs incurred 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 Board relating to the Financing System
- c. The component institutions and U. T. System Administration, which are "Members" as such term is used in the Master Resolution, possess the financial capacity to satisfy their direct obligation as defined in the Master Resolution relating to the issuance by the U. T. Board of Regents of tax-exempt Parity Debt in the aggregate amount of \$21,715,000 for the purchase of equipment
- d. This resolution satisfies the official intent requirements set forth in Section 1.150-2 of the U. S. Treasury Regulations.

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 equipment costs at U. T. Arlington, U. T. Austin, U. T. El Paso, U. T. Southwestern Medical Center - Dallas, U. T. M. D. Anderson Cancer Center, and U. T. System Administration, 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 as amended, Eighth Supplemental Resolution, and Ninth Supplemental Resolution as amended.

EXECUTED this 26th day of July, 2001

/s/ Philip Aldridge
Assistant Vice Chancellor for Finance

10. U. T. System: Approval to Exceed the Full-Time Equivalent Limitation on Employees Paid from Appropriated Funds as Required by the General Appropriations Act of the 77th Texas Legislature, Article IX, Section 6.14

Article IX, Section 6.14 of Senate Bill 1 (General Appropriations Act) passed by the 77th Texas Legislature places a limit on the number of full-time equivalent (FTE) employees paid from Appropriated Funds that an institution may employ without written approval of the Governor and the Legislative Budget Board. In order to exceed the FTE limitation, a request must be submitted by the governing board and must include the date on which the board approved the request, a statement justifying the need to exceed the limitation, the source of funds to be used to pay the salaries, and an explanation as to why the functions of the proposed additional FTEs cannot be performed within current staffing levels.

The Board approved those institutions, as set forth in the table on Page 50, to exceed the number of FTE employees that are authorized in the General Appropriations Act. Further, as required by Article IX, Section 6.14 of the General Appropriations Act, the U. T. Board of Regents will submit a request to the Governor's Office and the Legislative Budget Board to grant approval for these institutions to exceed the authorized number of FTE employees paid from Appropriated Funds.

Counsel and Secretary's Note: On August 31, 2001, the U. T. Board of Regents submitted the [required letter and supporting materials](#) to the Governor's Office and the Legislative Budget Board and a copy is on file in the Office of the Board of Regents.

**The University of Texas System
 REQUEST TO EXCEED FULL-TIME EQUIVALENT LIMITATION
 ON EMPLOYEES PAID FROM APPROPRIATED FUNDS
 (Senate Bill No. 1, Article IX, Section 6.14)
 Fiscal Year 2002**

Component	S. B. 1 FTE Limitation	Estimated Average FTE FY2002	Requested Increase in Number of FTEs
U. T. System Administration	223.80	247.80	24.00
U. T. Arlington	1,921.50	1,982.58	61.08
U. T. Dallas	1,163.50	1,231.30	67.80
U. T. El Paso	1,510.60	1,664.89	154.29
U. T. Permian Basin	248.50	255.75	7.25
U. T. San Antonio	1,638.30	1,696.30	58.00
U. T. Tyler	353.30	393.30	40.00
U. T. Southwestern Medical Center - Dallas	1,669.50	1,731.30	61.80
U. T. M. D. Anderson Cancer Center	7,861.40	8,211.40	350.00

11. U. T. System: Authorization to Transfer Funds Between Legislative Appropriation Items During the Biennium Beginning September 1, 2001

In order to provide the most effective utilization of the General Revenue Appropriations during the biennium beginning September 1, 2001, the following resolution was adopted by the Board:

RESOLUTION

Pursuant to the appropriate transfer provisions of the General Appropriations Act of the 77th Legislature, it is hereby resolved that the State Comptroller be requested to make necessary transfers within the Legislative Appropriations (and/or Cost Centers) from the General Revenue Fund for each of the following component institutions as authorized by the Chief Financial Officer of The University of Texas System institution concerned:

The University of Texas at Arlington
The University of Texas at Austin
The University of Texas at Brownsville
The University of Texas at Dallas
The University of Texas at El Paso
The University of Texas - Pan American
The University of Texas of the Permian Basin
The University of Texas at San Antonio
The University of Texas at Tyler
The University of Texas Southwestern Medical Center at Dallas
The University of Texas Medical Branch at Galveston
The University of Texas Health Science Center at Houston
The University of Texas Health Science Center at San Antonio
The University of Texas M. D. Anderson Cancer Center
The University of Texas Health Center at Tyler
The University of Texas System Administration

12. U. T. System: Approval to Amend the Regental Policy Regarding the Sick Leave Pool

House Bill 569, 77th Texas Legislature, amended Section 661.003 of the Texas Government Code to delete application and approval requirements related to an employee's contributions of earned sick leave to the sick leave pool effective September 1, 2001. In order to conform The University of

Texas System Regental Policy entitled "Sick Leave Pool Policy" to these changes in State law, the Board approved amendments to Sections 2 through 5 of the Policy as set out below:

...

2. DEFINITIONS.

...

2.2 "Employee" means an eligible employee of a component institution of the U. T. System or the U. T. System Administration. An eligible employee is defined as employed to work at least 20 hours per week for a period of at least four and one-half months, and not employed in a position for which the employee is required to be a student as a condition of the employment.

2.3 "Immediate family" means an individual related by kinship, adoption, or marriage who lives in the same household; a foster child of the employee who resides in the employee's household and is under the conservatorship of the Texas Department of Protective and Regulatory Services; and a minor child of the employee regardless of whether the child lives in the same household. Sick leave may be taken to care for members of an employee's family who do not reside in the same household, only if the time taken is necessary to provide care to a spouse, child, or parent of the employee who needs care due to a documented medical condition. This provision for taking leave does not extend to an employee's parents-in-law if they do not live in the same household.

...

3. POOL ADMINISTRATOR.

...

3.2 The decision of the pool administrator regarding withdrawals from the sick leave pool shall be final.

4. SICK LEAVE POOL.

...

- 4.1 Contributions to the pool must be in units of eight (8) hours. State employees are permitted to contribute an unlimited number of hours to the sick leave pool. Retiring employees are also permitted to contribute to the sick leave pool and may do so in increments of less than eight (8) hours.
- 4.2 The pool administrator shall credit the sick leave pool with the sick leave contributed by an employee and shall direct the human resources office to deduct a corresponding amount from that employee's accrued sick leave.
- 4.3 Sick leave contributed to the pool may not be designated for the use of a particular person.
- 4.4 Although contributions are voluntary, employees who leave State employment should be encouraged to contribute to the pool, unless there is a possibility that they will be reemployed by the State within twelve months and thereby eligible to have their sick leave balance restored.

5. WITHDRAWAL OF SICK LEAVE FROM THE POOL.

...

- 5.3 The employee may use sick leave assigned from the pool in the same manner as sick leave earned by the employee and shall be treated for all purposes as if the employee were absent on earned sick leave.

.....

13. U. T. Board of Regents: Authorization to Change Trustee and Record Keeper for The University of Texas Governmental Retirement Arrangement Effective September 1, 2001, and Authorization for the Executive Vice Chancellor for Business Affairs or His Delegate to Execute All Documents Related Thereto

The Board:

- a. Resigned as trustee and record keeper of The University of Texas Governmental Retirement Arrangement (UTGRA) effective August 31, 2001

- b. Appointed The University of Texas M. D. Anderson Cancer Center Physicians Referral Service Retirement Board (PRS Retirement Board) to serve as trustee and record keeper for UTGRA effective September 1, 2001
- c. Authorized the Executive Vice Chancellor for Business Affairs, or his delegate, to negotiate the appropriate agreements to carry out the foregoing actions, and to take all steps necessary and execute all documents required to complete the actions outlined above, subject to approval of all such documents as to legal form by the Office of General Counsel.

On August 14, 1997, the U. T. Board of Regents established UTGRA, effective October 1, 1997. UTGRA was created under Section 415(m) of the Internal Revenue Code of 1986, as amended, for governmental employees and allows eligible employees participating in the Optional Retirement Program (ORP) to place retirement contributions in excess of \$35,000 into a tax-deferred account. On June 19, 2001, the Internal Revenue Service issued a favorable Private Letter Ruling approving the structure of the UTGRA plan as a qualified governmental excess benefit arrangement.

It was the long-term intent that a trustee focused on retirement plans be appointed at a later time. The PRS Retirement Board members presently serve as trustees for two of the U. T. M. D. Anderson Cancer Center retirement programs, each of which is authorized under Section 457 of the Internal Revenue Code of 1986, as amended, to provide retirement benefits for the faculty and senior administrators of the institution. The PRS Retirement Board consists of two retirees and 10 active U. T. M. D. Anderson Cancer Center employees, with an attorney in an ex officio capacity. The University of Texas System Director of Human Resources will remain the plan administrator and may utilize the services of the PRS Retirement Board to provide the necessary UTGRA administrative services.

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

To comply with Department of Defense National Industrial Security Program Operating Manual requirements, approval was given to amend the resolution adopted by the Board in November 2000, to read as set out on Pages 55 - 56 to update the roster of administrative officials of The University of Texas

System authorized to negotiate, execute, and administer classified government contracts as shown in item a. and the list of named members of the U. T. Board of Regents as shown in item 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 Key Management Personnel as described in the Department of Defense National Industrial Security Program Operating Manual for safeguarding classified information:

R. D. Burck, 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, Senior Vice President and Chief Financial Officer, 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 said 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 Administration or U. T. Austin.
- d. That the members of the U. T. Board of Regents named on the following page 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:

Charles Miller, Chairman
Rita C. Clements, Vice-Chairman
A. W. "Dub" Riter, Jr., Vice-Chairman
Raul R. Romero, Vice-Chairman
Judith L. Craven, M.D.
Woody L. Hunt
Cyndi Taylor Krier
Patrick C. Oxford
A. R. (Tony) Sanchez, Jr.

15. U. T. Health Science Center - San Antonio: Authorization to Sell Approximately 80 Acres of Land Located in Universal City, Bexar County, Texas, and Authorization for the Executive Vice Chancellor for Business Affairs or the Executive Director of Real Estate to Execute All Documents Related Thereto

The Board authorized The University of Texas System Real Estate Office and the Office of General Counsel, on behalf of The University of Texas Health Science Center at San Antonio, to negotiate the sale of approximately 80 acres of land located in Universal City, Bexar County, Texas, to the Alamo Community College District for the construction of a community college campus.

Further, the Executive Vice Chancellor for Business Affairs or the Executive Director of Real Estate was authorized to execute all documents, instruments, and other agreements and to take all further actions deemed necessary or desirable to carry out the purpose and intent of the sale.

This property is part of a bequest of 319 acres of land and financial assets from the late Mrs. Berneice Castella for the benefit of U. T. Health Science Center - San Antonio.

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

1. U. T. System: Report on Investments for the Fiscal Quarter Ended
May 31, 2001

On behalf of The University of Texas Investment Management Company (UTIMCO), Regent Hunt, an officer of the UTIMCO Board of Directors, summarized the Report on Investments for The University of Texas System for the fiscal quarter ended May 31, 2001, for the Permanent University Fund, General Endowment Fund, Permanent Health Fund, Long Term Fund, Short Intermediate Term Fund, and Separately Invested Assets.

Report by Regent Hunt on Behalf of UTIMCO

Mr. Chairman and members of the Board, I am pleased to summarize the investments for The University of Texas System for the fiscal quarter ended May 31, 2001.

Pages 59 - 65 contain the Summary Reports on Investments for the fiscal quarter ended May 31, 2001. As of March 1, 2001, the Permanent Health Fund (PHF) and the Long Term Fund (LTF) purchased units in the newly created General Endowment Fund (GEF) in exchange for their contribution of investment assets. The PHF and the LTF owned 23.8% and 76.2%, respectively, of the GEF as of March 1, 2001. The GEF, established by the U. T. Board of Regents effective on March 1, 2001, is a pooled fund for the collective investment of long-term funds under the control and management of the Board. The GEF is organized as a mutual fund in which the PHF and LTF purchase and redeem units quarterly at the GEF's market value per unit. The GEF provides for greater efficiencies and cost savings than was possible when the investments of the PHF and LTF were managed separately.

Item I on Pages 59 - 60 reports summary activity for the Permanent University Fund (PUF) investments and a comparison of the asset allocation of the PUF versus the endowment neutral policy portfolio and net investment return. Total net investment return for the quarter was .37% versus the neutral policy portfolio return of 1.17%.

Item II on Pages 61 - 63 reports summary activity for the GEF, the PHF's and LTF's percentage ownership of the GEF, and a comparison of the asset allocation of the GEF versus the endowment neutral policy portfolio and net investment return. Total GEF net investment return for the quarter was .62% versus the neutral policy portfolio return of 1.17%.

Item III on Page 64 reports summary activity for the Short Intermediate Term Fund (SITF). Total net investment return on the SITF was 1.49% for the quarter versus the SITF's performance benchmark of 1.49%.

Item IV on Page 65 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, increased by \$12 million to \$955 million during the third quarter. Asset values for the remaining asset classes were fixed income securities: \$111 million versus \$107 million at previous quarter-end; equities: \$181 million versus \$114 million at previous quarter-end; and other investments of \$7 million versus \$1 million at previous quarter-end.

I. PERMANENT UNIVERSITY FUND (1)

a.) ~~Summary Investment Report~~ at May 31, 2001 (2)

(\$ millions)

	FY99-00	FY00-01			Year-to-Date
	Full Year	1st Qtr	2nd Qtr	3rd Qtr	
Beginning Net Assets	7,465.6	6,452.3	7,652.6	7,686.9	6,452.3
PUF Lands Receipts (3)	03.1	30.5	27.6	35.2	93.3
Investment Return	1,215.1	(508.2)	9.7	32.6	(465.7)
Expenses	(13.9)	(4.9)	(3.0)	(5.3)	(13.2)
Distributions to AUF	(297.6)	(317.1)			(317.1)
Ending Net Assets	8,452.3	7,652.6	7,686.9	7,749.6	7,749.6
AUF Distribution:					
From PUF Investments	297.6	317.1			317.1
From Surface Income	6.0	1.1	2.3	2.1	5.5
Total	303.6	316.2	2.3	2.1	322.6

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

(2) General - The Investment Summary **Report** excludes PUF Lands mineral and surface interests with estimated August 31, 2000 values of \$677.9 million and \$156.4 million, respectively.

(3) PUF Land Receipts-As of May 31, 2001: 1,228,122 acres under lease; 519,996 producing awes; 3,269 active leases and 2,063 producing leases.

I. PERMANENT UNIVERSITY FUND (continued)

b.) Comparison of Asset Allocation Versus Endowment Neutral Policy Portfolio and Net Investment Return for the quarter ended May 31, 2001

	Asset Allocation	Endowment Neutral Policy Portfolio	Actual Net Investment Return	Endowment Neutral Policy Portfolio (1) (Benchmark Returns)	Benchmark
Cash	4.7%	0.0%	1.15%	1.28%	90 Day T-Bills Average Yield
Domestic Common Stocks:					
Large/Medium Capitalization Equities	23.0%	25.0%	3.21%	1.62%	Standard & Poor's 500 Index
Small Capitalization Equities	10.3%	7.5%	4.73%	5.07%	Russell 2000 Index
Total Domestic Common Stocks	33.3%	32.5%			
International Common stocks:					
Established Markets	11.5%	12.0%	-3.92%	-3.70%	Morgan Stanley Capital International Europe, Asia, Far East Index (net)
Emerging Markets	3.2%	3.0%	-2.26%	-5.29%	Morgan Stanley Capital International Emerging Markets Free
Total International Common Stocks	14.7%	15.0%			
Inflation Hedging	4.0%	7.5%	4.82%	1.40%	33% (Goldman Sachs Commodity Index + 100 basis points) plus 87% (National Commercial Real Estate Index Fund)
Fixed Income:					
Domestic	17.1%	15.0%	0.48%	0.69%	Lehman Brothers Aggregate
International	2.0%	5.0%	-4.52%	-4.57%	Salomon Non-U.S. World Government Index. Unhedged
Total Fixed Income	19.1%	20.0%			
Total Public Securities	75.8%	75.0%	1.17%	0.30%	
Alternative Equities:					
Marketable	9.4%	10.0%	3.28%	3.07%	90 Day T-Bills + 7%
Nonmarketable	14.8%	15.0%	-4.80%	4.00%	17%
Total Alternative Equities	24.2%	25.0%	-1.84%	3.63%	
Total	100.0%	100.0%	0.37%	1.17%	

(1) The benchmark return for the endowment neutral policy portfolio is calculated by summing the neutrally weighted benchmark return (% weight for the asset class multiplied by the benchmark return for the asset class) for the various asset classes in the endowment portfolio for the period reported.

II. GENERAL ENDOWMENT FUND (1)(2)

a.) Summary Investment Report at May 31, 2001

(\$ millions)
Inception date of March 1, 2001

	FY00-01			Year-to-Date
	1st Qtr	2nd Qtr	3rd Qtr	
Beginning Net Assets				
Net Contributions			3,860.6	3860.6
Investment Return			25.3	25.3
Expenses			(1.6)	(1.6)
Distributions (3)			(22.1)	(22.1)
Ending Net Assets			3,862.2	3,662.2
Net Asset Value per Unit			100.612	
Units and Percentage Ownership (End of Period):				
PHF			9,117,735	23.6%
LTF			<u>29,268,993</u>	<u>76.2%</u>
Total			38,386,728	100.0%

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

(2) On March 1, 2001, the Permanent Health Fund (PHF) and Long Term Fund (LTF) purchased units in the newly created General Endowment Fund (GEF). The initial number of units was based on the PHF's and LTF's contribution of \$11,268,993 as of February 26, 2001.

(3) The GEF distributes its net investment income and realized gain (loss) to its unitholders based on their ownership of GEF units at month end. The distributed amounts are reinvested as GEF contributions. The distribution is proportional to the percentage of ownership by the unitholders, and therefore, no additional units are purchased.

II. GENERAL ENDOWMENT FUND (continued)

b.) Unitholders' Summary Investment Report at May 31, 2001 (1)

(\$ millions)

	FY99-00	FY00-01			
	Full Yea	1st Qtr	2nd Qtr	3rd Qtr	Year-to-Date
PERMANENT HEALTH FUND					
Beginning Net Assets	890.3	1,016.6	925.1	922.5	1,016.6
Contributions	25.0	-			-
Investment Return	143.6	(80.2)	6.0	5.6	(66.6)
Expenses	(1.9)	(0.8)	(0.1)	(0.1)	(1.0)
Distributions (Payout)	(40.8)	(18.6)	(12.5)	(10.5)	(31.5)
Ending Net Assets	1,016.6				917.5
Net Asset Vdw per Unit (2)	1.112525	1.012446	1.009531	1.004066	1.004056
No. of units (End of Period)	913,765,506	913,765,506	913,765,506	913,765,506	913,765,506
Distribution Rate per Unit	0.0450	0.0115	0.0115	0.0115	0.0345
LONG TERM FUND					
Beginning Net Assets	2,602.3	3,136.2	2,921.0	2,918.1	3,136.2
Net Contributions (3)	109.7	26.9	32.6	34.1	92.6
Investment Return	647.1	(206.7)	(3.2)	16.2	(193.7)
Expenses (3)	(7.7)	(1.2)	(0.8)	(0.2)	(2.2)
Distributions (Payout)	(115.2)	(31.2)	(31.7)	(32.0)	(94.9)
Ending Net Assets	3,136.2	2,921.0	2,918.1	2,938.2	2,936.2
Net Asset Value per Unit (2)	6.196	5.726	5.657	5.630	5.630
No. of Units (End of Period)	506,024,547	510,164,819	515,880,951	521,900,910	521,900,910
Distribution Rate per Unit	0.23000	0.06126	0.06125	0.06126	0.16375

(1) The Permanent Health Fund (PHF) and Long Term Fund (LTF) are internal mutual funds for the pooled investment of endowment funds. The PHF is comprised of endowments for health-related institutions of higher education and the LTF is comprised of privately raised endowments and other long term funds of UT System components.

(2) The asset allocation of the PHF and LTF, beginning in the 3rd fiscal quarter of FY00-01, is representative of the asset allocation for the GEF. A nominal amount of cash is held in PHF and LTF to pay expenses incurred separately by these funds.

(3) Restatements - The Investment Summary Report was restated to a presentation which is consistent with the reporting of other endowment funds managed by UTIMCO.

II. GENERAL ENDOWMENT FUND (continued)

c.) Comparison of Asset Allocation Versus Endowment Neutral Policy Portfolio and Net Investment Return for the quarter ended May 31, 2001

	Asset Allocation	Endowment Neutral Policy Portfolio	Actual Net Investment Return	Endowment Neutral Policy Portfolio (1) (Benchmark Returns)	Benchmark
Cash	2.4%	0.0%	1.37%	1.29%	90 Day T-Bills Average Yield
Domestic Common Stocks:					
Large/Medium Capitalization Equities	25.0%	25.0%	2.72%	1.82%	Standard & Poor's 500 Index Russell 2000 Index
Small Capitalization Equities	10.6%	7.5%	4.99%	5.07%	
Total Domestic Common Stocks	35.5%	32.5%			
International Common Stocks:					
Established Markets	12.4%	12.0%	-3.64%	-3.70%	Morgan Stanley Capital International Europe, Asia, Far East Index (net)
Emerging Markets	3.4%	3.0%	-2.23%	-5.29%	Morgan Stanley Capital International Emerging Markets Free
Total International Common Stocks	15.5%	15.0%			
Inflation Hedging	4.2%	7.5%	4.82%	1.45%	33% (Goldman Sachs Commodity Index - 100 basis points) plus 57% (National Commercial Real Estate Index Fund)
Fixed Income:					
Domestic	17.7%	15.0%	0.50%	0.69%	Lehman Brothers Aggregate
International	2.3%	5.0%	-4.46%	-4.57%	Salomon Non-U.S. World Government Index, Unhedged
Total Fixed Income	20.0%	20.0%			
Total Public Securities	70.8%	75.0%	1.13%	0.30%	
Alternative Equities:					
Marketable	10.6%	10.0%	3.26%	3.07%	90 Day T-Bills + 7% 17%
Nonmarketable	10.5%	15.0%	-5.05%	4.00%	
Total Alternative Equities	21.1%	25.0%	-1.08%	3.63%	
Total	100.0%	100.0%	0.62%	1.17%	

(1) The benchmark return for the endowment neutral policy portfolio is calculated by summing the neutrally weighted benchmark return (% weight for the asset class multiplied by the benchmark return for the asset class) for the various asset classes in the endowment portfolio for the period reported.

III. SHORT INTERMEDIATE TERM FUND (1)

Summary Investment Report at May 31, 2001

(\$ millions)

	FYQQ-00	FY00-01			
	Full Year	1 st Qtr	2nd Qtr	3rd Qtr	Year-to-Date
Beginning Net Assets	1,769.4	1,844.4	1,852.4	1,909.3	1,844.4
Contributions (Net of Withdrawals)	81.6	(11.7)	28.6	(69.1)	(52.2)
Investment Return	107.9	40.4	56.4	28.0	132.8
Expenses	(0.5)	(0.1)	(0.1)	(0.2)	(0.4)
Distributions of Income	(114.0)	(28.6)	(28.0)	(26.1)	(82.7)
Ending Net Assets	1,844.4	1,852.4	1,909.3	1,841.9	1,841.9
Net Asset Value per Unit	9.858	9.963	10.114	10.123	
No. of Units (End of Period)	187,089,202	185,934,780	188,785,844	181,957,872	
Total Net Investment Return				1.49%	

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

IV. SEPARATELY INVESTED ASSETS

Summary Investment Report at May 31, 2001

SEPARATELY INVESTED ASSETS
SUMMARY REPORT
(\$ thousands)

	FUND TYPE												TOTAL	
	CURRENT PURPOSE				ENDOWMENT &		ANNUITY & LIFE		AGENCY FUNDS		OPERATING FUNDS			
	DESIGNATED		RESTRICTED		SIMILAR FUNDS		INCOME FUNDS		BOOK	MARKET	BOOK	MARKET	BOOK	MARKET
Cash & Equivalents:	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET
Beginning value 3/1/01	4,145	4,145	3,281	3,281	43,049	43,049	437	437	69	69	891,952	891,952	942,933	942,933
Increase/(Decrease)	10,060	10,060	(1,782)	(1,782)	(14,349)	(14,349)	(242)	(242)	-	-	18,062	18,062	11,749	11,749
Ending value 5/31/01	14,205	14,205	1A99	1,499	28,700	28,700	195	195	69	69	910,014	910,014	954,682	954,682
Debt Securities:														
Beginning value 3/1/01	-	-	17	16	52,248	51,666	15,474	16,261	-	-	36,506	39,092	104,245	107,035
Increase/(Decrease)	-	-	(10)	(10)	141	(323)	(860)	(1,100)	-	-	5,000	5,321	4,271	3,888
Ending value 5/31/01	-	-	7	6	52,389	51,343	14,614	15,161	-	-	41,506	44,413	108,516	110,923
Equity Securities:														
Beginning value 3/1/01	42	5,239	2,755	2,779	29,114	38,537	18,761	16,637	-	-	77,812	50,466	128,484	113,658
Increase/(Decrease)	(2)	7,335	(340)	(290)	(56)	533	1,018	1,169	-	-	57,750	58,942	58,370	67,689
Ending value 5/31/01	40	12,574	2,415	2,489	29,058	39,070	19,779	17,806	-	-	135,562	109,408	186,854	181,347
Other:														
Beginning value 3/1/01	-	-	42	42	581	581	82	16	-	-	-	-	705	639
Increase/(Decrease)	-	-	6,669	6,669	2	2	11	-	-	-	-	-	6,682	6,611
Ending value 5/31/01	-	-	6,711	6,711	583	583	93	16	-	-	-	-	7,387	7,310

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. System: Authorization to Amend the Fund Distributions Section of the Permanent University Fund (PUF) Investment Policy Statement

In consideration of the significant needs currently facing The University of Texas System and the impact on the future market value of the Permanent University Fund (PUF) as a result of increasing the current distribution rate, the Board approved amendments to the Fund Distributions section of the Permanent University Fund Investment Policy Statement as set out on Pages 67 - 68, to reflect an increase in the distribution rate from 4.5% to 4.75% effective for the fiscal year beginning September 1, 2002.

**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 shall be an amount equal to 4.75% of the trailing twelve quarter average of the net asset value of the Fund for the quarter ending February of each year.

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 September 1, 2001.

3. U. T. Board of Regents: Approval of the Annual Budget and Management Fee Schedule for The University of Texas Investment Management Company (UTIMCO)

Upon recommendation of the Board of Directors of The University of Texas Investment Management Company (UTIMCO), the U. T. Board of Regents approved the Annual Budget and Management Fee Schedule for UTIMCO for the fiscal year ending August 31, 2002, as set forth on Page 70.

The Investment Management Services Agreement between the U. T. Board of Regents and UTIMCO requires that UTIMCO submit its annual budget and management fee schedule to the U. T. Board of Regents for approval. The annual budget consists of UTIMCO's management fee and a budget for direct expenses of the funds managed by UTIMCO. The management fee for the fiscal year ending August 31, 2002, will increase 2.0% from \$6,569,921 to \$6,698,276. Budgeted direct expenses will increase by 3.4% from \$24,429,795 to \$25,270,571.

UTIMCO Budget (\$)
Annual Fee and Allocation Schedule
For the fiscal year ending August 31, 2002

	The Permanent University Fund (PUF)	The Permanent Health Fund (PHF)	The University of Texas System Long Term Fund (LTF)	General Endowment Fund (GEF)	The University of Texas System Short Intermediate Term Fund (SITF)	Short Term Fund (STI=)	Separately Invested Endowments and Charitable Trust Accounts	Totals
UTIMCO Management Fee (1) (includes all operating expenses associated with the general management of the Funds)	3,274,506	558,026	2,285,475		580,269			6,698,276
Direct Expenses of the Fund:								
External Management Fees	8,474,148			4,314,168				12,788,316
External Management Fees-Performance	4,619,509			2,780,603				7,400,112
Other Direct Costs	2,717,816	17,593	53,385	2,151,907	131,442		5,000	5,082,143
Total Direct Expenses of the Fund	15,811,473	17,593	53,385	9,246,678	131,443		5,000	25,270,571
TOTAL UTIMCO Budget for the fiscal year ending August 31, 2002	19,085,979	575,619	2,343,860	9,246,678	711,711		5,000	31,968,847
Market Value of Funds Managed by UTIMCO as of 2/28/01 (\$ millions)	7,500.0	822.5	2,918.1	3,840.6 (3)	1,909.3	892.0 (2)	272.4	14,601.2
Percentage of Market Value								
UTIMCO Services	0.043%	0.060%	0.078%	0.000%	0.030%	0.000%	0.000%	0.046%
Direct Expenses of the Fund	0.206%	0.002%	0.002%	0.241%	0.007%	0.000%	0.002%	0.173%
TOTAL	0.245%	0.992%	0.999%	0.241%	0.937%	0.999%	0.992%	0.219%

(1) Allocation Ratio: PUF-49%, PHF-8%, LTF-34%, SITF-9%

(2) Interest Income is net of fees and is not budgeted

(3) Pooled fund for the collective investment of the PHF and LTF

4. U. T. Board of Regents: Reappointment of Member to the Board of Directors of The University of Texas Investment Management Company (UTIMCO)

The Board approved the following individual to The University of Texas Investment Management Company (UTIMCO) Board of Directors to serve until the expiration of his term, or until his successor is chosen and qualifies, or until his earlier resignation or removal:

Mr. J. Luther King, Jr., Fort Worth, Texas, for reappointment to a term ending April 1, 2004.

Mr. J. Luther King, Jr., has been a UTIMCO director since 1997 and was a member of The University of Texas System Investment Advisory Committee from 1991 to 1995. He is President and Founder of Luther King Capital Management and a member of the Advisory Committee to the Texas MBA Investment Fund, Trustee and member of the Executive Committee at Texas Christian University, Treasurer and Board member of the Texas Southwestern Cattle Raisers Foundation, and current and former Board member of numerous civic, professional, and corporate entities.

INFORMATIONAL REPORTS

1. U. T. System: Presentation of the June 2001 Monthly Financial Report

Mr. Kerry L. Kennedy, Executive Vice Chancellor for Business Affairs, reviewed the June 2001 Monthly Financial Report for The University of Texas System and reported there were no variances from budget which did not have reasonable explanations and pointed out the addition of footnotes which summarize operating variances.

Executive Vice Chancellor Kennedy also indicated an Analysis of Financial Condition report would be prepared after August 31, 2001, to summarize the financial situation at each of the component institutions and would be discussed at the January 2002 Finance and Planning Committee meeting.

2. U. T. System: Report on Strategic Planning

Mr. Vance McMahan, strategic planning consultant with TVM Consulting, Austin, Texas, reported on the Long Range Plan for The University of Texas System. He indicated the Plan expressed broad goals for U. T. System and outlined key areas related to increasing participation, improving success, and enhancing academic and research excellence across the U. T. System. Mr. McMahan's observations included turning the concepts expressed in the Plan into reality by having the U. T. Board of Regents set the vision and strategic framework, with implementation by the component institutions; viewing the Plan as a living document and amending it as circumstances change; developing a strong accountability system; moving forward on academic deregulation; looking for synergy and collaboration within the U. T. System component institutions and multiplier effects throughout the U. T. System; involving the presidents in strategic policy-making decisions; and institutionalizing the long-range planning at the Board level.

3. U. T. System: Status Report on the Technology Transfer Commission

Dr. Dennis K. Stone, Chairman of The University of Texas System Technology Transfer Commission and Vice President, Office for Technology Development at The University of Texas Southwestern Medical Center at Dallas, reported on the status of the work of the Commission. He noted an evaluation of the technology transfer offices of the smaller component institutions will be available within the next few months but due to budget constraints, only two or three of the larger component institutions will be assessed by an outside consultant. Chairman Miller requested that Dr. Stone meet with Regent Krier and Regent Oxford to update them on the selection process.

REPORT AND RECOMMENDATIONS OF THE ACADEMIC AFFAIRS COMMITTEE (Pages 73 - 76).--Committee Chairman Krier reported that the Academic Affairs Committee met in open session to consider those matters on its agenda and to formulate recommendations for the U. T. Board of Regents. Unless otherwise indicated, the actions set forth in the Minute Orders which follow were recommended by the Academic Affairs Committee and approved in open session and without objection by the U. T. Board of Regents:

1. U. T. Austin: Authorization to Set Aside 1% of Law School Resident Student Tuition for Certain Loan Repayments to be Effective September 1, 2001

The Board authorized The University of Texas at Austin to set aside 1% of tuition charges for resident law students effective September 1, 2001.

The 77th Texas Legislature enacted Texas Education Code Section 61.961 which requires the governing board of public universities to set aside 1% of tuition charges for resident law students. The tuition set-aside is to be transferred to the Texas Comptroller of Public Accounts for the purpose of repayment of education loans owed by certain State attorneys. To qualify for loan repayment, an attorney must enter into a written contract to serve as an attorney in the Office of the Attorney General of Texas for a period of no less than three years. For FY 2002, the tuition set-aside will be approximately \$55,000 (tuition only). If the Comptroller determines designated tuition is also included, the total set-aside will be \$69,000.

2. U. T. Austin: Approval of Action and Resolution Related to Participation Among U. T. Austin, the Education Commission of the States, Denver, Colorado, and Just for the Kids, Inc., Austin, Texas, to Support Research, Educational, and Policy Development Activities in a New Joint Initiative, the National Center for Educational Accountability; and Authorization for President Faulkner to Take All Actions Necessary

Committee Chairman Krier said a recommendation was before the Board on yellow paper to approve the creation of a National Center for Educational Accountability (NCEA) in Austin, Texas. She explained that a significant initiative was underway by The University of Texas at Austin, the Education Commission of the States (ECS), Denver, Colorado, and Just for the Kids, Inc. (JFTK), Austin, Texas, to form a National Center and welcomed representatives of all three entities on behalf of the U. T. Board of Regents and The University of Texas System.

The recommendation before the Board included the Memorandum of Understanding entered into by the ECS, JFTK, and U. T. Austin on March 14, 2001, which expressed intent to establish a centralized research and policy center focused on educational accountability and performance management.

Regent Krier then introduced Dr. Larry R. Faulkner, President of U. T. Austin, to comment on the work leading up to an agreement to establish the NCEA, a Texas nonprofit corporation that will be organized and operated for the benefit of U. T. Austin, the Education Commission of the States, and Just for the Kids, Inc. The ECS and JFTK are nonprofit organizations that serve public purposes related to educational and research activities of U. T. Austin. The ECS is an organization that brings together the governors and education commissioners of all the states.

President Faulkner noted that it was a pleasure to bring the possibility of creating a national center for educational accountability before the Board. He said what is being proposed is a novel arrangement to create a separately incorporated joint venture among the three organizations to bring together data from statewide accountability systems in a privacy protected way that will allow researchers to discover from the data why strongly performing schools perform well and why other schools perform weakly and then draw a set of best practices that can be promulgated and lead to the overall improvement of school performance. President Faulkner stated that the program is being built on a model developed for Just for the Kids, Inc., which has been asked to do similar research in several states. JFTK has expressed interest in finding an institutional base where the infrastructure is strong enough to support an enlarged effort of national scope.

Dr. Faulkner then introduced Dr. Ted Sanders, President of the ECS, and Mr. Thomas W. Luce, founder and Chairman of the Board of JFTK. Dr. Sanders thanked the Board for this unique opportunity to do what no one entity could do, including:

- The opportunity to further the work of JFTK and the analysis of accountability data to inform the improvement of instruction,
- The capacity to bring not just researchers, but scholars all across the country, to work on the central issues of the day, and
- The means of disseminating information to key policymakers and practitioners.

Mr. Luce stated that accountability has been made a major theme by President Bush and the NCEA will help translate this objective into a day-to-day utilization of accountability systems to improve academic performance. He concluded that each entity brings something unique to the table and the commitment by the University is a true manifestation of its stated goal of helping to improve K-12 public education.

Regent Krier then called on Board Chairman Charles Miller who thanked Dr. Faulkner, Dr. Sanders and Mr. Luce for making this initiative possible and noted that U. T. Austin has already become a national leader in education research.

In accordance therewith, the Board approved participation by U. T. Austin in activities of the NCEA and authorized President Faulkner or his delegate to negotiate, approve, and execute any contracts, as approved by the Office of General Counsel, and to take all such actions deemed necessary or desirable to carry out the purpose and intent of the foregoing action consistent with the representations made to the U. T. Board of Regents.

The NCEA, as a support foundation for the benefit of U. T. Austin and other related public purposes, will be housed at U. T. Austin under a lease arrangement in space shared by the U. T. Austin Center for Educational Accountability, the U. T. Austin unit that will carry out efforts contemplated by the NCEA and the parties. These units will be located adjacent to the U. T. Austin J. J. Pickle Research Campus in north Austin.

U. T. Austin will recruit and appoint the chief executive officer of the U. T. Austin Center for Educational Accountability. That appointment will be subject to review and acceptance by the NCEA Board since the appointee will be working in support of the efforts of the NCEA.

U. T. Austin will enter into a contract or contracts with the NCEA to provide space, utilities, custodial and waste services, and administrative support services at a fair value rate. The NCEA will reimburse U. T. Austin for the compensation of U. T. Austin employees who may provide direct services for the NCEA as a foundation in support of U. T. Austin and other related public purposes.

JFTK will enter into a contract or contracts with the NCEA to provide funding for the 2001-2002 annual operating budget and other assets that will be dedicated to the efforts of the NCEA and the parties, including computer equipment and software, all existing databases, the model for development of the databases, and related intellectual property and know-how.

Committee Chairman Krier announced that a resolution would now be signed by the parties acknowledging their commitment to support the joint goals and activities of the National Center and the respective entities.

REPORT AND RECOMMENDATIONS OF THE HEALTH AFFAIRS COMMITTEE (Pages 77 - 89).--Committee Chairman Oxford reported that the Health Affairs Committee met in open session to consider those matters on its agenda and to formulate recommendations for the U. T. Board of Regents. Unless otherwise indicated, the actions set forth in the Minute Orders which follow were recommended by the Health Affairs Committee and approved in open session and without objection by the U. T. Board of Regents:

1. U. T. Health Science Center - Houston: Establishment of a Bachelor of Science Degree in Dental Hygiene and Amendment of the U. T. Board of Regents' Table of Programs; Authorization to Submit the Degree Program and Change in the Institution's Table of Programs to the Coordinating Board for Approval (Catalog Change); and Authorization of Certification that Coordinating Board Criteria for Approval Are Met Except for Previous Approval of Planning Authority

The Board:

- a. Established a Bachelor of Science in Dental Hygiene at The University of Texas Health Science Center at Houston
- b. Amended the U. T. Board of Regents' Table of Programs accordingly
- c. Authorized submission of the proposal to the Texas Higher Education Coordinating Board for review and appropriate action
- d. Authorized the Executive Vice Chancellor for Health 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 except for previous approval of planning authority.

Further, the Board approved a request to the Coordinating Board to change the Table of Programs for U. T. Health Science Center - Houston to reflect authorization for the degree program.

The School of Dental Hygiene within the Department of Dental Public Health and Dental Hygiene at U. T. Health Science Center - Houston will offer a Bachelor of Science degree in Dental Hygiene. Fifteen baccalaureate students are expected to enroll in Fall 2002, gradually increasing to approximately 30 per class in 2005.

Nine registered dental hygienists, who hold master's or bachelor's degrees and who currently teach in the Dental Hygiene Certificate Program, and faculty from the Doctor of Dental Surgery degree program will teach the dental hygiene students.

No additional State funds will be necessary to implement this program since the students will take the additional courses required for the baccalaureate program at another institution and then enroll in the existing Dental Hygiene Certificate Program.

This program meets seven of the eight applicable Coordinating Board criteria for degree programs that may be approved by the Commissioner of Higher Education on behalf of the Coordinating Board. The Bachelor of Science in Dental Hygiene degree program is not included in the Table of Programs previously approved by the Coordinating Board for the U. T. Health Science Center - Houston; therefore, the degree program does not meet the Certification for Approval of a New Bachelor's and Master's Level Degree Program by the Commissioner and must be approved by the Coordinating Board.

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

2. U. T. Health Science Center - Houston: Establishment of a Master of Science Degree in Clinical Research and Amendment of the U. T. Board of Regents' Table of Programs; Authorization to Submit the Degree Program and Change in the Institution's Table of Programs to the Coordinating Board for Approval (Catalog Change); and Authorization of Certification that Coordinating Board Criteria for Approval Are Met Except for Previous Approval of Planning Authority

The Board:

- a. Established a Master of Science Degree in Clinical Research at The University of Texas Health Science Center at Houston
- b. Amended the U. T. Board of Regents' Table of Programs accordingly
- c. Authorized submission of the proposal to the Texas Higher Education Coordinating Board for review and appropriate action
- d. Authorized the Executive Vice Chancellor for Health 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 except for previous approval of planning authority.

Further, the Board approved a request to the Coordinating Board to change the Table of Programs for U. T. Health Science Center - Houston to reflect authorization for the degree program.

The Master of Science in Clinical Research will be administered by the Center for Clinical Research and Evidence-Based Medicine in the U. T. Health Science Center - Houston Medical School effective January 2002.

The 18 faculty members in the Center for Clinical Research and Evidence-Based Medicine will supervise this program and teach the new classes in the curriculum. The new degree program will require 1.5 full-time equivalent (FTE) faculty members and 0.75 FTE support staff in addition to the personnel currently supporting the Clinical Research Curriculum. No new resources are being requested for the initiation of this program. As long as the Clinical Research Curriculum Award remains funded, the program can be funded with reallocation of the existing resources in the Center for Clinical

Research and Evidence-Based Medicine and the Clinical Epidemiology Program. If external funding is not sustained, funding for one to two additional faculty members and one support person would be needed. These positions could be supported by reallocation of resources from other programs.

This program meets seven of the eight applicable Coordinating Board criteria for degree programs that may be approved by the Commissioner of Higher Education on behalf of the Coordinating Board. The Master of Science in Clinical Research degree program is not included in the Table of Programs previously approved by the Coordinating Board for the U. T. Health Science Center - Houston; therefore, the degree program does not meet the Certification for Approval of a New Bachelor's and Master's Level Degree Program by the Commissioner and must be approved by the Coordinating Board.

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

3. U. T. Health Science Center - Houston: Authorization to Purchase Real Property Located at 3028 South MacGregor Way, Houston, Harris County, Texas; Authorization to Submit a Request to the Coordinating Board for Approval of the Transaction; and Authorization for the Executive Vice Chancellor for Business Affairs or the Executive Director of Real Estate to Execute All Documents Related Thereto

The Board, on behalf of The University of Texas Health Science Center at Houston, authorized:

- a. Purchase of real property located at 3028 South MacGregor Way in Houston, Harris County, Texas, from Mr. Paul Pendleton of Houston, Texas, at a price of \$2,304,600, which is based upon a unit volume of \$12.27 per square foot and is the average value of two MAI appraisals
- b. Submission of a request to the Texas Higher Education Coordinating Board for approval of this transaction.

Further, the Board authorized the Executive Vice Chancellor for Business Affairs or the Executive Director of Real Estate to execute all documents, instruments, and other agreements and to take all further actions deemed necessary or desirable to carry out the purpose and intent of the foregoing actions.

On August 12, 1999, the U. T. Board of Regents transferred ownership of real property known as the Mental Sciences Institute from U. T. Health Science Center - Houston to The University of Texas M. D. Anderson Cancer Center in exchange for payments totaling \$15,000,000. U. T. Health Science Center - Houston will utilize these funds to construct a replacement facility for the Mental Sciences Institute on the subject property, which is located east of Hermann Park and the Texas Medical Center.

The property consists of approximately 4.3119 acres of land with a 6,773 square foot residential structure and a 2,019 square foot caretaker's house. The favorable location of the property, immediately adjacent to the Harris County Psychiatric Center, will facilitate programmatic interaction as well as patient access between these two mental health facilities.

4. U. T. Health Science Center - San Antonio: Approval for Expanded Degree Authority in the Radiation Biology Doctoral Program in Radiological Sciences and Approval to Submit the Program to the Coordinating Board for Approval (Catalog Change)

The Board expanded the degree authority in the Radiation Biology doctoral program in Radiological Sciences at The University of Texas Health Science Center at San Antonio to include Radiation Biology: Human Imaging and approved submission of the program to the Texas Higher Education Coordinating Board for approval, as required for changes to doctoral programs.

The program in Human Imaging will initially involve medical residents from Radiology, Radiation Oncology, and Psychiatry. These departments will provide the financial support for the program with existing funds.

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

5. U. T. M. D. Anderson Cancer Center: Establishment of a School of Health Sciences and Approval to Submit the Proposal to the Coordinating Board for Approval (Catalog Change)

The Board established a School of Health Sciences at The University of Texas M. D. Anderson Cancer Center and approved submission of the proposal to the Texas Higher Education Coordinating Board for review and appropriate action.

Further, the Board authorized that upon approval by the Coordinating Board, the Counsel and Secretary to the Board editorially amend the Regents' Rules and Regulations, Part One, Chapter VIII, Section 4, to reflect this change.

The 76th Texas Legislature passed legislation granting U. T. M. D. Anderson Cancer Center the authority to offer bachelor's-level degrees in five Allied Health fields. The U. T. Board of Regents and the Coordinating Board approved the offering of degree programs in Cytogenetic Technology, Cytotechnology, Medical Dosimetry, Medical Technology, and Radiation Therapy on August 12, 1999, and November 29, 1999, respectively. The first baccalaureate students entered U. T. M. D. Anderson Cancer Center's programs as seniors in the Fall Semester 2000 and graduated at the end of the Summer Semester 2001.

In preparing to seek accreditation from the Southern Association of Colleges and Schools, U. T. M. D. Anderson Cancer Center recognized that an appropriate appointment and promotion structure would be needed for faculty in the new baccalaureate Allied Health programs. This need is best accommodated in a School of Health Sciences because properly credentialed Allied Health faculty could include those with a master's degree as the terminal degree for their discipline and appropriate U. T. System approved titles could be used which are not currently in use at U. T. M. D. Anderson Cancer Center. In addition, the performance expectations for the Allied Health faculty would be focused more appropriately on undergraduate teaching and less on research and clinical care than it is for the present U. T. M. D. Anderson Cancer Center faculty. Without the change, it would be difficult to structure current promotion and tenure policies and review committees to accommodate the different backgrounds and roles of this new faculty. The new school follows the models used by other U. T. System health component institutions.

The faculty in the five Allied Health baccalaureate degree programs will be in the School of Health Sciences and will report to the Dean of the School. There will be no departments or department chairs; the faculty will be aligned

with one of the five teaching programs and the programs will each have a director as presently organized. The Dean of the School of Health Sciences will have operational responsibility for the leadership and management of the School, its faculty, students, educational programs and budget. There are no new costs associated with the establishment of the School of Health Sciences.

Upon Coordinating Board approval, the next appropriate catalog published at U. T. M. D. Anderson Cancer Center will be amended to reflect this action.

6. U. T. M. D. Anderson Cancer Center - M. D. Anderson Cancer Center Outreach Corporation: Approval to Change Name to the M. D. Anderson Services Corporation; Approval of Amendments to the Articles of Incorporation and the Bylaws; Acceptance of the Resignation of Charles B. Mullins, M.D., as a Member of the Board of Directors

Upon recommendation of President Mendelsohn and the Board of Directors of the M. D. Anderson Cancer Center Outreach Corporation, the Board approved the name change of the Outreach Corporation to the M. D. Anderson Services Corporation and approved amendment of the Articles of Incorporation and the Bylaws to reflect that name change. Further, the Board accepted the resignation of Charles B. Mullins, M.D., Executive Vice Chancellor for Health Affairs, The University of Texas System, from the Board of Directors of the Corporation.

In April 1989, the U. T. Board of Regents approved the formation of the M. D. Anderson Cancer Center Outreach Corporation to enable The University of Texas M. D. Anderson Cancer Center to further its mission to eradicate cancer outside the State of Texas. The Corporation was formed and capitalized to function as a vehicle through which U. T. M. D. Anderson Cancer Center could engage in out-of-state activities without subjecting the U. T. System and the U. T. Board of Regents to liability for such activities or compromising the sovereign immunity of the U. T. System and the U. T. Board of Regents with respect to such activities.

The M. D. Anderson Cancer Center Outreach Corporation's original activity was to serve as a contractual intermediary for the delivery of services to off-campus locations. U. T. M. D. Anderson Cancer Center continues to add additional responsibilities to the Corporation and the Corporation now provides many other services to U. T. M. D. Anderson Cancer Center.

President Mendelsohn will adopt resolutions to amend the Articles of Incorporation and the Bylaws accordingly, provide notice of such amendments to third parties as necessary, and file the amended Articles of Incorporation with the Secretary of State and any other agencies required under State and federal laws.

Since Dr. Mullins resigned as Executive Vice Chancellor for Health Affairs effective August 31, 2001, he resigned from his position on the Board of Directors of the Corporation. A successor to Dr. Mullins to serve on the Board of Directors will be proposed at a later date.

With the resignation of Dr. Mullins, the membership of the Board of Directors for the M. D. Anderson Services Corporation includes the following individuals:

Leon J. Leach, Chairman of the Board of Directors
Regent Patrick C. Oxford
David L. Callender, M.D.
Kerry L. Kennedy
Margaret Kripke, Ph.D.
Martin N. Raber, M.D.

7. U. T. M. D. Anderson Cancer Center: Authorization to Lease Approximately 3.6 Acres of Land on Old Spanish Trail, Houston, Harris County, Texas, to Proton Therapy Center - Houston, Ltd., L.L.L.P.; Authorization to Execute a Limited Partnership Agreement with PTC Houston Management, L.P., and PTC - Houston Investors, L.L.C.; Authorization to Execute a Medical Direction Agreement, Professional Services Agreement, a Staffing and Operations Agreement, a Utilization Agreement, and a Sublicense Agreement, All with Proton Therapy Center - Houston, Ltd., L.L.L.P.; and Authorization for the Institutional President to Take All Actions Related Thereto

Committee Chairman Oxford called on Dr. John Mendelsohn, President of The University of Texas M. D. Anderson Cancer Center, who briefly described the concept of radiation therapy and how the proton beam process works to target tumors directly while reducing radiation damage to other parts of the body. Currently, the two other locations in the country providing this procedure are in Loma Linda, California, and at Massachusetts General Hospital in Boston, Massachusetts.

In response to a question from Chairman Miller, Regent Oxford and Chancellor Burck both stated that the proposals and business plan have been reviewed extensively by both outside counsel as well as The University of Texas System and U. T. M. D. Anderson Cancer Center staff.

President Mendelsohn replied to Vice-Chairman Clements that the timetable to have the program operational should be approximately two years.

In accordance with supplemental material before the Board, U. T. M. D. Anderson Cancer Center was authorized to execute the following agreements, conditioned upon approval of the Office of General Counsel and the Office of Business Affairs:

- a. A Ground Lease of approximately 3.6 acres of land on Old Spanish Trail in Houston, Harris County, Texas, between the U. T. Board of Regents, on behalf of U. T. M. D. Anderson Cancer Center, and the Proton Therapy Center - Houston, Ltd., L.L.L.P.
- b. A Limited Partnership Agreement between PTC Houston Management, L.P., PTC - Houston Investors, L.L.C., and U. T. M. D. Anderson Cancer Center

- c. Related agreements with Proton Therapy Center - Houston, Ltd., L.L.L.P. as follows:
- (1) Medical Direction Agreement which, for a fee equal to the cost of employing the Medical Director for the Proton Therapy Center to be received by the Cancer Center, provides that the Division Head for Radiation Oncology be appointed as the Medical Director of the facility;
 - (2) Professional Services Agreement under which the Cancer Center provides the doctors, dosimetrists, and physicists for the delivery of proton therapy and bills and collects the professional fees generated;
 - (3) Staffing and Operations Agreement which provides for other services that will be purchased by the Limited Liability Limited Partnership (LLLP) from the Cancer Center for support services (such as triage nurses and other support personnel);
 - (4) Utilization Agreement which provides certain obligations of the LLLP to provide facilities and resources to Cancer Center researchers; and
 - (5) Sublicense Agreement for the use of the Cancer Center name for the promotion of proton therapy services.

Further, the Board authorized the institutional president to take any and all actions necessary or desirable to carry out the purpose and intent of the foregoing agreements including, without limitation, the authority to sublicense trademarks owned by the U. T. Board of Regents for the specific purposes set forth in the Sublicense Agreement and the authority to take any and all such actions necessary to fulfill the rights and obligations and receive the benefits provided in each of the above listed agreements.

Establishment of a Proton Therapy Center in partnership with Tenet Healthcare, Inc. as the original investor and majority partner was originally approved by the U. T. Board of Regents in August 1999. Because of decisions unrelated to the therapeutic technology involved, Tenet Healthcare, Inc. determined it would not enter into the transaction.

Investment bankers Sanders Morris Harris, Houston, Texas, acting on behalf of PTC Houston Management, L.P., PTC - Houston Investors, L.L.C., and U. T. M. D. Anderson Cancer Center negotiated to create a series of documents that authorize investment in a Texas registered LLLP consisting of the same parties. As envisioned, the three parties will invest in a business entity in which PTC Houston Management, L.P., would serve as the general partner with a 1% interest in the LLLP. U. T. M. D. Anderson Cancer Center will hold an ownership interest in the LLLP, and PTC - Houston Investors, L.L.C., will hold the balance of the 74% interest in the LLLP. PTC Houston Management, L.P., will receive a management fee equal to 4% of all operating revenue from the LLLP.

The Limited Liability Limited Partnership will develop and operate a Proton Therapy Center to provide the latest technology to administer radiation therapy to cancer patients at U. T. M. D. Anderson Cancer Center. As structured, the LLLP will secure equity and debt sufficient to construct and commence operations of a Proton Therapy Center costing approximately \$95 million. The U. T. Board of Regents, on behalf of U. T. M. D. Anderson Cancer Center, will lease to the LLLP a parcel of approximately 3.6 acres of land in the south campus research area on Old Spanish Trail. The lease is for a maximum term of 60 years and provides for prepaid rental of \$2.5 million, which U. T. M. D. Anderson Cancer Center will invest in the LLLP as part of its capital contribution.

8. U. T. Board of Regents: Resolution on Women's Health Care

Committee Chairman Oxford expressed the Board's sincere appreciation to Senator Jane Nelson and Representative Dianne Delisi for their efforts to improve the health status of women in Texas. The U. T. Board of Regents enthusiastically passed the following resolution:

RESOLUTION

WHEREAS, The 77th Texas Legislature, Regular Session, passed House Concurrent Resolution 235 and formally pledged its support of efforts to improve the health status of women in Texas; and

WHEREAS, The State of Texas supports equal access to quality health care for women; and

WHEREAS, The Legislature encourages each State agency, public institution of higher education, and all recipients of State funding to take appropriate action to achieve improved and equal access for women to quality health care; and

WHEREAS, The institutions of the U. T. System are committed to equal access and quality health care for women; therefore, be it

RESOLVED, That the U. T. System Board of Regents commends Senator Jane Nelson and Representative Dianne Delisi for their sponsorship of House Concurrent Resolution 235, and be it further

RESOLVED, That the U. T. System and its component institutions will renew and sustain their commitment to this effort.

Regent Krier asked how The University of Texas System will follow up on implementation of this resolution. U. T. System Executive Vice Chancellor for Health Affairs Charles B. Mullins stated that the issue will be addressed at the next meeting of the U. T. System Council of Health Institutions and that implementation will take place through the faculty and teaching hospitals and possibly include enhancing current programs. He also noted the health institutions are committed to improving women's health care, exemplified by The University of Texas Medical Branch at Galveston having approximately 35 clinics for women and children.

INFORMATIONAL REPORT

U. T. Health Science Center - Houston and U. T. M. D. Anderson Cancer Center: Report on the June 2001 Storm in Houston

Committee Chairman Oxford called on Dr. James T. Willerson, President, The University of Texas Health Science Center at Houston and Dr. John Mendelsohn, President, The University of Texas M. D. Anderson Cancer Center to discuss the damage and remediation related to the June 2001 storm in Houston.

Dr. Willerson stated that late on the night of June 8 and during the early morning hours of June 9, 2001, Houston was devastated by Tropical Storm Allison. The Texas Medical Center incurred major damage estimated at approximately \$2 billion. The damage at the U. T. Medical School - Houston totaled approximately \$205 million. This devastation significantly impaired research activity and required the Medical School to close for approximately six weeks. Due to flooding, patients had to be evacuated without electricity using stairwells; there was catastrophic loss of animal life, equipment, and research; researchers were displaced and educational programs were disbursed throughout Houston.

President Willerson then presented a video that summarized the events showing news accounts and footage taken on campus. He noted that while the campus was recovering and working to rebuild, U. T. Health Science Center - Houston would need support in the future to rebuild the institution. President Willerson stated that this storm has resulted in extraordinary collaboration among hospitals and noted an outpouring of philanthropy. He expressed appreciation to the Governor, members of Congress, the Federal Emergency Management Agency (FEMA), members of the U. T. Board of Regents and countless others who have visited and stated their support.

Dr. John Mendelsohn stated that U. T. M. D. Anderson Cancer Center was spared significant damage since most of the flooding was on the North side and emergency systems were in place and worked effectively. Damages from minor flooding were estimated at \$1.5 to \$2 million dollars and repairs were made in approximately 36 hours. U. T. M. D. Anderson Cancer Center was able to serve patients from surrounding hospitals and to provide laboratory space to a number of scientists. President Mendelsohn noted that approximately \$136 million would be needed to prevent future damage.

Committee Chairman Oxford praised Dr. Willerson and Dr. Mendelsohn for their leadership during this disaster and complimented their staffs for their heroic efforts.

Regent Craven inquired as to the obligations related to federal research grants. President Willerson responded that there have been detailed discussions with the National Institutes of Health (NIH) and NIH has been empathetic and offered assistance. Regent Craven also questioned the status of MSRDP funds. President Willerson responded that there was no insurance covering lost income and U. T. Health Science Center - Houston is in the process of working with U. T. System on this issue and on the impact of disruption of research for tenure-track faculty.

Chairman Miller stated he had toured the damage to the area and recognized the courage of the staff handling patients during the storm, calling all involved in the disaster, "heroes."

REPORT AND RECOMMENDATIONS OF THE FACILITIES PLANNING AND CONSTRUCTION COMMITTEE (Pages 90 - 101).--Committee Chairman Clements reported that the Facilities Planning and Construction Committee met in open session to consider those matters on its agenda and to formulate recommendations for the U. T. Board of Regents. Unless otherwise indicated, the actions set forth in the Minute Orders which follow were recommended by the Facilities Planning and Construction Committee and approved in open session and without objection by the U. T. Board of Regents:

1. U. T. Arlington - University Village West Apartments (Project No. 301-076): Approval of Design Development Plans; Approval of Evaluation of Alternative Energy Economic Feasibility; 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

Following a presentation on the design development plans and the economic impact for the University Village West Apartments at The University of Texas at Arlington by Mr. Sidney J. Sanders, Assistant Vice Chancellor for Facilities Planning and Construction for The University of Texas System, the Board:

- a. Approved design development plans for the University Village West Apartments at U. T. Arlington
- b. Approved the evaluation of alternative energy economic feasibility
- c. Approved a total project cost of \$8,804,000
- d. Appropriated funds and authorized expenditure of \$8,804,000 from Revenue Financing System Bond Proceeds.

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 92, the Board resolved 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. Arlington, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. Board of Regents of tax-exempt Parity Debt in the aggregate amount of \$8,804,000
- d. This resolution satisfies the official intent requirements set forth in Section 1.150-2 of the U. S. Treasury Regulations.

The University Village West Apartments project at U. T. Arlington is included in the FY 2000-2005 Capital Improvement Program and the FY 2000-2001 Capital Budget at a preliminary project cost of \$8,804,000 with funding from Revenue Financing System Bond Proceeds.

The project includes construction of an apartment complex consisting of 115,440 gross square feet, capable of housing 250 students, and includes a commons building, swimming pool, and related site improvements to meet the demand for additional university-owned and operated apartment units on the campus.

Section 2166.403 of the Texas Government Code requires the governing body of a State agency to verify in an open meeting the economic feasibility of incorporating alternative energy devices into a new State building.

Therefore, the Project Architect prepared an evaluation for this project in accordance with the Energy Conservation Design Standard for New State Buildings. This evaluation determined that alternative energy devices for the project are not economically feasible.

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 University Village West Apartments at U. T. Arlington, 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 as amended, the Eighth Supplemental Resolution, and the Ninth Supplemental Resolution as amended.

EXECUTED this 19th day of July, 2001

/s/ Philip Aldridge
Assistant Vice Chancellor for Finance

2. U. T. Austin - Library Storage Facility (Project No. 102-016): Approval of Design Development Plans; Approval of Evaluation of Alternative Energy Economic Feasibility; Approval of Total Project Cost; and Appropriation of Funds and Authorization of Expenditure

Mr. Sidney J. Sanders, Assistant Vice Chancellor for Facilities Planning and Construction for The University of Texas System, presented the design development plans and the economic impact for the Library Storage Facility at The University of Texas at Austin. Based on this presentation, the Board:

- a. Approved design development plans for the Library Storage Facility project at U. T. Austin
- b. Approved the evaluation of alternative energy economic feasibility
- c. Approved a total project cost of \$4,800,000
- d. Appropriated funds and authorized expenditure of \$500,000 from Permanent University Fund (PUF) Bond Proceeds and \$4,300,000 from Designated Tuition.

The Library Storage Facility project at U. T. Austin is included in the FY 2000-2005 Capital Improvement Program and the FY 2000-2001 Capital Budget at a preliminary project cost of \$4,300,000 with funding of \$500,000 from PUF Bond Proceeds and \$3,800,000 from Designated Tuition. The total project cost is increased to \$4,800,000 with additional funding of \$500,000 from Designated Tuition to upgrade the fire and life safety conditions for the existing facility to provide a code compliant sprinkler system. Additionally, this phase of the project will provide for administrative and mechanical infrastructure in the most cost effective manner in anticipation of a future phase.

This project will add approximately 12,000 gross square feet to the existing Library Storage Facility located at the J. J. Pickle Research Campus (PRC). The additional space will allow materials to be moved from the main campus libraries to provide additional library seating for students, will allow more efficient shelving of new materials, and will provide additional space for The University of Texas Press inventory. It will also enable the Center for American History, the Harry Ransom Humanities Research Center, the Alexander Architectural Archive, and other facilities to continue to attract,

acquire, and house primary archival and manuscript research materials for faculty and student use and permit the Balcones Library Service Center to be moved from the PRC Commons building to the Library Storage Facility addition. This move will allow the PRC Commons to reconfigure its meeting facilities and operate more effectively.

Section 2166.403 of the Texas Government Code requires the governing body of a State agency to verify in an open meeting the economic feasibility of incorporating alternative energy devices into a new State building. Therefore, the Project Architect prepared an evaluation for this project in accordance with the Energy Conservation Design Standard for New State Buildings. This evaluation determined that alternative energy devices for the project are not economically feasible.

3. U. T. El Paso - Student Housing (Project No. 201-009): Authorization to Redesignate Project as Miner Village and Name Individual Buildings (Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Naming of Facilities and Other Entities)

In order to reflect the mining tradition of the area and names of mountain ranges in the El Paso region, the Board approved the redesignation of the Student Housing project at The University of Texas at El Paso as the Miner Village and named the individual buildings in the apartment complex as Capitan, Chisos, Davis, Del Norte, Eagle, Franklin, Guadalupe, Hueco, Indio, Mimbres, Sacramento, and Tinaja. The main building containing the housing office, study rooms, and social rooms was named Summit.

The Student Housing project at U. T. El Paso 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 from Revenue Financing System Bond Proceeds.

The complex will accommodate a total of 428 undergraduate and graduate students in 12 apartment-style buildings. Construction is on schedule, with occupancy anticipated in Fall 2001.

4. U. T. Tyler - Nursing Building (Project No. 802-074): Approval of Design Development Plans; Approval of Evaluation of Alternative Energy Economic Feasibility; Approval of Total Project Cost; and Appropriation of Funds and Authorization of Expenditure

Following a presentation on the design development plans and the economic impact for the Nursing Building at The University of Texas at Tyler by Mr. Sidney J. Sanders, Assistant Vice Chancellor for Facilities Planning and Construction for The University of Texas System, the Board:

- a. Approved design development plans for the Nursing Building at U. T. Tyler
- b. Approved the evaluation of alternative energy economic feasibility
- c. Approved a total project cost of \$7,300,000
- d. Appropriated funds and authorized expenditure of \$4,800,000 from Permanent University Fund (PUF) Bond Proceeds and \$2,500,000 from Gifts and Grants.

The Nursing Building project at U. T. Tyler is included in the FY 2000-2005 Capital Improvement Program and the FY 2000-2001 Capital Budget at a preliminary project cost of \$7,300,000 with funding of \$4,800,000 from PUF Bond Proceeds and \$2,500,000 from Gifts and Grants.

The project involves construction of a new building for the College of Nursing to house academic classrooms, laboratories, and offices and will allow U. T. Tyler to move the College of Education and Psychology out of the Student University Center into space vacated by the College of Nursing to accommodate student services for growing numbers of freshman and sophomore students.

Section 2166.403 of the Texas Government Code requires the governing body of a State agency to verify in an open meeting the economic feasibility of incorporating alternative energy devices into a new State building. Therefore, the Project Architect prepared an evaluation for this project in accordance with the Energy Conservation Design Standard for New State Buildings. This evaluation determined that alternative energy devices for the project are not economically feasible.

5. U. T. Tyler - Longview University Center: Acceptance of Gift Funds for an Outdoor Work of Art for Neal and Peggy Garland Hall (Regents' Rules and Regulations, Part Two, Chapter I, Section 1, Subsection 1.2) and Approval for Related Honorific Naming

The Board accepted a gift of \$35,000 to purchase an outdoor sculpture for the Neal and Peggy Garland Hall at The University of Texas at Tyler - Longview University Center from Mr. John Robbins, Mrs. Betty Robbins Lloyd, and Mrs. Dorothy Robbins Kennedy. In recognition of the gift, approval was given to name the courtyard where the statue will be placed as the Robbins, Lloyd, Kennedy Family Courtyard.

The gift of an outdoor sculpture depicts a student made from bronze by Mrs. Dorothy Robbins Kennedy of Longview, Texas. The gift of \$35,000 will be used to fund the making of the statue and U. T. Tyler will pay the \$12,000 cost for shipping and installation of the statue.

6. U. T. Southwestern Medical Center - Dallas - Student Services Building (Project No. 303-008): Approval to Name Facility as the Bryan Williams, M.D., Student Center (Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Subsection 1.3, Honorific Namings)

In recognition of the significant contributions and commitment of Dr. Bryan Williams to The University of Texas Southwestern Medical Center at Dallas, the Board named the Student Services Building as the Bryan Williams, M.D., Student Center. The new construction is comprised of a 43,000 gross square foot building for student recreation and health and will contain a gym, cardiovascular exercise area, aerobics room, racquetball courts, jogging track, and support areas.

Dr. Bryan Williams has served the students at U. T. Southwestern Medical Center - Dallas for over thirty years. More than one-half of all alumni graduated during his tenure as Associate Dean for Student Affairs from 1970-1990. He continued to nurture students for the next five years as Associate Dean for Alumni Affairs, and even in retirement, Dr. Williams has been an unwavering advocate for students.

The Student Services Building at U. T. Southwestern Medical Center - Dallas is included in the FY 2000-2005 Capital Improvement Program and the

FY 2000-2001 Capital Budget at a preliminary project cost of \$10,920,000, with funding of \$8,000,000 from Gifts and Grants and \$2,920,000 from Interest on Local Funds.

7. U. T. Health Science Center - Houston - School of Nursing and Student Community Center (Project No. 701-967): Approval of Design Development Plans; Approval of Evaluation of Alternative Energy Economic Feasibility; 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

Following a presentation on the design development plans and the economic impact for the School of Nursing and Student Community Center at The University of Texas Health Science Center at Houston by Mr. Sidney J. Sanders, Assistant Vice Chancellor for Facilities Planning and Construction for The University of Texas System, the Board:

- a. Approved design development plans for the School of Nursing and Student Community Center at U. T. Health Science Center - Houston
- b. Approved the evaluation of alternative energy economic feasibility
- c. Approved a total project cost of \$63,700,000
- d. Appropriated the remaining funds of \$56,400,000 and authorized expenditure of \$32,500,000 from Revenue Financing System Bond Proceeds, \$17,500,000 from Tuition Revenue Bond Proceeds, and \$6,400,000 from Gifts and Grants.

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 99, the Board resolved 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 \$50,000,000 (\$32,500,000 from Revenue Financing System Bond Proceeds and \$17,500,000 from Tuition Revenue Bond Proceeds)
- d. This resolution satisfies the official intent requirements set forth in Section 1.150-2 of the U. S. Treasury Regulations.

The School of Nursing and Student Community Center project at U. T. Health Science Center - Houston is included in the FY 2000-2005 Capital Improvement Program and the FY 2000-2001 Capital Budget at a preliminary project cost of \$63,700,000 with funding of \$32,500,000 from Revenue Financing System Bond Proceeds, \$17,500,000 from Tuition Revenue Bond Proceeds, \$10,000,000 from Gifts and Grants, and \$3,700,000 from Unexpended Plant Funds.

On November 12, 1998, the U. T. Board of Regents appropriated \$6,700,000 with funding of \$3,700,000 from Unexpended Plant Funds and \$3,000,000 from Gifts and Grants for the first stage of the project, and on February 15, 2001, funding in the amount of \$600,000 from Gifts and Grants was appropriated for the deconstruction and the renovation work that permitted the relocation of staff housed in the Human Genetics Center. Following staff relocation, the second stage of the project commenced with the deconstruction work and some preliminary site and utility work that fully prepared the project site for construction of the new building.

Section 2166.403 of the Texas Government Code requires the governing body of a State agency to verify in an open meeting the economic feasibility of incorporating alternative energy devices into a new State building. Therefore, the Project Architect prepared an evaluation for this project in accordance with the Energy Conservation Design Standard for New State Buildings. This evaluation determined that alternative energy devices for the project are not economically feasible.

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 School of Nursing and Student Community Center at U. T. Health Science Center - Houston, 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 as amended, the Eighth Supplemental Resolution, and the Ninth Supplemental Resolution as amended.

EXECUTED this 19th day of July, 2001

/s/ Philip Aldridge
Assistant Vice Chancellor for Finance

8. U. T. Health Science Center - San Antonio - Hidalgo County Medical Research Division of the Regional Academic Health Center (Project No. 402-996): Approval of Design Development Plans; Approval of Evaluation of Alternative Energy Economic Feasibility; Approval of Total Project Cost; and Appropriation of Funds and Authorization of Expenditure

Mr. Sidney J. Sanders, Assistant Vice Chancellor for Facilities Planning and Construction for The University of Texas System, presented the design development plans and the economic impact for the Hidalgo County Medical Research Division of the Regional Academic Health Center (RAHC) at The University of Texas Health Science Center at San Antonio. Based on this presentation, the Board:

- a. Approved design development plans for the Hidalgo County Medical Research Division of the RAHC at U. T. Health Science Center - San Antonio
- b. Approved the evaluation of alternative energy economic feasibility
- c. Approved a total project cost of \$20,000,000
- d. Appropriated funds and authorized expenditure of \$20,000,000 from Permanent University Fund (PUF) Bond Proceeds.

The Hidalgo County Medical Research Division of the RAHC 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 preliminary project cost of \$20,000,000 with funding from PUF Bond Proceeds.

This project will consist of space and equipment to address medical issues of the Texas-Mexico border region and Lower Rio Grande Valley and will provide the necessary environment to attract major research grants and contracts from pharmaceutical and biotechnology companies as well as federal and State environmental health agencies.

Section 2166.403 of the Texas Government Code requires the governing body of a State agency to verify in an open meeting the economic feasibility of incorporating alternative energy devices into a new State building.

Therefore, the Project Architect prepared an evaluation for this project in accordance with the Energy Conservation Design Standard for New State Buildings. This evaluation determined that alternative energy devices for the project are not economically feasible.

* * * * *

At the conclusion of the Facilities Planning and Construction Committee meeting, Committee Chairman Clements reported that Historically Underutilized Business participation is being tracked by actual expenditure. The total expenditures for the Office of Facilities Planning and Construction for the first three quarters of this Fiscal Year were \$173,627,553. Of that amount, 9.34% was paid to Certified Historically Underutilized Businesses, 1.28% was paid to Graduated Historically Underutilized Businesses, and Non-Certified Historically Underutilized Businesses received 6.04% for a total of 16.66% or \$28,933,765.

RECESS AND RECONVENE.--At 11:00 a.m., the Board recessed and reconvened at 11:20 a.m. as a committee of the whole to consider those items remaining on the agenda.

REPORT OF BOARD FOR LEASE OF UNIVERSITY LANDS

Executive Vice Chancellor Kennedy reported that the Board for Lease of University Lands met on Wednesday, May 16, 2001, at the Center for Energy and Economic Diversification in Midland, Texas, for a general business meeting and to hold Regular Oil and Gas Lease Sale No. 99. He said the 99th lease sale was very successful, generating more than \$7.2 million in revenues which, when combined with the previous lease sale, generated \$11.8 million, a significant increase over \$2.7 million generated in 2000.

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

Regular Oil and Gas Lease Sale No. 99: Total bonuses were received in the amount of \$7,240,988.47 for 23,946.925 acres (71 tracts) leased out of 38,667.671 acres (123 tracts) of Permanent University Fund lands nominated for lease. The single highest bid was \$361,466 (\$557.99/acre) for a 647.8-acre tract in Upton County.

Following is a report on the general business meeting:

- a. Approved the Minutes of the November 8, 2000 meeting of the Board for Lease
- b. Approved amendments to the Board for Lease of University Lands rules
- c. Elected Regent R. H. Stevens of The Texas A&M University System as Vice Chairman of the Board for Lease
- d. Appointed Ms. Nora Ochoa Evans of The University of Texas System as Secretary to the Board for Lease
- e. Approved significantly modified lease procedures and terms for Regular Oil and Gas Lease Sale No. 100 to be held in November 2001. (A summary of lease changes is presently available at: <http://www.utlands.utsystem.edu/ogmi/nextsale.html>.)

- f. Approved a temporary exploratory unit for Nearburg Exploration Company in Upton County, Texas, on specified terms and for a cash consideration to be negotiated by staff within recommended parameters
- g. Heard an update by the General Land Office on the State Power Program, which authorizes the Commissioner to enhance any State oil and gas royalties taken in-kind by converting such royalties into electricity for sale to certain public retail customers
- h. Authorized the Commissioner, after certain conditions have been met, to enhance some Permanent University Fund oil royalties taken in-kind by including such oil royalties in the State Power Program, and also approved the continued management of the remaining oil royalties and all gas royalties under the existing royalty in-kind programs as presented by staff.

Executive Vice Chancellor Kennedy reported that the next regularly scheduled meeting of the Board for Lease of University Lands and lease awards for Regular Oil and Gas Lease Sale No. 100 will be commemorative and are tentatively scheduled to be held in the Board of Regents' Meeting Room at The University of Texas System in Austin, Texas, on November 14, 2001. Bids will be opened at the Center for Energy and Economic Diversification in Midland, Texas, on November 13, 2001.

SPECIAL REPORTS

1. U. T. Board of Regents: Discussion of Task Force Charges

Chairman Miller introduced a discussion of the charges for the four Task Forces created to allow more focus, outside involvement, flexibility, and innovation than the normal standing and special committee structure of the U. T. Board of Regents.

Accountability, Collaboration, and Deregulation (Regent Krier)

Regent Krier pointed out there are substantial built-in accountability measures at the academic and health institutions of The University of Texas System and oversight of accountability through the Board's Academic and Health Affairs Committees. When asked if other Regents could be invited to serve on Task

Forces, Chairman Miller agreed. Chairman Miller said this Task Force should also focus on intra-System and inter-System collaborative efforts to enhance collaboration efforts, thus “Collaboration” was added to the name of the Task Force.

Access, Opportunity, and Success (Regent Craven)

Regent Craven said the Task Force on Access, Opportunity, and Success is looking at involvement of various campus committees such as those focusing on women, minorities, and faculty development. She commended the new format of multicultural and accountability data collection that will facilitate meaningful assessments to see problems or success stories. She pointed out a concern expressed during her Senate confirmation hearing about minority advancement in academia administration and noted the Task Force will be looking at programs and other resources for faculty and staff development.

Technology (Regent Sanchez)

In the absence of Regent Sanchez, Chairman Miller deferred reporting on activities of this Task Force but commended the significant progress in distance learning and spoke about a virtual charter school. There was discussion about the first graduate of the UT TeleCampus.

Federal and International (Vice-Chairman Romero)

Chairman Miller noted that Vice-Chairman Romero, who had recently resigned from the Board, was not present at the meeting. Chairman Miller said the U. T. System needs to build a better and larger presence in Washington, D. C., and, eventually, internationally. He pointed out that other universities are aggressive in influencing policy and capitalizing on opportunities. Regent Craven encouraged a continuing commitment to gather and share information on minorities, women, technology, and collaboration.

2. U. T. System: Reports on Higher Education, High Technology, and the Economy with a Special Presentation on Nanotechnology

With the aid of a PowerPoint presentation, Chancellor Burck illustrated the proven synergy between higher education, high technology and the economy. He said that State investment in quality academic programs, outstanding faculty, and first-class facilities combined with research grants (federal, state, and private) attracts graduate students and research fellows and leads to an

educated and professional workforce, discovery and innovation of new products, materials, and processes. Partnerships between universities and industry stimulate commercialization and technology transfer, expand current industry, and encourage the start-up of new companies, thereby expanding and diversifying the economy. He spoke of the contributions of The University of Texas component institutions to regional and border economic development through university/industry research parks, technology incubators, business centers, technology transfer, and UT TeleCampus on-line communication. He said that expenditures in research in higher education institutions were found by the Texas Comptroller to have a significant impact on the State's economy. Every dollar brought into the State in federal and private grants for research generates \$3.32 in total economic activity.

Chancellor Burck then introduced Dr. Robert E. Witt, President of The University of Texas at Arlington, who in turn introduced a member of the faculty, Dr. Wiley P. Kirk, for a special presentation on applied research. Dr. Kirk began his PowerPoint presentation on Nanotechnology by defining "nanotechnology" as the ability to work at the atomic, molecular, and supra-molecular levels, on a scale of about 1 to 100 nanometers, in order to create, manipulate, and use materials, devices, and systems in new functional ways.

He said that nanotechnology will:

- Lead to more efficient manufacturing as materials with higher performance, unique properties and functions are produced;
- Aid the semiconductor industry;
- Improve health care, increase life spans, and extend human capabilities;
- Augment pharmaceutical production;
- Impact petroleum and chemical processing industries;
- Improve agricultural yields, water filtration and desalination; and
- Improve renewable energy sources.

With the aid of a video, Dr. Kirk then described the U. T. Arlington Nanotechnology Research and Teaching Facility, the new, state-of-the-art building known as the NanoFAB Center. At the Center, nanoscale structures are fabricated and characterized, nanoelectronic research and development expertise are provided to industry and government, and scientific discoveries are

exploited to create new nanoscale technology for traditional as well as emerging applications. At the Center, a high-technology workforce is educated and trained and graduate and undergraduate projects expedite communication and comprehension of nanoscale science, engineering, and technology to the scientific community, to industry, and to the general public.

Chairman Miller then highlighted the following achievements and milestones of U. T. Arlington including:

- Since joining the U. T. System in 1965, U. T. Arlington has emerged from being primarily an undergraduate institution to become a comprehensive teaching, research and public service university offering 58 baccalaureate, 60 master's and 22 doctoral degrees;
- In the last two years, U. T. Arlington has received approval for and introduced more than 10 new academic programs;
- U. T. Arlington led the State in enrollment growth last year with 1,275 new students and is expected to lead the State in enrollment growth again in Fall 2001 (The University of Texas at Dallas was second);
- In 1999, a new, 24-hour computing facility was opened for students in Ransom Hall;
- Due to the nearly full occupancy of Arlington Hall, a state-of-the-art residence hall opened in Fall 2000, the Board approved construction of another apartment complex (University Village West Apartments); and
- The University's athletic teams have won four Southland Conference Championships while 47% of their athletes were named to the University's academic honor roll (3.0 GPA or higher).

Chairman Miller commended President Witt for his leadership of this institution, which is a good accountability model for setting priorities and making difficult changes.

A copy of [Chancellor Burck's presentation](#) on partnerships between universities and the high-technology industry and [Dr. Kirk's special report](#) on nanotechnology are on file in the Office of the Board of Regents.

OTHER MATTERS

U. T. Board of Regents: Presentation of Certificate of Appreciation to Charles B. Mullins, M.D., Executive Vice Chancellor for Health Affairs

Chairman Miller noted that Charles B. Mullins, Executive Vice Chancellor for Health Affairs for The University of Texas System since 1981, would resign from that position effective August 31, 2001. Regent Miller commended Dr. Mullins for his 20 years of service to the State of Texas and to the U. T. System and noted his service is the longest period of service by a U. T. System Executive Vice Chancellor for Health Affairs. Chairman Miller then presented the following certificate of appreciation to Dr. Mullins, wishing him and his wife, Stella, all the best as he continues to serve the U. T. System, working with Chancellor Burck and President Wildenthal at The University of Texas Southwestern Medical Center at Dallas on health care, research, and related funding issues.

CERTIFICATE OF APPRECIATION

The Board of Regents

and the Chancellor

Express to

CHARLES B. MULLINS, B.A., M.D.

Sincere Appreciation for His
Distinguished Service and Outstanding Contributions

to

The University of Texas System

as

Executive Vice Chancellor for Health Affairs

1981 - 2001

Adopted by unanimous vote this 9th day of August 2001

(signed by all members of the Board)

Following standing ovations for Dr. Mullins and his wife, Stella, Dr. Mullins graciously accepted the accolade and thanked the Board for the opportunity to serve the U. T. System, noting that the certificate and appreciation also belonged to the presidents of the health component institutions.

SCHEDULED MEETING.--The next scheduled meeting of the U. T. Board of Regents will be held on November 7-8, 2001, in Tyler.

ADJOURNMENT.--There being no further business, the meeting was adjourned at 12:10 p.m.

/s/ Francie A. Frederick
Counsel and Secretary to the Board

October 1, 2001

**THE UNIVERSITY OF TEXAS SYSTEM ADMINISTRATION
CHANCELLOR'S DOCKET NO. 106**

July 18, 2001

TO MEMBERS OF THE BUSINESS AFFAIRS AND AUDIT COMMITTEE:

A. W. "Dub" Riter, Jr., Chairman
Woody L. Hunt
Patrick C. Oxford

The Docket for The University of Texas System Administration and the Dockets recommended by the Presidents concerned and prepared by the component institutions listed below are submitted for approval as appropriate at the meeting of the U. T. System Board of Regents on August 9, 2001. The Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Academic Affairs and I concur in these recommendations.

<u>Institutions</u>	<u>Pages</u>
The University of Texas System Administration	Chancellor 1- 24
The University of Texas at Arlington	Arlington 1 - 7
The University of Texas at Austin	Austin 1 - 26
The University of Texas at Brownsville	Brownsville 1 - 4
The University of Texas at Dallas	Dallas 1 - 5
The University of Texas at El Paso	El Paso 1 - 4
The University of Texas – Pan American	Pan American 1 - 6
The University of Texas of the Permian Basin	Permian Basin 1 - 4
The University of Texas at San Antonio	San Antonio 1 - 6
The University of Texas at Tyler	Tyler 1 - 4
The University of Texas Southwestern Medical Center at Dallas	SWMC - Dallas 1 - 26
The University of Texas Medical Branch at Galveston	MB - Galveston 1 - 8
The University of Texas Health Science Center at Houston	HSC – Houston 1 - 30
The University of Texas Health Science Center at San Antonio	HSC – San Antonio 1 - 8
The University of Texas M. D. Anderson Cancer Center	M. D. Anderson CC 1 - 15

/s/ R. D. Burck
Chancellor

xc: Other Members of
the Board

THE UNIVERSITY OF TEXAS SYSTEM ADMINISTRATION
U. T. BOARD OF REGENTS' MEETING
AUGUST 9, 2001

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Amendments to the 2000-01 Budget.....	Chancellor - 3
Other Fiscal Items	
Employment Agreements	Chancellor - 4
Return of U.T. System Professional Medical Liability Benefit Plan Premiums.....	Chancellor - 4
Other Matters	
Approval of Dual Positions of Honor, Trust or Profit.....	Chancellor - 5
Proposed Allocation from PUF Bond Proceeds for Library Special Collection	Chancellor - 6
Ratification of Newly Commissioned University of Texas System Peace Officers	Chancellor - 7
Real Estate Office Report.....	Chancellor - 8
Medical and Dental Services, Research and Development Programs/Physicians Referral Service.....	Chancellor - 9

THE UNIVERSITY OF TEXAS SYSTEM ADMINISTRATION
U. T. BOARD OF REGENTS' MEETING
AUGUST 9, 2001

**SYSTEM-WIDE CLASSIFIED PERSONNEL PAY PLAN RECOMMENDATIONS
FY 2001-02**

This is to request approval from the U. T. Board of Regents of the System-wide classified pay plan for the fiscal year 2001-02.

There was not a legislative requirement to adjust the Pay Plan for the 2001-2002 fiscal year. Two U. T. components did, however, implement adjustments in their pay range minimums and maximums. U. T. Austin and U. T. System Administration adjusted the pay ranges for all classified titles by 3.5% and 4%, respectively, consistent with market rates, to allow greater flexibility in hiring and retaining employees. Several other components made adjustments on certain pay plan titles to maintain or improve their market position.

A copy of the 2001-02 System-wide Classified Pay Plan has been filed with the Office of the Board of Regents.

THE UNIVERSITY OF TEXAS SYSTEM ADMINISTRATION
 U. T. BOARD OF REGENTS' MEETING
 AUGUST 9, 2001

AMENDMENTS TO THE 2000-01 BUDGET

The following Requests for Budget Changes (RBC) have been administratively approved as required by the appropriate Executive Vice Chancellor and by the Chancellor and are recommended for ratification by the U. T. Board of Regents.

The term "rate" for academic institutions is the full-time nine-month base rate and for health institutions is the full-time twelve-month base rate; for all other personnel it is the full-time rate, the appointee receiving a proportionate amount depending upon the fraction of time for which the individual is appointed and the period of appointment.

<u>Item, Department, Title, Name</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate</u>	
<u>APPOINTMENTS AND PROMOTIONS</u>					
SYSTEM ADMINISTRATION					
Special Assistant to the EVC for Academic Affairs					
1. Charles A. Sorber	06/01	100	12	164,500	13

<u>TRANSFER OF FUNDS</u>	<u>RBC #</u>
LIBRARY, EQUIPMENT, REPAIR AND REHABILITATION (LERR)	
2. Amount of Transfer: \$3,901,000	14

From: U. T. Health Science Center - San Antonio LERR Funds - Lapsed projects

To: U. T. System LERR Funds - Future projects

To reallocate lapsed LERR funds from U. T. Health Science Center – San Antonio (HSC-SA) to U. T. System for projects that include renovations to conference rooms, Ashbel Smith Hall, O. Henry Hall, Regents' Plaza, and Bauer House and to assist in funding the 2nd year of System complex carpet replacement. The renovation projects include changes to address health and safety issues; to provide needed communication and technology upgrades; to provide for greater public access, participation in meetings, and access to records; and to provide needed deferred maintenance and facilities preservation. The LERR funds were originally allocated for a HSC-SA project that was duplicated in the Capital Improvement Program (CIP).

THE UNIVERSITY OF TEXAS SYSTEM ADMINISTRATION
U. T. BOARD OF REGENTS' MEETING
AUGUST 9, 2001

OTHER FISCAL ITEMS

EMPLOYMENT AGREEMENTS

The following agreement has been approved by the Chancellor and is recommended for ratification by the U. T. Board of Regents.

Description: Agreement with Executive Vice Chancellor Charles B. Mullins, M.D. dated July 9, 2001 to accept a special assignment at System Administration for one year beginning September 1, 2001. The assignment will be split 50 percent with U. T. Southwestern Medical Center – Dallas. Duties will involve state and federal healthcare legislative issues, funding for special research projects and working with Dr. Kern Wildenthal on Southwestern Medical Center special projects. Office space, equipment and support will be provided as needed.

**RETURN OF U.T. SYSTEM PROFESSIONAL MEDICAL LIABILITY
BENEFIT PLAN PREMIUMS**

During the July 9, 2001 meeting of the Health Affairs Committee of the U. T. System Board of Regents, the Chancellor, Executive Vice Chancellor for Health Affairs, and the Vice Chancellor and General Counsel and Medical Professional Liability Benefit Plan Administrator discussed with the Health Affairs Committee proposed an actuarially determined return of U. T. System Professional Medical Liability Benefit Plan premiums to participating U. T. System components as directed by the Executive Vice Chancellor for Health Affairs. The premium returns total \$25 million and will be prorated according to premium amounts paid by each institution. This action is submitted for approval by the U. T. Board of Regents.

THE UNIVERSITY OF TEXAS SYSTEM ADMINISTRATION
U. T. BOARD OF REGENTS' MEETING
AUGUST 9, 2001

OTHER MATTERS

APPROVAL OF DUAL POSITIONS OF HONOR, TRUST, OR PROFIT

The following item has been approved by the Chancellor in accordance with the Regents' Rules and Regulations, Part One, Chapter III, Section 13 and is submitted for ratification by the U. T. Board of Regents. It has been determined that the holding of this office or position is of benefit to the State of Texas and The University of Texas and there is no conflict between holding the position and Mr. Scott's appointment with The University of Texas System.

- | | |
|---------------|--|
| Name: | Tom Scott |
| Title: | Vice Chancellor for Governmental Relations |
| Position: | Member, 2001 Attorney General's Municipal Advisory Committee |
| Period: | June 5, 2001 – June 4, 2002 |
| Compensation: | None |
| Description: | The Honorable John Cornyn, Attorney General of the State of Texas, has asked Mr. Scott to serve as a member on the Municipal Advisory Committee. The committee serves as an advisory body to the Attorney General on issues of importance to Texas cities. |

THE UNIVERSITY OF TEXAS SYSTEM ADMINISTRATION
U. T. BOARD OF REGENTS' MEETING
AUGUST 9, 2001

OTHER MATTERS (Continued)

Proposed Allocation From PUF Bond Proceeds For Library Special Collection

Based upon a request dated June 25, 2001 from President Romo, an allocation of \$37,000 from the PUF Library Special Reserve is recommended.

The University of Texas at San Antonio has an opportunity to purchase the H. V. Doyle Compact Disc Collection. The collection consists of over 10,600 compact discs that spans all eras of classical music from medieval and Gregorian chant to modern jazz, folk, country western, tejano and popular music. These are augmented by extraordinary holdings in the field of operetta and American musical theater. The collection will enhance the studies of students and faculty in the proposed Ph.D. program in music psychology, student performers in undergraduate and Masters degree programs in voice, piano and other instruments, and other areas of musical study. The present owner of the compact discs, Mr. David Dunn, has agreed to accept \$37,000 of the appraised value of \$80,000 in cash and donate the balance of the value. Therefore, \$37,000 is requested from the Special Collection Reserve.

The U. T. System Board of Regents appropriated \$1 million for Special Collections Enhancement in June 1986. This amount was placed in reserve for institutional requests when unusual acquisition opportunities exist. The Special Collection Reserve balance, after deducting \$37,000 for the H. V. Doyle Compact Disc Collection, now stands at \$33,869.30.

THE UNIVERSITY OF TEXAS SYSTEM ADMINISTRATION
U. T. BOARD OF REGENTS' MEETING
AUGUST 9, 2001

OTHER MATTERS (Continued)

Ratification of Newly Commissioned University of Texas System Peace Officers

In accordance with Section 51.203 of the Texas Education Code, the Board of Regents is requested to ratify the commissioning of the below listed individuals as peace officers effective June 8, 2001. The following officers have completed a course of training that included mandated Texas Commission on Law Enforcement Officer Standards and Education courses at the University of Texas System Police Training Academy and have successfully passed the State of Texas Peace Officer Licensing Examination.

<u>Name</u>	<u>Component Institution</u>
Robert F. Barry	U. T. Arlington
Michael A. Burner	U. T. Pan American
Phillip K. Cagle	U. T. Arlington
Miguel B. Campos	U. T. San Antonio
Christopher S. Dickson	U. T. Tyler Institutions
Diomar M. Galvan	U. T. Pan American
Christopher B. Geck	U. T. Austin
Isaac Graham, Jr.	U. T. Houston
Michele S. Howard	U. T. San Antonio
Jamie D. Koellner	U. T. Austin
Salvador Lagos, Jr.	U. T. San Antonio
Donald A. McKenzie	U. T. Southwestern Medical Center - Dallas
Benjamin S. Mewis	U. T. Austin
Lawrence J. Osorio	U. T. Austin
Francisco Rangel	U. T. Health Science Center - San Antonio
Randall R. Reynolds	U. T. Arlington
Naipo K. Robertson	U. T. El Paso
Chad J. Wiland	U. T. Galveston

The following officer was commissioned on June 22, 2001:

Jose D. Hinojosa, Jr.	U. T. Pan American
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THE UNIVERSITY OF TEXAS SYSTEM
 BOARD OF REGENTS MEETING
 AUGUST 9.2001
 REALESTATEASSETS

Managed by U.T. System Real Estate Office

Summary Report at May 31, 2001

Chancellor - 8

		FUND TYPE							
		current Purpose Restricted		Endowment & Similar Funds		Annuity & Life Income Funds		TOTAL	
		Book	Market	Book	Market	Book	Market	Book	Market
Land & Buildings:	Ending Value 02/28/01	4,794,811	17,433,062	20,022,824	94,579,557	1,314.109	948,941	26,131.744	112,961,560
	Increase or Decrease	101,110	334,413	2,500	591,360		18.100	103,610	943,673
	Ending Value 05/31/01	4,895,921	17,767,475	20,025,324	95,170,917	1,314.109	967,041	26,235,354	113,905,433
Other Real Estate:	Ending Value 02/28/01	184.292	184,292	359,365	359,365			543,657	543,657
	Increase or Decrease	(2,275)	(2,275)	(21,779)	(21,779)	.	.	(24,054)	(24,054)
	Ending Value 05/31/01	162.017	162,017	337,566	337,566			519,603	519,603

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

The University of Texas System
PHYSICIAN/DENTAL PRACTICE PLANS
Quarterly Financial Report
(Unaudited)

For the Nine Months Ending May 31, 2001

The University of **Texas System**
Comparison of 2001 Actual Year-to-Date Margins
to 2000 **Actual Year-to-Date Margins**
For the **Nine Months Ending May 31, 2001**

	2000 Actual Year-to-Date Operating Margin	2001 Actual Year-to-Date Operating Margin	Variance
U.T.S.M.C. at Dallas	\$ 1,907,200	(1,282,600)	(3,189,800) (A)
U.T.S.M.C. et Dallas-Allied Health	98,230	173,125	74,895
U.T.M.B. at Galveston	(375,045)	(861,434)	(486,389)
U.T.H.S.C. et Houston	1,888,655	9200,545	7.3 1 1,890 (B)
U.T.H.S.C. at San Antonio - MSRDP	(5,019,964)	(6,419,388)	(1,399,424) (C)
U.T.H.S.C. at San Antonio - DSRDP	926,664	1,250,523	323,859
U.T.M.D. Anderson Cancer Center	1,178,690	3,658,384	2479,694 (D)
U.T.H.C. at Tyler	666,342	(365,369)	(1,031,711) (E)
Combined Operating Margins	\$ 1270,772	5,353,786	4,083,014

- (A) U.T.S.M.C. at Dallas • Total expenditures increased \$ 14.2 million over the same period last year due to several items. Maintenance and operations increased due largely to increased managed care services expenditures associated with the 5.01(a) Corporation and increased oncology expenditures. In addition, fringe benefits increased as a result of an increase in faculty incentives. The overall increase in expenditures was partially offset by an increase in total revenues of \$11.1 million. Net patient revenues increased due to an increase in patient volume and fees, and other income increased as a result of physician deposition fees and a timing difference in the recording of revenues, which will be eliminated next quarter. Contractual income was also higher than the same period last year due to an increase in contracts with Parkland Hospital and other affiliated hospitals.
- (B) U.T.H.S.C. at Houston - Total operating margin increased \$7.3 million primarily due to an increase in total revenues of \$7.5 million. Gross charges increased due to greater clinician productivity, improved business office charge capture processes and an increase in the fee schedule. U.T.H.S.C. Houston's management is currently projecting a \$10.4 million operating margin for MSRDP for FY 2001.
- In addition, when comparing U.T.H.S.C. Houston's activity between the two years, it should be noted that the professional fee revenue results for FY 2000 were reported net of the 5.0 1(a) Corporation's withholdings for funding the 5.0 1(a) Corporation's budget. In FY 2001, these withholdings are reported as an expenditure in maintenance and operations.
- (C) U.T.H.S.C. at San Antonio • MSRDP - Total expenditures increased \$12.1 million due partially to the recording of expenses on an accrual basis in 2001 versus a cash basis in 2000 and salary increases. Also included in 2001 is a one-time payment for space and staffing costs at University Hospital. In addition, expenses related to the relocation of the 5.0 1(a) Corporation, as well as start-up costs associated with the 5.0 1(a) Corporation's new diagnostic clinic, which opened in October 2000, were recorded in 2001. The increase in total expenditures was partially offset by an increase in total revenues of \$ 10.7 million. The increase in total revenues was largely due to reductions in un-sponsored charity care, contractual adjustments and bed debt expense. Un-sponsored charity care decreased as a result of greater reimbursements for indigent patients from the hospital. The decrease in contractual adjustments resulted from a reduction in the discounted amounts agreed to by Medicare. Bed debt expense decreased due to the material write-off of bed debt in FY 2000 and more timely billing and collection of current charges. Management of U.T.H.S.C. at San Antonio is projecting an operating deficit of (\$6.6) million for MSRDP for FY 2001.
- (D) U.T.M.D. Anderson Cancer Center • Total revenues increased \$11.4 million primarily due to an increase in gross charges resulting from higher patient volumes and prices. This increase in total revenues was partially offset by a rise in total expenditures of \$8.9 million. Total expenditures increased due largely to merit increases and new and vacant positions that were filled in 2001.
- (E) U.T.H.C. et Tyler • Total operating margin decreased \$ 1 million due primarily to an increase in total expenditures of \$ 1.8 million resulting from increases in both faculty and staff salaries. The increase in total expenditures was partially offset by an increase in total revenues of \$800,000 primarily related to a new contract with the Texas Department of Health for Physician Services reported in other income. Management of U.T.H.C. at Tyler is projecting an operating deficit of (\$499,000) for MSRDP for FY 2001.

The University of Terns System
MSRDP/DSRDP/PRS Year-to-Date Summary of Operations - Accrual Basis
For the Nine Months Ending May 31, 2001

	Cumulative Year-to-Date 2000	Cumulative Year-to-Date 2001	Increase/ (Decrease)	Percent Increase/ (Decrease)
Beginning Fund Balance, September 1	\$ 356,102,309	368,410,768	12,308,459	3.46%
Restatements	(3,805,229)		(3,805,229)	-100.00~
Restated Beginning Fund Balance, September 1	<u>352,297,080</u>	<u>368,410,768</u>	<u>8,503,230</u>	<u>2.41%</u>
Revenues				
Gross Charges		1,192,237,857		
Less:				
Un-sponsored Charity Care		348,332,076		
Contractual Adjustments		342,492,732		
Other Unreimbursed Medical Costs		30,301,870		
Bad Debt Expense		61,798,841		
Net Patient Revenue		<u>409,312,338</u>		
Contractual Income		114,099,257		
Interest Income		8,852,337		
Other Income		15,657,845		
Total Revenues - per Monthly Financial Report	<u>505,529,806</u>	<u>547,921,777</u>	<u>42,391,971</u>	<u>8.39%</u>
Expenditures				
Faculty Salaries	191,820,947	189,325,987	(2,494,960)	-1.30%
Staff Salaries	89,164,136	89,958,562	794,426	0.89%
Resident Salaries	2,100,556	2,850,464	749,908	35.70% (1)
Fringe Benefits	92,667,769	113,560,333	20,892,564	22.55% (2)
Maintenance and Operations	91,210,218	112,699,223	21,489,005	23.56% (3)
Professional Liability Insurance	16,387,471	14,180,858	(2,206,613)	-13.47% (4)
Travel	7,096,974	7,415,266	318,292	4.48%
Capital Outlay	9,932,736	8,276,369	(1,656,367)	-16.64% (5)
Official Functions	1,515,239	1,375,677	(139,562)	-9.21%
Other Expenses				
Total Expenditures	<u>501,916,046</u>	<u>539,642,739</u>	<u>37,726,693</u>	<u>7.52%</u>
Debt Service	2,342,988	2,925,252	582,264	24.85% (6)
Total Exp. & Debt Service - per Monthly Financial Report	<u>504,259,034</u>	<u>542,567,991</u>	<u>38,308,957</u>	<u>7.60%</u>
Year-to-Date Operating Margin	<u>1,270,772</u>	<u>5,353,786</u>	<u>4,083,014</u>	<u>321.30%</u>
Other Additions/Deductions				
Other Additions	1,714,577	1,707,298	(7,279)	-0.42%
Other Deductions	(10,353,780)	(17,187,353)	(6,833,573)	-66.00% (7)
	<u>(8,639,203)</u>	<u>(15,480,055)</u>	<u>(6,840,852)</u>	<u>-79.18%</u>
Net Increase/(Decrease)	<u>(7,368,431)</u>	<u>(10,126,269)</u>	<u>(2,757,838)</u>	<u>-37.43%</u>
Ending Fund Balance, May 31	<u>\$ 344,928,649</u>	<u>358,284,499</u>	<u>5,745,392</u>	<u>1.67%</u>

THE UNIVERSITY OF TEXAS SYSTEM ADMINISTRATION
U. T. BOARD OF REGENTS' MEETING
AUGUST 9, 2001

**Explanations of Variances to Practice Plans
Summary of Operations
For the Nine Months Ending May 31, 2001**

Explanations are provided for variances equal to or greater than 10% of the prior year-to-date actual and greater than \$500,000.

Expenditures

- (1) Resident Salaries – The \$750,000 (35.7%) increase in expenditures over the same period last year is attributable to salary increases, as well as an increase in the number of resident and fellow salaries funded through MSRDP at *U.T.M.B. Galveston*.
- (2) Fringe Benefits – The \$20.9 million (22.6%) increase in expenditures over the same period last year is due to *U.T.S.M.C. Dallas* (\$14.8 million), *U.T.M.D. Anderson* (\$3.3 million), *U.T.M.B. Galveston* (\$1.9 million) and *U.T.H.S.C. San Antonio* (\$1.2 million).

U.T.S.M.C. Dallas reported \$12 million of faculty incentive payments in faculty salaries in FY 2000. However, as a result of a change by System Administration in the definition for faculty salaries, all faculty incentive payments are now reported as fringe benefits. The remainder of the variance is a result of an increase in faculty incentives from 2000 to 2001.

U.T.M.D. Anderson's fringe benefits increased due to merit increases and new and vacant positions that were filled in 2001.

U.T.M.B. Galveston's increase in fringe benefits is due to the accrual of Supplemental Retirement Annuities.

U.T.H.S.C. San Antonio's variance is the result of an increase in Supplemental Retirement Annuity payments and merit increases, as well as a timing difference in the recording of fringe benefits.

- (3) Maintenance and Operations – The \$21.5 million (23.6%) increase in expenditures over the same period last year is largely attributable to *U.T.H.S.C. San Antonio* (\$10.5 million), *U.T.H.S.C. Houston* (\$7.4 million) and *U.T.S.M.C. Dallas* (\$4.2 million).

THE UNIVERSITY OF TEXAS SYSTEM ADMINISTRATION
U. T. BOARD OF REGENTS' MEETING
AUGUST 9, 2001

Explanations of Variances to Practice Plans (Continued)

U.T.H.S.C. San Antonio's variance is partially due to the recording of expenses on an accrual basis in 2001 versus a cash basis in 2000. Also contributing to the variance is a one-time payment for space and staffing costs at University Hospital. In addition, all *U.T.H.S.C. San Antonio* employees that worked in the MSRDP Central Office were transferred to the 5.01(a) Corporation effective February 1, 2000. These expenses are now recorded in Maintenance and Operations along with all other managed care services expenditures related to the 5.01(a) Corporation. The remainder of the variance is attributable to expenses related to the relocation of the 5.01(a) Corporation, as well as start-up costs associated with the 5.01(a) Corporation's new diagnostic clinic, which opened in October 2000.

U.T.H.S.C. Houston's variance is due to the recording of the 5.01(a) Corporation's professional fee withholds as expenditures. These withholds were recorded as deductions to revenue in FY 2000.

U.T.S.M.C. Dallas's variance is largely the result of increased managed care services expenditures associated with the 5.01(a) Corporation and increased oncology expenditures resulting from growth in services and patient volume.

- (4) Professional Liability Insurance – The \$2.2 million (13.5%) decrease in expenditures over the same period last year is partially due to a decrease in expenditures at *U.T.H.S.C. San Antonio* (\$771,000) and *U.T.M.B. Galveston* (\$622,000). The remainder of the variance is attributable to variances at all of the other institutions, none of which exceeded \$500,000.

U.T.H.S.C. San Antonio's variance is the result of a change in the recording of reimbursements for liability insurance from University Hospital. These reimbursements were previously recorded as contractual income and now are recorded as a reimbursement of professional liability expense. The remainder of the variance is due to a timing difference in the receipt of reimbursements for liability insurance from University Hospital.

U.T.M.B. Galveston's variance is due to a reduction in premiums. On May 11, 2000, the Board of Regents approved an overall 11.5% premium decrease effective September 1, 2000.

THE UNIVERSITY OF TEXAS SYSTEM ADMINISTRATION
U. T. BOARD OF REGENTS' MEETING
AUGUST 9, 2001

Explanations of Variances to Practice Plans (Continued)

- (5) Capital Outlay – The \$1.7 million (16.8%) decrease in expenditures compared to the same period last year is primarily due to *U.T.H.S.C. Houston* (\$1.5 million). The conference center at the Medical School was completed in 2000 along with several clinics; therefore, capital outlay expenditures decreased in FY 2001.
- (6) Debt Service – The \$582,000 (24.9%) increase in expenditures over the same period last year is a result of additional Revenue Financing System equipment acquisitions at *U.T.S.M.C. Dallas*.

Other Additions/Deductions

- (7) Other Deductions – The \$6.8 million (66%) increase in Other Deductions versus the same period last year is largely due to *U.T.S.M.C. Dallas* (\$5.4 million) and *U.T.M.D. Anderson* (\$1.9 million).

U.T.S.M.C. Dallas' renovations to the Clinical Services II Building for clinical faculty office space are being funded with transfers from MSRDP.

U.T.M.D. Anderson's Other Deductions consist primarily of a transfer for the FY 2000 Team Anderson Award. In the past, this award was funded from Educational and General funds.

THE UNIVERSITY OF TEXAS SYSTEM ADMINISTRATION
U. T. BOARD OF REGENTS' MEETING
AUGUST 9, 2001

GLOSSARY OF TERMS

GROSS CHARGES -- *Posted charges for patient care services at scheduled rates.*

UNSPONSORED CHARITY CARE -- *Unreimbursed charges to financially or medically indigent patients, including contractual adjustments and other unreimbursed charges to Medicaid, SCHIP, and other governmental programs indexed to the federal poverty. Contractual adjustments include fee-for-service and capitation.*

CONTRACTUAL ADJUSTMENTS -- *The difference between the gross charge and the discounted amount agreed to by a third party contract, such as PPOs, HMOs and Medicare, including the difference between gross charges and the related capitated payments.*

BAD DEBT EXPENSE -- *Charges that were at one time the responsibility of a private pay patient that are deemed uncollectible.*

OTHER UNREIMBURSED MEDICAL COSTS -- *All other write-offs (i.e., unbilled charges, discounts for personal courtesy and employees, unreimbursed research expenses, denied charges, missed billing deadlines).*

NET PATIENT REVENUE -- *Gross charges less all deductions.*

CONTRACTUAL INCOME -- *Lump sum income for contracted physician services related to affiliated hospitals and organizations, jails, medical director services, and clinical oversight.*

INTEREST INCOME -- *Income earned from investments.*

OTHER INCOME -- *Income not related to patient care, such as expert witness fees, legal deposition.*

FACULTY SALARIES -- *All faculty salary payments including salary augmentation. Does not include incentive payments or supplemental retirement annuities.*

STAFF SALARIES -- *All nonfaculty salary payments, excluding resident salaries.*

RESIDENT SALARIES -- *Salaries paid to resident physicians.*

THE UNIVERSITY OF TEXAS SYSTEM ADMINISTRATION
U. T. BOARD OF REGENTS' MEETING
AUGUST 9, 2001

GLOSSARY OF TERMS (Continued)

FRINGE BENEFITS -- *Group insurance premiums (net of premium sharing) paid by the plan, supplemental retirement payments, incentive payments, and parking fees as authorized by the MSRDP/PRS Bylaws, and mandatory state benefits (retirement, OASI, WCI, premium sharing, etc.).*

MAINTENANCE AND OPERATIONS -- *All expenditures not classified elsewhere, i.e., utilities, supplies, repairs and maintenance, shipping and postage, etc.*

PROFESSIONAL LIABILITY INSURANCE -- *Professional liability insurance premiums paid by the institution on behalf of plan members.*

TRAVEL -- *All costs associated with travel.*

CAPITAL OUTLAY -- *Cost of capital acquisitions funded from plan resources not reported in "Debt Service" below.*

OFFICIAL FUNCTIONS -- *Business related events that are of documented benefit to the institution.*

OTHER EXPENSES -- *Other expenditure items not identified elsewhere.*

DEBT SERVICE -- *Principal and interest paid on any debt, i.e., building construction, renovation, lease-purchase agreements, etc.*

OTHER ADDITIONS -- *Transfers from non-practice plan funds.*

OTHER DEDUCTIONS -- *Annual change in Accrued Compensable Absences payable and transfers to non-practice plan funds for the establishment of quasi-endowments, to provide funding for new programs outside the plan, to provide reimbursement for services rendered, and to provide salary and program enhancement supplements.*

The University of Texas Southwestern Medical Center at Dallas
MSRDP/PRS Year-to-Date Summary of Operations - Accrual Basis
For the Nine Months Ending May 31, 2001

	Cumulative Year-to-Date 2000	Cumulative Year-to-Date 2001	Increase/ (Decrease)	Percent Increase/ (Decrease)
Beginning Fund Balance, September 1	\$ 146,050,572	159,407,163	13,356,591	9.15%
Revenues				
Gross charges		403,491,034		
Less:				
Un-sponsored Charity Care		178,561,972		
Contractual Adjustments		89,013,443		
Other Unreimbursed Medical Costs		8,486,711		
Bad Debt Expense		14,179,083		
Net Patient Revenue		113,249,825		
Contractual Income		49,648,813		
Interest Income		1,606,734		
Other Income		2,947,602		
Total Revenues - per Monthly Financial Report	<u>156,394,199</u>	<u>167,452,974</u>	<u>11,058,775</u>	7.07%
Expenditures				
Faculty Salaries	58,643,452	52,024,111	(6,619,341)	-11.29%
Staff Salaries	26,851,020	29,249,740	2,398,720	8.93%
Resident Salaries				
Fringe Benefits	20,997,470	35,821,787	14,824,317	70.60%
Maintenance and Operations	35,228,421	39,433,398	4,204,977	11.94%
Professional Liability Insurance	3,994,236	3,600,029	(394,207)	-9.87%
Travel	1,544,722	1,602,926	58,204	3.77%
capital outlay	4,877,442	4,078,331	(799,111)	-16.38%
Official Functions	7,248		(7,248)	-100.00%
Other Expenses				
Total Expenditures	<u>152,144,011</u>	<u>165,810,322</u>	<u>13,666,311</u>	8.98%
Debt Service	2,342,988	2,925,252	582,264	24.85%
Total Exp. & Debt Service - per Monthly Financial Report	<u>154,486,999</u>	<u>168,735,574</u>	<u>14,248,575</u>	9.22%
Year-to-Date Operating Margin	<u>1,907,200</u>	<u>(1,282,600)</u>	<u>(3,189,800)</u>	-167.25%
Other Additions/Deductions				
Other Additions	650,000		(650,000)	-100.00%
Other Deductions	(3,793,579)	(9,223,561)	(5,429,982)	-143.14%
	<u>(3,143,579)</u>	<u>(9,223,561)</u>	<u>(6,079,982)</u>	-193.41%
Net Increase/(Decrease)	<u>(1,236,379)</u>	<u>(10,506,161)</u>	<u>(9,269,782)</u>	-749.75%
Ending Fund Balance, May 31	<u>\$ 144,814,193</u>	<u>148,901,002</u>	<u>4,086,809</u>	2.82%

The University of Texas Southwestern Medical Center at **Dallas**
MSRDP-Allied Health Faculty Services Plan Year-to-Date Summary of **Operations - Accrual Basis**
For the Nine Months **Ending** May 31, 2001

	Cumulative Year-to-Date 2000	Cumulative Year-to-Date 2001	Increase/ (Decrease)	Percent Increase/ (Decrease)
Beginning Fund Balance , September 1	\$ 1,915,068	2,477,212	562,144	29.35%
Revenues				
Gross Charges		1,547,824		
Less:				
Un-sponsored charity Care		(1,163)		
Contractual Adjustments		450,599		
Other Unreimbursed Medical Costs		45,980		
Bad Debt Expense		24,205		
Net Patient Revenue		<u>1,028,203</u>		
contractual Income		182,529		
Interest Income		12,706		
other Income		11,494		
Total Revenue - per Monthly Financial Report	<u>975,893</u>	<u>1,234,932</u>	259,039	26.54%
Expenditures				
Faculty Sties	238,081	148,557	(89,524)	-37.60%
Staff Salaries	270,246	388,001	117,755	43.57%
Resident Salaries				
Fringe Benefits	-126,101	138,358	12,257	9.72%
Maintenance and Operations	212,801	354,382	141,581	66.53%
Professional Liability Insurance				
Travel	18,854	20,867	2,013	10.68%
Capital Outlay	9,013	11,642	2,629	29.17%
Official Functions	2,567		(2,567)	-100.00%
Other Expenses				
Total Expenditures	<u>877,663</u>	<u>1,061,807</u>	184,144	20.98%
Debt Service				
Total Exp. & Debt Service - per Monthly Financial Report	<u>877,663</u>	<u>1,061,807</u>	184,144	20.98%
Year-to-Date Operating Margin	<u>98,230</u>	<u>173,125</u>	74,895	76.24%
Other Additions/Deductions				
Other Additions	299,515	249,241	(50,274)	-16.79%
Other Deductions	(292,208)	(359,019)	(66,811)	-22.86%
	7,307	(109,778)	(117,085)	-1602.37%
Net Increase/(Decrease)	<u>105,537</u>	<u>63,347</u>	(42,190)	-39.98%
Ending Fund Balance , May 31	<u>\$ 2,020,605</u>	<u>2,540,559</u>	519,954	25.73%

The University of **Texas** Medical Branch at Galveston
MSRDP/PRS Year-to-Date Summary of Operations - **Accrual** Basis
For the Nine Months Ending May 31,2001

	Cumulative Year-to-Date 2000	Cumulative Year-to-Date 2001	Increase/ (Decrease)	Percent Increase/ (Decrease)
Beginning Fund Balance , September 1	\$ 37,960,849	42,430,429	4,469,580	11.77%
Revenues				
Gross charges		198,679,028		
Less:				
Un-sponsored charity Care		50,922,588		
Contractual Adjustments		65,238,524		
Other Unreimbursed Medical Costs		8,015,681		
Bad Debt Expense		10,782,180		
Net Patient Revenue		63,720,055		
contractual Income		23,049,793		
Interest Income		1,353,838		
other Income				
Total Revenues -per Monthly Financial Report	88,326,930	88,123,686	(203,244)	-0.23%
Expenditures				
Faculty Salaries	31,852,387	30,064,771	(1,787,616)	-5.61%
Staff Salaries	22,885,043	22,955,508	70,465	0.31%
Resident Salaries	2,100,556	2,850,464	749,908	35.70%
Fringe Benefits	14,058,060	15,917,981	1,859,921	13.23%
Maintenance and Operations	10,662,389	10,437,065	(225,324)	-2.11%
Professional Liability Insurance	4,800,947	4,178,611	(622,336)	-12.96%
Travel	1,349,306	1,312,618	(36,688)	-2.72%
Capital Outlay	902,300	1,105,506	203,206	22.52%
Official Functions	90,987	162,596	71,609	78.70%
Other Expenses				
Total Expenditures	88,701,975	88,985,120	283,145	0.32%
Debt Service				
Total Exp. & Debt Service -per Monthly Financial Report	88,701,975	88,985,120	283,145	0.32%
Year-to-Date Operating Margin	(375,045)	(861,434)	(486,389)	-129.69%
Other Additions/Deductions				
Other Additions	61,393	526,460	465,067	757.52%
Other Deductions	(406,844)	(209,977)	196,867	48.39%
	(345,451)	316,483	661,934	191.61%
Net Increase/(Decrease)	(720,496)	(544,951)	175,545	24.36%
Ending Fund Balance, May 31	\$ 37,240,353	41,885,478	4,645,125	12.47%

The University of Texas Health Science Center at Houston
MSRDP/PRS Year-to-Date Summary of Operations - Accrual Basis
For the Nine Months Ending May 31,2001

	Cumulative Year-to-Date 2000	Cumulative Year-to-Date 2001	Increase/ (Decrease)	Percent Increase/ (Decrease)
Beginning Fund Balance , September 1	\$ 41,653,442	41,705,455	52,013	0.12%
Restatements	(2,189,421)		2,189,421	100.00%
Restated Beginning Fund Balance , September 1	<u>39,464,021</u>	<u>41,705,455</u>	<u>2,241,434</u>	<u>5.68%</u>
Revenues				
Gross Charges		203,881,439		
Less:				
Un-sponsored Charity Care		62,247,248		
Contractual Adjustments		60,864,768		
Other Unreimbursed Medical Costs		8,970,220		
Bad Debt Expense		13,294,094		
Net Patient Revenue		<u>58,505,109</u>		
Contractual Income		29,954,695		
Interest Income		1,099,791		
Other Income		3,326,343		
Total Revenues - per Monthly Financial Report	<u>85,422,549</u>	<u>92,885,938</u>	<u>7,463,389</u>	<u>8.74%</u>
Expenditures				
Faculty Salaries	34,875,262	33,366,673	(1,508,589)	-4.33%
staff Salaries	16,318,834	13,394,988	(2,923,846)	-17.92%
Resident Salaries				
Fringe Benefits	12,793,552	12,044,584	(748,968)	-5.85%
Maintenance and Operations	14,065,267	21,445,175	7,379,908	52.47%
Professional Liability Insurance	2,215,146	1,891,975	(323,171)	-14.59%
Travel	438,610	471,311	32,701	7.46%
Capital Outlay	1,975,450	477,448	(1,498,002)	-75.83%
Official Functions	851,773	593,239	(258,534)	-30.35%
Other Expenses				
Total Expenditures	<u>83,533,894</u>	<u>83,685,393</u>	151,499	0.18%
Debt Service				
Total Exp. & Debt Service - per Monthly Financial Report	<u>83,533,894</u>	<u>83,685,393</u>	151,499	0.18%
Year-to-Date Operating Margin	<u>1,888,655</u>	<u>9,200,545</u>	<u>7,311,890</u>	<u>387.15%</u>
Other Additions/Deductions				
Other Additions				
Other Deductions	(3,935,303)	(3,604,775)	330,528	8.40%
	<u>(3,935,303)</u>	<u>(3,604,775)</u>	330,528	8.40%
Net Increase/(Decrease)	<u>(2,046,648)</u>	<u>5,595,770</u>	<u>7,642,418</u>	<u>373.41%</u>
Ending Fund Balance , May 31	<u>\$ 37,417,373</u>	<u>47,301,225</u>	<u>9,883,852</u>	<u>26.42%</u>

The University of Texas Health Science Center at San Antonio
MSRDP/PRS Year-to-Date Summary of Operations • Accrual Basis
 For the Nine Months **Ending** May 31,2001

	Cumulative Year-to-Date 2000	Cumulative Year-to-Date 2001	Increase/ (Decrease)	Percent Increase/ (Decrease)
Beginning Fund Balance, September 1	\$ 30,144,183	21,241,673	(8,902,510)	-29.53%
Restatements	125,891		(125,891)	-100.00%
Restated Beginning Fund Balance , September 1	<u>30,270,074</u>	<u>21,241,673</u>	<u>(9,028,401)</u>	<u>-29.83%</u>
Revenues				
Gross Charges		104,334,243		
Less:				
Un-sponsored Charity Care		31,332,511		
Contractual Adjustments		12,362,354		
Other Unreimbursed Medical Costs		1,899,194		
Bad Debt Expense		<u>10,373,127</u>		
Net Patient Revenue		48,367,057		
Contractual Income		11,160,783		
Interest Income		719,840		
Other Income		<u>7,970,602</u>		
Total Revenues - per Monthly Financial Report	<u>57,547,490</u>	<u>68,218,282</u>	<u>10,670,792</u>	<u>18.54%</u>
Expenditures				
Faculty Salaries	23,115,958	26,670,201	3,554,243	15.38%
staff Salaries	7,591,593	5,014,372	(2,577,221)	-33.95%
Resident Salaries				
Fringe Benefits	9,201,685	10,447,782	1,246,097	13.54%
Maintenance and Operations	18,049,926	28,580,186	10,530,260	58.34%
Professional Liability Insurance	2,670,957	1,899,600	(771,357)	-28.88%
Travel	793,717	725,309	(68,408)	-8.62%
Capital Outlay	925,668	1,110,354	184,686	19.95%
Official Functions	217,950	189,866	(28,084)	-12.89%
Other Expenses				
Total Expenditures	<u>62,567,454</u>	<u>74,637,670</u>	<u>12,070,216</u>	<u>19.29%</u>
Debt service				
Total Exp. & Debt Service - per Monthly Financial Report	<u>62,567,454</u>	<u>74,637,670</u>	<u>12,070,216</u>	<u>19.29%</u>
Year-to-Date Operating Margin	<u>(5,019,964)</u>	<u>(6,419,388)</u>	<u>(1,399,424)</u>	<u>-27.88%</u>
Other Additions/Deductions				
Other Additions	480,295	592,125	111,830	23.28%
Other Deductions	<u>(1,257,812)</u>	<u>(1,429,813)</u>	<u>(172,001)</u>	<u>-13.67%</u>
	(777,517)	(837,688)	(60,171)	-7.74%
Net Increase/(Decrease)	<u>(5,797,481)</u>	<u>(7,257,076)</u>	<u>(1,459,595)</u>	<u>-25.18%</u>
 Ending Fund Balance, May 31	 <u>\$ 24,472,593</u>	 <u>13,984,597</u>	 <u>(10,487,996)</u>	 <u>-42.86%</u>

The University of Texas **Health** Science Center at **San** Antonio
DSRDP Year-to-Date **Summary** of Operations - **Accrual** Basis
For the Nine Months **Ending** May 31, 2001

	Cumulative Year-to-Date 2000	Cumulative Year-to-Date 2001	Increase/ (Decrease)	Percent Increase/ (Decrease)
Beginning Fund Balance, September 1	\$ 5,751,064	6,512,475	761,411	13.24%
Restatements	(762,252)		762,252	
Restated Beginning Fund Balance, September 1	4,988,812	6,512,475	1,523,663	30.54%
Revenues				
Gross Charges		3,938,601		
Less:				
Un-sponsored Charity Care	-	-	-	-
Contractual Adjustments	-	-	-	-
Other Unreimbursed Medical Costs	-	-	-	-
Bad Debt Expense	-	-	-	-
Net Patient Revenue		3,938,601		
Contractual Income		145,760		
Interest Income				
Other Income				
Total Revenues - per Monthly Financial Report	3,167,449	4,084,361	916,912	28.95%
Expenditures				
Faculty Salaries	258,769	263,617	4,848	1.81%
Staff Salaries	757,870	915,218	157,348	20.76%
Resident Salaries				
Fringe Benefits	241,571	368,164	126,593	52.40%
Maintenance and Operations	785,785	999,114	213,329	27.15%
Professional Liability Insurance				
Travel	109,081	124,267	15,186	13.92%
Capital Outlay	50,723	137,361	86,638	170.81%
Official Functions	36,986	26,097	(10,889)	-29.44%
Other Expenses				
Total Expenditures	2,240,785	2,833,838	593,053	26.47%
Debt Service				
Total Exp. & Debt Service - per Monthly Financial Report	2,240,785	2,833,838	593,053	26.47%
Year-to-Date Operating Margin	926,664	1,250,523	323,859	34.95%
O-tier Additions/Deductions				
Other Additions	223,374	314,896	91,522	40.97%
Other Deductions	(218,034)	(42,752)	175,282	80.39%
	5,340	272,144	266,804	4,996.33%
Net Increase/(Decrease)	932,004	1,522,667	590,663	63.38%
Ending Fund Balance, May 31	\$ 5,920,816	8,035,142	2,114,326	35.71%

The University of Texas M.D. Anderson Cancer Center
MSRDP/PRS Year-to-Date Summary of Operations - Accrual Basis
For the Nine Months Ending May 31,2001

	Cumulative Year-to-Date 2000	Cumulative Year-to-Date 2001	Increase/ (Decrease)	Percent Increase/ (Decrease)
Beginning Fund Balance, September 1	\$ 89,028,738	91,998,554	2,969,816	3.34%
Revenues				
Gross Charges		255,629,631		
Less:				
Un-sponsored charity Care		22,287,382		
Contractual Adjustments		107,096,737		
Other Unreimbursed Medical Costs		2,621,363		
Bad Debt Expense		11,415,084		
Net Patient Revenue		112,209,065		
Contractual Income				
Interest Income		3,865,406		
other Income		107,240		
Total Revenues - per Monthly Financial Report	104,757,391	116,181,711	11,424,320	10.91%
Expenditures				
Faculty Salaries	38,050,572	41,348,909	3,298,337	8.67%
Staff Salaries	13,583,391	16,332,564	2,749,173	20.24%
Resident Salaries				
Fringe Benefits	34,236,320	37,542,241	3,305,921	9.66%
Maintenance and Operations	11,125,621	10,261,545	(864,076)	-7.77%
Professional Liability Insurance	2,332,659	2,256,692	(75,967)	-3.26%
Travel	2,736,333	3,034,871	298,538	10.91%
Capital Outlay	1,212,140	1,342,626	130,486	10.76%
Official Functions	301,665	403,879	102,214	33.88%
Other Expenses				
Total Expenditures	103,578,701	112,523,327	8,944,626	8.64%
Debt Service				
Total Exp. & Debt Service - per Monthly Financial Report	103,578,701	112,523,327	8,944,626	8.64%
Year-to-Date Operating Margin	1,178,690	3,658,384	2,479,694	210.38%
Other Additions/Deductions				
Other Additions		24,576	24,576	100.00%
Other Deductions	(450,000)	(2,317,456)	(1,867,456)	-414.99%
	(450,000)	(2,292,880)	(1,842,880)	409.53%
Net Increase/(Decrease)	728,690	1,365,504	636,814	87.39%
Ending Fund Balance, May 31	<u>\$ 89,757,428</u>	<u>93,364,058</u>	<u>3,606,630</u>	<u>4.02%</u>

The University of Texas Health Center at Tyler
MSRDP/PRS Year-to-Date Summary of Operations -Accrual Basis
For the Nine Months Ending May 31,2001

	Cumulative Year-to-Date 2000	Cumulative Year-to-Date 2001	Increase/ (Decrease)	Percent Increase/ (Decrease)
Beginning Fund Balance, September 1	\$ 3,598,393	2,637,807	(960,586)	-26.69%
Restatements	(979,447)		979,447	100.00%
Restated Beginning Fund Balance, September 1	2,618,946	2,637,807	18,861	0.72%
Revenues				
Gross Charges		20,736,057		
Less:				
Un-sponsored charity Care		2,981,538		
Contractual Adjustments		7,466,307		
Other Unreimbursed Medical Costs		262,721		
Bad Debt Expense		1,731,068		
Net Patient Revenue		8,294,423		
Contractual Income		102,644		
Interest Income		48,162		
Other Income		1,294,564		
Total Revenues -per Monthly Financial Report	8,937,905	9,739,893	801,988	8.97%
Expenditures				
Faculty Salaries	4,786,466	5,439,148	652,682	13.64%
Staff Salaries	906,139	1,708,171	802,032	88.51%
Resident Salaries				
Fringe Benefits	1,013,010	1,279,436	266,426	26.30%
Maintenance and Operations	1,080,008	1,188,358	108,350	10.03%
Professional Liability Insurance	373,526	353,951	(19,575)	-5.14%
Travel	106,351	123,097	16,746	15.75%
capital outlay		13,101	13,101	100.00%
Official Functions	6,063		(6,063)	-100.00%
Other Expenses				
Total Expenditures	8,271,563	10,105,262	1,833,699	22.17%
Debt Service				
Total Exp. &Debt Service - per Monthly Financial Report	8,271,563	10,105,262	1,833,699	22.17%
Year-to-Date Operating Margin	666,342	(365,369)	(1,031,711)	-154.83%
Other Additions/Deductions				
Other Additions				
Other Deductions				
Net Increase/(Decrease)	666,342	(365,369)	(1,031,711)	-154.83%
Ending Fund Balance, May 31	\$ 3,285,288	2,272,438	(1,012,850)	-30.83%

THE UNIVERSITY OF TEXAS AT ARLINGTON
U. T. BOARD OF REGENTS' MEETING
AUGUST 9, 2001

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THE UNIVERSITY OF TEXAS AT ARLINGTON
 U. T. BOARD OF REGENTS' MEETING
 AUGUST 9, 2001

AMENDMENTS TO THE 2000-01 BUDGET

The following Requests for Budget Changes (RBC's) have been administratively approved as required by the Executive Vice Chancellor for Academic Affairs and are recommended for ratification by the U. T. Board of Regents.

The term "rate" for academic institutions is the full-time nine-month base rate and for health institutions is the full-time twelve-month base rate; for all other personnel it is the full-time rate, the appointee receiving a proportionate amount depending upon the fraction of time for which the individual is appointed and the period of appointment.

<u>Item, Department, Title, Name</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate</u>	
APPOINTMENTS AND PROMOTIONS					
COLLEGE OF BUSINESS ADMINISTRATION					
Management					
1. Jeffrey McGee					103
From: Associate Professor (T)		100	09	76,250	
To: Associate Professor (T) and Chair	9/1-5/31 7/1-8/31	100 SUPLT	09 02	76,250 4,289	
COLLEGE OF ENGINEERING					
Computer Science and Engineering					
2. Bob P. Weems					98
From: Associate Professor (T)		100	09	65,800	
To: Associate Professor (T) and Associate Chair	1/16-5/31 1/16-5/31	100 SUPLT	09 4.5	65,800 1,800	

AMENDMENTS TO THE 2000-01 BUDGET (Continued)

THE UNIVERSITY OF TEXAS AT ARLINGTON
 U. T. BOARD OF REGENTS' MEETING
 AUGUST 9, 2001

<u>Item, Department, Title, Name</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate</u>	
APPOINTMENTS AND PROMOTIONS					
COLLEGE OF ENGINEERING (Continued)					
Dean of Engineering					
3. Theresa A. Maldonado					108
From: Associate Professor (T)		100	09	73,400	
		SUPLT	09	10,000	
To: Associate Professor (T)	9/1-5/31	0	09	73,400	
and Associate Dean					
of Research	6/1-8/31	100	12	125,000	
Industrial Engineering					
Automation and Robotics Research Institute (ARRI)					
4. Donald H. Liles					105
From: Professor (T)		75	09	80,000	
and Chair of Industrial Engineering		SUPLT	09	7,000	
		25	09	80,000	
		SUPLT	09	10,000	
To: Professor (T)	6/1-5/31	72.81	09	80,000	
and Chair of Industrial	9/1-8/31	SUPLT	09	7,000	
Engineering and					
Interim Director of ARRI	6/1-8/31	27.19	09	80,000	
	9/1-5/31	SUPLT	09	10,000	
	6/1-8/31	SUPLT	03	3,000	

AMENDMENTS TO THE 2000-01 BUDGET (Continued)

THE UNIVERSITY OF TEXAS AT ARLINGTON
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<u>Item, Department, Title, Name</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate</u>	
<u>APPOINTMENTS AND PROMOTIONS</u>					
VICE PRESIDENT FOR RESEARCH OFFICE OF INFORMATION TECHNOLOGY					
5. H. Keith McDowell					101
From: Professor (T) and Dean of the Graduate School		0 100	09 12	83,900 120,000	
To: Professor (T) and Vice President for Research and Vice President for Computer Information Technology	9/1-5/31 6/1-8/31 6/1-8/31	0 55 45	09 12 12	83,900 150,000 150,000	
VICE PRESIDENT FOR RESEARCH OFFICE OF INFORMATION TECHNOLOGY					
6. Phillip Cohen					102
From: Associate Professor (T) and Associate Dean of the Graduate School		0 100	09 12	53,980 87,000	
To: Associate Professor (T) and Dean of the Graduate School	9/1-5/31 6/1-8/31	0 100	09 12	53,980 105,000	

THE UNIVERSITY OF TEXAS AT ARLINGTON
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SMALL CLASS REPORT, FALL 2000 AND SPRING 2001

Pursuant to Sections 51.403 of the Texas Education Code and Section 5.301 of the Texas Higher Education Coordinating Board Rules, a report for the record regarding the teaching of small classes has been filed. The institution has reviewed the data in this report and, as appropriate, made administrative changes to ensure that teaching such small classes continues to be justified. The detailed listing of small classes is included in electronic file CBM 004 in the U. T. System Office of Academic Affairs and is summarized as follows:

**Organized Undergraduate Classes with
 Fewer than 10 Enrolled Students**

<u>Primary Reasons for Teaching</u>	<u>Fall</u>	<u>Spring</u>	<u>Total</u>	<u>Prior Year Total</u>
a. Required for Graduation	13	5	18	73
b. To keep proper sequence	31	29	60	83
c. New program	3	5	8	7
d. Cross listed	19	16	35	18
e. First time offered	3	0	3	11
f. Accreditation or licensing Standard	0	0	0	21
g. Limited facilities	1	1	2	4
Subtotal	70	56	126	217
h. Voluntarily offered	0	0	0	17
Total	70	56	126	234

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SMALL CLASS REPORT, FALL 2000 AND SPRING 2001 (Continued)

**Organized Graduate Classes with
 Fewer than 5 Enrolled Students**

<u>Primary Reasons for Teaching</u>	<u>Fall</u>	<u>Spring</u>	<u>Total</u>	<u>Prior Year Total</u>
a. Required for Graduation	4	4	8	21
b. To keep proper sequence	4	5	9	16
c. New program	1	1	2	0
d. Cross listed	20	5	25	23
e. First time offered	0	1	1	2
f. Accreditation or licensing Standard	0	0	0	0
g. Limited facilities	0	0	0	7
Subtotal	29	16	45	69
h. Voluntarily offered	4	6	10	7
Total	33	22	55	76

THE UNIVERSITY OF TEXAS AT ARLINGTON
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OTHER MATTERS

**AMENDMENTS TO PERIODIC PERFORMANCE EVALUATION OF TENURED
FACULTY POLICY**

The following proposed amendment to the Periodic Performance Evaluation of Tenured Faculty Policy has been approved by the Chancellor and the Executive Vice Chancellor for Academic Affairs and is recommended for ratification by the U. T. Board of Regents.

<u>Page Number(s)</u>	<u>Summary of Proposed Amendments</u>
6-725 - UTA Handbook of Operating Procedures	(Section II is amended as noted by the underscored language) II. PERIODIC CUMULATIVE EVALUATION OF TENURED FACULTY Every sixth year, tenured faculty will undergo a cumulative evaluation. The faculty member subject to evaluation shall be given at least six months prior notification of the intended evaluation by the department chair (or equivalent). <u>For the purpose of calculating the six-year period, a 'year' shall be the state fiscal year. Periods during which a faculty member is on leave of absence may not be counted toward the six years.</u>

THE UNIVERSITY OF TEXAS AT AUSTIN
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GIFTS

The following gifts have been received, have been administratively approved by the President (or his delegate) and are recommended for approval by the U. T. Board of Regents.

1. Donor Name: Austin Community Foundation on behalf of Mr. and Mrs. William C. Nowlin, Jr.
College/School/ Department: College of Natural Sciences
McDonald Observatory
Purpose: Texas Astronomy Education Center support
Asset Type: Cash
Value: \$666,666 (portion of \$2,000,000 pledge)

2. Donor Name: Avaya Inc.
College/School/ Department: College of Natural Sciences\$500,000
College of Engineering\$500,000
Purpose: ACES Building network cabling
Asset Type: LazrSPEED Fiber Optic Cable
Value: \$1,000,000

3. Donor Name: Cockrell Foundation
College/School/ Department: College of Engineering
Purpose: Program support
Asset Type: Cash
Value: \$550,000

4. Donor Name: Dodge Jones Foundation
College/School/ Department: College of Fine Arts
Jack S. Blanton Museum of Art
Purpose: Suida Manning Art Collection acquisition
Asset Type: Cash
Value: \$1,000,000

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GIFTS (Continued)

5. Donor Name: Enron Corp.
College/School/ Department: Red McCombs School of Business
Purpose: MBA Excellence Scholarship Fund \$200,000
Energy Finance Program\$200,000
Center for Business Measurement and Assurance Services\$ 75,000
Entrepreneurship Program\$ 75,000
Asset Type: Cash
Value: \$550,000 (Final payment on \$1,000,000 pledge)
6. Donor Name: IBM Corporation
College/School/ Department: College of Natural Sciences
Department of Computer Sciences
Purpose: SCOUT Project support
Asset Type: Equipment
Value: \$650,000
7. Donor Name: Mr. And Mrs. John A. Jackson
College/School/ Department: College of Natural Sciences
Department of Geological Sciences
Purpose: Building construction
Asset Type: Cash
Value: \$5,000,000 (portion of \$15,000,000 pledge)
8. Donor Name: McCombs Foundation
College/School/ Department: Red McCombs School of Business
Purpose: Unrestricted use
Asset Type: Cash
Value: \$1,300,000 (portion of \$50,000,000 pledge)

THE UNIVERSITY OF TEXAS AT AUSTIN
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CONTRACTS

The following contracts or agreements have been awarded, have been administratively approved by the President (or his delegate) and are recommended for approval by the U. T. Board of Regents.

GENERAL CONTRACTS

(FUNDS COMING IN)

1. Agency: General Atomics
Funds: \$5,314,388 (\$1,450,000 Currently Available)
Period: January 6, 2000 - September 23, 2003
Title/Description: Management of the Electromagnetic Aircraft Launch System and Energy Storage System

(FUNDS GOING OUT)

2. Agency: City of Austin,
Travis County,
Austin Independent School District,
Capital Metropolitan Transportation Authority,
Texas Legislative Council, and the
Texas House of Representatives
Funds: \$1,447,324, The University of Texas at Austin's
pro rata share of the cost;
\$39,761,648, the total cost shared by all parties to implement a
800 MHz Trunked Public Safety and Public Service Voice Radio
Communications System in the Austin-Travis County area.
Period: Effective April 6, 2001, continue in force and effect for a one year
period, and shall be renewed automatically for an additional year
each year thereafter.
Description: Fund the procurement and implementation of the facilities,
systems, hardware, software, and engineering services for the
system.

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CONTRACTS (Continued)
NONINTELLECTUAL PROPERTY-RELATED SPONSORED RESEARCH
AGREEMENTS-FOREIGN

(FUNDS COMING IN)

3. Country: Canada
Grantor: Litton Systems Canada Limited
No.: UTA01-340
New Funds: None. Mutual benefit is derived from the exchange of information of a technical and business nature which could lead to potential licensing royalties.
Current period: April 20, 2001 - April 14, 2004
Title/Description: Non-Disclosure Agreement of the Active Suspension Systems, Future Combat System Program and Hybrid Electric Vehicle Programs
4. Country: China
Grantor: Harbin Medical University
No.: UTA01-264
New Funds: Harbin Medical University will cover all lab expenses associated with the research.
Current period: March 5, 2001 - September 4, 2001
Title/Description: Visiting Scientist – Dr. Changhao Sun
5. Country: France
Grantor: Total Astrid Marin Gabon
No.: UTA01-245
New Funds: None. U. T. Austin may not sell or license information received.
Current period: March 2, 2001 - March 1, 2004
Title/Description: The Bureau of Economic Geology will receive confidential information, and be permitted to use information to carry out the Structural Interpretation of Seismic Data
6. Country: Spain
Grantor: El Pardo Model Basin (Canal de Experiencias Hidrodinamicas CEHIPAR)
No.: UTA00-526
New Funds: \$25,000
Current period: April 1, 2000 - March 31, 2003
Title/Description: Consortium on Cavitation Performance of High Speed Propulsors

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CONTRACTS (Continued)
NONINTELLECTUAL PROPERTY-RELATED SPONSORED RESEARCH
AGREEMENTS-FOREIGN

(FUNDS COMING IN)

7. Country: United Kingdom
Grantor: BG Energy Holdings Limited
No.: UTA01-277
New Funds: \$35,000
Current period: September 1, 2000 - August 31, 2001
Title/Description: Support of General Research Related to Characterizing Reservoir Fractures and Faults
8. Country: Venezuela
Grantor: INTEVEP S.A.
No.: UTA01-157
New Funds: \$15,000
Current period: January 1, 2001 - December 31, 2001
Title/Description: Support of a General Interdisciplinary Research Program Related to Subsurface Modeling
9. Country: Canada
Subcontractor: Brock University
No.: UTA01-236
New Funds: \$4,000
Current period: March 1, 2001 - August 31, 2001
Title/Description: Production of 1 (One) Gram of Purified 6-O-Carboxymethyl Alpha-tocotrienol
10. Country: Canada
Subcontractor: University of Victoria
No.: UTA01-133
New Funds: \$65,000
Current period: October 1, 2000 - September 30, 2001
Title/Description: Navigating and Exploring Domain Reference Architectures using the ShriMP Visualization Tool

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CONTRACTS (Continued)
INTELLECTUAL PROPERTY-AGREEMENT
SOFTWARE LICENSE AND DISTRIBUTION AGREEMENT

(FUNDS COMING IN)

11. Country: Venezuela
Grantor: Intevp S.A.
No.: UTA01-191
New Funds: Annual License Fee of \$4,000, or if Intevp should terminate their membership in the University's Center for Subsurface Modeling, then Intevp will pay an annual license fee of \$5,000.
Current period: January 1, 2001 - December 31, 2001
Title/Description: Software Agreement for IPARS – New Generation Framework for Reservoir Simulation

THE UNIVERSITY OF TEXAS AT AUSTIN
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AMENDMENTS TO THE 2000-01 BUDGET

The following Requests for Budget Changes (RBC's) have been administratively approved as required by the Executive Vice Chancellor for Academic Affairs and are recommended for ratification by the U. T. Board of Regents.

The term "rate" for academic institutions is the full-time nine-month base rate and for health institutions is the full-time twelve-month base rate; for all other personnel it is the full-time rate, the appointee receiving a proportionate amount depending upon the fraction of time for which the individual is appointed and the period of appointment.

TRANSFERS OF FUNDS

SERVICE DEPARTMENT FUNDS (REVOLVING FUNDS)

RBC#

1. Amount of Transfer: \$ 300,000 178

From: University Supply Services -
Operating Income

To: University Supply Services -
Maintenance, Operation, and Equipment

Balance forward income transferred to the expenditure account to maintain adequate inventory for anticipated sales at fiscal year end.

2. Amount of Transfer: \$ 304,321 179

From: Library Resource Sharing Project –
Operating Income

To: Library Resource Sharing Project –
Books

Transfer balance forward income to expenditure account to cover upcoming book invoices.

THE UNIVERSITY OF TEXAS AT AUSTIN
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AMENDMENTS TO THE 2000-01 BUDGET (Continued)

TRANSFERS OF FUNDS

RBC#

SEVICE DEPARTMENTS FUNDS (Continued)

3. Amount of Transfer:	\$ 100,000	187
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From: Administrative Computing Services
 Operating Income

To: Administrative Computing Services
 Maintenance, Operation, and Equipment

Annual Session rental fee income transferred to the expenditure account to cover paper purchases, meter charges on printers, and hardware/software maintenance charges.

4. Amount of Transfer:	\$ 300,000	185
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From: U.T. System Office of Telecommunication Services
 Operating Income

To: U.T. System Office of Telecommunication Services
 Maintenance, Operation, and Equipment

Balance forward income transferred to expenditure account. Funds to be used for payments of circuits and other supplies used by the Office of Telecommunication Services.

DESIGNATED FUNDS

5. Amount of Transfer:	\$ 270,498	167
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From: Liberal Arts Instructional Technology
 Fee– Operating Income

To: Liberal Arts Instructional Technology
 Fee– Dean's Office – Other Expenses

Incidental course fee income distribution transferred to expenditure account to provide funds for network upgrades, equipment and renovation of multimedia auditoriums/classrooms, and multimedia course development.

THE UNIVERSITY OF TEXAS AT AUSTIN
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AMENDMENTS TO THE 2000-01 BUDGET (Continued)

<u>TRANSFERS OF FUNDS</u>	<u>RBC#</u>
<u>DESIGNATED FUNDS (Continued)</u>	
6. Amount of Transfer:	\$ 315,000 168
From: University Charter School Operating Income	315,000
To: University Charter School – Classified Salaries	2,000
University Charter School – Travel	13,000
University Charter School – Maintenance, Operation, and Equipment	300,000
Increase budget for the University Charter School to reflect additional funding from the Texas Education Agency. Transfer to expenditure accounts to cover start-up costs for new University Charter School sites and to continue operation of existing sites.	
7. Amount of Transfer:	\$ 400,000 172
From: Business Administration – Multimedia Laboratory - Operating Income	400,000
To: Business Administration – Multimedia Laboratory – Special Equipment	200,000
Business Administration – Multimedia Laboratory – Maintenance, Operation, and Equipment	200,000
Transfer fee income to expenditure accounts to cover costs of classroom renovations in the University Teaching Center and the Red McCombs School of Business.	

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AMENDMENTS TO THE 2000-01 BUDGET (Continued)

<u>TRANSFERS OF FUNDS</u>	<u>RBC#</u>
<u>DESIGNATED FUNDS (Continued)</u>	
8. Amount of Transfer:	\$ 136,211 188
From: College of Fine Arts Information Technology Services – Operating Income	
To: College of Fine Arts Information Technology Services - Maintenance, Operation, and Equipment	
Transfer remainder of prior year balance forward income to the expenditure account to make funds available for departmental projects which include: slide digitizing, website design, and a digital darkroom for the Art Department; a digital keyboard lab for the Music Department; the “Videotaping for Directing Students” project and computer image development for the Theatre and Dance Department.	
9. Amount of Transfer:	\$ 455,000 186
From: Library Materials Revolving Fund – Operating Income	
To: Library Materials Revolving Fund – Purchase of Library Materials	
Transfer balance forward income to expense sub-account for purchase of library materials and books.	

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AMENDMENTS TO THE 2000-01 BUDGET (Continued)

TRANSFERS OF FUNDS

RBC#

DESIGNATED FUNDS (Continued)

10. Amount of Transfer:	\$ 200,000	189
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From: Texas Executive Education MBA Program – Dallas - Operating Income	200,000	
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To: Texas Executive Education MBA Program – Dallas – Instructional Costs	113,168	
Texas Executive Education MBA Program – Dallas – Administrative and Professional Salaries	12,643	
Texas Executive Education MBA Program – Dallas – Classifies Salaries	38,612	
Texas Executive Education MBA Program – Dallas – Fringe Benefits	35,577	

Increase budget to cover additional expenses incurred. Sufficient revenues have been deposited to cover this increase. Participant fee income transferred to expenditure accounts to cover books, classroom materials, instructors, and administrative staff support.

11. Amount of Transfer:	\$ 200,000	191
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From: Red McCombs School of Business – Multimedia Laboratory Operating Income		
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To: Red McCombs School of Business – Multimedia Laboratory Special Equipment		
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Budget revision to purchase special equipment for the Graduate Media Lab. Course fee income transferred to expenditure account for purchase of new audio-visual equipment and laptop computers for media support.

THE UNIVERSITY OF TEXAS AT AUSTIN
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AMENDMENTS TO THE 2000-01 BUDGET (Continued)

TRANSFERS OF FUNDS

RBC#

PLANT FUNDS

12. Amount of Transfer: \$ 480,295 165

From: Vice President for Business Affairs -
Townes Hall Career Services Interview and Office Renovations – Allocation
Account

To: Townes Hall – Career Services Interview/Office

To provide funding to create the Career Services interview suite and
renovate the Career Services Office.

13. Amount of Transfer: \$ 149,065 166

From: Designated Funds – Business Administration –
Multimedia Laboratory – Maintenance, Operation, and
Equipment

To: University Teaching Center – Upgrade 8 Classrooms

To provide funding for miscellaneous lighting renovations for eight general-
purpose classrooms in the University Teaching Center.

14. Amount of Transfer: \$ 300,000 169

From: Recreational Sports Reserve for Renewals and
Replacements – Recreational Sports Center Reserve

To: Recreational Sports Center – Replace Flat Roofs

To provide funding for flat roof replacement with a four-ply system at the
Recreational Sports Center.

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AMENDMENTS TO THE 2000-01 BUDGET (Continued)

<u>TRANSFERS OF FUNDS</u>			<u>RBC#</u>
PLANT FUNDS (Continued)			
15. Amount of Transfer:	\$	360,000	170
From: Restricted Current Funds Gifts – Intercollegiate Athletics – Various Donors – Various Purposes			
To: Belmont Hall – 8 th Floor Renovation			
To provide funding for the renovation of the 8 th floor suites and corridor in L. Theo Belmont Hall.			
16. Amount of Transfer:	\$	308,829	171
From: Recreational Sports Reserve for Renewals and Replacements – Gym Store Reserves			
To: Gregory Gymnasium – Underlayment of Annex Roof			
To provide funds for tile roof replacement for the Gregory Gymnasium Annex.			
17. Amount of Transfer:	\$	840,000	173
From: Pooled Plant Funds			
To: Radio, Dispatch, Mobile Data and Transportation Infrastructure			
To provide funds for 9-1-1 Radio, Dispatch, Mobile Data, and Transportation Infrastructure project.			

THE UNIVERSITY OF TEXAS AT AUSTIN
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AMENDMENTS TO THE 2000-01 BUDGET (Continued)

<u>TRANSFERS OF FUNDS</u>		<u>RBC#</u>
PLANT FUNDS (Continued)		
18. Amount of Transfer:	\$ 522,000	176
From: Telecommunication Services – UTX Equipment Replacement		
	420,972	
ADA – CIP Phase 2 – Designated Tuition		
	22,000	
Service Departments Funds – Telecommunication Services – UTX Telephone System		
	79,028	
To: Service Building – Third Floor Office Remodeling		
	522,000	
To provide funding for the third floor office remodeling in the Service Building.		
19. Amount of Transfer:	\$ 100,000	177
From: Auxiliary Enterprise Funds – Housing and Food Services – Division Office Expenses		
To: Physical Plant – Blanton Dormitory – Renovate Bathrooms		
To provide funding to renovate the bathrooms on the first, second, and third floors in Blanton Dormitory.		
20. Amount of Transfer:	\$ 135,000	190
From: Auxiliary Enterprises Funds – Housing and Food Services – Division Office Expenses		
To: Blanton Dormitory – Bathroom Renovation		
To provide supplemental funding requested due to bids coming in higher than expected for shower repairs on the first, second, and third floor bathrooms in Blanton Dormitory.		

AMENDMENTS TO THE 2000-01 BUDGET (Continued)

THE UNIVERSITY OF TEXAS AT AUSTIN
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TRANSFERS OF FUNDS

RBC#

PLANT FUNDS (Continued)

21. Amount of Transfer:	\$ 1,162,000	180
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From: Housing and Food Services –
Fire Safety System Reserve

To: Campus – Fire Sprinkler Installation

To provide supplemental funding for the residence halls sprinkler retrofit work in Brackenridge, Roberts, Prather, Carothers, and Moore-Hill Dormitories.

22. Amount of Transfer:	\$ 618,000	183
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From: Auxiliary Funds - Housing and Food Services –
Division Office Expenses

To: Moore-Hill Dormitoroy – Sprinkler Retrofit

To provide funding for a sprinkler retrofit in Moore-Hill Dormitory.

23. Amount of Transfer:	\$ 241,000	181
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From: Designated Funds – Learning Technology Center – Learning Technology Center Fee – Maintenance, Operation, and Equipment	171,844	
College of Education Information Technology Services – Operating Income	69,156	

To: Sanchez Building – Remodel Learning Technology Center	241,000	
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To provide funding to remodel a large area of the Learning Technology Center in the George I. Sanchez Building.

THE UNIVERSITY OF TEXAS AT AUSTIN
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AMENDMENTS TO THE 2000-01 BUDGET (Continued)

<u>TRANSFERS OF FUNDS</u>		<u>RBC#</u>
PLANT FUNDS (Continued)		
24. Amount of Transfer:	\$ 242,000	182
From: Physical Plant Repairs Funded From		
Interest Income	86,000	
ADA – CIP – Phase 2 –		
Designated Tuition	56,000	
Designated Funds – Theatre and Dance		
Equipment Fee – Maintenance, Operation, and		
Equipment	100,000	
To: Winship Building – Lab Theatre Renovation	242,000	
To provide supplemental funding for the renovation of the Laboratory Theatre in the F. Loren Winship Drama Building. Bids were higher than expected.		
25. Amount of Transfer:	\$ 400,000	184
From: Telecommunication Services –		
UTX Equipment Replacement		
To: CAMPUS – Inter-Building Infrastructure Upgrade		
To provide funding for inter-building infrastructure upgrade on campus.		

THE UNIVERSITY OF TEXAS AT AUSTIN
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OTHER FISCAL ITEMS

EMPLOYMENT AGREEMENTS

The following agreements have been awarded, have been approved by the Executive Vice Chancellor for Academic Affairs, and are recommended for ratification by the U. T. Board of Regents. Employment under this agreement is subject to the Constitution and Bylaws of the National Collegiate Athletic Association, Big XII Conference, and the Rules and Regulations of the Board of Regents of The University of Texas System and The University of Texas at Austin.

1. Item: Men's Head Tennis Coach

 Funds: \$98,000 Annually plus incentives

 Period: September 1, 2000 through August 31, 2005

 Description: Agreement for employment of Head Tennis Coach, Michael Center, for the above-designated period following the standard coach's employment contract prepared by the Office of the General Counsel.

2. Item: Men's Head Golf Coach

 Funds: \$91,774 Annually plus incentives

 Period: September 1, 2000 through August 31, 2005

 Description: Agreement for employment of Head Golf Coach, John Fields, for the above-designated period following the standard coach's employment contract prepared by the Office of the General Counsel.

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PARKING AND TRAFFIC REGULATIONS

The following listing summarizes the substantive changes proposed to Parking and Traffic Regulations of The University of Texas at Austin. They have been approved by the Executive Vice Chancellor for Academic Affairs and the Office of General Counsel and are incorporated in model regulations approved by the U. T. Board of Regents. These regulations supersede all prior Parking and Traffic Regulations and continue in effect until modified.

Parking and Traffic Regulations for 2001-02

<u>Page Number(s)</u>	<u>Summary of Proposed Substantive Change</u>
1	The new regulations change the time that permits are required for access and parking from Monday to Friday 7:30 a.m. to 4:00 p.m. to 7:30 a.m. to 5:45p.m.
1, 2	The classification of student permits is divided into three categories. While these permits are not new, the discussion of all student permits in this section is new. Previously, only the Class "C" Permit (Commuter Student) was discussed in this section.
4, 24	One of the more significant changes in this year's regulation will be the elimination of the permits issued for Loading Zones. Vehicle operators may park in a Loading Zone for 30 minutes to load/unload a vehicle. The operator must have the vehicle's emergency flashing lights on, and the vehicle must be removed within 30 minutes.
4, 30	Class "F" (Faculty) Permit Holders will be issued only one hanging permits. In previous year two permits were issued to Class "F" Permit holders.

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PARKING AND TRAFFIC REGULATIONS (Continued)

Parking and Traffic Regulations for 2001-02

<u>Page Number(s)</u>	<u>Summary of Proposed Substantive Change</u>
5, 48-50	Previous regulations required a personal appearance to appeal a University citation. The new regulation provides that "Any person cited for violation of any portion of this Regulation for which a citation is imposed may appeal the citation to the University's designated Appeals Officer by fax, via e-mail, in writing, on-line, or by telephone, within twelve (12) calendar days of the citation's issuance with the Parking and Transportation Services Office."
6, 7	The new regulation gives instructions on how to provide parking for official visitors and other visitors to the campus as well as those that attend conferences and meetings.
11, 12, 13	The revised regulation proposes new definitions.
13,14	Section IV, General Traffic Regulations has been reordered.
14	This legislation prohibits the University from issuing parking permits to students driving motor vehicles registered out of state unless the vehicle has satisfied the state requirements for vehicle emission inspections. Failure to register the vehicle in Texas and failure to display a current and appropriate Texas inspection certificate can result in a citation being issued to the vehicle operator.
17	A Class "A" or "F" permit holder may park for 30 minutes in another University of Texas at Austin surface lot for loading / unloading by leaving their flashers on.

THE UNIVERSITY OF TEXAS AT AUSTIN
U. T. BOARD OF REGENTS' MEETING
AUGUST 9, 2001

PARKING AND TRAFFIC REGULATIONS (Continued)

Parking and Traffic Regulations for 2001-02

<u>Page Number(s)</u>	<u>Summary of Proposed Substantive Change</u>
23, 34-37	The new regulation revises the University Carpool Parking procedures to encourage the use of carpools by offering discounts on parking rates for permit holders that share their vehicles with other commuters. The University will also provide a "guaranteed ride home" and also "courtesy parking" two times each semester for program participants that must drive their own vehicles to campus. This program will help reduce the number of single occupant vehicles in the campus area.
23, 37	Provides for Vanpool Parking on the campus. The University is also partnering with Capital Metro to establish a Vanpool program.
25	Beginning this August 2001, each Academic Year a permit holder will receive three Warning Citations for failure to display the proper permit, before the citation fine is levied.
26	All annual permits, except student "R" and "S" permits, will expire August 31 each year.
28	The new regulation includes the current legislative requirements for all disabled veterans, Congressional Medal of Honor Recipients, former Prisoners of War, Pearl Harbor survivors, Purple Heart recipients, and all disabled persons, whose vehicles display the specially designed license plates and placards issued by the Texas Department of Transportation.
30, 31	This section also announces the elimination of the Graduate Class "G" Permits. Those previously eligible for this permit will be able to purchase a Class "A" Permit.

THE UNIVERSITY OF TEXAS AT AUSTIN
U. T. BOARD OF REGENTS' MEETING
AUGUST 9, 2001

PARKING AND TRAFFIC REGULATIONS (Continued)

Parking and Traffic Regulations for 2001-02

<u>Page Number(s)</u>	<u>Summary of Proposed Substantive Change</u>
32, 33, 34	There will be no overnight parking without proper permit, except in University garages, west of IH 35.
34	The University will issue CLASS "M" PERMITS Motorcycle/Moped/Motorbike Permits free without charge when an automobile permit is purchased.
34	In the past the University has issued permits to some University organizations and activities without charge. The organization or agencies are now responsible to pay for the cost of an "F" (Faculty) permit.
38	Establishes a Class "VN" Permit for vendors.
46, 47	While previous University regulations included provisions for vehicle immobilization, the process had not been used. A violator who accumulates four outstanding citations may have the vehicle booted or immobilized. If a vehicle is "booted," the violator must resolve all outstanding citations and pay a \$25.00 administrative fee to have the "boot" removed.

THE UNIVERSITY OF TEXAS AT AUSTIN
 U. T. BOARD OF REGENTS' MEETING
 AUGUST 9, 2001

PARKING AND TRAFFIC REGULATIONS (Continued)

PARKING PERMIT FEES

Ratification is recommended for the following parking permit fees to be effective beginning with the Fall Semester 2001. The fees have been administratively approved by Executive Vice Chancellor for Academic Affairs.

Following Regental approval, the appropriate component catalog will be amended to reflect these new fees.

	<u>Current Rates</u>	<u>Proposed Rates</u>	<u>Percent Increase</u>
Annual fees:			
<u>Student Permit Classifications</u>			
Permit "G" discontinued	\$95	0	n/a
Permit "A" Health discontinued	\$80	0	n/a
<u>Vendor Permit Classifications</u>			
<u>University Organizations Classifications</u>			
Permit "F"	n/a	\$345.	n/a
Garage Parking:			
Hourly rate	\$ 6.	\$7.	16.6%

THE UNIVERSITY OF TEXAS AT AUSTIN
U. T. BOARD OF REGENTS' MEETING
AUGUST 9, 2001

PARKING AND TRAFFIC REGULATIONS (Continued)
PARKING ENFORCEMENT FEES

Ratification is recommended for the following parking enforcement fees to be effective beginning with the Fall Semester 2001. The fees have been administratively approved by Executive Vice Chancellor for Academic Affairs.

Following Regental approval, the appropriate component catalog will be amended to reflect these new fees.

	<u>Current Rates</u>	<u>Proposed Rates</u>	<u>Percent Increase</u>
Disabled vehicle	n/a	\$50.00	100%
Special Event Parking	n/a	\$25.00	100%
Improper use of a controlled access area or a key card or entering or exiting a controlled access area through prohibited means	n/a	\$25.00	100%
Improper parking of a State vehicle or University vehicle	n/a	\$20.00	100%
Moped/motorcycle/motorbike parked in a lot space	n/a	\$15.00	100%
Temporary parking restrictions	n/a	\$25.00	100%
Parking or idling at air intake louvers	n/a	\$25.00	100%
Nonmotorized parking or driving on sidewalk, grass, or shrubbery plus the actual cost of repairing damage done	n/a	\$25.00	100%
Passenger pickup and discharge.	n/a	\$25.00	100%
Parking a vehicle overnight in an unauthorized place.	n/a	\$25.00	100%
Other nonmoving violation of Texas Motor Vehicle Laws, including but not limited to: Failure to display emissions inspection sticker.	n/a	\$25.00	100%
Obstruction to vehicular or pedestrian traffic (impoundable)	\$50.00	\$25.00*	-50%
Parking in a designated parking area without displaying proper permit.	\$15.00	\$10.00*	-33%
Boot fee	n/a	\$25.00	100%

*Fees reduced to an amount determined most reasonable for violation.

THE UNIVERSITY OF TEXAS AT AUSTIN
 U. T. BOARD OF REGENTS' MEETING
 AUGUST 9, 2001

SMALL CLASS REPORT, FALL 2000 AND SPRING 2001

Pursuant to Sections 51.403 of the Texas Education Code and Section 5.301 of the Texas Higher Education Coordinating Board Rules, a report for the record regarding the teaching of small classes has been filed. The institution has reviewed the data in this report and, as appropriate, made administrative changes to ensure that teaching such small classes continues to be justified. The detailed listing of small classes is included in electronic file CBM 004 in the U. T. System Office of Academic Affairs and is summarized as follows:

**Organized Undergraduate Classes with
 Fewer than 10 Enrolled Students**

<u>Primary Reasons for Teaching</u>	<u>Fall</u>	<u>Spring</u>	<u>Total</u>	<u>Prior Year Total</u>
a. Required for Graduation	66	65	131	158
b. To keep proper sequence	35	76	111	114
c. New program	0	0	0	0
d. Cross listed	51	16	67	43
e. First time offered	13	0	13	5
f. Accreditation or licensing Standard	6	4	10	19
g. Limited facilities	0	0	0	0
Subtotal	171	161	332	339
h. Voluntarily offered	19	14	33	32
Total	190	175	365	371

THE UNIVERSITY OF TEXAS AT AUSTIN
 U. T. BOARD OF REGENTS' MEETING
 AUGUST 9, 2001

SMALL CLASS REPORT, FALL 2000 AND SPRING 2001 (Continued)

**Organized Graduate Classes with
 Fewer than 5 Enrolled Students**

Primary Reasons for Teaching	Fall	Spring	Total	Prior Year Total
a. Required for Graduation	23	46	69	44
b. To keep proper sequence	12	19	31	13
c. New program	0	0	0	0
d. Cross listed	41	68	109	95
e. First time offered	0	1	1	0
f. Accreditation or licensing Standard	33	38	71	61
g. Limited facilities	0	0	0	0
Subtotal	109	172	281	213
h. Voluntarily offered	0	0	0	0
Total	109	172	281	213

THE UNIVERSITY OF TEXAS AT BROWNSVILLE
U. T. BOARD OF REGENTS' MEETING
AUGUST 9, 2001

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THE UNIVERSITY OF TEXAS AT BROWNSVILLE
U. T. BOARD OF REGENTS' MEETING
AUGUST 9, 2001

AMENDMENTS TO THE 2000-01 BUDGET

The following Requests for Budget Changes (RBC's) have been administratively approved as required by the Executive Vice Chancellor for Academic Affairs and are recommended for ratification by the U. T. Board of Regents.

The term "rate" for academic institutions is the full-time nine-month base rate and for health institutions is the full-time twelve-month base rate; for all other personnel it is the full-time rate, the appointee receiving a proportionate amount depending upon the fraction of time for which the individual is appointed and the period of appointment.

<u>Item, Department, Title, Name</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate</u>	
<u>APPOINTMENTS AND PROMOTIONS</u>					
COLLEGE OF SCIENCE, MATH & TECHNOLOGY					
Physical Sciences					
1. Terry J. Philips (T)					16
From: Associate Professor		100	09	41,214	
To: Interim Dean and Associate Professor	11/15-8/31 11/15-5/31	100 0	12 09	65,000 41,214	
2. Jose G. Martín (T)					17
From: Dean and Professor		100 0	12 09	110,029 64,260	
To: Provost / Vice President And Professor	11/15-8/31 11/15-5/31	100 0	12 09	125,000 64,260	

THE UNIVERSITY OF TEXAS AT BROWNSVILLE
 U. T. BOARD OF REGENTS' MEETING
 AUGUST 9, 2001

SMALL CLASS REPORT, FALL 2000 AND SPRING 2001

Pursuant to Sections 51.403 of the Texas Education Code and Section 5.301 of the Texas Higher Education Coordinating Board Rules a report for the record regarding the teaching of small classes has been filed. The institution has reviewed the data in this report and, as appropriate, made administrative changes to ensure that teaching such small classes continues to be justified. The detailed listing of small classes is included in electronic file CBM 004 in the U. T. System Office of Academic Affairs and is summarized as follows:

**Organized Undergraduate Classes with
 Fewer than 10 Enrolled Students**

<u>Primary Reasons for Teaching</u>	<u>Fall</u>	<u>Spring</u>	<u>Total</u>	<u>Prior Year Total</u>
a. Required for Graduation	30	36	66	123
b. To keep proper sequence	7	7	14	66
c. New program	8	15	23	25
d. Cross listed	9	17	26	16
e. First time offered	4	2	6	4
f. Accreditation or licensing Standard	3	1	4	26
g. Limited facilities	1	1	2	5
Subtotal	62	79	141	265
h. Voluntarily offered	3	5	8	16
Total	65	84	149	281

THE UNIVERSITY OF TEXAS AT BROWNSVILLE
 U. T. BOARD OF REGENTS' MEETING
 AUGUST 9, 2001

SMALL CLASS REPORT, FALL 2000 AND SPRING 2001 (Continued)

**Organized Graduate Classes with
 Fewer than 5 Enrolled Students**

Primary Reasons for Teaching	Fall	Spring	Total	Prior Year Total
a. Required for Graduation	2	3	5	2
b. To keep proper sequence	1	3	4	5
c. New program	1	1	2	0
d. Cross listed	0	1	1	2
e. First time offered	0	2	2	0
f. Accreditation or licensing Standard	0	0	0	0
g. Limited facilities	0	0	0	0
Subtotal	4	10	14	9
h. Voluntarily offered	2	4	6	6
Total	6	14	20	15

THE UNIVERSITY OF TEXAS AT DALLAS
U.T. BOARD OF REGENTS' MEETING
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THE UNIVERSITY OF TEXAS AT DALLAS
 U.T. BOARD OF REGENTS' MEETING
 AUGUST 9, 2001

AMENDMENTS TO THE 2000-01 BUDGET

The following Requests for Budget Changes (RBC's) have been administratively approved as required by the Executive Vice Chancellor for Academic Affairs and are recommended for ratification by the U. T. Board of Regents.

The term "rate" for academic institutions is the full-time nine-month base rate and for health institutions is the full-time twelve-month base rate; for all other personnel it is the full-time rate, the appointee receiving a proportionate amount depending upon the fraction of time for which the individual is appointed and the period of appointment.

<u>Item, Department, Title, Name</u>	<u>Effective Date</u>	<u>Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>%</u>	<u>No. Rate</u>	
<u>APPOINTMENTS AND PROMOTIONS</u>					
SCHOOL OF SOCIAL SCIENCES					
Professor					
1. Harold D. Clarke (T)	08/01-08/31	100	09	140,000	30
2. Marianne C. Stewart (T)					31
From: Professor		100	09	71,000	
To: Acting Dean and Professor	04/01-08/31	100	09	71,000	
Professor					
3. Larry Terry (T)	07/01-08/31	100	09	97,500	32

THE UNIVERSITY OF TEXAS AT DALLAS
U.T. BOARD OF REGENTS' MEETING
AUGUST 9, 2001

AMENDMENTS TO THE 2000-01 BUDGET (Continued)

<u>TRANSFERS OF FUNDS</u>		<u>RBC #</u>
THE TEXAS HIGHER EDUCATION COORDINATING BOARD		
4. Amount of Transfer	\$138,300	33

From: Texas Higher Education Coordinating Board - Texas Grants

To: Texas Grants	\$44,194
Texas Grants for Continuing Students	\$94,106

Increase the FY 2001 Budget to record the actual amount appropriated from the Coordinating Board.

SENIOR VICE PRESIDENT OF BUSINESS AFFAIRS		
5. Amount of Transfer	\$1,400,000	34

From: AES Scholarships

To: Academic Excellence Scholarships - Designated

To transfer the Academic Excellence Scholarships (AES) to a more appropriate fund group.

THE UNIVERSITY OF TEXAS AT DALLAS
U.T. BOARD OF REGENTS' MEETING
AUGUST 9, 2001

OTHER FISCAL ITEMS

EMPLOYMENT AGREEMENTS

The following agreements have been awarded, have been approved by the Executive Vice Chancellor for Academic Affairs, and are recommended for ratification by the U. T. Board of Regents. Such employment under these agreements are subject to the Constitution and Bylaws of the National Collegiate Athletic Association, any intercollegiate athletic conference of which The University of Texas at Dallas is a member, and the Rules and Regulations of the Board of Regents of The University of Texas System and The University of Texas at Dallas. The violation of the provisions of such constitution, bylaws, rules or regulations shall be grounds for suspension without pay or dismissal.

1. Item: Head Baseball Coach
Funds: \$32,000 annually
Period: April 2, 2001 through August 31, 2001
Description: Agreement for employment of Head Baseball Coach, Shane Shewmake, for the above-designated period following the standard coach's employment contract prepared by the Office of General Counsel.

2. Item: Head Softball Coach
Funds: \$32,000 annually
Period: May 16, 2001 through August 31, 2001
Description: Agreement for employment of Head Softball Coach, Tricia Polhert, for the above-designated period following the standard coach's employment contract prepared by the Office of General Counsel.

THE UNIVERSITY OF TEXAS AT DALLAS
 U.T. BOARD OF REGENTS' MEETING
 AUGUST 9, 2001

SMALL CLASS REPORT, FALL 2000 AND SPRING 2001

Pursuant to Sections 51.403 of the Texas Education Code and Section 5.301 of the Texas Higher Education Coordinating Board Rules, a report for the record regarding the teaching of small classes has been filed. The institution has reviewed the data in this report and, as appropriate, made administrative changes to ensure that teaching such small classes continues to be justified. The detailed listing of small classes is included in electronic file CBM 004 in the U. T. System Office of Academic Affairs and is summarized as follows:

**Organized Undergraduate Classes with
 Fewer than 10 Enrolled Students**

Primary Reasons for Teaching	Fall	Spring	Total	Prior Year Total
a. Required for graduation	5	10	15	22
b. To keep proper sequence	7	13	20	36
c. New program	0	2	2	2
d. Cross listed	12	32	44	39
e. First time offered	5	0	5	9
f. Accreditation or licensing standard	0	0	0	0
g. Limited facilities	0	3	3	0
Subtotal	29	60	89	108
h. Voluntarily offered	5	4	9	2
Total	34	64	98	110

THE UNIVERSITY OF TEXAS AT EL PASO
U. T. BOARD OF REGENTS' MEETING
AUGUST 9, 2001

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THE UNIVERSITY OF TEXAS AT EL PASO
 U. T. BOARD OF REGENTS' MEETING
 AUGUST 9, 2001

AMENDMENTS TO THE 2000-01 BUDGET

The following Requests for Budget Changes (RBC's) have been administratively approved as required by the Executive Vice Chancellor for Academic Affairs and are recommended for ratification by the U. T. Board of Regents.

The term "rate" for academic institutions is the full-time nine-month base rate and for health institutions is the full-time twelve-month base rate; for all other personnel it is the full-time rate, the appointee receiving a proportionate amount depending upon the fraction of time for which the individual is appointed and the period of appointment.

<u>Item, Department, Title, Name</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate</u>	
<u>APPOINTMENTS AND PROMOTIONS</u>					
EDUCATIONAL AND GENERAL FUNDS					
COLLEGE OF LIBERAL ARTS					
Philosophy					
1. David L. Hall (T)					24
From: Professor		100	09	70,500	
To: Professor Emeritus	4/09				

Note: Dr. Hall passed away April 11, 2001.

THE UNIVERSITY OF TEXAS AT EL PASO
 U. T. BOARD OF REGENTS' MEETING
 AUGUST 9, 2001

SMALL CLASS REPORT, FALL 2000 AND SPRING 2001

Pursuant to Sections 51.403 of the Texas Education Code and Section 5.301 of the Texas Higher Education Coordinating Board Rules, a report for the record regarding the teaching of small classes has been filed. The institution has reviewed the data in this report and, as appropriate, made administrative changes to ensure that teaching such small classes continues to be justified. The detailed listing of small classes is included in electronic file CBM 004 in the U. T. System Office of Academic Affairs and is summarized as follows:

**Organized Undergraduate Classes with
 Fewer than 10 Enrolled Students**

Primary Reasons for Teaching	Fall	Spring	Total	Prior Year Total
a. Required for Graduation	17	24	41	33
b. To keep proper sequence	10	13	23	35
c. New program	3	1	4	6
d. Cross listed	61	66	127	101
e. First time offered	4	3	7	2
f. Accreditation or licensing Standard	0	0	0	0
g. Limited facilities	2	1	3	1
Subtotal	97	108	205	178
h. Voluntarily offered	13	9	22	22
Total	110	117	227	200

THE UNIVERSITY OF TEXAS AT EL PASO
 U. T. BOARD OF REGENTS' MEETING
 AUGUST 9, 2001

SMALL CLASS REPORT, FALL 2000 AND SPRING 2001 (Continued)

**Organized Graduate Classes with
 Fewer than 5 Enrolled Students**

Primary Reasons for Teaching	Fall	Spring	Total	Prior Year Total
a. Required for Graduation	5	3	8	13
b. To keep proper sequence	9	4	13	8
c. New program	0	0	0	0
d. Cross listed	14	16	30	41
e. First time offered	1	0	1	0
f. Accreditation or licensing Standard	0	0	0	0
g. Limited facilities	0	0	0	0
Subtotal	29	23	52	62
h. Voluntarily offered	5	4	9	7
Total	34	27	61	69

THE UNIVERSITY OF TEXAS – PAN AMERICAN
BOARD OF REGENTS' MEETING
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THE UNIVERSITY OF TEXAS – PAN AMERICAN
 BOARD OF REGENTS' MEETING
 AUGUST 9, 2001

FEES AND MISCELLANEOUS CHARGES

HOUSING RATES

(including Apartments, Dormitory Rooms, Residence Halls)

Ratification is recommended for the following housing rates to be effective beginning with the Fall Semester 2001. The rates have been administratively approved by the Executive Vice Chancellor for Academic Affairs. Following Regental approval, the appropriate component catalog will be amended to reflect these new rates.

	9 month Current Rates	9 month Proposed Rates	Percent Increase	12 month Current Rates	12 month Proposed Rates	Percent Increase
“Bronc Village” Apartments						
<u>Per Month</u>						
1 Bedroom, 1 Bath (8 units)						
1 Person	\$500	\$640	28%	\$480	\$620	29%
2 Persons	\$260	\$330	27%	\$240	\$310	29%
2 Bedroom, 1 Bath (8 units)						
1 Person	\$560	\$700	25%	\$540	\$680	26%
2 Persons	\$290	\$360	24%	\$270	\$340	26%
4 Bedroom, 2 Bath (40 units)						
1 Person	\$1,040	\$1,320	27%	\$1,020	\$1,300	27%
2 Persons	\$ 530	\$ 740	40%	\$ 510	\$ 720	41%
3 Persons	\$ 360	\$ 500	39%	\$ 340	\$ 480	41%
4 Persons	\$ 275	\$ 345	25%	\$ 255	\$ 325	27%
4 Bedroom, 2 bath (ADA – 8 units)						
1 Person	\$1,040	\$1,320	27%	\$1,020	\$1,300	27%
2 Persons	\$ 530	\$ 740	40%	\$ 510	\$ 720	41%
3 Persons	\$ 360	\$ 500	39%	\$ 340	\$ 480	41%
4 Persons	\$ 275	\$ 345	25%	\$ 255	\$ 325	27%

All apartment rates include water, utilities and cable television service.

*Flex points are flexible spending dollars that can be used to purchase food and campus food courts or campus convenience stores.

THE UNIVERSITY OF TEXAS – PAN AMERICAN
 BOARD OF REGENTS' MEETING
 AUGUST 9, 2001

FEES AND MISCELLANEOUS CHARGES (Continued)
HOUSING RATES
 (including Apartments, Dormitory Rooms, Residence Halls)

RESIDENCE HALLS

	<u>Current Rates</u>	<u>Proposed Rates</u>	<u>Percent Increase</u>
<u>Conference Rate (per day)</u>			
Double Occupancy			
University Sponsored	\$0	\$9 - \$11	n/a
Nonuniversity Sponsored	\$0	\$12.50 - \$14.50	n/a

BOARD RATES

Approval is recommended for the following board/meal rates to be effective beginning with the Fall Semester 2001. The rates have been administratively approved by the Executive Vice Chancellor for Academic Affairs. Following Regental approval, the appropriate component catalog will be amended to reflect these new rates.

	<u>Current Rates</u>	<u>Proposed Rates</u>	<u>Percent Increase</u>
<u>Per Semester (Includes sales tax)</u>			
Regular Session			
Meal Plan – Declining Balance	\$541.25	\$0	n/a
Meal Plan - Traditional			
17 meals per week + \$100 flex points*	\$0	\$963.58	n/a
14 meals per week + \$75 flex points	\$0	\$885.90	n/a
10 meals per week + \$50 flex points	\$0	\$786.15	n/a
\$250 flex points	\$0	\$270.62	n/a
Summer Session			
Meal Plan - Declining Balance	\$270.62	\$270.62	0%

*Flex points are flexible spending dollars that can be used to purchase food and beverages at campus food courts or campus convenience stores.

THE UNIVERSITY OF TEXAS – PAN AMERICAN
BOARD OF REGENTS' MEETING
AUGUST 9, 2001

SMALL CLASS REPORT, FALL 2000 AND SPRING 20001

Pursuant to Sections 51.403 of the Texas Education Code and Section 5.301 of the Texas Higher Education Coordinating Board Rules, a report for the record regarding the teaching of small classes has been filed. The institution has reviewed the data in this report and, as appropriate, made administrative changes to ensure that teaching such small classes continues to be justified. The detailed listing of small classes is included in electronic file CBM 004 in the U. T. System Office of Academic Affairs and is summarized as follows:

**Organized Undergraduate Classes with
Fewer than 10 Enrolled Students**

Primary Reasons for Teaching	Fall	Spring	Total	Prior Year Total
a. Required for Graduation	14	3	17	26
b. To keep proper sequence	22	6	28	16
c. New program	1	5	6	4
d. Cross listed	25	31	56	88
e. First time offered	0	2	2	3
f. Accreditation or licensing Standard	1	14	15	0
g. Limited facilities	0	0	0	13
Subtotal	63	61	124	150
h. Voluntarily offered	72	72	144	107
i. Administrative	1	1	2	4
Total	136	134	270	261

THE UNIVERSITY OF TEXAS – PAN AMERICAN
 BOARD OF REGENTS' MEETING
 AUGUST 9, 2001

SMALL CLASS REPORT, FALL 2000 AND SPRING 2001 (Continued)

**Organized Graduate Classes with
 Fewer than 5 Enrolled Students**

Primary Reasons for Teaching	Fall	Spring	Total	Prior Year Total
a. Required for Graduation	3	5	8	5
b. To keep proper sequence	1	1	2	1
c. New program	0	1	1	0
d. Cross listed	11	11	22	12
e. First time offered	0	1	1	1
f. Accreditation or licensing Standard	0	0	0	0
g. Limited facilities	0	0	0	1
Subtotal	15	19	34	20
h. Voluntarily offered	30	27	57	56
i. Administrative	0	0	0	1
Total	45	46	91	77

THE UNIVERSITY OF TEXAS – PAN AMERICAN
BOARD OF REGENTS' MEETING
AUGUST 9, 2001

OTHER MATTERS (Continued)

APPROVAL OF DUAL POSITIONS OF HONOR, TRUST, OR PROFIT

The following item has been approved by the Executive Vice Chancellor for Academic Affairs in accordance with the Regents' Rules and Regulations, Part One, Chapter III, Section 13 and is submitted for ratification by the U. T. Board of Regents. It has been determined that the holding of this office or position is of benefit to the State of Texas and The University of Texas and there is no conflict between holding the position and Mr. Langabeer's appointment with The University of Texas - Pan American.

1. Name: James R. Langabeer
 Title: Vice President for Business Affairs
 Position: Appointment as board member of the Texas Guaranteed Student Loan Corporation.
 Period: April 2001
 Compensation: None
 Description: In April 2001 Governor Rick Perry appointed Mr. James R. Langabeer to the Texas Guaranteed Student Loan Corporation. The board is responsible for guaranteeing loans made to eligible students by eligible lenders as provided by the federal guaranteed student loan program under the Higher Education Act of 1965.

THE UNIVERSITY OF TEXAS OF THE PERMIAN BASIN
BOARD OF REGENTS' MEETING
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THE UNIVERSITY OF TEXAS OF THE PERMIAN BASIN
 BOARD OF REGENTS' MEETING
 AUGUST 9, 2001

SMALL CLASS REPORT, FALL 2000 AND SPRING 2001

Pursuant to Sections 51.403 of the Texas Education Code and Section 5.301 of the Texas Higher Education Coordinating Board Rules, a report for the record regarding the teaching of small classes has been filed. The institution has reviewed the data in this report and, as appropriate, made administrative changes to ensure that teaching such small classes continues to be justified. The detailed listing of small classes is included in electronic file CBM 004 in the U. T. System Office of Academic Affairs and is summarized as follows:

**Organized Undergraduate Classes with
 Fewer than 10 Enrolled Students**

Primary Reasons for Teaching	Fall	Spring	Total	Prior Year Total
a. Required for Graduation	1	11	12	25
b. To keep proper sequence	21	15	36	9
c. New program	0	1	1	4
d. Cross listed	9	11	20	10
e. First time offered	1	3	4	1
f. Accreditation or licensing Standard	0	0	0	0
g. Limited facilities	0	0	0	0
Subtotal	32	41	73	49
h. Voluntarily offered	0	0	0	7
Total	32	41	73	56

THE UNIVERSITY OF TEXAS OF THE PERMIAN BASIN
 BOARD OF REGENTS' MEETING
 AUGUST 9, 2001

SMALL CLASS REPORT, FALL 2000 AND SPRING 2001 (Continued)

**Organized Graduate Classes with
 Fewer than 5 Enrolled Students**

Primary Reasons for Teaching	Fall	Spring	Total	Prior Year Total
a. Required for Graduation	0	3	3	5
b. To keep proper sequence	2	1	3	1
c. New program	0	0	0	0
d. Cross listed	2	0	2	5
e. First time offered	0	0	0	1
f. Accreditation or licensing Standard	0	0	0	0
g. Limited facilities	0	0	0	0
Subtotal	4	4	8	12
h. Voluntarily offered	0	0	0	4
Total	4	4	8	16

THE UNIVERSITY OF TEXAS OF THE PERMIAN BASIN
BOARD OF REGENTS' MEETING
AUGUST 9, 2001

OTHER MATTERS

APPROVAL OF DUAL POSITIONS OF HONOR, TRUST, OR PROFIT

The following item has been approved by the Executive Vice Chancellor for Academic Affairs in accordance with the Regents' Rules and Regulations, Part One, Chapter III, Section 13 and are submitted for ratification by the Board of Regents. It has been determined that the holding of this position is of benefit to the State of Texas and The University of Texas of the Permian Basin and there is no conflict between holding the position and Dr. Watts' appointment with The University of Texas of the Permian Basin.

1. Name: W. David Watts
Title: President
Position: Appointment as Chair to the Initial Review Group for the Substance Abuse and Mental Health Administration
Period: June 25 - 30, 2001
Compensation: \$200 per day
Description: Ms. Jodie Cline, Review Administrator of the Department of Health & Human Services, Division of Extramural Activities has asked Dr. Watts to chair the Initial Review Group for the Substance Abuse and Mental Health Administration. The Initial Review Group will review grant proposals for the Youth Violence Cooperative Agreements submitted to the Center for Mental Health Services.

THE UNIVERSITY OF TEXAS AT SAN ANTONIO
U. T. BOARD OF REGENTS' MEETING
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THE UNIVERSITY OF TEXAS AT SAN ANTONIO
U. T. BOARD OF REGENTS' MEETING
AUGUST 9, 2001

FEEES AND MISCELLANEOUS CHARGES

STUDENT SERVICES FEES

Approval is recommended for the following student services fee maximums to be effective beginning with the Fall Semester 2001. The statutory requirements for involvement of a student services fees committee have been met. The fees have been administratively approved by the Executive Vice Chancellor for Academic Affairs.

Following Regental approval, the appropriate component catalog will be amended to reflect these new fees.

COMPULSORY STUDENT SERVICES FEE

	<u>Current Rates</u>	<u>Proposed Rates</u>	<u>Percent Increase</u>
<u>For each regular semester</u>			
Per Semester Credit Hour	\$ 16	\$ 16	0%
Maximum	\$150	\$165	10%
<u>For summer session</u>			
Per Semester Credit Hour	\$ 16	\$ 16	0%
Maximum	\$ 75	\$ 82.50	10%

THE UNIVERSITY OF TEXAS AT SAN ANTONIO
U. T. BOARD OF REGENTS' MEETING
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SMALL CLASS REPORT, FALL 2000 AND SPRING 2001

Pursuant to Sections 51.403 of the Texas Education Code and Section 5.301 of the Texas Higher Education Coordinating Board Rules, a report for the record regarding the teaching of small classes has been filed. The institution has reviewed the data in this report and, as appropriate, made administrative changes to ensure that teaching such small classes continues to be justified. The detailed listing of small classes is included in electronic file CBM 004 in the U. T. System Office of Academic Affairs and is summarized as follows:

**Organized Undergraduate Classes with
Fewer than 10 Enrolled Students**

<u>Primary Reasons for Teaching</u>	<u>Fall</u>	<u>Spring</u>	<u>Total</u>	<u>Prior Year Total</u>
a. Required for Graduation	23	24	47	36
b. To keep proper sequence	35	30	65	61
c. New program	4	2	6	6
d. Cross listed	10	7	17	34
e. First time offered	1	5	6	3
f. Accreditation or licensing standard	0	0	0	0
g. Limited facilities	0	0	0	4
Subtotal	73	68	141	144
h. Voluntarily offered	10	11	21	37
Total	83	79	162	181

THE UNIVERSITY OF TEXAS AT SAN ANTONIO
 U. T. BOARD OF REGENTS' MEETING
 AUGUST 9, 2001

SMALL CLASS REPORT, FALL 2000 AND SPRING 2001 (Continued)

**Organized Graduate Classes with
 Fewer than 5 Enrolled Students**

Primary Reasons for Teaching	Fall	Spring	Total	Prior Year Total
a. Required for Graduation	10	9	19	7
b. To keep proper sequence	7	18	25	8
c. New program	4	0	4	5
d. Cross listed	4	3	7	5
e. First time offered	0	0	0	0
f. Accreditation or licensing standard	0	0	0	0
g. Limited facilities	0	0	0	0
Subtotal	25	30	55	25
h. Voluntarily offered	2	4	6	10
Total	27	34	61	35

THE UNIVERSITY OF TEXAS AT SAN ANTONIO
U. T. BOARD OF REGENTS' MEETING
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OTHER MATTERS

STUDENT CONSTITUTION OR BYLAWS

The following proposed substantive changes to the Constitution of the Students' Association have been approved by the Executive Vice Chancellor for Academic Affairs and are recommended for ratification by the U. T. Board of Regents.

<u>Page Number(s)</u>	<u>Summary of Proposed Substantive Changes</u>
1 and 2	<u>Article I, Sections 2-6, Executive Committee</u> Allows a graduate student enrolled for 6 hours (rather than 12 hours required for an undergraduate) to hold the offices of President, Vice President, Treasurer, Recording Secretary, or Corresponding Secretary.
2	<u>Article I, Section 3, Executive Committee</u> Clarifies that Vice President chairs the House of Representatives rather than the House of Representatives Cabinet.
3	<u>Article II, Section 3, Representation</u> Revises composition of the General Assembly to include a Cabinet, composed of five Committee Chairs, the Parliamentarian, and the Historian, as well as the House of Representatives and the Executive Board.
3	<u>Article III, Section 1 Standing Committees</u> Grants the right to vote on all issues to the Cabinet.
4	<u>Article III, Section 3, Standing Committees</u> Changes reporting line for the Parliamentarian to the President.
4	<u>Article III, Section 4, Standing Committees</u> Changes reporting line for the Historian to the Recording Secretary.

THE UNIVERSITY OF TEXAS AT SAN ANTONIO
U. T. BOARD OF REGENTS' MEETING
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THE UNIVERSITY OF TEXAS AT TYLER
U. T. BOARD OF REGENTS' MEETING
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THE UNIVERSITY OF TEXAS AT TYLER
U. T. BOARD OF REGENTS' MEETING
AUGUST 9, 2001

GIFTS

The following gift has been received, has been administratively approved by the President and is recommended for approval by the U. T. Board of Regents:

1. Donor Name: Anonymous*
College/School/ Department: College of Education, Department of Physical Education
Health and Kinesiology
Purpose: Support to the Physical Education Health and Kinesiology
Building
Asset Type: Cash
Value: \$1,000,000

*No letter of transmittal from the donor

THE UNIVERSITY OF TEXAS AT TYLER
 U. T. BOARD OF REGENTS' MEETING
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SMALL CLASS REPORT, FALL 2000 AND SPRING 2001

Pursuant to Sections 51.403 of the Texas Education Code and Section 5.301 of the Texas Higher Education Coordinating Board Rules, a report for the record regarding the teaching of small classes has been filed. The institution has reviewed the data in this report and, as appropriate, made administrative changes to ensure that teaching such small classes continues to be justified. The detailed listing of small classes is included in electronic file CBM 004 in the U. T. System Office of Academic Affairs and is summarized as follows:

**Organized Undergraduate Classes with
 Fewer than 10 Enrolled Students**

Primary Reasons for Teaching	Fall	Spring	Total	Prior Year Total
a. Required for Graduation	36	38	74	48
b. To keep proper sequence	37	55	92	68
c. New program	5	14	19	38
d. Cross listed	11	0	11	18
e. First time offered	3	1	4	8
f. Accreditation or licensing Standard	0	0	0	0
g. Limited facilities	0	0	0	1
Subtotal	92	108	200	181
h. Voluntarily offered	4	6	10	5
i. Internet	0	0	0	2
Total	96	114	210	188

THE UNIVERSITY OF TEXAS AT TYLER
 U. T. BOARD OF REGENTS' MEETING
 AUGUST 9, 2001

SMALL CLASS REPORT, FALL 2000 AND SPRING 2001 (Continued)

**Organized Graduate Classes with
 Fewer than 5 Enrolled Students**

Primary Reasons for Teaching	Fall	Spring	Total	Prior Year Total
a. Required for Graduation	3	2	5	16
b. To keep proper sequence	7	15	22	8
c. New program	0	2	2	0
d. Cross listed	4	1	5	11
e. First time offered	2	3	5	0
f. Accreditation or licensing Standard	0	0	0	0
g. Limited facilities	0	0	0	0
Subtotal	16	23	39	35
h. Voluntarily offered	3	3	6	2
i. Internet	0	0	0	3
Total	19	26	45	40

THE UNIVERSITY OF TEXAS SOUTHWESTERN MEDICAL CENTER AT DALLAS
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THE UNIVERSITY OF TEXAS SOUTHWESTERN MEDICAL CENTER AT DALLAS
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GIFTS

The following gifts have been received, have been administratively approved by the President or his delegate, and are recommended for approval by the U. T. Board of Regents.

1. Donor Name: Southwestern Medical Foundation
College/School/ Department: Institution
Purpose: The Foundation's grant to The University of Texas Southwestern Medical Center at Dallas for the 2000-2001 academic year
Asset Type: Cash
Value: \$675,000 (represents the final payment on a commitment of \$1,350,000)

2. Donor Name: St. Paul Foundation, Inc.
College/School/ Department: Institution
Purpose: Funding for the February 22, 2001 and March 26, 2001 invoices from Sterling, Barnett, Little, Inc. and the fourth and fifth applications for payment from BEI Construction Managers for renovation of 6th Floor North (Heart and Lung Center) at St. Paul Medical Center
Asset Type: Cash
Value: \$1,176,660.88

THE UNIVERSITY OF TEXAS SOUTHWESTERN MEDICAL CENTER AT DALLAS
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CONTRACTS

The following contracts or agreements have been awarded, have been administratively approved by the President or his delegate, and are recommended for ratification by the U. T. Board of Regents.

GENERAL CONTRACT

(FUNDS COMING IN)

1. Agency: St. Paul Medical Center
Funds: \$1,131,774
Period: September 1, 1999 through August 31, 2000
Description: To support the General Surgery Residency Program.

**NONINTELLECTUAL PROPERTY-RELATED
SPONSORED RESEARCH AGREEMENT - FOREIGN**

(FUNDS COMING IN)

2. Country: Canada
Grantor: Axcan Pharma Inc.
No.: Clinical Trial Agreement PHO BAR 01
New Funds: \$8,180.34
Current Period: Grant letter dated February 28, 2001
Title/Description: Support for the study entitled, "A Multicenter, Partially Blinded, Randomized Phase 3 Study of the Efficacy and Safety of Photodynamic Therapy using PHOTOFRIN® (porfimer sodium) for Injection for the Ablation of High-grade Dysplasia in Barrett's Esophagus" under the direction of J. Steven Burdick, M.D., Department of Internal Medicine.

**NONINTELLECTUAL PROPERTY-RELATED AGREEMENTS –
MATERIAL TRANSFER AGREEMENTS – FOREIGN**

3. Agency: Centre de Recherche du CHUL
Canada
Funds: Material Transfer Agreement
Period: Beginning March 19, 2001
Description: Transfer of EM-1306 and EM-1183 to Michael J. McPhaul, M.D., Department of Internal Medicine, to exam the effects of EM-1306 and EM-1183 inhibitors on the dose-response of androgen responsive reporter gene assays in response to androgenic ligands, such as 5 α DHT, testosterone, and andiostenedione.

THE UNIVERSITY OF TEXAS SOUTHWESTERN MEDICAL CENTER AT DALLAS
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CONTRACTS (Continued)
NONINTELLECTUAL PROPERTY-RELATED AGREEMENTS –
MATERIAL TRANSFER AGREEMENTS – FOREIGN (Continued)

(FUNDS COMING IN)

4. Agency: Collgard Biopharmaceuticals, Ltd.
Israel
Funds: Material Transfer Agreement
Period: Beginning May 1, 2001
Description: Transfer of blind test compounds to Jeffrey Cadeddu, M.D., Department of Urology, to administer the test compound to pigs after a surgical procedure to see if the substance helps improve tissue healing after surgery.

5. Agency: Institut de Génétique et de Biologie Moléculaire et Cellulaire
France
Funds: Material Transfer Agreement
Period: Beginning May 2, 2001
Description: Transfer of Cre-ER^{T2} plasmid to Tom Sato, Ph.D., Department of Internal Medicine, to study vascular development and function.

6. Agency: Institut de Génétique et de Biologie Moléculaire et Cellulaire
France
Funds: Material Transfer Agreement
Period: Beginning May 9, 2001
Description: Transfer of Cre-ER^{T2} plasmid to Jonathan Graff, M.D., Ph.D., Department of Developmental Biology, to study the molecular processes underlying mesodermal cell fate specification.

7. Agency: Johannes-Gutenberg University of Mainz
Germany
Funds: Material Transfer Agreement
Period: Beginning March 19, 2001
Description: Transfer of Hepatitis C Virus (HCV) replicon construct pFK-I₃₈₉/NS3-5B/2884Gly to Michael Gale, Ph.D., Department of Microbiology, to use as a positive control to establish an HCV replicon system in order to study transitional regulation of the HCV Ribonucleic Acid (RNA).

THE UNIVERSITY OF TEXAS SOUTHWESTERN MEDICAL CENTER AT DALLAS
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CONTRACTS (Continued)
NONINTELLECTUAL PROPERTY-RELATED AGREEMENTS –
MATERIAL TRANSFER AGREEMENTS – FOREIGN (Continued)

8. Agency: Kazusa DNA Research Institute
Japan
Funds: Material Transfer Agreement
Period: Beginning May 8, 2001
Description: Transfer of KIAA1470 cDNA clone to Michael McPhaul, M.D., Department of Internal Medicine, to study the role in modifying the activities of the androgen receptor.
9. Agency: N.V. Organon
The Netherlands
Funds: Material Transfer Agreement
Period: Beginning May 17, 2001
Description: Transfer of 1 gram of Org 3770 (antidepressant drug) to Howard Gershenfeld, M.D., Ph.D., Department of Psychiatry, for behavioral despair testing of mouse strains.
10. Agency: Roche Diagnostics GmbH
Germany
Funds: Material Transfer Agreement
Period: Beginning March 27, 2001
Description: Transfer of monoclonal antibodies raised against thymidine phosphorylase (TP) and dihydropyrimidine-dehydrogenase (DPD) to Daniel Bowers, M.D., Department of Pediatrics, to evaluate pediatric solid tumors for the expression of the enzyme TP and the enzyme DPD.
11. Agency: RZPD Deutsches Ressourcenzentrum für Genomforschung
GmbH
Germany
Funds: Material Transfer Agreement
Period: Beginning May 5, 2001
Description: Transfer of cDNA clone DKFZp586G2120 to Bruce Horazdovsky, Ph.D., Department of Biochemistry, to be used solely for teaching and academic research purposes.

THE UNIVERSITY OF TEXAS SOUTHWESTERN MEDICAL CENTER AT DALLAS
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CONTRACTS (Continued)
NONINTELLECTUAL PROPERTY-RELATED AGREEMENTS –
MATERIAL TRANSFER AGREEMENTS – FOREIGN (Continued)

12. Agency: UK HGMP Resource Centre
United Kingdom
Funds: Material Transfer Agreement
Period: Beginning May 15, 2001
Description: Transfer of genomic DNA clones to Andrew Zinn, M.D., Ph.D.,
McDermott Center, to further research and development in the
Human Genome Project.
13. Agency: University of Heidelberg
Germany
Funds: Material Transfer Agreement
Period: Beginning May 7, 2001
Description: Transfer of pUHRt62-1 (rtTA2^S-M2) Tet System components to
Michael Brown, M.D., Department of Biophysics and Molecular
Genetics, to be used solely for application in the non-commercial
research of Dr. Michael Brown.
14. Agency: University of Heidelberg
Germany
Funds: Material Transfer Agreement
Period: Beginning April 24, 2001
Description: Transfer of rtTA-M2 Tet System components to Steven Kerner,
M.D., Department of Pediatrics, to be used solely for application
in the non-commercial research of Dr. Steven Kerner.

INTELLECTUAL PROPERTY AGREEMENTS –
PATENTS AND TECHNOLOGY RIGHTS AGREEMENTS - FOREIGN

(FUNDS COMING IN)

15. Optionee: Abiogen Pharma Spa
Pisa, Italy
Summary of License
Provisions: Board hereby grants Abiogen Pharma Spa
(Optionee) an exclusive option to acquire an
exclusive, worldwide license to practice Technology
Rights in the Field under terms set forth in the
License Agreement.

THE UNIVERSITY OF TEXAS SOUTHWESTERN MEDICAL CENTER AT DALLAS
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CONTRACTS (Continued)
INTELLECTUAL PROPERTY AGREEMENTS –
PATENTS AND TECHNOLOGY RIGHTS AGREEMENTS - FOREIGN (Continued)
(FUNDS COMING IN) (Continued)

Description of Licensed Product(s):	Board's rights in any technical information, know-how, processes, procedures, compositions, methods, formulae, protocols, techniques or data developed by Inventor (Ellen Vitetta) at The University of Texas Southwestern Medical Center in the Field (treatment of myeloma, graft-versus-host disease, autoimmune diseases, cancer metastases and infectious disease in humans using antihuman ICAM-1 monoclonal antibody (UV3)) which are not obligated to another third party and are necessary for the development and/or sale of Licensed Products either (i) prior to the Effective Date, or (ii) during the valid term of the Sponsored Research Agreement.
Fee-Royalty:	In consideration for the option granted herein, Optionee agrees to pay Board: (a) an option fee of \$5,000 within 30 days after the Effective Date; and (b) an option extension fee of \$5,000 payable within 15 days of the first anniversary of the Effective Date if Optionee has not exercised its option by that date.
Period:	This Agreement is effective as of April 1, 2001 (Effective Date) for a period of 24 months (the Option Period), subject to approval by the Board.
16. Optionee:	Abiogen Pharma Spa Pisa, Italy
Summary of License Provisions:	Board hereby grants Abiogen Pharma Spa (Optionee) an exclusive option to acquire an exclusive, worldwide license to practice Patent Rights in the Field (use of Immunotoxins in transplantation and the treatment of autoimmune diseases and cancer) under terms set forth in the License Agreement.

THE UNIVERSITY OF TEXAS SOUTHWESTERN MEDICAL CENTER AT DALLAS
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CONTRACTS (Continued)
INTELLECTUAL PROPERTY AGREEMENTS –
PATENTS AND TECHNOLOGY RIGHTS AGREEMENTS - FOREIGN (Continued)

(FUNDS COMING IN) (Continued)

Description of Licensed Product(s):	Board's rights in information or discoveries covered by U.S. Patent 5,686,072, issued November 11, 1997, entitled "Epitope-Specific Monoclonal Antibodies & Immunotoxins & Uses Thereof" (The University of Texas Southwestern Medical Center file reference number UTSD:379), and all corresponding foreign patent applications; and all reexaminations or extensions thereof.
Fee-Royalty:	In consideration for the option granted herein, Optionee agrees to pay Board: (a) an option fee of \$12,000 within 30 days after the Effective Date; and (b) an option extension fee of \$12,000 payable within 15 days of the first anniversary of the Effective Date if Optionee has not exercised its option by such date.
Period:	This Agreement is effective as of April 1, 2001 (Effective Date) for a period of 24 months (the Option Period), subject to approval by Board.
17. Optionee:	Abiogen Pharma Spa Pisa, Italy
Summary of License Provisions:	Board hereby grants Abiogen Pharma Spa (Optionee) an option to acquire a nonexclusive, worldwide license to practice Patent Rights and Technology Rights in the Field (use of Immunotoxins in transplantation and the treatment of autoimmune diseases and cancer, specifically excluding ophthalmic therapeutics) under terms set forth in the License Agreement.

THE UNIVERSITY OF TEXAS SOUTHWESTERN MEDICAL CENTER AT DALLAS
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AUGUST 9, 2001

CONTRACTS (Continued)
INTELLECTUAL PROPERTY AGREEMENTS –
PATENTS AND TECHNOLOGY RIGHTS AGREEMENTS - FOREIGN (Continued)
(FUNDS COMING IN) (Continued)

Description of Licensed Product(s):	Board's rights in information or discoveries covered by U.S. Patent 5,578,706, issued November 26, 1996, entitled "Methods and Compositions Concerning Homogeneous Immunotoxin Preparation" (The University of Texas Southwestern Medical Center file reference number UTSD:378), and all corresponding foreign patent applications; and all reexaminations or extensions thereof.
Fee-Royalty:	In consideration for the option granted herein, Optionee agrees to pay Board: (a) an option fee of \$12,000 within 30 days after the Effective Date; and (b) an option extension fee of \$10,000 payable within 15 days of the first anniversary of the Effective Date if Optionee has not exercised its option by that date.
Period:	This Agreement is effective as of April 1, 2001 (Effective Date) for a period of 24 months (the Option Period), subject to approval by Board.
18. Optionee:	Abiogen Pharma Spa Pisa, Italy
Summary of License Provisions:	Board hereby grants Abiogen Pharma Spa (Optionee) an exclusive option to acquire an exclusive, worldwide license to practice Patent Rights and Technology Rights in the Field (use in transplantation and the treatment of autoimmune diseases and cancer using antibody homodimers and/or homodimer-based Immunotoxins) under terms set forth in the License Agreement.

THE UNIVERSITY OF TEXAS SOUTHWESTERN MEDICAL CENTER AT DALLAS
U. T. BOARD OF REGENTS' MEETING
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CONTRACTS (Continued)
INTELLECTUAL PROPERTY AGREEMENTS –
PATENTS AND TECHNOLOGY RIGHTS AGREEMENTS - FOREIGN (Continued)
(FUNDS COMING IN) (Continued)

Description of Licensed Product(s):	Board's rights in information or discoveries covered by U.S. Patent Application Serial Number 09/112,041, originally filed as U.S. Provisional Filing Serial Number 60/052,013 on July 8, 1997, entitled "Compositions and Methods for Homoconjugates of Antibodies Which Induce Growth Arrest or Apoptosis of Tumor Cells " (The University of Texas Southwestern Medical Center file reference number UTSD:521), whether domestic or foreign, and all divisionals, continuations, reissues, reexaminations or extensions thereof, and any letters patent that issue thereon.
Fee-Royalty:	In consideration for the option granted herein, Optionee agrees to pay Board: (a) an option fee of \$10,000 within 30 days after the Effective Date; (b) an option extension fee of \$10,000 payable within 15 days of the first anniversary of the Effective Date if Optionee has not exercised its option by that date; and (c) an option extension fee of \$10,000 payable within 15 days of the second anniversary of the Effective Date if Optionee has not exercised its option by that date.
Period:	This Agreement is effective as of April 1, 2001 (Effective Date) for a period of 36 months (the Option Period), subject to approval by Board.

THE UNIVERSITY OF TEXAS SOUTHWESTERN MEDICAL CENTER AT DALLAS
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CONTRACTS (Continued)
INTELLECTUAL PROPERTY AGREEMENTS –
PATENTS AND TECHNOLOGY RIGHTS AGREEMENTS - FOREIGN (Continued)

(FUNDS COMING IN) (Continued)

19. Optionee: Abiogen Pharma Spa
Pisa, Italy
- Summary of License Provisions: Board hereby grants Abiogen Pharma Spa (Optionee) a nonexclusive option to acquire a non-exclusive, worldwide license to practice Patent Rights in the Field (use in conjunction with Immunotoxins directed against neoplastic cells) under terms set forth in the License Agreement.
- Description of Licensed Product(s): Board's rights in information or discoveries covered by U.S. Patent 5,338,542, entitled "Disulfide Linked Immunotoxins with Molecular Groupings in the Linker Which Cause Steric Hindrance to the Disulfide Linkage" issued August 16, 1994 (The University of Texas Southwestern Medical Center file reference number UTSD:1313), and all re-examinations or extensions thereof.
- Fee-Royalty: In consideration for the option granted herein, Optionee agrees to pay Board: (a) \$2,000 within 30 days after the Effective Date; and (b) an option extension fee of \$2,000 payable within 15 days of the first anniversary of the Effective Date if Optionee has not exercised its option by that date.
- Period: This Agreement is effective as of April 1, 2001 (Effective Date) for a period of 24 months (the Option Period), subject to approval by Board.

THE UNIVERSITY OF TEXAS SOUTHWESTERN MEDICAL CENTER AT DALLAS
U. T. BOARD OF REGENTS' MEETING
AUGUST 9, 2001

CONTRACTS (Continued)
INTELLECTUAL PROPERTY AGREEMENTS –
PATENTS AND TECHNOLOGY RIGHTS AGREEMENTS - FOREIGN (Continued)

(FUNDS COMING IN) (Continued)

20. Optionee: Abiogen Pharma Spa
Pisa, Italy
- Summary of License Provisions: The University of Texas Southwestern Medical Center hereby grants Abiogen Pharma Spa (Optionee) an exclusive option to acquire an assignment of the RFB4 License Agreement.
- Description of Licensed Product(s): ICRT's (Imperial Cancer Research Technology Limited) rights in RFB4 antibody licensed to Texcellon in the RFB4 License Agreement, subsequently assigned to The University of Texas Southwestern Medical Center.
- Fee-Royalty: In consideration for the option granted herein, Optionee agrees to pay Board: (a) an option fee of \$25,000 within 30 days after the Effective Date; and (b) an option extension fee of \$25,000 payable within 15 days of the first anniversary of the Effective Date if Optionee has not exercised its option by that date.
- Period: This Agreement is effective as of April 1, 2001 (Effective Date) for a period of 24 months (the Option Period), subject to approval by Board.

THE UNIVERSITY OF TEXAS SOUTHWESTERN MEDICAL CENTER AT DALLAS
U. T. BOARD OF REGENTS' MEETING
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CONTRACTS (Continued)
INTELLECTUAL PROPERTY AGREEMENTS –
MATERIAL TRANSFER AGREEMENTS – FOREIGN

21. Agency: Central Laboratory Animal Facilities
Austria
Funds: Material Transfer Agreement
Period: Beginning April 18, 2001
Description: Transfer of HSF1 knockout mice (mice with the HSF1 gene deleted), which were developed by Ivor J. Benjamin, M.D., Department of Internal Medicine, together with any related biological material or associated know-how and data that will be provided by The University of Texas Southwestern Medical Center at Dallas to study the role of the expression of heat shock protein 60 (HSP60) and adhesion molecules in restenosis of venous carotid bypasses using a mouse model of venous bypass graft arteriosclerosis.
22. Agency: Chonbuk University School of Medicine
Korea
Funds: Material Transfer Agreement
Period: Beginning April 9, 2001
Description: Transfer of TIE2 promoter/enhancer vector plasmid, which was developed by Narutoku Sato, Ph.D., Department of Internal Medicine, together with any related biological material or associated know-how and data that will be provided by The University of Texas Southwestern Medical Center at Dallas to study generation of transgenic mice that are designed for endothelial cell-specific expression.
23. Agency: Complutense University of Madrid
Spain
Funds: Material Transfer Agreement
Period: Beginning May 2, 2001
Description: Transfer of EphB2 and EphB3 gene knockout mice (mice with EphB2 and EphB3 genes deleted), which were developed by Mark Henkemeyer, Ph.D., Department of Developmental Biology, together with any related biological material or associated know-how and data that will be provided by The University of Texas Southwestern Medical Center at Dallas to study the immune system of provided mice.

THE UNIVERSITY OF TEXAS SOUTHWESTERN MEDICAL CENTER AT DALLAS
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CONTRACTS (Continued)
INTELLECTUAL PROPERTY AGREEMENTS –
MATERIAL TRANSFER AGREEMENTS – FOREIGN (Continued)

24. Agency: Heart Research Institute
Australia
Funds: Material Transfer Agreement
Period: Beginning June 19, 2001
Description: Transfer of XS52 and NS47 Stromal Cell Lines, which were developed by Akira Takashima, M.D., Department of Dermatology, together with any related biological material or associated know-how and data that will be provided by The University of Texas Southwestern Medical Center at Dallas to study the role of dendritic cells in atherosclerosis.
25. Agency: Institut National de la Sante et de la Recherche Medicale,
Institut Curie
France
Funds: Material Transfer Agreement
Period: Beginning June 4, 2001
Description: Transfer of Daudi cells and Daudi cells transfected with anti-sense p21, which were developed by Jonathan Uhr, M.D., Cancer Immunobiology Center, together with any related biological material or associated know-how and data that will be provided by The University of Texas Southwestern Medical Center at Dallas to study the role of p21 in intracellular signaling.
26. Agency: Instituto Gulbenkian de Ciencia
Portugal
Funds: Material Transfer Agreement
Period: Beginning June 4, 2001
Description: Transfer of pont.3pst, pflk-4-4/2, pmflt 4-11 and pmhTKFN.1 compounds, which were developed by Tom Sato, Ph.D., Department of Internal Medicine, together with any related biological material or associated know-how and data that will be provided by The University of Texas Southwestern Medical Center at Dallas to study gene expression during limb development in mouse and chicken embryos.

THE UNIVERSITY OF TEXAS SOUTHWESTERN MEDICAL CENTER AT DALLAS
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CONTRACTS (Continued)
INTELLECTUAL PROPERTY AGREEMENTS –
MATERIAL TRANSFER AGREEMENTS – FOREIGN (Continued)

27. Agency: Mahidol University
Thailand
Funds: Material Transfer Agreement
Period: Beginning April 16, 2001
Description: Transfer of XS-52 and NS-47 Cell Lines, which were developed by Akira Takashima, M.D., Department of Dermatology, together with any related biological material or associated know-how and data that will be provided by The University of Texas Southwestern Medical Center at Dallas to study various aspects of bacteria-host cell regulation, specifically the interaction of *Burkholderia pseudomallei* with macrophages and dendritic cells.
28. Agency: Max-Delbrück-Centrum für Mol. Medizin
Germany
Funds: Material Transfer Agreement
Period: Beginning April 4, 2001
Description: Transfer of TIE2 promoter/enhancer vector plasmid, which was developed by Narutoku Sato, Ph.D., Department of Internal Medicine, together with any related biological material or associated know-how and data that will be provided by The University of Texas Southwestern Medical Center at Dallas to study tumor stroma cell interaction.
29. Agency: Mental Health Institute of Hunan Medical University
China
Funds: Material Transfer Agreement
Period: Beginning April 18, 2001
Description: Transfer of mice strains lacking the HSF1 gene, which were developed by Ivor J. Benjamin, M.D., Department of Internal Medicine, together with any related biological material or associated know-how and data that will be provided by The University of Texas Southwestern Medical Center at Dallas to study the possible protective effects of heat shock proteins on the damage of hippocampus structure and memory function during emotional stress.

THE UNIVERSITY OF TEXAS SOUTHWESTERN MEDICAL CENTER AT DALLAS
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CONTRACTS (Continued)
INTELLECTUAL PROPERTY AGREEMENTS –
MATERIAL TRANSFER AGREEMENTS – FOREIGN (Continued)

30. Agency: Nihon-Dobutsu Company
Japan
Funds: Material Transfer Agreement
Period: Beginning April 18, 2001
Description: Transfer of DBH-ETB-/- mice, which were developed by Masashi Yanagisawa, M.D., Ph.D., Department of Biophysics and Molecular Genetics, together with any related biological material or associated know-how and data that will be provided by The University of Texas Southwestern Medical Center at Dallas to study circadian rhythm, circadian cell biology, circadian neurobiology and brain function.
31. Agency: Pasteur Institute
France
Funds: Material Transfer Agreement
Period: Beginning June 6, 2001
Description: Transfer of Transgenic mice, which were developed by Peter Igarashi, M.D., Department of Internal Medicine, together with any related biological material or associated know-how and data that will be provided by The University of Texas Southwestern Medical Center at Dallas to cross to produce mice strains lacking the kidney-specific gene.
32. Agency: Tohoku University
Japan
Funds: Material Transfer Agreement
Period: Beginning April 9, 2001
Description: Transfer of TIE2 promoter/enhancer vector plasmid, which was developed by Narutoku Sato, Ph.D., Department of Internal Medicine, together with any related biological material or associated know-how and data that will be provided by The University of Texas Southwestern Medical Center at Dallas to study the role of novel genes in vascular development.

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CONTRACTS (Continued)
INTELLECTUAL PROPERTY AGREEMENTS –
MATERIAL TRANSFER AGREEMENTS – FOREIGN (Continued)

33. Agency: University of New South Wales
Australia
Funds: Material Transfer Agreement
Period: Beginning April 9, 2001
Description: Transfer of Transgenic Rats designated Lew 33-3 HLA-B27, which were developed by Joel Taurog, M.D., Department of Internal Medicine, together with any related biological material or associated know-how and data that will be provided by The University of Texas Southwestern Medical Center at Dallas to study the immunopathogenesis of enthesitis and synovitis in the spondyloarthropathies to determine the onset and severity of the disease.
34. Agency: Victor Chang Cardiac Research Institute
Australia
Funds: Material Transfer Agreement
Period: Beginning June 6, 2001
Description: Transfer of TIE2 promoter/enhancer vector plasmid, which was developed by Narutoku Sato, Ph.D., Department of Internal Medicine, together with any related biological material or associated know-how and data that will be provided by The University of Texas Southwestern Medical Center at Dallas to study transgenic expression of renin-angiotensin system components in mice.

THE UNIVERSITY OF TEXAS SOUTHWESTERN MEDICAL CENTER AT DALLAS
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PLANS TO MANAGE POTENTIAL CONFLICTS OF INTEREST

The following Plans to Manage Potential Conflicts of Interest have been reviewed by the Office of General Counsel and approved by the Executive Vice Chancellor for Health Affairs and are recommended for approval by the Board of Regents.

1. Plan to Manage Potential Conflict of Interest for Dr. Mark Mummert

The University of Texas Southwestern Medical Center at Dallas ("U.T. Southwestern"), on behalf of the Board of Regents of the University of Texas System, wishes to enter into an exclusive license agreement with Big Bear Bio, Inc. ("Licensee"), a Delaware Corporation having a principal place of business in Austin, Texas. The license agreement covers the following invention in the field of human and animal healthcare use including, but not limited to, any therapeutic or diagnostic use and use as an experimental, test or assay reagent: U.S. Provisional Patent Application Number 60/277,790, filed March 21, 2001 entitled "Inhibitors of Glycosaminoglycans" (U.T. Southwestern file reference UTSD:0769 PZ1) and all divisionals, continuations, continuations-in-part, reissues, reexaminations or extensions thereof, and any letters patent that issue thereon (the "Invention"). The Invention was jointly developed by Dr. Akira Takashima, Professor in the Department of Dermatology at U.T. Southwestern and Dr. Mark Mummert, Assistant Professor in the Department of Dermatology at U.T. Southwestern.

The provisions of this exclusive license agreement have been reviewed and approved pursuant to the Regents' Rules and Regulations by John Roan, Executive Vice President for Business Affairs at U.T. Southwestern, and the Office of General Counsel. Under the exclusive patent license agreement, Licensee is granted a royalty-bearing, exclusive license to manufacture, have manufactured, use and/or sell products or services comprising the Invention ("Licensed Products"). As consideration for the exclusive license, Licensee will pay the Board of Regents (a) a running royalty equal to 0.5% of net sales for Licensed Products; (b) a sublicense fee of 5% of all consideration, other than research and development money and royalties, received by Licensee from any sublicensee or any assignee; and (c) a sublicense royalty equal to the greater of: (1) 5% of the royalties received by Licensee on net sales by any sublicensee or assignee; or (2) royalties based on the royalty rate in (a) as applied to net sales of any sublicensee or any assignee. Additionally Licensee will issue to the Board of Regents and the inventors up to 105,000 fully paid, non-assessable shares of Licensee's common stock according to the table below:

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PLANS TO MANAGE POTENTIAL CONFLICTS OF INTEREST (Continued)

Milestone Event	Milestone Stock Shares
Execution of the license agreement	10,000 shares of common stock
Initiation of Phase 1 Clinical Studies for any Licensed Product	5,000 shares of common stock
Initiation of Phase 2 Clinical Studies for any Licensed Product	10,000 shares of common stock
Initiation of Phase 3 Clinical Studies for any Licensed Product	15,000 shares of common stock
Filing of a new drug application for any Licensed Product	15,000 shares of common stock
First sale of any Licensed Product	Balance of shares to total 105,000 shares of common stock

The license agreement includes sublicense provisions, reimbursement of all Invention expenses to date and payment of all future patent expenses, and standard language indemnifying the Board of Regents.

Dr. Mummert is currently conducting research funded by Licensee and will share in equity issued under the exclusive license agreement. U.T. Southwestern has determined that a license to Licensee is appropriate because the activities of Licensee involve biopharmaceutical product development and manufacturing, and Dr. Mummert's U.T. Southwestern laboratory performs basic research.

As required by Texas Education Code, Section 51.912(b), and the Regents' Rules and Regulations, Part Two, Chapter XII, Subsections 6.2 and 7.1, Dr. Mummert has provided U.T. Southwestern with a disclosure of all potential conflicts of interest and will update it as required by law.

Additionally, U.T. Southwestern plans to manage the potential conflict of interest to reduce or eliminate the likelihood that actual conflicts will arise by (1) assigning an independent departmental person to monitor Dr. Mummert's research activities; (2) requiring administrative review and approval of research projects that are subject to potential conflicts of interest; and, if necessary (3) requiring modification of research plans or transferring portions of research to independent researchers to avoid actual conflicts of interest.

Pursuant to Part Two, Chapter XII, Subsections 6.2 and 7.1 of the Regents' Rules and Regulations, approval by the Board of Regents is necessary for Dr. Mummert to hold equity in Licensee.

THE UNIVERSITY OF TEXAS SOUTHWESTERN MEDICAL CENTER AT DALLAS
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PLANS TO MANAGE POTENTIAL CONFLICTS OF INTEREST (Continued)

2. Plan to Manage Potential Conflict of Interest for Dr. Akira Takashima

The University of Texas Southwestern Medical Center at Dallas ("U.T. Southwestern"), on behalf of the Board of Regents of the University of Texas System, wishes to enter into an exclusive license agreement with Big Bear Bio, Inc. ("Licensee"), a Delaware Corporation having a principal place of business in Austin, Texas. The license agreement covers the following invention in the field of human and animal healthcare use including, but not limited to, any therapeutic or diagnostic use and use as an experimental, test or assay reagent: U.S. Provisional Patent Application Number 60/277,790, filed March 21, 2001 entitled "Inhibitors of Glycosaminoglycans" (U.T. Southwestern file reference UTSD:0769 PZ1) and all divisionals, continuations, continuations-in-part, reissues, reexaminations or extensions thereof, and any letters patent that issue thereon (the "Invention"). The Invention was jointly developed by Dr. Akira Takashima, Professor in the Department of Dermatology at UT Southwestern and Dr. Mark Mummert, Assistant Professor in the Department of Dermatology at U.T. Southwestern.

The provisions of this exclusive license agreement have been reviewed and approved pursuant to the Regents' Rules and Regulations by John Roan, Executive Vice President for Business Affairs at U.T. Southwestern, and the Office of General Counsel. Under the exclusive patent license agreement, Licensee is granted a royalty-bearing, exclusive license to manufacture, have manufactured, use and/or sell products or services comprising the Invention ("Licensed Products"). As consideration for the exclusive license, Licensee will pay the Board of Regents (a) a running royalty equal to 0.5% of net sales for Licensed Products; (b) a sublicense fee of 5% of all consideration, other than research and development money and royalties, received by Licensee from any sublicensee or any assignee; and (c) a sublicense royalty equal to the greater of: (1) 5% of the royalties received by Licensee on net sales by any sublicensee or assignee; or (2) royalties based on the royalty rate in (a) as applied to net sales of any sublicensee or any assignee. Additionally Licensee will issue to the Board of Regents and the inventors up to 105,000 fully paid, non-assessable shares of Licensee's common stock according to the table below:

THE UNIVERSITY OF TEXAS SOUTHWESTERN MEDICAL CENTER AT DALLAS
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PLANS TO MANAGE POTENTIAL CONFLICTS OF INTEREST (Continued)

Milestone Event	Milestone Stock Shares
Execution of the license agreement	10,000 shares of common stock
Initiation of Phase 1 Clinical Studies for any Licensed Product	5,000 shares of common stock
Initiation of Phase 2 Clinical Studies for any Licensed Product	10,000 shares of common stock
Initiation of Phase 3 Clinical Studies for any Licensed Product	15,000 shares of common stock
Filing of a new drug application for any Licensed Product	15,000 shares of common stock
First sale of any Licensed Product	Balance of shares to total 105,000 shares of common stock

The license agreement includes sublicense provisions, reimbursement of all Invention expenses to date and payment of all future patent expenses, and standard language indemnifying the Board of Regents.

Dr. Takashima currently holds stock options in Licensee and will share in equity issued under the exclusive license agreement. U.T. Southwestern has determined that a license to Licensee is appropriate because the activities of Licensee involve biopharmaceutical product development and manufacturing, and Dr. Takashima's U.T. Southwestern laboratory performs basic research.

As required by Texas Education Code, Section 51.912(b), and the Regents' Rules and Regulations, Part Two, Chapter XII, Subsections 6.2 and 7.1, Dr. Takashima has provided U.T. Southwestern with a disclosure of all potential conflicts of interest and will update it as required by law.

Additionally, U.T. Southwestern plans to manage the potential conflict of interest to reduce or eliminate the likelihood that actual conflicts will arise by (1) assigning an independent departmental person to monitor Dr. Takashima's research activities; (2) requiring administrative review and approval of research projects that are subject to potential conflicts of interest; and, if necessary (3) requiring modification of research plans or transferring portions of research to independent researchers to avoid actual conflicts of interest.

Pursuant to Part Two, Chapter XII, Subsections 6.2 and 7.1 of the Regents' Rules and Regulations, approval by the Board of Regents is necessary for Dr. Takashima to hold equity in Licensee.

THE UNIVERSITY OF TEXAS SOUTHWESTERN MEDICAL CENTER AT DALLAS
 U. T. BOARD OF REGENTS' MEETING
 AUGUST 9, 2001

AMENDMENTS TO THE 2000-01 BUDGET

The following Requests for Budget Changes (RBC's) have been administratively approved as required by the Executive Vice Chancellor for Health Affairs and are recommended for ratification by the U. T. Board of Regents.

The term "rate" for academic institutions is the full-time nine-month base rate and for health institutions is the full-time twelve-month base rate; for all other personnel it is the full-time rate, the appointee receiving a proportionate amount depending upon the fraction of time for which the individual is appointed and the period of appointment.

<u>Item, Department, Title, Name</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC#</u>
			<u>No. Mos.</u>	<u>Rate</u>	
<u>APPOINTMENTS AND PROMOTIONS</u>					
SOUTHWESTERN MEDICAL SCHOOL					
Obstetrics and Gynecology					
1. David L. Hemsell (T)					30
From: Professor of Obstetrics and Gynecology		100	12	205,000	
To: Professor of Obstetrics and Gynecology and the Frank C. Erwin, Jr. Professorship in Obstetrics and Gynecology	3/1	100	12	205,000	
2. Barry E. Schwarz (T)					31
From: Professor of Obstetrics and Gynecology		100	12	190,000	
To: Professor of Obstetrics and Gynecology and the Arthur Grollman Professorship in Obstetrics and Gynecology	3/1	100	12	190,000	

THE UNIVERSITY OF TEXAS SOUTHWESTERN MEDICAL CENTER AT DALLAS
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AMENDMENTS TO THE 2000-01 BUDGET (Continued)

<u>Item, Department, Title, Name</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC#</u>
			<u>No. Mos.</u>	<u>Rate</u>	
Surgery					
3. Robert V. Rege (T)					32
From: Professor and Acting Chairman of Surgery and Frank H. Kidd, Jr., M.D. Distinguished Professorship in Surgery and Dr. Lee Hudson-Robert R. Penn Chair in Surgery		100	12	292,000	
To: Professor and Chairman of Surgery and Frank H. Kidd, Jr., M.D. Distinguished Professorship in Surgery and the Hall and Mary Lucile Shannon Distinguished Chair in Surgery	4/1	100	12	330,000	
Center for Basic Neuroscience					
4. Rolf Joho (T)					35
From: Associate Professor of Center for Basic Neuroscience Earl A. Forsythe Distinguished Professorship in Biomedical Science		100	12	90,900	
To: Associate Professor of Center for Basic Neuroscience Earl A. Forsythe Chair in Biomedical Science	5/1	100	12	90,900	

THE UNIVERSITY OF TEXAS SOUTHWESTERN MEDICAL CENTER AT DALLAS
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AMENDMENTS TO THE 2000-01 BUDGET (Continued)

<u>Item, Department, Title, Name</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC#</u>
			<u>No. Mos.</u>	<u>Rate</u>	
SOUTHWESTERN MEDICAL SCHOOL (Continued)					
Radiology					
5. George C. Curry (T)					36
From: Professor of Radiology		100	12	220,900	
To: Professor of Radiology M. R. & E. Hudson Foundation Professorship in Radiology in Honor of Edward E. Christensen, M.D.	5/2	100	12	220,900	
6. Michael J. Landay (T)					37
From: Professor of Radiology		100	12	202,900	
To: Professor of Radiology Jack Reynolds, M.D. Chair in Radiology	5/1	100	12	202,900	

THE UNIVERSITY OF TEXAS SOUTHWESTERN MEDICAL CENTER AT DALLAS
 U. T. BOARD OF REGENTS' MEETING
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Pursuant to Sections 51.403 of the Texas Education Code and Section 5.301 of the Texas Higher Education Coordinating Board Rules, a report for the record regarding the teaching of small classes has been filed. The institution has reviewed the data in this report and, as appropriate, made administrative changes to ensure that teaching such small classes continues to be justified. The detailed listing of small classes is available upon request from the Registrar's Office and is summarized as follows:

**Organized Undergraduate Classes with
Fewer than 10 Enrolled Students**

Primary Reasons for Teaching	Fall	Spring	Total	Prior Year Total
a. Required for Graduation	16	9	25	24
b. To keep proper sequence	5	3	8	5
c. New program	0	0	0	0
d. Cross listed	0	0	0	0
e. First time offered	0	0	0	0
f. Accreditation or licensing Standard	0	0	0	0
g. Limited facilities	4	9	13	11
Subtotal	25	21	46	40
h. Voluntarily offered	1	1	2	1
Total	26	22	48	41

THE UNIVERSITY OF TEXAS SOUTHWESTERN MEDICAL CENTER AT DALLAS
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SMALL CLASS REPORT, FALL 2000 AND SPRING 2001 (Continued)

**Organized Graduate Classes with
 Fewer than 5 Enrolled Students**

Primary Reasons for Teaching	Fall	Spring	Total	Prior Year Total *
a. Required for Graduation	7	7	14	17
b. To keep proper sequence	5	4	9	11
c. New program	0	0	0	0
d. Cross listed	3	4	7	5
e. First time offered	1	1	2	8
f. Accreditation or licensing Standard	0	0	0	0
g. Limited facilities	0	0	0	0
Subtotal	16	16	32	41
h. Voluntarily offered	0	0	0	0
Total	16	16	32	41

THE UNIVERSITY OF TEXAS MEDICAL BRANCH AT GALVESTON
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THE UNIVERSITY OF TEXAS MEDICAL BRANCH AT GALVESTON
U. T. BOARD OF REGENTS' MEETING
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GIFTS

The following gifts have been received, have been administratively approved by the President (or his delegate) and are recommended for approval by the U. T. Board of Regents:

1. Donor Name: The Sealy & Smith Foundation
College/School/
Department: School of Medicine, Radiology Department
Purpose: Final payment on grant for the Radiology Department renovation and equipment

Asset Type: Cash
Value: \$500,624

2. Donor Name: The Sealy & Smith Foundation
College/School/
Department: Research Department
Purpose: Payment on grant for Research Facilities Expansion Project

Asset Type: Cash
Value: \$1,300,000

THE UNIVERSITY OF TEXAS MEDICAL BRANCH AT GALVESTON
U. T. BOARD OF REGENTS' MEETING
AUGUST 9, 2001

CONTRACTS

The following contract or agreement has been awarded, has been administratively approved by the President (or his delegate) and is recommended for approval by the U. T. Board of Regents.

SOFTWARE LICENSE AND DISTRIBUTION AGREEMENT - FOREIGN

(FUNDS GOING OUT)

1. Licensee: Integrated Dynamics, Ltd., of Ivy House
Fen Drayton, Cambs, United Kingdom
Fee-Royalty: \$4,550
Period: Effective date for the start of the 12-months network connection will commence upon the first completed contract for medical services between UTMB and a third party utilizing MedServe Axxess System.
Description: A nonexclusive, nontransferable license (without the right to sublicense) to load, execute and use one copy of the MedServe Axxess Version 1.06 Reporting Workstation Software on a single computer at UTMB solely for UTMB's internal purposes.

THE UNIVERSITY OF TEXAS MEDICAL BRANCH AT GALVESTON
 U. T. BOARD OF REGENTS' MEETING
 AUGUST 9, 2001

AMENDMENTS TO THE 2000-01 BUDGET

The following Requests for Budget Changes (RBC's) have been administratively approved as required by the Executive Vice Chancellor for Health Affairs and are recommended for ratification by the U. T. Board of Regents.

The term "rate" for academic institutions is the full-time nine-month base rate and for health institutions is the full-time twelve-month base rate; for all other personnel it is the full-time rate, the appointee receiving a proportionate amount depending upon the fraction of time for which the individual is appointed and the period of appointment.

<u>Item, Department, Title, Name</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate</u>	
<u>APPOINTMENTS AND PROMOTIONS</u>					
SCHOOL OF MEDICINE					
Dermatology (WOS)					
Professor Emeritus					
1. Miriam M. Brysk	3/1-8/31				45
Pediatrics					
Professor					
2. C. Lawrence Kien (T)	4/16-8/31	100	12	170,000	51
3. Susan L. Rosenthal (T)	4/1-8/31	100	12	117,000	44
Pathology (WOS); Pediatrics					
Professor					
4. Anthony Simmons (T)	4/1-8/31	100	12	125,000	47

THE UNIVERSITY OF TEXAS MEDICAL BRANCH AT GALVESTON
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AMENDMENTS TO THE 2000-01 BUDGET (Continued)

<u>Item, Department, Title, Name</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate</u>	
SCHOOL OF MEDICINE (Continued)					
Microbiology and Immunology					
5. Johnny W. Peterson (T)					54
From: Professor		100	12	123,411	
To: The Samuel Baron Distinguished Professorship in Microbiology and Professor	5/1-8/31	100	12	123,411	
Ophthalmology; Surgery					
6. Michael M. Warren (T)					55
From: Robert Earl Cone Professorship in Urology and Professor, Surgery		100	12	307,000	
To: Professor and Chair ad interim, Ophthalmology; Robert Earl Cone Professorship in Urology and Professor, Surgery	5/12-8/31	100	12	340,000	

THE UNIVERSITY OF TEXAS MEDICAL BRANCH AT GALVESTON
 U. T. BOARD OF REGENTS' MEETING
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SMALL CLASS REPORT, FALL 2000 AND SPRING 2001

Pursuant to Sections 51.403 of the Texas Education Code and Section 5.301 of the Texas Higher Education Coordinating Board Rules, a report for the record regarding the teaching of small classes has been filed. The institution has reviewed the data in this report and, as appropriate, made administrative changes to ensure that teaching such small classes continues to be justified. The detailed listing of small classes is available upon request from the Registrar's Office and is summarized as follows:

**Organized Undergraduate Classes with
 Fewer than 10 Enrolled Students**

Primary Reasons for Teaching	Fall	Spring	Total	Prior Year Total
a. Required for Graduation	12	5	17	16
b. To keep proper sequence	5	4	9	6
c. New program	0	0	0	3
d. Cross listed	14	17	31	10
e. First time offered	0	0	0	0
f. Accreditation or licensing Standard	0	0	0	0
g. Limited facilities	5	11	16	25
Subtotal	36	37	73	60
h. Voluntarily offered	6	0	6	1
Total	42	37	79	61

THE UNIVERSITY OF TEXAS MEDICAL BRANCH AT GALVESTON
 U. T. BOARD OF REGENTS' MEETING
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SMALL CLASS REPORT, FALL 2000 AND SPRING 2001 (Continued)

**Organized Graduate Classes with
 Fewer than 5 Enrolled Students**

Primary Reasons for Teaching	Fall	Spring	Total	Prior Year Total
a. Required for Graduation	6	6	12	20
b. To keep proper sequence	61	60	121	117
c. New program	0	0	0	5
d. Cross listed	0	0	0	13
e. First time offered	9	12	21	18
f. Accreditation or licensing Standard	0	0	0	0
g. Limited facilities	0	0	0	29
Subtotal	76	78	154	202
h. Voluntarily offered	0	0	0	2
Total	76	78	154	204

THE UNIVERSITY OF TEXAS MEDICAL BRANCH AT GALVESTON
U. T. BOARD OF REGENTS' MEETING
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OTHER MATTERS

APPROVAL OF DUAL POSITIONS OF HONOR, TRUST, OR PROFIT

The following items have been approved by the Executive Vice Chancellor for Health Affairs in accordance with the Regents' Rules and Regulations, Part One, Chapter III, Section 13 and are submitted for ratification by the Board of Regents. It has been determined that the holding of these offices or positions is of benefit to the State of Texas and The University of Texas and there is no conflict between holding the positions and each individual's appointment with The University of Texas Medical Branch at Galveston.

1. Name: Michael A. Ainsworth, M.D.
Title: Associate Professor and Assistant Dean,
Educational Affairs, School of Medicine
Position: To serve on the United States Medical Licensing
Examination Step 1 Committee
Period: April 2000 through March 2003
Compensation: \$1,500 annual fee
Description: Dr. Ainsworth was appointed by the National Board of
Medical Examiners to serve a three-year term on the
United States Medical Licensing Examination
(USMLE™) Step 1 Committee. The USMLE™ is a
three-step examination for medical licensure in the
United States. Results of the USMLE™ are reported to
medical licensing authorities in the United States for their
use in granting the initial license to practice medicine.

2. Name: Harold Y. Vanderpool, Ph.D., Th.M.
Title: Professor in the History and Philosophy of Medicine,
Institute for Medical Humanities
Position: Chair of the Secretary of Health and Human Services'
Advisory Committee on Xenotransplantation.
Period: January 17, 2001 through September 30, 2004
Compensation: Per diem and travel expenses
Description: Dr. Vanderpool was appointed by the U. S. Secretary of
Health and Human Services to serve as Chair of the
Advisory Committee on Xenotransplantation (SACX).
SACX advises the Secretary of Health and Human
Services on all aspects of the scientific development and
clinical applications of Xenotransplantation.

THE UNIVERSITY OF TEXAS HEALTH SCIENCE CENTER AT HOUSTON
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THE UNIVERSITY OF TEXAS HEALTH SCIENCE CENTER AT HOUSTON
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AUGUST 9, 2001

PLANS TO MANAGE POTENTIAL CONFLICTS OF INTEREST

The following Plans To Manage Potential Conflicts of Interest has been reviewed by the Office of General Counsel and approved by the Executive Vice Chancellor for Health Affairs and is recommended for approval by the U. T. Board of Regents.

1. Plan to Manage Conflict of Interest for Dr. S. Ward Casscells

The University of Texas Health Science Center at Houston ("U. T. Health Science Center - Houston"), on behalf of the Board of Regents, wishes to enter into an exclusive patent license agreement with Volcano Therapeutics, Inc. ("Licensee"), a Delaware corporation having a principal place of business in Houston, Texas. The license agreement covers inventions in the field of vulnerable atherosclerotic plaque detection and/or treatment by thermal, infrared and near infrared techniques as listed in Attachment A (collectively, the "Inventions"). The Inventions were developed in part by Dr. S. Ward Casscells, Professor; Dr. James T. Willerson, President, U. T. Health Science Center - Houston; and Dr. Morteza Naghavi, Instructor, all with the Department of Internal Medicine at U. T. Health Science Center - Houston. Other inventors on the Inventions are from The Texas Heart Institute and California Institute of Technology (collectively with U. T. Health Science Center - Houston, the "Institutions").

The provisions of this license agreement have been reviewed and approved pursuant to the Regents' Rules and Regulations by T. Kevin Dillon, Vice President and Chief Financial Officer, U. T. Health Science Center - Houston, and by Georgia Harper and BethLynn Maxwell of The University of Texas System Office of General Counsel. Under the proposed patent license agreement, Licensee is granted a royalty-bearing, exclusive license to manufacture, have manufactured, use, distribute, sell, offer to sell, import, lease, loan or otherwise commercialize (i) a thermistor/ thermocouple-based basket catheter utilizing thermal detection of vulnerable atherosclerotic plaque, (ii) a catheter utilizing near infrared spectroscopy to detect pH of vulnerable atherosclerotic plaque, (iii) a method for heat treatment of vulnerable atherosclerotic plaque, and (iv) a vascular stent heated by ultrasound to prevent restenosis as further described in Inventions.

As consideration for the exclusive license, Licensee will provide Institutions the following:

- a) a license documentation fee of one-hundred fifty thousand dollars (\$150,000);
- b) a running royalty of two and one-half percent (2.5%) of net sales;

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PLANS TO MANAGE POTENTIAL CONFLICTS OF INTEREST (Continued)
Dr. S. Ward Casscells (Continued)

- c) three hundred fifty-six thousand and nine hundred (356,900) fully paid, non-assessable shares of Licensee's common stock at \$0.001 par value; and
- d) milestone payments of one hundred thousand dollars (\$100,000) upon regulatory authority approval of each licensed product covered by one or more claims included in patent rights.

In addition, Licensee agrees to sponsor research at U. T. Health Science Center - Houston and/or Texas Heart Institute for a minimum of four (4) consecutive years at a minimum annual amount of one hundred fifty thousand dollars (\$150,000).

The license agreement also includes sublicense provisions, reimbursement of patent expenses to date in the amount of \$150,000.00, payment of all future patent expenses, and standard language indemnifying the Board of Regents.

Dr. Casscells currently holds 680,100 shares of stock in Licensee. Nevertheless, U. T. Health Science Center - Houston has determined that a license to a privately-owned company is appropriate because the activities of Licensee involve applied research and the manufacturing of a product for vulnerable atherosclerotic plaque detection and/or treatment, whereas Dr. Casscells's laboratory performs basic research.

Additionally, U. T. Health Science Center - Houston has implemented a Conflict of Interest Management Plan to minimize or eliminate the likelihood that actual conflicts will arise. As part of that plan, the Executive Vice President for Research will appoint an Independent Oversight Committee to identify any potential conflicts of interest and ensure that they are being properly managed. The following individuals have agreed to serve on the Independent Oversight Committee:

Dr. Cary Cooper, Dean, Graduate School of Biomedical Sciences, The University of Texas Medical Branch at Galveston

Dr. Mustafa Lokhandwala, Dean, College of Pharmacy, the University of Houston

Dr. Barbara Hayes, Dean, College of Pharmacy, Texas Southern University

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PLANS TO MANAGE POTENTIAL CONFLICTS OF INTEREST (Continued)
Dr. S. Ward Casscells (Continued)

Under this plan:

1. The Executive Vice Chancellor for Health Affairs will request and Dr. Casscells will submit a confidential report each year to the Executive Vice Chancellor for Health Affairs, the Independent Oversight Committee, and the Executive Vice President for Research. The report will include the following:
 - employee certification letter acknowledging Dr. Casscells's understanding of the applicable plans and procedures;
 - name of any business entity in which Dr. Casscells has an interest or for which he serves as a director, officer, consultant or employee, etc;
 - a statement that Dr. Casscells has read and understands the procedures and the plan;
 - a statement that Dr. Casscells has disclosed and will continue to disclose his financial interests and business participation as required by law; and
 - information about any mitigating factors that apply.
2. Dr. Casscells will submit a completed Invention Disclosure Form to the Executive Vice President for Research, the institutional Intellectual Property Committee, the Executive Vice Chancellor for Health Affairs, and to the Independent Oversight Committee regarding the Inventions and future inventions, if any.
3. Dr. Casscells further agrees he will not transfer any materials or proprietary information regarding the Inventions or future inventions to Licensee without an executed agreement between Licensee and U. T. Health Science Center - Houston covering the transfer.
4. Dr. Casscells also agrees to provide any information requested by the Executive Vice President for Research, the Independent Oversight Committee, or the Executive Vice Chancellor for Health Affairs as may be required to facilitate the commercialization of Inventions and additional inventions to Licensee or to other third parties, or to carry out the U.T. Health Science Center - Houston plan to manage conflicts of interest. The Executive Vice Chancellor for Health Affairs, the Executive Vice President for Research and the Independent Oversight Committee shall review all submissions to determine whether Dr. Casscells has complied with the terms agreed to herein. The Executive Vice President for Research and the Independent Oversight Committee shall also review all submissions to determine whether there are any actual conflicts of interests between

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PLANS TO MANAGE POTENTIAL CONFLICTS OF INTEREST (Continued)
Dr. S. Ward Casscells (Continued)

Dr. Casscells's role as an employee of U. T. Health Science Center - Houston and his financial interest and business participation in Licensee. Should the Executive Vice President for Research or the Independent Oversight Committee determine that an actual conflict of interest exists, the terms of any research plans will be modified or research activities transferred to independent researchers or other remedial action taken to avoid actual conflicts of interest.

The proposed arrangement is consistent with Section 51.912 of the Texas Education Code and corresponding provisions of The U. T. System Intellectual Property Policy. Pursuant to Part Two, Chapter XII, Sections 6, 7 and 8 of the Board of Regents' Rules and Regulations, approval by the Board of Regents is necessary for Dr. Casscells to hold equity in and serve as a director of Licensee.

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PLANS TO MANAGE POTENTIAL CONFLICTS OF INTEREST (Continued)

2. Plan to Manage Conflict of Interest for Dr. Rowen J.-Y. Chang

The University of Texas Health Science Center at Houston ("U. T. Health Science Center - Houston"), on behalf of the Board of Regents, wishes to enter into an exclusive patent license agreement with Protein Institute, Inc. ("Licensee"), a Delaware corporation, having a principal place of business in Houston, Texas. The license agreement covers inventions in the field of protein conformational isomers as listed in Attachment A (collectively, the "Inventions"). The Inventions were developed in part by Dr. Rowen J.-Y. Chang, Professor, with the Institute of Molecular Medicine at U. T. Health Science Center - Houston.

The provisions of this license agreement have been reviewed and approved pursuant to the Regents' Rules and Regulations by T. Kevin Dillon, Vice President and Chief Financial Officer, U. T. Health Science Center - Houston, and Georgia Harper and BethLynn Maxwell of The University of Texas System Office of General Counsel. Under the proposed patent license agreement, Licensee is granted a royalty-bearing, exclusive license to manufacture, have manufactured, use, distribute, sell, offer to sell, import, lease, loan or otherwise commercialize (i) methods for producing stable conformational protein isomers, and (ii) the stable conformational isomers developed using these methods as further described in Inventions.

As consideration for the exclusive license, Licensee will provide U. T. Health Science Center - Houston the following:

- a) a license documentation fee of one-hundred fifty thousand dollars (\$150,000);
- b) an annual license maintenance fee of two thousand five hundred dollars (\$2,500);
- c) a running royalty of two percent (2.0%) and one and one half percent (1.5%) of net sales, depending upon other royalty obligations;
- d) minimum annual royalty payments of twenty-five thousand dollars (\$25,000.00) beginning in year five of the agreement;
- e) four hundred eighty thousand (480,000) fully paid, non-assessable shares of Licensee's common stock at \$0.001 par value.

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PLANS TO MANAGE POTENTIAL CONFLICTS OF INTEREST (Continued)
Dr. Rowen J.-Y. Chang (Continued)

In addition, Licensee agrees to sponsor research at U. T. Health Science Center - Houston - for a minimum of three (3) consecutive years at a minimum annual amount of one hundred fifty thousand dollars (\$150,000).

The license agreement also includes sublicense provisions, payment of all future patent expenses, and standard language indemnifying the Board of Regents.

Dr. Chang currently holds 2,000,000 shares of stock in Licensee and will serve on the board of directors of Licensee. Nevertheless, U. T. Health Science Center - Houston has determined that a license to a privately-owned company is appropriate because the activities of Licensee involve applied research and the manufacturing of a product derived from use of conformational protein isomers, whereas Dr. Chang's laboratory performs basic research.

Additionally, U. T. Health Science Center - Houston has implemented a Conflict of Interest Management Plan to minimize or eliminate the likelihood that actual conflicts will arise. As part of that plan, the President of U. T. Health Science Center - Houston ("President") will appoint an Independent Oversight Committee to identify any potential conflicts of interest and ensure that they are being properly managed.

Under this plan:

1. Dr. Chang will submit a confidential report each year to the Independent Oversight Committee and the President. That report will include the following:
 - employee certification letter acknowledging Dr. Chang's understanding of the applicable plans and procedures;
 - name of any business entity in which Dr. Chang has an interest or for which he serves as a director, officer, consultant or employee, etc;
 - statement that Dr. Chang has read and understands the procedures and the plan;
 - a statement that Dr. Chang has disclosed and will continue to disclose his financial interests and business participation as required by law; and
 - information about any mitigating factors that apply.
2. Dr. Chang will submit a completed Invention Disclosure Form to the President, the institutional Intellectual Property Committee and to the Independent Oversight Committee regarding the Inventions and future inventions, if any.

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PLANS TO MANAGE POTENTIAL CONFLICTS OF INTEREST (Continued)
Dr. Rowen J.-Y. Chang (Continued)

3. Dr. Chang further agrees he will not transfer any materials or proprietary information regarding the Inventions or future inventions to licensee without an executed agreement between licensee and U. T. Health Science Center – Houston covering the transfer.
4. Dr. Chang also agrees to provide any information requested by the President or the Independent Oversight Committee as may be required to facilitate the commercialization of Inventions and additional inventions to Licensee or to other third parties, or to carry out the U.T. Health Science Center - Houston plan to manage conflicts of interest. The President and the Independent Oversight Committee shall review all submissions to determine whether Dr. Chang has complied with the terms agreed to herein. The President and the Independent Oversight Committee shall also review all submissions to determine whether there are any actual conflicts of interests between Dr. Chang's role as an employee of U. T. Health Science Center - Houston and his financial interest and business participation in Licensee. Should the President or the Independent Oversight Committee determine that an actual conflict of interest exists, the terms of any research plans will be modified or research activities transferred to independent researchers or other remedial action taken to avoid actual conflicts of interest.

The proposed arrangement is consistent with Section 51.912 of the Texas Education Code and corresponding provisions of The U. T. System Intellectual Property Policy. Pursuant to Part Two, Chapter XII, Sections 6, 7 and 8 of the Board of Regents' Rules and Regulations, approval by the Board of Regents is necessary for Dr. Chang to hold equity in and serve as a director of Licensee.

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PLANS TO MANAGE POTENTIAL CONFLICTS OF INTEREST (Continued)

3. Plan to Manage Conflict of Interest for Dr. Morteza Naghavi

The University of Texas Health Science Center at Houston ("U. T. Health Science Center - Houston"), on behalf of the Board of Regents, wishes to enter into an exclusive patent license agreement with Volcano Therapeutics, Inc. ("Licensee"), a Delaware corporation having a principal place of business in Houston, Texas. The license agreement covers inventions in the field of vulnerable atherosclerotic plaque detection and/or treatment by thermal, infrared and near infrared techniques as listed in Attachment A (collectively, the "Inventions"). The Inventions were developed in part by Dr. S. Ward Casscells, Professor; Dr. James T. Willerson, President, U. T. Health Science Center - Houston; and Dr. Morteza Naghavi, Instructor, all with the Department of Internal Medicine at U. T. Health Science Center - Houston. Other inventors on the Inventions are from The Texas Heart Institute and California Institute of Technology (collectively with U. T. Health Science Center - Houston, the "Institutions").

The provisions of this license agreement have been reviewed and approved pursuant to the Regents' Rules and Regulations by T. Kevin Dillon, Vice President and Chief Financial Officer, U. T. Health Science Center - Houston, and by Georgia Harper and BethLynn Maxwell of The University of Texas System Office of General Counsel. Under the proposed patent license agreement, Licensee is granted a royalty-bearing, exclusive license to manufacture, have manufactured, use, distribute, sell, offer to sell, import, lease, loan or otherwise commercialize (i) a thermistor/ thermocouple-based basket catheter utilizing thermal detection of vulnerable atherosclerotic plaque, (ii) a catheter utilizing near infrared spectroscopy to detect pH of vulnerable atherosclerotic plaque, (iii) a method for heat treatment of vulnerable atherosclerotic plaque, and (iv) a vascular stent heated by ultrasound to prevent restenosis as further described in Inventions.

As consideration for the exclusive license, Licensee will provide Institutions the following:

- a) a license documentation fee of one-hundred fifty thousand dollars (\$150,000);
- b) a running royalty of two and one-half percent (2.5%) of net sales;

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PLANS TO MANAGE POTENTIAL CONFLICTS OF INTEREST (Continued)
Dr. Morteza Naghavi (Continued)

- c) three hundred fifty-six thousand and nine hundred (356,900) fully paid, non-assessable shares of Licensee's common stock at \$0.001 par value; and
- d) milestone payments of one hundred thousand dollars (\$100,000) upon regulatory authority approval of each licensed product covered by one or more claims included in patent rights.

In addition, Licensee agrees to sponsor research at U. T. Health Science Center - Houston and/or Texas Heart Institute for a minimum of four (4) consecutive years at a minimum annual amount of one hundred fifty thousand dollars (\$150,000).

The license agreement also includes sublicense provisions, reimbursement of patent expenses to date in the amount of \$150,000.00, payment of all future patent expenses, and standard language indemnifying the Board of Regents.

Dr. Naghavi currently holds 480,200 shares of stock in Licensee. Nevertheless, U. T. Health Science Center - Houston has determined that a license to a privately-owned company is appropriate because the activities of Licensee involve applied research and the manufacturing of a product for vulnerable atherosclerotic plaque detection and/or treatment, whereas Dr. Naghavi 's laboratory performs basic research.

Additionally, U. T. Health Science Center - Houston has implemented a Conflict of Interest Management Plan to minimize or eliminate the likelihood that actual conflicts will arise. As part of that plan, the Executive Vice President for Research will appoint an Independent Oversight Committee to identify any potential conflicts of interest and ensure that they are being properly managed. The following individuals have agreed to serve on the Independent Oversight Committee:

Dr. Cary Cooper, Dean, Graduate School of Biomedical Sciences, The University of Texas Medical Branch at Galveston

Dr. Mustafa Lokhandwala, Dean, College of Pharmacy, the University of Houston

Dr. Barbara Hayes, Dean, College of Pharmacy, Texas Southern University

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PLANS TO MANAGE POTENTIAL CONFLICTS OF INTEREST (Continued)
Dr. Morteza Naghavi (Continued)

Under this plan:

1. The Executive Vice Chancellor for Health Affairs will request and Dr. Naghavi will submit a confidential report each year to the Executive Vice Chancellor for Health Affairs, the Independent Oversight Committee, and the Executive Vice President for Research. The report will include the following:
 - employee certification letter acknowledging Dr. Naghavi's understanding of the applicable plans and procedures;
 - name of any business entity in which Dr. Naghavi has an interest or for which he serves as a director, officer, consultant or employee, etc;
 - a statement that Dr. Naghavi has read and understands the procedures and the plan;
 - a statement that Dr. Naghavi has disclosed and will continue to disclose his financial interests and business participation as required by law; and
 - information about any mitigating factors that apply.
2. Dr. Naghavi will submit a completed Invention Disclosure Form to the Executive Vice President for Research, the institutional Intellectual Property Committee, the Executive Vice Chancellor for Health Affairs, and to the Independent Oversight Committee regarding the Inventions and future inventions, if any.
3. Dr. Naghavi further agrees he will not transfer any materials or proprietary information regarding the Inventions or future inventions to Licensee without an executed agreement between Licensee and U. T. Health Science Center - Houston covering the transfer.
4. Dr. Naghavi also agrees to provide any information requested by the Executive Vice President for Research, the Independent Oversight Committee, or the Executive Vice Chancellor for Health Affairs as may be required to facilitate the commercialization of Inventions and additional inventions to Licensee or to other third parties, or to carry out the U.T. Health Science Center - Houston plan to manage conflicts of interest. The Executive Vice Chancellor for Health Affairs, the Executive Vice President for Research and the Independent Oversight Committee shall review all submissions to determine whether Dr. Naghavi has complied with the terms agreed to herein. The Executive Vice President for Research and the Independent Oversight Committee shall also review all submissions to determine whether there are any actual conflicts of interests between

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PLANS TO MANAGE POTENTIAL CONFLICTS OF INTEREST (Continued)
Dr. Morteza Naghavi (Continued)

Dr. Naghavi 's role as an employee of U. T. Health Science Center - Houston and his financial interest and business participation in Licensee. Should the Executive Vice President for Research or the Independent Oversight Committee determine that an actual conflict of interest exists, the terms of any research plans will be modified or research activities transferred to independent researchers or other remedial action taken to avoid actual conflicts of interest.

The proposed arrangement is consistent with Section 51.912 of the Texas Education Code and corresponding provisions of The U. T. System Intellectual Property Policy. Pursuant to Part Two, Chapter XII, Sections 6, 7 and 8 of the Board of Regents' Rules and Regulations, approval by the Board of Regents is necessary for Dr. Naghavi to hold equity in Licensee.

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PLANS TO MANAGE POTENTIAL CONFLICTS OF INTEREST (Continued)

4. Plan to Manage Conflict of Interest for Dr. Sudhir Paul

The University of Texas Health Science Center at Houston ("U. T. Health Science Center - Houston"), on behalf of the Board of Regents, wishes to enter into an exclusive patent license agreement with Hesed Biomed, Inc. ("Licensee"), a Delaware corporation, having a principal place of business in Omaha, Nebraska. The license agreement will cover inventions in the field of catalytic antibodies as listed in Attachment A (collectively, the "Inventions"). The Inventions were developed in part by Dr. Sudhir Paul, Professor, in the Department of Pathology Laboratory Medicine at U. T. Health Science Center - Houston. Licensee currently holds several patents providing broad protection in the field of catalytic antibodies.

The provisions of this license agreement will be reviewed and approved pursuant to the Regents' Rules and Regulations by T. Kevin Dillon, Vice President and Chief Financial Officer, U. T. Health Science Center - Houston, and by Georgia Harper and BethLynn Maxwell of The University of Texas System Office of General Counsel. Under the proposed terms of the patent license agreement, Licensee is granted a royalty-bearing, exclusive license to manufacture, have manufactured, use, distribute, sell, offer to sell, import, lease, loan or otherwise commercialize (i) methods and use of catalytic antibodies, as further described in Inventions.

As consideration for the exclusive license, Licensee will provide U. T. Health Science Center - Houston the following:

- a) a license documentation fee of five thousand dollars (\$5,000.00) for each technology listed under Inventions and as amended periodically;
- b) an annual license management fee of two thousand five hundred dollars (\$2,500.00), increasing annually by two thousand five hundred dollars (\$2,500.00) to a maximum of twenty-five thousand dollars (\$25,000.00);
- c) a running royalty of two percent (2.0%), one percent (1.0%) and four tenths of one percent (0.4%) of net sales, depending upon other royalty obligations;
- d) two hundred forty thousand (240,000) fully paid, non-assessable shares of Licensee's common stock at \$0.001 par value;
- e) milestone payments of fifty thousand dollars (\$50,000.00) upon filing of the first product with a regulatory agency;
- f) milestone payments of one hundred thousand dollars (\$100,000.00) upon regulatory approval of each licensed product; and

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PLANS TO MANAGE POTENTIAL CONFLICTS OF INTEREST (Continued)
Dr. Sudhir Paul (Continued)

- g) option payments of fifteen thousand dollars (\$15,000.00) per year for an exclusive option to technology developed with funding provided by Licensee.

In addition, Licensee agrees to sponsor research at U. T. Health Science Center - Houston for one million six hundred thousand dollars (\$1,600,000.00), payable in the amount of five hundred thirty-three thousand three hundred thirty four dollars (\$533,334.00) in year one, five hundred thirty-three thousand three hundred thirty three dollars (\$533,333.00) in year two and five hundred thirty-three thousand three hundred thirty three dollars (\$533,333.00) in year three.

The license agreement also includes sublicense provisions, payment of all future patent expenses, and standard language indemnifying the Board of Regents.

Dr. Paul currently holds 2,006,290 shares of stock in Licensee and serves on the board of directors of Licensee. Nevertheless, U. T. Health Science Center - Houston has determined that a license to a privately owned company is appropriate because the activities of Licensee involve applied research and the manufacturing of a product derived from use of catalytic antibodies, whereas Dr. Paul's laboratory performs basic research.

Additionally, U. T. Health Science Center - Houston has implemented a Conflict of Interest Management Plan to minimize or eliminate the likelihood that actual conflicts will arise. As part of that plan, the President of U. T. Health Science Center - Houston ("President") will appoint an Independent Oversight Committee to identify any potential conflicts of interest and ensure that they are being properly managed.

Under this plan:

1. Dr. Paul will submit a confidential report each year to the Independent Oversight Committee and the President. The report will include the following:
 - employee certification letter acknowledging Dr. Paul's understanding of the applicable plans and procedures;
 - name of any business entity in which Dr. Paul has an interest or for which he serves as a director, officer, consultant or employee, etc;
 - a statement that Dr. Paul has read and understands the procedures and the plan;
 - a statement that Dr. Paul has disclosed and will continue to disclose his financial interests and business participation as required by law; and
 - information about any mitigating factors that apply.

PLANS TO MANAGE POTENTIAL CONFLICTS OF INTEREST (Continued)

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Dr. Sudhir Paul (Continued)

2. Dr. Paul will submit a completed Invention Disclosure Form to the President, the institutional Intellectual Property Committee and to the Independent Oversight Committee regarding the Inventions and future inventions, if any.
3. Dr. Paul further agrees he will not transfer any materials or proprietary information regarding the Inventions or future inventions to Licensee without an executed agreement between Licensee and U. T. Health Science Center – Houston covering the transfer.
4. Dr. Paul also agrees to provide any information requested by the President or the Independent Oversight Committee as may be required to facilitate the commercialization of Inventions and additional inventions to Licensee or to other third parties, or to carry out the U.T. Health Science Center - Houston plan to manage conflicts of interest. The President and the Independent Oversight Committee shall review all submissions to determine whether Dr. Paul has complied with the terms agreed to herein. The President and the Independent Oversight Committee shall also review all submissions to determine whether there are any actual conflicts of interests between Dr. Paul's role as an employee of U. T. Health Science Center - Houston and his financial interest and business participation in Licensee. Should the President or the Independent Oversight Committee determine that an actual conflict of interest exists, the terms of any research plans will be modified or research activities transferred to independent researchers or other remedial action taken to avoid actual conflicts of interest.

The proposed arrangement is consistent with Section 51.912 of the Texas Education Code and corresponding provisions of The U. T. System Intellectual Property Policy. Pursuant to Part Two, Chapter XII, Section 6, 7 and 8 of the Board of Regents' Rules and Regulations, approval by the Board of Regents is necessary for Dr. Paul to hold equity in and serve as a director of Licensee.

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PLANS TO MANAGE POTENTIAL CONFLICTS OF INTEREST (Continued)
Dr. Sudhir Paul (Continued)

Attachment A

<u>UTHSC-Houston file #</u>	Title	<u>Country/Filing</u>	<u>Inventors</u>
UTH:001HB	Covalently Reactive Transition State Analogs and Methods of Use Thereof	USA/Provisional	Sudhir Paul, Ph.D.
UTH:	Technologies that relate to generating a catalytic antibody (CAb) or covalent binding antibody; blocking the activity of a CAb or covalent binding antibody; or a vaccine that produces catalytic or covalent binding antibodies; in addition to new technologies developed under the research program.		Sudhir Paul, Ph.D.

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PLANS TO MANAGE POTENTIAL CONFLICTS OF INTEREST (Continued)

5. Plan to Manage Conflict of Interest for Dr. James T. Willerson

The University of Texas Health Science Center at Houston ("U. T. Health Science Center - Houston"), on behalf of the Board of Regents, wishes to enter into an exclusive patent license agreement with Volcano Therapeutics, Inc. ("Licensee"), a Delaware corporation having a principal place of business in Houston, Texas. The license agreement covers inventions in the field of vulnerable atherosclerotic plaque detection and/or treatment by thermal, infrared and near infrared techniques as listed in Attachment A (collectively, the "Inventions"). The Inventions were developed in part by Dr. S. Ward Casscells, Professor; Dr. James T. Willerson, President, U. T. Health Science Center - Houston; and Mr. Morteza Naghavi, Instructor, all with the Department of Internal Medicine at U. T. Health Science Center - Houston. Other inventors on the Inventions are from The Texas Heart Institute and California Institute of Technology (collectively with U. T. Health Science Center - Houston, the "Institutions").

The provisions of this license agreement have been reviewed and approved pursuant to the Regents' Rules and Regulations by T. Kevin Dillon, Vice President and Chief Financial Officer, U. T. Health Science Center - Houston, and by Georgia Harper and BethLynn Maxwell of The University of Texas System Office of General Counsel. Under the proposed patent license agreement, Licensee is granted a royalty-bearing, exclusive license to manufacture, have manufactured, use, distribute, sell, offer to sell, import, lease, loan or otherwise commercialize (i) a thermistor/ thermocouple-based basket catheter utilizing thermal detection of vulnerable atherosclerotic plaque, (ii) a catheter utilizing near infrared spectroscopy to detect pH of vulnerable atherosclerotic plaque, (iii) a method for heat treatment of vulnerable atherosclerotic plaque, and (iv) a vascular stent heated by ultrasound to prevent restenosis as further described in Inventions.

As consideration for the exclusive license, Licensee will provide Institutions the following:

- a) a license documentation fee of one-hundred fifty thousand dollars (\$150,000);
- b) a running royalty of two and one-half percent (2.5%) of net sales;
- c) three hundred fifty-six thousand and nine hundred (356,900) fully paid, non-assessable shares of Licensee's common stock at \$0.001 par value; and
- d) milestone payments of one hundred thousand dollars (\$100,000) upon regulatory authority approval of each licensed product covered by one or more claims included in patent rights.

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PLANS TO MANAGE POTENTIAL CONFLICTS OF INTEREST (Continued)
Dr. James T. Willerson (Continued)

In addition, Licensee agrees to sponsor research at U. T. Health Science Center - Houston and/or Texas Heart Institute for a minimum of four (4) consecutive years at a minimum annual amount of one hundred fifty thousand dollars (\$150,000).

The license agreement also includes sublicense provisions, reimbursement of patent expenses to date in the amount of \$150,000.00, payment of all future patent expenses, and standard language indemnifying the Board of Regents.

Dr. Willerson currently holds approximately 506,350 shares of stock in Licensee. Nevertheless, U. T. Health Science Center - Houston has determined that a license to a privately-owned company is appropriate because the activities of Licensee involve applied research and the manufacturing of a product for vulnerable atherosclerotic plaque detection and/or treatment, whereas Dr. Willerson's laboratory performs basic research.

Additionally, U. T. Health Science Center - Houston has implemented a Conflict of Interest Management Plan to minimize or eliminate the likelihood that actual conflicts will arise. As part of that plan, the Executive Vice President for Research will appoint an Independent Oversight Committee to identify any potential conflicts of interest and ensure that they are being properly managed. The following individuals have agreed to serve on the Independent Oversight Committee:

Dr. Cary Cooper, Dean, Graduate School of Biomedical Sciences, The University of Texas Medical Branch at Galveston

Dr. Mustafa Lokhandwala, Dean, College of Pharmacy, the University of Houston

Dr. Barbara Hayes, Dean, College of Pharmacy, Texas Southern University

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PLANS TO MANAGE POTENTIAL CONFLICTS OF INTEREST (Continued)
Dr. James T. Willerson (Continued)

Under this plan:

1. The Executive Vice Chancellor for Health Affairs will request and Dr. Willerson will submit a confidential report each year to the Executive Vice Chancellor for Health Affairs, the Independent Oversight Committee, and the Executive Vice President for Research. The report will include the following:
 - employee certification letter acknowledging Dr. Willerson's understanding of the applicable plans and procedures;
 - name of any business entity in which Dr. Willerson has an interest or for which he serves as a director, officer, consultant or employee, etc;
 - a statement that Dr. Willerson has read and understands the procedures and the plan;
 - a statement that Dr. Willerson has disclosed and will continue to disclose his financial interests and business participation as required by law; and
 - information about any mitigating factors that apply.
2. Dr. Willerson will submit a completed Invention Disclosure Form to the Executive Vice President for Research, the institutional Intellectual Property Committee, the Executive Vice Chancellor for Health Affairs, and to the Independent Oversight Committee regarding the Inventions and future inventions, if any.
3. Dr. Willerson further agrees he will not transfer any materials or proprietary information regarding the Inventions or future inventions to Licensee without an executed agreement between Licensee and U. T. Health Science Center - Houston covering the transfer.
4. Dr. Willerson also agrees to provide any information requested by the Executive Vice President for Research, the Independent Oversight Committee, or the Executive Vice Chancellor for Health Affairs as may be required to facilitate the commercialization of Inventions and additional inventions to Licensee or to other third parties, or to carry out the U.T. Health Science Center - Houston plan to manage conflicts of interest. The Executive Vice Chancellor for Health Affairs, the Executive Vice President for Research and the Independent Oversight Committee shall review all submissions to determine whether Dr. Willerson has complied with the terms agreed to herein. The Executive Vice President for Research and the Independent Oversight Committee shall also review all submissions to determine whether there are any actual conflicts of interests between Dr. Willerson's role as an employee of U. T. Health Science Center - Houston and his financial interest and business participation in Licensee. Should the Executive Vice

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PLANS TO MANAGE POTENTIAL CONFLICTS OF INTEREST (Continued)
Dr. James T. Willerson (Continued)

President for Research or the Independent Oversight Committee determine that an actual conflict of interest exists, the terms of any research plans will be modified or research activities transferred to independent researchers or other remedial action taken to avoid actual conflicts of interest.

The proposed arrangement is consistent with Section 51.912 of the Texas Education Code and corresponding provisions of The U. T. System Intellectual Property Policy. Pursuant to Part Two, Chapter XII, Sections 6, 7 and 8 of the Board of Regents' Rules and Regulations, approval by the Board of Regents is necessary for Dr. Willerson to hold equity in Licensee.

THE UNIVERSITY OF TEXAS HEALTH SCIENCE CENTER AT HOUSTON
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AMENDMENTS TO THE 2000-01 BUDGET

The following Requests for Budget Changes (RBC's) have been administratively approved as required by the Executive Vice Chancellor for Health Affairs and are recommended for ratification by the U. T. Board of Regents.

The term "rate" for academic institutions is the full-time nine-month base rate and for health institutions is the full-time twelve-month base rate; for all other personnel it is the full-time rate, the appointee receiving a proportionate amount depending upon the fraction of time for which the individual is appointed and the period of appointment.

<u>Item, Department, Title, Name</u>	<u>Effective</u> <u>Date</u>	<u>%</u> <u>Time</u>	<u>Full-time</u> <u>Salary</u>		<u>RBC #</u>
			<u>No.</u> <u>Mos.</u>	<u>Rate</u>	
<u>APPOINTMENTS AND PROMOTIONS</u>					
MEDICAL SCHOOL					
Anesthesiology					
1. Jeffrey Katz					081
From: Professor and Chairman (T)		100	12	375,000	
		SUPLT	12	55,000	
To: Professor and Chairman and Roy M. and Phyllis Gough Huffington					
Distinguished Professor in	5/1	100	12	375,000	
Anesthesiology	5/1	SUPLT	12	55,000	

THE UNIVERSITY OF TEXAS HEALTH SCIENCE CENTER AT HOUSTON
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AMENDMENTS TO THE 2000-01 BUDGET (Continued)

<u>Item, Department, Title, Name</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate</u>	
MEDICAL SCHOOL (Continued)					
Internal Medicine – Rheumatology					
2. Frank C. Arnett, Jr.					071
From: Professor and Elizabeth Bidgood Chair in Rheumatology (T)		100 SUPLT	12 12	189,999 20,000	
To: Chair/Professor and Elizabeth Bidgood Chair in Rheumatology (T)	3/1 3/1	100 SUPLT	12 12	195,000 55,000	
Family Practice					
3. Carlos Moreno					072
From: Professor, Chair and C. Frank Webber Chair in Family Medicine (T)		100 SUPLT	12 12	204,480 38,600	
To: MEDICAL SCHOOL Family Practice Professor, Chair and C. Frank Webber Chair in Family Medicine (T)					
ADMINISTRATIVE SUPPORT					
President					
Vice President for Community Programs and Educational Outreach					
	3/1 3/1	100 SUPLT	12 12	205,080 58,000	

THE UNIVERSITY OF TEXAS HEALTH SCIENCE CENTER AT HOUSTON
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AMENDMENTS TO THE 2000-01 BUDGET (Continued)

<u>Item, Department, Title, Name</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate</u>	
DENTAL BRANCH					
Dean – Dental Branch					
4. Ronald Johnson					063
From: Dean and Professor (T)		100	12	139,635	
		SUPLT	12	33,000	
To: Dean and Professor (T)					
William N. Finnegan III					
Professorship in the Dental Sciences	3/2	100	12	139,635	
	3/2	SUPLT	12	33,000	
Biomaterials Research Center					
5. John M. Powers					069
From: Biomaterials Research Center Professor (T)		100	12	106,656	
To: Research Office – Dental Branch Associate Dean, Research					
Biomaterials Research Center Professor (T)	5/1	100	12	106,656	
	5/1	SUPLT	12	6,000	
Craniofacial Growth and Development - Orthodontics					
6. Robert Minkoff					070
From: Professor (T)		100	12	96,523	
To: Professor and Interim Chair (T)	4/1	100	12	96,523	
	4/1	SUPLT	12	13,000	

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AMENDMENTS TO THE 2000-01 BUDGET (Continued)

<u>Item, Department, Title, Name</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate</u>	
DENTAL BRANCH (Continued)					
Restorative Dentistry and Biomaterials					
7. Leslie Roeder					075
From: Associate Professor (T)		100	12	79,940	
To: Associate Professor and Vice Chairman (T)	5/1 5/1	100 SUPLT	12 12	79,940 6,000	
GRADUATE SCHOOL OF BIOMEDICAL SCIENCES					
Dean – Graduate School of Biomedical Sciences					
8. George M. Stancel					074
From: Dean – Graduate School of Biomedical Sciences Dean (T)		100	12	173,930	
To: GRADUATE SCHOOL OF BIOMEDICAL SCIENCES Dean – Graduate School of Biomedical Sciences Dean (T)					
ADMINISTRATIVE SUPPORT					
Executive Vice President – Research and Academic Affairs					
Interim Executive Vice					
President for Research Affairs (T)	4/1 4/1	100 SUPLT	12 12	173,930 50,000	

THE UNIVERSITY OF TEXAS HEALTH SCIENCE CENTER AT HOUSTON
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AMENDMENTS TO THE 2000-01 BUDGET (Continued)

<u>Item, Department, Title, Name</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate</u>	
SCHOOL OF ALLIED HEALTH SCIENCES					
Interdisciplinary Studies					
9. Doris L. Ross					059
From: Dean Pro Tem, School of Allied Health Sciences, Chair Interdisciplinary Study and Professor (T)		100 SUPLT	12 12	99,393 14,400	
To: Dean and Professor (T)	3/1 3/1	100 SUPLT	12 12	99,393 14,400	
SCHOOL OF PUBLIC HEALTH					
Associate Dean for Research					
10. Guy S. Parcel					076
From: John P. McGovern Professor in Health Promotion and Associate Dean for Research (T)		100	12	127,500	
To: Acting Dean and John P. McGovern Professorship in Health Promotion (T)	5/1 5/1	100 SUPLT	12 12	127,500 75,000	
Behavioral Sciences					
11. Lu Ann Aday					078
From: Professor (T)		100	12	114,126	
To: Lorne Bain Distinguished Professor In Public Health and Medicine (T)	6/1	100	12	114,126	

THE UNIVERSITY OF TEXAS HEALTH SCIENCE CENTER AT HOUSTON
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AMENDMENTS TO THE 2000-01 BUDGET (Continued)

<u>Item, Department, Title, Name</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate</u>	
SCHOOL OF PUBLIC HEALTH (Continued)					
Human Nutrition Center					
12. Rena Sue McPherson					080
From: Associate Professor of Epidemiology		100	12	88,211	
To: Associate Professor of Epidemiology And Acting Associate Dean for Research	6/1 6/1	100 SUPLT	12 12	88,211 25,000	
INSTITUTIONAL SUPPORT					
Academic Affairs – Minority Fellowships					
13. Gilbert A. Castro					073
From: Assistant Vice President, Educational Access and Equity (T)		100 SUPLT	12 12	148,164 30,999	
To: INSTITUTIONAL SUPPORT Academic Affairs – Minority Fellowships Assistant Vice President, Educational Access and Equity (T)					
ADMINISTRATIVE SUPPORT					
Executive Vice President – Research and Academic Affairs Interim Executive Vice President for Academic Affairs (T)					
	4/1 4/1	100 SUPLT	12 12	148,164 80,999	

THE UNIVERSITY OF TEXAS HEALTH SCIENCE CENTER AT HOUSTON
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AMENDMENTS TO THE 2000-01 BUDGET (Continued)

TRANSFER OF FUNDS

RBC #

HARRIS COUNTY PSYCHIATRIC CENTER

064

14. Amount of Transfer \$950,000

From: Harris County Juvenile Probation Department

To: HCPC – Adolescent Subacute Program Contract

Increase to the 2001 FY Budget for a new contract with the Harris County Juvenile Probation Department

THE UNIVERSITY OF TEXAS HEALTH SCIENCE CENTER AT HOUSTON
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FEES AND MISCELLANEOUS CHARGES

DIFFERENTIAL GRADUATE TUITION CHARGES

Approval is recommended for the following differential graduate tuition charges for the 2001-02 academic year. The fees have been the subject of discussion with representative students and have been administratively approved by the Executive Vice Chancellor for Health Affairs. A portion of the increase will be used for financial assistance for students impacted by the increase.

Following Regental approval, the appropriate component catalog will be amended to reflect these new rates.

<u>Academic Program</u>	<u>Current Fee</u>		<u>Proposed Fee</u>	
	<u>Resident</u>	<u>Nonresident</u>	<u>Resident</u>	<u>Nonresident</u>
School of Public Health				
Graduate Differential Tuition	\$10/hr	\$25/hr	\$20/hr	\$50/hr
Total Tuition	74/hr	304/hr	90/hr	331/hr

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SMALL CLASS REPORT FALL 2000 AND SPRING 2001

Pursuant to Sections 51.403 of the Texas Education Code and Section 5.301 of the Texas Higher Education Coordinating Board Rules, a report for the record regarding the teaching of small classes has been filed. The institution has reviewed the data in this report and, as appropriate, made administrative changes to ensure that teaching such small classes continues to be justified. The detailed listing of small classes is available upon request from the Registrar's Office and is summarized as follows:

**Organized Undergraduate Classes with
Fewer than 10 Enrolled Students**

<u>Primary Reasons for Teaching</u>	<u>Fall</u>	<u>Spring</u>	<u>Total</u>	<u>Prior Year Total</u>
a. Required for graduation	2	0	2	2
b. To keep proper sequence	0	0	0	0
c. New program	0	0	0	0
d. Cross listed	0	0	0	0
e. First term offered	0	0	0	0
f. Accreditation or licensing Standard	0	0	0	0
g. Limited facilities	0	0	0	0
Subtotal	2	0	2	2
h. Voluntarily offered	0	0	0	2
Total	2	0	2	4

THE UNIVERSITY OF TEXAS HEALTH SCIENCE CENTER AT HOUSTON
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SMALL CLASS REPORT FALL 2000 AND SPRING 2001 (Continued)

**Organized Graduate Classes with
 Fewer than 5 Enrolled Students**

Primary Reasons for Teaching	Fall	Spring	Total	Prior Year Total
a. Required for graduation	6	9	15	43
b. To keep proper sequence	33	40	73	44
c. New program	0	0	0	1
d. Cross listed	18	9	27	18
e. First term offered	2	0	2	2
f. Accreditation or licensing Standard	0	1	1	0
g. Limited facilities	1	3	4	0
Subtotal	60	62	122	108
h. Voluntarily offered	12	9	21	17
Total	72	71	143	125

THE UNIVERSITY OF TEXAS HEALTH SCIENCE CENTER AT SAN ANTONIO
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THE UNIVERSITY OF TEXAS HEALTH SCIENCE CENTER AT SAN ANTONIO
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CONTRACTS

The following contracts or agreements have been awarded, have been administratively approved by the President or his delegate and are recommended for approval by the Board of Regents.

**NONINTELLECTUAL PROPERTY-RELATED SPONSORED RESEARCH
AGREEMENTS - FOREIGN**

(FUNDS COMING IN)

1. Country: Belgium
Grantor: Quintiles, Inc. acting on behalf of UCB S.A. – (chemical and pharmaceutical company).
No. Protocol No. N01053
New Funds: Principal investigator estimates amount to be \$101,700
Current Period: April 3, 2001 until completion of all obligations
Title/Description: An open-label, multicenter, follow-up maintenance study of the efficacy and safety of Levetiracetam (an antiepileptic drug) a dosage of 2000–4000 mg/day in the treatment of an acute manic or mixed episode in adult subjects with bipolar disorder (type1).

2. Country: Belgium
Grantor: Quintiles, Inc. acting on behalf of UCB S.A. – (chemical and pharmaceutical company).
No. Agreement dated April 3, 2001, Protocol No. N01000
New Funds: Principal investigator estimates amount to be \$118,830
Current Period: April 3, 2001 until completion of all obligations
Title/Description: A multicenter, randomized, double-blind, placebo-controlled, parallel group 6-week study of the efficacy and safety of a dosage of 2000-4000 mg/day Levetiracetam (an antiepileptic drug) in the treatment of an acute manic or mixed episode in adult subjects with bipolar disorder (type 1).

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CONTRACTS (Continued)
NONINTELLECTUAL PROPERTY-RELATED SPONSORED RESEARCH
AGREEMENTS – FOREIGN (Continued)

(FUNDS COMING IN)

3. Country: France
Grantor: PAREXEL on behalf of Sanofi-Synthelabo
No. Protocol EFC7331
New Funds: \$62,500
Current Period: March 8, 2001 until completion of all obligations
Title/Description: Management of atherothrombosis (blood clot which has formed on the wall of a blood vessel) with clopidogrel (inhibitor medication) in high-risk patients with recent transient ischemic attack or ischemic stroke.

THE UNIVERSITY OF TEXAS HEALTH SCIENCE CENTER AT SAN ANTONIO
 U. T. BOARD OF REGENTS' MEETING
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SMALL CLASS REPORT, FALL 2000 AND SPRING 2001

Pursuant to Sections 51.403 of the Texas Education Code and Section 5.301 of the Texas Higher Education Coordinating Board Rules, a report for the record regarding the teaching of small classes has been filed. The institution has reviewed the data in this report and, as appropriate, made administrative changes to ensure that teaching such small classes continues to be justified. The detailed listing of small classes is available from the Registrar's Office and is summarized as follows:

**Organized Undergraduate Classes with
 Fewer than 10 Enrolled Students**

Primary Reasons for Teaching	Fall	Spring	Total	Prior Year Total
a. Required for Graduation	36	24	60	87
b. To keep proper sequence	17	10	27	45
c. New program	0	0	0	0
d. Cross listed	0	1	1	4
e. First time offered	0	0	0	0
f. Accreditation or licensing Standard	0	0	0	0
g. Limited facilities	12	11	23	14
Subtotal	65	46	111	150
h. Voluntarily offered	7	1	8	7
Total	72	47	119	157

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SMALL CLASS REPORT, FALL 2000 AND SPRING 2001 (Continued)

**Organized Graduate Classes with
 Fewer than 5 Enrolled Students**

Primary Reasons for Teaching	Fall	Spring	Total	Prior Year Total
a. Required for Graduation	3	10	13	43
b. To keep proper sequence	17	10	27	7
c. New program	0	0	0	0
d. Cross listed	0	1	1	7
e. First time offered	0	0	0	0
f. Accreditation or licensing Standard	0	0	0	0
g. Limited facilities	2	2	4	4
Subtotal	22	23	45	61
h. Voluntarily offered	25	50	75	88
Total	47	73	120	149

THE UNIVERSITY OF TEXAS HEALTH SCIENCE CENTER AT SAN ANTONIO
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OTHER MATTERS

APPROVAL OF DUAL POSITIONS OF HONOR, TRUST, OR PROFIT

The following items have been approved by the Executive Vice Chancellor for Health Affairs in accordance with the Regents' Rules and Regulations, Part One, Chapter III, Section 13 and are submitted for ratification by the Board of Regents. It has been determined that the holding of these offices or positions is of benefit to the State of Texas and The University of Texas and there is no conflict between holding the positions and the appointments of Professor Blumhardt, Associate Professor Stewart, Professor Harkless, Associate Professor Hale, Interim Associate Dean Jackson and Ms. Hines with The University of Texas Health Science Center – San Antonio

1. Name: Ralph Blumhardt, M.D.
Title: Professor, Department of Radiology
Position: Appointment as a member of the Texas State Board of Licensure for Medical Physicists
Period: 1998 through present
Compensation: Reimbursed for driving mileage at 28¢/mile
Description: In March 1998 Governor George W. Bush appointed Professor Blumhardt as a member of the Texas Board of Licensure for Medical Physicists. This Board performs an important function related to protecting the public from excessive radiation exposure from diagnostic studies.

2. Name: Ronald M. Stewart, M.D.
Title: Associate Professor, Department of Surgery
Position: Appointment as a member of the Emergency Medical Services Advisory Council
Period: April 2000 through present
Compensation: None
Description: In December 1999 Senior Vice President of Public Affairs of the Texas Hospital Association, Joe A. DaSilva, appointed Professor Stewart as a member of the Emergency Medical Services Advisory Council, as directed by HB 2085 of the 76th Texas Legislature.

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OTHER MATTERS (Continued)

APPROVAL OF DUAL POSITIONS OF HONOR, TRUST, OR PROFIT (Continued)

3. Name: Lawrence B. Harkless, D.P.M.
Title: Professor, Holder of the Louis T. Bogy Professorship,
Department of Orthopaedics
Position: Appointment as Chairman of the Texas Diabetes Council,
Department of Health
Period: May 4, 2001 through May 4, 2002
Compensation: None
Description: In May 2001 Governor Rick Perry appointed Professor
Harkless as Chairman of the Texas Diabetes Council.
Professor Harkless's appointment is to provide leadership to
the Council, which is responsible for developing and
implementing the State plan to prevent and control diabetes in
Texas.

4. Name: Daniel E. Hale, M.D.
Title: Associate Professor, Department of Pediatrics
Position: Appointment by the Texas Department of Health as a member
of the Texas Statewide Obesity Taskforce
Period: April 25, 2001 through completion of the project
Compensation: Travel expenses
Description: The goal of the Taskforce is to develop a statewide plan with
an accompanying evaluation process to prevent and control
obesity and other related chronic diseases through nutrition
and physical activity interventions.

5. Name: Brenda S. Jackson, Ph.D., RN
Title: Interim Associate Dean for Undergraduate Programs, School
of Nursing
Position: Appointment by the Board of Nurse Examiners for the State of
Texas to serve on the Advisory Committee on Education
Period: July 2001 through January 2004
Compensation: None
Description: The Advisory Committee on Education advises the Board of
Nurse Examiners on policies and procedure regulating
professional nursing programs in the State of Texas.

OTHER MATTERS (Continued)

THE UNIVERSITY OF TEXAS HEALTH SCIENCE CENTER AT SAN ANTONIO
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APPROVAL OF DUAL POSITIONS OF HONOR, TRUST, OR PROFIT (Continued)

6. Name: Teresa M. Hines, M.P.H.
Title: Associate Director, Health Education Training Centers Alliance of Texas (HETCAT)
Position: Appointment by Donna E. Shalala, Secretary of Health and Human Services, as a member of the National Advisory Committee on Interdisciplinary, Community-Based Linkages of the Health Resources and Services Administration
Period: April 24, 2000 through September 30, 2003
Compensation: Travel expenses plus \$565 per day not to exceed two days per meeting
Description: Membership on the National Advisory Committee on Interdisciplinary, Community-Based Linkages will allow for continued dialogue between the federal government and funded programs at the institution such as the Area Health Education Centers, Health Education Training Centers, and Geriatric Education Centers, which are under the purview of this committee.

THE UNIVERSITY OF TEXAS M. D. ANDERSON CANCER CENTER
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THE UNIVERSITY OF TEXAS M. D. ANDERSON CANCER CENTER
U. T. BOARD OF REGENTS' MEETING
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CONTRACTS

The following contracts or agreements have been awarded, have been administratively approved by the President (or his delegate) and are recommended for approval by the Board of Regents:

**GENERAL CONTRACTS
(FUNDS COMING IN)**

1. Agency: Medical Resource Limited
Funds: Reimbursement of 85% of all billed charges
Period: December 1, 2000 for a period of 12 months
Description: Hospital Services Agreement to provide for diagnosis, care, and treatment of cancer and other neoplastic diseases
2. Agency: Medical Resource Limited
Funds: Reimbursement of 85% of all billed charges
Period: December 1, 2000 for a period of 12 months
Description: Physician Services Agreement to provide for diagnosis, care, and treatment of cancer and other neoplastic diseases
3. Agency: HealthSmart Preferred Care, Inc.
Funds: Reimbursement of 85% of all billed charges
Period: December 1, 2000 for a period of 12 months
Description: Hospital Services Agreement to provide diagnosis, care and treatment of cancer and other neoplastic diseases
4. Agency: HealthSmart Preferred Care, Inc.
Funds: Reimbursement of 85% of all billed charges
Period: December 1, 2000 for a period of 12 months
Description: Physician Services Agreement to provide diagnosis, care and treatment of cancer and other neoplastic diseases

THE UNIVERSITY OF TEXAS M. D. ANDERSON CANCER CENTER
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**GENERAL CONTRACTS
(FUNDS GOING OUT)**

5. Agency: Houston Interagency Cooperative
Superior Staffing Service, Inc.
Funds: Shall not exceed \$2,130,000
Period: May 28, 2000 for a period of 15 months
Description: Agreement for Systems Management of Temporary Worker
Services

**NONINTELLECTUAL PROPERTY-RELATED SPONSORED RESEARCH
AGREEMENTS - FOREIGN**

6. Country: Japan
Grantor: Taiho Pharmaceutical Co., Ltd.
No: None
New Funds: \$486,726
Current Period: March 1, 2001 and shall continue until August 31, 2002
Title/Description: TAC-101 Phase I/II Study in Non-Small Cell Lung Cancer
7. Country: Japan
Grantor: Taiho Pharmaceutical Co., Ltd.
No: None
New Funds: \$359,385
Current Period: March 1, 2001 and shall continue until August 31, 2002
Title/Description: A Phase 1/2 , Single-Center, Dose-Escalation,
Pharmacokinetic, Safety, and Efficacy Study of Oral
TAC-101 in Patients With Advanced Hepatocellular
Carcinoma
8. Country: Japan
Grantor: Medics Japan
No: LSA 01-197
New Funds: \$20,000
Current Period: April 10, 2001 and shall continue in force until the earlier of
completion of the Study as mutually agreed upon by the
parties or for one (1) year
Title/Description: Position Emission Topography Tracers in Oncology

THE UNIVERSITY OF TEXAS M. D. ANDERSON CANCER CENTER
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AMENDMENTS TO THE 2000-01 BUDGET

The following Request for Budget Changes (RBC's) has been administratively approved as required by the Executive Vice Chancellor for Health Affairs and is recommended for ratification by the Board of Regents.

The term "rate" for academic institutions is the full-time nine-month base rate and for health institutions is the full-time twelve-month base rate; for all other personnel it is the full-time rate, the appointee receiving a proportionate amount depending upon the fraction of time for which the individual is appointed and the period of appointment.

<u>Item, Department, Title, Name</u>	<u>Effective</u> <u>Date</u>	<u>%</u> <u>Time</u>	<u>No.</u> <u>Mos.</u>	<u>Full-time</u> <u>Salary</u> <u>Rate</u>	<u>RBC #</u>
<u>APPOINTMENTS AND PROMOTIONS</u>					
THE TUMOR INSTITUTE – MEDICAL STAFF					
Thoracic Head & Neck Medical Oncology					
1. Waun K. Hong (T)					91
From: Chairman, Professor & Charles A. LeMaistre Distinguished Chair in Thoracic Oncology		100	12	301,365	
To: Division Head, Cancer Medicine & Distinguished University Chair	4/1	100	12	301,365	

THE UNIVERSITY OF TEXAS M. D. ANDERSON CANCER CENTER
U. T. BOARD OF REGENTS' MEETING
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**PLANS TO MANAGE POTENTIAL CONFLICTS OF INTEREST
For Dr. Borje S. Andersson and Sandra Technology, Inc.**

The following Plan to Manage Potential Conflicts of Interest has been reviewed by the Office of General Counsel and approved by the Executive Vice Chancellor for Health Affairs and is recommended for approval by the Board of Regents.

Dr. Borje S. Andersson, Professor in the Department of Blood and Marrow Transplantation at The University of Texas M.D. Anderson Cancer Center (UTMDACC), has participated in the creation of the following inventions (collectively the "Invention(s)") in the field of blood and marrow transplantation:

1. "Parenteral Pimaricin as Treatment of Systemic Infections," invented by Borje S. Andersson, M.D., Ph.D.; and Elias J. Anaissie, M.D.;
2. "Pharmacologically Acceptable Solvent Vehicles," invented by Borje S. Andersson, M.D., Ph.D.;
3. "Parenteral Chlorambucil for Treatment of Malignant and Autoimmune Disease," invented by Taraneh K. Sadeghi; and Borje S. Andersson, M.D., Ph.D.; and
4. "Large Animal Model of Invasive Pulmonary Asperillosis in an Immunocompromised Host," invented by Borje Andersson, M.D., Ph.D.; Taraneh K. Sadeghi; Douglas S. Cromeens, Ph.D.; and Jeffrey J. Tarrand, M.D.

Under a proposed patent license agreement, Sandra Technology, Inc. of Kingwood, Texas is granted a royalty-bearing, exclusive worldwide license to make, have made, use, offer to sell, sell and import the Invention(s). The provisions of this exclusive license agreement have been reviewed and approved by UTMDACC pursuant to the Regents' Rules and Regulations in accordance with the Office of General Counsel's requirements. As consideration for the exclusive license, Sandra Technology, Inc. will pay UTMDACC milestone payments, running royalties, and will reimburse patent expenses and may support continued research in Dr. Andersson's laboratory. Additionally, this proposed license agreement includes sublicense provisions and standard language indemnifying the Board of Regents.

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**PLANS TO MANAGE POTENTIAL CONFLICTS OF INTEREST
Dr. Borje Andersson (Continued)**

Further, Sandra Technology, Inc. and UTMDACC will enter into a Stock Purchase Agreement prior to signature of the proposed patent license by President Mendelsohn. Pursuant to the Stock Purchase Agreement, Sandra Technology, Inc. shall issue common stock equal to 58% of the total number of issued, authorized and outstanding shares of common stock of Sandra Technology, Inc. to UTMDACC and Dr. Andersson in the following percentages: 19% to UTMDACC and 39% to Dr. Andersson. These percentages reflect pre-money equity ownership of a start-up entity, and Dr. Andersson's role as an inventor and founder in Sandra Technology, Inc.

UTMDACC has developed the following measures to eliminate the likelihood that actual conflicts of interest will arise with regard to Dr. Andersson. As required by Texas Education Code, Section 51.912(b), and the Regents' Rules and Regulations, Part Two, Chapter XII, Subsections 6.2 and 7.1, Dr. Andersson has provided UTMDACC with a disclosure of all potential conflicts of interest that might emanate from the terms of the proposed patent license agreement.

In view of Dr. Andersson's disclosure, UTMDACC has determined that a license to a faculty-owned company is appropriate since the activities of Sandra Technology, Inc. involve applied research and the potential discovery and manufacturing of drug delivery systems for cancer therapeutics and antibacterial/antifungal compounds, whereas Dr. Andersson's laboratory performs basic research.

Additionally, UTMDACC has implemented a management strategy to minimize the risk of a future conflict of interest. This plan includes the following steps:

Dr. Andersson will submit written descriptions* of ongoing and planned research conducted in his laboratory to UTMDACC's Conflict of Interest Committee for review of any potential conflicts of interest pertinent to the terms of the license agreement pursuant to the GUIDING PRINCIPLES GOVERNING CONFLICTS OF INTEREST AND COMMITMENT TO THE UNIVERSITY OF TEXAS M. D. ANDERSON CANCER CENTER;

* These written descriptions will be in the form of required annual reports for all agencies and entities currently providing research funding to Dr. Andersson's laboratory (including Sandra Technology, Inc. under any sponsored research agreement), as well as any new research proposals soliciting funding from public and private agencies.

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PLANS TO MANAGE POTENTIAL CONFLICTS OF INTEREST (Continued)
Dr. Borje Andersson (Continued)

1. Dr. Andersson will submit written descriptions* of ongoing and planned research conducted in his laboratory to his Department Chair, Dr. Richard E. Champlin, Head, Chairman of the Department of Blood and Marrow Transplantation, for review and supervision of all ongoing and planned research;
2. All projects will require approval by the Conflict of Interest Committee and the Department Chair. If the Conflict of Interest Committee and/or the Department Chair determine that performance of a specific research project is likely to result in an actual conflict of interest pertinent to the terms of the license agreement, Dr. Andersson will be required to either modify his research plan such that it is deemed by the Conflict of Interest Committee and the Department Chair to no longer create a likely conflict of interest, or transfer the portions of research that have been found to create a likely conflict of interest to an independent investigator;
3. Upon approval or modification of the description of the proposed research by the Conflict of Interest Committee and the Department Chair, the Department Chair will submit the proposed research to Dr. Andersson's Division Head, Dr. Waun Ki Hong, Head, Division of Cancer Medicine, Charles A. LeMaistre Distinguished Chair in Thoracic Oncology, Professor and Chairman, Department of Thoracic Head and Neck Medical Oncology and to Dr. Leonard Zwelling, Vice President of Research Administration for review and approval;
4. Pursuant to a recommendation by the Vice President of Research Administration, the proposed research shall be reviewed by President Mendelsohn for further review and comment;
5. Additionally, Dr. Andersson shall provide the Conflict of Interest Committee and his Department Chair an annual, detailed written report on the current state of research in his laboratory; and
6. Dr. Andersson shall be subject to compliance audits at any time to investigate any potential or alleged conflict in research pertinent to the terms of the proposed license agreement.

The proposed arrangement is consistent with Section 51.912 of the Texas Education Code and corresponding provisions of The U. T. System Intellectual Property Policy. Pursuant to Part Two, Chapter XII, Subsections 6.2 and 7.1 of the Regents' Rules and Regulations, approval by the Board of Regents is necessary for Dr. Andersson to hold equity in and serve as a director and officer of Sandra Technology, Inc.

* These written descriptions will be in the form of required annual reports for all agencies and entities currently providing research funding to Dr. Andersson's laboratory (including Sandra Technology, Inc. under any sponsored research agreement), as well as any new research proposals soliciting funding from public and private agencies.

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PLANS TO MANAGE POTENTIAL CONFLICTS OF INTEREST (Continued)
For Dr. Wadih Arap and NTTX Biotechnology, Inc.

The following Plan to Manage Potential Conflicts of Interest has been reviewed by the Office of General Counsel and approved by the Executive Vice Chancellor for Health Affairs and is recommended for approval by the Board of Regents.

Wadih Arap, M.D., Ph.D., Associate Professor in the Department Genitourinary Medical Oncology at The University of Texas M.D. Anderson Cancer Center (UTMDACC), has participated in the creation of the following inventions (collectively the "Invention(s)") in the field of targeting technologies:

1. "Compositions and Methods for Organ and Tissue Targeting in Humans," invented by Dr. Renata Pasqualini, and Wadih Arap, M.D., Ph.D., USSN 60/231,266; and
2. "Compositions and Methods for Organ and Tissue Targeting in Humans," invented by Dr. Renata Pasqualini, and Wadih Arap, M.D., Ph.D., USSN 09/765,101.

Under a proposed patent license agreement, NTTX Biotechnology, Inc. of San Francisco, California is granted a royalty-bearing, exclusive, worldwide license to manufacture, have manufactured, import, use, offer to sell, and/or sell the Invention(s) and the right to sublicense such Inventions. Additionally, this proposed license agreement options other inventions created by either Dr. Pasqualini or Dr. Arap made at UTMDACC and related to the targeting technology and inventions made by UTMDACC employees pursuant to research sponsored by NTTX Biotechnology, Inc. The provisions of this exclusive license agreement have been reviewed and approved by UTMDACC pursuant to the Regents' Rules and Regulations in accordance with the Office of General Counsel's requirements. As consideration for the exclusive license, NTTX Biotechnology, Inc. will pay UTMDACC minimum annual royalties and running royalties, and will reimburse patent expenses and support continued research in Dr. Arap's laboratory with at least \$1,000,000 in sponsored research over three years. Further, the standard language indemnifying the Board of Regents has been modified, but still provides indemnification from NTTX Biotechnology, Inc. with the exclusion of the negligent failure of UTMDACC to comply with governmental requirements, UTMDACC or System's negligent or willful malfeasance, or any claim that the licensed subject matter constitutes an infringement or misappropriation of intellectual property of a third party.

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PLANS TO MANAGE POTENTIAL CONFLICTS OF INTEREST (Continued)
Dr. Wadih Arap (Continued)

Further, NTTX Biotechnology, Inc. and UTMDACC will enter into a Restricted Stock Purchase Agreement the terms of which will be reviewed by outside counsel. Pursuant to the Restricted Stock Purchase Agreement, NTTX Biotechnology, Inc. shall issue common stock equal to 50% of the total number of issued, authorized and outstanding shares of common stock of NTTX Biotechnology, Inc. to UTMDACC and Dr. Arap in the following percentages: 16.67% to UTMDACC, 16.67% to Dr. Arap, and 16.67% to another UTMDACC inventor. Further, Dr. Arap has been issued 25% of the Series A preferred stock in NTTX Biotechnology, Inc. These percentages reflect equity ownership of a start-up entity, and Dr. Arap's role as an inventor and founder.

UTMDACC has developed the following measures to eliminate the likelihood that actual conflicts of interest will arise with regard to Dr. Arap. As required by Texas Education Code, Section 51.912(b), and the Board of Regents' Rules and Regulations, Part Two, Chapter XII, Subsections 6.2 and 7.1, Dr. Arap has provided UTMDACC with a disclosure of all potential conflicts of interest that might emanate from the terms of the proposed patent license agreement.

In view of Dr. Arap's disclosure, UTMDACC has determined that a license to a faculty-owned company is appropriate since the activities of NTTX Biotechnology, Inc. involve applied research and the potential discovery and manufacturing of targeted drug delivery systems, whereas Dr. Arap's laboratory performs basic research.

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PLANS TO MANAGE POTENTIAL CONFLICTS OF INTEREST (Continued)
Dr. Wadih Arap (Continued)

Additionally, UTMDACC has implemented a management strategy to minimize the risk of a future conflict of interest. This plan includes the following steps:

1. Dr. Arap will submit written descriptions* of ongoing and planned research conducted in his laboratory to UTMDACC's Conflict of Interest Committee for review of any potential conflicts of interest pertinent to the terms of the license agreement pursuant to the GUIDING PRINCIPLES GOVERNING CONFLICTS OF INTEREST AND COMMITMENT TO THE UNIVERSITY OF TEXAS M. D. ANDERSON CANCER CENTER;
2. Dr. Arap will submit written descriptions* of ongoing and planned research conducted in his laboratory to his Department Chair, Dr. Christopher J. Logothetis, M.D., Chairman and Professor of the Department of Genitourinary Medical Oncology, for review and supervision of all ongoing and planned research;
3. All projects will require approval by the Conflict of Interest Committee and the Department Chair. If the Conflict of Interest Committee and/or the Department Chair determine that performance of a specific research project is likely to result in an actual conflict of interest pertinent to the terms of the license agreement, Dr. Arap will be required to either modify his research plan such that it is deemed by the Conflict of Interest Committee and the Department Chair to no longer create a likely conflict of interest, or transfer the portions of research that have been found to create a likely conflict of interest to an independent investigator;
4. Upon approval or modification of the description of the proposed research by the Conflict of Interest Committee and the Department Chair, the Department Chair will submit the proposed research to Dr. Arap's Division Head, Dr. Waun Ki Hong, Head, Division of Cancer Medicine, Charles A. LeMaistre Distinguished Chair in Thoracic Oncology, Professor and Chairman, Department of Thoracic Head and Neck Medical Oncology and to Dr. Leonard Zwelling, Vice President of Research Administration for review and approval;
5. Pursuant to a recommendation by the Vice President of Research Administration, the proposed research shall be reviewed by President Mendelsohn for further review and comment;

PLANS TO MANAGE POTENTIAL CONFLICTS OF INTEREST (Continued)

* These written descriptions will be in the form of required annual reports for all agencies and entities currently providing research funding to Dr. Arap's laboratory (including NTTX Biotechnology, Inc. under any sponsored research agreement), as well as any new research proposals soliciting funding from public and private agencies.

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Dr. Wadih Arap (Continued)

6. Additionally, Dr. Arap shall provide the Conflict of Interest Committee and his Department Chair an annual, detailed written report on the current state of research in his laboratory; and
7. Dr. Arap shall be subject to compliance audits at any time to investigate any potential or alleged conflict in research pertinent to the terms of the proposed license agreement.

The proposed arrangement is consistent with Section 51.912 of the Texas Education Code and corresponding provisions of The U. T. System Intellectual Property Policy. Pursuant to Part Two, Chapter XII, Subsections 6.2 and 7.1 of the Regents' Rules and Regulations, approval by the Board of Regents is necessary for Dr. Arap to hold equity in NTTX Biotechnology, Inc.

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PLAN TO MANAGE POTENTIAL CONFLICTS OF INTEREST (Continued)
For Dr. Renata Pasqualini and NTTX Biotechnology, Inc.

The following Plan to Manage Potential Conflicts of Interest has been reviewed by the Office of General Counsel and approved by the Executive Vice Chancellor for Health Affairs and is recommended for approval by the Board of Regents.

Renata Pasqualini, Ph.D., Associate Professor in the Department Genitourinary Medical Oncology at The University of Texas M.D. Anderson Cancer Center (UTMDACC), has participated in the creation of the following inventions (collectively the "Invention(s)") in the field of targeting technologies:

1. "Compositions and Methods for Organ and Tissue Targeting in Humans," invented by Dr. Renata Pasqualini, and Wadih Arap, M.D., Ph.D., USSN 60/231,266; and
2. "Compositions and Methods for Organ and Tissue Targeting in Humans," invented by Dr. Renata Pasqualini, and Wadih Arap, M.D., Ph.D., USSN 09/765, 101.

Under a proposed patent license agreement, NTTX Biotechnology, Inc. of San Francisco, California is granted a royalty-bearing, exclusive, worldwide license to manufacture, have manufactured, import, use, offer to sell, and/or sell the Invention(s) and the right to sublicense such Inventions. Additionally, this proposed license agreement options other inventions created by either Dr. Pasqualini or Dr. Arap made at UTMDACC and related to the targeting technology and inventions made by UTMDACC employees pursuant to research sponsored by NTTX Biotechnology, Inc. The provisions of this exclusive license agreement have been reviewed and approved by UTMDACC pursuant to the Regents' Rules and Regulations in accordance with the Office of General Counsel's requirements. As consideration for the exclusive license, NTTX Biotechnology, Inc. will pay UTMDACC minimum annual royalties and running royalties, and will reimburse patent expenses and support continued research in Dr. Pasqualini's laboratory with at least \$1,000,000 in sponsored research over three years. Further, the standard language indemnifying the Board of Regents has been modified, but still provides indemnification from NTTX Biotechnology, Inc. with the exclusion of the negligent failure of UTMDACC to comply with governmental requirements, UTMDACC or System's negligent or willful malfeasance, or any claim that the licensed subject matter constitutes an infringement or misappropriation of intellectual property of a third party.

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PLANS TO MANAGE POTENTIAL CONFLICTS OF INTEREST (Continued)
Dr. Renata Pasqualini (Continued)

Further, NTTX Biotechnology, Inc. and UTMDACC will enter into a Restricted Stock Purchase Agreement the terms of which will be reviewed by outside counsel. Pursuant to the Restricted Stock Purchase Agreement, NTTX Biotechnology, Inc. shall issue common stock equal to 50% of the total number of issued, authorized and outstanding shares of common stock of NTTX Biotechnology, Inc. to UTMDACC and Dr. Pasqualini in the following percentages: 16.67% to UTMDACC, and 16.67% to Dr. Pasqualini, and 16.67% to another UTMDACC inventor. Further, Dr. Pasqualini has been issued 25% of the Series A preferred stock in NTTX Biotechnology, Inc. These percentages reflect equity ownership of a start-up entity, and Dr. Pasqualini's role as an inventor and founder.

UTMDACC has developed the following measures to eliminate the likelihood that actual conflicts of interest will arise with regard to Dr. Pasqualini. As required by Texas Education Code, Section 51.912(b), and the Regents' Rules and Regulations, Part Two, Chapter XII, Subsections 6.2 and 7.1, Dr. Pasqualini has provided UTMDACC with a disclosure of all potential conflicts of interest that might emanate from the terms of the proposed patent license agreement.

In view of Dr. Pasqualini's disclosure, UTMDACC has determined that a license to a faculty-owned company is appropriate since the activities of NTTX Biotechnology, Inc. involve applied research and the potential discovery and manufacturing of targeted drug delivery systems, whereas Dr. Pasqualini's laboratory performs basic research.

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PLANS TO MANAGE POTENTIAL CONFLICTS OF INTEREST (Continued)
Dr. Renata Pasqualini (Continued)

Additionally, UTMDACC has implemented a management strategy to minimize the risk of a future conflict of interest. This plan includes the following steps:

1. Dr. Pasqualini will submit written descriptions* of ongoing and planned research conducted in her laboratory to UTMDACC's Conflict of Interest Committee for review of any potential conflicts of interest pertinent to the terms of the license agreement pursuant to the GUIDING PRINCIPLES GOVERNING CONFLICTS OF INTEREST AND COMMITMENT TO THE UNIVERSITY OF TEXAS M. D. ANDERSON CANCER CENTER;
2. Dr. Pasqualini will submit written descriptions* of ongoing and planned research conducted in her laboratory to her Department Chair, Dr. Christopher J. Logothetis, M.D., Chairman and Professor of the Department of Genitourinary Medical Oncology, for review and supervision of all ongoing and planned research;
3. All projects will require approval by the Conflict of Interest Committee and the Department Chair. If the Conflict of Interest Committee and/or the Department Chair determine that performance of a specific research project is likely to result in an actual conflict of interest pertinent to the terms of the license agreement, Dr. Pasqualini will be required to either modify her research plan such that it is deemed by the Conflict of Interest Committee and the Department Chair to no longer create a likely conflict of interest, or transfer the portions of research that have been found to create a likely conflict of interest to an independent investigator;
4. Upon approval or modification or the description of the proposed research by the Conflict of Interest Committee and the Department Chair, the Department Chair will submit the proposed research to Dr. Pasqualini's Division Head, Dr. Waun Ki Hong, Head, Division of Cancer Medicine, Charles A. LeMaistre Distinguished Chair in Thoracic Oncology, Professor and Chairman, Department of Thoracic Head and Neck Medical Oncology and to Dr. Leonard Zwelling, Vice President of Research Administration for review and approval;
5. Pursuant to a recommendation by the Vice President of Research Administration, the proposed research shall be reviewed by President Mendelsohn for further review and comment;

PLANS TO MANAGE POTENTIAL CONFLICTS OF INTEREST (Continued)

* These written descriptions will be in the form of required annual reports for all agencies and entities currently providing research funding to Dr. Pasqualini's laboratory (including NTTX Biotechnology, Inc. under any sponsored research agreement), as well as any new research proposals soliciting funding from public and private agencies.

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Dr. Renata Pasqualini (Continued)

6. Additionally, Dr. Pasqualini shall provide the Conflict of Interest Committee and her Department Chair an annual, detailed written report on the current state of research in her laboratory; and
7. Dr. Pasqualini shall be subject to compliance audits at any time to investigate any potential or alleged conflict in research pertinent to the terms of the proposed license agreement.

The proposed arrangement is consistent with Section 51.912 of the Texas Education Code and corresponding provisions of the U. T. System Intellectual Property Policy. Pursuant to Part Two, Chapter XII, Subsections 6.2 and 7.1 of the Regents' Rules and Regulations, approval by the Board of Regents is necessary for Dr. Pasqualini to hold equity in NTTX Biotechnology, Inc.