

Meeting No. 956

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

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August 7-8, 2002

El Paso, Texas

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MEETING NO. 956

WEDNESDAY, AUGUST 7, 2002.--The members of the Board of Regents of The University of Texas System convened at 1:10 p.m. on Wednesday, August 7, 2002, in Salon E, Grand Ballroom, El Paso Marriott Hotel, 1600 Airway Boulevard, El Paso, Texas, with the following in attendance:

ATTENDANCE.--

<u>Present</u>	<u>Absent</u>
Chairman Miller, presiding	
Vice-Chairman Clements	
Vice-Chairman Hunt	
Vice-Chairman Riter	
Regent Craven	
Regent Estrada	
Regent Krier	
Regent Oxford	
Regent Sanchez	
Counsel and Secretary Frederick	

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

RECESS TO EXECUTIVE SESSION.--At 1:10 p.m., Chairman Miller announced that the Board would recess to convene in Executive Session pursuant to Texas Government Code Sections 551.071 and 551.074 to consider those matters listed on the Executive Session agenda.

RECONVENE.--At 4:25 p.m., the Board reconvened in open session for any 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 Sections 551.071 and 551.074. In response to an inquiry from Chairman Miller regarding the wishes of the Board, the following actions were taken:

1. U. T. M. D. Anderson Cancer Center: Request for Determination of Necessity and Authorization to Acquire Leasehold Interest in Suite 1180 of the Fannin Holcombe Building Located at 6900 Fannin Street, Houston, Harris County, Texas; Authorization to Take All Necessary Actions Needed to Acquire the Above Leasehold Interest Through Purchase or Eminent Domain; and Authorization to Execute All Documents Related Thereto (Withdrawn)

The item related to a leasehold interest in Suite 1180 of the Fannin Holcombe Building located at 6900 Fannin Street, Houston, Harris County, Texas, at The University of Texas M. D. Anderson Cancer Center was withdrawn at the request of the institution.

2. U. T. System: Consultation with Attorney Regarding Legal Issues

There was no action taken related to consultation with an attorney regarding legal issues of The University of Texas System.

3. U. T. System: Consideration of Personnel Matters Relating to Appointment, Employment, Evaluation, Assignment and Duties of Officers or Employees

There was no action taken related to general personnel issues of The University of Texas System.

4. U. T. System: Consideration of Personnel Aspects of the Operating Budgets for the Fiscal Year Ending August 31, 2003, 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, 2003, was deferred for consideration with the non-personnel aspects of the Operating Budgets by the Finance and Planning Committee on August 8, 2002, and was approved at that time.

See Page 16 for approval of non-personnel and personnel aspects of the Fiscal Year 2003 Operating Budgets.

5. U. T. System: Consideration of Personnel Matters Relating to Evaluation of Presidents and U. T. System Executive Officers

There was no action taken related to evaluation of Presidents and Executive Officers of The University of Texas System.

RECESS.--At 4:25 p.m., Chairman Miller announced that the Board would recess to reconvene at 8:30 a.m. in Open Session on Thursday, August 8, 2002, in the Geology Reading Room (Room 310) of the Geological Sciences Building at The University of Texas at El Paso, El Paso, Texas.

THURSDAY, August 8, 2002.--The members of the Board of Regents of The University of Texas System reconvened at 8:48 a.m. on Thursday, August 8, 2002, in the Geology Reading Room (Room 310) of the Geological Sciences Building, 591 West University Avenue, The University of Texas at El Paso, El Paso, Texas, with the following in attendance:

ATTENDANCE.--

Present_____

Absent_____

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

Counsel and Secretary Frederick

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

WELCOME TO CHANCELLOR MARK G. YUDOF.--Chairman Miller stated that this meeting would be significant in that it marked the first meeting of the Board of Regents attended by Mr. Mark Yudof in his capacity as the new Chancellor of The University of Texas System. Chairman Miller said the Board was delighted to welcome Chancellor and Mrs. Yudof back to Texas, and that the members of the Board looked forward to a long and successful relationship as Chancellor Yudof took the reins of leadership for the U. T. System. He predicted that the entire State would benefit from Mr. Yudof's insight and wisdom.

Chairman Miller said that Mr. Dan Burck, former Chancellor, will continue to work closely with Chancellor Yudof and the Board as Special Advisor to the Chancellor and that Mr. Burck would make the formal presentations at this meeting at the request of Chancellor Yudof.

WELCOME BY DR. DIANA S. NATALICIO, PRESIDENT OF THE UNIVERSITY OF TEXAS AT EL PASO.--Chairman Miller stated that the Board was pleased to be meeting at The University of Texas at El Paso and called on President Natalicio, 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 8-9, 2002, AND SPECIAL MEETINGS HELD APRIL 16-17, MAY 31, JUNE 21, AND JULY 2, 2002.--The Minutes of the regular meeting of the Board of Regents of The University of Texas System held on May 8-9, 2002, in Austin, Texas, were approved as prepared by the Counsel and Secretary to the Board. The official copy of these Minutes is recorded in the Permanent Minutes, Volume XLIX, Pages 490 - 730.

The Board also approved the Minutes of the special meetings of the Board of Regents of the U. T. System held on April 16-17 in Port Aransas; and May 31, June 21, and July 2 in Austin, Texas, as prepared by the Counsel and Secretary to the Board. The official copy of these Minutes is recorded in the Permanent Minutes, Volume XLIX, Pages 487 - 489 for the April 16-17 meeting and Pages 731 - 738 for the May 31 through July 2 special meetings.

SPECIAL REPORTS

1. U. T. Board of Regents: Presentation on Reach Out and Read Texas

Chairman Miller stated there are many excellent examples of work being done to align public and higher education in the K-16 arena and the report that the Board was about to hear was one of those examples of collaboration. President Willerson then introduced Dr. Susan M. Cooley, Project Director for the Reach Out and Read Texas program at The University of Texas Health Science Center at Houston, for a report on the Texas program.

Dr. Cooley thanked Chairman Miller for his support and presented a short video on the Reach Out and Read program, which is a national, early literacy initiative that takes place in pediatric clinics where doctors prescribe parents to read to their children. Dr. Cooley stated that the program aims to improve standards of living by preventing reading failure, using the power of the doctor-patient relationship.

Developed at Boston City Hospital in 1989 and funded by grants, corporate sponsors, and other private donations, there are over 100 Reach Out and Read programs in Texas that affect more than 150,000 Texas children annually. At the meeting, Dr. Cooley announced the first Reach Out and Read site in El Paso.

Chairman Miller thanked Dr. Cooley for her presentation and noted that, with interest and support, this initiative in childhood development originates from a health component institution, rather than one of the nine general academic institutions.

2. U. T. System: Report on Selected Issues for the 78th Texas Legislative Session

With the aid of a PowerPoint presentation, Vice Chancellor Scott summarized the development of selected issues for The University of Texas System for the 78th Texas Legislative Session. Mr. Scott noted he will continue to refine these major issues that address the various elements of a System-wide plan to increase educational attainment and research in Texas, as well as to enhance the programs of the U. T. System component institutions to help “close the gaps” in Texas.

In response to the stated theme to obtain funding to enhance participation, success, excellence, and research including indirect cost reimbursement, Chairman Miller reiterated his argument from the May 2002 Board of Regents’ meeting that the State’s tax on research dollars should be removed during the next legislative session. He said the tax on research dollars is hostile to the long-term success of higher education research in Texas as the tax is used to fund general State revenues that have no multiplier effect. Chairman Miller noted that research dollars have a great multiplier effect and result in significant human outcomes in the sense of curing disease, creating jobs and new businesses, and creating learning environments. Chairman Miller asked that language be crafted to state the obvious: retention of 100% of the indirect cost reimbursement is truly a tax on research dollars.

Vice Chancellor Scott stated that the University will pursue the adoption of deregulation remedies, having identified 53 potential issues for deregulation. Chairman Miller noted the U. T. System has been the leader in deregulation issues, having worked on those issues for three years, and said U. T. can optimize operations by being given the flexibility to operate more freely, by, for example, creating a more attractive environment, making better choices rather than being limited by statutes and regulations, some of which have been in place for a long period of time. He said such optimization would include oversight by auditing and other fiduciary obligations, thus ensuring accountability. He pointed out that optimization of operations can involve more than just cost savings or savings in efficiency, by, for example, deleting significant books of regulations and statutory limitations. Chairman Miller identified a key ingredient of deregulation as the freedom to set pricing such as tuition and fees and requested this be included in discussions on deregulation.

Chancellor Yudof said that inventive technology is paired with infrastructure, which is provided by indirect costs. He said good transfer techniques include advice from the business community, venture capital, and sometimes research parks. He said that if the circle is broken, the University will not be competitive and that the two initiatives are part and parcel of the same thing.

Chancellor Yudof said that returns on investments in biotechnology could be slower than electronic or digital inventions. Chairman Miller noted the need for a dependable, long-term source for those revenues.

Chairman Miller said the legislative package will be refined and presented to the Board of Regents at the November 2002 meeting.

SPECIAL ITEMS

1. U. T. System: Approval of Results from Study to Evaluate Feasibility and Potential Benefits of Operating U. T. San Antonio and U. T. Health Science Center - San Antonio as a Single Research University; Approval of Recommendations Related to the Proposed Change in Operation; Approval of Board's Report to the Texas Legislature, Authorization for Chairman to Make Editorial Changes If Needed, and Approval to Send Report to the Legislature on Behalf of the Board of Regents

The 77th Legislature passed Senate Bill 1840, sponsored by Senator Van de Putte and Representative Puente, which directed The University of Texas System Board of Regents, with the assistance of the Texas Higher Education Coordinating Board, to conduct a study to evaluate the feasibility and potential benefits of operating The University of Texas at San Antonio and The University of Texas Health Center at San Antonio as a single research university.

Following discussion at the January 2002 Health Affairs Committee meeting, the Chancellor, the Executive Vice Chancellors for Academic and Health Affairs, and the Presidents of U. T. San Antonio and U. T. Health Science Center - San Antonio selected a consultant to assist the Board in its study of this issue. The U. T. System, with the concurrence of the Presidents and the Executive Vice Chancellors for Academic and Health Affairs, contracted with Carol Aschenbrener, M.D., as the consultant. President Cigarroa and President Romo jointly developed a Project Team to assist with the consultant's report.

The consultant provided a draft of her findings, which was distributed to members of the Board of Regents and to Texas Higher Education Coordinating Board Chairman Pam Willeford and Commissioner of Higher Education Don Brown in June 2002. She discussed the draft findings in a joint meeting of the Academic Affairs Committee and the Health Affairs

Committee on July 2, 2002. Commissioner Brown and Coordinating Board Vice-Chair Martin Basaldua, M.D., participated in the July committee discussion. The consultant's final report was delivered on July 17, 2002.

Chairman Miller reported that the results concerning the feasibility of operating U. T. San Antonio and U. T. Health Science Center - San Antonio as a single research university had been revised since publication in the Agenda Book and that the results were before the Board on yellow paper. The revised results are as follows:

1. The time for operation of U. T. San Antonio and U. T. Health Science Center - San Antonio as a single research university is not ripe.
 - U. T. San Antonio and U. T. Health Science Center - San Antonio currently have different missions, priorities and cultures and are fully employing their available resources.
 - Merging now could distract the two institutions from their current priorities.
 - Therefore, it does not appear that a merger at this time would produce sufficient benefits to offset the possible negative aspects of a merger.
2. Significant levels of collaboration between the two institutions have been initiated.
 - It is clear that the San Antonio region and the state of Texas would benefit greatly by further collaboration between the two institutions.
 - Further, strategically designed collaboration should be strongly encouraged and rewarded by specific policies and incentives.
 - The Life Sciences Institute, authorized by the 77th Texas Legislature, but not yet funded, is one of the top implementation priorities for U. T. San Antonio and U. T. Health Science Center - San Antonio and could serve as an excellent structure for formal collaboration.

In accordance therewith, Regent Oxford moved that the Board:

- a. Approve the revised results of the study as distributed in advance of the Board meeting and before the Board on yellow paper

- b. Report to the Legislature that the Board recommends against the operation of U. T. San Antonio and U. T. Health Science Center - San Antonio as a single research institution at this time and further recommends that the Legislature seek ways to promote and reward collaboration activities between the two institutions
- c. Approve a written report to the Legislature in substantially the form of the draft report sent to the Board in advance of this meeting (August 8, 2002), with the report to include the results, conclusions, and recommendations approved by the Board
- d. Authorize Chairman Charles Miller to make editorial changes to the report if needed and to send the Board's report to the Legislature on or before October 1, 2002, as required by Senate Bill 1840.

The motion was seconded and all Board members voted in favor of the motion with the exception of Regent Krier who abstained from voting.

Regent Krier said that she and Senator Van de Putte tended to be more aggressive in pursuit of this option as an opportunity for the two institutions and stated she appreciated the changes made in the draft report that prioritize the Life Sciences Institute as perhaps a next step for the two institutions to work collaboratively together. Chairman Miller said that there is a major focus on collaboration within the U. T. institutions, both regionally and across academic and health systems and institutions. He commended the two U. T. institutions in San Antonio for setting a good example in this process.

2. U. T. Board of Regents and U. T. Austin: Appointment of (a) Mr. Jeffrey M. Heller, Dallas, Texas, as Regental Representative to the Intercollegiate Athletics Council for Men, and (b) Ms. Sylvie P. Crum, Houston, Texas, as Regental Representative to the Intercollegiate Athletics Council for Women Effective September 1, 2002

Approval was given to appoint the following Regental representatives to The University of Texas at Austin Intercollegiate Athletics Council for Men and the Intercollegiate Athletics Council for Women, each for a four-year term beginning September 1, 2002:

- a. Mr. Jeffrey M. Heller, Dallas, Texas, to the Intercollegiate Athletics Council for Men to succeed Mr. Howard Shapiro
- b. Ms. Sylvie P. Crum, Houston, Texas, to the Intercollegiate Athletics Council for Women to succeed Mr. Michael Perrin.

Mr. Heller, an All-American Swimmer who is a valued benefactor of the men's athletic program, won four Southwest Conference titles on the U. T. Austin Swim Team and is an inductee into the Longhorn Hall of Honor. He received a bachelor's degree in Business Administration/Finance in 1968 from U. T. Austin.

Ms. Crum, a well-respected community leader, received a B.A. in Liberal Arts/Romance Languages in 1974 from U. T. Austin. She is an active supporter of the women's athletic program, establishing an endowed scholarship in women's volleyball.

[Note: Mr. Howard Shapiro was appointed to the Intercollegiate Athletics Council for Men on September 1, 1998, for a term expiring on August 31, 2002. Mr. Robert K. Moses, Jr., is serving a term that expires August 31, 2004.

Mr. Michael W. Perrin was appointed to the Intercollegiate Athletics Council for Women on September 1, 1998, for a term expiring on August 31, 2002. George Willeford III, M.D., is serving a term that expires August 31, 2004.]

3. U. T. System: Report of Summary of Gift Acceptance Conforming to Board Policy for March 1 Through May 31, 2002

The Summary of Gift Acceptance for The University of Texas System for the period March 1, 2002 through May 31, 2002, is set forth below. The report includes 107 items conforming to Board policy including the acceptance of \$24,164,042 in gifts and other transfers of funds and Board-held matching funds totaling \$300,000. The 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>
6	U. T. System Administration	\$ 255,000
7	U. T. Arlington	77,524
39	U. T. Austin	8,739,681 *
5	U. T. Brownsville	1,813,646
1	U. T. Dallas	250,000
3	U. T. El Paso	55,000
---	U. T. Pan American	---
---	U. T. Permian Basin	---
4	U. T. San Antonio	79,155
---	U. T. Tyler	---
9	U. T. Southwestern Medical Center - Dallas	2,074,820 *
7	U. T. Medical Branch - Galveston	1,472,303
2	U. T. Health Science Center - Houston	1,007,118
9	U. T. Health Science Center - San Antonio	707,518
14	U. T. M. D. Anderson Cancer Center	7,631,276
<u>1</u>	U. T. Health Center – Tyler	<u>1,000</u>
107	TOTAL	\$ 24,164,042

* Not included in total:

U. T. Austin: \$50,000 transfer of endowment funds; and

U. T. Southwestern Medical Center - Dallas: \$250,000 of Board-held matching funds.

RECESS FOR COMMITTEE MEETINGS AND COMMITTEE REPORTS TO THE BOARD.--At 9:30 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 12).--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 13 - 52).--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 by the U. T. Board of Regents:

1. U. T. System: Approval of Docket No. 110 (Catalog Change)

The Board approved Docket No. 110 in the form distributed by the Counsel and Secretary to the Board. It is attached following Page 97 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 component institution involved.

The appointment involving the chancellor position was found to be in the best interest of The University of Texas System, as required by Texas Education Code Section 51.948.

To avoid any appearance of a possible conflict of interest, Regent Craven was recorded as abstaining from any vote on Item 1 on Page System - 2 of the U. T. System Docket related to current contract extensions with Optional Retirement Program (ORP) vendors approved by the Board in May 1998. Regent Craven serves on the Board of Directors of Variable Annuity Life Insurance Company, one of the previously selected ORP carriers. The original contracts were competitively bid, and the Board's consideration of the contract extensions is permissible under State law.

Further, because of her recent service as a member of the Board of Directors of Compaq Financial Services Corporation, Regent Craven abstained from any vote on Item 2 on Page M. D. Anderson CC - 3 related to a lease of computer equipment with Compaq. The lease was competitively bid and the Board's consideration of the lease is permissible under State law.

2. U. T. Board of Regents: Amendments to the Regents' Rules and Regulations, Part Two, Chapter III, Section 11 (Insurance on Money and Securities; Fidelity Bonds) and Authorization for the Counsel and Secretary to Make Editorial Amendments to Chapter VII, Section 3, Subsection 3.4

The Board approved proposed changes to the Regents' Rules and Regulations, Part Two, Chapter III, Section 11, relating to insurance on money and securities and fidelity bonds, and also authorized the Counsel and Secretary to work with the Executive Vice Chancellor for Business Affairs to make additional changes to reflect that the approval authority relates to partial payments rather than settlements. The Rules are amended to read as set forth below:

Sec. 11. Insurance on Money and Securities; Fidelity Bonds

11.1 Insurance on Money and Securities

- 11.11 The System carries a blanket System-wide crime insurance policy insuring against loss of money or securities, including loss caused by employee dishonesty, at any of the component institutions. The terms of the policy shall be negotiated by the U. T. System Administration Director of Business and Administrative Services. The purchase or renewal of the policy shall be approved by the Executive Vice Chancellor for Business Affairs if the premium is in excess of \$100,000.
- 11.12 At the time any loss occurs at any institution, the U. T. System Administration Director of Business and Administrative Services shall be notified by the appropriate chief business officer. The U. T. System Administration Director of Business and Administrative Services shall approve all loss claims and settlements up to \$50,000. Any settlement over \$50,000 and up to \$500,000 shall be approved by the Executive Vice Chancellor for Business Affairs. Notification of the settlement will be given to the Board at the discretion of the Executive Vice Chancellor for Business Affairs. Settlements over \$500,000 and up to \$1 million shall be approved by the Executive Vice Chancellor for Business Affairs and shall be reported to the Board for ratification. Settlements in excess of \$1 million must have the approval of the Board.

11.13 If a loss is so extensive that partial payments in excess of \$1 million are necessary, the Chancellor is delegated authority to execute all documents related to the partial payment or adjustment. The Board will be notified by the Chancellor of all partial payments received in excess of \$500,000. Final settlement of claims in excess of \$1 million will require approval by the Board.

11.2 Fidelity Bonds

11.21 If the System discontinues its employee dishonesty insurance coverage, the System may purchase, in accordance with all applicable State laws, a blanket position (fidelity) bond covering employees of all component institutions.

11.22 The premium for the bond shall be prorated to the component institutions on the basis of the number of employees covered for which a premium charge is made and the excess coverage thereon.

11.23 At the time a loss occurs at any institution, the U. T. System Administration Director of Business and Administrative Services shall be notified by the appropriate chief business officer. The U. T. System Administration Director of Business and Administrative Services shall approve all loss claims and settlements up to \$50,000. Any settlement over \$50,000 and up to \$500,000 shall be approved by the Executive Vice Chancellor for Business Affairs. Notification of the settlement will be given to the Board at the discretion of the Executive Vice Chancellor for Business Affairs. Settlements over \$500,000 and up to \$1 million shall be approved by the Executive Vice Chancellor for Business Affairs and shall be reported to the Board for ratification. Settlements in excess of \$1 million must have the approval of the Board.

11.24 If a loss is so extensive that partial payments in excess of \$1 million are necessary, the Chancellor is delegated authority to execute all documents related to the partial payment or adjustment. The Board will be notified by the Chancellor of all partial payments received in excess of \$500,000. Final settlement of claims in excess of \$1 million will require approval of the Board.

The amendments to the Regents' Rules and Regulations, Part Two, Chapter III, Section 11 remove language regarding the purchase of blanket position fidelity bonds since coverage for losses arising from employee dishonesty is included in The University of Texas System crime insurance policy.

The amendments also make policy and payment approval requirements consistent with those for other types of insurance requirements including provisions for large partial settlements, which may be approved by the Chancellor.

Counsel and Secretary's Note: The Board also authorized conforming amendments to the Regents' Rules and Regulations, Part Two, Chapter VII, Section 3, Subsection 3.4 to reflect similar language.

3. U. T. System: Approval of Non-Personnel and Personnel Aspects of the Operating Budgets for the Fiscal Year Ending August 31, 2003, 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

At the Finance and Planning Committee meeting on July 2, 2002, Chancellor Burck gave a PowerPoint presentation on the Operating Budgets for The University of Texas System and allocation of bond proceeds for Library, Equipment, Repair and Rehabilitation projects. On August 8, 2002, Mr. Burck reviewed the budget and summarized recommendations from the Office of the Chancellor. He indicated the budget was essentially unchanged from the July 2 presentation with the exception of the \$15.1 million item for infrastructure fee revenues, as the fee will not be collected as a result of Texas Attorney General Opinion No. JC-0527 (2002). (A copy of Mr. Burck's PowerPoint presentation entitled "[The University of Texas System FY 2003 Operating Budget](#)" is on file in the Office of the Board of Regents.) In response to a request from Regent Krier, Mr. Burck will provide the Board members a comparative summary of health-care revenues and expenditures.

Texas Senator Eliot Shapleigh, who had requested to address the Board concerning an item on the agenda, welcomed members of the Board to El Paso. He encouraged the U. T. System to assume a leadership role in seeking higher education funding from the Texas Legislature and described the revenues as an investment in the future. Senator Shapleigh also urged the U. T. System to take an innovative approach to the K-16 pipeline issues

and to take a leadership role to leave no child behind. Chairman Miller thanked Senator Shapleigh for his comments and leadership and assured that the U. T. System would take a leadership role in pursuing both issues in the next legislative session.

Based on those presentations, the Board approved the non-personnel aspects of the U. T. System Operating Budgets as listed below for the Fiscal Year ending August 31, 2003, including Auxiliary Enterprises, Grants and Contracts, Designated Funds, Restricted Current Funds, and Medical and Dental Services, Research and Development Plans and authorized the Chancellor to make editorial corrections therein; and authorized subsequent adjustments to be reported to the U. T. Board of Regents through the institutional dockets:

- The University of Texas System Administration
(including 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 official copy of the Minutes and are made a part of the record of this meeting.

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 2003.

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 2003 funds from these reserves not expended or obligated by contract/purchase order within six months after the close of Fiscal Year 2003 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 appropriate Executive Vice Chancellor.

Upon motion of Regent Hunt, the Board also approved the personnel aspects of the Operating Budgets for the Fiscal Year ending August 31, 2003, including executive compensations as considered by the Board in Executive Session on August 7, 2002, and including Auxiliary Enterprises, Grants and Contracts, Designated Funds, Restricted Current Funds, and Medical and Dental Services, Research and Development Plans. In addition, the Chancellor was authorized to make editorial corrections therein and subsequent adjustments to be submitted to the U. T. Board of Regents for ratification through the institutional Dockets. See Page 3 related to consideration of the personnel aspects of the Operating Budgets.

4. U. T. Board of Regents: Adoption of Eleventh Supplemental Resolution to the Master Resolution Authorizing the Issuance of Board of Regents of The University of Texas System Revenue Financing System Refunding Bonds in One or More Installments in an Aggregate Principal Amount Not to Exceed \$215,000,000; 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 Eleventh 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 Refunding Bonds in one or more installments in an aggregate principal amount not to exceed \$215,000,000 through August 31, 2003, with a final maturity not to exceed the Year 2020 for the purpose of refunding up to a maximum amount of \$190,840,000 of the

outstanding Board of Regents of The University of Texas System Revenue Financing System Bonds, Series 1999A and Series 1999B, maturing in the Years 2010 through 2020 and to pay the costs of issuance and any original issue discount, provided the transaction produces net present value savings of at least 5% of the refunded bonds

- b. Authorized appropriate officers and employees of the U. T. System as set forth in the Eleventh 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 Eleventh Supplemental Resolution to the Master Resolution](#), in substantially the form sent to the Board in advance of the meeting, 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, amended on October 8, 1993 and August 14, 1997, and upon delivery of the Certificate of an Authorized Representative as set out on Page 20, the Board resolved that:

- a. 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
- b. 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.

An advance refunding involves issuing bonds to refund outstanding bonds in advance of the call date. Refunding bonds are issued at lower interest rates thereby producing debt service savings.

The Series 1999A and Series 1999B Bonds were issued in September 1999 in the aggregate amounts of \$101,745,000 for the Series 1999A Bonds and \$180,830,000 for the Series 1999B Bonds. The Series 1999A and Series 1999B Bonds are callable on August 15, 2009, or on any date thereafter at par. The callable bonds have coupons ranging from 5.375% to 5.75%.

With interest rates at current levels, the net present value savings are approximately 4% assuming all of the callable Series 1999A and Series 1999B Bonds are refunded. This translates into debt service savings of approximately \$600,000 per year. A further decline in interest rates is necessary to achieve the minimum 5% savings target. Adoption of this resolution provides the flexibility to execute the transaction quickly should interest rates decline further.

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, the Ninth Supplemental Resolution as amended, and the Tenth Supplemental Resolution.

EXECUTED this 16th day of July, 2002

/s/ Philip Aldridge
Assistant Vice Chancellor for Finance

5. U. T. System: Adoption of Resolution Amending the Amended and Restated First Supplemental Resolution to the Master Resolution Establishing the Revenue Financing System Commercial Paper Notes, Series A Program; Approval to Increase the Amount of Liquidity Provided Through the Short Intermediate Term Fund; and Authorization for Officers of U. T. System to Complete All Transactions Related Thereto

The Board:

- a. Adopted a resolution substantially in the form set out on Pages 23 - 32 amending the Amended and Restated First Supplemental Resolution to the Master Resolution Establishing the Revenue Financing System Commercial Paper Notes, Series A program to increase the maximum amount of the interim financing program to \$750 million and to provide for multiple commercial paper dealers
- b. Approved the increase in the amount of liquidity provided through the Short Intermediate Term Fund to \$750 million, subject to a daily maximum maturity amount of \$75 million plus accrued interest
- c. Authorized appropriate officers and employees of The University of Texas System to take any and all actions necessary to carry out the intentions of the U. T. Board of Regents.

The increase in program authorization from \$350 million to \$750 million is needed to facilitate the funding of construction costs of projects reflected in the FY 2002-2007 Capital Improvement Program, including \$322 million of new tuition revenue bonds authorized by the 77th Texas Legislature in House Bill 658. There is currently \$313 million of commercial paper notes outstanding and the current \$350 million limit is expected to be met by September 2002.

The resolution authorizing the program currently provides for a single commercial paper dealer. Having multiple dealers on a \$750 million program is beneficial by providing broad distribution and creating competitive pricing without adversely affecting investor liquidity. Approval of this item delegates authority to select one or more commercial paper dealers as provided in the resolution. The resolution has been reviewed by outside bond counsel and the U. T. System Office of General Counsel.

Liquidity for the commercial paper program is provided through the Short Intermediate Term Fund. With the increase to \$750 million, The University of Texas Investment Management Company (UTIMCO) has agreed to increase the liquidity commitment. In consideration for its commitment, the Short Intermediate Term Fund will continue to receive a commitment fee equal to 0.10% per annum times the amount of the commitment.

RESOLUTION
AMENDING THE AMENDED AND RESTATED
FIRST SUPPLEMENTAL RESOLUTION
TO THE MASTER RESOLUTION
ESTABLISHING THE REVENUE FINANCING SYSTEM
COMMERCIAL PAPER PROGRAM

WHEREAS, on April 12, 1990, the Board adopted a Master Resolution Establishing The University of Texas System Revenue Financing System, as amended and restated on February 14, 1991 and further amended on October 8, 1993 and August 14, 1997 (referred to herein as the "Master Resolution"); and

WHEREAS, unless otherwise defined herein, terms used herein shall have the meaning given in the Master Resolution; and

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

WHEREAS, the Amended and Restated First Supplemental Resolution to the Master Resolution Establishing the Revenue, Financing System Commercial Paper Program was adopted by the Board on February 9, 1995, as amended on November 13, 1997 (the "First Supplement") to establish an interim financing program pursuant to which the Board has issued its Revenue Financing System Commercial Paper Notes, Series A to provide interim financing for capital improvements and to finance equipment purchases; and

WHEREAS, the First Supplement named the investment banking firm which was to serve as the dealer to sell and place the commercial paper notes to be issued thereunder; and

WHEREAS, the Board deems it necessary to amend the First Supplement to increase the aggregate principal amount of Notes which may be outstanding and, pursuant to Section 3.04 of the First Supplement, to provide authority for the I.J.T. System Representative to select, evaluate and replace investment banking firms to serve as commercial paper dealers with respect to the Notes in order to achieve the most efficient marketing of the Notes and therefore the lowest cost of borrowing.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM THAT:

Section 1. In addition to the definitions set forth in the preamble of this Resolution, the terms used in this Resolution and not otherwise defined shall have the meanings given in the Master Resolution or in Exhibit "A" to the First Supplement.

Section 2. Sections 2.01 and 4.01 of the First Supplement are hereby amended by substituting the amount "\$750,000,000" in place of "\$350,000,000" each time that \$350,000,000 currently appears in such sections. The amendment to the First Supplement shall take effect immediately pursuant to Section 5.01(a)(v) of the First Supplement since it increases the amount of Notes which may be Outstanding pursuant to Section 4.01 of the First Supplement.

Section 3. The Office of Finance has solicited and reviewed the qualifications of investment banking firms interested in serving as a commercial paper Dealer for the Notes and is hereby authorized and directed to select up to four Dealers based upon such review. The number of Dealers to be selected, which Dealers to select and the amount of Notes for which each Dealer is responsible should be based upon a determination that the selection is expected to result in the lowest overall cost of the commercial paper program after taking into account not only the fees to be paid to the Dealers but the expectations as to the performance of each Dealer in providing broad distribution of the Notes and creating competitive pricing without adversely affecting investor liquidity. The U.T. System Representative, acting for and on behalf of the Board, is authorized to enter into and carry out a Dealer Agreement with each Dealer for the fees and with and subject to such terms as determined by the U.T. System Representative. Each Dealer Agreement shall be substantially in the form and substance presented to the Board in connection with the consideration of this Resolution with such changes as are acceptable to the U.T. System Representative.

The U.T. System Representative is further authorized and directed from time to time to review the Note program and the performance of each Dealer and to periodically solicit and review the qualifications of investment banking firms, including the Dealer, interested in serving as Dealer. Based upon that review and the determinations made pursuant to the first paragraph of this Section, the Dealers may be changed and additional or different Dealers may be selected and new Dealer Agreements entered into as authorized by the preceding paragraph.

Section 4. The Chairman of the Board, the Vice-Chairman of the Board, the Counsel and Secretary to the Board of Regents of The University of Texas System, the U.T. System Representatives, and the other officers, employees, and agents of the Board are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which they may deem necessary or advisable in order to effectuate the purposes of this Resolution. In addition, the Chairman of the Board, the Vice-Chairman of the Board, the Chancellor, the Executive Vice Chancellor for Business Affairs, the Assistant Vice Chancellor for Finance or the Director of Finance, with the advice of Bond Counsel, are hereby authorized to approve, subsequent to the date of the adoption of this Resolution, any technical amendments to this Resolution as may be required by Fitch Investors Service, L.P., Moody's Investors Service, Inc., or Standard & Poor's Ratings Group, a Division of McGraw-Hill, Inc. as a condition to the granting or maintenance of a rating on the Notes acceptable to a U.T. System Representative, or as may be required by the Attorney General's office in connection with the approval of this Resolution.

Section 5. The recitals set forth in the preamble to this Resolution are hereby incorporated into this Resolution and made a part hereof for all purposes.

Section 6. It is hereby found and determined that each of the officers and members of the Board was duly and sufficiently notified officially and personally, in advance, of the time, place, and purpose of the Meeting at which this Resolution was adopted, and that this Resolution would be introduced and considered for adoption at said meeting; that said meeting was open to the public, and public notice of the time, place, and purpose of said meeting was given, all as required by Chapter 551, Texas Government Code.

PASSED AND ADOPTED, this

ATTEST:

Counsel and Secretary to the
Board of Regents of
The University of Texas System

(SEAL)

Chairman, Board of Regents
of The University of Texas System

TAX EXEMPT COMMERCIAL PAPER DEALER AGREEMENT

Between

THE BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM

CP DEALER

Dated _____, 2002

Relating to

Board of Regents of The University of Texas System Revenue Financing System
Commercial Paper Notes, Series A

TAX EXEMPT COMMERCIAL PAPER DEALER AGREEMENT

_____, 20__

Attention: _____

Re: Board of Regents of The University of Texas System
Revenue Financing System Commercial Paper Notes, Series A, \$750,000,000

Ladies and Gentlemen:

This letter agreement (the "Agreement") sets forth our understanding of the basis on which _____ ("Dealer") proposes to work with the Board of Regents of The University of Texas System (the "Board"), the governing body of The University of Texas System (the "System"), in connection with the issuance and sale by the Board of its above captioned commercial paper notes (the "Notes"). The Note Resolution provides for the appointment of up to four commercial paper dealers, _____, _____ and _____, being the initial commercial paper Dealers, to perform certain duties, including the offering and sale from time-to-time of the Notes on behalf of the Board.

The Board has requested Dealer to act as commercial paper dealer in connection with the sale of the Notes in the public debt markets, and Dealer has indicated its willingness to act in such capacity on the terms and conditions contained herein. The Notes will be represented by either individual note certificates ("Certificated Notes") or a master note of the Board substantially in the forms appended as Exhibit C to the Board's Amended and Restated First Supplemental Resolution to the Master Resolution Establishing the Revenue Financing System Commercial Paper Program, adopted on February 9, 1995, as amended on November 13, 1997, and August __, 2002, relating to the Notes (the "Note Resolution"). Notes represented by a master note shall be referred to herein as "Book-Entry Notes". The Notes are to be issued pursuant to an Amended and Restated Commercial Paper Issuing and Paying Agent Agreement dated March 1, 1995, (the "Issuing and Paying Agent Agreement") between the Board and Bankers Trust Company (the "Issuing Agent"). Terms used herein and not otherwise defined shall have the meaning given in the Note Resolution.

1. The Notes are not currently supported by a line or letter of credit. The Board will notify Dealer and the holders of outstanding Notes prior to entering into a Credit Agreement to provide the Board with liquidity with regard to its obligations under the Notes. In addition, no such liquidity facility will be entered into with respect, to or supporting then outstanding Notes. In the event a Credit Agreement is entered into with respect to the Notes, the Board will notify

Dealer and the holders of outstanding Notes prior to substituting a new Credit Agreement or terminating the then existing Credit Agreement.

2. Since the date of the Board's most recent statement of financial condition, there has not occurred, and prior to any sale of Notes hereunder there will not have occurred any material adverse change in the financial condition or general affairs of the System.

3. The Notes have been rated A-1+, and F-1+ by Standard and Poor's Ratings Group, and Moody's Investors Service, Inc. and Fitch Investors Service L.P., respectively. Prior to the initial purchase or placement by Dealer of Notes hereunder, Dealer shall have received such legal opinions and certifications as Dealer may reasonably require.

4. The Dealer shall act as non-exclusive Dealer with respect, to the Notes. The Dealer acknowledges that the Board may enter into agreements with other Dealers in connection with the offering and sale of the Notes on behalf of the Board as set forth in the Note Resolution. The U.T. System Representative shall notify the Dealer, in writing with a copy to the Issuing Agent, of the principal amount of Notes allocated to the Dealer. This allocation may be changed by the U.T. System Representative from time to time with written notice to the Dealer and the Issuing Agent.

5. The Notes will be issued by the Board pursuant to the Note Resolution and the laws of the State of Texas, particularly Chapter 55, 'Texas Education Code and Chapter 1371, Texas Government Code. The Notes will have a maturity at the time of issuance of not more than 270 days and will not contain any provision for automatic "rollover". In addition, the Notes will be issued in an aggregate principal amount not to exceed at any one time outstanding \$750,000,000, and shall be issued in principal amounts of \$100,000 or in integral multiples of \$1,000 in excess thereof and will bear such interest rates (if interest bearing), as shall mutually be agreed to by the Board and Dealer at the time of each proposed purchase or placement as provided in the Note Resolution. In addition, the Notes allocated to the Dealer shall not be sold in principal amounts, which would result in more than \$25,000,000 in principal of Notes coming due on any one date.

6. (a) On the date of a proposed issuance of Notes, a designated representative of Dealer, acting on behalf of Dealer, shall confer with the U. T. System Representative as to the principal amounts, maturities and denominations and the applicable interest rates at which Notes are to be issued, as deemed necessary by the U.T. System Representative.

(b) All transactions in Notes between the Dealer and the Board shall be in accordance with the Note Resolution, the Issuing and Paying Agent Agreement, this Agreement, and with the customs and practices in the commercial paper market regarding settlement and delivery formally adopted in writing from time to time by the New York Clearinghouse, to the extent not inconsistent with the Note Resolution. As early as possible, **but not later than 11:00 a.m. (New York City time)** on the day on which any Notes are maturing, the Dealer shall notify the Board of the difference, if any, between the amount of maturing Notes and the amount of Notes which the Dealer has arranged to sell or believes will be sold on that day. As early as possible on the day on which any Notes are to be issued, the Dealer shall notify the Board of the

proposed final maturities, prices and interest rates (which interest rates shall not exceed 15% per annum) at which the Dealer will purchase or cause the purchase of the Notes, and provide the Board with any other information as required for delivery of such Notes. Except as described below, the Dealer shall not be obligated to purchase or cause the purchase of any Notes unless and until agreement has been reached in each case on the foregoing points and the Dealer has agreed to such purchase. Not **later than 1230 p.m. (New York City time)** on the date of each transaction the Dealer shall either (a) confirm each transaction made with or arranged by it or (b) notify the Board and the Issuing Agent of the difference, if any, between the amount of maturing Notes and the amount of Notes which the Dealer has arranged to sell or has agreed to purchase. Such confirmations and notifications shall be given by telephone (or by other telecommunications medium acceptable to the Issuer) and in writing to the Issuer and the Issuing Agent.

(c) When agreement is reached on the foregoing, (i) if the Notes are evidenced by Certificated Notes, the Board will instruct the Issuing Agent or another issuing agent designated by the Board in a written notice to Dealer to deliver executed and countersigned Certificated Notes to _____, New York, New York _____, Attention: _____ or such other address as provided to the Board by Dealer prior to 12:30 p.m., New York City time, on the date of issuance and (ii) if the Notes are to be Book-Entry Notes, the issuance of and payment for such Notes will be governed by a letter agreement between the Board and The Depository Trust Company dated March 2, 1995, and Dealer covenants to comply with such provisions.

(d) Following Dealer's receipt of duly and properly completed Certificated Notes [when certificated Notes are to be used], Dealer or its agent will transfer by the close of business on such day immediately available funds to the Issuing Agent or to such other bank as may be designated in writing by the Board to Dealer in an amount equal to the proceeds of the Certificated Notes.

7. The Board understands that, in connection with the sale of the Notes, one or more of the following relating to the Board may be prepared: (i) annual information reports, (ii) interim information reports, and (iii) other reports or offering materials (all of the foregoing being hereinafter called the "Offering Materials"), which may be distributed to account executives of Dealer, as well as to purchasers and prospective purchasers of the Notes. To provide a basis for the preparation of the Offering Materials and to assist Dealer's normal credit review procedures, the Board shall provide Dealer (a) annual financial statements within 120 days of the end of each of its fiscal years, and (b) with any reports provided to any rating agency and any information generally supplied in writing to security analysts that are materially adverse to the holders. The Board will notify each Dealer when the Comprehensive Annual Financial Report of the State of Texas for each year has become available online through the Texas Comptroller's Office.

8. (a) Dealer agrees to furnish all Offering Materials to the Board for its written approval prior to the use thereof in offering the Notes. No other written information, circulars or statements will be distributed by Dealer. If, at any time during the term of this Agreement, any event occurs or circumstances exist as a result of which any then current Offering Materials

would include such an untrue statement or omission, the Board will promptly notify Dealer and provide to Dealer revised information that corrects such untrue statement or omission. The Board agrees that the obligations of the Dealer under this Agreement are conditioned upon Dealer being able to provide such Offering Materials to purchasers or potential purchasers as Dealer in its reasonable judgment deems appropriate.

(b) The Board will use the proceeds of Notes for authorized purposes as described in the Note Resolution.

(c) The Board covenants to take all actions as are necessary in the opinion of McCall, Parkhurst & Horton L.L.P. to maintain the exclusion from gross income of interest on the Notes for Federal income tax purposes.

9. The Board represents that (i) the System is an institution of higher education operating under the laws of the State of Texas, (ii) it has taken all necessary action and has full power (A) to enter into this Agreement, the Issuing and Paying Agency Agreement and all other agreements applicable to the issuance of the Notes and (B) to issue and deliver the Notes and to carry out its obligation thereunder and hereunder and (iii) the Notes when issued will constitute the legal, valid and binding obligations of the Board and shall be enforceable in accordance with their terms.

10. Each sale of Notes by the Board hereunder shall be deemed to be a representation by it that:

(i) the representations, warranties and covenants of the Board contained in this Agreement are true and correct on and as of the date of such sale;

(ii) no event has occurred and is continuing, or would result from such sale, which constitutes or would constitute an event of default, or which would constitute an event of default but for the requirement that notice be given or time elapse or both, under any of the Board's indebtedness secured with the Pledged Revenues of the Board; and

(iii) there has been no material adverse change in the financial condition or operations of the System since the date of the most recent Offering Materials, which has not been disclosed to Dealer in writing.

11. Dealer hereby names _____ of Dealer as the designated representative of Dealer in the performance of its duties and obligations under this Agreement. In the event that the person or persons so acting as the designated representative of Dealer are not able to perform the duties and obligations set forth in this Agreement, the Board may contact the individual named in Section 12 of this Agreement with respect to the performance by Dealer of its duties and obligations under this Agreement.

12. All notices required or permitted under the terms and provisions hereof shall be in writing (which shall include electronic transmission) and shall, unless otherwise provided herein,

be effective when received at the address specified below or at such other address as shall be specified in a notice furnished hereunder.

If to the Board:

Board of Regents of The University of Texas System
221 West 6th Street, Suite 1700
Austin, Texas 78701
Attention: Philip Aldridge, Assistant Vice Chancellor for Finance
Tel. No.: (512) 225-1692
Facsimile No.: (512) 225-1698
Email: paldrige@utsystem.edu

If to Dealer:

Attention: _____
Tel. No.: _____
Facsimile No.: _____
Email: _____

13. This Agreement is to be delivered and performed, and shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the laws of the State of Texas.

14. Dealer is responsible for any fees and expenses of any outside counsel utilized by Dealer in connection with the execution and delivery of this Agreement.

15. For the services to be performed by Dealer under this Agreement, the Board agrees to pay a fee calculated in the manner set forth in the addendum to this Agreement. Such addendum may be amended from time to time upon the mutual agreement of the U.T. System Representative and the representative of Dealer.

16. This Agreement may be terminated by either party, at any time upon thirty (30) days notice to such effect to the other party. Any such termination, however, shall not affect the obligation of the Board under Sections 9, 10, 14 or 15 hereof or the rights or responsibilities of the parties arising prior to the termination of this Agreement.

If the foregoing is in accordance with your understanding of this Agreement, please sign and return to us a counterpart hereof, whereupon this letter agreement along with all counterparts will become a binding agreement between us in accordance with its terms.

Very truly yours,

THE UNIVERSITY OF TEXAS SYSTEM

By: _____
Assistant Vice Chancellor for Finance

Accepted and agreed to this _____

[DEALER]

By: _____
Authorized Signatory

6. U. T. System: Authorization for an Aggregate Amount of Equipment Financing for Fiscal Year 2003 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 \$49,368,000 under the Revenue Financing System Equipment Financing Program for equipment to be purchased in Fiscal Year 2003 by University of Texas System component institutions as set forth below:

U. T. Arlington	\$ 4,000,000
U. T. Austin	\$ 2,500,000
U. T. El Paso	\$ 2,030,000
U. T. Southwestern Medical Center - Dallas	\$ 8,125,000
U. T. Medical Branch - Galveston	\$10,000,000
U. T. Health Science Center - San Antonio	\$ 1,000,000
U. T. M. D. Anderson Cancer Center	\$20,000,000
U. T. Health Center - Tyler	\$ 1,513,000
U. T. System Administration	<u>\$ 200,000</u>
TOTAL	\$49,368,000

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, amended on October 8, 1993 and August 14, 1997, and upon delivery of the Certificate of an Authorized Representative as set out on Page 34, 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 \$49,368,000 for the purchase of equipment

- d. This resolution satisfies the official intent requirements set forth in Section 1.150-2 of the Code of Federal Relations.

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 equipment costs at U. T. Arlington, U. T. Austin, U. T. El Paso, U. T. Southwestern Medical Center - Dallas, U. T. Medical Branch - Galveston, U. T. Health Science Center - San Antonio, U. T. M. D. Anderson Cancer Center, U. T. Health Center - Tyler, 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, the Eighth Supplemental Resolution, the Ninth Supplemental Resolution as amended, and the Tenth Supplemental Resolution.

EXECUTED this 12th day of July, 2002

/s/ Philip Aldridge
Assistant Vice Chancellor for Finance

7. 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 the 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 36, to exceed the number of FTE employees for Fiscal Year 2003 that are authorized in Article III of 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 September 10, 2002, the U. T. Board of Regents submitted the required letter and supporting materials to the Governor's Office and the Legislative Budget Board. A [copy of the letter](#) is on file in the Office of the Board of Regents.

The University of Texas System
REQUEST TO EXCEED FULL-TIME EQUIVALENT (FTE) LIMITATION
ON EMPLOYEES PAID FROM APPROPRIATED FUNDS
(Article IX, Section 6.14 of the General Appropriations Act)
Fiscal Year 2003

Component	FTE Limitation	FTE Positions Requested	Requested Increase in Number of FTEs
U. T. System Administration	223.80	258.40	34.60
U. T. Arlington	1,921.50	2,047.00	125.50
U. T. Brownsville	294.20	759.90	465.70
U. T. Dallas	1,163.50	1,304.80	141.30
U. T. El Paso	1,510.60	1,604.22	93.62
U. T. Pan American	1,257.00	1,394.35	137.35
U. T. Permian Basin	248.50	262.10	13.60
U. T. San Antonio	1,638.30	1,753.30	115.00
U. T. Tyler	353.30	393.30	40.00
U. T. Southwestern Medical Center - Dallas	1,669.50	1,739.50	70.00
U. T. Health Science Center - San Antonio	2,248.10	2,351.90	103.80
U. T. M. D. Anderson Cancer Center	7,861.40	8,859.40	998.00

*Office of the Controller, U. T. System
July 2002*

8. U. T. System: Authorization to Allocate Available University Fund Monies to the Comprehensive Property Protection Program (CPPP)

To offset the cost of self-insurance fund contributions to The University of Texas System component institutions for the first year under the new Comprehensive Property Protection Program (CPPP) structure, the Board authorized allocation of \$5.5 million of Available University Fund monies to the CPPP.

Established in 1995 as a means of financing catastrophic property losses, the CPPP combines a \$5 million self-insurance fund initially funded by the U. T. Board of Regents and a commercial property insurance policy. Major losses that have been reported under this program are the Welch Hall fire of 1996 at The University of Texas at Austin, the Recreation Center fire of 2001 at The University of Texas Health Science Center at Houston, and damage at U. T. Health Science Center - Houston and The University of Texas M. D. Anderson Cancer Center from Tropical Storm Allison in 2001. The current CPPP fund balance is \$2.8 million.

After extensive review of alternate program structures that would establish a mechanism to finance wind and flood losses that are currently uninsured, reduce insurance premiums, and reduce U. T. System's vulnerability to insurance market cycles, the new structure of the CPPP consists of two distinct programs. One is a total self-insurance program that covers losses caused by named windstorms and flood. To protect the self-insurance fund, U. T. System component institutions in the Tier 1 wind zone and/or Flood Zone A would purchase Texas Windstorm Association and/or National Flood Insurance Program policies. Because these policies provide an underlying layer of protection for the program, the institutions that purchase these policies would receive direct credit to offset their annual fund contributions.

The second program would cover fire and all other perils, excluding named windstorm and high hazard flood. This program includes insurance, but with a significant deductible. To finance the self-insurance portion of this program, component institutions would make annual contributions to a self-insurance fund in addition to paying insurance premiums.

9. U. T. System: Report on Investments for the Fiscal Quarter Ended May 31, 2002

On behalf of The University of Texas System 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, 2002, for the Permanent University Fund, General Endowment Fund, Permanent Health Fund, Long Term Fund, Short Intermediate 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 Investment Management Company for the fiscal quarter ended May 31, 2002.

Pages 39 - 45 contain the Summary Reports on Investments for the fiscal quarter ended May 31, 2002.

Item I on Pages 39 - 40 reports summary activity for the Permanent University Fund (PUF) investments. The PUF's net investment return for the quarter was 2.47%. The PUF's net investment return for marketable securities for the quarter was 2.98% versus its composite benchmark return of 1.92%.

Item II on Pages 41 - 43 reports summary activity for the General Endowment Fund (GEF), the Permanent Health Fund (PHF), and Long Term Fund (LTF). The GEF's net investment return for the quarter was 2.61%. The GEF's net investment return for marketable securities for the quarter was 3.05% versus its composite benchmark return of 1.92%.

Item III on Page 44 reports summary activity for the Short Intermediate Term Fund (SITF). Total net investment return on the SITF was .63% for the quarter versus the SITF's performance benchmark of .93%.

Item IV on Page 45 presents book and market value of cash, fixed income, equity, and other securities held in funds outside of internal investment pools. Total cash and equivalents, consisting primarily of component operating funds held in the Dreyfus money market fund, decreased by \$140 million to \$1,163 million during the third quarter. Market values for the remaining asset types were fixed income securities: \$412 million versus \$110 million at previous quarter-end; equities: \$155 million versus \$160 million at previous quarter-end; and other investments of \$0.6 million versus \$1 million at previous quarter-end.

I. PERMANENT UNIVERSITY FUND (1)a.) Summary Investment Report at May 31, 2002 (21)

(\$ millions)

	FY00-01	FY01-02			
	Full Year	1st Qtr	2nd Qtr	3rd Qtr	Year-to-Date
Beginning Net Assets	6,452.3	7,540.1	7,079.2	7,114.0	7,540.1
PUF Lands Receipts (3)	115.6	29.2	14.7	16.6	60.7
Investment Return	(693.2)	(146.7)	25.0	176.5	56.6
Expenses	(17.5)	(5.0)	(4.9)	(6.0)	(15.9)
Distributions to AUF	(317.1)	(336.4)	"	"	(336.4)
Ending Net Assets	<u>7,540.1</u>	<u>7,079.2</u>	7,144.0	<u>7,303.3</u>	7,303.3
AUF Distribution:					
From PUF Investments	317.1	336.4			338.4
From Surface Income	9.2	0.9	2.7	1.1	4.7
Total	<u>326.3</u>	<u>339.3</u>	<u>2.7</u>	<u>1.1</u>	<u>343.1</u>
Total Net Investment Return	-6.64%	-2.03%	0.32%	2.47%	0.71%

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

(2) General . The Investment Summary **Report** excludes PUF Lands mineral and **surface** interests with estimated August **31, 2001** values of \$524.6 million and \$156.7 million. **respectively**.

(3) PUF Land Receipts-As of May 31, 2002: **1,177,421** acres under lease; 521,708 producing **acres**; 3,171 active leases; and 2,071 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, 2002

	Asset Allocation	Endowment Neutral Policy Portfolio	Actual Net Investment Return	Endowment Neutral Policy Portfolio Return (1)	Benchmark
Cash	1.6%	0.0%	-0.53%	0.49%	90 Day T-Bills Average Yield
Domestic Common Stocks:					
Large/Medium Capitalization Equities	19.7%	25.0%	0.09%	-3.24%	Standard and Poor's 500 Index
Small Capitalization Equities	10.1%	7.5%	3.47%	4.16%	Russell 2000 index
Total Domestic Common Stocks	29.8%	32.5%			
International Common Stocks:					
Established Markets	12.0%	12.0%	6.46%	7.45%	Morgan Stanley Capital International Europe, Asia, Far East Index (net)
Emerging Markets	4.5%	3.0%	4.91%	4.06%	Morgan Stanley Capital International Emerging Markets Free
Total, International Common Stocks	16.5%	15.0%			
Inflation Hedging	0.4%	7.5%	7.04%	3.69%	33% (Goldman Sachs Commodity Index minus 100 basis points) plus 67% (National Commercial Real Estate Index Fund)
Fixed Income:					
Domestic	16.4%	15.0%	1.11%	1.10%	Lehman Brothers Aggregate Bond Index
International	2.6%	5.0%	8.27%	8.12%	Salomon Non-US. World Government Bond Index, Unhedged
Total Fixed Income	19.0%	20.0%			
Marketable Alternative Equities	11.8%	10.0%	1.43%	2.25%	90 Day T-Bills Average Yield + 7%
Total Marketable Securities	87.1%	85.0%	2.98%	1.92%	
Nonmarketable Alternative Equities	12.9%	15.0%	-0.80%	(2)	
Total	100.0%	100.0%	2.47%		

(1) The benchmark return for the endowment neutral policy portfolio is calculated by summing the neutrally weighted index 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.

(2) Due to the valuation and illiquid characteristics associated with Nonmarketable Alternative Equities, short-term benchmark comparisons are not appropriate. Nonmarketable Alternative Equities are expected to produce a return premium when compared to a marketable investment alternative, such as the Standard and Poor's 500 Index. The Internal Rate of Return (IRR) since inception through May 31, 2002, for the PUF's Nonmarketable Alternative Equities program was 12.8%, including distributed stock. For comparison, the IRR for the same cash flow stream as if it had been invested in the Standard and Poor's 500 Index was 7.5%.

II. GENERAL ENDOWMENT FUND (1) (2)

a.) Summary Investment Report at May 31, 2002

(\$ millions)

	For the Period from Inception (March 1, 2001) to August 31, 2001	FY01-02				Year-to-Date				
		1st Qtr	2nd Qtr	3rd Qtr						
Beginning Net Assets		3,723.9	3,640.3	3,633.2		3,723.9				
Net Contributions	3,818.2	(47.6)	(14.9)	(100.2)		(162.7)				
Investment Return	(81.2)	(55.3)	12.5	96.6		53.6				
Expenses	(3.4)	(1.5)	(1.7)	(2.2)		(5.4)				
Distributions (3)	9.7	20.6	(3.0)	(1.3)		16.5				
Ending Net Assets	3,723.9	3,640.3	3,633.2	3,626.1		3,626.1				
Net Asset Value per Unit	97.611	96.325	96.612	99.099		99.099				
Units and Percentage Ownership (End Of Period):										
PHF	9,009,891	23.7%	8,897,012	23.5%	8,784,469	23.4%	7,784,304	21.3%	7,784,304	21.3%
LTF	29,062,538	76.3%	28,895,291	76.5%	28,821,969	76.6%	28,806,706	76.7%	28,806,706	76.7%
Total	38,072,429	100.0%	37,792,303	100.0%	37,606,438	100.0%	36,591,010	100.0%	36,591,010	100.0%
Total Net Investment Return	-2.14	-1.50%	0.32%	2.61%	1.40%					

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

(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 its net values as of February 28, 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, 2002 (1)

(\$ millions)

	FY00-01	FY01-02			Year-to-Date
	Full Year	1st Qtr	2nd Qtr	3rd Qtr	
PERMANENT HEALTH FUND					
Beginning Net Assets	1,016.6	881.4	857.2	848.8	881.4
Withdrawals				(88.2)	(88.2)
Investment Return	(92.1)	(13.4)	2.6	21 .a	11.0
Expenses	(1.1)	(0.1)	(0.2)	(0.1)	(0.4)
Distributions (Payout)	(42.0)	(10.7)	(10.8)	(10.7)	(32.2)
Ending Net Assets	881.4	857.2	848.8	771.6	771.6
Net Asset Value per Unit (2)	0.964617	0.938062	0.928935	0.940949	0.940949
No. of Units (End of Period)	913,765,506	913,765,506	913,765,506	820,000,000	820,000,000
Distribution Rate par Unit	0.04600	0.01175	0.01175	0.01175	0.03525
Total Net Investment Return	-9.24%	-1.53%	0.28%	2.56%	1.27%
LONG TERM FUND					
Beginning Net Assets	3,136.2	2,843.3	2,783.3	2,784.5	2,843.3
Net Contributions	113.2	16.8	26.4	34.1	77.3
Investment Return	(276.5)	(43.5)	8.4	72.7	37.6
Expenses	(2.3)	(0.1)	(0.1)	(2.6)	(2.8)
Distributions (Payout)	(127.3)	(33.2)	(33.5)	(33.9)	(100.6)
Ending Net Assets	2,843.3	2,783.3	2,784.5	2,854.8	2,854.8
Net Asset Value per Unit (2)	5.412	5.266	5.219	5.266	5.286
No. of Units (End of Period)	525,401,525	528,498,599	533,513,842	540,048,019	540,048,019
Distribution Rate per Unit	0.24500	0.06275	0.06275	0.06275	0.18825
Total Net Investment Return	-8.80%	-1.50%	0.32%	2.58%	1.37%

(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 U. T. 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

If. GENERAL ENDOWMENT FUND (continued)

c.) Comparison of Asset Allocation Versus Endowment Neutral Policy Portfolio and Net Investment Return for the quarter ended May 31, 2002

	Asset Allocation	Endowment Neutral Policy Portfolio	Actual Net Investment Return	Endowment Neutral Policy Portfolio Return (1)	Benchmark
Cash	0.1%	0.0%	0.77%	0.49%	SO Day T-Bills Average Yield
Domestic Common Stocks:					
Large/Medium Capitalization Equities	20.0%	25.0%	0.25%	-3.24%	Standard and Poor's 500 Index
Small Capitalization Equities	10.7%	7.5%	3.62%	4.18%	Russell 2000 Index
Total Domestic Common Stocks	30.7%	32.5%			
International Common Stocks:					
Established Markets	13.0%	12.0%	8.42%	7.45%	Morgan Stanley Capital International Europe, Asia, Far East Index (net)
Emerging Markets	4.9%	3.0%	4.82%	4.06%	Morgan Stanley Capital International Emerging Markets Free
Total International Common Stocks	17.9%	15.0%			
Inflation Hedging	8.8%	7.5%	7.05%	3.69%	33% (Goldman Sachs Commodity Index minus 100 basis points) plus 67% (National Commercial Real Estate Index Fund)
Fixed Income:					
Domestic	16.2%	15.0%	1.05%	110%	Lehman Brothers Aggregate Bond Index
International	3.0%	5.0%	8.24%	8.12%	Salomon Non-U.S. World Government Bond Index, Unhedged
Total Fixed Income	19.2%	20.0%			
Marketable Alternative Equities	13.2%	10.0%	1.42%	2.25%	SO Day T-Bills Average Yield + 7%
total Marketable Securities	99.9%	85.0%	3.05%	1.92%	
Nonmarketable Alternative Equities	10.1%	15.0%	-1.33%	(2)	
Total	100.0%	100.0%	2.61%		

- (1) The benchmark return for the endowment neutral policy portfolio is calculated by summing the neutrally weighted index 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.
- (2) Due to the valuation and illiquid characteristics associated with Nonmarketable Alternative Equities, short-term benchmark comparisons are not appropriate. Nonmarketable Alternative Equities are expected to produce a return premium when compared to a marketable investment alternative, such as the Standard and Poor's 500 Index. The Internal Rate of Return (IRR) since inception (refers to the time period when acquired by the LTF or PHF) through May 31, 2002 for the GEF's Nonmarketable Alternative Equities program, was 11.2%, including distributed stock. For comparison, the IRR for the same cash flow stream as if it had been invested in the Standard and Poor's 500 Index was 8.9%.

III. SHORT INTERMEDIATE TERM FUND (1)

Summary Investment Report at May 31,2002

(\$ millions)

	FY00-01	FY01-02			
	Full Year	1st Qtr	2nd Qtr	3rd Qtr	Year-to-Date
Beginning Net Assets	1,844.4	1,704.6	1,714.0	1,451.9	1,704.6
Contributions					
(Net of Withdrawals)	(194.7)	2.1	(254.5)	31.4	(221.0)
Investment Return	161.2	27.5	10.6	9.6	47.7
Expenses	(0.5)	(0.2)	(0.2)	(0.2)	(0.6)
Distributions of Income	(105.6)	(20.0)	(16.0)	(15.1)	(53.1)
Ending Net Assets	1,704.6	1,714.0	1,451.9	1,477.6	1,477.6
Net Asset Value per Unit	10.152	10.195	10.150	10.110	10.110
No. of Units (End of Period)	167,909,159	168,126,090	143,051,739	146,147,403	146,147,403
Total Net Investment Return	6.96%	1.60%	0.63%	0.63%	2.69%

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

IV. SEPARATELY INVESTED ASSETS

Summary Investment Report at May 31, 2002

(\$ thousands)

ASSET TYPES	FUND TYPE													
	CURRENT PURPOSE				ENDOWMENT &		ANNUITY & LIFE		AGENCY FUNDS		OPERATING FUNDS		TOTAL	
	DESIGNATED	RESTRICTED	SIMILAR FUNDS	INCOME FUNDS	AGENCY FUNDS	OPERATING FUNDS	TOTAL	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	
Cash & Equivalents:	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET
Beginning value 3/1/02	4,097	4,097	2,131	2,131	38,444	38,444	1,011	1,011	75	75	1,257,091	1,257,091	1,302,849	1,302,849
Increase/(Decrease)	(215)	(215)	(839)	(839)	(10,365)	(10,365)	(508)	(508)	-	-	(128,154)	(128,154)	(140,081)	(140,081)
Ending value 5/31/02	3,882	3,882	1,292	1,292	28,079	28,079	503	503	75	75	1,128,937	1,128,937	1,162,768	1,162,768
Debt Securities:														
Beginning value 3/1/02	-	-	263	167	48,595	48,435	12,978	13,766	-	-	41,506	47,516	103,342	109,884
Increase/(Decrease)	-	-	-	-	883	859	420	6	-	-	297,783	301,188	299,086	302,053
Ending value 5/31/02	-	-	263	167	49,478	49,294	13,398	13,772	-	-	339,289	348,704	402,428	411,937
Equity Securities:														
Beginning value 3/1/02	40	8,207	1,982	1,950	29,976	36,119	20,559	16,526	-	-	135,562	97,430	188,119	160,232
Increase/(Decrease)	-	(1,096)	316	7	950	(2,506)	811	1,235	-	-	13	(3,163)	2,090	(5,523)
Ending value 5/31/02	40	7,111	2,298	1,957	30,926	33,613	21,370	17,761	-	-	135,575	94,267	190,209	154,709
Other:														
Beginning value 3/1/02	-	-	401	401	573	573	108	21	-	-	-	-	1,082	995
Increase/(Decrease)	-	-	(379)	(379)	3	3	12	-	-	-	-	-	(364)	(376)
Ending value 5/31/02	-	-	22	22	576	576	120	21	-	-	-	-	718	619

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

10. 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, 2003, as set forth on Page 47.

The Investment Management Services Agreement by and 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 total budget for the fiscal year ending August 31, 2003, is \$33,320,032, an increase of \$1,351,185 or 4.2% from 2002. UTIMCO's management fee for the fiscal year ending August 31, 2003, will increase by \$2,904,225 from \$6,698,276 to \$9,602,501. Budgeted direct expenses will decrease by \$1,553,040 from \$25,270,571 to \$23,717,531.

UTIMCO Budget (\$)
Annual Fee and Allocation Schedule
For the fiscal year ending August 31, 2003

	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 (STF)	Separately Invested Endowments and Charitable Trust Accounts	Total
UTIMCO Management Fee ⁽¹⁾ (includes all operating expenses associated with the general management of the Funds)	5,187,122	676,677	3,135,100		603,402			9,602,501
Direct Expenses of the Fund:								
External Management Fees	8,703,690			4,640,801				13,344,491
External Management Fees-Performance	4,597,210			2,174,330				6,771,540
Other Direct Costs	2,082,812	21,700	54,270	1,320,868	116,850		5,000	3,601,500
Total Direct Expenses of the Fund	15,383,712	21,700	54,270	8,135,999	116,650		5,000	23,717,531
TOTAL UTIMCO Budget for the fiscal year ending August 31, 2003	20,570,834	696,677	3,189,370	8,135,999	720,252		5,000	33,320,032
Market Value of Funds Managed by UTIMCO as of 2/28/02 (\$ millions)	7,114.0	646.6	2,784.5	3,633.3 ⁽³⁾	1,451.9	1,257.1 ⁽²⁾	171.9	13,628.2
Percentage of Market Value								
UTIMCO Services	0.073%	0.060%	0.113%	0.000%	0.042%	0.000%	0.000%	0.070%
Direct Expenses of the Fund	0.216%	0.003%	0.002%	0.224%	0.006%	0.000%	0.003%	0.174%
TOTAL	0.269%	0.063%	0.115%	0.224%	0.050%	0.000%	0.003%	0.244%

(1) Allocation Ratio: PUF-54%, PHF-7%, LTF-33%, SITF-6%

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

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

11. U. T. System: Approval of Increases in the Annual Distributions from the Permanent University Fund, the Permanent Health Fund, and the Long Term Fund

Upon recommendation of The University of Texas Investment Management Company (UTIMCO) and the UTIMCO Board of Directors, the Board approved that:

- a. The fiscal year distribution from the Permanent University Fund (PUF) to the Available University Fund (AUF) be increased by 7.3% from \$338,433,636 to \$363,022,043 effective September 1, 2002
- b. The distribution rate for the Permanent Health Fund (PHF) remain at its current rate per unit of \$0.047
- c. The distribution rate for The University of Texas System Long Term Fund (LTF) be increased from \$0.251 per unit to \$0.258 per unit effective November 30, 2002.

For comparative purposes, the distributions from the PUF, PHF, and LTF represent 5.10%, 5.06%, and 4.94%, of the respective funds' market value as of February 28, 2002.

The PUF Investment Policy states that the annual distribution from the PUF to the AUF shall be an amount equal to 4.75% of the trailing 12-quarter average of the net asset value of the Fund for the quarter ending February of each fiscal year. Per this formula, the amount to be distributed from the PUF for FY 2002-2003 is \$363,022,043 as calculated in the chart on the following page.

<u>Quarter Ended</u>	<u>Net Asset Value</u>
5/31/99	\$ 7,437,047,422
8/31/99	7,465,560,698
11/30/99	7,697,888,965
2/29/00	7,924,756,395
5/31/00	7,910,907,663
8/31/00	8,452,335,867
11/30/00	7,652,556,843
2/28/01	7,686,874,230
5/31/01	7,749,573,154
8/31/01	7,540,148,091
11/30/01	7,079,157,437
02/28/02	7,114,025,229
	\$ 91,710,831,994
Number of quarters	12
Average Net Asset Value	\$ 7,642,569,333
Distribution Percentage	4.75%
FY 2002-03 Distribution	\$ 363,022,043

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

1. The amount of PUF distributions to the AUF in a fiscal year must be not less than the amount needed to pay the principal and interest due and owing in that fiscal year on PUF bonds and notes. The distribution of \$363,022,043 is substantially greater than PUF bonds debt service of \$148,502,000 projected for FY 2002-2003.

<u>System</u>	<u>Debt Service</u>
U. T.	\$ 94,200,000
TAMU	54,302,000
Total	\$ 148,502,000

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

2. The U. T. Board of Regents may not increase annual PUF distributions to the AUF (except as necessary to pay PUF debt service) if the purchasing power of PUF investments for any rolling 10-year period has

not been preserved. As the schedule below indicates, the U. T. Board of Regents may increase the FY 2001-02 distribution of \$338,433,636 by 7.3% because the average annual increase in the rate of growth of the value of PUF investments (net of expenses, inflation, and distributions) for the trailing 10-year period ended February 28, 2002, was 1.91%.

Average Annual	Percent
Rate of Total Return	9.57%
Expense Rate	(.05)% (1)
Inflation Rate	(2.52)%
Distribution Rate	(5.09)%
Net Real Return	1.91%

(1) Paid from AUF until 1/01/00

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

Value of PUF Investments (1)	Distribution	Distribution as a % of Value of PUF Investments	Maximum Allowed Rate
\$7,642,569,333	\$363,022,043	4.75%	7.00%

(1) Source: UTIMCO

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

The unchanged PHF rate of \$.047 per unit for FY 2003 is based on the PHF's net asset value of \$848.8 million at February 28, 2002, being less than the original PHF contributions of \$915.0 million. The PHF's average distribution rate since inception is 4.5%, within the range of 3.5% to 5.5% set forth in the PHF Investment Policy. The distribution rate of \$.047 per unit was approved by the UTIMCO Board on February 19, 2002.

The 2.8% increase in LTF distribution rate from \$0.251 per unit to \$0.258 is based on the investment policy to increase the distribution by the average rate of inflation for the trailing 12 fiscal quarters. The consumer price index for the prior three years as of November 30, 2001, was 2.7%. The increase of 2.8% above results from rounding the per unit rate as provided in the investment policy. The distribution rate of \$.258 per unit was approved by the UTIMCO Board on February 19, 2002.

INFORMATIONAL REPORT

U. T. System: Presentation of the June 2002 Monthly Financial Report

In reviewing the June 2002 Monthly Financial Report for The University of Texas System, Executive Vice Chancellor Kennedy highlighted the significant accounting and reporting change to record depreciation required by the Governmental Accounting Standards Board. Mr. Kennedy said that the depreciation charge to the U. T. System component institutions was \$254 million for the 10-month reporting period, with an estimated \$300 million by the end of the fiscal year. Chairman Miller clarified that the new standard to report depreciation is causing the paper loss.

Following discussion, Mr. Kennedy reported that a gift of \$27 million from The Sealy & Smith Foundation to The University of Texas Medical Branch at Galveston is not included in the operating margin for that institution because the gift is used for capital assets. He emphasized that the institution is receiving gifts to replace some of the \$50 million depreciation charge. In response to a question by Chairman Miller, Executive Vice Chancellor Kennedy clarified that the gift is not included in the normal revenue stream but is included in the financial reporting and that an operating plan would be put in place to reduce the deficit and create a positive operating margin.

Committee Chairman Hunt said that the new accounting standards are moving nonprofit accounting standards closer to for-profit standards and asked that budgets and financial statements be presented on the same basis, which would include depreciation.

Executive Vice Chancellor Kennedy stated The University of Texas Health Center at Tyler has implemented many operational improvements this past year that are reflected in their improved operating margin, but the institution is projecting a loss of about \$800,000.

In response to a request from Regent Krier, Executive Vice Chancellor Kennedy will review options to allow inclusion of the last available monthly financial report in the Agenda Book and any subsequent significant differences to date will be reported at the regularly scheduled Board of Regents' meeting.

A copy of [The University of Texas System Monthly Financial Report](#) as of June 2002 is on file in the Office of the Board of Regents.

REPORT AND RECOMMENDATIONS OF THE ACADEMIC AFFAIRS COMMITTEE (Pages 53 - 61).--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 by the U. T. Board of Regents:

1. U. T. System: Adoption of a Joint Resolution Between The University of Texas System and the University of Houston System

The Board adopted the following Joint Resolution between The University of Texas System and the University of Houston System, which focuses on collaborative efforts to help Texas close the gaps in all levels of educational participation and achievement:

RESOLUTION

WHEREAS, The economic and social health of any society depends on a well-educated citizenry, and this educational imperative is even more critical in the present knowledge-based and global economy;

WHEREAS, Texas lags behind other large states and the national average in many key measurements of economic and social vitality, such as the educational level of the workforce, high school graduation rates, university attendance rates, the percentage of adults with a college degree, and per capita income;

WHEREAS, Given the reality of demographic change in Texas and the fact that the fastest growing groups have had the lowest educational achievement rates, the state will fall even further behind in the early 21st Century unless current trends are reversed;

WHEREAS, Population growth and demographic change represent a great opportunity for Texas to develop one of the world's most dynamic economies and most vibrant societies if pressing educational challenges are addressed successfully;

WHEREAS, Texas higher education, through an initiative administered by the Texas Higher Education Coordinating Board, is committed to a comprehensive program of "closing the gaps" in educational participation and achievement at all levels;

WHEREAS, The University of Houston System and The University of Texas System are major participants in the “Closing the Gaps” initiative and related efforts to assist the State’s elementary and secondary schools in fulfilling their educational missions;

WHEREAS, Both of these university systems have established records of excellence in educational research; development and implementation of research-based instructional programs; innovative teacher education and professional development programs; addressing the educational needs of disadvantaged students and underrepresented segments of the population; and fostering collaboration with the public schools on many fronts;

WHEREAS, Together, the U. H. and U. T. Systems have a presence in all of the State’s major urban areas, where the key educational challenges facing Texas are exhibited in their fullest and most complex forms;

WHEREAS, The Boards of Regents of both the U. H. and U. T. Systems affirm that one of the central responsibilities of public higher education institutions is to focus their resources on advancing a state’s economic strength and diversification as well as its social vitality and coherence, and that these worthy goals are often best pursued through collaborative efforts involving partnerships among diverse institutions and organizations; and

WHEREAS, By combining their efforts in dealing with many aspects of the serious educational issues facing Texas, the U. H. and U. T. Systems are well positioned to create synergies that offer the likelihood of far greater progress than either system could achieve working alone; therefore, be it

RESOLVED, That the Boards of Regents of the University of Houston System and The University of Texas System are committed to an expanded series of collaborative efforts between the two systems in order to better address the need for Texas to close the gaps in all levels of educational participation and achievement; and be it further

RESOLVED, That, to further these new collaborations, the two Boards of Regents establish the UH/UT Alliance for Educational Progress, a partnership that will build on the diverse strengths of institutions in each university system to encourage a broad range of collaborations among faculty and administrators, with goals that include:

- Enhancing teacher training for the public schools;
- Improving professional development of current teachers;
- Expanding Advanced Placement offerings in the public schools;

- Introducing new curricula and instructional methods to the classroom, consistent with research-based best practices;
- Strengthening programs of outreach to educationally, economically, or socially disadvantaged students;
- Creating and promoting innovative approaches to delivering first-class educational services in a pluralistic urban setting; and
- Fostering the concept and practice of education as a seamless continuum that extends, in a formal sense, from prekindergarten through advanced university studies, but is, in the truest sense, a lifelong challenge and adventure that is the birthright of all members of a democratic society.

This resolution is a result of discussions held among several members of the respective Boards of Regents, the two Chancellors, and administrative staff from each of the systems and represents a significant commitment by the two systems to a series of collaborative efforts to help improve the State's public schools. The resolution also indicates the intent to establish the UH/UT Alliance for Educational Progress, a partnership that will build on the diverse strengths of institutions in each system to encourage a broad range of collaborations among faculty and administrators.

The resolution was presented to the Board of Regents of the University of Houston System.

2. U. T. Arlington: Establishment of a Ph.D. in Nursing and Authorization to Submit the Proposed Degree Program and Change in the Institution's Table of Programs to the Coordinating Board for Approval (Catalog Change)

The Board established a Ph.D. in Nursing at The University of Texas at Arlington and authorized submission of the proposal to the Texas Higher Education Coordinating Board for review and appropriate action.

In addition, the Coordinating Board will be asked to change the Table of Programs for U. T. Arlington to reflect authorization for the degree program.

The program will initially include two major areas of study: Academic Role Development and Health Services Research. The Academic Role Development area will provide opportunities for students to develop the knowledge and skills required for a successful academic role (faculty, dean, director) in institutions of higher education that prepare nursing students

who are capable of careers in a culturally diverse society. The Health Services Research area will provide opportunities for students to develop the knowledge and skills required for a successful role in health research focused on culturally diverse and/or vulnerable populations.

Estimated expenditures of \$1,892,240 for the first five years of the program include \$1,338,081 for 9.5 new faculty; \$151,200 for five graduate assistants; \$132,729 for clerical staff; \$31,956 for supplies, materials, and library resources; \$159,274 for program administration; \$28,000 for equipment; and \$51,000 for faculty salaries for summer semesters. The institution has committed \$243,000 in existing resources in addition to \$1,655,000 in formula funding to finance the first five years of the program.

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

3. U. T. Arlington: Authorization to Establish a Master of Arts in Communication; Approval to Submit the Proposed 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

The Board established a Master of Arts in Communication at The University of Texas at Arlington and authorized submission of the proposal to the Texas Higher Education Coordinating Board for review and appropriate action. Further, the Board authorized the Executive Vice Chancellor for Academic Affairs to certify on behalf of the Board of Regents that relevant Coordinating Board criteria for approval by the Commissioner of Higher Education have been met.

In addition, the Coordinating Board will be asked to change the Table of Programs for U. T. Arlington to reflect authorization for the degree program

The degree program will be designed to enhance and update the skills and knowledge base of media professionals through both a thesis and non-thesis option. The thesis option will consist of 24 semester credit hours of organized coursework and a six semester credit hour thesis. The non-thesis option will require 33 hours of organized coursework and a three semester credit hour final project. Individual courses will integrate theory and research from the various communication fields. The majority of organized courses will be offered in the late afternoon and evening to ensure that employed professionals are able to complete the degree in a reasonable period of time.

Estimated expenditures of \$660,800 for the first five years of the program include \$409,000 for two new tenure-track faculty members and \$107,500 for four graduate teaching assistants; \$60,800 for computer software and equipment; \$80,500 for clerical staff; and \$3,000 for supplies. State formula funding projected for years three through five of the program is expected to total \$301,294. In addition, the institution has committed \$395,248 of institutional resources to support the first five years of the program.

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

4. U. T. El Paso: Establishment of a Ph.D. in Civil Engineering and Authorization to Submit the Proposed Degree Program and Change in the Institution's Table of Programs to the Coordinating Board for Approval (Catalog Change)

The Board authorized The University of Texas at El Paso to establish a Ph.D. in Civil Engineering and to submit the proposal to the Texas Higher Education Coordinating Board for review and appropriate action.

In addition, the Coordinating Board will be asked to change the Table of Programs for U. T. El Paso to reflect authorization for the degree program.

The program will consist of 72 semester credit hours beyond the bachelor's level (or at least 48 semester credit hours beyond the master's level) and will focus on infrastructure engineering systems, a critical area for research and education in the U. S.-Mexico border region. The program emphasizes research and education on environmental, transportation, and structural systems, which will complement existing Ph.D. programs in Environmental Science and Engineering, Materials Science and Engineering, and Geological Sciences.

Estimated expenditures for the first five years of the program are \$1,700,000. This includes \$585,000 for two new faculty positions, \$558,000 for additional teaching assistant positions, \$175,000 for additional staff, and \$382,000 for equipment, library resources, and supplies. U. T. El Paso will commit \$1,196,000 of existing resources in addition to \$504,000 in formula funding to finance the first five years of the program.

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

5. U. T. El Paso: Approval to Establish a Ph.D. in International Business and Authorization to Submit the Proposed Degree Program and Change in the Institution's Table of Programs to the Coordinating Board for Approval (Catalog Change)

The Board established a Ph.D. in International Business at The University of Texas at El Paso and authorized submission of the proposal to the Texas Higher Education Coordinating Board for review and appropriate action.

In addition, the Coordinating Board will be asked to change the Table of Programs for U. T. El Paso to reflect authorization for the degree program.

The program will help address the critical shortage of Hispanic Ph.D.-trained faculty and will help to close the gap in participation rates across the State for minority students. The program will also enhance U. T. El Paso's position as a nationally and internationally recognized center for research and education related to the U. S.-Mexico border region.

The program will consist of 69 semester credit hours beyond the bachelor's level, or a minimum of 45 hours beyond the master's level. While designed for individuals with significant formal business training, the program will accommodate individuals from a broad variety of disciplinary backgrounds. Students will complete coursework that emphasizes the latest developments in business theory, quantitative techniques, research methodologies, and empirical evidence in the field of international business. In addition, the program will build on the unique assets available in the El Paso-Ciudad Juárez border region to address the transnational manufacturing and supply chain and capital flow issues.

Estimated expenditures for the first five years of the program are \$2,484,250. This includes \$1,197,000 for four new faculty positions, \$888,000 for additional teaching assistant positions, \$110,000 for additional staff, and \$289,250 for improved facilities, equipment, and library resources. U. T. El Paso will commit \$1,624,500 of existing resources in addition to \$859,750 in formula funding to finance the first five years of the program.

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

6. U. T. San Antonio: Establishment of a Ph.D. in Cell and Molecular Biology and Authorization to Submit the Proposed Degree Program and Change in the Institution's Table of Programs to the Coordinating Board for Approval (Catalog Change)

The Board established a Ph.D. in Cell and Molecular Biology at The University of Texas at San Antonio and granted authorization to submit the proposal to the Texas Higher Education Coordinating Board for review and appropriate action.

In addition, the Coordinating Board will be asked to change the Table of Programs for U. T. San Antonio to reflect authorization for the degree program.

The program will consist of 90 semester credit hours beyond the bachelor's level. The primary objective of the program is to provide students with advanced academic and research training in all aspects of cellular function, especially those that pertain to molecular functioning of biochemical systems. Areas of emphasis of the program include biochemistry, cellular biology, molecular biology, developmental biology, immunology, virology, and molecular genetics.

One of the unique features of the program is the opportunity students will have for interdisciplinary study with the Departments of Computer Science and the College of Engineering. In addition, faculty and students will have the opportunity to engage in collaborative research efforts with The University of Texas Health Science Center at San Antonio and other biomedical and biotechnology research institutes and industries in San Antonio.

The U. T. San Antonio Department of Biology currently has 27 tenured or tenure-track faculty members. Nineteen of these faculty members will form the core faculty for this program.

Estimated expenditures of \$2,250,000 for the first five years of the program include \$1,800,000 for direct student support, \$125,000 for program administration, \$200,000 for staff support, and \$125,000 for library resources. State formula funding will provide \$2,360,402 in years three through five. In addition, the institution will commit \$789,598 of existing resources to support the program.

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

7. U. T. San Antonio: Authorization to Establish a Ph.D. in Environmental Science and Engineering and Authorization to Submit the Proposed Degree Program and Change in the Institution's Table of Programs to the Coordinating Board for Approval (Catalog Change)

Authorization was granted to establish a Ph.D. in Environmental Science and Engineering at The University of Texas at San Antonio and to submit the proposal to the Texas Higher Education Coordinating Board for review and appropriate action.

In addition, the Coordinating Board will be asked to change the Table of Programs for U. T. San Antonio to reflect authorization for the degree program.

The program in environmental science and engineering is designed to meet the environmental challenges of the coming decades, both through training environmental scientists and engineers and through research that will have global, national, and regional implications.

Students must have a master's degree to be admitted to the program that will consist of 60 semester credit hours beyond the master's level. The primary emphasis will be on natural resources, including water, land, and air resources. Within these broad areas, special emphasis will be given to water quality, water pollution control, land conservation and restoration, waste disposal, air pollution control, and global changes.

Estimated expenditures of \$4,270,000 for the first five years of the program include \$2,400,000 for direct student support; \$645,000 for two new faculty; \$485,000 for staff support; \$220,000 for library and information technology resources; and \$300,000 for equipment. State formula funding projected for years three through five of the program is expected to total \$2,074,580. U. T. San Antonio will commit \$1,246,000 of existing resources for the first two years of the program and an additional \$1,083,393 of institutional and federal funds for years three through five.

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

8. U. T. San Antonio - University Center Expansion Phase III: Approval to Amend the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget to Include Project

The Board amended the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget to include the University Center Expansion Phase III project at The University of Texas at San Antonio at a preliminary project cost of \$20,000,000 with funding from Revenue Financing System Bond Proceeds.

The facility, which will consist of approximately 68,000 gross square feet will include meeting rooms; food services and dining facilities; student advising and administrative offices; program and reception space for student organizations, including a large function venue, student lounges, study spaces, and an art gallery; and storage/support areas. This facility is needed to provide essential student services to keep pace with record enrollment growth. The first and second phases of the University Center Expansion were completed in 1986 and 1996.

REPORT AND RECOMMENDATIONS OF THE HEALTH AFFAIRS COMMITTEE (Pages 62 - 64).--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 by the U. T. Board of Regents:

1. U. T. System: Approval of Overall Average Increase in the Institutional Premium Charge of The University of Texas System Professional Medical Liability Benefit Plan Effective September 1, 2002, and Approval to Return a Portion of Excess Plan Reserves to Participating U. T. System Health Components

The Board approved an overall increase in premium rates for The University of Texas System Professional Medical Liability Benefit Plan ("Plan") by an average of 12.5% for U. T. System faculty physicians and 4% for resident physicians effective September 1, 2002. Fifty percent of the premium will be based on physician head count and the remaining 50% will be based on the actuarially determined experience of each U. T. System health component over the life of the Plan. The revised experience factor will be phased in over a two-year period. The premium rates are set forth below.

Further, the Board approved that actuarially determined portions of excess reserves from the Plan be returned to the participating U. T. System health component institutions.

	<u>RISK CLASS 1</u>		<u>RISK CLASS 2</u>		<u>RISK CLASS 3</u>	
	<u>Staff</u>	<u>Resident</u>	<u>Staff</u>	<u>Resident</u>	<u>Staff</u>	<u>Resident</u>
UTMDACC	\$ 1,985	\$ 997	\$ 3,107	\$ 1,561	\$ 4,963	\$ 2,493
UTSMCDAL	1,833	920	2,868	1,440	4,582	2,301
UTMB	2,705	1,357	4,234	2,123	6,783	3,392
UTHSCHOU	2,440	1,226	3,819	1,918	6,101	3,064
UTHSCSA	2,201	1,107	3,445	1,773	5,503	2,768
UTHCTY	2,441	1,226	3,820	1,919	6,102	3,065
	<u>RISK CLASS 4</u>		<u>RISK CLASS 5</u>			
	<u>Staff</u>	<u>Resident</u>	<u>Staff</u>	<u>Resident</u>		
UTMDACC	\$ 9,232	\$ 4,637	\$13,600	\$ 6,831		
UTSMCDAL	8,522	4,280	12,554	6,304		
UTMB	12,579	6,309	18,531	9,294		
UTHSCHOU	11,348	5,700	16,717	8,397		
UTHSCSA	10,235	5,149	15,078	7,585		
UTHCTY	11,349	5,701	16,718	8,398		

Pursuant to the authority of Chapter 59 of the Texas Education Code, the U. T. Board of Regents adopted The University of Texas System Professional Medical Liability Benefit Plan to provide coverage for certain medical staff and medical students of the U. T. System. The Plan went into effect on April 1, 1977, and is funded by the payment of premiums from the Faculty Physician Practice Plans of the health component institutions of the U. T. System.

As of August 31, 2001, there were 6,261 staff and resident physicians of the U. T. System covered by the Plan, with basic liability limits of \$500,000 per claim for staff physicians and \$100,000 for residents. In addition, more than 3,300 medical students are enrolled in the Plan by paying \$25 a year for \$25,000 coverage.

Regent Krier inquired about the value of tort reform and the Plan's arbitrary reduction of 15% in premium calculations for the past five years. Committee Chairman Oxford responded that actual experience has not borne out the 15% reduction in claims as anticipated by tort reform. Acting Executive Vice Chancellor Guckian stated that the tort reform bills were not effective in reducing claims and therefore the actuary removed the value from the estimates provided this year. In response to a question from Regent Krier regarding savings in past years, Dr. Guckian said that no savings were realized. Vice Chancellor and General Counsel Godfrey stated that tort reform resulted in plaintiff lawyers who are better prepared, utilize expert witnesses, and are able to make equally propelling presentations preventing the reduction in claims. Regent Oxford reiterated that the actuaries are recommending premiums based on the experience of U. T., not on the value of the tort reform. He also noted that the rates are only increasing by an average of 12.5% and that U. T. has been able to return excess plan reserves due to the excellent performance record in the past.

2. U. T. Health Science Center - San Antonio - Regional Academic Health Center (RAHC) - Harlingen Medical Education Division (Project No. 402-994) and Hidalgo County Medical Research Division (Project No. 402-996); and U. T. Health Science Center - Houston - RAHC - Brownsville Public Health Division (Project No. 702-995): Redesignation of the Names of the Divisions

The Board redesignated The University of Texas Health Science Center at San Antonio Harlingen Medical Education Division of the Regional Academic Health Center (RAHC) as the Medical Education Division and the Hidalgo County Medical Research Division of the RAHC as the Medical Research Division.

Further, the Board redesignated The University of Texas Health Science Center at Houston Brownsville Public Health Division of the RAHC as the Public Health Division.

Changing the names of the three RAHC divisions eliminates the redundancy of having the locations included in the division names and illustrates that the RAHC is a resource for the entire Rio Grande Valley and is not limited to a specific community.

Approval of the revised names for the divisions initiates revised non-honorific building/project names and conforming amendments to the FY 2002-2007 Capital Improvement Program and FY 2002-2003 Capital Budget.

As suggested by Regent Krier during the Health Affairs Committee meeting on July 2, 2002, signage for all divisions of the RAHC will also include The University of Texas name.

The Lower Rio Grande Valley Regional Academic Health Center was established by the U. T. Board of Regents on November 11, 1998, and funding for the divisions was approved on May 13, 1999. The U. T. Health Science Center - San Antonio McAllen Branch of the Medical Education Division (Project No. 402-999), also established in 1998, was not implemented because of lack of anticipated funding by the City of McAllen.

REPORT AND RECOMMENDATIONS OF THE FACILITIES PLANNING AND CONSTRUCTION COMMITTEE (Pages 65 - 91).--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 by the U. T. Board of Regents:

1. U. T. System - Ashbel Smith/Colorado Building Fire Protection Systems (Project No. 101-150): Approval to Amend the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget to Include Project

The Board amended the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget to include the Ashbel Smith/Colorado Building Fire Protection Systems project at The University of Texas System at a preliminary project cost of \$3,180,000 with funding of \$1,892,000 from Available University Funds and \$1,288,000 from Library, Equipment, Repair and Rehabilitation (LERR). Approval of this item authorizes the reallocation of \$1,288,000 from unused LERR funds originally appropriated for various information technology initiatives at U. T. System Administration.

The project will provide enhanced fire and life safety protection in Ashbel Smith Hall and the Colorado Building within the U. T. System Complex. The work will include installation of fire sprinklers in both buildings, replacement of the fire escape for the Colorado Building, and installation of emergency generators to provide power for fire pumps charging the sprinkler system.

2. U. T. Arlington - Continuing Education and Workforce Development Center (Project No. 301-118): Approval to Amend the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget to Increase Total Project Cost; Appropriation of Additional 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

The Board:

- a. Amended the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget to approve an increase in the total project cost for the Continuing Education and Workforce Development Center project at The University of Texas at Arlington from \$8,584,000 to \$9,784,000
- b. Appropriated and authorized expenditure of \$1,200,000 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 68, 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 \$1,200,000

- d. This resolution satisfies the official intent requirements set forth in Section 1.150-2 of the Code of Federal Regulations.

This project is included in the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget at a preliminary project cost of \$8,584,400 with funding of \$7,084,000 from Revenue Financing System Bond Proceeds and \$1,500,400 from Gifts and Grants.

On May 9, 2002, the U. T. Board of Regents approved the design development plans, total project cost, and the alternative energy economic feasibility evaluation, and appropriated and authorized expenditure of \$7,084,000 from Revenue Financing System Bond Proceeds and \$1,500,400 from Gifts and Grants. Since that time, total Gifts and Grants funding was rounded down to \$1,500,000 with approval of the institution.

Approval of this item will increase the total project cost to \$9,784,000 with additional funding of \$1,200,000 from Revenue Financing System Bond Proceeds to fund the upgrade of the mechanical system from packaged rooftop air conditioning units with electric cooling and gas heating to water-cooled water chillers with a remote water cooling tower and gas-fired water heating boilers.

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 Continuing Education and Workforce Development Center 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, the Ninth Supplemental Resolution as amended, and the Tenth Supplemental Resolution.

EXECUTED this 11th day of July, 2002

/s/ Philip Aldridge
Assistant Vice Chancellor for Finance

3. U. T. Arlington - Fine Arts Annex (Project No. 301-119): 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

The Board heard a presentation on the design development plans and the economic impact for the Fine Arts Annex 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.

Based on this presentation, the Board:

- a. Approved design development plans for the Fine Arts Annex project
- b. Approved the evaluation of alternative energy economic feasibility
- c. Approved a total project cost of \$5,000,000
- d. Appropriated funds and authorized expenditure of \$5,000,000 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 71, 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 \$5,000,000
- d. This resolution satisfies the official intent requirements set forth in Section 1.150-2 of the Code of Federal Regulations.

This project is included in the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget at a preliminary project cost of \$5,000,000 with funding from Revenue Financing System Bond Proceeds.

A new, pre-engineered metal building will contain approximately 34,000 gross square feet to house all six of the Art Department industrial arts programs and will allow expansion of classroom lab operations; provide space for offices, tools, and storage; and improve the ventilation system.

Texas Government Code Section 2166.403 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 Standards for New State Buildings. This evaluation determined that alternative energy devices such as solar, wind, biomass, or photovoltaic energy are not economically feasible for the project.

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 Fine Arts Annex 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, the Ninth Supplemental Resolution as amended, and the Tenth Supplemental Resolution.

EXECUTED this 11th day of July, 2002

/s/ Philip Aldridge
Assistant Vice Chancellor for Finance

4. U. T. Arlington - Chemistry and Physics Building (Formerly Science Building - Phase I) (Project No. 301-117): Approval to Amend the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget to Increase Total Project Cost

The Board amended the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget to increase the total project cost for the Chemistry and Physics Building (formerly Science Building - Phase I) project at The University of Texas at Arlington from \$29,635,945 to \$34,635,945 with funding of \$5,000,000 from Revenue Financing System Bond Proceeds.

This project is included in the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget at a preliminary project cost of \$29,635,945 with funding of \$16,635,945 from Tuition Revenue Bond Proceeds and \$13,000,000 from Permanent University Fund Bond Proceeds.

Approval of this item increases the total project cost to \$34,635,945 with additional funding of \$5,000,000 from Revenue Financing System Bond Proceeds to support the facility program that includes replacing mechanical, electrical, and plumbing systems; fixed equipment; hood systems; lab tables; and other lab accessories.

Under delegated authority, the Chancellor approved the non-honorary renaming of the Science Building - Phase I project as the Chemistry and Physics Building.

5. U. T. Austin - Biological Science - Wet Lab Building (Project No. 102-029): Approval to Amend the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget to Increase Total Project Cost; and Appropriation of Additional Funds and Authorization of Expenditure

The Board:

- a. Amended the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget to increase the total project cost for the Biological Science - Wet Lab Building project at The University of Texas at Austin from \$52,000,000 to \$60,000,000
- b. Appropriated and authorized expenditure of \$8,000,000 from Designated Tuition.

This project is included in the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget at a preliminary project cost of \$52,000,000 with funding of \$39,000,000 from Permanent University Fund Bond Proceeds and \$13,000,000 from Designated Tuition.

Approval of this item increases the total project cost to \$60,000,000 with additional funding of \$8,000,000 from Designated Tuition to fund the finish out and furnishing of shell floors in the building.

6. U. T. El Paso - Academic Services Building (Project No. 201-025):
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 of the design development plans and the economic impact for the Academic Services Building at The University of Texas at El Paso 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 Academic Services Building project
- b. Approved the evaluation of alternative energy economic feasibility
- c. Approved a total project cost of \$10,000,000
- d. Appropriated funds and authorized expenditure of \$10,000,000 from Permanent University Fund Bond Proceeds.

This project is included in the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget at a preliminary project cost of \$10,000,000 with funding from Permanent University Fund Bond Proceeds.

The new building will consist of approximately 46,000 gross square feet to provide administrative offices and classroom/meeting rooms for all student enrollment, advising, and retention activities. The existing Academic Services Building, which was built in 1978 to house library collections, was converted to administrative space in 1987 and will continue to house some student services.

Texas Government Code Section 2166.403 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 Standards for New State Buildings. This evaluation determined that alternative energy devices such as solar, wind, biomass, or photovoltaic energy are not economically feasible for the project.

7. U. T. El Paso - Biosciences Facility (Project No. 201-114): 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

The Board heard a presentation on the design development plans and the economic impact for the Biosciences Facility at The University of Texas at El Paso by Mr. Sidney J. Sanders, Assistant Vice Chancellor for Facilities Planning and Construction for The University of Texas System.

Based on this presentation, the Board:

- a. Approved design development plans for the Biosciences Facility project
- b. Approved the evaluation of alternative energy economic feasibility
- c. Approved a total project cost of \$25,000,000
- d. Appropriated funds and authorized expenditure of \$6,500,000 from Permanent University Fund Bond Proceeds, \$5,750,000 from Revenue Financing System Bond Proceeds, and \$12,750,000 from Tuition Revenue 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 76, 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. El Paso, 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 \$5,750,000
- d. U. T. System components, 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 \$12,750,000
- e. This resolution satisfies the official intent requirements set forth in Section 1.150-2 of the Code of Federal Regulations.

This project is included in the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget at a preliminary project cost of \$25,000,000, with funding of \$6,500,000 from Permanent University Fund Bond Proceeds, \$5,750,000 from Revenue Financing System Bond Proceeds, and \$12,750,000 from Tuition Revenue Bond Proceeds.

The project, which will construct a new, five-story facility of approximately 84,000 square feet, includes site development and extension of site utilities from their existing locations on campus.

The building will include areas of shell space that will eventually be converted into laboratory, support facilities, and office spaces.

This project will showcase the research activities of the Department of Biological Sciences and provide state-of-the-art space dedicated to laboratories; animal facilities that will include a vivarium and aquatic facility; a biosafety level 3 (BSL- 3) laboratory; necessary support facilities and offices; and offices for the Border Biomedical Research Institute.

Texas Government Code Section 2166.403 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 Standards for New State Buildings. This evaluation determined that alternative energy devices such as solar, wind, biomass, or photovoltaic energy are not economically feasible for the project.

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 Biosciences Facility at U. T. El Paso, 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, the Ninth Supplemental Resolution as amended, and the Tenth Supplemental Resolution.

EXECUTED this 11th day of July, 2002

/s/ Philip Aldridge
Assistant Vice Chancellor for Finance

8. U. T. Pan American - Administrative Offices Renovation (Project No. 901-050): Approval to Amend the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget to Revise the Source of Funds; Reduction of Appropriation and Expenditure of Funds; and Appropriation of Funds and Authorization of Expenditure

The Board:

- a. Amended the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget to revise the source of funds for the Administrative Offices Renovation project at The University of Texas - Pan American as follows:

	<u>From</u>	<u>To</u>
Unexpended Plant Funds	\$2,262,000	\$2,262,000
Higher Education Funds	\$2,500,000	\$1,282,000
Tuition Revenue Bond Proceeds	<u>\$ 275,000</u>	<u>\$1,493,000</u>
Total Project Cost	\$5,037,000	\$5,037,000

- b. Reduced appropriation of funds and expenditure of \$1,218,000 from Higher Education Funds
- c. Appropriated funds and authorized expenditure of \$1,218,000 from Tuition Revenue Bond Proceeds.

This project is included in the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget at a preliminary project cost of \$5,037,000 with funding of \$2,262,000 from Unexpended Plant Funds, \$2,500,000 from Higher Education Funds, and \$275,000 from Tuition Revenue Bond Proceeds.

At the June 6, 2002 Campus Planning Committee meeting of the Texas Higher Education Coordinating Board, Committee members agreed that the wording in House Bill 658 (Tuition Revenue Bond allocation bill) stipulates that unused Tuition Revenue Bonds may be used for other renovation projects at U. T. Pan American. The Committee determined that the Campus Entrance/Visitors' Center project is a combination of renovation and new construction. Therefore, Higher Education Funds in the amount of \$1,218,000 from the Administrative Offices Renovation project will be substituted for the Tuition Revenue Bond Proceeds in the amount of \$1,218,000 for the value of the new construction. (See Item 9 on Page 78.)

On February 15, 2001, the U. T. Board of Regents authorized institutional management for this project.

9. U. T. Pan American - Campus Entrance/Visitors' Center (Project No. 901-146): Approval to Amend the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget to Revise the Source of Funds; Reduction of Appropriation and Expenditure of Funds; and Appropriation of Funds and Authorization of Expenditure

The Board:

- a. Amended the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget to revise the source of funds for the Campus Entrance/Visitors' Center project at The University of Texas - Pan American as follows:

	<u>From</u>	<u>To</u>
Tuition Revenue Bond Proceeds	\$3,325,000	\$2,107,000
Higher Education Funds		<u>\$1,218,000</u>
Total Project Cost	<u>\$3,325,000</u>	<u>\$3,325,000</u>

- b. Reduced appropriation of funds and expenditure of \$1,218,000 from Tuition Revenue Bond Proceeds
- c. Appropriated funds and authorized expenditure of \$1,218,000 from Higher Education Funds.

This project is included in the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget at a preliminary project cost of \$3,325,000 with funding from Tuition Revenue Bond Proceeds.

At the June 6, 2002 Campus Planning Committee meeting of the Texas Higher Education Coordinating Board, Committee members agreed that the wording in House Bill 658 (Tuition Revenue Bond allocation bill) stipulates that unused Tuition Revenue Bonds may be used for other renovation projects. The Committee determined that the Campus Entrance/Visitors' Center project is a combination of renovation and new construction. Therefore, Higher Education Funds in the amount of \$1,218,000 from the Administrative Offices Renovation project at U. T. Pan American will be substituted for the Tuition Revenue Bond Proceeds in the amount of \$1,218,000 for the value of the new construction. (See Item 8 on Page 77.)

On May 11, 2000, the U. T. Board of Regents authorized institutional management for this project that will be completed in several phases.

10. U. T. San Antonio - Student Housing Expansion - Phase I (Project No. 401-139): Approval to Amend the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget to Increase 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

The Board:

- a. Amended the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget to increase the total project cost for the Student Housing Expansion - Phase I project at The University of Texas at San Antonio from \$16,200,000 to \$19,000,000 with additional funding of \$2,800,000 from Revenue Financing System Bond Proceeds
- b. Appropriated funds and authorized expenditure of \$2,800,000 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 81, 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. San Antonio, 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 \$2,800,000
- d. This resolution satisfies the official intent requirements set forth in Section 1.150-2 of the Code of Federal Regulations.

This project is included in the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget at a preliminary project cost of \$12,000,000 with funding from Revenue Financing System Bond Proceeds. On May 9, 2002, design development plans were approved and the total project cost was increased to \$16,200,000 with funding from Revenue Financing System Bond Proceeds.

Approval of this item increases the total project cost from \$16,200,000 to \$19,000,000 to fund the required mechanical systems needed to support life safety in the housing units. The apartment complex will consist of 142,314 gross square feet, capable of housing 500 students.

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 Student Housing Expansion - Phase I at U. T. San Antonio, 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, the Ninth Supplemental Resolution as amended, and the Tenth Supplemental Resolution.

EXECUTED this 11th day of July, 2002

/s/ Philip Aldridge

Assistant Vice Chancellor for Finance

11. U. T. Tyler - Student Health and Kinesiology Building (Project No. 802-019) and Nursing Building (Project No. 802-074): Approval of Honorific Namings of the Jean Lancaster Health and Kinesiology Wing, the Maytee Fisch Convocation Center, and the Jim and Bonna Bess Vaughn Recreation and Therapy Pool, All in the Student Health and Kinesiology Building; and the Nursing Building as the David G. and Jacqueline M. Braithwaite Building [Regents' Rules and Regulations, Part Two, Chapter VIII, Section 1 (Naming of Facilities and Other Entities)]

The Board approved the honorific naming of three major facilities within the Student Health and Kinesiology Building construction project (to be known as the Patriot Center) at The University of Texas at Tyler as follows:

- a. The Health and Kinesiology academic wing was named the Jean Lancaster Health and Kinesiology Wing in honor of the sister of the anonymous donor
- b. The convocation center/gymnasium was named the Maytee Fisch Convocation Center in honor of Ben and Maytee Fisch who pledged \$2,000,000 toward the convocation center/gymnasium
- c. The recreation and therapy pool was named the Jim and Bonna Bess Vaughn Recreation and Therapy Pool in honor of the Vaughns' contribution of \$800,000 to fund the entire cost of constructing the facility.

The Board also approved naming the Nursing Building construction project as the David G. and Jacqueline M. Braithwaite Building in honor of Mrs. Jacqueline Braithwaite's pledge of \$2,500,000 toward the Nursing Building.

Two construction projects for the Student Health and Kinesiology Building and the Nursing Building at Tyler are underway. Under delegated authority, the Chancellor approved the non-honorific naming of the Student Health and Kinesiology Building as the Patriot Center.

Committee Chairman Clements commended President Mabry for his outstanding fundraising efforts and also acknowledged Vice-Chairman Riter's great support in this endeavor.

12. U. T. Southwestern Medical Center - Dallas - Student Housing (Project No. 303-013) and Southwestern Medical Park Apartments: Approval to Amend the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget to Combine Projects as the Southwestern Medical Park Apartments; and Approval to Increase Total Project Cost

The Board:

- a. Amended the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget to combine the Student Housing and Southwestern Medical Park Apartments projects at The University of Texas Southwestern Medical Center at Dallas into one project as the Southwestern Medical Park Apartments project
- b. Revised the total project cost from \$10,500,000 to \$19,250,000 with additional funds of \$8,750,000 to be appropriated from Revenue Financing System Bond Proceeds.

This project, which was included in the FY 2000-2005 Capital Improvement Program and the FY 2000-2001 Capital Budget, was originally approved at the August 10, 2000 U. T. Board of Regents' meeting with funding of \$10,500,000 from Revenue Financing System Bond Proceeds.

A second phase of the student housing project entitled Southwestern Medical Park Apartments is included in the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget at a preliminary project cost of \$8,750,000 with funding from Revenue Financing System Bond Proceeds.

Combining the projects will consolidate design aspects of the housing complex. The project will consist of 144 apartment units and will be brought before the U. T. Board of Regents' Facilities Planning and Construction Committee for design approval prior to the bidding process.

13. U. T. Health Science Center - Houston - Indoor Air Quality at the Medical School (Project No. 701-946): Approval to Amend the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget to Revise the Source of Funds; Approval of Reduction of Appropriation and Expenditure of Funds; and Appropriation and Expenditure of Funds

The Board:

- a. Amended the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget to revise the source of funds for the Indoor Air Quality at the Medical School project at The University of Texas Health Science Center at Houston as follows:

	<u>From</u>	<u>To</u>
Permanent University Fund Bond Proceeds	\$12,600,000	\$13,304,541
Hospital Revenues	<u>\$ 3,600,000</u>	<u>\$ 2,895,459</u>
Total Project Cost	\$16,200,000	\$16,200,000

- b. Reduced appropriation of funds and expenditure of \$704,541 from Hospital Revenues
- c. Appropriated funds and authorized expenditure of \$704,541 from Permanent University Fund Bond Proceeds transferred from the Medical School Building/Limestone Cladding Repairs (Project No. 701-968).

This project is included in the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget at a total project cost of \$16,200,000 with funding of \$12,600,000 from Permanent University Fund Bond Proceeds and \$3,600,000 from Hospital Revenues.

The project is under construction and consists of installation of a laboratory exhaust manifold; ductwork cleaning; new heating, venting, and air conditioning components in laboratory areas; and purchase of laboratory heating, venting, and air conditioning control systems.

14. U. T. Health Science Center - Houston - Mental Sciences Institute - Replacement Facility, Phase I (Project No. 701-040): Approval to Amend the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget to Increase Total Project Cost

The Board amended the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget to increase the total project cost for the Mental Sciences Institute - Replacement Facility, Phase I project at The University of Texas Health Science Center at Houston from \$16,500,000 to \$22,500,000 with funding of \$6,000,000 from Hospital Revenues.

This project is included in the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget at a preliminary project cost of \$16,500,000 with funding from Unexpended Plant Funds.

The project will construct an 87,000 gross square foot facility that includes clinics, offices, wet labs, and teaching space. The additional costs will fund the replacement of essential functions presently located in the existing Mental Sciences Institute.

15. U. T. M. D. Anderson Cancer Center - HMB Replacement Facility (Project No. 703-130): 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 of the design development plans and the economic impact for the HMB Replacement Facility at The University of Texas M. D. Anderson Cancer Center 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 HMB Replacement Facility
- b. Approved evaluation of alternative energy economic feasibility
- c. Approved a total project cost of \$110,400,000
- d. Appropriated funds and authorized expenditure of \$85,000,000 from Revenue Financing System Bond Proceeds and \$25,400,000 from Hospital Revenues.

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 87, 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. M. D. Anderson Cancer Center, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. Board of Regents of tax-exempt Parity Debt in the aggregate amount of \$85,000,000
- d. This resolution satisfies the official intent requirements set forth in Section 1.150-2 of the Code of Federal Regulations.

This project is included in the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget at a preliminary project cost of \$110,400,000 with funding of \$85,000,000 from Revenue Financing System Bond Proceeds and \$25,400,000 from Hospital Revenues.

The construction, located south of the existing Houston Main Building, will contain approximately 355,000 gross square feet of space. The facility will include faculty and administrative offices, prevention and behavioral sciences clinics, café food service, a conference center, and materials management areas, including a loading dock. A bridge connects the facility to the new Ambulatory Clinical Building on levels two through eight and a basement-level service corridor will connect both to facilitate distribution of materials and equipment.

Texas Government Code Section 2166.403 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 Standards for New State Buildings. This evaluation determined that alternative energy devices such as solar, wind, biomass, or photovoltaic energy are not economically feasible for the project.

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 HMB Replacement Facility at U. T. M. D. Anderson Cancer Center, 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, the Ninth Supplemental Resolution as amended, and the Tenth Supplemental Resolution.

EXECUTED this 11th day of July, 2002

/s/ Philip Aldridge

Assistant Vice Chancellor for Finance

16. U. T. Health Center - Tyler - Biomedical Research Wing Addition (Project No. 801-062): 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

The Board heard a presentation on the design development plans and the economic impact for the Biomedical Research Wing Addition at The University of Texas Health Center at Tyler by Mr. Sidney J. Sanders, Assistant Vice Chancellor for Facilities Planning and Construction for The University of Texas System.

Based on this presentation, the Board:

- a. Approved design development plans for the Biomedical Research Wing Addition
- b. Approved evaluation of alternative energy economic feasibility
- c. Approved a total project cost of \$11,513,250
- d. Appropriated funds and authorized expenditure of \$11,513,250 from Tuition Revenue 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 90, 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. System components, 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 \$11,513,250
- d. This resolution satisfies the official intent requirements set forth in Section 1.150-2 of the Code of Federal Regulations.

This project is included in the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget at a preliminary project cost of \$11,513,250 with funding from Tuition Revenue Bond Proceeds.

The project will be an addition to the existing Biomedical Research Center, which follows the master plan originally proposed for this building in 1985. The facility will contain 30,000 gross square feet in a new, single-story research wing to support programs for the Center for Pulmonary and Infectious Disease Control, Department of Microbiology, Department of Occupational Health Sciences, Department of Occupational and Environmental Medicine, and other research areas. The project includes additional thermal energy plant equipment, infrastructure work, surface parking, landscaping, and the purchase and installation of scientific research laboratory equipment.

Texas Government Code Section 2166.403 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 Standards for New State Buildings. This evaluation determined that alternative energy devices such as solar, wind, biomass, or photovoltaic energy are not economically feasible for the project.

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 Biomedical Research Wing Addition at U. T. Health Center at Tyler, 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, the Ninth Supplemental Resolution as amended, and the Tenth Supplemental Resolution.

EXECUTED this 11th day of July, 2002

/s/ Philip Aldridge
Assistant Vice Chancellor for Finance

INFORMATIONAL REPORT

U. T. System: Quarterly Report on Historically Underutilized Business (HUB) Expenditures for Building Construction

At the conclusion of the Facilities Planning and Construction Committee meeting, Committee Chairman Clements presented the quarterly report on Historically Underutilized Business (HUB) expenditures for building construction for The University of Texas System. She reported that, since the last regular U. T. Board of Regents' meeting, total expenditures for building construction by the Office of Facilities Planning and Construction for the first three quarters of Fiscal Year 2002 were \$226,924,000.08. Of that amount, 7.75% was paid to Certified Historically Underutilized Businesses, 1.21% was paid to Graduated Historically Underutilized Businesses, and Non-Certified Historically Underutilized Businesses received 12.62% for a total of 21.58% or \$48,966,517.02.

RECONVENE.--At 11:05 a.m., the Board reconvened as a committee of the whole to consider those items remaining on the agenda.

REPORT OF THE BOARD FOR LEASE OF UNIVERSITY LANDS

The Board for Lease of University Lands met on May 16, 2002, in the 6th Floor Conference Room of the Colorado Building, 702 Colorado Street, Austin, Texas, for a general business meeting. The Regular Oil and Gas Lease Sale No. 101 bid opening was held on May 15, 2002, at the Center for Energy and Economic Diversification in Midland, Texas.

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

Regular Oil and Gas Lease Sale No. 101: Total bonuses received in the amount of \$1,172,332.27 for 8,938 acres (36 tracts) leased; single highest bid was \$141,129.08 (\$406.01/acre) for a 347.600-acre tract in Schleicher County; 37,666.309 acres (163 tracts) were nominated for lease. In accordance with the rules of the Board for Lease of University Lands, the bid received for Tract No. 82 was rejected because the check submitted did not meet the mandatory minimum bonus.

Following is a report on the general business meeting:

- a. Approval of the Minutes of the November 2001 meeting of the Board for Lease of University Lands
- b. Approval of lease procedures and terms for Regular Oil and Gas Lease Sale No. 102 to be held in November 2002
- c. Forfeiture of University Lease Nos. 32143, 70801, 82645, 82646, 95960, 95964, 95970, and 97353, Andrews County, Texas, effective June 15, 2002, due to lessee's failure to timely pay sums due under the leases and, additionally and independently, due to lessee's failure to provide required lease production information. The forfeited leases will be reinstated if the lessee assigns to The University of Texas System its rights to all oil and gas produced from any forfeited lease until all sums due under all forfeited leases have been paid and brings the forfeited leases into full compliance to the satisfaction of the Executive Director of University Lands, West Texas Operations by July 16, 2002

- d. Executive Session pursuant to authority granted under Texas Government Code Section 551.071 regarding pending or contemplated litigation in relation to the forfeiture docket item
- e. Report on the management of the royalty in-kind programs including updates on the General Land Office's State Power Program.

OTHER MATTERS

1. U. T. Board of Regents: Authorization to Present 2002 Santa Rita Award to Mr. Wales H. Madden, Jr.

Chairman Miller presented the following recommendation on the Santa Rita Award:

Recommendation by Chairman Miller

I am pleased to recommend for your consideration a recipient for the Santa Rita Award.

At the outset of this recommendation, I remind the Board and the audience that this award is the highest honor that is bestowed by the Board of Regents. It is presented on an occasional rather than a regular basis and is subject to very specific criteria and guidelines.

Since the first Santa Rita Award was awarded in 1968, only 16 individuals have been identified for this exceptional recognition. The most recent recipient was Dr. Peter Flawn, who received the award in 2000.

The criteria for selection include such factors as:

- A demonstrated concern for the principles of higher education
- A deep commitment to the furtherance of the purposes and objectives of The University of Texas System
- A record of commitment to securing appropriate financial support for the System from both the public and private sectors

- A demonstrated record of participation in the affairs of the System, which serves as a high example of selfless and public-spirited service.

I believe the distinguished record of service to Texas higher education and to the component institutions of the U. T. System by Mr. Wales H. Madden, Jr., Amarillo, Texas, more than meets the criteria for this recognition, and I am pleased to recommend that Mr. Madden be recognized as the 2002 recipient of the Santa Rita Award. Mr. Madden was a very effective member of the U. T. Board of Regents from 1959 to 1965, and has served with great distinction in a variety of leadership roles for The University of Texas System.

He is a true friend of The University of Texas System and deserving of this award.

I recommend also that the award be bestowed upon Mr. Madden at an appropriate ceremony to be held this Fall, when we may acknowledge the scope and depth of his many contributions to the growth and development of the U. T. System and higher education throughout Texas.

The motion was seconded and carried unanimously.

2. U. T. Board of Regents: Presentation of Certificate of Appreciation to Mr. Armando Diaz, Former Vice Chancellor for Community Relations, for His Service to The University of Texas System

Chairman Miller commended Mr. Armando Diaz, former Vice Chancellor for Community Relations, for his exceptional service to The University of Texas System over the past 11 years and noted that Mr. Diaz, who had resigned effective June 14, 2002, remains in the U. T. family in his new role as Vice President for Governmental Relations at The University of Texas Health Science Center at San Antonio. Chairman Miller then wished Mr. Diaz and his wife, Elia, all the best and presented the certificate of appreciation as shown on Page 95.

CERTIFICATE OF APPRECIATION

The Board of Regents

Expresses to

ARMANDO DIAZ, B.A., M.Ed.

Its Sincere Appreciation for His
Distinguished Service and Outstanding Contributions

to

The University of Texas System

as

Special Assistant for Governmental Relations
1991 - 1992

Assistant Vice Chancellor for Governmental Relations
1992 - 1999

Associate Vice Chancellor for Governmental and Community Relations
1999 - 2000

and

Vice Chancellor for Community Relations
2000 - 2002

Adopted by unanimous vote this 8th day of August 2002

(signed by all members of the Board)

Following applause, Mr. Diaz accepted the accolade and made brief comments related to his work at the U. T. System.

3. U. T. Board of Regents: Presentation of Certificate of Appreciation to Mr. R. D. Burck, Former Chancellor, for His Service to The University of Texas System

Chairman Miller stated that he was honored to recognize the contributions of Mr. R. D. Burck, former Chancellor of The University of Texas System, who had resigned effective July 31, 2002. Mr. Miller said that he spoke for all members of the Board of Regents in telling Mr. Burck how grateful they are for his selfless leadership of the U. T. System. He said the Board is indebted to Mr. Burck for stepping forward when the University needed an Interim Chancellor, for performing so well in the job as Chancellor, and for his many years of devoted service to the University and to the State of Texas. Chairman Miller then presented the following certificate of appreciation to Mr. Burck, wishing him and his wife, Penny, all the best as he continues to serve the U. T. System as Special Advisor to the Chancellor.

CERTIFICATE OF APPRECIATION

The Board of Regents

Expresses to

R. D. BURCK, B.B.A.

Deep and Sincere Appreciation for His
Thoughtful Vision, Exceptional Leadership,
Distinguished Service, and Wise Counsel

to

The University of Texas System

as

Vice Chancellor for Business Affairs
1988 - 1992

Executive Vice Chancellor for Business Affairs
1992 - 2000

Interim Chancellor
2000

and

Chancellor
2000 - 2002

Adopted by unanimous vote this 8th day of August 2002

(signed by all members of the Board)

Following a standing ovation, Mr. Burck expressed his sincere appreciation to the Board of Regents for the opportunity to serve the U. T. System.

SCHEDULED MEETING.--The next scheduled meeting of the U. T. Board of Regents will be held on November 12-13, 2002, in Dallas.

ADJOURNMENT.--There being no further business, the meeting was adjourned at 11:15 a.m.

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

September 19, 2002

**THE UNIVERSITY OF TEXAS SYSTEM ADMINISTRATION
DOCKET NO. 110**

July 11, 2002

TO MEMBERS OF THE FINANCE AND PLANNING COMMITTEE:

Woody L. Hunt, Chairman
Robert Estrada
Cyndi Taylor Krier
Patrick C. Oxford
A. W. "Dub" Riter, Jr.

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 8, 2002. The Acting 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	System 1 - 25
The University of Texas at Arlington	Arlington 1 - 11
The University of Texas at Austin	Austin 1 - 21
The University of Texas at Brownsville	Brownsville 1 - 5
The University of Texas at Dallas	Dallas 1 - 6
The University of Texas at El Paso	El Paso 1 - 5
The University of Texas - Pan American	Pan American 1 - 6
The University of Texas of the Permian Basin	Permian Basin 1 - 5
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 - 8
The University of Texas Medical Branch at Galveston	MB - Galveston 1 - 7
The University of Texas Health Science Center at Houston	HSC - Houston 1 - 10
The University of Texas Health Science Center at San Antonio	HSC - San Antonio 1 - 6
The University of Texas M. D. Anderson Cancer Center	M. D. Anderson CC 1 - 6

/s/ R. D. Burck
Chancellor

xc: Other Members of
the Board

THE UNIVERSITY OF TEXAS SYSTEM ADMINISTRATION
U. T. BOARD OF REGENTS' MEETING
AUGUST 8, 2002

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THE UNIVERSITY OF TEXAS SYSTEM ADMINISTRATION
U. T. BOARD OF REGENTS' MEETING
AUGUST 8, 2002

CONTRACTS

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

GENERAL CONTRACTS

FUNDS GOING OUT

1. Agencies: CitiStreet
Fidelity Investments Tax-Exempt Services Company
Great-West Life and Annuity Insurance Company
ING Life and Annuity Company
Lincoln National Life Insurance Company
Metropolitan Life Insurance Company
Teachers Insurance and Annuity Association-
College Retirement Equities Fund
Variable Annuity Life Insurance Company
- Funds: \$236,000,000 (estimated value of state and employee contributions to the eight vendors during the contract extension period)
- Period: September 1, 2002 through May 31, 2004
- Description: Proposed contract extensions for the eight vendors listed above to continue providing investment products and services under the Optional Retirement Program. The \$236,000,000 is the estimated value of state and employee contributions to the eight vendors during the contract extension period. The U. T. System does not pay these eight vendors for provision of these services; however, the total value to most of these vendors is estimated to equal or exceed one million dollars over the term of vendor contract extensions. The eight vendors were approved by the Board of Regents following responses to a University of Texas System Request for Proposals in [May 1998](#).

THE UNIVERSITY OF TEXAS SYSTEM ADMINISTRATION
U. T. BOARD OF REGENTS' MEETING
AUGUST 8, 2002

CONTRACTS (Continued)

GENERAL CONTRACTS (Continued)

FUNDS GOING OUT (Continued)

The U. T. System Office of Federal Relations, with the assistance of the Office of Business and Administrative Services and Office of General Counsel, is negotiating to execute a lease or sublease for The Office of Federal Relations in Washington, D.C. and it is requested that the Board of Regents authorize the Executive Vice Chancellor for Business Affairs to execute the lease or sublease with terms substantially similar to:

2. Agency: Washington Real Estate Investment Trust
Funds: \$1,771,937
Period: October 1, 2002 – March 31, 2009
Description: 7,253 square feet of office space for the Office of Federal Relations

THE UNIVERSITY OF TEXAS SYSTEM ADMINISTRATION
U. T. BOARD OF REGENTS' MEETING
AUGUST 8, 2002

AMENDMENTS TO THE 2001-02 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.

TRANSFERS OF FUNDS

<u>Description</u>	<u>\$ Amount</u>	<u>RBC #</u>
SERVICE DEPARTMENTS		
Office of Facilities Planning and Construction (OFPC)		
1. Amount of Transfer:	\$645,000	9
From: OFPC Unallocated Income		
To: OFPC Lavaca Building Furnishings		

To transfer unallocated funds from the OFPC account to the Lavaca Building Furnishings account to be used for new furnishings.

THE UNIVERSITY OF TEXAS SYSTEM ADMINISTRATION
U. T. BOARD OF REGENTS' MEETING
AUGUST 8, 2002

OTHER FISCAL ITEMS

EMPLOYMENT AGREEMENTS

The following agreement was signed by Chairman Miller and Chancellor-Designate Mark G. Yudof pursuant to authority approved by the U. T. Board of Regents on June 21, 2002, and is recommended for approval by the Board:

Description: Agreement with Mark G. Yudof dated July 1, 2002 concerning terms and conditions associated with Mr. Yudof's appointment as Chancellor effective August 1, 2002.

Term: Serves at the pleasure of the Board of Regents.

Compensation: In addition to the annual salary rate of \$450,000, other State-paid fringe benefits required by State law to be provided to higher education employees and for which Chancellor Yudof is eligible are included. These benefits include State-paid OASI, longevity pay, workers' compensation, liability insurance coverage, retirement plan, insurance premium sharing, and leave entitlement. Chancellor Yudof will also receive deferred compensation of \$150,000 a year under a five-year plan effective September 1, 2002, and subject to the terms and conditions of a separate agreement related to deferred compensation.

Chancellor Yudof will be required to reside in the Bauer House and to use the Bauer House as a center for official occasions and developmental activities. Necessary furnishings and utilities for the operation of Bauer House including phone lines and computer equipment to be used primarily for official use will be provided. The U. T. System will provide the Chancellor with appropriate and mutually agreeable temporary housing or will reimburse the Chancellor for such housing until the ongoing Bauer House renovations are completed and the Bauer House is suitable for occupancy. U. T. System will be responsible for the tax consequences, if any, of the temporary housing provided.

Additional elements of Chancellor Yudof's compensation/employment package are:

- (a) Reimbursement of transportation costs and related expenses for Chancellor and Mrs. Yudof for job involvement or other transition needs prior to employment as Chancellor and for the tax consequences, if any, of these travel costs.
- (b) Reimbursement of actual costs for expenses related to moving household, personal, and professional possessions including insurance from St. Paul, Minnesota, to Austin, Texas; preparation of items for the move; and storage of those items until the

THE UNIVERSITY OF TEXAS SYSTEM ADMINISTRATION
U. T. BOARD OF REGENTS' MEETING
AUGUST 8, 2002

OTHER FISCAL ITEMS (Continued)

EMPLOYMENT AGREEMENTS (Continued)

Bauer House is ready for occupancy. U. T. will be responsible for the tax consequences, if any, of the moving and storage costs.

- (c) One-time reimbursement in August 2002 for any lost after tax, actuarially computed retirement benefit earned in 2001-2002 and payable in 2003 under the defined benefit plan provided for Chancellor Yudof by the University of Minnesota
- (d) Provision of an automobile allowance of \$700 per month and a cellular telephone for both professional and personal use
- (e) The cost of club memberships provided to the Chancellor of the U. T. System, as agreed to by the Chairman of the Board; other official entertainment expenses; and out-of-pocket expenses for official travel for Chancellor and Mrs. Yudof will be paid directly or reimbursed as appropriate.
- (f) Appointment as Professor of Law at U. T. Austin, with tenure, and without additional compensation during term as Chancellor. The 2002-2003 nine-month academic salary rate will be set at \$177,000. The academic rate will be set annually through the normal budgetary process so that academic compensation in the event of Chancellor Yudof leaving the chancellorship will be equal to the then-budgeted rate. In no case will the amount of such academic rate upon assumption of a faculty position be less than the 2002-2003 amount established above.
- (g) State law allows the grant of development leave to a faculty member for up to one year at the regular academic salary rate for an individual who has held an administrative position at U. T. System for more than four years. The specific length of the development leave (Special Faculty Assignment), if requested, will be negotiated dependent on the term of service as Chancellor and other pertinent considerations should Chancellor Yudof leave the Chancellor position and return to faculty service at a U. T. System institution. This benefit may, at the discretion of the Board, be denied should Chancellor Yudof be terminated from the position of Chancellor for good cause, as determined by the Board.

THE UNIVERSITY OF TEXAS SYSTEM ADMINISTRATION
U. T. BOARD OF REGENTS' MEETING
AUGUST 8, 2002

OTHER FISCAL ITEMS (Continued)

EMPLOYMENT AGREEMENTS (Continued)

- (h) Eligibility for Chancellor and Mrs. Yudof to participate for the lifetime of each in any approved employee discount policy at any health component of the U. T. System. Discounts afforded under an approved policy will be reported, as required for inclusion in taxable income, and will conform to all applicable State and federal laws, including regulations regarding Medicare reimbursement.
- (i) Reimbursement for or provision of:
- Term life insurance under the U. T. System employee insurance program as necessary to hold Chancellor Yudof harmless for the loss of the life insurance policy benefit provided to him by the University of Minnesota, with the understanding the benefit will not exceed the maximum policy limit authorized by any then current U. T. System life insurance program available to employees.
 - Long term care insurance policy as necessary to hold Chancellor Yudof harmless for the loss of a long term care insurance policy benefit provided to him by the University of Minnesota.

THE UNIVERSITY OF TEXAS SYSTEM ADMINISTRATION
U. T. BOARD OF REGENTS' MEETING
AUGUST 8, 2002

**SYSTEM-WIDE CLASSIFIED PERSONNEL PAY PLAN RECOMMENDATIONS
FY 2002-03**

In accordance with Part Two, Chapter V, Subdivision 1.22 of the Regents' Rules and Regulations, approval of the System-wide classified pay plan for the fiscal year 2002-2003 is recommended by the Executive Vice Chancellor for Business Affairs.

There was not a legislative requirement to adjust the Pay Plan for the 2002-2003 fiscal year. Three U. T. components did, however, implement adjustments in their pay range minimums and maximums. U. T. Austin and U. T. Brownsville increased the pay ranges for all classified titles by 2.0% and U. T. System Administration increased pay ranges for all classified titles by 2.5%, consistent with market rates, to allow greater flexibility in hiring and retaining employees. To improve competitiveness in the market, U. T. Health Science Center - Houston increased pay ranges of all classified titles by 6.0%, the first adjustment to their salary structure in several years. Several other components made adjustments on certain pay plan titles to maintain or improve their market position.

A copy of the complete 2002-03 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 8, 2002

OTHER MATTERS

Ratification of Newly Commissioned University of Texas System Peace Officers

In accordance with Chapter 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 14, 2002. 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>
Robin D. Canull	U. T. San Antonio
Bobby L. Coleman	U. T. Arlington
Joseph S. Gordon	U. T. Health Science Center - Houston
Robby G. Lane	U. T. Health Science Center - Houston
Mark R. Lobisser	U. T. Health Science Center - San Antonio
Robert Marquez, Jr.	U. T. Medical Branch - Galveston
Paul Maslyk	U. T. Austin
Evonne T. McGuire	U. T. Austin
Geoffrey L. Merritt	U. T. San Antonio
Espiridion T. Muniz	U. T. El Paso
Laban Ndirangu	U. T. Medical Branch - Galveston
Garry W. Noegel	U. T. Health Science Center - San Antonio
Jeffrey Olivares	U. T. Southwestern Medical Center - Dallas
Peter C. Petersen	U. T. Arlington
Melody M. Piepho	U. T. San Antonio
Nathan T. Prater	U. T. Austin
Carlos Ramirez	U. T. Health Science Center - San Antonio
Charles J. Rebstock	U. T. Health Science Center - Houston
Ivan Rodriguez	U. T. Health Science Center - San Antonio
Yvonne Roque	U. T. Arlington
John A. Rotert	U. T. Arlington
Michael T. Serges	U. T. Health Science Center - Houston
Gregory M. Stephenson	U. T. Austin
Robert J. Stock	U. T. Austin
Michael P. Wusterhausen	U. T. Austin

THE UNIVERSITY OF TEXAS SYSTEM
 BOARD OF REGENTS MEETING
 August 8, 2002
 REALESTATEASSETS

Managed by U.T. System Real Estate Office
 Summary Report at May 31, 2002

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 02/28/02	6,301,136	23,165,141	18,873,676	108,030,224	1,314,109	909,960	26,488,923	132,105,345
Increase or Decrease	0	(46,720)	(102,000)	(1,270,349)			(102,000)	(1,317,069)
Ending Value 05/31/02	6,301,138	23,118,421	18,771,676	106,759,875	1,314,109	909,960	26,386,923	130,788,276
Other Real Estate: Ending Value 02/28/02	172,213	172,213	324,264	324,264			496,477	496,477
Increase or Decrease	(1,624)	(1,624)	(7,209)	(7,209)	0	0	(9,033)	(9,033)
Ending Value 05/31/02	170,369	170,369	317,055	317,055			407,444	487,444

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

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

For the Three Months Ending August 31, 2002

**The University of Texas System
Faculty Practice Plans**

Comparison of 2002 Actual Year-to-Date Income (Loss) Before **Other** Items
to 2001 Actual Year-to-Date Income (Loss) Before **Other** Items
For the Nine Months Ending May 31, 2002

	2002 Actual Year-to-Date Income (Loss)			2001 Actual Year-to-Date Income (LOSS)			Variance
	Before	Other	Item	Before	Other	Items	
U.T.S.M.C. at Dallas	\$		18,167,953			19,721,537	(1,553,584) (A)
U.T.S.M.C. at Dallas-Allied Health			82,251			184,767	(102,516)
U.T.M.B. at Galveston			1,561,548			244,072	1,317,476 (B)
U.T.H.S.C. at Houston			(4,006,254)			9,663,841	(13,670,095) (C)
U.T.H.S.C. at San Antonio MSRDP			675,472			(5,442,443)	6,117,915 (D)
U.T.H.S.C. at San Antonio DSRDP			995,439			1,387,884	(392,445)
U.T.M.D. Anderson Cancer Center			2,428,396			5,001,010	(2572,614) (E)
U.T.H.C. at Tyler			(1,217,374)			(1,425,175)	207,801
Combined Income (Loss)	\$		18,687,43			29,385,493	(10,648,062)

- (A) U.T.S.M.C. at Dallas - Total operating expenses increased by \$16.5 million as compared to the same period last year largely due to increases in both faculty and staff salaries as a result of expanding clinical space. There were also increased pharmaceutical expenditures in Oncology, Internal Medicine and Neurology (\$2.5 million), as well as increased expenditures for lab and medical supplies in various departments (\$2 million). Additionally, service and sub-contracts in Radiology and Clinical Information Services, rent expenses, telecom services, other professional services, computer equipment, and meeting and conference expenses all contributed to the increase in maintenance and operations. The increase in total operating expenses was partially offset by an increase in total operating revenues of \$14.9 million. Gross charges for managed care and Medicare increased primarily due to higher patient volumes.
- (B) U.T.M.B. at Galveston - Total operating revenues increased \$7.2 million over the same period last year largely due to increases in the physician fee schedule and increases in patient activity. The increase in total operating revenues was partially offset by an increase in total operating expenses of \$5.7 million. Faculty and staff salaries increased due to additional full-time equivalents (FTEs) and the state mandated 4% salary increase. Additionally, maintenance and operations expenses increased due to non-capitalized costs associated with capital initiatives, as well as expenses for medical and surgical supplies and legal services.
- (C) U.T.H.S.C. at Houston - Total operating expenses increased \$21.7 million over the same period last year. Faculty salaries and fringe benefits increased due to merit adjustments, market adjustments and promotions, as well as increased use of MSRDP funding for clinician salaries, rather than state or grant funds. Maintenance and operations expenses increased due to a \$9.3 million increase in the contractual payments to the non-profit healthcare company, University Care Plus, Inc. (UCP) for the first nine months of the year. The contractual payments were increased to alleviate the deficit that UCP experienced last year, as well as to improve the negative fund balance of UCP as a result of last year's loss. The remainder of the variance in maintenance and operations is due to the outsourcing of the management of the billing and collections operation to Health Directions, as well as an increase in the use of collection agencies and related commissions. The increase in total operating expenses was partially offset by an increase in total operating revenues of \$8.5 million. Total operating revenues increased primarily due to an increase in the professional fee collection rate due to the management of the billing and collections operation by Health Directions effective December 2001, a slight increase in physician clinical activity and an increase in contractual income, including Harris County Hospital District (HCHD) contractual income.
- (D) U.T.H.S.C. at San Antonio (MSRDP) - Total operating revenues increased \$10.2 million as compared to last year largely due to more efficient billing procedures implemented by the non-profit healthcare company, University Physicians Group, Inc. (UPG), as well as increases in the negotiated base care contract with the hospital district. The increase in total operating revenues was partially offset by an increase in total operating expenses of \$4.6 million. Total operating expenses increased due to an increase in the contractual payments for personnel costs, supplies and occupancy expenses related to UPG, as well as an increase in payments to third party providers under capitation arrangements.
- (E) U.T.M.D. Anderson Cancer Center - Total operating expenses increased \$7.3 million over the same period last year. Faculty salaries and fringe benefits increased as a result of merit increases and new positions that were filled. Maintenance and operations expenses increased primarily due to the State Comptroller of Public Accounts increasing the capitalization threshold from \$1,000 to \$5,000 effective September 1, 2001. As a result of this change in the capitalization threshold, equipment and capital expenses that fall below \$5,000 are now reported in maintenance and operations instead of capital outlay. The increase in total operating expenses was partially offset by an increase in total operating revenues of \$5.7 million due to higher patient volumes, as well as price increases.

The University of Texas System
MSRDP/PRS/DSRDP Year-to-Date Summary of Operations
For the Nine Months Ending May 31, 2002

	Cumulative Year-to-Date 2002	Cumulative Year-to-Date 2001 (Restated)	Increase/ (Decrease)	Percent Increase/ (Decrease)
Operating Revenues:				
Gross Charges	\$ 1,367,487,338			
Less:				
Un-sponsored Charity Care	401,015,728			
Contractual Adjustments	422,631,731			
Other Unreimbursed Medical Costs	35,385,085			
Bad Debt Expense	69,223,407			
Net Patient Revenue	439,231,387			
Contractual Revenues	126,273,142			
Other Operating Revenues	22,249,549			
Total Operating Revenues Included in Monthly Financial Report	587,754,078	539,456,374	48,297,704	8.95%
operating Expenses:				
Faculty Salaries	203,786,137	188,430,613	15,355,524	8.15%
Staff Salaries	96,784,095	90,039,837	6,744,258	1.49%
Resident Salaries	3,205,466	2,850,464	355,002	12.45%
Fringe Benefits	118,903,685	113,588,743	5,314,942	4.68%
Maintenance and Operations	129,990,491	99,424,732	30,565,759	30.74% (1)
Professional Liability Insurance	13,452,836	14,175,229	(722,393)	-5.10%
Travel	7,329,525	7,409,621	(80,096)	-1.08%
Official Functions	1,603,750	1,375,677	228,073	16.58%
Total Operating Expenses Included in Monthly Financial Report	575,055,985	517,294,916	57,761,069	11.17%
operating Income (Loss)	12,698,093	22,161,458	(9,463,365)	-42.70%
Non-operating Revenues (Expenses):				
Investment Income	7,644,742	9,001,751	(1,357,009)	-15.01% (2)
Other Non-operating Revenues (Expenses)	(1,055,404)	(1,907,716)	852,312	44.68%
Net Non-operating Revenues (Expenses)	5,989,338	7,174,035	(1,184,697)	-16.51%
Income (Loss) Before Other Items	18,687,431	29,335,493	(10,648,062)	-36.30%
Transfers In	2,110,657	2,291,258	(180,601)	-7.88%
Transfers Out	(31,231,268)	(32,116,353)	885,085	2.76%
Debt Service	(1,834,433)	(1,843,151)	8,718	0.47%
Capital Outlay	(7,967,888)	(8,276,369)	308,481	3.73%
Change in MSRDP/PRS/DSRDP Net Assets	(20,235,501)	(10,609,122)	(9,626,379)	-90.74%
Net Assets - September 1, 2001 - As Previously Reported	387,655,165	368,410,768	19,244,397	5.22%
Restatements	1,125,498	1,125,498	-	100.00% (3)
Net Assets - September 1, 2001 - As Restated	388,780,663	368,410,768	20,369,895	5.53%
Net Assets - May 31, 2002	\$ 368,545,162	357,801,646	10,743,516	3.00%

THE UNIVERSITY OF TEXAS SYSTEM ADMINISTRATION
U. T. BOARD OF REGENTS' MEETING
AUGUST 8, 2002

**Explanations of Variances to Practice Plans
Summary of Operations
For the Nine Months Ending May 31, 2002**

Explanations are provided for variances equal to or greater than 10% of the prior year-to-date actual and greater than \$1,000,000.

Operating Expenses

- (1) Maintenance and Operations – The \$30.6 million (30.7%) increase in expenses over the same period last year is primarily due to *U.T.H.S.C. Houston* (\$10.9 million), *U.T.S.M.C. Dallas* (\$7.2 million), *U.T.H.S.C. San Antonio* (\$7 million), *U.T.M.D. Anderson* (\$3.8 million) and *U.T.M.B. Galveston* (\$1.3 million).

U.T.H.S.C. Houston's variance is largely due to a \$9.3 million increase in the contractual payments to the non-profit healthcare company, University Care Plus, Inc. (UCP) for the first nine months of the year. The contractual payments were increased to alleviate the deficit that UCP experienced last year, as well as to improve the negative fund balance of UCP as a result of last year's loss. The remainder of the variance is due to the outsourcing of the management of the billing and collection operation to Health Directions, as well as an increase in the use of collection agencies and related commissions.

U.T.S.M.C. Dallas' variance is partially due to increased pharmaceutical expenditures in Oncology, Internal Medicine and Neurology (\$2.5 million), as well as increased expenditures for lab and medical supplies in various departments (\$2 million). Additionally, service and sub-contracts in Radiology and Clinical Information Services (\$2 million) contributed to the overall variance. The remainder of the variance is due to rent expenses, telecom services, other professional services, computer equipment, and meeting and conference expenses.

U.T.H.S.C. San Antonio's variance is primarily a result of an increase in the contractual payments for personnel costs, supplies and occupancy expenses related to the non-profit healthcare company, University Physicians Group, Inc. (UPG), as well as an increase in payments to third party providers under capitation arrangements.

The majority of *U.T.M.D. Anderson's* variance is due to the State Comptroller of Public Accounts increasing the capitalization threshold from \$1,000 to \$5,000 effective September 1, 2001. As a result of this change in the capitalization threshold, equipment and capital expenses that fall below \$5,000 are now reported in maintenance and operations instead of capital outlay.

THE UNIVERSITY OF TEXAS SYSTEM ADMINISTRATION
U. T. BOARD OF REGENTS' MEETING
AUGUST 8, 2002

**Explanations of Variances to Practice Plans
Summary of Operations
For the Nine Months Ending May 31, 2002
(Continued)**

U.T.M.B. Galveston's variance is attributable to non-capitalized costs associated with capital initiatives, as well as expenses for medical and surgical supplies and legal services.

Non-operating Revenues (Expenses)

- (2) Investment Income – The \$2 million (22.4%) decrease in investment income as compared to the same period last year is primarily due to *U.T.M.D. Anderson* (\$1 million) and *U.T.H.S.C. Houston* (\$498,000).

U.T.M.D. Anderson's variance is due to a net decrease in the fair value of investments resulting from continued declines in the investment market.

The decrease in *U.T.H.S.C. Houston's* investment income is attributable to the significant decline in interest rates over the past year.

Net Assets

- (3) Restatements – The \$1.1 million restatement to beginning net assets was recorded by *U.T.H.C. Tyler* to correct an error in the elimination entries related to the non-profit healthcare company, East Texas Quality Care Network, Inc. (ETQCN) which were posted at the end of 2001.

THE UNIVERSITY OF TEXAS SYSTEM ADMINISTRATION
U. T. BOARD OF REGENTS' MEETING
AUGUST 8, 2002

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.*

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).*

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

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

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

OTHER OPERATING REVENUES - *Other operating-related revenue items not listed elsewhere.*

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.*

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.).*

THE UNIVERSITY OF TEXAS SYSTEM ADMINISTRATION
U. T. BOARD OF REGENTS' MEETING
AUGUST 8, 2002

GLOSSARY OF TERMS (Continued)

MAINTENANCE AND OPERATIONS - *All expenses 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.*

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

INVESTMENT INCOME - *Income earned from investments.*

OTHER NON-OPERATING REVENUES (EXPENSES) - *Other non-operating revenue or expense items not identified elsewhere, including interest expense on debt.*

TRANSFERS IN - *Transfers from non-practice plan funds.*

TRANSFERS OUT - *Transfers to non-practice plan funds.*

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

CAPITAL OUTLAY – *Cost of capital acquisitions funded from plan resources.*

The University of Texas Southwestern Medical Center at Dallas
MSRDP/PRS Year-to-Date Summary of Operations
For the Nine Months Ending May 31, 2002

	Cumulative Year-to-Date 2002	Cumulative Year-to-Date 2001	Increase/ (Decrease)	Percent Increase/ (Decrease)
Operating Revenues:				
Gross Charges	\$ 430,740,695			
Less:				
Un-sponsored Charity Care	186,749,203		-	-
Contractual Adjustments	97,903,063		-	-
Other Unreimbursed Medical Costs	8,874,263			
Bad Debt Expense	10,907,885			
Net Patient Revenues	126,306,281			
Contractual Revenues	51,319,706			
Other Operating Revenues	3,087,420			
Total Operating Revenues Included in Monthly Financial Report	180,713,407	165,846,239	14,867,168	8.96%
Operating Expenses:				
Faculty Salaries	56,842,581	52,024,111	4,818,470	9.26%
Staff Salaries	35,177,975	29,249,740	\$928,235	20.27%
Fringe Benefits	34,655,138	35,821,787	(1,166,649)	-3.26%
Maintenance and Operations	31,446,989	24,262,742 *	7,184,247	29.61%
Professional Liability Insurance	3,347,154	3,600,029	(252,875)	-7.02%
Travel	1,633,084	1,602,926	30,158	1.88%
Total Operating Expenses Included in Monthly Financial Report	163,102,921	146,561,335	16,541,586	11.29%
Operating Income (Loss)	17,610,486	19,284,904	(1,674,418)	-8.68%
Non-operating Revenues (Expenses):				
Investment Income	1,586,181	1,606,734	(20,553)	-1.28%
Other Non-operating Revenues (Expenses)	(1,028,714)	(1,170,101) *	141,387	12.08%
Net Non-operating Revenues (Expenses)	557,467	436,633	120,834	27.67%
Income (Loss) Before Other Items	18,167,953	19,721,537	(1,553,584)	-7.88%
Transfers In	2,107,820	583,960	1,523,860	260.95%
Transfers out	(21,535,355)	(24,978,176) *	3,442,821	33.78%
Debt Service	(1,666,433)	(1,755,151) *	88,718	5.05%
Capital Outlay	(4,925,649)	(4,078,331)	(847,318)	-20.78%
Change in MSRDP/PRS Net Assets	(7,851,664)	(10,506,161)	2,654,497	25.27%
Net Assets -September 1, 2001 - As Previously Reported	151,295,372	159,407,163	(8,111,791)	-5.09%
Net Assets - May 31, 2002	\$ 143,443,708	148,901,002	(5,457,294)	-3.67%

*Restated from amounts originally reported in May 2001 report.

The University of Texas Southwestern Medical Center at Dallas
MSRDP-Allied Health Faculty Services Plan Year-to-Date Summary of Operations
For the Nine Months Ending May 31, 2002

	Cumulative Year-to-Date 2002	Cumulative Year-to-Date 2001	Increase/ (Decrease)	Percent Increase/ (Decrease)
Operating Revenues:				
Gross Charges	\$ 1,438,485	-	-	-
Less:				
Un-sponsored Charity Care	11,676	-	-	-
Contractual Adjustments	363,368	-	-	-
Other Unreimbursed Medical Costs	35,167	-	-	-
Bad Debt Expense	22,254	-	-	-
Net Patient Revenues	1,006,020	-	-	-
Contractual Revenues	268,335	-	-	-
Other Operating Revenues	18,807	-	-	-
Total Operating Revenues Included in Monthly Financial Report	1,293,162	1,222,226	70,936	5.80%
Operating Expenses:				
Faculty Salaries	210,472	148,557	61,915	41.68%
Staff Salaries	492,076	388,001	104,075	26.82%
Fringe Benefits	179,709	138,358	41,351	29.89%
Maintenance and Operations	309,056	354,382	(45,326)	-12.79%
Travel	30,593	20,867	9,726	46.61%
Total Operating Expenses Included in Monthly Financial Report	1,221,906	1,050,165	171,741	16.35%
Operating Income (Loss)	71,256	172,061	(100,805)	-58.59%
Non-operating Revenues (Expenses):				
Investment Income	10,995	12,706	(1,711)	-13.46%
Net Non-operating Revenues (Expenses)	10,995	12,706	(1,711)	-13.46%
Income (Loss) Before Other Items	82,251	184,767	(102,516)	-55.48%
Transfers In		249,241	(249,241)	-109.00%
Transfers Out	(94,474)	(359,019)	264,545	73.69%
Capital Outlay	(10,262)	(11,642)	1,380	11.85%
Change in MSRDP/PRS Net Assets	(22,485)	63,347	(85,832)	-135.50%
Net Assets - September 1, 2001 - As Previously Reported	2,756,656	2,477,212	279,444	11.28%
Net Assets - May 31, 2002	\$ 2,734,171	2,540,559	193,612	7.62%

**The University of Texas Medical Branch at Galveston
MSRDP/PRS Year-to-Date Summary of Operations
For the Nine Months Ending May 31, 2002**

	Cumulative Year-to-Date 2002	Cumulative Year-to-Date 2001	Increase/ (Decrease)	Percent Increase/ (Decrease)
Operating Revenues:				
Gross Charges	\$ 224,918,259		-	-
Less:				
Un-sponsored Charity Care	63,611,424			
Contractual Adjustments	74,448,794			
Other Unreimbursed Medical Costs	8,956,874			
Bad Debt Expense	11,792,950			
Net Patient Revenues	66,108,217			
Contractual Revenues	24340,414			
Other Operating Revenues	3,519,267			
Total Operating Revenues Included in Monthly Financial Report	93,967,898	86,769,850	7,198,048	8.30%
Operating Expenses:				
Faculty Salaries	31,794,593	30,064,771	1,729,822	5.75%
Staff Salaries	24,858,852	22,955,508	1,903,344	8.29%
Resident Salaries	3,205,466	2,850,464	355,002	12.45%
Fringe Benefits	16,471,337	15,917,981	553,356	3.48%
Maintenance and Operations	11,764,901	10,437,065	1,327,836	12.72%
Professional Liability Insurance	4,092,984	4,178,611	(85,627)	-2.05%
Travel	1,189,631	1,312,618	(122,987)	-9.37%
Official Functions	218,427	162,596	55,831	34.34%
Total Operating Expenses Included in Monthly Financial Report	93,596,191	87,879,614	5,716,577	6.51%
Operating Income (Loss)	371,707	(1,109,764)	1,481,471	133.49%
Non-operating Revenues (Expenses):				
Investment Income	1,189,841	1,353,836	(163,995)	-12.11%
Net Non-operating Revenues (Expenses)	1,189,841	1,353,836	(163,995)	-12.11%
Income (Loss) Before Other Items	1,561,548	244,072	1,317,476	539.79%
Transfers In		526,460	(526,460)	-100.00%
Transfers Out	(551,718)	(209,977)	(341,741)	-162.75%
Capital Outlay	(1,866,399)	(1,105,506)	(760,893)	68.83%
Change in MSRDP/PRS Net Assets	(856,569)	(544,951)	(311,618)	-57.18%
Net Assets - September 1, 2001 - As Previously Reported	43,424,899	42,430,429	994,470	2.34%
Net Assets - May 31, 2002	\$ 42,568,330	41,885,478	682,852	1.63%

The University of Texas Health Science Center at Houston
MSRDP/PRS Year-to-Date Summary of Operations
For the Nine Months Ending May 31, 2002

	Cumulative Year-to-Date 2002	Cumulative Year-to-Date 2001	Increase/ (Decrease)	Percent Increase/ (Decrease)
Operating Revenues:				
Gross Charges	\$ 221,770,723			
Less:				
Un-sponsored Charity Care	76,422,191			
Contractual Adjustments	62,051,448			
Other Unreimbursed Medical Costs	6,675,299			
Bad Debt Expense	12,751,817			
Net Patient Revenues	63,869,968			
Contractual Revenues	32,228,688			
Other Operating Revenues	3,937,989			
Total Operating Revenues Included in Monthly Financial Report	<u>100,036,645</u>	<u>91,536,147</u>	<u>8,500,498</u>	9.29%
Operating Expenses:				
Faculty Salaries	40,358,706	33,366,673	6,992,033	20.96%
Staff Salaries	13,995,392	13,394,988	600,404	4.48%
Fringe Benefits	15,017,779	12,044,584	2,973,195	24.68%
Maintenance and Operations	32,391,254	21,445,175	10,946,079	51.04%
Professional Liability Insurance	1,864,395	1,891,975	(27,580)	-1.46%
Travel	586,173	471,311	114,862	24.37%
Official Functions	670,863	593,239	77,624	13.08%
Total Operating Expenses Included in Monthly Financial Report	<u>104,884,562</u>	<u>83,207,945</u>	<u>21,676,617</u>	26.05%
Operating Income (Loss)	<u>(4,847,917)</u>	<u>8,328,202</u>	<u>(13,176,119)</u>	-158.21%
Non-operating Revenues (Expenses):				
Investment Income	852,214	1,349,791	(497,577)	-36.86%
Other Non-operating Revenues (Expenses)	(10,551)	(14,152) *	3,601	25.45%
Net Non-operating Revenues (Expenses)	841,663	1,335,639	(493,976)	-36.98%
Income (Loss) Before Other Items	(4,006,254)	9,663,841	(13,670,095)	-341.46%
Transfers Out	(45,884)	(3,502,623) *	3,456,739	98.69%
Debt Service	(76,000)	(88,000) *	12,000	13.64%
Capital Outlay	(948,864)	(477,448)	(471,416)	-98.74%
Change in MSRDP/PRS Net Assets	(5,077,002)	5,595,770	(10,672,772)	-190.73%
Net Assets - September 1, 2001 - As Previously Reported	<u>52,127,688</u>	<u>41,705,455</u>	<u>10,422,233</u>	24.99%
Net Assets - May 31, 2002	<u>\$ 47,050,686</u>	<u>47,301,225</u>	<u>(250,539)</u>	-0.53%

Restated from amounts originally reported in May 2001 report

The University of Texas Health Science Center at San Antonio
MSRDP/PRS Year-to-Date Summary of Operations
For the Nine Months Ending May 31, 2002

	Cumulative Year-to-Date 2002	Cumulative Year-to-Date 2001	Increase/ (Decrease)	Percent Increase/ (Decrease)
Operating Revenues:				
Gross Charges	\$ 139,954,369	-		-
Less:				
Un-sponsored Charity Care	44,907,579			-
Contractual Adjustments	19,553,798			-
Other Unreimbursed Medical Costs	5,728,072			-
Bad Debt Expense	17,964,655			
Net Patient Revenues	51,800,265			
Contractual Revenues	17,523,124			
Other Operating Revenues	10,893,542			
Total Operating Revenues Included in Monthly Financial Report	80,216,931	70,004,687 *	10,212,244	14.59%
Operating Expenses:				
Faculty Salaries	25,240,689	26,670,201	(1,429,512)	- 5.36%
Staff Salaries	5,132,762	5,014,372	118,390	2.36%
Fringe Benefits	9,636,186	10,447,782	(811,596)	- 1.77%
Maintenance and Operations	37,517,250	30,496,375 *	7,020,875	23.02%
Professional Liability Insurance	1,635,373	1,899,600	(264,227)	- 13.91%
Travel	621,276	725,309	(104,033)	- 14.34%
Official Functions	214,955	189,866	25,089	13.21%
Total Operating Expenses Included in Monthly Financial Report	79,998,491	75,443,505	4,554,986	6.04%
Operating Income (Loss)	218,440	(5,438,818)	5,657,258	104.02%
Non-operating Revenues (Expenses):				
Investment Income	473,171	719,838	(246,667)	- 34.27%
Other Non-operating Revenues (Expenses)	(16,139)	023,463,	707,324	97.77%
Net Non-operating Revenues (Expenses)	457,032	(3,625)	460,651	12707.78%
Income (Loss) Before Other Items	675,472	(5,442,443)	6,117,915	112.41%
Transfers In	2,837	592,125	(589,288)	- 99.52%
Transfers Out		(706,350)	706,350	100.00%
Debt Service	(92,000)		(92,000)	-100.00%
Capital Outlay	(174,714)	(1,110,354)	935,640	84.27%
Change in MSRDP/PRS Net Assets	411,595	(6,667,022)	7,078,617	106.17%
Net Assets - September 1, 2001 - As Previously Reported	30,534,090	21,241,673	9,292,417	43.75%
Net Assets - May 31, 2002	\$ 30,945,685	14,574,651 *	16,371,034	112.33%

*Restated from amounts originally reported in May 2001 report.

The University of Texas Health Science Center at San Antonio
DSRDP Year-to-Date Summary of Operations
For the Nine Months Ending May 31, 2002

	Cumulative Year-to-Date 2002	Cumulative Year-to-Date 2001	Increase/ (Decrease)	Percent Increase/ (Decrease)
Operating Revenues:				
Gross Charges	\$ 4,407,357			
Total Operating Revenues Included in Monthly Financial Report	4,407,357	3,938,601	468,756	11.90%
Operating Expenses:				
Faculty Salaries	380,920	263,617	117,303	44.50%
Staff Salaries	1,016,325	915,218	101,107	11.05%
Fringe Benefits	495,971	368,164	327,807	34.71%
Maintenance and Operations	1,394,830	999,114	395,716	39.61%
Professional Liability Insurance	67,403		67,403	100.00%
Travel	126,387	124,267	2,120	1.71%
Official Functions	10,715	26,097	(15,382)	-58.94%
Total Operating Expenses Included in Monthly Financial Report	3,492,551	2,696,477	796,074	29.52%
Operating Income (Loss)	914,806	1,242,124	(327,318)	-26.35%
Non-operating Revenues (Expenses):				
Investment Income	80,633	145,760	(65,127)	-44.68%
Net Non-operating Revenues (Expenses)	80,633	145,760	(65,127)	44.68%
Income (Loss) Before Other Items	995,439	1,387,884	(392,445)	-28.28%
Transfers In		314,896	(314,896)	-100.00%
Transfers Out	(3,837)	(42,752)	38,915	91.03%
Capital Outlay	(42,000)	(137,361)	95,361	69.42%
Change in DSRDP Net Assets	949,602	1,522,667	(573,065)	-37.64%
Net Assets - September 1, 2001 - As Previously Reported	7,322,127	6,512,475	809,652	12.43%
Net Assets - May 31, 2002	\$ 8,271,729	8,035,142	236,587	2.94%

The University of Texas M.D. Anderson Cancer Center
MSRDP/PRS Year-to-Date Summary of Operations
For the Nine Months Ending May 31, 2002

	Cumulative Year-to-Date 2002	Cumulative Year-to-Date 2001	Increase/ (Decrease)	Percent Increase/ (Decrease)
Operating Revenues:				
Gross Charges	\$ 318,965,464	-	-	-
Less:				
Un-sponsored Charity Care	25,577,063			
Contractual Adjustments	158,548,959			
Other Unreimbursed Medical Costs	3,911,643			
Bad Debt Expense	13,408,093	-	-	-
Net Patient Revenues	117,519,706	-	-	-
Other Operating Revenues	533,306			
Total Operating Revenues Included in Monthly Financial Report	118,053,012	112,316,306	5,736,706	5.11%
Operating Expenses:				
Faculty Salaries	44,144,143	41,348,909	2,795,234	6.76%
Staff Salaries	13,956,804	16,332,564	(2,375,760)	-14.55%
Fringe Benefits	40,751,116	37,542,241	3,208,875	8.55%
Maintenance and Operations	14,021,392	10,261,545	3,759,847	36.64%
Professional Liability Insurance	2,088,271	2,256,692	(168,421)	-7.46%
Travel	3,025,649	3,034,871	(9,222)	-0.30%
Official Functions	488,790	403,879	84,911	21.02%
Total Operating Expenses Included in Monthly Financial Report	118,476,165	111,180,701	7,295,464	6.56%
Operating home (Loss)	(423,153)	1,135,605	(1,558,758)	-137.26%
Non-operating Revenues (Expenses):				
Investment Income	2,851,549	3,865,405	(1,013,856)	-26.23%
Net Non-operating Revenues (Expenses)	2,851,549	3,865,405	(1,013,856)	-26.23%
Income (LOSS) Before Other Items	2,428,396	5,001,010	(2,572,614)	-51.44%
Transfers In		24,576	(24,576)	-100.00%
Transfers Out	(9,000,000)	(2,317,456)	(6,682,544)	-288.36%
Capital Outlay		(1,342,626)	1,342,626	100.00%
Change in MSRDP/PRS Net Assets	(6,571,604)	1,365,504	(7,937,108)	-581.26%
Net Assets - September 1, 2001 - As Previously Reported	99,828,964	91,998,554	7,830,410	8.51%
Net Assets - May 31, 2002	\$ 93,257,360	93,364,058	(106,698)	-0.11%

The University of Texas Health Center at Tyler
MSRDP/PRS Year-to-Date Summary of Operations
For the Nine Months Ending May 31, 2002

	Cumulative Year-to-Date 2002	Cumulative Year-to-Date 2001	Increase/ (Decrease)	Percent Increase/ (Decrease)
Operating Revenues:				
Gross Charges	\$ 25,291,986	-	-	-
Less:				
Un-sponsored Charity Care	3,736,592	-	-	-
Contractual Adjustments	9,762,301	-	-	-
Other Unreimbursed Medical Costs	1,203,767	-	-	-
Bad Debt Expense	<u>2,375,753</u>	-	-	-
Net Patient Revenues	8,213,573	-	-	-
Contractual Revenues	592,875			
Other Operating Revenues	259,218			
Total Operating Revenues Included in Monthly Financial Report	<u>9,065,666</u>	<u>7,822,318</u> *	<u>1,243,348</u>	<u>15.89%</u>
Operating Expenses:				
Faculty Salaries	4,814,033	4,543,774 *	270,259	5.95%
Staff Salaries	2,153,909	1,789,446 *	364,463	20.37%
Fringe Benefits	1,696,449	1,307,846 *	388,603	29.71%
Maintenance and Operations	1,144,819	1,168,334 *	(23,515)	-2.01%
Professional Liability Insurance	357,256	348,322 *	8,934	2.56%
Travel	116,732	117,452 *	(720)	4.61%
Total Operating Expenses Included in Monthly Financial Report	<u>10,283,198</u>	<u>9,275,174</u>	<u>1,008,024</u>	<u>10.87%</u>
Operating Income (Loss)	<u>(1,217,532)</u>	<u>(1,452,856)</u>	<u>235,324</u>	<u>16.20%</u>
Non-operating Revenues (Expenses):				
Investment Income	158	27,681 *	(27,523)	-99.43%
Net Non-operating Revenues (Expenses)	158	27,681	(27,523)	-99.43%
Income (Loss) Before Other Items	<u>(1,217,374)</u>	<u>(1,425,175)</u>	<u>207,801</u>	<u>14.58%</u>
Capital Outlay		(13,101)	13,101	100.00%
Change in MSRDP/PRS Net Assets	<u>(1,217,374)</u>	<u>(1,438,276)</u>	<u>220,902</u>	<u>15.36%</u>
Net Assets - September 1, 2001 - As Previously Reported	365,369	2,637,807	(2,272,438)	-86.15%
Restatements	<u>1,125,498</u>		<u>1,125,498</u>	<u>100.03%</u>
Net Assets - September 1, 2001 - As Restated	<u>1,490,867</u>	<u>2,637,807</u>	<u>(1,146,940)</u>	<u>-43.48%</u>
Net Assets - May 31, 2002	<u>\$ 273,493</u>	<u>1,199,531</u> *	<u>(926,038)</u>	<u>-77.20%</u>

*Restated from amounts originally reported in May 2001 report.

THE UNIVERSITY OF TEXAS AT ARLINGTON
U. T. BOARD OF REGENTS' MEETING
AUGUST 8, 2002

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GIFTS

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

1. Donor Name: Lockheed Martin Aeronautics Company
College/School/ Department: College of Engineering, Materials Science and Engineering Department
Purpose: Equipment for UTA Chemistry, Materials Science, and Engineering laboratories for faculty and students conducting research
Asset Type: Equipment
Value: \$516,930.62

THE UNIVERSITY OF TEXAS AT ARLINGTON
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CHANGES TO ADMISSION CRITERIA

The following listing summarizes the changes proposed to admission criteria to be included in the Catalog of The University of Texas at Arlington. The following changes have been administratively approved by the Executive Vice Chancellor for Academic Affairs and are recommended for ratification by the U. T. Board of Regents.

Summary of Changes to Graduate Admission Criteria

The Masters of Science in Information Systems (MSIS) program has changed admissions requirements for Spring 2003. Through Fall 2002 unconditional admission requirements were: 3.0 GPA, GMAT > 500 or GRE > 1000 and TOEFL > 550.

New admission requirements:

Unconditional Admission, Spring 2003

3.0 GPA, GRE V percentile score > or equal to 46 and GRE Q percentile score > or equal to 44 (if less, will consider other evidence corroborating evidence of proficiency) GPA (x 200) + GMAT score > or equal to 1120, potential for success evaluated by GMAT V and Q scores above 30th percentile (if less, will consider corroborating evidence of proficiency), writing sample, completed coursework, statement of objectives, letters of recommendation, and at least 550 on the TOEFL for non-native English speakers.

Probationary Admission

The MSIS program provides the opportunity for probationary admission if standardized test scores (except TOEFL) fall below the specified criteria. Probationary admission enables the department to accommodate the requirements of HB 1641.

THE UNIVERSITY OF TEXAS AT ARLINGTON
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AMENDMENTS TO THE 2001-02 BUDGET

APPOINTMENTS AND PROMOTIONS

The following Requests for Budget Changes (RBC) 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>Description</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 ARCHITECTURE					
1. George T. Gintole (T)					
From: Associate Professor		100	09	56,481	106
To: Associate Professor	9/51-5/31	100	09	56,481	
Director of Arts and Humanities	9/1-5/31	SUPLT	09	5,000	
2. Craig Kuhner (T)					
From: Professor		100	09	54,331	108
To: Professor	9/1-5/31	100	09	54,331	
Director of Student Affairs	9/1-5/31	SUPLT	09	5,000	
3. John P. Maruszczak (T)					
From: Associate Professor		100	09	62,020	109
To: Associate Professor	9/1-5/31	100	09	62,020	
Director of Architectural Design	9/1-5/31	SUPLT	09	5,000	

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AMENDMENTS TO THE 2001-02 BUDGET (Continued)

APPOINTMENTS AND PROMOTIONS (Continued)

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
SCHOOL OF ARCHITECTURE (Continued)					
4. Madan L. Mehta (T)					
From: Professor		100	09	67,909	110
To: Professor	9/1-5/31	100	09	67,909	
Director of Building Science	9/1-5/31	SUPLT	09	5,000	
5. Marian Millican (T)					
From: Associate Professor		100	09	52,580	111
To: Associate Professor	9/1-5/31	100	09	52,580	
Director of Interior Design	9/1-5/31	SUPLT	09	5,000	
6. Pat D. Taylor (T)					
From: Associate Professor		100	09	61,709	112
To: Associate Professor	9/1-5/31	100	09	61,709	
Director of Landscape Architecture	9/1-5/31	SUPLT	09	5,000	

THE UNIVERSITY OF TEXAS AT ARLINGTON
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AMENDMENTS TO THE 2001-02 BUDGET (Continued)

APPOINTMENTS AND PROMOTIONS (Continued)

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
COLLEGE OF ENGINEERING					
Industrial Engineering Department					
7. Donald H. Liles (T)					
From: Professor and		100	09	87,000	120
Chair and		SUPLT	09	7,000	
Automation Robotics Research		SUPLT	09	10,000	
Institute (ARRI) Interim Director		SUPLT	12	12,000	
To: Professor and	3/1-5/31	63.8	09	103,000	
Chair and	3/1-8/31	36.2	12	151,000	
ARRI Director	3/1-5/31	SUPLT	09	2,178	
8. K. Jamie Rogers (T)					
From: Associate Professor		100	09	63,051	121
		SUPLT	09	5,000	
To: Associate Professor	3/1-5/31	100	09	63,051	
And Associate Chair	3/1-5/31	SUPLT	09	5,000	
	3/1-5/31	SUPLT	09	3,600	
COLLEGE OF LIBERAL ARTS					
Modern Languages Department					
9. A. Raymond Elliott (T)					
From: Associate Professor		100	09	51,431	141
And Acting Chair		SUPLT	09	6,000	
To: Associate Professor	4/8-5/31	100	09	51,431	
And Chair	4/8-5/31	SUPLT	09	6,000	

THE UNIVERSITY OF TEXAS AT ARLINGTON
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AMENDMENTS TO THE 2001-02 BUDGET (Continued)

APPOINTMENTS AND PROMOTIONS (Continued)

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
SCHOOL OF SOCIAL WORK					
10. Fernando J. Galan (T)					
From: Associate Dean		100	12	93,600	105
To: Associate Dean	9/1-8/31	100	12	93,600	
And Professor	9/1-5/31	0	09	67,500	

TRANSFERS OF FUNDS

<u>Description</u>	<u>\$ Amount</u>	<u>RBC #</u>
FINANCE AND ADMINISTRATION - PUF FUNDING		
11. Amount of Transfer	75,443.96	

From: PUF Project #301-920
 College of Business Administration Renovation Project

To: UTA managed E&G Facility Repair and Rehabilitation Project – Roof Replacement

PUF project for renovations to the College of Business Administration building is complete. This adjustment is requested to expend the unused balance to fund various E&G facility repair and rehabilitation projects, specifically roof replacement/water proofing projects for the Central Library Building and the Nanofab Building.

CONTINUING EDUCATION		
12. Amount of Transfer	750,000	116

From: Continuing Education

To: Provost – Center Overhead

Transfer requested by President and Provost's Office to be used for academic programs and academic strategic initiatives.

THE UNIVERSITY OF TEXAS AT ARLINGTON
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AMENDMENTS TO THE 2001-02 BUDGET (Continued)

TRANSFERS OF FUNDS (Continued)

Description	\$ Amount	RBC #
UNIVERSITY RESEARCH FUND APPROPRIATION		099
ENROLLMENT GROWTH GENERAL ACADEMIC APPROPRIATION		
13. Amount of Transfer:	621,541	
From: University Research Fund Appropriation	350,887	
Enrollment Growth General Academic Appropriation	270,654	
To: College of Science - Graduate Research Assistants	33,160	
College of Science – Start Up Funds for Research Faculty	3,540	
College of Science – Research Faculty	64,981	
College of Engineering – Research Faculty	185,493	
College of Engineering - Engineering Professional Research Support	92,987	
College of Engineering - NANOFAB Lab Operation Support	10,393	
College of Engineering - Graduate Research Assistants	175,908	
College of Engineering - Start Up Funds for Research Faculty	34,454	
Computing Support for Research - Academic Supercomputer	20,625	

To fund employee fringe benefits not established in original university research fund allocations.

THE UNIVERSITY OF TEXAS AT ARLINGTON
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FEES AND MISCELLANEOUS CHARGES

BOARD RATES

Approval is recommended for the following new board rates for the 2002-03 academic year. The fees have been administratively approved by the Executive Vice Chancellor for Academic Affairs.

			<u>Current</u> <u>Rates \$</u>	<u>Proposed</u> <u>Rates \$</u>	<u>Percent</u> <u>Increase</u>
<u>Per each summer session</u>					
Plan A -	5 weeks	14 meals/week	363/session 5.18/meal		
Plan A -	5 weeks	75 meals/session		390/session 5.20/meal	7.4% .4%
Plan B -	5 weeks	10 meals/week	300/session 6.00/meal		
Plan B -	5 weeks	55 meals/session		325/session 5.90/meal	8.3% (1.7%)

Due to more meals being offered per session by the proposed "Lifestyle" plan, the cost per meal increase is significantly less than 5%. The change from a meal-by-week plan to a meal-by-semester plan was done at the request of the students.

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SMALL CLASS REPORT, FALL 2001 AND SPRING 2002

Pursuant to Section 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	4	15	19	18
b. To keep proper sequence	32	25	57	60
c. New program	5	17	22	8
d. Cross listed	1	7	8	35
e. First time offered	0	2	2	3
f. Accreditation or licensing Standard	17	12	29	0
g. Limited facilities	8	11	19	2
Subtotal	67	89	156	126
h. Voluntarily offered	4	10	14	0
Total	71	99	170	126

THE UNIVERSITY OF TEXAS AT ARLINGTON
 U. T. BOARD OF REGENTS' MEETING
 AUGUST 8, 2002

SMALL CLASS REPORT, FALL 2001 AND SPRING 2002 (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	9	12	8
b. To keep proper sequence	3	4	7	9
c. New program	1	2	3	2
d. Cross listed	11	23	34	25
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	18	38	56	45
h. Voluntarily offered	5	1	6	10
Total	23	39	62	55

THE UNIVERSITY OF TEXAS AT AUSTIN
U. T. BOARD OF REGENTS' MEETING
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THE UNIVERSITY OF TEXAS AT AUSTIN
U. T. BOARD OF REGENTS' MEETING
AUGUST 8, 2002

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: \$666,667.33 (fulfillment of \$2,000,000 pledge)
2. Donor Name: Community Foundation Silicon Valley
on behalf of the Bryan & Deborah Stolle Family Fund
College/School/
Department: Department of Intercollegiate Athletics
Purpose: Support for the Academic Center
Asset Type: Cash
Value: \$1,000,000
3. Donor Name: Mr. David D. Duncan
College/School/
Department: Harry Ransom Humanities Research Center
Purpose: Additions to the Duncan archive including photos for Books on
Picasso, the Kremlin & "Faceless"
Asset Type: Books and Manuscripts
Value: \$2,500,000
4. Donor Name: Mr. Carlton M. Lake
College/School/
Department: Harry Ransom Humanities Research Center
Purpose: Rare autograph letters and manuscripts with original photos
relating to modern movement in literature and the arts
Asset Type: Books and Manuscripts
Value: \$842,410

THE UNIVERSITY OF TEXAS AT AUSTIN
U. T. BOARD OF REGENTS' MEETING
AUGUST 8, 2002

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: Aramark Educational Services of Texas Inc.
Funds: Aramark to pay U. T. Austin a royalty on annual adjusted gross revenue of 3% on gross revenue below \$3,500,000 and 6% on gross revenue above \$3,500,000; Aramark to pay U. T. Austin an administrative charge equal to five percent (5%) of all adjusted gross revenue; Aramark to pay U. T. Austin a service charge equal to five (5%) of all Adjusted Gross Revenue; Aramark to contribute to an annual repair fund in the amount of \$30,000 per contract year.
Period: June 1, 2000 - May 31, 2005
Description: Dining Services Management Agreement between U. T. Austin and Aramark for food service at various locations on campus.
2. Agency: University of North Texas
Funds: \$1,140,000
Period: February 1, 2002 – May 31, 2007
Description: Agreement by which the University of North Texas will meet with U. T. Austin for one football game in each of the following years: 2002, 2004 and 2006.
3. Agency: Rice University
Funds: \$2,300,000
Period: February 1, 2002 – May 31, 2009
Description: Agreement by which Rice University will meet with U. T. Austin for a football game once each year of the term of the agreement.

THE UNIVERSITY OF TEXAS AT AUSTIN
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CONTRACTS (Continued)

GENERAL CONTRACTS (Continued)

FUNDS GOING OUT

4. Agency: Capital Metropolitan Transportation Authority
Funds: \$5,259,500
Period: September 1, 2002 through August 31, 2003
Description: Amend the current agreement, whereby Capital Metro provides shuttle bus service for U. T. Austin. Total service hours shall increase to 157,000 beginning September 1, 2002, the final year of the agreement. The compensation rate for hours that go over 157,000, shall increase to \$33.50 per hour from \$32.48 per hour.

**NONINTELLECTUAL PROPERTY-RELATED SPONSORED RESEARCH
AGREEMENTS**

FUNDS COMING IN

5. Country: Mainz, Germany
Grantor: Johannes Gutenberg Universität-Mainz
New Funds: \$88,128 (based on 34 participants at double occupancy)
Period: July 1, 2002 through December 31, 2003
Title/Description: Executive Development Program Agreement between U. T. Austin and Johannes Gutenberg Universität-Mainz, Germany. U. T. Austin will provide a one-week international seminar on global leadership in Austin, Texas.

THE UNIVERSITY OF TEXAS AT AUSTIN
 U. T. BOARD OF REGENTS' MEETING
 AUGUST 8, 2002

AMENDMENTS TO THE 2001-02 BUDGET

APPOINTMENTS AND PROMOTIONS

The following Requests for Budget Change (RBC) 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>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
INSTRUCTION					
COLLEGE OF LIBERAL ARTS					
Asian Studies					
1. Kathryn G. Hansen (T)					140
From: Professor		100	09	83,200	
To: Professor and Marlene and Morton Meyerson Centennial Chair	1/16-5/31	100	09	83,200	
Classics					
2. Cynthia W. Shelmerdine (T)					142
From: Professor		100	09	72,000	
To: Professor and Robert M. Armstrong Centennial Professorship	1/16-5/31	100	09	72,000	

THE UNIVERSITY OF TEXAS AT AUSTIN
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AMENDMENTS TO THE 2001-02 BUDGET (Continued)

APPOINTMENTS AND PROMOTIONS (Continued)

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
COLLEGE OF LIBERAL ARTS					
English					
3. Evan B. Carton (T)					143
From: Professor		100	09	95,000	
To: Professor and Joan Negley Kelleher Centennial Professorship in Rhetoric and Composition	1/16-5/31	100	09	95,000	
French and Italian					
4. Dina M. Sherzer (T)					144
From: Professor		100	09	79,000	
To: Professor and David Bruton, Jr. Centennial Professorship in Modern Languages	1/16-5/31	100	09	79,000	
Psychology					
5. Caryn L. Carlson (T)					145
From: Professor and Sarah M. and Charles E. Seay Regents Fellow in Clinical Psychology		100 SUPLT	09 09	69,651 3,000	
To: Professor and Sarah M. and Charles E. Seay Regents Professorship in Clinical Psychology	1/16-5/31	100 SUPLT	09 09	69,651 3,000	

THE UNIVERSITY OF TEXAS AT AUSTIN
U. T. BOARD OF REGENTS' MEETING
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AMENDMENTS TO THE 2001-02 BUDGET (Continued)

TRANSFERS OF FUNDS

<u>Description</u>	<u>\$ Amount</u>	<u>RBC #</u>
EDUCATIONAL AND GENERAL FUNDS		
6. Amount of Transfer:	\$ 12,441,471	136
From: Advanced Research and Technology Programs – Appropriations		
To: 2002 Series – Advanced Research/Advanced Technology Program Awards		
To record appropriation transfer from the Texas Higher Education Coordinating Board. Advanced Research Programs award: \$5,263,654; Advanced Technology Programs award: \$7,177,817.		
AUXILIARY ENTERPRISES FUNDS		
7. Amount of Transfer:	\$ 1,300,000	161
From: Texas Union Auxiliary Services – Operating Income		
To: Texas Union Auxiliary Services – Other Expenses		
To adjust 2001-2002 estimated income and expenditure budgets for cost of goods sold to actual income and expenditure levels. The estimated income is based on projecting the fall and spring actual to 2000-2001 actual income.		

THE UNIVERSITY OF TEXAS AT AUSTIN
 U. T. BOARD OF REGENTS' MEETING
 AUGUST 8, 2002

AMENDMENTS TO THE 2001-02 BUDGET (Continued)

TRANSFERS OF FUNDS (Continued)

Description	\$ Amount	RBC #
PLANT FUNDS		
8. Amount of Transfer:	\$ 1,050,000	137
From: Restricted Current Funds – Gifts		
McCombs School of Business – Career Services Remodeling Gifts	1,000,000	
McCombs School of Business – MBA 2000 Leave a Legacy Campaign Gifts	50,000	
To: McCombs School of Business – Renovate Classrooms		
	1,050,000	
To provide funding for the renovation of classrooms in the Graduate School of Business Building, Red McCombs School of Business.		
9. Amount of Transfer:	\$ 910,000	162
From: Auxiliary Enterprises Funds – Housing and Food Services – Division Office Expenses		
To: Campus – Install Fire Sprinklers		
To provide requested supplemental funding for fire protection in Andrews and Carothers dormitories.		

THE UNIVERSITY OF TEXAS AT AUSTIN
U. T. BOARD OF REGENTS' MEETING
AUGUST 8, 2002

AMENDMENTS TO THE 2001-02 BUDGET (Continued)

TRANSFERS OF FUNDS (Continued)

Description	\$ Amount	RBC #
PLANT FUNDS		
10. Amount of Transfer:	\$ 500,000	138
From: Designated Funds – Interest on Temporary Investments	150,000	
Designated Funds – Performing Arts Center Bass Concert Hall Maintenance Fee	100,000	
Plant Funds – Loan #15 Performing Arts Center – Dimmer Light System	250,000	
To: Performing Arts Center – Replace Stage Dimmers	500,000	
To provide funding to complete replacement of existing stage lighting dimmers, approximately 600, due to age and condition of dimmers. Dimmers are critical to the productions in the Bass Concert Hall.		
11. Amount of Transfer:	\$ 500,000	139
From: Educational and General Funds – McCombs School of Business Special Reserve	20,000	
Restricted Current Funds – Gifts Red McCombs Gift Excellence Fund	450,000	
Restricted Current Funds – Gifts MBA Leave a Legacy Campaign	30,000	
To: Educational and General Funds – McCombs School of Business – Remodel of Space For MBA	20,000	
Plant Funds – Remodel MBA Space	480,000	
To provide funding for the remodeling of space in the Red McCombs School of Business, Graduate School of Business Building.		

THE UNIVERSITY OF TEXAS AT AUSTIN
 U. T. BOARD OF REGENTS' MEETING
 AUGUST 8, 2002

AMENDMENTS TO THE 2001-02 BUDGET (Continued)

TRANSFERS OF FUNDS (Continued)

Description	\$ Amount	RBC #
PLANT FUNDS		
12. Amount of Transfer:	\$ 883,000	163
From: Auxiliary Enterprises Funds – Housing and Food Service – Division Office Expenses		
To: Plant Funds – Andrews Dormitory – Ground Floor Renovation		
To provide requested supplemental funding for construction contract for the renovation of the ground floors of Andrews and Carothers dormitories.		
13. Amount of Transfer:	\$ 700,000	164
From: Designated Funds – Natural Sciences – Equipment Fee – Maintenance, Operation and Equipment		
To: Plant Funds – Gearing Hall – Remodel Human Ecology Food Labs		
To provide funding to renovate the human ecology food laboratories located in Gearing Hall, Suite 337, Phase 2.		

THE UNIVERSITY OF TEXAS AT AUSTIN
U. T. BOARD OF REGENTS' MEETING
AUGUST 8, 2002

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 these agreements are 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. The violation of the provisions of such constitution, bylaws, rules or regulations shall be grounds for suspension without pay or dismissal.

1. Item: Head Football Coach
 Funds: Annual total compensation of \$1.71 million plus incentives
 Period: January 1, 2002 through December 31, 2011
 Description: Agreement for employment of Head Football Coach,
 Mack Brown

2. Item: Head Diving Coach
 Funds: Annual salary of \$58,428 plus incentives
 Period: September 1, 2001 through August 31, 2002
 Description: Agreement for employment of Head Diving coach,
 Mathew A. Scoggin

THE UNIVERSITY OF TEXAS AT AUSTIN
U. T. BOARD OF REGENTS' MEETING
AUGUST 8, 2002

OTHER FISCAL ITEMS (Continued)

DONATION OF EQUIPMENT

U. T. Austin, with the assistance of the Office of General Counsel, is negotiating an agreement for donation of certain obsolete equipment and it is requested that the Board of Regents approve the concept of this donation to a foreign institution of higher education and authorize President Faulkner to execute the agreement for U. T. Austin to expedite removal of the obsolete equipment.

3. Country: China
 Agency: Huazhong University of Science & Technology
 Funds: None
 Period: Beginning September 3, 2002
 Description: U. T. Austin has agreed to donate obsolete and surplus research equipment (TEXT Tokamak and related components) to Huazhong University, Wuhan, China. Huazhong University will remove the donated equipment from Robert Lee Moore Hall on the U. T. Austin Campus at no cost to U. T. Austin. By donating the equipment, U. T. Austin avoids the considerable expense of disassembling, removing and scrapping the equipment and recovers valuable laboratory space. The Office of General Counsel finds the proposed donation consistent with state and federal law.

THE UNIVERSITY OF TEXAS AT AUSTIN
U. T. BOARD OF REGENTS' MEETING
AUGUST 8, 2002

OTHER FISCAL ITEMS (Continued)

BOWL GAME STATEMENT

The actual income statement of expenses for participation in the Holiday Bowl Football in San Diego, California on December 28, 2001 are as follows:

<u>REVENUE</u>	<u>AMOUNT</u>	
Expense Allowance from Conference	\$1,120,670	
Ticket Sold	<u>159,878</u>	
Total Revenue		\$1,280,548
 <u>EXPENDITURES</u>		
Team and Staff transportation	285,220	
Band and Cheerleaders Transportation	144,046	
Team and Staff Meals and Lodging	273,494	
Band and Cheerleaders Meals and Lodging	62,113	
Entertainment	16,555	
Awards	20,095	
Equipment	26,027	
Tickets (absorbed)	101,274	
Other	<u>191,314</u>	
		<u>1,120,138</u>
Net Income		<u>\$ 160,410</u>

THE UNIVERSITY OF TEXAS AT AUSTIN
U. T. BOARD OF REGENTS' MEETING
AUGUST 8, 2002

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 2002-03

<u>Page Numbers</u>	<u>Summary of Proposed Substantive Change</u>
2	The reference to "disabled parking" has been changed to "parking for persons with disabilities" throughout the Regulations.
2	The time that a University "D" Permit is required is changed from 7:30 a.m.-5:45 p.m. to 7:30 a.m.-4:00 p.m. Guard kiosks close at 4:00 p.m.
5	Use of an outside collection agency is being contracted to collect citations that are 120 days old. Therefore statement has been added to indicate "...that a fee may be added to the outstanding fees."
7	A bicycle committee has been established as subcommittee incorporated into the Regulations.
9	There is an addition to the definition of a bicycle to incorporate all vehicles defined as a bicycle under State law.
21	Language has been included to disclaim the University's liability for damaged bicycles or security devices while impounding.
31	Reflects the change from a lottery draw to assignment from the wait list.

THE UNIVERSITY OF TEXAS AT AUSTIN
U. T. BOARD OF REGENTS' MEETING
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PARKING AND TRAFFIC REGULATIONS (Continued)

Parking and Traffic Regulations for 2002-03

<u>Page Numbers</u>	<u>Summary of Proposed Substantive Change</u>
31	Clarifies procedure for overflow parking of Class "F" Permits holders.
32	Clarifies the authorization for guards to issue temporary "F" Permits.
33	Clarifies Class "A" Permit parking at Gregory Gym and Belmont Hall.
35	Authorizes no fee for a Class "M" Permit for motorcycles when another UT permit is purchased.
36	Class "FDP" Permits (Departmental Permits) and Class "E" Permits (Exercise). There are no new sections, only reworded and changed in sequence.
36	Clarifies that Class "P" Permits for Carpools are applicable for Class, "A", "C", "D", "F", "O", and "S" Permits.
38	Allows those outside the UT community to participate in a UT recognized carpool.
38	Allows the Director to establish carpool spaces in Class "A", Class "F", or Class "C" lots.

THE UNIVERSITY OF TEXAS AT AUSTIN
U. T. BOARD OF REGENTS' MEETING
AUGUST 8, 2002

PARKING AND TRAFFIC REGULATIONS (Continued)

Parking and Traffic Regulations for 2002-03

<u>Page Numbers</u>	<u>Summary of Proposed Substantive Change</u>
47	The following new violations were added: Parking without an authorized permit. Last year this violation was included under "Improper Method of Parking." Theft of services or a boot. When a boot is removed and/or damaged, the full cost the boot is charged, but there no fine for the act itself. This fine imposes that charge.
49	Added to clarify "violation description" on page 47.
56	States that every attempt will be made to respond to an appeal within 12 days after receipt.

THE UNIVERSITY OF TEXAS AT AUSTIN
U. T. BOARD OF REGENTS' MEETING
AUGUST 8, 2002

FEEES AND MISCELLANEOUS CHARGES

STUDENT SERVICES FEES

VOLUNTARY STUDENT SERVICES FEES

Ratification is recommended for the following student services fee to be effective beginning with the Fall Semester of 2002. The statutory requirements for involvement of a student services fee committee have been met and 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 rates.

	<u>Current Rates</u>	<u>Proposed Rates</u>	<u>Percent Increase</u>
<u>For each semester</u>			
Dollars for Scholars	\$ 3.00 max	\$ 0	n/a
Student Speaker Series	\$ 0	\$3.00 max	n/a

NOTE: Student Speaker Series is the new name for the Dollars for Scholars fee. This name is being changed because the former name is copyright protected by a national organization. This fee supports the Student Endowed Centennial Lectureship. The endowment is used to bring speakers to U.T. Austin to lecture, teach, or meet with students.

THE UNIVERSITY OF TEXAS AT AUSTIN
U. T. BOARD OF REGENTS' MEETING
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FEES AND MISCELLANEOUS CHARGES (Continued)

PARKING PERMIT FEES

Ratification is recommended for the following parking permit fees to be effective beginning with the Fall Semester 2002. 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>
<u>Annual Fees:</u>			
<u>Employee (Surface)</u>			
Permit "A"	\$100	\$108	8.00%
Permit "F"	\$345	\$381	10.43%
Permit "F" 21	\$345	\$600	73.91%
Permit "F" 99	\$540	\$600	11.11%
Permit "O"	\$540	\$600	11.11%
<u>Employee (Garage)</u>			
Permit "F"	\$290	\$324	11.72%
<u>Disabled Classification</u>			
Permit "D"	n/a	\$108	n/a
<u>Temporary</u>			
Permit "T"	\$345	\$381	10.43%
<u>University Departments and Organizations</u>			
Permit "FDP"	\$345	\$381	10.43%
<u>Non-University Personnel</u>			
Permit "E"	\$40	\$50	25.00%
<u>Vendor Classification</u>			
Permit "VN"	\$345	\$381	10.43%

THE UNIVERSITY OF TEXAS AT AUSTIN
 U. T. BOARD OF REGENTS' MEETING
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FEES AND MISCELLANOUS CHARGES (Continued)

PARKING PERMIT FEES (Continued)

	<u>Current Rates</u>	<u>Proposed Rates</u>	<u>Percent Increase</u>
Annual Fees:			
<u>Student (Surface)</u>			
Permit "D" Disabled	n/a	\$108	100.00%
<u>Student (Garage)</u>			
Permit "R" Resident	\$560	\$616	10.00%
Permit "S" Commuter	\$485	\$510	5.15%
Single Semester Fees:			
<u>Student (Garage)</u>			
Permit "R" Resident	\$315	\$336	6.67%
Permit "S" Commuter	\$215	\$240	11.63%
Summer Semester Fee:			
<u>Student (Garage)</u>			
Permit "S" Commuter	\$125	\$131	4.80%
Semester Access Pass:			
<u>Any Employee/Student</u>			
Evening Garage	n/a	\$25	n/a

THE UNIVERSITY OF TEXAS AT AUSTIN
U. T. BOARD OF REGENTS' MEETING
AUGUST 8, 2002

FEES AND MISCELLANEOUS CHARGES (Continued)

PARKING ENFORCEMENT FEES

Ratification is recommended for the following parking enforcement fees to be effective beginning with the Fall Semester 2002. 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>
Parking without authorized valid permit	n/a	\$25.00	n/a
Theft of property or damaging property by unauthorized boot removal, plus the cost of the boot.	n/a	\$50.00	n/a

THE UNIVERSITY OF TEXAS AT AUSTIN
 U. T. BOARD OF REGENTS' MEETING
 AUGUST 8, 2002

SMALL CLASS REPORT, FALL 2001 AND SPRING 2002

Pursuant to Section 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	47	65	112	131
b. To keep proper sequence	72	97	169	111
c. New program	1	3	4	0
d. Cross listed	30	22	52	67
e. First time offered	0	0	0	13
f. Accreditation or licensing Standard	4	10	14	10
g. Limited facilities	0	0	0	0
Subtotal	154	197	351	332
h. Voluntarily offered	11	9	20	33
Total	165	206	371	365

THE UNIVERSITY OF TEXAS AT AUSTIN
 U. T. BOARD OF REGENTS' MEETING
 AUGUST 8, 2002

SMALL CLASS REPORT, FALL 2001 AND SPRING 2002 (Continued)

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

Primary Reasons for Teaching	Fall	Spring	Total	Prior Year Total
a. Required for Graduation	48	43	91	69
b. To keep proper sequence	9	25	34	31
c. New program	0	0	0	0
d. Cross listed	43	43	86	109
e. First time offered	0	0	0	1
f. Accreditation or licensing Standard	14	15	29	71
g. Limited facilities	0	0	0	0
Subtotal	114	126	240	281
h. Voluntarily offered	0	0	0	0
Total	114	126	240	281

THE UNIVERSITY OF TEXAS AT AUSTIN
U. T. BOARD OF REGENTS' MEETING
AUGUST 8, 2002

OTHER MATTERS

APPROVAL OF DUAL POSITIONS OF HONOR, TRUST, OR PROFIT

The following items have 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 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 these positions and the appointment of Dr. Sands with The University of Texas at Austin.

1. Name: Dr. Dolores Sands
Title: Dean, School of Nursing
Position: Member of the National Advisory Council for Nursing Research
Period: February 1, 2002 - January 30, 2006
Compensation: \$200 per day for time spent at meetings and site visits plus travel expenses and per diem incurred in connection with those activities.
Description: The Honorable Tommy Thompson, Secretary of the United States Department of Health and Human Services, appointed Dean Sands to serve on the National Advisory Council for Nursing Research. This Council advises the Director of the National Institutes of Health in reviewing and recommending grant applications to support biomedical research and research training activities and surveying the total research effort in a subject field.

2. Name: Dr. Dolores Sands
Title: Dean, School of Nursing
Position: Member of the International Nursing Coalition for Mass Casualty Education
Period: Open
Compensation: Travel expenses for meetings.
Description: Appointed by the Office of Emergency Preparedness of the United States Department of Health and Human Services. The purpose of the International Nursing Coalition for Mass Casualty Education is to facilitate the systematic development of policies related to mass casualty events as they influence the public health infrastructure and impact on nursing practice, education, research and regulation.

THE UNIVERSITY OF TEXAS AT BROWNSVILLE
U. T. BOARD OF REGENTS' MEETING
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THE UNIVERSITY OF TEXAS AT BROWNSVILLE
 U. T. BOARD OF REGENTS' MEETING
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AMENDMENTS TO THE 2001-02 BUDGET

APPOINTMENTS AND PROMOTIONS

The following Requests for Budget Change (RBC) 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>Description</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 BUSINESS, GRADUATE STUDIES					
1. Charles Lackey (T)					10
From: Associate Professor		100	09	61,167	
To: Associate Professor	3/18	100	09	61,167	
Interim Dean	3/18	SUPLT	09	22,000	
LIBERAL ARTS					
Social Sciences					
2. John Robey (T)					11
From: Associate Professor		100	09	54,136	
To: Associate Professor	1/8	100	09	54,136	
Department Chair	1/8	SUPLT	09	6,667	

THE UNIVERSITY OF TEXAS AT BROWNSVILLE
 U. T. BOARD OF REGENTS' MEETING
 AUGUST 8, 2002

AMENDMENTS TO THE 2001-02 BUDGET (Continued)

APPOINTMENTS AND PROMOTIONS (Continued)

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
LIBERAL ARTS, PRESIDENT'S OFFICE					
English & Speech					
3. Wayne J. Moore (T)					7
From: Professor		0	09	76,801	
Vice President for Administration & Planning		100	09	118,249	
To: Professor	2/1	0	09	76,801	
Special Assistant to The President	2/1	100	09	118,249	
LIBERAL ARTS, VICE PRESIDENT FOR PARTNERSHIP AFFAIRS					
Behavioral Sciences					
4. John Ronnau (T)					8
From: Professor		0	09	51,510	
Special Assistant to the Provost		100	12	88,047	
		SUPLT	12	10,000	
To: Professor	2/1	0	09	51,510	
Vice President for Administration and Planning	2/1	100	12	102,752	
SCHOOL OF SPECIALITIES, PRESIDENT'S OFFICE					
5. Olivia Rivas (T)					6
From: Associate Professor		100	09	73,144	
To: Associate Professor	10/15	0	09	73,144	
Special Assistant to the President	10/15	100	09	95,381	

THE UNIVERSITY OF TEXAS AT BROWNSVILLE
 U. T. BOARD OF REGENTS' MEETING
 AUGUST 8, 2002

SMALL CLASS REPORT, FALL 2001 AND SPRING 2002

Pursuant to Section 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	38	19	57	66
b. To keep proper sequence	24	20	44	14
c. New program	1	2	3	23
d. Cross listed	20	13	33	26
e. First time offered	1	0	1	6
f. Accreditation or licensing Standard	1	2	3	4
g. Limited facilities	25	6	31	2
Subtotal	110	62	172	141
h. Voluntarily offered	8	1	9	8
Total	118	63	181	149

THE UNIVERSITY OF TEXAS AT BROWNSVILLE
 U. T. BOARD OF REGENTS' MEETING
 AUGUST 8, 2002

SMALL CLASS REPORT, FALL 2001 AND SPRING 2002 (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	5
b. To keep proper sequence	1	0	1	4
c. New program	0	0	0	2
d. Cross listed	0	0	0	1
e. First time offered	0	1	1	2
f. Accreditation or licensing Standard	0	0	0	0
g. Limited facilities	0	0	0	0
Subtotal	7	10	17	14
h. Voluntarily offered	3	0	3	6
Total	10	10	20	20

THE UNIVERSITY OF TEXAS AT DALLAS
U. T. BOARD OF REGENTS' MEETING
AUGUST 8, 2002

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THE UNIVERSITY OF TEXAS AT DALLAS
U. T. BOARD OF REGENTS' MEETING
AUGUST 8, 2002

CHANGES TO ADMISSION CRITERIA

The following listing summarizes the changes proposed to admission criteria to be included in the Catalog of The University of Texas at Dallas. The following changes have been administratively approved by the Executive Vice Chancellor for Academic Affairs and are recommended for ratification by the U. T. Board of Regents.

Summary of Changes to Graduate Admission Criteria

Addition: Admission Policy in compliance with Texas Education Code, Chapter 51, Subchapter V. This policy describes the requirements for entrance and selection factors used in the selection of students at The University of Texas Dallas.

Current policy is replaced with the following:

Applicants can be approved for admission, approved for admission with specified conditions, or denied admission, as defined below. In accord with Chapter 51, Subchapter V. of the Texas Education Code, decisions on admission to degree-granting graduate programs at U. T. Dallas are based on holistic consideration of all information contained in the application material submitted, including academic, career and personal histories. Standardized test scores and coursework GPA levels cited in the catalog descriptions of some degree programs are listed for advisory purposes only, to indicate the typical achievement levels of students enrolled and succeeding in the various programs. No single quantitative or qualitative measure, or any specific combination thereof, constitutes a definitive standard for admission. Rather, each application will be considered individually and each applicant's complete profile of strengths and prospects for successful completion of the program will be evaluated.

An applicant whose native language is not English and who has been educated outside of the United States may submit an International English Language Testing System (IELTS) score instead of a Test of English as a Foreign Language (TOEFL) score. The minimum IELTS score required for unconditional, regular admission as a graduate student is 6.5.

THE UNIVERSITY OF TEXAS AT DALLAS
U. T. BOARD OF REGENTS' MEETING
AUGUST 8, 2002

CHANGES TO CRITERIA FOR THE AWARD OF SCHOLARSHIPS/FELLOWSHIPS

The following listing summarizes the changes proposed to criteria for the award of institutional scholarships or fellowships to be included in the Catalog of The University of Texas at Dallas. The following changes have been administratively approved by the Executive Vice Chancellor for Academic Affairs and are recommended for ratification by the U. T. Board of Regents.

Summary of Changes to Criteria for the Award of Scholarships/Fellowships

Addition: Policy for awarding scholarships in compliance with Texas Education Code, Chapter 51, Subchapter V. This policy lists the types of scholarships and the criteria and other factors taken into consideration in awarding scholarships.

Current policy is replaced with the following:

In accord with Chapter 51, Subchapter V. of the Texas Education Code, all applications for competitive academic scholarships for graduate study are reviewed by the Committee on Student Scholarships and/or the Graduate Scholarship Committee in the appropriate academic unit. Award decisions are based on the same holistic evaluation of the applications as is carried out for admission decisions.

THE UNIVERSITY OF TEXAS AT DALLAS
 U. T. BOARD OF REGENTS' MEETING
 AUGUST 8, 2002

AMENDMENTS TO THE 2001-02 BUDGET

APPOINTMENTS AND PROMOTIONS

The following Request for Budget Change (RBC) has been administratively approved as required by the Executive Vice Chancellor for Academic Affairs and is 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>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
ERIK JONSSON SCHOOL OF ENGINEERING AND COMPUTER SCIENCE Computer Science Associate Professor					
1. Weichen Eric Wong (T)	1/1-5/31	100	09	83,000	20

THE UNIVERSITY OF TEXAS AT DALLAS
 U. T. BOARD OF REGENTS' MEETING
 AUGUST 8, 2002

SMALL CLASS REPORT, FALL 2001 AND SPRING 2002

Pursuant to Section 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	10	10	20	15
b. To keep proper sequence	9	20	29	20
c. New program	1	0	1	2
d. Cross listed	40	38	78	44
e. First time offered	2	3	5	5
f. Accreditation or licensing Standard	0	0	0	0
g. Limited facilities	2	0	2	3
Subtotal	64	71	135	89
h. Voluntarily offered	5	0	5	9
Total	69	71	140	98

THE UNIVERSITY OF TEXAS AT DALLAS
 U. T. BOARD OF REGENTS' MEETING
 AUGUST 8, 2002

SMALL CLASS REPORT, FALL 2001 AND SPRING 2002 (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	2	4	6
b. To keep proper sequence	8	6	14	8
c. New program	0	0	0	1
d. Cross listed	7	11	18	17
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	17	19	36	32
h. Voluntarily offered	2	3	5	5
Total	19	22	41	37

THE UNIVERSITY OF TEXAS AT EL PASO
U. T. BOARD OF REGENTS' MEETING
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THE UNIVERSITY OF TEXAS AT EL PASO
U. T. BOARD OF REGENTS' MEETING
AUGUST 8, 2002

GIFTS

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

1. Donor Name: The Brown Foundation, Inc.
College/School/ Department: Art Department
Purpose: Gift toward the Seamon Hall Renovation Project, which will enable the Art Department to continue its development as a major center of creativity and artistic achievement.
Asset Type: Cash
Value: \$500,000

THE UNIVERSITY OF TEXAS AT EL PASO
 U. T. BOARD OF REGENTS' MEETING
 AUGUST 8, 2002

AMENDMENTS TO THE 2001-02 BUDGET

TRANSFERS OF FUNDS

The following Request for Budget Change (RBC) has been administratively approved as required by the Executive Vice Chancellor for Academic Affairs and is recommended for ratification by the U. T. Board of Regents.

<u>Description</u>	<u>\$ Amount</u>	<u>RBC #</u>
AUXILIARY ENTERPRISES		
Intercollegiate Athletics		
1. Amount of Transfer	\$1,663,385	25
From: Intercollegiate Athletics –		
Allocation for Budget		
Adjustments	332,485	
Debt Service	237,000	
Interest on Designated Funds		
Time Deposits	793,900	
Auxiliary Administration	300,000	
To: Office of Special Events		
	100,000	
Intercollegiate Athletics –		
Income Men's Football Gate		
Receipts	814,928	
Income Men's Basketball		
Gate Receipts	392,314	
Income Men's Basketball		
Season Tickets	117,936	
Income Concessions	130,858	
Income Men's Football		
Guarantees	100,000	
Income Women's		
Basketball Ticket Sales	7,349	

Budget adjustment is necessary to reflect the decrease in revenue and expenses for Intercollegiate Athletics, including necessary transfers of funds from other fund balances.

THE UNIVERSITY OF TEXAS AT EL PASO
 U. T. BOARD OF REGENTS' MEETING
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SMALL CLASS REPORT, FALL 2001 AND SPRING 2002

Pursuant to Section 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	23	15	38	41
b. To keep proper sequence	6	8	14	23
c. New program	2	4	6	4
d. Cross listed	61	61	122	127
e. First time offered	0	0	0	7
f. Accreditation or licensing- Standard	0	0	0	0
g. Limited facilities	1	0	1	3
Subtotal	93	89	182	205
h. Voluntarily offered	14	6	20	22
Total	107	95	202	227

THE UNIVERSITY OF TEXAS AT EL PASO
 U. T. BOARD OF REGENTS' MEETING
 AUGUST 8, 2002

SMALL CLASS REPORT, FALL 2001 AND SPRING 2002 (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	7	12	8
b. To keep proper sequence	6	5	11	13
c. New program	2	0	2	0
d. Cross listed	17	23	40	30
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	30	35	65	52
h. Voluntarily offered	7	5	12	9
Total	37	40	77	61

THE UNIVERSITY OF TEXAS – PAN AMERICAN
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THE UNIVERSITY OF TEXAS – PAN AMERICAN
U. T. BOARD OF REGENTS' MEETING
AUGUST 8, 2002

OTHER FISCAL ITEMS

EMPLOYMENT AGREEMENTS

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

1. Item: Head Women's Basketball Coach
Funds: \$41,666.66 annually
Period: June 1, 2002 through March 31, 2003
Description: Agreement for employment of Head Women's Basketball Coach, Carol J. Russell, for the above designated period following the standard coach's employment contract prepared by the Office of General Counsel.

THE UNIVERSITY OF TEXAS – PAN AMERICAN
U. T. BOARD OF REGENTS' MEETING
AUGUST 8, 2002

FEEES AND MISCELLANEOUS CHARGES

GENERAL PROPERTY DEPOSIT AUTHORIZATION

Approval is recommended for the general property deposit increase by the U. T. Board of Regents and inclusion in institutional catalogs have been approved by the Executive Vice Chancellor for Academic Affairs. All recommended charges are consistent with the Texas Education Code Section 54.502.

	<u>Current Rates \$</u>	<u>Proposed Rates \$</u>	<u>Percent Increase</u>
Per Student (one-time fee upon enrollment)	10	20	100%

THE UNIVERSITY OF TEXAS – PAN AMERICAN
U. T. BOARD OF REGENTS' MEETING
AUGUST 8, 2002

FEES AND MISCELLANEOUS CHARGES (Continued)

PARKING PERMIT FEES

Approval is recommended for the following parking permit fees to be effective beginning with the Fall Semester 2002. 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>	16	20	25%
<u>Faculty/Staff Classifications</u>			
Reserved	30	45	50%
General	16	20	25%

NOTE: Annual parking permit fees may be prorated for permits purchased for spring semester/summer session or for summer session only and refunds may be made for fall semester enrollment/employment only.

THE UNIVERSITY OF TEXAS – PAN AMERICAN
 U. T. BOARD OF REGENTS' MEETING
 AUGUST 8, 2002

SMALL CLASS REPORT, FALL 2001 AND SPRING 2002

Pursuant to Section 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	6	8	14	17
b. To keep proper sequence	2	0	2	28
c. New program	0	3	3	6
d. Cross listed	29	25	54	56
e. First time offered	0	0	0	2
f. Accreditation or licensing Standard	6	4	10	15
g. Limited facilities	12	17	29	0
Subtotal	55	57	112	124
h. Voluntarily offered	85	87	172	144
i. Administrative	0	2	2	2
Total	140	146	286	270

THE UNIVERSITY OF TEXAS – PAN AMERICAN
 U. T. BOARD OF REGENTS' MEETING
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SMALL CLASS REPORT, FALL 2001 AND SPRING 2002 (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	8
b. To keep proper sequence	1	1	2	2
c. New program	0	0	0	1
d. Cross listed	13	11	24	22
e. First time offered	0	2	2	1
f. Accreditation or licensing Standard	4	0	4	0
g. Faculty limited	0	0	0	0
Subtotal	20	17	37	34
h. Voluntarily offered	12	26	38	57
i. Administrative	0	0	0	0
Total	32	43	75	91

THE UNIVERSITY OF TEXAS OF THE PERMIAN BASIN
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THE UNIVERSITY OF TEXAS OF THE PERMIAN BASIN
 U. T. BOARD OF REGENTS' MEETING
 AUGUST 8, 2002

SMALL CLASS REPORT, FALL 2001 AND SPRING 2002

Pursuant to Section 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	0	23	23	12
b. To keep proper sequence	26	27	53	36
c. New program	1	1	2	1
d. Cross listed	9	9	18	20
e. First time offered	0	0	0	4
f. Accreditation or licensing Standard	0	0	0	0
g. Limited facilities	0	0	0	0
Subtotal	36	60	96	73
h. Voluntarily offered	2	1	3	0
Total	38	61	99	73

THE UNIVERSITY OF TEXAS OF THE PERMIAN BASIN
 U. T. BOARD OF REGENTS' MEETING
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SMALL CLASS REPORT, FALL 2001 AND SPRING 2002 (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	3	6	3
b. To keep proper sequence	1	1	2	3
c. New program	0	0	0	0
d. Cross listed	2	5	7	2
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	6	9	15	8
h. Voluntarily offered	3	3	6	0
Total	9	12	21	8

THE UNIVERSITY OF TEXAS OF THE PERMIAN BASIN
U. T. BOARD OF REGENTS' MEETING
AUGUST 8, 2002

OTHER MATTERS

ADOPTION OF COLORS/LOGO/MASCOT

The following item has been approved by the Executive Vice Chancellor for Academic Affairs and the Office of Trademark Licensing and is submitted for ratification by the U. T. Board of Regents.

A color/logo/mascot has been adopted in accordance with the Regents' Rules and Regulations, Part Two, Chapter I, Section 2. The color/logo/mascot is composed of primary and secondary word marks and is characterized by the addition of the previously approved logotype of The University of Texas of the Permian Basin. In this logotype, the letters U and T are stacked above the letters P and B, rendering a rectangular composition. Colors indicated for this part of the School of Business logo are those approved for the general U. T. Permian Basin mark - Pantone® 166, orange for the interior of the letters and process black for the outline. The orange coloration may also be replaced by white in order to allow for black and white printing. The UTPB logotype also contains a rendering of the mascot, a stylized falcon, in process black. The falcon appears in the dip of the "U" in the logotype. The eye of the falcon must be shown in white.

To the immediate right of the UTPB logotype, the words School of Business appear. The primary typeface is based on Optima with the letters S and B of "School of Business" being set at a size that is approximately 40 percent larger than the base type of this phrase. The phrase contains both upper and lower case letters in title style. A line is shown under the School of Business phrase. The line is at a .5 thickness and is rendered in process black. Two diamonds are set at the opposite ends of the line. These are also rendered in process black.

The phrase "The University of Texas of the Permian Basin" is found beneath the line and maintains the characteristics set out previously by the U. T. System Board of Regents. The verbiage is as stated above and maintains the typeface, Times New Roman at 95 percent of width. The phrase contains both upper and lower case letters in title style. Coloration is process black.

The logo might be used for other schools or colleges with the replacement of the appropriate name.

Upon Regental approval of the logo/mascot shown below, the Office of Trademark Licensing will submit the graphic representation for trademark registration.

THE UNIVERSITY OF TEXAS OF THE PERMIAN BASIN
U. T. BOARD OF REGENTS' MEETING
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THE UNIVERSITY OF TEXAS AT SAN ANTONIO
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THE UNIVERSITY OF TEXAS AT SAN ANTONIO
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FEES AND MISCELLANEOUS CHARGES

PARKING PERMIT FEES

Approval is recommended for the following parking permit fees to be effective beginning with the Fall Semester 2002. 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.

	<u>Current Rates \$</u>	<u>Proposed Rates \$</u>	<u>Percent Increase</u>
<u>Annual fees:</u>			
<u>Student Permit Classifications</u>			
General/Fall & Spring	53	57	7.5%
General/Spring	28	29	3.6%
General/Summer	22	24	9%
Disabled/Fall & Spring	53	57	7.5%
Disabled/Spring	28	29	3.6%
Disabled/Summer	22	24	9%
Motorcycle, Motor Scooter, Motor Bike, Moped/Fall & Spring	21	24	14.3%
<u>Faculty/Staff Classifications</u>			
Garage -Business	0	396	N/A
Reserved	264	288	9%
Faculty/Staff A	150	162	8%
Faculty/Staff B	\$75	\$81	8%
Disabled	75	81	8%
Motorcycle, Motor Scooter, Motor Bike, Moped	30	33	10%
<u>Alumni</u>	12	14	16%
<u>Non-benefited Temporary Faculty and Staff Employees, Vendors, Salespersons, Technical Representatives, Other Servicing Personnel, and Persons Regularly Using University Facilities</u>			
	30	33	10%

THE UNIVERSITY OF TEXAS AT SAN ANTONIO
U. T. BOARD OF REGENTS' MEETING
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FEES AND MISCELLANEOUS CHARGES

PARKING PERMIT FEES (Continued)

	<u>Current Rates \$</u>	<u>Proposed Rates \$</u>	<u>Percent Increase</u>
<u>Non-affiliated University Oaks and Chisholm Hall Residents</u>	30	0	N/A

NOTE: Annual parking permit fees may be prorated for permits purchased for spring semester/summer session or for summer session only and refunds may be made for fall semester enrollment/employment only.

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

EMPLOYMENT AGREEMENTS

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

1. Item: Head Volleyball Coach
Funds: \$45,000 annually
Period: February 11, 2002 through January 31, 2005
Description: Agreement for employment of Head Volleyball Coach, Laura Groff, for the above designated period following the standard coach's employment contract prepared by the Office of General Counsel.

THE UNIVERSITY OF TEXAS AT SAN ANTONIO
 U. T. BOARD OF REGENTS' MEETING
 AUGUST 8, 2002

SMALL CLASS REPORT, FALL 2001 AND SPRING 2002

Pursuant to Section 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	12	7	19	36
b. To keep proper sequence	10	11	21	61
c. New program	4	8	12	6
d. Cross listed	12	18	30	34
e. First time offered	2	3	5	3
f. Accreditation or licensing Standard	0	0	0	0
g. Limited facilities	4	1	5	4
Subtotal	44	48	92	144
h. Voluntarily offered	13	11	24	37
Total	57	59	116	181

THE UNIVERSITY OF TEXAS AT SAN ANTONIO
 U. T. BOARD OF REGENTS' MEETING
 AUGUST 8, 2002

SMALL CLASS REPORT, FALL 2002 AND SPRING 2003 (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	5	5	10	7
b. To keep proper sequence	5	0	5	8
c. New program	4	0	4	5
d. Cross listed	8	7	15	5
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	23	12	35	25
h. Voluntarily offered	3	6	9	10
Total	26	18	44	35

THE UNIVERSITY OF TEXAS AT TYLER
U. T. BOARD OF REGENTS' MEETING
AUGUST 8, 2002

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THE UNIVERSITY OF TEXAS AT TYLER
U. T. BOARD OF REGENTS' MEETING
AUGUST 8, 2002

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 Nursing and Health Sciences, Department of Health and Kinesiology
Purpose: Support for the Health and Kinesiology/ Physical Education Building
Asset Type: Common Stock
Value: \$2,006,266.93

*No letter of transmittal from the donor

THE UNIVERSITY OF TEXAS AT TYLER
 U. T. BOARD OF REGENTS' MEETING
 AUGUST 8, 2002

SMALL CLASS REPORT, FALL 2001 AND SPRING 2002

Pursuant to Section 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	24	23	47	74
b. To keep proper sequence	43	39	82	92
c. New program	0	4	4	19
d. Cross listed	0	0	0	11
e. First time offered	2	4	6	4
f. Accreditation or licensing Standard	0	0	0	0
g. Limited facilities	3	0	3	0
Subtotal	72	70	142	200
h. Voluntarily offered	0	2	2	10
i. Internet	0	1	1	0
Total	72	73	145	210

THE UNIVERSITY OF TEXAS AT TYLER
 U. T. BOARD OF REGENTS' MEETING
 AUGUST 8, 2002

SMALL CLASS REPORT, FALL 2001 AND SPRING 2002 (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	3	10	5
b. To keep proper sequence	4	10	14	22
c. New program	0	0	0	2
d. Cross listed	0	0	0	5
e. First time offered	2	1	3	5
f. Accreditation or licensing Standard	0	0	0	0
g. Limited facilities	0	0	0	0
Subtotal	13	14	27	39
h. Voluntarily offered	1	1	2	6
i. Internet	0	0	0	0
Total	14	15	29	45

THE UNIVERSITY OF TEXAS SOUTHWESTERN MEDICAL CENTER AT DALLAS
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THE UNIVERSITY OF TEXAS SOUTHWESTERN MEDICAL CENTER AT DALLAS
U. T. BOARD OF REGENTS' MEETING
AUGUST 8, 2002

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 gift to The University of Texas Southwestern Medical Center at Dallas for the 2001-2002 academic year
Asset Type: Cash
Value: \$750,000 (represents the final payment on a commitment of \$1,500,000)

2. Donor Name: Texas Health Resources
College/School/ Department: Institution
Purpose: The Company's gift to The University of Texas Southwestern Medical Center at Dallas is in support of programs at St. Paul University Hospital
Asset Type: Cash
Value: \$1,525,000

THE UNIVERSITY OF TEXAS SOUTHWESTERN MEDICAL CENTER AT DALLAS
U. T. BOARD OF REGENTS' MEETING
AUGUST 8, 2002

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: Children's Medical Center of Dallas
Funds: \$5,944,537
Period: September 1, 2000 through August 31, 2001
Description: To provide patient care services

FUNDS GOING OUT

2. Agency: Science Applications International Corporation
Funds: \$309,000
Period: July 1, 2002 through December 31, 2002
Description: To provide HIPAA consulting services

THE UNIVERSITY OF TEXAS SOUTHWESTERN MEDICAL CENTER AT DALLAS
 U. T. BOARD OF REGENTS' MEETING
 AUGUST 8, 2002

AMENDMENTS TO THE 2001-02 BUDGET

APPOINTMENTS AND PROMOTIONS

The following Requests for Budget Change (RBC) have been administratively approved as required by the Acting 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>Description</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					
Biophysics and Molecular Genetics					
1. Joachim Herz (T)					24
From: Professor		100	12	121,000	
To: Professor and the Thomas O. Hicks Distinguished Chair in Alzheimer's Disease Research	3/1	100	12	121,000	
Internal Medicine					
2. Philip Raskin (T)					27
From: Professor		100	12	201,000	
To: Professor and the Clifton and Betsy Robinson Chair in Biomedical Research	4/1	100	12	201,000	

THE UNIVERSITY OF TEXAS SOUTHWESTERN MEDICAL CENTER AT DALLAS
 U. T. BOARD OF REGENTS' MEETING
 AUGUST 8, 2002

AMENDMENTS TO THE 2001-02 BUDGET (Continued)

APPOINTMENTS AND PROMOTIONS (Continued)

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
SOUTHWESTERN MEDICAL SCHOOL (Continued)					
Molecular Biology					
3. Steven A. Kliewer (T)					28
From: Professor		100	12	150,000	
To: Professor and the Nancy B. and Jake L. Hamon Distinguished Chair in Basic Cancer Research	3/1	100	12	150,000	

TRANSFERS OF FUNDS

<u>Description</u>	<u>\$ Amount</u>	<u>RBC #</u>
SOUTHWESTERN MEDICAL SCHOOL		
Advanced Research/Technology Programs		
4. Amount of Transfer	\$ 3,553,250	26

From: Allocation of General Revenue by Coordinating Board

To: Advanced Research/Technology Programs

Transfer of funds from the Allocation of General Revenue by the Coordinating Board for the Advanced Research/Technology Programs.

THE UNIVERSITY OF TEXAS SOUTHWESTERN MEDICAL CENTER AT DALLAS
U. T. BOARD OF REGENTS' MEETING
AUGUST 8, 2002

FEEES AND MISCELLANEOUS CHARGES

OTHER FEES AND CHARGES

The following new charge recommended for approval by the U. T. Board of Regents and inclusion in institutional catalogs has been approved by the Acting Executive Vice Chancellor for Health Affairs. The recommended charge is consistent with applicable statutory requirements under Section 51.961 of the Texas Education Code.

<u>Name/Description</u>	<u>Amount of Fee</u>
HEALTH INSURANCE FEE To defray costs of mandatory insurance	\$620 per year

THE UNIVERSITY OF TEXAS SOUTHWESTERN MEDICAL CENTER AT DALLAS
 U. T. BOARD OF REGENTS' MEETING
 AUGUST 8, 2002

SMALL CLASS REPORT, FALL 2001 AND SPRING 2002

Pursuant to Section 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	14	30	25
b. To keep proper sequence	5	5	10	8
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	9	13	22	13
Subtotal	30	32	62	46
h. Voluntarily offered	1	1	2	2
Total	31	33	64	48

THE UNIVERSITY OF TEXAS SOUTHWESTERN MEDICAL CENTER AT DALLAS
 U. T. BOARD OF REGENTS' MEETING
 AUGUST 8, 2002

SMALL CLASS REPORT, FALL 2001 AND SPRING 2002 (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	8	13	14
b. To keep proper sequence	2	2	4	9
c. New program	0	0	0	0
d. Cross listed	0	6	6	7
e. First time offered	0	1	1	2
f. Accreditation or licensing Standard	0	0	0	0
g. Limited facilities	0	0	0	0
Subtotal	7	17	24	32
h. Voluntarily offered	0	0	0	0
Total	7	17	24	32

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
AUGUST 8, 2002

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: Correctional Managed Health Care Committee
Funds: \$507,504,861
Period: September 1, 2001 through August 31, 2003
Description: The University of Texas Medical Branch at Galveston will provide health care services to Texas Department of Criminal Justice (TDCJ) offenders in units located in the Geographical Services Areas 3,4,5,6,7 and 8 operated by TDCJ.

2. Agency: Texas Tech University Health Sciences Center
Funds: \$1,500,000
Period: September 1, 2001 through August 31, 2003
Description: The University of Texas Medical Branch at Galveston will provide payroll services (calculations and paychecks) for those psychiatric employees transferring from the Texas Department of Criminal Justice to Texas Tech University Health Science Center.

FUNDS GOING OUT

3. Agency: Southwest Research Institute
Funds: \$1,550,240
Period: April 29, 2002 through January 31, 2003
Description: Amendment to amend the scope of work and the time for performance with the provisions of proposal 10-31670D/Option G entitled "A Proposal For Correctional Managed Care (CMC) Information Systems Pharmacy Replacement Option G".

THE UNIVERSITY OF TEXAS MEDICAL BRANCH AT GALVESTON
 U. T. BOARD OF REGENTS' MEETING
 AUGUST 8, 2002

AMENDMENTS TO THE 2001-02 BUDGET

APPOINTMENTS AND PROMOTIONS

The following Requests for Budget Change (RBC) have been administratively approved as required by the Acting 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>Description</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					
Internal Medicine					
Edward Randall, Sr. and Edward Randall, Jr. Distinguished Chair in Internal Medicine and Professor and Chair					
1. William E. Mitch (T)	4/1-8/31	100	12	335,000	40
Office of the Dean of Medicine; Internal Medicine; Physiology and Biophysics (WOS)					
2. Don W. Powell (T)					39
From: Edward Randall, Sr. and Edward Randall, Jr. Distinguished Chair in Internal Medicine and Professor and Chair		100	12	359,500	
To: Associate Dean for Research, Professor	4/1-8/31	100	12	359,500	

THE UNIVERSITY OF TEXAS MEDICAL BRANCH AT GALVESTON
U. T. BOARD OF REGENTS' MEETING
AUGUST 8, 2002

FEEES AND MISCELLANEOUS CHARGES

OTHER FEES AND CHARGES

The following new charge recommended for approval by the U. T. Board of Regents and inclusion in institutional catalogs has been approved by the Acting Executive Vice Chancellor for Health Affairs. The recommended charge is consistent with applicable statutory requirements under Section 51.961 of the Texas Education Code.

<u>Name/Description</u>	<u>Amount of Fee</u>
HEALTH INSURANCE FEE To defray costs of mandatory insurance	\$620 per year

THE UNIVERSITY OF TEXAS MEDICAL BRANCH AT GALVESTON
 U. T. BOARD OF REGENTS' MEETING
 AUGUST 8, 2002

SMALL CLASS REPORT, FALL 2001 AND SPRING 2002

Pursuant to Section 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	18	20	38	17
b. To keep proper sequence	29	14	43	9
c. New program	0	0	0	0
d. Cross listed	5	4	9	31
e. First time offered	0	0	0	0
f. Accreditation or licensing Standard	0	0	0	0
g. Limited facilities	0	0	0	16
Subtotal	52	38	90	73
h. Voluntarily offered	0	0	0	6
Total	52	38	90	79

THE UNIVERSITY OF TEXAS MEDICAL BRANCH AT GALVESTON
 U. T. BOARD OF REGENTS' MEETING
 AUGUST 8, 2002

SMALL CLASS REPORT, FALL 2001 AND SPRING 2002 (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	5	5	12
b. To keep proper sequence	42	36	78	121
c. New program	0	2	2	0
d. Cross listed	3	2	5	0
e. First time offered	4	3	7	21
f. Accreditation or licensing Standard	0	0	0	0
g. Limited facilities	0	0	0	0
Subtotal	49	48	97	154
h. Voluntarily offered	0	0	0	0
Total	49	48	97	154

THE UNIVERSITY OF TEXAS MEDICAL BRANCH AT GALVESTON
U. T. BOARD OF REGENTS' MEETING
AUGUST 8, 2002

OTHER MATTERS

APPROVAL OF DUAL POSITIONS OF HONOR, TRUST, OR PROFIT

The following item has been approved by the Acting Executive Vice Chancellor for Health Affairs in accordance with the Regents' Rules and Regulations, Part One, Chapter III, Section 13 and is submitted for ratification by the 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 the appointment of Dr. John D. Stobo with The University of Texas Medical Branch at Galveston.

1. Name: John D. Stobo, M.D.
Title: President
Position: Appointment to the Governor's Council on Science and Biotechnology Development
Period: April 8, 2002 to serve at the pleasure of the Governor
Compensation: None
Description: On April 8, 2002 Governor Rick Perry appointed Dr. Stobo to serve on the Governor's Council on Science and Biotechnology Development. The purpose of the Council is to identify opportunities and means to promote cooperation and collaboration among universities to bring more federal research funds to Texas and to improve the universities and to contribute to economic growth. The Council will propose state policies and actions that promote technology development and transfer in Texas. Additionally, the Council will analyze and propose state policies that encourage ready availability and accessibility of venture capital and commercial lending.

THE UNIVERSITY OF TEXAS HEALTH SCIENCE CENTER AT HOUSTON
U. T. BOARD OF REGENTS' MEETING
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THE UNIVERSITY OF TEXAS HEALTH SCIENCE CENTER AT HOUSTON
U. T. BOARD OF REGENTS' MEETING
AUGUST 8, 2002

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 Brown Foundation
College/School/ Department: The University of Texas Health Science Center at Houston
Purpose: Support the New Frontiers Campaign for capital use in the construction of the new Institute of Molecular Medicine for the Prevention of Human Diseases
Asset Type: 5,000 shares in Johnson & Johnson common stock in the amount of \$323,625; 89,000 shares in Pfizer, Inc. common stock in the amount of \$3,638,320; and cash in the amount of \$38,055
Value: \$4,000,000

2. Donor Name: Cullen Trust for Health Care *
College/School/ Department: The University of Texas Health Science Center at Houston
Purpose: Support the New Frontiers Campaign for capital use in the construction of the new Institute of Molecular Medicine for the Prevention of Human Diseases
Asset Type: Cash
Value: \$600,000

*No letter of transmittal from the donor

THE UNIVERSITY OF TEXAS HEALTH SCIENCE CENTER AT HOUSTON
U. T. BOARD OF REGENTS' MEETING
AUGUST 8, 2002

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 GOING OUT

1. Agency: Bruker Instruments
Funds: \$1,250,000
Title/Description: Purchase a TECNAI model F30 Helium Electron Microscope to be used in the Department of Pathology and Laboratory Medicine at the Medical School for the study and determination of the macro molecules regarding biological interest.
2. Agency: Science Applications International Corporation
Funds: \$486,143
Period: July 8, 2002 – approximately September 23, 2002
Description: Consultant to analyze operations and provide thorough gap analysis to assure our compliance with all the dictates of HIPAA and Texas Senate Bill 11.

THE UNIVERSITY OF TEXAS HEALTH SCIENCE CENTER AT HOUSTON
U. T. BOARD OF REGENTS' MEETING
AUGUST 8, 2002

AMENDMENTS TO THE 2001-02 BUDGET

APPOINTMENTS AND PROMOTIONS

The following Requests for Budget Change (RBC) have been administratively approved as required by the Acting 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>Description</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					
Psychiatry and Behavioral Sciences, Dean					
1. Katherine Loveland (T)					041
From: Professor		100	12	121,600	
To: Professor, and Assistant Dean for Faculty Affairs	3/16	100	12	121,600	
DENTAL BRANCH					
Dental Public Health and Dental Hygiene					
2. Deborah R. Franklin (T)					048
From: Associate Professor		100	12	85,152	
To: Associate Professor and Vice Chair	2/1 2/1	100 SUPLT	12 12	85,152 6,000	
Oral Pathology, Diagnostic Sciences					
3. Catherine M. Flaitz (T)					046
From: Professor		100 SUPLT	12 12	113,175 7,200	
To: Professor And Chairman	4/1 4/1 4/1	100 SUPLT SUPLT	12 12 12	115,000 7,200 15,000	

THE UNIVERSITY OF TEXAS HEALTH SCIENCE CENTER AT HOUSTON
U. T. BOARD OF REGENTS' MEETING
AUGUST 8, 2002

AMENDMENTS TO THE 2001-02 BUDGET (Continued)

APPOINTMENTS AND PROMOTIONS (Continued)

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
DENTAL BRANCH (Continued)					
Endodontics and Periodontics					
4. John R. Luddington, Jr. (T)					045
From: Associate Professor and Interim Chair		100 SUPLT	12 12	119,410 13,438	
To: Professor and Chair	4/1 4/1	100 SUPLT	12 12	119,410 13,438	
SCHOOL OF PUBLIC HEALTH					
Biometry					
5. Robert J. Hardy (T)					032
From: Professor		100	12	147,137	
To: Allen King Professor in Public Health	2/1	100	12	147,137	
Biological Sciences					
6. Yun-Xin Fu (T)					030
From: Professor		100	12	111,350	
To: Betty Wheless Trotter Professor in the Medical Sciences	2/1 2/1	100 SUPLT	12 12	111,350 37,200	

THE UNIVERSITY OF TEXAS HEALTH SCIENCE CENTER AT HOUSTON
 U. T. BOARD OF REGENTS' MEETING
 AUGUST 8, 2002

AMENDMENTS TO THE 2001-02 BUDGET (Continued)

APPOINTMENTS AND PROMOTIONS (Continued)

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
SCHOOL OF PUBLIC HEALTH (Continued)					
Center for Health Promotion and Prevention Research					
7. Guy S. Parcel (T)					040
From: Acting Dean and John P. McGovern Professorship in Health Promotion		100 SUPLT	12 12	144,500 75,000	
To: Senior Associate Dean and John P. McGovern Professorship in Health Promotion	4/1 4/1	100 SUPLT	12 12	175,700 45,000	

THE UNIVERSITY OF TEXAS HEALTH SCIENCE CENTER AT HOUSTON
U. T. BOARD OF REGENTS' MEETING
AUGUST 8, 2002

FEES AND MISCELLANEOUS CHARGES

OTHER FEES AND CHARGES

The following new charge recommended for approval by the U. T. Board of Regents and inclusion in institutional catalogs has been approved by the Acting Executive Vice Chancellor for Health Affairs. The recommended charge is consistent with applicable statutory requirements under Section 51.961 of the Texas Education Code.

<u>Name/Description</u>	<u>Amount of Fee</u>
HEALTH INSURANCE FEE To defray costs of mandatory insurance	\$620 per year

THE UNIVERSITY OF TEXAS HEALTH SCIENCE CENTER AT HOUSTON
 U. T. BOARD OF REGENTS' MEETING
 AUGUST 8, 2002

SMALL CLASS REPORT, FALL 2001 AND SPRING 2002

Pursuant to Section 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	1	1	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	1	2	3	0
Subtotal	2	3	5	2
h. Voluntarily offered	0	0	0	0
Total	2	3	5	2

THE UNIVERSITY OF TEXAS HEALTH SCIENCE CENTER AT HOUSTON
 U. T. BOARD OF REGENTS' MEETING
 AUGUST 8, 2002

SMALL CLASS REPORT, FALL 2001 AND SPRING 2002 (Continued)

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

Primary Reasons for Teaching	Fall	Spring	Total	Prior Year Total
a. Required for graduation	8	12	20	15
b. To keep proper sequence	39	41	80	73
c. New program	5	6	11	0
d. Cross listed	8	19	27	27
e. First term offered	0	4	4	2
f. Accreditation or licensing standard	0	0	0	1
g. Limited facilities	0	0	0	4
Subtotal	60	82	142	122
h. Voluntarily offered	7	13	20	21
Total	67	95	162	143

THE UNIVERSITY OF TEXAS HEALTH SCIENCE CENTER AT HOUSTON
U. T. BOARD OF REGENTS' MEETING
AUGUST 8, 2002

OTHER MATTERS

ARTICLES OF INCORPORATION

In accordance with the Articles of Incorporation of Affiliated Medical Services (AMS), the following trustees are appointed/reappointed to the Board of Trustees for the period March 16, 2002 through March 15, 2003:

New Appointments

<u>Name</u>	<u>Address</u>	<u>Term Expires</u>
Morris A. Flaum, M.D. (Replaces Dr. Steven Brown)	6431 Fannin, Houston, Texas 77030	March 15, 2003
David W. Mercer, M.D. (Replaces Dr. Richard Andrassy)	5656 Kelly, Houston, Texas 77026	March 15, 2003

Reappointment

Carlos A. Moreno, M.D.	6431 Fannin, Houston, Texas 77030	March 15, 2003
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FEEES AND MISCELLANEOUS CHARGES

OTHER FEES AND CHARGES

The following new charge recommended for approval by the U. T. Board of Regents and inclusion in institutional catalogs has been approved by the Acting Executive Vice Chancellor for Health Affairs. The recommended charge is consistent with applicable statutory requirements under Section 51.961 of the Texas Education Code.

<u>Name/Description</u>	<u>Amount of Fee</u>
HEALTH INSURANCE FEE To defray costs of mandatory insurance	\$620 per year

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SMALL CLASS REPORT, FALL 2001 AND SPRING 2002

Pursuant to Section 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	10	7	17	60
b. To keep proper sequence	14	11	25	27
c. New program	9	9	18	0
d. Cross listed	1	1	2	1
e. First time offered	0	0	0	0
f. Accreditation or licensing Standard	0	0	0	0
g. Limited facilities	7	7	14	23
Subtotal	41	35	76	111
h. Voluntarily offered	15	14	29	8
Total	56	49	105	119

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SMALL CLASS REPORT, FALL 2001 AND SPRING 2002 (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	8	14	13
b. To keep proper sequence	20	31	51	27
c. New program	0	0	0	0
d. Cross listed	10	2	12	1
e. First time offered	0	0	0	0
f. Accreditation or licensing Standard	0	0	0	0
g. Limited facilities	3	10	13	4
Subtotal	39	51	90	45
h. Voluntarily offered	28	21	49	75
Total	67	72	139	120

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OTHER MATTERS

APPROVAL OF DUAL POSITIONS OF HONOR, TRUST, OR PROFIT

The following item has been approved by the Acting Executive Vice Chancellor for Health Affairs in accordance with the Regents' Rules and Regulations, Part One, Chapter III, Section 13 and is submitted for ratification by the 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 the appointment of Associate Professor Parra with The University of Texas Health Science Center at San Antonio.

- Name:** Juan Manuel Parra, M.D., M.P.H.
Title: Associate Professor, Department of Pediatrics
Position: Appointment as a member on the Texas State Child Fatality Review Team
Period: September 1, 2001 through February 2, 2004
Compensation: \$0.34 per mile and \$125 per day for lodging and meals paid by the Texas Department of Protective and Regulatory Services
Description: On September 14, 2001, Colleen McCall, Regional Director of the Texas Department of Protective and Regulatory Services and Chair of the Texas State Child Fatality Review Team Committee notified Dr. Parra about his selection to serve as a member of the Texas State Child Fatality Review Team for a two-year term.

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OTHER MATTERS (Continued)

APPROVAL OF DUAL POSITIONS OF HONOR, TRUST, OR PROFIT (Continued)

2. Name: Alice K. Gong, M.D.
Title: Associate Professor, Department of Pediatrics
Position: Appointment as a member on the Texas State Child Fatality Review Team
Period: April 3, 2002 through April 3, 2004
Compensation: \$0.34 per mile and \$125 per day for lodging and meals paid by the Texas Department of Protective and Regulatory Services
Description: On April 3, 2002, Colleen McCall, Regional Director of the Texas Department of Protective and Regulatory Services and Chair of the Texas State Child Fatality Review Team Committee notified Dr. Gong about her selection to serve as a member of the Texas State Child Fatality Review Team for a two-year term.

3. Name: Martha A. Medrano, M.D., M.P.H.
Title: Associate Professor, Department of Psychiatry; Director, Medical Hispanic Center of Excellence; and Assistant Dean for Continuing Medical Education, Office of the Medical Dean
Position: Appointment as Advisory Committee Member for the Office on Research in Women's Health at the National Institutes of Health
Period: January 1, 2002 to January 16, 2006
Compensation: \$200
Description: On March 18, 2002, Eduardo J. Ribas, Appointing Officer, Department of Health and Human Services, confirmed the appointment affidavit executed January 17, 2002, to appoint Dr. Medrano as an Advisory Committee Member for the Office on Research in Women's Health at the National Institutes of Health at the National Institutes of Health.

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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 ratification by the U. T. Board of Regents.

1. Donor Name: Commonwealth Cancer Foundation for Research on behalf of Mr. & Mrs. William H. Goodwin, Jr.
College/School/ Department: Institution
Purpose: Cancer Research
Asset Type: Cash
Value: \$1,250,000
2. Donor Name: Wolf Creek Charitable Foundation
College/School/ Department: Leukemia
Purpose: Chronic Lymphocytic Leukemia Research
Asset Type: Cash
Value: \$1,000,000
3. Donor Name: Ms. Eleine Brooks, Mr. Kyle Brooks and Anthony Bullock III Foundation
College/School/ Department: Neurosurgery
Purpose: Anne C. Brooks Neurological Center
Asset Type: Cash
Value: \$756,408.25
4. Donor Name: Houston Endowment, Inc.
College/School/ Department: Institution
Purpose: Cancer Research Endowment
Asset Type: Cash
Value: \$750,000

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CONTRACTS

The following contract or agreement has been awarded, has been administratively approved by the President (or his delegate) and is recommended for ratification by the U. T. Board of Regents:

GENERAL CONTRACTS

FUNDS GOING OUT

1. Agency: Texas Medical Center
Funds: \$86,816.13/month commencement date through 5th lease year
\$99,970.08/month 6th lease year to expiration date
Period: December 1, 2001 for approximately 120 months
Description: Lease 56,374 feet of office space for administrative offices
2. Agency: Compaq Financial Services Corporation
Funds: It is estimated that we will be spending \$11,000,000
Period: January 18, 2002 for two years
Description: Operating lease for computer equipment
3. Agency: Culinaire of Texas
Funds: \$475,000 for the first year, which fee shall automatically increase 3% for each succeeding year of the initial term
Period: October 1, 2000 for a period of sixty (60) months
Description: Food and beverage management services

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AMENDMENTS TO THE 2001-02 BUDGET

APPOINTMENTS AND PROMOTIONS

The following Requests for Budget Change (RBC) have been administratively approved as required by the Acting 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>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
THE TUMOR INSTITUTE – MEDICAL STAFF					
Symptom Research					
1. Charles Cleeland (T)					44
From: Chairman (ad interim), Professor & McCullough Professorship in Cancer Research		100 SUPLT	12	213,377 10,000	
To: Chairman, Professor & McCullough Professorship in Cancer Research	4/1	100	12	223,377	

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AMENDMENTS TO THE 2001-02 BUDGET (Continued)

APPOINTMENTS AND PROMOTIONS (Continued)

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
THE TUMOR INSTITUTE – MEDICAL STAFF					
Neuro-Oncology					
2. W. K. Alfred Yung (T)					40
From: Chairman (ad interim), Professor & Florence Maude Thomas Cancer Research Professorship		100 SUPLT	12 12	261,629 12,364	
To: Chairman, Professor & Florence Maude Thomas Cancer Research Professorship	3/1	100	12	282,000	
Radiation Physics – Patient Care					
Chairman, Professor					
3. Radhe Mohan (T)	3/1	100	12	255,000	39
Hematopathology					
4. Jeffrey L. Medeiros (T)					42
From: Professor		100	12	195,078	
To: Chairman, Professor	4/1	100	12	230,000	

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AMENDMENTS TO THE 2001-02 BUDGET (Continued)

APPOINTMENTS AND PROMOTIONS (Continued)

<u>Item, Department, Title, Name</u>	<u>Effective Date</u>	<u>% Time</u>	<u>No. Mos.</u>	<u>Full-time Salary Rate \$</u>	<u>RBC #</u>
THE TUMOR INSTITUTE – MEDICAL STAFF					
Diagnostic Radiology					
5. Marvin H. Chasen (T)					41
From: Professor		100 SUPLT	12	269,122 12,000	
To: Chairman (ad interim), Professor	4/1	100 SUPLT	12	269,122 12,000	