

Meeting No. 1,075

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

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August 24-25, 2011

Austin, Texas

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MEETING NO. 1,075

WEDNESDAY, AUGUST 24, 2011.--The members of the Board of Regents of The University of Texas System convened at 11:39 a.m. on Wednesday, August 24, 2011, in the Board Meeting Room, Ninth Floor, Ashbel Smith Hall, 201 West Seventh Street, Austin, Texas, with the following participation:

ATTENDANCE.--

Present  
Chairman Powell  
Vice Chairman Foster  
Vice Chairman Hicks  
Vice Chairman Dannenbaum  
Regent Cranberg  
Regent Gary  
Regent Hall  
Regent Pejovich  
Regent Stillwell  
Regent Rutkauskas, Student Regent, nonvoting

In accordance with a notice being duly posted with the Secretary of State and there being a quorum present, Chairman Powell called the meeting to order.

RECESS TO EXECUTIVE SESSION.--At 11:40 a.m., Chairman Powell announced the Board would recess to convene in Executive Session pursuant to *Texas Government Code* Sections 551.071, 551.072, 551.073, and 551.074 to consider those matters listed on the Executive Session agenda.

RECONVENE IN OPEN SESSION.--At 1:58 p.m., the Board reconvened in open session for the following actions taken on matters discussed in Executive Session.

1a. U. T. System Board of Regents: Discussion related to legal issues involving tax matters

No action was taken on this item.

1b. U. T. System Board of Regents: Discussion and appropriate action regarding legal issues related to approval of a possible agreement with MyEdu, a Texas corporation

See Open Session Item 12 on Page 53 for action taken on this item.

- 1c. U. T. System: Discussion and appropriate action regarding legal issues concerning intellectual property matters with the Texas Department of Transportation

No action was taken on this item.

- 1d. U. T. Medical Branch - Galveston: Discussion and appropriate action regarding legal issues related to contract with the Texas Department of Criminal Justice for correctional managed care

See the related Executive Session caption in Item 3a on Page 3 and the additional Open Session item on Page 4 for action taken on this item.

- 1e. U. T. System Board of Regents: Discussion with Counsel on pending legal issues

No action was taken on this item.

- 2a. U. T. System Board of Regents: Report of Task Force on U. T. System Administration Complex and discussion of recommendations of the Task Force regarding the U. T. System Administration Complex located on all of Block 71, on Lots 1-6 of Block 82, on the west 80 feet of Lots 9-12 of Block 70, all of the preceding as described in the Original City Plat of Austin, Texas, and the 6th and 7th floors of the U. T. Administration Building at 1616 Guadalupe Street, all in Austin, Travis County, Texas

No action was taken on this item.

- 2b. U. T. Health Science Center - Houston: Authorization to sell the leasehold interest in 34,250 gross square feet on the ninth floor of the Texas Heart Institute at St. Luke's Episcopal Hospital Denton A. Cooley building located at 6770 Bertner Avenue in Houston, Harris County, Texas, to the Texas Heart Institute, a Texas nonprofit corporation, either by outright sale or sublease-purchase at a value supported by independent appraisals

On behalf of The University of Texas Health Science Center at Houston, Regent Stillwell moved that the Board

- a. authorize the sale of the leasehold interest in 34,250 gross square feet on the ninth floor of the Texas Heart Institute at St. Luke's Episcopal Hospital Denton A. Cooley building located at 6770 Bertner Avenue in Houston, Harris County, Texas, to the Texas Heart Institute, a Texas nonprofit corporation, either by outright sale or by sublease-purchase

at a value supported by independent appraisals and on terms to be negotiated in accordance with the parameters discussed in Executive Session; and

- b. authorize the Executive Director of Real Estate to execute the sale, assignment, and/or sublease documents, and all other documents, instruments, or agreements, and to take all further actions deemed necessary or advisable to carry out the purpose and intent of the foregoing action.

The motion was duly seconded by Vice Chairman Hicks and carried unanimously.

- 3a. U. T. Medical Branch - Galveston: Discussion regarding individual personnel matters related to contract with the Texas Department of Criminal Justice for correctional managed care

See the related caption in Item 1d on Page 2 and the additional Open Session item on Page 4 for action taken on this item.

- 3b. U. T. System: Discussion and appropriate action regarding individual personnel matters relating to appointment, employment, evaluation, compensation, assignment, and duties of U. T. System and institutional employees

No action was taken on this item.

- 3c. U. T. System: Discussion and appropriate action regarding individual personnel matters relating to appointment, employment, evaluation, compensation, assignment, and duties of presidents (academic and health institutions), U. T. System Administration officers (Executive Vice Chancellors and Vice Chancellors), other officers reporting directly to the Board (Chancellor, General Counsel to the Board, and Chief Audit Executive), and U. T. System and institutional employees and related personnel aspects of the operating budget for Fiscal Year 2012

Action on the personnel aspects of the Fiscal Year 2012 Operating Budget was deferred for consideration at the Board meeting on Thursday, August 25, 2011, and was approved at that time (see related Items 8 and 9 on Pages 41 and 50, respectively).

4a. U. T. Austin: Approval of proposed negotiated gifts with potential naming features

Vice Chairman Hicks moved that the Board of Regents authorize the Presidents of The University of Texas at Austin, The University of Texas at San Antonio, and The University of Texas M. D. Anderson Cancer Center and Vice Chancellor Safady to conclude negotiations necessary to finalize and accept gifts to benefit those institutions with potential naming features consistent with the terms outlined in Executive Session.

Vice Chairman Foster seconded the motion, which carried by acclamation.

4b. U. T. Dallas: Discussion and appropriate action regarding proposed negotiated gifts (Deferred)

Action related to proposed negotiated gifts at The University of Texas at Dallas was deferred.

4c. U. T. San Antonio: Approval of proposed negotiated gifts with potential naming features

See Item 4a above for approval of this item.

4d. U. T. M. D. Anderson Cancer Center: Approval of proposed negotiated gifts with potential naming features

See Item 4a above for approval of this item.

## AGENDA ITEMS

U. T. Medical Branch - Galveston: Approval to negotiate and enter into a contract with the Texas Department of Criminal Justice for correctional managed care including possible delegation of contracting authority

Chairman Powell announced that an additional item was posted with the Secretary of State regarding a proposed contract between The University of Texas Medical Branch at Galveston and the Texas Department of Criminal Justice (TDCJ) for correctional managed care, including possible delegation of contracting authority.

Following comments by Executive Vice Chancellor Shine, Vice Chairman Dannenbaum moved that The University of Texas System Board of Regents,

acting on behalf of U. T. Medical Branch - Galveston, delegate authority to President Callender, in collaboration with the Executive Vice Chancellor for Health Affairs and the Vice Chancellor and General Counsel, to

- a. negotiate and enter into an interim contract with TDCJ for the delivery of correctional health care services during State Fiscal Year 2012. The term of this interim contract shall not exceed 60 days; and
- b. negotiate and enter into a new contract with TDCJ for the delivery of correctional health care services, consistent with the legal issues discussed in Executive Session (Items 1d and 3a), the applicable requirements of relevant legislation adopted by the 82nd Texas Legislature, and the best interest of U. T. Medical Branch - Galveston.

The motion was seconded and carried unanimously.

1. U. T. System: Announcement of recipients for the 2012 Regents' Outstanding Teaching Awards and remarks by representative faculty

Chairman Powell provided remarks about the Regents' Outstanding Teaching Awards that were established on August 14, 2008, with a fundamental goal to reward and recognize exemplary faculty members who are making significant and lasting contributions to the quality of undergraduate education at the nine University of Texas System academic institutions.

These awards are the Board of Regents' highest honor to teaching faculty and underscore the Board's commitment to the continuous advancement of excellence in the classroom and the lab. In a ceremony that evening (August 24), 72 teachers would be recognized. Chairman Powell called on Vice Chairman Hicks, who also serves as Chairman of the Board of Regents' Academic Affairs Committee, to provide details of the rigorous selection process and to introduce three 2012 award recipients.

- Brent L. Iverson, Ph.D., Chairman, Department of Chemistry and Biochemistry, a University Distinguished Teaching Professor and Warren J. and Viola Mae Raymer Professor, The University of Texas at Austin, representing tenured faculty members;
- Jeff Wilson, Ph.D., Assistant Professor of Environmental Science, Department of Chemistry and Environmental Sciences, The University of Texas at Brownsville, representing tenure-track faculty members. Mr. Wilson demonstrated his use in the classroom of the online virtual world video game, Second Life; and



- Carolyn T. Mitchell, Senior Lecturer in Advertising, Department of Communication, The University of Texas at El Paso, representing award recipients in the contingent faculty category. (Ms. Mitchell's slide [presentation](#) is on file in the Office of the Board of Regents.)

RECESS.--At 2:40 p.m., Chairman Powell announced the Board would recess for meetings of standing committees and would reconvene on the morning of August 25.

THURSDAY, AUGUST 25, 2011.--The members of the Board of Regents of The University of Texas System reconvened at 8:30 a.m. on Thursday, August 25, 2011, in the Board Meeting Room, Ninth Floor, Ashbel Smith Hall, 201 West Seventh Street, Austin, Texas, with the following participation:

ATTENDANCE.--

Present

Chairman Powell  
Vice Chairman Foster  
Vice Chairman Hicks  
Vice Chairman Dannenbaum  
Regent Cranberg  
Regent Gary  
Regent Hall  
Regent Pejovich  
Regent Stillwell  
Regent Rutkauskas, Student Regent, nonvoting

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

U. T. SYSTEM BOARD OF REGENTS: APPROVAL OF MINUTES.--The Minutes of the regular meetings of the Board of Regents of The University of Texas System held on May 11-12, 2011, and July 14, 2011, and the special called meetings held on June 9, 2011, August 9, 2011, and August 15, 2011, all in Austin, Texas, were approved as prepared by the Secretary to the Board of Regents. The official copy of these Minutes is recorded in the *Permanent Minutes*, Volume LVIII, Pages 244 - 409.

AGENDA ITEMS

2. U. T. System Board of Regents: Presentation of certificate of appreciation to President John Mendelsohn, M.D.

On behalf of the members of the Board, Chairman Powell expressed appreciation to John Mendelsohn, M.D., President of The University of Texas M. D. Anderson Cancer Center, for his distinguished service and outstanding contributions to the institution, to The University of Texas System, and to the State of Texas for the past 15 years. Dr. Mendelsohn resigned from the presidency effective August 31, 2011, and will remain in the U. T. family as an M. D. Anderson employee, serving as Co-director of the Institute for Personalized Cancer Therapy and as a member of the faculty.

Chairman Powell then presented Dr. Mendelsohn with a certificate of appreciation as an expression of gratitude for his work at M. D. Anderson and for his complete engagement in all University of Texas System activities, including leadership in discussions related to student success and the undergraduate experience.

President Mendelsohn in turn expressed appreciation for the opportunities provided him, and he noted changes experienced in cancer care over his tenure.

3. U. T. System: Approval of A Framework for Advancing Excellence Action Plan

Chairman Powell reminded members of the Board that Chancellor Cigarroa spoke to the Board on May 12, 2011, about his vision and goals for The University of Texas System, and the Board had unanimously adopted those goals. Before he called on Chancellor Cigarroa to outline his proposed framework action plan for advancing excellence throughout the U. T. System, Chairman Powell introduced the following officials who were among the attendees at the meeting:

- Senator Judith Zaffirini, Chairman of the Senate Higher Education Committee
- Senator Kirk Watson
- State Representative Donna Howard
- Texas Higher Education Coordinating Board Chairman Fred Heldenfels
- Mayor Chris Boswell of Harlingen

Chancellor Cigarroa handed out the document, *A Framework for Advancing Excellence Action Plan*, set forth on Pages 13 - 21. He presented the plan that translates the Framework into the following nine focus areas. (Chancellor Cigarroa's slide presentation is on file in the Office of the Board of Regents.)

1. Undergraduate Student Access and Success
2. Maintaining Excellence in the Faculty, Administration, and Staff
3. Research
4. Productivity and Efficiency

5. Information Technology Infrastructure Investments [includes a cyberinfrastructure initiative (see Item 8 on Page 41 related to approval of the FY 2012 operating budget)]
6. Philanthropy
7. Ph.D. Programs
8. Health and Medical Education
9. Expanding Educational and Health Opportunities in South Texas and the Lower Rio Grande Valley (see also Item 6 on Page 30)

Chancellor Cigarroa remarked that the U. T. System will be the national model to reinvent public higher education in America. Chairman Powell and Chancellor Cigarroa referenced the work of the Task Force on University Excellence and Productivity and the Task Force on Blended and Online Learning, led by Regent Pejovich and Regent Hall, respectively, as critical to providing insight and clarity to the Plan.

Following consideration of reports from those two Task Forces (Item 4 on Page 22) and a report from Faculty Advisory Council Chair Allen (Item 5 on Page 27), Chairman Powell recognized Mrs. Melinda Hill Perrin, representing the Texas Coalition for Excellence in Higher Education. Ms. Perrin had requested to address the Board. Stating that Coalition members do not support preserving the status quo, she spoke in full support of the Chancellor's Framework.

Chairman Powell then called on each member of the Board for remarks.

Vice Chairman Foster echoed his full and enthusiastic support for the Chancellor's comments and for the work and results that came out of the Task Forces. In commending those involved, especially Chancellor Cigarroa, Vice Chairman Foster said the work will create a better University of Texas System.

Vice Chairman Dannenbaum expressed appreciation to Chairman Powell for his leadership, to the members of the Task Forces for achieving consensus in their recommendations, and to the presidents for offering suggestions and visionary leadership. He also thanked those who believe in The University of Texas System; in education as everybody's ticket; and in continuing to raise the bar in excellence, research, and teaching.

Vice Chairman Dannenbaum commented on the benefits of educating international students in terms of goodwill and international relations.

Regent Pejovich said she supports the Chancellor's Framework, and she noted the goals are aggressive, but are a first step in a lengthy and rewarding process. She said she looks forward to continuing engagement.

Regent Hall expressed appreciation for the opportunity to participate in the process, and he said he supports the Chancellor's outline of the Framework to make improvements across the U. T. System. Regent Hall noted there is more work that lies ahead, and he expressed appreciation that the plan is flexible and dynamic.

Regent Rutkauskas said he is pleased to be serving on the Board at an exciting time, and he thanked Chancellor Cigarroa for the focus on students contained in the Framework. Noting the focus Task Force Chairmen Pejovich and Hall had on students, he said he appreciates serving on the two Task Forces. He also thanked other members of the Board for their dedication to students and for making an impact on their future.

Regent Cranberg said members of the Productivity and Excellence Task Force have learned a tremendous amount, and he said he wholeheartedly endorses the Framework laid out by Chancellor Cigarroa. He said the Framework is visionary, and some might call it radical. He said the Framework calls for the measurement and transparent collection of meaningful data and for the implementation of enlightened new incentives that can and will propel rapid advances on the well-led campuses in productivity, excellence, teaching, and research. He commented on the intensity of the last six months' work of the two Task Forces, and he noted this is a starting point, not an end, saying he looks forward to the work ahead to serve Texas and students.

Regent Stillwell expressed support for the Chancellor and U. T. System officials and presidents.

Regent Gary supported the Framework, and he commented specifically on the Chancellor's clear articulation of the four-year graduation rate contained in the plan as a standard for full-time students at U. T. System institutions. He noted that graduation rates would be measured by respective peer groups as a reflection on demography. Regent Gary said other major points that resonated with him, also tied to graduation rates, were:

- the theme that "one-size-does-not-fit-all" since the U. T. System institutions are at different stages of development;
- greater philanthropic participation of alumni to replace some of the traditional revenue sources;

- consideration of the financial costs of higher education to students and their families;
- better use of existing academic infrastructure to increase enrollments;
- access; and
- the true excellence of the flagship university and the need to promote recognition of the excellence of the flagship university on a national basis.

Regent Gary applauded the Chancellor for his constant reference to the need for the U. T. System Administration to add value to the institutions.

Vice Chairman Hicks congratulated Chancellor Cigarroa for his heroic work on the Framework that addresses the issues head-on that face higher education. He said the Framework is necessary, timely, and comprehensive. He said he knows of no other university that is addressing all these issues at once at the level of depth being proposed. Vice Chairman Hicks noted the last six months have been challenging, with hours of work and lively debate, but he believes great advancements can take place following the most difficult of circumstances. He said there is consensus on the Board and between the Chancellor and presidents that the Framework Action Plan is the right thing to do, and unlike many university systems in the country, the U. T. System has the resources that allow an immediate investment to be made in these advancements. Vice Chairman Hicks recognized there are statewide friends and alumni who have voiced these concerns and are willing to help, and he called on his fellow Board members for their commitment to be as supportive as possible to the Chancellor and to the presidents who will need ample time and flexibility with minimal distractions and due requests. He said the acts needed to achieve the Framework will not be carried out in the Board Room, but on the campuses. Vice Chairman Hicks said Regents are entitled to ask questions and request information, but he hopes the questions will be posed in a thoughtful and reasonable way. Now that the Regents and the Chancellor have set the goals and policies, which was their job, he said it is time to turn implementation over to the capable executive teams.

Referencing next August (2012) when the Board will recognize another group of outstanding teachers, Vice Chairman Hicks said he hopes that today (August 25, 2011) will be looked back on as the day “the Texas Plan” changed higher education in Texas.

Vice Chairman Hicks moved that the U. T. System Board of Regents

- a. approve the Framework Action Plan as recommended by Chancellor Cigarroa; and

- b. favorably consider the budget recommendations needed to implement the Plan in a deliberate but aggressive manner (see approval of the FY 2012 operating budget in Item 8 on Page 41).

Vice Chairman Hicks then called for roll call vote, which General Counsel Frederick administered. Members of the Board responded as follows:

Vice Chairman Foster - First of all, I would like to second that motion. I believe it is a transformative and historic action, and I am very proud to second the motion. That would be an aye.

Vice Chairman Dannenbaum - I am very happy to express my unqualified support of the Chancellor's plan and recommendations with a vote of aye.

Regent Stillwell - I optimistically and enthusiastically support the motion.

Regent Gary - aye

Regent Cranberg - aye

Regent Pejovich - aye

Regent Hall - aye

Vice Chairman Hicks - aye

Student Regent Rutkauskas - aye

Chairman Powell - aye.

The motion carried unanimously, and Chairman Powell then turned to Chancellor Cigarroa and said, "Chancellor, I believe the ball is yours."



## A Framework for Advancing Excellence throughout The University of Texas System: Action Plan

*Preface: The U. T. System Board of Regents unanimously adopted A Framework for Advancing Excellence throughout The University of Texas System (Framework) presented by Chancellor Francisco G. Cigarroa at the May 2011 meeting of the Board. This document translates the Framework initiatives into an action plan to assure the effective implementation and comprehensive measurement of the initiatives and related metrics.*

*Important work and progress have been made on many of the major issues. However, we must focus and redouble our efforts in the spirit of continuous improvement. The document also includes several new initiatives that continue to advance a culture of innovation, and positive change, focused on the advancement of The University of Texas System and its institutions. Recognition of the unique strengths and characteristics of the institutions is essential in their development of successful strategies to achieve the action items included in the Framework. The academic and health institutions will align their strategic plans with the Framework adopted by the Board of Regents.*

Framework Focus	Action Items	Responsible Parties	Goals/Metrics (Best estimates)*	Timeline (Best estimates)*
<b>1. Undergraduate Student Access &amp; Success</b> A. Increase total number of degrees conferred B. Reduce financial impact on students and families C. Enhance and increase blended/online learning to augment student success	<b>A. Increase total number of degrees conferred</b>			
	1. Strengthen methods to increase number of degrees conferred, and establish target goals.	<ul style="list-style-type: none"> <li>Academic Presidents</li> <li>EVC for Academic Affairs</li> </ul>	A. Target goals established B. Increased number of degrees conferred	A. December 2011 (Targets due) B. Summer 2015
	2. Review and strengthen enrollment management plans that consider the demographic changes of the state of Texas.	<ul style="list-style-type: none"> <li>Academic Presidents</li> <li>EVC for Academic Affairs</li> </ul>	A. Revised enrollment management plans B. Report on enrollment trends	A. December 2011 B. Summer 2015
	3. Each institution to revise and enhance action plans to become top performers in 4-year graduation rates, among their respective peer groups, of: <ol style="list-style-type: none"> <li>full-time students,</li> <li>transfer students, and</li> <li>other relevant cohorts (e.g., coordinated admission programs).</li> </ol>	<ul style="list-style-type: none"> <li>Academic Presidents</li> <li>EVC for Academic Affairs</li> </ul>	A. Action plan completed B. Increased 4-year graduation rates relative to respective peers	A. December 2011 B. Summer 2016 (Full report)
	4. Implement tuition policies that incentivize students to graduate in four years.	<ul style="list-style-type: none"> <li>Academic Presidents</li> <li>EVC for Academic Affairs</li> </ul>	A. Tuition policies approved B. Implementation commenced	A. Spring 2012 B. Fall 2012
	5. Implement innovative plans to improve student advising to enhance persistence rates toward shortening time to degree.	<ul style="list-style-type: none"> <li>Academic Presidents</li> <li>EVC for Academic Affairs</li> </ul>	A. Plans approved B. Improved persistence rates C. Shortened time to degree completion	A. December 2011 B. Summer 2013 C. Summer 2016

\*Upon adoption of the Framework Action Plan by the Board of Regents, the goals, metrics and timelines will be further developed, enhanced and modified.



Framework Focus	Action Items	Responsible Parties	Goals/Metrics (Best estimates)*	Timeline (Best estimates)*
	<b>B. Reduce financial impact on students and families</b>			
	1. Develop annual full cost financial disclosure statements for students/families to encourage 4-year, or shorter, graduation rate including comparative cost of 5 and 6-year graduation rates, and to demonstrate transparency and full disclosure.	<ul style="list-style-type: none"> <li>VC for Strategic Initiatives</li> </ul>	A. Financial disclosure forms distributed to students	A. Class of Fall 2012
	2. Identify and further implement strategies to reduce debt burden for students.	<ul style="list-style-type: none"> <li>Institution Presidents</li> </ul>	A. Strategies due B. Lowered average debt burden	A. Summer 2012 B. Summer 2016 (Report)
	<b>C. Enhance and increase blended/online learning to augment student success</b>			
	1. Enact recommendations of the Blended and Online Learning Task Force, as approved by the Board of Regents, which include the following:			
	<ul style="list-style-type: none"> <li>Establish a Regental merit-based grant program to become a national leader in augmenting student success through blended and online courses.</li> </ul>	<ul style="list-style-type: none"> <li>Chancellor's Office</li> <li>EVC for Academic Affairs</li> <li>EVC for Health Affairs</li> </ul>	A. Funding identified B. Program established	A. August 2011 (Recommendation to Regents) B. August 2012
	<ul style="list-style-type: none"> <li>Hire a national expert on blended and online learning who will lead the effort to develop a plan with appropriate goals.</li> </ul>	<ul style="list-style-type: none"> <li>Chancellor's Office</li> </ul>	A. Expert hired	A. January 2012
	<ul style="list-style-type: none"> <li>Enhance the use of technology to improve student learning (e.g., large gateway courses, hybrid instruction, and long distance learning), including the utilization of prequalified vendors to provide access to established blended/online learning systems, when appropriate</li> </ul>	<ul style="list-style-type: none"> <li>Institution Presidents</li> <li>National Expert</li> </ul>	A. Learning analytics, student and professorial feedback	A. December 2012 (Initial analysis)
	2. Expand the portfolio of online courses to be shared Systemwide, thereby increasing outreach to all students.	<ul style="list-style-type: none"> <li>Institution Presidents</li> <li>EVC for Academic Affairs</li> <li>EVC for Health Affairs</li> <li>National Expert</li> </ul>	A. Increased online courses available for credit at multiple institutions	A. Class of Fall 2012 (Expanded class offerings)

\*Upon adoption of the Framework Action Plan by the Board of Regents, the goals, metrics and timelines will be further developed, enhanced and modified.

Framework Focus	Action Items	Responsible Parties	Goals/Metrics (Best estimates)*	Timeline (Best estimates)*
<b>2. Faculty/Administrators/Staff Excellence</b> A. Recruit, retain and reward great faculty B. Utilize incentive-based compensation strategies C. Strengthen annual performance evaluations D. Strengthen post-tenure review E. Conduct college/school external evaluations F. Recruit outstanding administrative and faculty leadership	<b>A. Recruit, retain and reward great faculty</b>			
	1. Continue and enhance Systemwide and institutional efforts to identify, recruit, and retain great faculty: a. Utilize and expand the STARS program to enable great research and teaching. b. Expand teaching excellence awards.	<ul style="list-style-type: none"> <li>Institution Presidents</li> <li>EVC for Academic Affairs</li> <li>EVC for Health Affairs</li> </ul>	A. Greater availability of STARS funding  B. Report on STARS funding	A. August 2011 (Recommendation to Regents)  B. August 2012
	<b>B. Utilize incentive-based compensation strategies</b>			
	1. Enhance compensation strategies for faculty and administrators to reward and incentivize performance.	<ul style="list-style-type: none"> <li>Academic Presidents</li> <li>EVC for Academic Affairs</li> <li>EVC for Health Affairs</li> <li>General Counsel</li> </ul>	A. Revised and implemented institution compensation plans and retention metrics	A. FY 2014
	<b>C. Strengthen annual performance evaluations</b>			
	1. Ensure that annual performance evaluations are strengthened to better define performance levels and are completed for all employees (faculty, administrators and staff).	<ul style="list-style-type: none"> <li>Institution Presidents</li> <li>EVC for Business Affairs</li> <li>General Counsel</li> </ul>	A. All employees annually evaluated, periodic compliance reviews	A. Annual certification to Chancellor indicating completion of performance evaluations
	<b>D. Strengthen post-tenure review</b>			
	1. Revise Regents' Rule on post-tenure review to better differentiate performance levels and enhance excellence.	<ul style="list-style-type: none"> <li>Chancellor's Office</li> <li>Board of Regents' Office</li> <li>General Counsel</li> </ul>	A. Revised Regents' Rule	A. November 2011 (Recommendation to Regents)
	<b>E. Conduct college/school external evaluations</b>			
	1. Review and strengthen plans to provide for holistic external reviews of each institution's colleges or schools similar to organized research unit reviews as provided in Regents' Rule 40602.	<ul style="list-style-type: none"> <li>Institution Presidents</li> <li>EVC for Academic Affairs</li> <li>EVC for Health Affairs</li> </ul>	A. External reviews commenced	A. Fall 2012 (Begin staggered reviews)
<b>F. Recruit outstanding administrative and faculty leadership</b>				
1. Develop or strengthen strategies that assure a rigorous selection and appointment process to recruit outstanding department chairs.	<ul style="list-style-type: none"> <li>Academic Presidents</li> <li>EVC for Academic Affairs</li> <li>EVC for Health Affairs</li> </ul>	A. Strategies identified	A. September 2012 (Report to Chancellor – realigned strategies)	

Framework Focus	Action Items	Responsible Parties	Goals/Metrics (Best estimates)*	Timeline (Best estimates)*
<b>3. Research</b> A. Promote strategic research collaborations B. Augment technology transfer and commercialization C. Support emerging research universities	<b>A. Promote strategic research collaborations</b>			
	1. Identify and pursue synergistic collaborations among UT System institutions, other higher education institutions, government agencies, as well as public and private entities to produce more externally sponsored research funding and to create shared facilities (e.g., laboratory space, equipment).	<ul style="list-style-type: none"> <li>• Institution Presidents</li> <li>• EVC for Academic Affairs</li> <li>• EVC for Health Affairs</li> <li>• EVC for Business Affairs</li> <li>• VC for Federal Relations</li> </ul>	A. Increase research expenditures and support	A. May 2012 (Report to Regents)
	2. Identify new revenue streams, including philanthropy, to support research missions.	<ul style="list-style-type: none"> <li>• Institution Presidents</li> <li>• VC for External Relations</li> </ul>	A. Enhanced research success	A. Ongoing
	<b>B. Augment technology transfer and commercialization</b>			
	1. Fund new System initiative to enhance technology transfer and commercialization.	<ul style="list-style-type: none"> <li>• Chancellor’s Office</li> <li>• EVC for Business Affairs</li> </ul>	A. Identified funding	A. August 2011 (Funding recommendation to Regents)
	<b>C. Support emerging research universities</b>			
1. Develop business plans, to operationalize the institutional strategic plans required by HB 51 (81 <sup>st</sup> Texas Legislature) to enhance teaching, student success and research.	<ul style="list-style-type: none"> <li>• Emerging Institutions                             <ul style="list-style-type: none"> <li>○ UTA President</li> <li>○ UTD President</li> <li>○ UTEP President</li> <li>○ UTSA President</li> </ul> </li> <li>• EVC for Academic Affairs</li> </ul>	A. Completed institutional business plans to EVC for Academic Affairs B. Briefing for the Board of Regents	A. Spring 2012 B. May 2012 (Report to Regents)	
<b>4. Productivity and Efficiency</b> Implement Additional Cost Containment Strategies A. Standardized Systemwide operational systems B. Implement additional shared services initiatives C. Conduct administrative organizational reviews D. Review and implement effective space utilization	<b>A. Standardized Systemwide operational systems</b>			
	A. Prioritize a list of Systemwide operational systems to be standardized, then create and implement a long-term strategy for standardizing those systems.	<ul style="list-style-type: none"> <li>• EVC for Business Affairs</li> <li>• EVC for Academic Affairs</li> <li>• EVC for Health Affairs</li> <li>• Institution Presidents</li> </ul>	A. Priorities identified B. Implementation plan in place C. Increased Systemwide cost savings and more efficient and consistent reporting of information	A. December 2011 B. June 2012 C. Ongoing

\*Upon adoption of the Framework Action Plan by the Board of Regents, the goals, metrics and timelines will be further developed, enhanced and modified.

Framework Focus	Action Items	Responsible Parties	Goals/Metrics (Best estimates)*	Timeline (Best estimates)*
17	<b>B. Implement additional shared services initiatives</b>			
	1. Continue to define and implement shared services initiatives at System Administration for the benefit of the institutions.	<ul style="list-style-type: none"> <li>• EVC for Business Affairs</li> <li>• EVC for Academic Affairs</li> <li>• EVC for Health Affairs</li> <li>• Institution Presidents</li> </ul>	A. Shared Services organizational structure in place B. New shared services projects identified and implemented <ul style="list-style-type: none"> <li>a. Process improvements</li> <li>b. Universal application of best practices</li> <li>c. Enhanced collaborations</li> </ul> C. Increased Systemwide cost savings	A. December 2011 B. Ongoing C. December 2012
	<b>C. Conduct administrative organizational reviews</b>			
	1. Conduct external reviews of System Administration and each institution's organizational structure.	<ul style="list-style-type: none"> <li>• Chancellor's Office</li> <li>• EVC for Academic Affairs</li> <li>• EVC for Health Affairs</li> <li>• EVC for Business Affairs</li> <li>• Institution Presidents</li> </ul>	A. Plan developed B. First reviews completed	A. Summer 2012 B. Summer 2013
<b>D. Review and implement effective space utilization</b>				
1. Develop criteria to assess and improve academic, research, and administrative space utilization and strategies, including productivity indices, and review of space utilization policies.	<ul style="list-style-type: none"> <li>• EVC for Business Affairs</li> <li>• EVC for Academic Affairs</li> <li>• EVC for Health Affairs</li> <li>• Institution Presidents</li> </ul>	A. Criteria developed and instituted by each campus B. Better space utilization (indices and criteria established) expanded classroom access, research success, and clinical capacity	A. Fall 2012 B. February 2013 (Progress report to Regents)	
<b>5. Strategic Information Technology Infrastructure Investments</b>	<b>A. Expand computational power and storage capacity through Systemwide information technology plan</b>			
	1. Engage expert/consultant in the development of a Systemwide information technology plan (including expanded computing power and capacity) to support research, education, patient care, operational functions, and blended and online learning course offerings.	<ul style="list-style-type: none"> <li>• Chancellor's Office</li> <li>• EVC for Academic Affairs</li> <li>• EVC for Health Affairs</li> </ul>	A. Engage consultant B. Completed IT plan to Regents	A. December 2011 B. May 2012 (Recommendation to Regents)
A. Expand computational power and storage capacity through Systemwide information technology plan B. Establish System interactive database				

\*Upon adoption of the Framework Action Plan by the Board of Regents, the goals, metrics and timelines will be further developed, enhanced and modified.

Framework Focus	Action Items	Responsible Parties	Goals/Metrics (Best estimates)*	Timeline (Best estimates)*
	<b>B. Establish System interactive database</b>			
	1. Prioritize dashboard metrics and develop recommendations, and identify resources for supporting interactive database to support the management of the System and its institutions, mandated State reporting requirements, and the Productivity Framework Dashboard.	<ul style="list-style-type: none"> <li>Chancellor's Office</li> <li>VC for Strategic Initiatives</li> </ul>	A. Funding identified B. Engaged expert to ensure effective rollout and implementation	A. August 2011 B. Fall 2011 (Begin dashboard implementation)
<b>6. Enhance Philanthropic Success</b>	<b>A. Enhance philanthropic success</b>			
	1. Each campus to develop and implement a multi-year business plan demonstrating a balanced and effective development program, with appropriate targets and goals tied to the institutional strategic plan, comprising a higher percentage of institutional expenditures, with a goal of being top performer among peer groups.	<ul style="list-style-type: none"> <li>Institution Presidents</li> <li>VC for External Relations</li> </ul>	A. Plans developed B. Implementation begun C. Philanthropy represents a higher percentage of institutional expenditures	A. October 2011 B. November 2011 C. November 2012 (Report to Regents)
	2. Renewal of Strength in Numbers initiative to make strategic investments in key development personnel and operations to increase private revenue, including support to System to assist and provide to individual institutions high quality professional development officers, where needed.	<ul style="list-style-type: none"> <li>Institution Presidents</li> <li>VC for External Relations</li> </ul>	A. Funding identified B. Increased philanthropy	A. August 2011 (Recommendation to Regents) B. November 2013 (Report to Regents)
<b>7. Ph.D. Programs</b>	<b>A. Assure high performance Ph.D. programs</b>			
A. Assure high performance Ph.D. programs B. Mentor and advise Ph.D. students C. Incentivize shortened time to complete Ph.D.	1. Strengthen criteria for review and continuation of Ph.D. programs, remediation, or closure of others that consider current rules and regulations regarding Ph.D. programs.	<ul style="list-style-type: none"> <li>Institution Presidents</li> <li>EVC for Academic Affairs</li> <li>EVC for Health Affairs</li> </ul>	A. Updated and well-defined criteria established for program evaluation	A. August 2012
	<b>B. Mentor and advise Ph.D. students</b>			
	1. Strengthen and develop innovative plans to improve Ph.D. student advising to shorten time to degree, and provide career advising.	<ul style="list-style-type: none"> <li>Institution Presidents</li> <li>EVC for Academic Affairs</li> <li>EVC for Health Affairs</li> </ul>	A. Completed plans	A. August 2012

Framework Focus	Action Items	Responsible Parties	Goals/Metrics (Best estimates)*	Timeline (Best estimates)*
	<p><b>C. Incentivize shortened time to complete Ph.D.</b></p> <p>1. Set clear criteria and expectations in an agreement, between student and department regarding time-to-completion including incentives, deadlines and consequences for failing to meet expectations.</p>	<ul style="list-style-type: none"> <li>• Institution Presidents</li> <li>• EVC for Academic Affairs</li> <li>• EVC for Health Affairs</li> </ul>	<p>A. Approved agreements</p> <p>B. Use of defined agreements</p>	<p>A. August 2012</p> <p>B. August 2012</p>
<p><b>8. The Health of Texas</b></p> <p>A. Implement Transformation in Medical Education (TIME) pilot projects</p> <p>B. Advance medical education and research in Austin</p> <p>C. Advance Austin, and other metropolitan areas, as technology/biotechnology research hubs</p> <p>D. Improve patient safety and quality</p>	<p><b>A. Implement Transformation in Medical Education (TIME) pilot projects</b></p> <p>1. Engage outside consultant to evaluate and assist in further implementation of TIME pilot projects.</p> <p><b>B. Advance medical education and research in Austin</b></p> <p>1. Under the existing affiliation agreement, enhance linkages between the Seton Healthcare Family, UT Southwestern Medical Center, UT System, UT Austin and other key supporters to expand medical education and research in Austin, including increased biomedical research programs and number of faculty in Austin.</p> <p>2. Further develop and continue working toward the comprehensive UT System strategic plan for 4-year research intensive medical education, including expanded residencies, biomedical research and interdisciplinary health education in Austin.</p> <p><b>C. Advance Austin, and other metropolitan areas, as technology/biotechnology research hubs</b></p> <p>1. Leverage research productivity and reputation of UT System and UT Austin to attract greater resources for the advancement of UT and Austin as a technology/biotechnology hub (e.g., venture capitalists, angel investors, etc).</p>	<ul style="list-style-type: none"> <li>• EVC for Health Affairs</li> <li>• UT Southwestern Medical Center Regional Dean</li> <li>• UT Austin President</li> <li>• EVC for Health Affairs</li> <li>• EVC for Academic Affairs</li> <li>• Chancellor's Office</li> <li>• EVC for Health Affairs</li> <li>• EVC for Academic Affairs</li> <li>• UT Austin President</li> <li>• EVC for Business Affairs</li> <li>• EVC for Academic Affairs</li> <li>• EVC for Health Affairs</li> <li>• AVCs for Research</li> <li>• UT Austin President</li> </ul>	<p>A. Consultant engaged</p> <p>A. Increased residency positions, research programs and number of faculty in Austin.</p> <p>A. Further develop and continue plan implementation</p> <p>A. Increased investments in UT affiliated start-ups and established technology and biotechnology businesses in Austin</p>	<p>A. Fall 2011</p> <p>A. In progress</p> <p>A. Ongoing</p> <p>A. August 2012 (Report on progress/initiatives to Chancellor)</p>

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\*Upon adoption of the Framework Action Plan by the Board of Regents, the goals, metrics and timelines will be further developed, enhanced and modified.

Framework Focus	Action Items	Responsible Parties	Goals/Metrics (Best estimates)*	Timeline (Best estimates)*
	2. Leverage research productivity and reputation of other UT System institutions to attract greater resources to expand and develop our other metropolitan areas as technology/biotechnology research hubs within their communities (e.g., venture capitalists, angel investors, etc).	<ul style="list-style-type: none"> <li>Institution Presidents</li> <li>EVC for Business Affairs</li> <li>EVC for Academic Affairs</li> <li>EVC for Health Affairs</li> <li>AVCs for Research</li> </ul>	A. Increased investments in UT affiliated start-ups and established technology and biotechnology businesses	A. August 2012 (Report on progress/initiatives to Chancellor)
	<b>D. Improve patient safety and quality</b>			
	1. Pursue systems engineering initiatives and research to improve patient safety, quality and efficiency of care.	<ul style="list-style-type: none"> <li>EVC for Health Affairs</li> <li>Health Presidents</li> <li>Chancellor's Health Fellow for Systems Engineering</li> </ul>	A. Funding recommendation B. Improved quality of care, and measurable reduction of medical errors	A. August 2011 B. August 2012 (Progress report to Regents)
<b>9. Expanding Educational and Health Opportunities in South Texas</b>	<b>A. Finalize and advance comprehensive South Texas/LRGV Plan</b>			
A. Finalize and advance comprehensive South Texas/LRGV Plan B. Establish UT Brownsville as a free standing 4-year university	1. Implement comprehensive South Texas/LRGV Plan including enhancing STEM success, UTeach, and smart hospital, expanding residencies and biomedical research.	<ul style="list-style-type: none"> <li>Chancellor's Office</li> <li>UTB President</li> <li>UTPA President</li> <li>UTHSCSA President</li> <li>UTHSCH President</li> <li>EVC for Academic Affairs</li> <li>EVC for Health Affairs</li> <li>VC for External Relations</li> </ul>	A. Funding recommendations B. UTeach established, enhanced number of graduates with STEM degrees, established smart hospital, increased residency positions, enhanced research expenditures, and joint educational efforts	A. August 2011 B. September 2012 (Initial progress on plan)
	2. Further develop and continue working toward plans for interdisciplinary health education, including comprehensive 4-year medical education.	<ul style="list-style-type: none"> <li>EVC for Academic Affairs</li> <li>EVC for Health Affairs</li> <li>VC for External Relations</li> </ul>		
	3. Enhance linkages between UT Brownsville, UT Pan American, Regional Academic Health Campuses, the Laredo Regional Campus, community colleges and independent school districts, to comprehensively serve the educational needs of South Texas.	<ul style="list-style-type: none"> <li>UTB President</li> <li>UTPA President</li> <li>UTHSCSA President</li> <li>UTHSCH President</li> <li>EVC for Academic Affairs</li> <li>EVC for Health Affairs</li> </ul>	A. Enhanced agreements to facilitate greater number of students served, and efficiencies in course offerings among the institutions	A. In progress and ongoing
	4. Identify resources to expand STARS program for academic institutions in the Lower Rio Grande Valley.	<ul style="list-style-type: none"> <li>Chancellor's Office</li> <li>EVC for Academic Affairs</li> <li>EVC for Health Affairs</li> </ul>	A. Funding recommendation B. Implement expanded STARS or similar program for academic institutions in Lower Rio Grande Valley	A. August 2011 (Recommendation to Regents) B. January 2012

Framework Focus	Action Items	Responsible Parties	Goals/Metrics (Best estimates)*	Timeline (Best estimates)*
<b>B. Establish UT Brownsville as a free standing 4-year university</b>				
	1. Establish UT Brownsville as a comprehensive 4-year university ensuring full educational opportunities for the region.	<ul style="list-style-type: none"> <li>• Chancellor’s Office</li> <li>• EVC for Academic Affairs</li> <li>• Office of General Counsel</li> <li>• UT Brownsville President</li> </ul>	A. Separately accredited institutions, official termination of existing partnership agreement	A. August 2013

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4. U. T. System Board of Regents: Remarks from Regent Pejovich, Chairman of the Task Force on University Excellence and Productivity, and Regent Hall, Chairman of the Task Force on Blended and Online Learning

This item was considered prior to the vote on the Framework Action Plan (Item 3 on Page 8).

At the Board meeting on February 18, 2011, Chairman Powell announced an intention to establish two task forces to review a) university excellence and productivity, and b) blended and online learning programs within The University of Texas System. On February 25, 2011, Chairman Powell formed the Task Force on University Excellence and Productivity and the Task Force on Blended and Online Learning.

The Task Force on University Excellence and Productivity has studied how the U. T. System's nine academic campuses may strengthen the quality of student learning and research excellence, expand access to serve more students, and reduce costs to be more affordable to students and taxpayers.

The Task Force on Blended and Online Learning has reviewed how new technologies may be integrated into the learning opportunities for on-campus students to provide for better learning outcomes; faster time to degree and greater degree affordability; and how academic campuses may offer high-quality, affordable online degrees.

Chairman Powell called on Task Force Chairman Pejovich to report on meetings of the Task Force on University Excellence and Productivity, and on Task Force Chairman Hall to report on the Task Force on Blended and Online Learning.

Report on the Task Force on  
University Excellence and Productivity  
by Regent Pejovich

First, I would like to thank Chairman Powell for his vision and leadership in the formation of the two advisory task forces charged with providing the most efficient means for producing graduates, while at the same time, increasing the quality of education across the U. T. System. I also want to thank him for the privilege of serving as Chairman of this Task Force. It has been a pleasure to work with Regents Cranberg, Stillwell, Kalkwarf, and Rutkauskus, Chancellor Francisco Cigarroa, Executive Vice Chancellors David Prior and Scott Kelley, The University of Texas at Dallas President David Daniel, The University of Texas - Pan American President Robert Nelsen, and The University of Texas at Austin Provost Steven Leslie. We also had valuable staff support from Dr. Pedro Reyes, Dr. Sandra Woodley, and Mr. Art Martinez.

Over the past five months, we asked members of the Task Force to work under a demanding schedule, and they have my heartfelt gratitude for all they brought to the table: an extraordinary level of commitment, energy, and creativity. It has been no small feat to study the complexities of excellence and productivity of the individual campuses and propose initiatives to take them to the next level. But the Task Force members did just that: discussing significant issues, identifying serious challenges, and supporting the importance of transparency in the decision-making process. The end result came from the contributions by the Task Force members, and I would like to note just a few examples of the great ideas presented:

- This group readily embraced President Daniel's recommendation of documenting graduate student goals and expectations and reducing time to degree;
- President Nelsen provided us with an understanding of the unique challenges and opportunities for institutions such as U. T. Pan American in several areas, including student success, e-advising, and funding; and
- Provost Leslie's comments have highlighted the importance of providing decision-makers and the public with clear and transparent information on the contributions of faculty in the areas of teaching and research, drilling down to the departmental level.

When the Task Force was established, our goal was to study ideas and make recommendations for consideration to the Board's Academic Affairs Committee. We are very pleased that, as you have just heard, the Chancellor, during these past months, significantly accelerated the process by taking this Task Force's issues, suggestions, and the findings that we were ultimately to roll up into a report, and incorporated them into his very thoughtful draft Framework for Action.

Today, we voice our support for the proposed Framework, with emphasis on the data necessary for decision-making, transparent measures, and initiatives, and note that no additional formal report or recommendations need be issued by this Task Force. The Task Force's final step is to hand over implementation to the Chancellor and to stand in support of him and his team as they move aggressively on the goals proposed.

This is a significant first step in what will be a lengthy but rewarding process, and I look forward to continued engagement as the work proceeds.

In closing, let me say that the Chairman's vision in establishing the Task Forces has served to reassess the traditional higher education models, and the U. T. System is well positioned to take its place at the forefront of student

success, teaching, and research excellence. We are truly at a historic moment -- a turning point for higher education, and of course, Texas should be, and we will be, the leader in this movement.

Report on the Task Force on  
Blended and Online Learning  
by Regent Hall

First, I would like to thank you, Chairman Powell, for this privilege in chairing this Task Force and for the challenge. It has been an honor to work in tandem with my fellow Task Force members: Vice Chairman Hicks, Regent Gary, The University of Texas at El Paso President Natalicio, The University of Texas at San Antonio President Romo, The University of Texas at Arlington President Spaniolo, and our ex officio members: Student Regent Kalkwarf, Student Regent Rutkauskas, Executive Vice Chancellor for Academic Affairs Dr. Prior, U. T. Austin Vice Provost of Higher Education Policy and Research Dr. Harrison Keller, and, of course, our enthusiastic Chancellor and Chairman. Also special thanks to Mr. Art Martinez and all of the dedicated and professional U. T. System staff who do so much to support our efforts and initiatives.

Our meetings and discussions were thought-provoking, challenging, and far-reaching in their scope. We are extremely excited about the recommendations of our Task Force and their future impact on our students, our institutions, and the State of Texas.

To summarize our two major recommendations, they are as follows:

1. The U. T. System should immediately establish the Institute for Transformational Learning (ITL) (see approval in Item 8 on Page 41) to promote instructional innovations within and across System campuses. We propose that the Institute be funded with a \$50 million investment from the U. T. System to support its efforts. Under the leadership of Chancellor Cigarroa, we envision a national search for the Institute's senior director and the selection of an independent oversight committee composed of nationally recognized experts and practitioners from outside of the state on the subject of using technology to improve student learning, creating greater access to higher education, and improving on the productivity and efficiency of the classroom.

The Institute has three major goals:

First, to establish U. T. institutions as world leaders in the development and implementation of best-in-class for blended and online learning resources and establish the U. T. Online Brand as synonymous with excellence in technology-enhanced education;

Second, to expand access to educational programs that will improve learning outcomes and reduce costs for students and their families, universities, and taxpayers; and

Third, to promote a culture of educational innovation throughout the U. T. System.

We propose that the Institute will accomplish its goals through a combination of competitive grants, matching awards, and awards for leading innovators, as well as through public and private ventures. For our institutions, departments, and faculty that choose to participate, this competitive environment and rigorous selection process should incentivize our institutions to create the very best blended and online courses available anywhere.

As an example, the Institute will notify our campuses that it will be accepting applications for a particular online course for consideration of a competitive grant award. No school or department must compete, although all will be encouraged to do so. The selection committee will review entrants' proposals and select a winner. The winner will receive a significant financial award for creation and implementation of the course that will then be recognized as a "best-in-class" course and part of the official U. T. Online Brand. In addition, we envision the institution and/or department and faculty members for each selected course will benefit in any future revenue streams generated from its course.

Our hope is that these efforts will yield a selection of the very best online and blended courses in a myriad of gateway classes and disciplines that will then be available for course and degree credit to all of our students, regardless of which System institution they attend. Through these significant incentives, we believe the online courses and blended learning methodologies selected by the Institute will create a powerful brand of the highest rated courses of their kind.

2. The U. T. System should support the development of data infrastructures and learning analytics platforms on all System campuses to monitor and streamline student pathways through undergraduate and graduate programs, and to create a coordinated structure for reporting student learning outcomes. This will be an important step in being accountable to the public.

We recommend that the U. T. System support these infrastructures at three levels:

1. Through a common Learning Management System installed across System campuses, which would offer substantial savings in terms of scalability, hosting, technical support, and acquisition costs;

2. Establish Early Academic Warning Systems that would inform students, faculty, and academic advisors about students' academic progress and identify emerging problems; and
3. Through E-advising Systems, which will assist our students and their families in presenting options that are available to them to reduce the cost of a degree by advising the student of such options as dual credit courses, community college courses, or online courses that can be used to meet their degree requirements. This will have an impact on a major challenge for higher education – the need to improve on graduation rates. It will also increase the productivity and efficiency of our institutions by more accurately predicting course demand and room scheduling.

The U. T. System is, we believe, uniquely positioned to combine substantial direct support for educational innovations on our campuses and targeted investments in the campus infrastructures to leverage our world-class faculty to compete more effectively in delivering the highest quality education to our students.

It was evident to this Task Force that new technology and educational innovations bring the promise of improving higher education for the benefit of all, but to do so successfully, we must aggressively compete and innovate or risk being left behind.

Many thanks again to the Task Force members, Chancellor Cigarroa, Chairman Powell, and the U. T. System staff.

Chairman Powell thanked all of the Task Force members for their substantial involvement and engagement in the work of the Task Forces, and said over 1,000 individual hours were put into that work. He said the Task Forces have completed their work in almost six months. Chairman Powell invited comments from the presidents.

5. U. T. System: Remarks by Timothy C. Allen, M.D., Chairman of the U. T. System Faculty Advisory Council

This item was considered prior to the vote on the Framework Action Plan (Item 3 on Page 8).

Chairman Powell called on Timothy C. Allen, M.D., Chairman of The University of Texas System Faculty Advisory Council, for remarks.

Remarks by Dr. Allen  
on the faculty's support of excellence and efficiency

As U. T. faculty across Texas now begin the fall semester, we do so knowing we have the support of the U. T. Board of Regents and Chancellor Cigarroa. Today, we, the U. T. faculty, reaffirm, without qualification, our support of the leadership and guidance provided by Chancellor Cigarroa and the Board of Regents.

At the May (2011) Board of Regents' meeting, Chancellor Cigarroa reminded us of three basic tenets upon which U. T. proudly stands: our legacy of rejecting mediocrity and pursuing excellence; our heritage of education and scholarly research; and our institutional resilience. The U. T. faculty stands with Chancellor Cigarroa in support of each of these tenets.

Upon these tenets, Chancellor Cigarroa then established a framework for advancing excellence in the U. T. institutions -- not merely goodness, but greatness -- that embraces the concept of continuous improvement. The framework is built on four pillars: opportunity, economic prosperity, quality of life, and stewardship. The U. T. faculty wholeheartedly embraces this framework and its four pillars.

But we at U. T. must not merely talk the talk; we must walk the walk. To ensure that U. T. institutions can attain these appropriately ambitious goals, Chancellor Cigarroa correctly identified the requirement that we continuously examine ourselves -- faculty and administration -- and hold ourselves accountable to those we serve -- the citizens of Texas -- using appropriate quantifiable measures of productivity that yield information suitable for comprehensive analysis and transparent presentation. The U. T. faculty supports Chancellor Cigarroa's concept.

Today, nationally, higher education is facing increasing challenges and increasing scrutiny. Tenure and faculty productivity are among

the most prominent higher education issues being discussed across the country as Americans strive for more efficient methods for providing high quality higher education.

Tenure is a traditional part of higher education; but it cannot be sustained by tradition alone. When used appropriately, tenure has been shown to be of significant value to an institution, providing freedom for superior faculty to pursue independent research, ultimately increasing the educational experience to our students.

The U. T. faculty appreciates Chancellor Cigarroa's current examination of its Rules regarding post-tenure review, and appreciates the opportunity to provide faculty input to the Board. Faculty already considers review to be a normal part of one's professional obligations. With the appropriate legal, accreditation-related, due process, and peer review protections in force, properly structured faculty review is educational and ultimately helps faculty develop successful careers. U. T. faculty are continuously addressing issues relevant to their review, and faculty leaders are developing "best practices for faculty development" to assist faculty at all levels in evaluating and adjusting their performances.

Perhaps no other issue involving higher education is receiving more attention today than the issue of faculty productivity. As with post-tenure faculty review, faculty productivity can also benefit from the establishment of clear, unambiguous faculty guidelines regarding teaching, research, and service. Clear and unambiguous faculty guidelines can make it easier for the faculty to understand what is expected of them, and further, could substantially assist the U. T. System in its endeavor to better quantify and monitor faculty workload.

Some despair that we are not capable of accurately measuring faculty teaching, research, or service. But accurate productivity measurement is not beyond our capacity. The citizens of Texas now expect better faculty productivity measurement and transparent reporting, and U. T. faculty must endeavor to meet these expectations. The U. T. faculty embraces the spirit of these recommendations, and looks forward to considering them and working with the U. T. System Administration to effectively institute them.

Perhaps we can look to the profession of medicine for some guidance. Especially over the past decade, society has increasingly demanded improved patient outcomes and significant medical cost containment. Measurements of quality and productivity are today being performed routinely in innumerable areas, including physician offices and hospitals. Physicians and hospital administrators today routinely speak in terms of continuous quality improvement.

As with medicine, society today expects higher education to address issues of cost containment and improving quality in a time of decreasing revenue and increasing demands. Hospitals and physicians have responded by cleverly prioritizing their responsibilities, maximizing the utilization of current technologies, streamlining tasks, and constantly monitoring quality and productivity measurements. Those physician groups and hospitals that do so best are viable and prospering today.

If medicine can do this, so too can U. T. Vast untapped resources are available to assist us in meeting these challenges, including the enormous efficiencies U. T. can garner from digital, Internet, and computer technologies; solid infrastructure that is the envy of the world; and most importantly, the untapped ingenuity residing already within U. T., and within the citizens of Texas.

I have spoken with many students and professors regarding the changes and challenges in higher education today. Students express concern about costs and the perception that there is a threat to educational quality; however, they tell me they gladly take on thousands of dollars in debt for the opportunity provided them by the U. T. institutions. Professors are aware of the nationwide issues regarding higher education; however, the vast majority (of professors) are extremely optimistic. Teachers want to teach. Researchers want to perform world-class research and are aggressively pursuing grants to further those goals.

Today, we must go beyond the confusion and vitriol that has too long attended this conversation, and work together to advance the goals of the U. T. System. As has occurred so many times in the past, let U. T. System be the example other states' institutions of higher education to look to for guidance and inspiration to efficiently fulfill their higher education goals.

And let us remember, we ask a lot of our U. T. students: we ask students to tolerate the stress of academia that they have never known before, and likely will not know again; and we ask them to go into debt, sometimes quite significant debt, in order to learn. It is appropriate then that we, the U. T. faculty, ask a lot of ourselves as well.

RECESS AND RECONVENE IN OPEN SESSION.--The Board took a 15 minute recess from approximately 10:30 to 10:45 a.m. and then reconvened to consider the remaining items on the agenda.



6. U. T. System: Affirmation of the Lower Rio Grande Valley Plan - Education and Health Initiatives including funding of \$30 million for:
- UTeach programs in Science, Technology, Engineering, and Mathematics (STEM) education and engineering at U. T. Pan American and U. T. Brownsville
  - a faculty recruitment program to attract exceptional STEM faculty and researchers
  - a Simulated Teaching Hospital, a joint endeavor with U. T. Pan American, U. T. Brownsville, and the Regional Academic Health Centers (RAHCs), which are part of U. T. Health Science Center - San Antonio (UTHSCSA)
  - a Biomedical Research Program, a joint endeavor with U. T. Pan American, U. T. Brownsville, the RAHCs, the Laredo Regional Campus, which is part of UTHSCSA, and the Regional School of Public Health in Brownsville, which is part of U. T. Health Science Center - Houston
  - a stronger foundation for medical education by expanding the number of residency opportunities throughout South Texas
  - Strength in Numbers funding for the development offices at U. T. Brownsville and U. T. Pan American

This item was taken up after Item 8 on Page 41 related to the Fiscal Year 2012 operating budget.

Chairman Powell announced that before members of the Board on yellow paper was an additional agenda item posted with the Secretary of State related to a proposal for the Lower Rio Grande Valley.

Following comments from Chancellor Cigarroa, Executive Vice Chancellor Prior, and Executive Vice Chancellor Shine, the Board approved a \$30 million investment in "The Lower Rio Grande Valley Plan - Education and Health Initiatives," (the LRGV Plan) as set forth on Pages 33 - 39.

The LRGV Plan involves investment in Science, Technology, Engineering, and Mathematics (STEM) faculty, replication of the UTeach program, establishment of a simulated teaching hospital infrastructure, development of a biomedical research program, and building a medical education program. All components of the plan comprise an additional foundation for a medical school in the LRGV, and will involve the collaboration of The University of Texas at Brownsville, The University of Texas - Pan American, The University of Texas Health Science Center at San Antonio and its Regional Academic Health Centers (RAHC) together with its Laredo Regional Campus, and The University of Texas Health Science Center at Houston, through its Regional School of Public Health in Brownsville.

On December 3, 2010, the Board of Regents heard a presentation from Chancellor Cigarroa and Executive Vice Chancellor Prior on an initiative to advance education titled *Enhanced Higher Educational Opportunities in the Lower Rio Grande Valley of Texas*, which was commissioned to identify and

implement ambitious and wide-ranging education and research initiatives in the LRGV and South Texas over the next decade. The initiative is based on the principle that higher education can continue to make a marked difference in this vital region of Texas. The LRGV region has potential for further economic development and enhanced quality of life, but is challenged by explosive population growth, a lower per capita income, and educational opportunities that do not meet the demand.

The initiative identifies the six focus areas set forth below that are considered to be critically important and worthy of an investment. Improvement in STEM education is the fundamental building block. It underpins the other three key areas identified in the LRGV Plan for enhanced education and research opportunities: Environment and Energy, Advanced Manufacturing, and Health Professional Education.

Collaboration among secondary and postsecondary educational institutions in the region, as well as across the state, is the single most important factor that will govern success. Additionally, there must be a commitment by all for engagement in the long term when new opportunities arise. It is strongly emphasized that the academic initiative merely provides a beginning step in the journey to provide expanded and enhanced higher educational and research opportunities to the LRGV for the benefit of its people, both now and in the future.

#### Immediate Priorities:

The initiative presents The University of Texas System's long-term vision for and commitment to the LRGV and South Texas, which will require much time, resources, and capacity-building to accomplish. As a first step in moving to action, the LRGV Plan identifies six priority areas where action and resources will have the most immediate impact:

- Establish UTeach programs in STEM education and engineering at U. T. Pan American and U. T. Brownsville [\$8.5 million = \$4.0 million from Intermediate Term Fund (ITF/Swap Proceeds) and \$4.5 million from other sources];
- Establish a faculty recruitment program (Science and Technology Acquisition and Retention Program or ValleySTARS) to attract exceptional STEM faculty and researchers to U. T. System institutions in the LRGV (\$9.5 million from ITF/Swap Proceeds);
- Establish a Simulated Teaching (Smart) Hospital - a joint endeavor with U. T. Pan American, U. T. Brownsville, and the RAHCs, which are part of U. T. Health Science Center - San Antonio (\$6 million from Permanent University Fund [PUF] Bond Proceeds and \$4 million from ITF/Swap Proceeds);

- Establish a Biomedical Research Program - a joint endeavor with U. T. Pan American, U. T. Brownsville, the RAHCs including the Laredo Regional Campus, and the Regional School of Public Health in Brownsville, which is part of U. T. Health Science Center - Houston (\$4 million from ITF/Swap Proceeds);
- Establish a stronger foundation for medical education by expanding the number of residency opportunities in the LRGV and South Texas for existing and future medical students (\$1.5 million from ITF/Swap Proceeds); and
- Establish "Strength in Numbers" funding to strategically build infrastructure, skills, programs, and personnel in the development offices at U. T. Brownsville and U. T. Pan American with a goal of creating new levels of philanthropic support at both institutions (up to \$1 million from ITF/Swap Proceeds).

Outcomes will be tracked by specific metrics over the time of this investment and developed and reported as this initiative is implemented.

## **Enhanced Higher Educational and Health Opportunities in the Lower Rio Grande Valley of Texas**

### **Executive Recap**

The University of Texas System (UT System) presents a plan to implement ambitious and wide ranging education and health-related initiatives in the Lower Rio Grande Valley (LRGV) and South Texas over the next five years.

A bold, innovative UT System initiative addresses the needs of the LRGV for improved access to high quality education and health programs that will ultimately expand existing educational and research capacities, provide jobs and reduce poverty, while most importantly saving and enriching lives. This plan will not only impact South Texas, but our entire state.

Science, Technology, Engineering and Mathematics (STEM) education is a fundamental building block upon which enhanced education and health research opportunities will be advanced. It provides a basis for six focus areas, which are identified as both critical and worthy of investment.

- Enhancement of teaching, especially in STEM fields, by replication of UTeach programs
- Recruitment of exceptional STEM faculty and researchers through a new ValleySTARs program, modeled after the successful UT System STARs program
- Establishment of a simulated teaching hospital in Harlingen to serve Valley higher education institutions and medical facilities
- Expansion of research programs in biomedical research, especially in such critical areas as diabetes and obesity
- Enhancement of UT System medical education presence through residency programs in South Texas
- Strength in Numbers

The plan builds on a collaborative concept that seeks to interconnect all of the public higher education and medical capacity in the region. It provides focus for greater impact by fully integrating the combined missions of research and discovery, teaching and learning, and service to address specific societal and economic needs of the region.

The UT System requests the UT System Board of Regents to allocate \$30 million in support of the LRGV Plan to implement initial activities through The University of Texas at Brownsville (UTB), The University of Texas – Pan American (UTPA), and The University of Texas Health Science Center at San Antonio (UTHSCSA) and its Regional Academic Health Centers (RAHC) together with its Laredo Regional Campus, and the Regional School of Public Health located in Brownsville representing The University of Texas Health Science Center at Houston (UTHSCH). Funds allocated by the Board are intended to serve as a catalyst and incentive for subsequent years' funding from external sources.

The initial investment by UT System is expected to be used by the institutions to leverage additional funds from private industry, the federal government, the State of Texas, and state and national foundations interested in supporting such activity. For example, the UT System and its LRGV institutions have already gained the interest

of private foundations to support UTeach. Similarly, federal departments will be tapped to support research. The institutions and the researchers will be expected to generate faculty salaries and benefits after the initial investment by UT System. For example, UTB and UTPA have each already applied for and received \$45,000 planning grants for UTeach replication.

Each of these strategies/programs have proven effectiveness in the UT System and its institutions and can be confidently expected to be successfully applied to serve the needs of the LRGV.

## Detailed Plans

### **Strategy I: UTeach**

Nationally, a severe lack of highly qualified high school teachers in specific STEM disciplines leads to weak preparation of high school students for success in STEM fields. This shortage is caused by (1) not enough students opting for a post-secondary major in a STEM field and (2) not enough STEM majors going into teaching. This situation is especially true in the LRGV. The major goals of the STEM education element of this plan are to increase the number of students, especially those from underrepresented and low socioeconomic populations, who choose teaching careers in math and science fields and to provide programs for current public school teachers who are teaching outside of their content areas to become proficient in teaching the STEM fields.

The number of undergraduates training as future STEM teachers would be expanded by replicating UTeach programs at both UTB and UTPA to provide the highest caliber pre-service training in math and science education. Collaboration with local community colleges [Texas Southmost College (TSC), South Texas College (STC), and Texas State Technical College (TSTC)] would ensure curriculum and instructional alignment enabling smooth transfer of students into STEM majors. Additionally, the number of public school teachers who are specifically trained and highly qualified to provide STEM education to their high school students would increase. An important vision is that these highly qualified teachers will teach the next generation of students who will be better prepared to matriculate into a medical school in the LRGV as the RAHC reaches important milestones consistent with Senate Bill 98.

Approximately \$4 million is requested for the UTeach program, which will begin after the first year of planning with initial and subsequent enrollment as follows:

<b>Served By UTeach Program</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
<b>UTPA Students</b>	49	133	217	301
<b>UTB Students</b>	58	100	162	226
<b>Total South Texas</b>	<u>107</u>	<u>233</u>	<u>379</u>	<u>527</u>

In addition, the program will target 40 LRGV high school teachers per year for improvement of qualifications and content knowledge of STEM fields. Over five years, our plan is to train 200 LRGV teachers and serve over 1,200 students at UTPA and UTB.

### **Strategy II: ValleySTARs Program**

The ValleySTARs program is based upon the extremely popular and successful UT System STARs program for “Science and Technology Acquisition and Retention” of outstanding faculty. The ValleySTARs program will permit UTB and UTPA to request funding to cover faculty salary and benefits for no more than three years in support of their recruitment efforts for new “star” faculty to teach in STEM fields and/or begin a research program in biomedical issues affecting the LRGV in collaboration with faculty from the RAHCs. Funding can also be requested for strategic renovation of classrooms, laboratories or equipment needed to successfully recruit the

faculty member. It is essential that the quantity and quality of teaching and learning in STEM fields is enhanced by state-of-the-art teaching concepts and technology employed by scholar teachers.

The criteria for allocating funding will be based on the following:

- Extraordinary commitment to undergraduate teaching demonstrated in a variety of ways, including mentoring, service, and advising.
- Sustained high performance as evidenced by student evaluations.
- The extent to which the recruitment will provide outstanding scientific leadership in an area of significant strength to the individual institution, e.g., the addition of a high quality research program in an underdeveloped area within the institution, or a substantial enhancement of an existing program.
- The extent to which recruitment provides important research leadership in a priority area for the UT System and the State of Texas. Specific attention will focus on research capabilities in biomedical sciences such as diabetes and obesity, as well as engineering and technology.
- The extent to which the recruitment would introduce a researcher into high quality collaborative activities involving interactions between health science campuses and academic campuses, or among multiple campuses.
- The extent to which the recruitment will contribute to scientific development in areas bridging multiple disciplines, will enhance translation of research from bench to bedside, or will provide scientific or technological skills supportive of a number of other investigators and/or programs.

Approximately a total of \$9.5 million is requested for the ValleySTARs program. Recruiting and hiring will be done collaboratively between UTB, UTPA and the RAHCs to foster synergy and avoid duplication and redundancy in program development. An external panel of high caliber STEM faculty will evaluate proposals requesting funding. Final allocation decisions will be made by UT System and the Chancellor.

Approximately 40 new faculty positions are expected to be recruited. The ValleySTARs program will apply the assessment metrics used by the successful UT System STARs program. These will include: sponsored research projects generated by the initiative, technology transfer, number of patents, scientific publications, service on national or international boards, number of undergraduate students involved in research, and number of graduate students recruited.

### **Strategy III: Simulated Teaching Hospital**

The major goal of the health component of the plan is to lessen health disparities caused by allied health provider shortages and knowledge gaps in health delivery systems. Currently, the number of students that many of the existing programs can competently serve is severely restricted. The simulated teaching hospital will provide undergraduate and graduate students with experiences that simulate care in the real world with learning occurring through planned events that are coordinated with the curricula of the programs involved. Additionally, continuing education activities will be developed and offered on a fee basis to community health services providers with training needs.

The goal is to increase the quantity and quality of clinical and technological experiences for students in health professions by creating and operating a simulated hospital. It is designed to replicate nearly all the essential aspects of a clinical situation by using high-tech manikins as patient surrogates, so that the student can have a

greater variety and number of hands-on learning experiences that can be applied later, in real clinical practice. This also allows for repeated practice of difficult procedures. Quality is expected to increase with skill mastery.

The simulated teaching hospital will be established at the RAHC in Harlingen and operated to serve student demand in all allied health and nursing fields at UTB, UTPA, TSC, STC, and TSTC, as well as medical students at the RAHCs. The facility will be 15,000 square feet and include a fully functional 20-bed simulated hospital with designated teaching areas for Trauma/ER, Obstetrics and Pediatrics, and Medical/Surgical simulations. Simulation equipment would include a combination of low, medium and high-fidelity manikins for adults, children, babies, newborns, and birthing. Approximately \$10 million is requested for the establishment and maintenance of the simulated teaching hospital. It will be modeled after the highly successful clinical simulation hospital at The University of Texas at Arlington.

The quality of training and, hence, the level of competency, of students and professionals in the health disciplines and industry in the LRGV would be enhanced. An increase of approximately 20% in the number of annual enrollments in Nursing and Physician Assistant programs is expected. Operating as a service bureau to other health education interests, both private and public, the simulated teaching hospital will be able to earn revenues to help offset operating expenses.

#### **Strategy IV: Building a Biomedical Research Program**

The UT System proposes to create a multi-campus and community-based research program that will advance the scientific discovery enterprise of the LRGV in an integrated way. The program involves UTB, UTPA, UTHSCSA's and UTHSCH's regional campuses, and a network of affiliated health-related research and education programs in Brownsville, Harlingen, Edinburg/McAllen and Laredo. Across the academic universities, there is considerable expertise in biology, chemistry, biochemistry, behavioral sciences, computer science and informatics. This expertise complements strengths in public health, genetics, immunology, epidemiology and community-based participatory research within the health university components. Specifically, the program will:

- 1) leverage existing research strengths and allow strategic growth by *investing in high-impact, coordinated faculty recruitment.*
- 2) advance research amongst the program sites *by purchasing telecommunications and IT equipment,* enabling intensely collaborative endeavors with synergy among campuses and their LRGV communities.
- 3) craft a foundation for students to engage in STEM and health research that will educate students for future discovery and advance their goals.
- 4) serve as a national model in which UT System universities interact with, and empower their local communities to be participants in scientific discovery and by so doing, would increase competence and confidence to address and impact threats to their health and quality of life.

The initial focus of discovery will be on obesity and diabetes. This focus is a logical choice because of the high incidence of obesity (48.5%) and progressive diabetes (30.7%) in LRGV adults. Even more ominous is the fact that over half of the region's adolescents are overweight or obese. In addition to the directly deleterious impact of obesity and diabetes, these conditions also lead to non-alcoholic liver disease, cardiovascular disease including stroke, end-stage renal disease, retinopathy and increased susceptibility to infection. How these linked events occur over time and how they might be prevented is poorly understood and a compelling ground for new discovery. Lastly, obesity and diabetes are well-recognized as conditions of enormous economic cost, i.e. an



estimated annual treatment cost that consumes 2-3% of per capita annual income in the United States. However, in the economically depressed South Texas Border Region, the high incidence and low income result in health care cost for these two diseases that represents over 12% per capita annual income.

Accordingly, *the proposed program is designed to crystallize research directions around these dual and often linked diseases, assuring a critical mass of researchers by recruitment of additional faculty with expertise in obesity and diabetes and by assuring advanced data analysis/sharing by expanding existing IT resources.* In addition, the program will provide high-profile education opportunities for learners at all levels. In light of the larger scale of obesity prevalence across the nation, the proposed program also has considerable potential for developing novel, commercially viable treatments and cost saving health-monitoring technology. A total of \$4 million is requested to build the biomedical research program.

### **Strategy V: Building Medical Education**

During the 81<sup>st</sup> Texas Legislature, SB 98 provided that the Board of Regents “may establish the University of Texas Medical School - - South Texas at the Health Science Center as soon as the Board considers appropriate considering available resources and the best interest of The University of Texas System and the people of this state and the South Texas region.” No funds may be appropriated before State fiscal biennium ending on or before August 31, 2015.

Among the conditions required for the establishment of a medical school in South Texas, there must be support for a comprehensive institution that supports outstanding research and educational programs. The school will require broad-based regional support including philanthropy. An absolute necessity will be additional state funding for operations and infrastructure. This funding cannot come at the expense of existing UT System institutions.

As noted above, a highly focused and impactful plan for research enterprise has been developed. This plan will support the research opportunities for a Medical School. An essential feature of the educational program is the availability of an adequate number of graduate medical education residency positions in the region. Currently a growing number of medical students from UTHSCSA do clinical rotations at the RAHC centered at Harlingen. However there are limited number of existing residency opportunities for these students to further their education in South Texas. These are limited to five first-year positions in Internal Medicine and six positions in Family Medicine. In the absence of adequate positions, students graduating from a medical school would have to seek residencies elsewhere. A high proportion will then practice in areas where they take their residencies. Moreover the quality of the medical student experience depends critically on high quality residency programs in which they learn. Ultimately, the Medical School should have a minimum of 120 residency positions in six specialty areas. These include Family Practice, Internal Medicine, Psychiatry, Surgery, OB/Gyn, and Pediatrics. Fortunately seven hospitals across the region have tentatively committed to 129 residency positions. Initial plans call for expansion of Internal Medicine and Family Practice over the next two years. A planning group is currently preparing a proposal for a training program in Psychiatry to be submitted for accreditation evaluation in 2012. A steering group has been created for development of residency programs in Surgery.

Although the cost of the residency programs including faculty teachers will be largely met by the hospitals, a total of \$1.5 million is requested to support further development of these programs throughout South Texas. This also includes the need for expert outside consultation to assist the hospitals in designing new programs, including the complexities of rotations at various sites, surveys of available patient populations and preparation of complex

documentation. Residency educational consultants will be required to assist in the creation of innovative and high quality programs. These funds will also allow partial support of program directors required to implement new and expanded programs in a cost sharing arrangement with the hospitals. Recruitment of faculty for the residency programs will be carefully coordinated with the research agenda noted above.

The objectives of these efforts will include expansion of Internal Medicine and Family Practice, establishment of new programs in Surgery and Psychiatry and completion of plans for OB/Gyn and Pediatrics, by 2015.

**Strategy VI: Strength in Numbers**

Establish “Strength in Numbers” funding to strategically build infrastructure, skills, programs, and personnel in the development offices at UTB and UTPA with a goal of creating new levels of philanthropic support at both institutions (up to \$1 million).

**Conclusion**

The University of Texas System, through the Chancellor and the Board of Regents, has committed to making a difference in educational, research and medical services in the LRGV, which will impact all of South Texas and our state. An investment of \$30 million in proven programs and building new capabilities will serve notice that the Board’s commitment to the LRGV is tangible and substantial.

Strategy	Resources Required					
	Year 1	Year 2	Year 3	Year 4	Year 5	5 yr Totals
<b>UTeach</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>500,000</b>	<b>500,000</b>	<b>\$4,000,000</b>
<b>ValleySTARs Program</b>	<b>9,500,000</b>					<b>\$9,500,000</b>
<b>Simulated Hospital</b>	<b>6,700,400</b>	<b>670,469</b>	<b>862,220</b>	<b>876,237</b>	<b>890,674</b>	<b>\$10,000,000</b>
<b>Biomedical Research</b>	<b>4,000,000</b>					<b>\$4,000,000</b>
<b>Medical Education</b>	<b>1,500,000</b>					<b>\$1,500,000</b>
<b>Strength in Numbers</b>	<b>1,000,000</b>					<b>\$1,000,000</b>
<b>Totals</b>	<b>23,700,400</b>	<b>1,670,469</b>	<b>1,862,220</b>	<b>1,376,237</b>	<b>1,390,674</b>	<b>\$30,000,000</b>

7. U. T. Brownsville: Approval of revised Mission Statement

The Board approved the revised Mission Statement for The University of Texas at Brownsville as set forth below. The Statement will be forwarded to the Texas Higher Education Coordinating Board for approval.

**Revised Mission Statement**

The University of Texas at Brownsville draws upon the intersection of cultures and languages at the southern border and Gulf Coast of the United States to develop knowledgeable citizens and emerging leaders who are engaged in the civic life of their community. It embraces teaching excellence, active inquiry, lifelong learning, rigorous scholarship, and research in service to the common good.

The University promotes the interdisciplinary search for new knowledge that advances social and physical well-being and economic development through commercialization, while honoring the creative and environmental heritage of its region.

The U. T. Brownsville Mission Statement had last been approved by the Board of Regents on August 11, 2005, and confirmed with minor amendments by the Texas Higher Education Coordinating Board on October 27, 2005.

These changes mark the separation of U. T. Brownsville and Texas Southmost College as a partnership, ending no later than 2015.

The changes had to be effectuated for U. T. Brownsville to maintain accreditation in the Southern Association of Colleges and Schools (SACS). This accreditation is essential for U. T. Brownsville to be eligible for federal funding, such as Pell grants.

Pursuant to a directive by the Board of Regents on March 6, 2008, the revised Mission Statement includes a statement regarding the commercialization of university discoveries.

8. U. T. System: Approval of the nonpersonnel aspects of the operating budgets for Fiscal Year 2012, including the Permanent University Fund Bond Proceeds allocation for Library, Equipment, Repair and Rehabilitation Projects; allocation for the Science and Technology Acquisition and Retention Program; and allocation of Available University Fund, Permanent University Fund Bond Proceeds, and proceeds from the interest rate swap portfolio and potential excess returns generated by the Intermediate Term Fund for targeted strategic priorities within the U. T. System

A substitute agenda item was before the Board on yellow paper and was considered before the Lower Rio Grande Valley agenda item (Item 6 on Page 30.)

Chancellor Cigarroa presented The University of Texas System Fiscal Year 2012 Operating Budget request for \$13.1 billion, including the Library, Equipment, Repair and Rehabilitation (LERR) Budget, an allocation for the Science and Technology Acquisition and Retention (STARs) Program, and special allocation funding from the Available University Fund (AUF), Permanent University Fund (PUF) Bond Proceeds, and proceeds from the interest rate swap portfolio and potential excess returns generated by the Intermediate Term Fund (ITF) for eight strategic priorities described below. (The Chancellor's [presentation](#) is on file in the Office of the Board of Regents.)

The Board then approved the budget for FY 2012 including the appropriation of \$30 million of PUF Bond Proceeds directly to U. T. System institutions to fund LERR projects for Fiscal Year 2012.

Approval of the budget for FY 2012 also includes \$20 million of PUF Bond Proceeds for the Faculty STARs program to build and enhance research infrastructure to attract and retain the best qualified faculty. Through a competitive proposal process determined by U. T. System Administration, funds will be distributed for the purpose of recruiting top researchers.

In addition, \$243.6 million of funding was authorized to fund eight strategic priorities with the U. T. System. Of this amount, \$105.6 million was authorized to be funded from AUF balances, \$104 million from PUF Bond Proceeds, and \$34 million generated through the System's interest rate swap portfolio and potential excess returns generated by the Intermediate Term Fund (ITF/Swap Proceeds).

The eight strategic priorities and related details are:

1. Lower Rio Grande Valley Plan
  - \$24 million of ITF/Swap Proceeds, as the funds become available, to improve STEM education in the Lower Rio Grande Valley

- \$6 million of PUF Bond Proceeds to fund the Smart Hospital Infrastructure
2. Regents' Outstanding Teaching Awards
    - \$4 million of AUF in Fiscal Year 2011 to fund awards for U. T. Austin for Fiscal Years 2014-2017
    - \$4 million of ITF/Swap Proceeds, as the funds become available, to fund awards for academic institutions other than U. T. Austin for Fiscal Years 2014-2017
    - \$6 million of ITF/Swap Proceeds, as the funds become available, to fund awards for health institutions for Fiscal Years 2012-2017
  3. U. T. Horizon Fund
    - \$10 million of AUF in Fiscal Year 2011 to create the U. T. Horizon Fund
  4. Strength in Numbers
    - \$9 million of AUF in Fiscal Year 2011 for Strength in Numbers
  5. Institute for Transformational Learning
    - \$50 million of AUF in Fiscal Year 2012 for the Institute for Transformational Learning
  6. Productivity Excellence Framework
    - \$10 million of PUF Bond Proceeds for the Productivity Excellence Framework
  7. Campus Support
    - \$15 million of AUF funded in Fiscal Year 2011 for additional support of a single instance PeopleSoft HR/Finance system at seven academic institutions and U. T. System Administration
    - \$17.6 million of AUF funded in Fiscal Year 2011 to fund information technology assessments that are currently collected from U. T. System institutions

- \$13 million of PUF to reimburse The University of Texas Health Science Center at San Antonio for the acquisition of the Cancer Therapy Research Center (CTRC)

8. U. T. Austin Engineering Education and Research Center

- \$75 million of additional PUF to fund the U. T. Austin Engineering Education and Research Center subject to a 1-1 gift matching requirement where \$1 of gifts will be matched by \$1 of PUF as described below:
  - On August 12, 2010, the Board approved \$30 million of PUF subject to a 2-1 gift matching requirement. The original gift matching requirement was approved for a 1-1 match; and
  - \$75 million of additional PUF was approved subject to a 1-1 gift matching requirement, for a total match of up to \$105 million.

Secretary's Note: Following the meeting, it was clarified that the approved budget also includes approval to proceed with a cyberinfrastructure initiative and to expend funds, as required, in an amount estimated at, but not limited to, approximately \$2 million, from any appropriate source of funds identified by the Chancellor and the Executive Vice Chancellor for Business Affairs, including AUF.

In the event that necessary expenditures for the Productivity Excellence Framework and Strength in Numbers do not meet the requirements of Article VII, Section 18 of the *Texas Constitution*, the Associate Vice Chancellor - Controller and Chief Budget Officer is authorized to

1. substitute AUF for the approved PUF Bond Proceeds, to the extent necessary, for the Productivity Excellence Framework; and
2. reimburse PUF-eligible projects at individual institutions with PUF Bond Proceeds, to the extent necessary, to free up institutional funds that can be dedicated to the "Strength in Numbers" initiative.

The appropriation of PUF Bond Proceeds was presented in the Fiscal Year 2012 LERR Budget and, along with Faculty STARs, is subject to the budget rules adopted therein and the requirements of the U. T. System Administration Policy UTS168, *Capital Expenditure Policy*. The allocation of these LERR funds to the U. T. System institutions was developed from prioritized lists of projects submitted by the institutions and reviewed by U. T. System Administration staff. Additionally, PUF Bond Proceeds appropriated above to LERR, Faculty STARs, and other strategic priorities must be spent in accordance with Article VII, Section 18 of the *Texas Constitution*.

PUF Bond Proceeds may only be used for the purpose of acquiring land either with or without permanent improvements, constructing and equipping buildings or other permanent improvements, major repair and rehabilitation of buildings and other permanent improvements, acquiring capital equipment, and acquiring library books and library materials.

Additionally, the Chancellor was authorized to make editorial corrections therein and subsequent adjustments will be reported to the U. T. System Board of Regents through the Docket.

The U. T. System operating budgets are a part of the official copy of the Minutes and are made a part of the record of this meeting. See also the Executive Session item related to the personnel aspects of the U. T. System Operating Budgets (Item 3c on Page 3) and related Item 9 on Page 50.

Approved salaries for U. T. System Executive Officers and Presidents are set forth on Pages 45 - 49.

**THE UNIVERSITY OF TEXAS SYSTEM**

Compensation - Executive Officers U. T. System Administration  
 Approved for Fiscal Year Ending August 31, 2012

	Approved 2011 Rate	Proposed 2012 Rate	Dollar Increase	Percentage Increase
<b><u>U. T. SYSTEM ADMINISTRATION</u></b>				
<b>Chancellor</b>				
<i>Francisco G. Cigarroa</i>				
Salary Rate	\$ 750,000	750,000	-	
Total Compensation	\$ 750,000	750,000	-	
<b>Executive Vice Chancellor for Academic Affairs</b>				
<i>David B. Prior</i>				
Salary Rate	\$ 410,000	410,000	-	
Total Compensation	\$ 410,000	410,000	-	
<b>Executive Vice Chancellor for Business Affairs</b>				
<i>Scott C. Kelley</i>				
Salary Rate	\$ 400,000	400,000	-	
Total Compensation	\$ 400,000	400,000	-	
<b>Executive Vice Chancellor for Health Affairs</b>				
<i>Kenneth I. Shine</i>				
Salary Rate	\$ 630,000	630,000	-	
Total Compensation	\$ 630,000	630,000	-	
<b>Vice Chancellor for External Relations</b>				
<i>Randa S. Safady</i>				
Salary Rate	\$ 420,240	420,240	-	
Total Compensation	\$ 420,240	420,240	-	
<b>Vice Chancellor and General Counsel</b>				
<i>Barry Burgdorf</i>				
Salary Rate	\$ 424,000	424,000	-	
Total Compensation	\$ 424,000	424,000	-	
<b>Vice Chancellor and Chief Governmental Affairs Officer</b>				
<i>Barry McBee</i>				
Salary Rate	\$ 280,000	280,000	-	
Total Compensation	\$ 280,000	280,000	-	



**THE UNIVERSITY OF TEXAS SYSTEM**

Compensation - Executive Officers U. T. System Administration  
 Approved for Fiscal Year Ending August 31, 2012

	Approved 2011 Rate	Proposed 2012 Rate	Dollar Increase	Percentage Increase
<b><u>U. T. SYSTEM ADMINISTRATION (Cont'd)</u></b>				
<b>Vice Chancellor for Federal Relations</b>				
<i>William Shute</i>				
Salary Rate	\$ 239,820	239,820	-	
Total Compensation	\$ 239,820	239,820	-	
<b>Vice Chancellor for Strategic Management</b>				
<i>Sandra Woodley</i>				
Salary Rate	\$ 240,000	244,800	4,800	2.0%
Sub-Total Compensation	240,000	244,800	4,800	2.0%
One-time Merit	-	24,000	24,000	
Total Compensation	\$ 240,000	268,800	28,800	12.0%
<b>Vice Chancellor for Health Affairs</b>				
<i>Amy Shaw Thomas</i>				
Salary Rate	\$ 280,000	280,000	-	
Sub-Total Compensation	280,000	280,000	-	
One-time Merit	-	14,000	14,000	
Total Compensation	\$ 280,000	294,000	14,000	5.0%
<b>General Counsel to the Board of Regents</b>				
<i>Francie A. Frederick</i>				
Salary Rate	\$ 360,000	360,000	-	
Total Compensation	\$ 360,000	360,000	-	
<b>Chief Audit Executive</b>				
<i>Charles G. Chaffin</i>				
Salary Rate	\$ 270,970	270,970	-	
Total Compensation	\$ 270,970	270,970	-	

**THE UNIVERSITY OF TEXAS SYSTEM**  
**Compensation - Academic Institution Presidents**  
Approved for Fiscal Year Ending August 31, 2012

	Approved 2011 Rate	Proposed 2012 Rate	Dollar Increase	Percentage Increase
<b><u>ACADEMIC INSTITUTION PRESIDENTS</u></b>				
<b>U.T. Arlington</b>				
<i>James Spaniolo</i>				
Salary Rate	\$ 416,619	416,619	-	
Total Compensation	<u>\$ 416,619</u>	<u>416,619</u>	-	
<b>U.T. Austin</b>				
<i>William C. Powers, Jr.</i>				
Salary Rate	\$ 613,612	613,612	-	
Deferred Compensation <sup>1</sup>	50,000	50,000	-	
Total Compensation	<u>\$ 663,612</u>	<u>663,612</u>	-	
<b>U.T. Brownsville</b>				
<i>Juliet V. Garcia</i>				
Salary Rate	\$ 304,179	304,179	-	
Deferred Compensation <sup>2</sup>	25,000	25,000	-	
Sub-Total Compensation	<u>329,179</u>	<u>329,179</u>	-	
One-time Merit	32,272	-	(32,272)	-100.0%
Total Compensation	<u>\$ 361,451</u>	<u>329,179</u>	(32,272)	-8.9%
<b>U.T. Dallas</b>				
<i>David E. Daniel</i>				
Salary Rate	\$ 502,360	502,360	-	
Deferred Compensation <sup>3</sup>	35,000	35,000	-	
Total Compensation	<u>\$ 537,360</u>	<u>537,360</u>	-	
<b>U.T. El Paso</b>				
<i>Diana S. Natalicio</i>				
Salary Rate <sup>4</sup>	\$ 382,200	382,200	-	
Deferred Compensation <sup>3</sup>	30,000	30,000	-	
Total Compensation	<u>\$ 412,200</u>	<u>412,200</u>	-	
<b>U.T. Pan American</b>				
<i>Robert S. Nelsen</i>				
Salary Rate <sup>5</sup>	\$ 300,000	300,000	-	
Total Compensation	<u>\$ 300,000</u>	<u>300,000</u>	-	

Note: Presidents are paid \$65,945 from General Revenue with the difference paid from other institutional fund sources

<sup>1</sup>Vests 8/31/2013

<sup>2</sup>Vests 8/31/2011

<sup>3</sup>Vests 8/31/2012

<sup>4</sup>The Board approved a salary of \$390,444 for FY 2011 however, Dr. Natalicio declined the increase.

<sup>5</sup>The Board approved a salary of \$306,000 for FY 2011 however, Dr. Nelsen declined the increase.

**THE UNIVERSITY OF TEXAS SYSTEM**  
**Compensation - Academic Institution Presidents**  
 Approved for Fiscal Year Ending August 31, 2012

	Approved 2011 Rate	Proposed 2012 Rate	Dollar Increase	Percentage Increase
<b><u>ACADEMIC INSTITUTION PRESIDENTS (Continued)</u></b>				
<b>U.T. Permian Basin</b>				
<i>W. David Watts</i>				
Salary Rate	\$ 302,628	302,628	-	
Deferred Compensation <sup>1</sup>	15,000	15,000	-	
Total Compensation	<u>\$ 317,628</u>	<u>317,628</u>	-	
<b>U.T. San Antonio</b>				
<i>Ricardo Romo</i>				
Salary Rate	\$ 371,992	371,992	-	
Deferred Compensation <sup>2</sup>	25,000	25,000	-	
Total Compensation	<u>\$ 396,992</u>	<u>396,992</u>	-	
<b>U.T. Tyler</b>				
<i>Rodney H. Mabry</i>				
Salary Rate	\$ 349,630	349,630	-	
Deferred Compensation <sup>3</sup>	30,000	30,000	-	
Total Compensation	<u>\$ 379,630</u>	<u>379,630</u>	-	

Note: Presidents are paid \$65,945 from General Revenue with the difference paid from other institutional fund sources

<sup>1</sup>Vests 8/31/2012

<sup>2</sup>Vests 8/31/2011

<sup>3</sup>Vests 8/31/2013

**THE UNIVERSITY OF TEXAS SYSTEM**  
**Compensation - Health Institution Presidents**  
Approved for Fiscal Year Ending August 31, 2012

	Approved 2011 Rate	Approved 2012 Rate	Dollar Increase	Percentage Increase
<b><u>HEALTH INSTITUTION PRESIDENTS</u></b>				
<b>U.T. Medical Branch - Galveston</b>				
<i>David L. Callender</i>				
Salary Rate	\$ 655,337	655,337	-	
Deferred Compensation <sup>1</sup>	175,000	175,000	-	
Practice Plan	178,185	178,185	-	
Total Compensation	<u>\$ 1,008,522</u>	<u>1,008,522</u>	-	
<b>U.T. Health Science Center - Houston</b>				
<i>Giuseppe Colasurdo (ad interim)<sup>2</sup></i>				
Salary Rate	\$ 663,727	663,727	-	
Deferred Compensation	-	-	-	
Practice Plan	161,273	161,273	-	
Total Compensation	<u>\$ 825,000</u>	<u>825,000</u>	-	
<b>U.T. Health Science Center - San Antonio</b>				
<i>William Henrich</i>				
Salary Rate	\$ 604,273	604,273	-	
Deferred Compensation <sup>3</sup>	100,000	100,000	-	
Practice Plan	162,730	162,730	-	
Total Compensation	<u>\$ 867,003</u>	<u>867,003</u>	-	
<b>U.T. Southwestern Medical Center</b>				
<i>Daniel K. Podolsky</i>				
Salary Rate	\$ 921,284	921,284	-	
Deferred Compensation <sup>3</sup>	60,000	60,000	-	
Practice Plan	252,916	252,916	-	
Total Compensation	<u>\$ 1,234,200</u>	<u>1,234,200</u>	-	
<b>U.T. M. D. Anderson Cancer Center</b>				
<i>Ronald A. DePinho<sup>4</sup></i>				
Salary Rate	\$ -	1,404,000	1,404,000	
Deferred Compensation	-	-	-	
Practice Plan	-	396,000	396,000	
Total Compensation	<u>\$ -</u>	<u>1,800,000</u>	<u>1,800,000</u>	
<b>U.T. Health Science Center - Tyler</b>				
<i>Kirk Calhoun</i>				
Salary Rate	\$ 399,464	399,464	-	
Deferred Compensation <sup>3</sup>	45,000	45,000	-	
Practice Plan	102,930	102,930	-	
Total Compensation	<u>\$ 547,394</u>	<u>547,394</u>	-	

Note: All Presidents are paid \$65,945 from General Revenue with the difference paid from other institutional fund sources

<sup>1</sup>Vests 8/31/2013

<sup>2</sup>Dr. Colasurdo began employment as interim on 4/1/2011

<sup>3</sup>Vests 8/31/2012

<sup>4</sup>Dr. DePinho will begin employment on 9/1/2011

9. U. T. System: Discussion regarding personnel aspects of the U. T. System Administration operating budget for Fiscal Year 2012

Following Chancellor Cigarroa's presentation of the operating budget (Item 8 on Page 41) but prior to the vote on the item, Vice Chairman Foster, Vice Chairman Hicks, and Regent Stillwell reported on their review of the individual personnel aspects of the U. T. System Administration operating budget for Fiscal Year 2012.

The Board approved the personnel aspects of The University of Texas System Administration operating budget for Fiscal Year 2012 as included in the previous agenda item (Item 8 on Page 41).

See the Executive Session item related to the personnel aspects of the U. T. System Operating Budgets (Item 3c on Page 3).

10. U. T. System Board of Regents: Amendments to the Regents' *Rules and Regulations*, Rule 10501, regarding delegation of certain contracting authority

The Board amended the Regents' *Rules and Regulations*, Rule 10501, regarding delegation of certain contracting authority, to read as set forth on the following pages.

These amendments clarify the contracts and the amendments, extensions, and renewals of contracts that must be presented to the Board for approval or authorization. Significant revisions include the following:

- Section 1.4 requires the primary delegate to maintain sufficient accounting systems and procedures to assure compliance with the Rules.
- Section 3.1.2 clarifies that Board approval is required for any amendment, extension, or renewal that increases the cost or monetary value of an original contract to more than \$1 million or that increases the previously approved contract value by more than 25%.

These clarifications were recommended by the U. T. System Audit Office after a review of U. T. System institutional contracting procedures. In addition, minor wording changes were also made to Rule 10501.

**1. Title**

Delegation to Act on Behalf of the Board

**2. Rule and Regulation**

Sec. 1 Background

...

1.4 Delegate's Responsibilities. The primary delegate identified in these Rules and Regulations as authorized to execute and deliver on behalf of the Board of Regents various types of contracts, agreements, and documents shall maintain, or cause to be maintained, necessary and proper records with regard to all contracts, agreements, and documents executed and delivered pursuant to such delegated authority, in accordance with any applicable records retention schedule or policy adopted by the Board, the U. T. System Administration, or the institution. The primary delegate must also maintain, or cause to be maintained, sufficient accounting systems and procedures to assure that contracts, amendments, and renewals for the purchase of goods and services are presented to the Board for approval if required by these *Rules and Regulations*.

...

2.2 Contracts Not Requiring Board Approval. The following contracts or agreements, including purchase orders and vouchers, do not require prior approval by the Board of Regents regardless of the contract amount.

...

2.2.5 Routine Supplies. Contracts or agreements for the purchase of routinely purchased supplies or equipment.

...

Sec. 3 Matters Not Delegated. The following contracts or agreements, including purchase orders or vouchers and binding letters of intent or memorandums of understanding, must be submitted to the Board for approval or authorization:

3.1 Contracts Exceeding \$1 Million.

3.1.1 All contracts or agreements, with a total cost or monetary value to the U. T. System or any of the institutions of more than \$1 million, unless exempted in Section 4 below. The total cost or monetary value of the contract includes all potential contract extensions or renewals whether automatic or by operation of additional documentation. For purposes of this Rule, any contract with unspecified cost or monetary value with a term of greater than four years is presumed to have a total value of greater than \$1 million.

3.1.2 Any amendment, extension, or renewal that increases the cost or monetary value of the original contract to more than \$1 million must be submitted to the Board for approval or authorization. Any amendment, extension, or renewal with a cost or monetary value that exceeds 25% of the cost or monetary value of the original contract approved by the Board must be submitted to the Board for approval.

...

3.3. Contracts Involving Certain Uses of Institution Names, Trademarks, or Logos. Except as specifically allowed under existing contracts entered into between the Board of Regents and nonprofit entities supporting a U. T. System institution, agreements regardless of dollar amount that grant the right to a non-U. T. entity to use the institutional name or related trademarks or logos in association with the provision of a material medical-related service or in association with physical improvements located on property not owned or leased by the contracting U. T. System institution.

.....

11. U. T. System Board of Regents: Amendment of Section 9 of the Regents' Rules and Regulations, Rule 80307, regarding additional delegation under Naming Policy for minor changes to approved or existing names

The Board amended the Regents' *Rules and Regulations*, Rule 80307, regarding the Naming Policy, to read as set forth below:

Sec. 9 Changes to Approved or Existing Names of Prominent Facilities, Programs, and Streets and Nonhonorific Redesignation. Minor changes to approved or existing names of Prominent Facilities, Programs, and Streets as determined by the Vice Chancellor for External Relations and the General Counsel to the Board, may be approved by the Chancellor after review by the Executive Vice Chancellor for Academic or Health Affairs and the president of the institution. Nonhonorific renaming and redesignation of projects in the Capital Improvement Program (CIP) shall be reviewed and approved by the Associate Vice Chancellor for Facilities Planning and Construction. Such approved redesignations will be included in the amended CIP.

The amendment delegates minor changes to approved or existing names of facilities, programs, and streets that require Board approval (such as prominent facilities, prominent programs, and streets) as determined by the Vice Chancellor for External Relations and the General Counsel to the Board, to the Chancellor for approval after review by the Executive Vice Chancellor for Academic or Health Affairs and the president of the institution.

The name of the Valley Outreach Center at The University of Texas - Pan American was changed to the Alumni Center to more accurately describe the current use of the building. The name of the Child Care Center at The University of Texas at San Antonio was changed to the Child Development Center. With this amendment to the Regents' Rules, similar future requests for minor name changes will not need to come to the Board for approval.

12. U. T. System Board of Regents: Approval of an agreement with MyEdu, a Texas corporation, for the implementation of U. T.-private label services for U. T. System institutions and authorization for the purchase of equity interests in MyEdu

Chancellor Cigarroa noted that the Board had been briefed in Executive Session (Item 1b on Page 1) on the legal issues regarding a possible agreement with MyEdu, a Texas corporation. He attributed the following recommendation to the Board's Task Force on University Excellence and Productivity.

Dr. Cigarroa proposed a strategic partnership with MyEdu, headquartered in Austin, Texas, as the best way for students to manage college. He noted that



over 2 million students are using MyEdu to plan class schedules, choose professions, plan degrees, raise their GPAs, minimize time-to-degree completion, maximize credits, and communicate with fellow students. Other key functions could include professor evaluations, e-advising, and class registration. In addition, Dr. Cigarroa remarked the tool could capture all the data and all the student input that flows from these processes, and turning to Regent Cranberg, he proposed this tool could also be used to capture data for the dashboard.

Dr. Cigarroa said Vice Chancellor and General Counsel Burgdorf has been negotiating and developing a framework for this partnership that includes a development, services, and investment agreement; specific statements of work for projects under the agreement; and an equity participation agreement that would allow The University of Texas System to participate in the financial aspect of its collaboration with MyEdu.

Chancellor Cigarroa said MyEdu will devote specific personnel and resources to develop private label services that will be customized to U. T. System institutions. The institutions in turn will gain access to the tools license-free and royalty-free for five years, and U. T. System will not pay any fees for that usage. He said MyEdu will provide hosting and data services for all data generated according to state-of-the-art standards. MyEdu will maintain the services free of charge. U. T. System will provide content and technical assistance necessary to tie MyEdu into institutional software systems.

Tools to be developed and offered to students include customized degree planning, degree graduation timelines, degree credit systems, schedule planners and optimizers, student-professor collaboration systems, how students are surveyed, GPA management systems, tools and services specifically designed to help high school students map their road to success, customized cost calculators, and other financial planners geared to college students. All the above will be geared to graduate and medical students, and MyEdu will be used to optimize the success of the U. T. System in terms of graduate and professional degrees.

In the future, Chancellor Cigarroa speculates there will be increased value to students and administrators. He proposed an equity investment in the company instead of paying market rates for the valuable services, and if profitable, reinvestment will be into education and research.

Regent Pejovich noted this is one example of the outcomes of the Task Force on University Excellence and Productivity, which she chaired, and she recognized Regent Cranberg for bringing the idea to the table.

There was discussion about the number of students at each of the nine academic institutions already using MyEdu, and Regent Cranberg said that as the technology and viability grows over time, there will be further opportunities to benchmark the U. T. System against the best institutions in the country

since over 2 million students at 780 campuses around country use the tool. Chancellor Cigarroa said this tool could help the initiative to optimize and enhance student advising Included in the Framework Action Plan (Item 3 on Page 8). Student Regent Rutkauskas offered to help play a role in implementation. Chairman Powell noted that at his request, Regent Hall, Regent Cranberg, and Vice Chairman Hicks had formed an unofficial committee a few weeks ago to work with MyEdu to help Vice Chancellor and General Counsel Burgdorf bring this to fruition.

Regent Cranberg moved that the U. T. System Board of Regents delegate to Chancellor Cigarroa and Vice Chancellor and General Counsel Burgdorf

- a. the authority to negotiate and enter into a development agreement with MyEdu Corporation for the implementation of U. T.-private label services for U. T. System institutions encompassing, but not limited to, degree planning, degree auditing, integrated schedule, course and credit planning, student-professor online collaboration systems, student evaluation systems, financial planner, manager and college credit, and cost calculator systems with fully integrated mobile functionality for all developed U. T.-private label tools; and
- b. the authority to enter into an accompanying Investor Agreement for the purchase of equity interests in MyEdu in an amount of up to \$10 million.

He further moved that the Board delegate to the Chancellor and the Executive Vice Chancellor for Business Affairs the authority to identify and utilize an appropriate source of funds for the agreement, including Available University Funds (AUF).

Regent Pejovich seconded the motion, which carried unanimously.

In part summarizing the results of this Board meeting, Chairman Powell remarked on the excellent outcome, saying the Chancellor is in a position to make the U. T. System a national model. He noted the hard work that took place over the past six months to arrive at the outcome, and he said this is just the beginning. Saying the U. T. System is at the threshold of an exciting time, Chairman Powell asked members of the Board to continue to work through their term in support of the Chancellor to see what was started today to fruition. Chancellor Cigarroa then expressed his deepest gratitude to members of the Board for helping him to draft the Framework Action Plan, to Regents Foster, Hicks, and Stillwell for their input and availability regarding the budget discussions, and for assistance with the MyEdu initiative that is clearly, he said, a team effort by the Board, the presidents, and others.

STANDING COMMITTEE REPORTS TO THE BOARD.--At 12:06 p.m., Chairman Powell announced the Board would hear the reports and recommendations of the Standing Committees, which are set forth on Pages 57 - 191.

REPORT OF THE AUDIT, COMPLIANCE, AND MANAGEMENT REVIEW COMMITTEE (Page 57).--There were no items from the Audit, Compliance, and Management Review Committee to report in open session.

1. U. T. System: Report on the Systemwide internal audit activities, including the results of the System Audit Office's External Quality Assurance Review Report

This item was for consideration only by the Committee (see Committee Minutes).

2. U. T. System: Overview of the Systemwide annual audit plan process, including details on U. T. Dallas and U. T. M. D. Anderson Cancer Center internal audit departments' specific processes

This item was for consideration only by the Committee (see Committee Minutes).

3. U. T. System: Update on the progress of the external audit of the Fiscal Year 2011 U. T. System Consolidated Annual Financial Report

This item was for consideration only by the Committee (see Committee Minutes).

4. U. T. System: Student opportunities provided by U. T. System internal audit offices

This item was for consideration only by the Committee (see Committee Minutes).

REPORT AND RECOMMENDATIONS OF THE FINANCE AND PLANNING COMMITTEE (Pages 58 - 157).--Committee Chairman Foster reported that the Finance and Planning Committee met in open session to consider those matters on its agenda and to formulate recommendations for The University of Texas System Board of Regents. Unless otherwise indicated, the actions set forth in the Minute Orders that follow were recommended by the Finance and Planning Committee and approved in open session by the U. T. System Board of Regents.

1. U. T. System: Approval of Docket No. 147

The Board approved *Docket No. 147*, which is attached following Page 192 in the official copy of the *Minutes*. The Docket included an additional item regarding The University of Texas at Brownsville's move from open admission, which was before members of the Board on yellow paper and is set forth on Docket Pages 27a-b. The Docket 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 University of Texas System institution involved.

It was noted that

- Changes to admissions criteria for the graduate program in political science at The University of Texas at Arlington are on Page Docket - 7, and the move from open admission at The University of Texas at Brownsville is on Pages Docket 27a-b, as before the Board on yellow paper.
- At Page Docket - 41, The University of Texas at San Antonio will lease to the City of San Antonio, at no charge, 700 square feet on the U. T. San Antonio Downtown Campus to house certain city operations. In exchange for providing the office space, U. T. San Antonio's College of Public Policy will participate in developing and implementing the government accountability/civic engagement element of the City's San Antonio 2020 plan; San Antonio's College of Education and Human Development will participate in data collection for the plan; and the City will provide two student internships each year. Consequently, staff at U. T. San Antonio believe the lease serves a public purpose specific to the mission of the institution and requested that the Board make a finding of fact of public purpose and authorize the lease.
- Item 1 on Page Docket - 72 is the agreement for Ronald A. DePinho, M.D., as President of The University of Texas M. D. Anderson Cancer Center. Advance notice of this agreement has been provided to the Legislative Budget Board as required by State

law. The Board made a specific finding that this item is in the best interest of U. T. M. D. Anderson Cancer Center and The University of Texas System.

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

This item was for consideration only by the Committee (see Committee Minutes).

3. U. T. System: Approval of transfer of funds between Legislative Appropriation items during the biennium beginning September 1, 2011

The Board adopted the resolution that follows to provide for the most effective utilization of General Revenue Appropriations during the biennium beginning September 1, 2011.

RESOLUTION

Pursuant to the appropriate transfer provisions of the General Appropriations Act of the 82nd Legislature, it is hereby resolved that the State Comptroller be requested to make necessary transfers within the Legislative Appropriations (and/or Informational Items of Appropriation) from the General Revenue Fund as authorized by the Chief Financial Officer of each entity as follows:

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

4. U. T. System: Approval to exceed the full-time equivalent limitation on employees paid from appropriated funds

The Board approved allowing six University of Texas System institutions, as set forth in the revised table on Page 61, to exceed the number of full-time equivalent (FTE) employees paid from appropriated funds for Fiscal Year 2012 that are authorized in Article III of the General Appropriations Act.

Also, as required by Article IX, Section 6.10 of the General Appropriations Act, the Board submitted 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.

[Note from the Secretary to the Board of Regents:

On September 13, 2011, The University of Texas System Board of Regents submitted the required letter and supporting materials to the Governor's Office and the Legislative Budget Board.]

The General Appropriations Act places a limit on the number of FTE employees paid from appropriated funds that an institution may employ without written approval of the Governor and the Legislative Budget Board. 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. Detailed justification information is set forth on Pages 62 - 64.

Additionally, the FTE cap of 12,565 for The University of Texas M. D. Anderson Cancer Center was the projected actual FTE for appropriated funds for Fiscal Year 2010 reported in the 2012-2013 Legislative Appropriations Request. The number of FTEs reported in Fiscal Year 2010 reflected the reduction of the 577 FTEs that were realigned in late 2009 and early 2010. The request to exceed the cap by 862 FTEs represents the projected two years growth (Fiscal Years 2011 and 2012) in FTEs funded by patient income. The FTEs for Hospitals and Clinics are to support the Albert B. and Margaret M. Alkek Hospital expansion that will provide new inpatient beds in 2011 and 2012 on four of the nine total floors added due to the expansion. (Note: the FTE request for U. T. M. D. Anderson Cancer Center was revised at the meeting after the Agenda Book was mailed.)

The other University of Texas institutions will be under the FTE cap and did not request to exceed the FTE limitation.

**The University of Texas System**  
**Request to Exceed Full-time Equivalent Limitation on Employees Paid From Appropriated Funds**  
**For Period September 1, 2011 through August 31, 2012**

**Request to Exceed Cap - by Function**

	<u>Faculty</u>	<u>Staff</u>	<u>Total</u>
Instruction	177.00	26.00	203.00
Academic Support	-	41.00	41.00
Research	112.00	24.00	136.00
Public Service	1.00	12.00	13.00
Hospitals and Clinics	224.00	295.00	519.00
Institutional Support	-	46.00	46.00
Student Services	-	20.00	20.00
Operations and Maintenance of Plant	-	327.00	327.00
Scholarships and Fellowships	-	1.00	1.00
Total	<u>514.00</u>	<u>792.00</u>	<u>1,306.00</u>

**Request to Exceed Cap - by Institution**

	<u>FY 2012 Cap</u>	<u>Request to Exceed Cap</u>			
		<u>Faculty</u>	<u>Staff</u>	<u>Total</u>	
U. T. Arlington	2,227.50	-	-	-	*
U. T. Austin	6,520.60	-	-	-	*
U. T. Brownsville	591.20	97.00	87.00	184.00	
U. T. Dallas	1,370.60	30.00	-	30.00	
U. T. El Paso	1,826.90	48.00	22.00	70.00	
U. T. Pan American	1,509.30	-	-	-	*
U. T. Permian Basin	335.80	-	-	-	*
U. T. San Antonio	2,321.90	30.00	90.00	120.00	
U. T. Tyler	474.00	-	-	-	*
Total Academic Institutions	<u>17,177.80</u>	<u>205.00</u>	<u>199.00</u>	<u>404.00</u>	
U. T. Southwestern Medical Center	2,006.80	-	-	-	*
U. T. Medical Branch - Galveston	5,008.90	-	-	-	*
U. T. Health Science Center - Houston	1,797.90	-	-	-	*
U. T. Health Science Center - San Antonio	2,450.00	-	-	-	*
U. T. M. D. Anderson Cancer Center	12,565.10	306.00	556.00	862.00	
U. T. Health Science Center - Tyler	619.20	3.00	37.00	40.00	
Total Health Institutions	<u>24,447.90</u>	<u>309.00</u>	<u>593.00</u>	<u>902.00</u>	
U. T. System Administration	229.00	-	-	-	*
U. T. System Total	<u>41,854.70</u>	<u>514.00</u>	<u>792.00</u>	<u>1,306.00</u>	

\*U. T. Arlington, U. T. Austin, U. T. Pan American, U. T. Permian Basin, U. T. Tyler, U. T. Southwestern Medical Center, U. T. Medical Branch - Galveston, U. T. Health Science Center - Houston, U. T. Health Science Center - San Antonio, and U. T. System Administration will not exceed their cap.



**The University of Texas System**  
**Fiscal Year 2012 Request to Exceed Full-time Equivalent Limitation on Appropriated Funds**

Function	Faculty FTE Increase	Staff FTE Increase	Total FTE Increase from Appropriated Funds	Source of Funds	Justification
<b>U. T. Brownsville</b>					
Instruction	96.00	19.00	115.00	Education and General	Request authorization to exceed the limit for FTEs associated and paid with the Texas Southmost College contract.
Academic Support	-	18.00	18.00	Education and General	Request authorization to exceed the limit for FTEs associated and paid with the Texas Southmost College contract.
Public Service	1.00	2.00	3.00	Education and General	Request authorization to exceed the limit for FTEs associated and paid with the Texas Southmost College contract.
Institutional Support	-	31.00	31.00	Education and General	Request authorization to exceed the limit for FTEs associated and paid with the Texas Southmost College contract.
Student Support	-	12.00	12.00	Education and General	Request authorization to exceed the limit for FTEs associated and paid with the Texas Southmost College contract.
Operations and Maintenance of Plant	-	4.00	4.00	Education and General	Request authorization to exceed the limit for FTEs associated and paid with the Texas Southmost College contract.
Scholarships and Fellowships	-	1.00	1.00	Education and General	Request authorization to exceed the limit for FTEs associated and paid with the Texas Southmost College contract.
<b>TOTAL</b>	<b>97.00</b>	<b>87.00</b>	<b>184.00</b>		
<b>U. T. Dallas</b>					
Instruction	30.00	-	30.00	Education and General	Allow for additional faculty, retain quality of education, and maintain faculty/student ratio.
<b>TOTAL</b>	<b>30.00</b>	<b>-</b>	<b>30.00</b>		
<b>U. T. El Paso</b>					
Instruction	20.00	2.00	22.00	Education and General	Additional full-time faculty are needed to meet the increased demand as a result of increased enrollment.
Academic Support	-	8.00	8.00	Education and General	Additional full-time staff required to assist faculty members with increased administrative functions due to increased enrollment.
Research	28.00	12.00	40.00	Education and General	Increase in research faculty and full-time staff to support the continued commitment to strategic research initiatives.
<b>TOTAL</b>	<b>48.00</b>	<b>22.00</b>	<b>70.00</b>		

Function	Faculty FTE Increase	Staff FTE Increase	Total FTE Increase from Appropriated Funds	Source of Funds	Justification
<b>U. T. San Antonio</b>					
Instruction	30.00	5.00	35.00	Education and General	Faculty hiring has increased relative to enrollment as a critical priority to allow sufficient course sections and support research initiatives. Assumes vacant positions funded are filled during FY 2012.
Academic Support	-	12.00	12.00	Education and General	Staffing levels increased to keep up with growth in enrollment and support research initiatives. Assumes vacant positions funded are filled during FY 2012.
Research	-	12.00	12.00	Education and General	Staffing levels increased to keep up with growth in enrollment and other university missions: public service, research, and new facilities. Assumes vacant positions funded are filled during FY 2012.
Public Service	-	10.00	10.00	Education and General	Staffing levels increased to keep up with growth in enrollment and other university missions: public service, research, and new facilities. Assumes vacant positions funded are filled during FY 2012.
Institutional Support	-	15.00	15.00	Education and General	Staffing levels increased to keep up with growth in enrollment and other university missions: public service, research, and new facilities. Assumes vacant positions funded are filled during FY 2012.
Student Support	-	8.00	8.00	Education and General	Staffing levels increased to keep up with growth in enrollment and other university missions: public service, research, and new facilities. Assumes vacant positions funded are filled during FY 2012.
Operations and Maintenance of Plant	-	28.00	28.00	Education and General	Staffing levels increased to keep up with growth in enrollment and other university missions: public service, research, and new facilities. Assumes vacant positions funded are filled during FY 2012.
<b>TOTAL</b>	<b>30.00</b>	<b>90.00</b>	<b>120.00</b>		
<b>U. T. M. D. Anderson Cancer Center</b>					
Research	84.00	-	84.00	Patient Income	Increase is required to provide research programs with support and resources needed to fulfill the research mission of U. T. M. D. Anderson Cancer Center.
Hospitals and Clinics	222.00	288.00	510.00	Patient Income	Increase is required to provide U. T. M. D. Anderson Cancer Center's standard of care and service to increasing number of patients and to improve the capacity to deliver cancer care.
Operations and Maintenance of Plant	-	268.00	268.00	Patient Income	Increase is required to provide support for additional facilities and infrastructure that support growth in the institution's missions of instruction, patient care, and research.
<b>TOTAL</b>	<b>306.00</b>	<b>556.00</b>	<b>862.00</b>		

Function	Faculty FTE Increase	Staff FTE Increase	Total FTE Increase from Appropriated Funds	Source of Funds	Justification
<b>U. T. Health Science Center - Tyler</b>					
Instruction	1.00	-	1.00	Education and General	Addition of a Program Director for new Internal Medicine Residency Program, which is expected to double Medical Residency slots.
Academic Support	-	3.00	3.00	Education and General	Additional staff needed to implement and maintain new Academic/Degree Granting Initiative.
Hospitals and Clinics	2.00	7.00	9.00	Education and General	Additional faculty and staff needed to serve additional patients as new Radiation Oncology Program becomes operational on 9/1/2011.
Operations and Maintenance of Plant	-	27.00	27.00	Education and General	Transfer from contract to in-house FTEs due to bringing Physical Plant and Power Plant operations in-house. This move is expected to save approximately \$500,000 per year.
<b>TOTAL</b>	<b>3.00</b>	<b>37.00</b>	<b>40.00</b>		

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

The Board

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

On August 12, 2010, the Board of Regents adopted a resolution authorizing the issuance of PUF Bonds in an amount not to exceed \$500 million. Adoption of this Resolution rescinds that resolution and provides a similar authorized amount and purposes as the prior resolution.

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

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

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

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

The Board

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

On August 12, 2010, the Board of Regents adopted a resolution authorizing the issuance of additional RFS Bonds in an amount not to exceed \$900 million. A portion of this authority was utilized with the issuance of \$604.3 million in RFS Taxable Bonds, Series 2010C (Build America Bonds) and \$39.8 million of RFS Taxable Bonds, Series 2010E, both of which were issued on September 23, 2010.

Adoption of this Supplemental Resolution rescinds the remaining issuance authority under the prior resolution, and provides a similar authorized amount and purposes as the prior resolution.

Adoption of the Supplemental Resolution authorizes the advance or current refunding of a portion of certain outstanding RFS Bonds provided that an advance refunding exceeds a minimum 3% present value debt service savings threshold. An advance refunding involves issuing bonds to refund outstanding bonds more than 90 days in advance of the call date whereas a current refunding involves issuing bonds to refund outstanding bonds within

90 days of the call date. Refunding bonds are issued at lower interest rates thereby producing debt service savings. Adoption of this Supplemental Resolution provides the flexibility to select the particular bonds to be refunded depending on market conditions at the time of pricing.

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

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

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

The Board adopted resolutions substantially in the form set out on Pages 69 - 101 (the Resolutions) authorizing appropriate officers of The University of Texas System to enter into bond enhancement agreements related to its Revenue Financing System (RFS) and Permanent University Fund (PUF) debt programs in accordance with the U. T. System Interest Rate Swap Policy and to take any and all actions necessary to carry out the intentions of the U. T. System Board of Regents.

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

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

On August 12, 2010, the Board approved bond enhancement agreement resolutions for FY 2011. Approval of this item authorizes the execution of bond enhancement agreement transactions related to RFS and PUF debt in accordance with the U. T. System Interest Rate Swap Policy for FY 2012 and will ratify the existing U. T. System Interest Rate Swap Policy, set out as Exhibit B starting on Pages 78 (RFS) and 95 (PUF), as required by *Texas Government Code*, Section 1371.056. The determination to utilize bond enhancement agreements will be made based on market conditions at the time of pricing the related debt issuance. The Chairman of the Board of Regents and the Chairman of the Board's Finance and Planning Committee will be informed in advance of any proposed transactions to be undertaken pursuant to the resolutions.

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

August 25, 2011

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

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

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

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

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

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

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

**NOW THEREFORE BE IT RESOLVED**, that

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

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

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



to reduce the net interest to be paid by the Board with respect to any then outstanding Parity Debt or Parity Debt anticipated to be issued in the future over the term of the Bond Enhancement Agreement or (ii) the transaction is in the best interests of the Board given the market conditions at that time. Each Authorized Representative is also severally authorized to execute any required novation agreement related to the execution and delivery of a new or amended Confirmation undertaken in conjunction with the novation of an existing Confirmation. The delegation to each Authorized Representative to execute and deliver Bond Enhancement Agreements on behalf of the Board under this Resolution shall expire on September 1, 2012.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

any then outstanding Parity Debt having the same types of interest rates (fixed or variable) as the anticipated Parity Debt.

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

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

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

(e) Board's Statement of Intent to Issue Refunding Debt for Savings. If the conditions in this Resolution are otherwise satisfied, the Board hereby authorizes each Authorized Representative to enter into a Bond Enhancement Agreement in connection with Parity Debt anticipated to be issued for the purpose of advance refunding any existing Parity Debt, provided that as certified by an Authorized Representative to the General Counsel to the Board, such anticipated issue of Parity Debt, when taking into consideration the effect of such Bond Enhancement Agreement, is expected to result in a present

value savings in connection with such advance refunding of at least 3.0% (determined in the manner set forth in a supplemental resolution approved by the Board authorizing the issuance of additional Parity Debt), and in such event, the Board hereby declares its intention to cause such Parity Debt to be issued. No such certification or declaration shall be applicable in connection with Parity Debt anticipated to be issued for the purpose of currently refunding any existing Parity Debt within ninety (90) days of the date of issuance of such anticipated Parity Debt.

#### **SECTION 7. MASTER AGREEMENTS.**

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

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

#### **SECTION 8. ADDITIONAL AUTHORIZATION; RATIFICATION OF SWAP POLICY.**

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

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

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

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## EXHIBIT A

### DEFINITIONS

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

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

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

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

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

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

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

(i) ISDA Master Agreement with Bank of America, N.A., dated as of December 6, 2005;

(ii) ISDA Master Agreement with JPMorgan Chase Bank, National Association, dated as of May 2, 2006;

(iii) ISDA Master Agreement with Merrill Lynch Capital Services, Inc., dated as of May 1, 2006;

(iv) ISDA Master Agreement with Morgan Stanley Capital Services Inc., dated as of December 6, 2005;

(v) ISDA Master Agreement with UBS AG, dated as of November 1, 2007;

(vi) ISDA Master Agreement with Goldman Sachs Bank USA, dated as of August 1, 2009;

(vii) ISDA Master Agreement with Wells Fargo Bank, National Association, dated as of August 21, 2009;

(viii) ISDA Master Agreement with Barclays Bank PLC, dated as of November 4, 2010;

(ix) ISDA Master Agreement with Deutsche Bank AG, New York Branch, dated as of May 1, 2011; and

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

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

"LIBOR" – London Interbank Offered Rate.

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

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

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

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

"System" – The University of Texas System.



EXHIBIT B

INTEREST RATE SWAP POLICY  
OF THE UNIVERSITY OF TEXAS SYSTEM

1. Title

Interest Rate Swap Policy

2. Rule and Regulation

Sec. 1 Authority. *Texas Education Code*, [Chapter 55](#), including Section [55.13](#), *Texas Education Code*, [Chapter 65](#), including Section [65.461](#), and *Texas Government Code*, [Chapter 1371](#), including Section [1371.056](#), authorize the Board of Regents (Board) of The University of Texas System (U. T. System) to enter into interest rate management agreements and bond enhancement agreements (collectively “swaps”).

Sec. 2 Purpose. This policy will govern the use of swaps in connection with the U. T. System’s management of its debt programs, including the Permanent University Fund and Revenue Financing System debt programs. By using swaps in a prudent manner, the U. T. System can increase the U. T. System’s financial flexibility, provide opportunities for interest rate savings, allow the U. T. System to actively manage asset and liability interest rate risk, take advantage of market opportunities to lower the overall cost of debt, balance interest rate risk, or hedge other exposures. The use of swaps must be tied directly to U. T. System debt instruments. The U. T. System shall not enter into swaps for speculative purposes.

Sec. 3 Legality/Approval. Prior to entering into a swap, the U. T. System must receive approval from the Board of Regents (which may include a delegation of authority to an Authorized Representative to enter into one or more swaps) and any required approvals from the Texas Attorney General and the Texas Bond Review Board. The U. T. System will also secure an opinion acceptable to the Authorized Representative from legal counsel that the swap is a legal, valid, and binding obligation of the U. T. System and that entering into the swap complies with applicable State and federal laws.

Sec. 4 Form of Agreements. Each interest rate swap shall contain terms and conditions as set forth in the International Swaps and Derivatives Association, Inc. (ISDA) Master Agreement, as amended, and such

other terms and conditions including schedules, credit support annexes, and confirmations as deemed necessary by an Authorized Representative.

Sec. 5 Methods of Procuring Swaps. Swaps can be procured via competitive bids or on a negotiated basis with counterparties or its credit support providers having credit ratings of 'A' or 'A2' or better from Standard & Poor's or Moody's, respectively.

5.1 Competitive. The competitive bid should include a minimum of three firms. An Authorized Representative may allow a firm or firms not submitting the bid that produces the lowest cost to match the lowest bid and be awarded a specified percentage of the notional amount of the swap.

5.2 Negotiated. An Authorized Representative may procure swaps by negotiated methods in the following situations:

(a) A determination is made by an Authorized Representative that due to the complexity of a particular swap, a negotiated bid would result in the most favorable pricing;

(b) A determination is made by an Authorized Representative that, in light of the facts and circumstances, a negotiated bid will promote the U. T. System's interests by encouraging and rewarding innovation; or

(c) A determination is made by an Authorized Representative that a competitive bid would likely create market pricing effects that would be detrimental to the interests of the U. T. System.

Sec. 6 Counterparty Risk. Counterparty risk is the risk of a failure by one of the U. T. System's swap counterparties to perform as required under a swap. To mitigate this risk, the U. T. System will 1) diversify its exposure among highly rated swap counterparties satisfying the rating criteria set forth in Section 5 above; 2) require collateralization as set forth below; and 3) include an optional termination event if the counterparty (or its credit support provider, if applicable) is downgraded below a second (lower) threshold.

6.1 Value Owed by Counterparty. To limit and diversify the U. T. System's counterparty risk and to monitor credit exposure to each counterparty, the U. T. System may not enter into a swap

with an otherwise qualified counterparty unless the cumulative mark-to-market value owed by the counterparty (and its credit support provider, if applicable) to the U. T. System shall be less than or equal to the applicable threshold amount set forth in Section 6.3 below.

6.2 Calculation of Value Owed. The value owed shall be the sum of all mark-to-market values between the subject counterparty and the U. T. System regardless of the type of swap, net of collateral posted by the counterparty. Collateral will consist of cash, U.S. Treasury securities, and Federal Agency securities guaranteed unconditionally by the full faith and credit of the U.S. Government. Collateral shall be deposited with a third party trustee acceptable to U. T. System or as mutually agreed upon between U. T. System and each counterparty.

6.3 Threshold Amounts Based on Credit Rating. Specific threshold amounts by counterparty are based on the cumulative mark-to-market value of the swap(s) and the credit rating of the counterparty or its credit support provider. The threshold amounts are as follows:

(a) AAA / Aaa	\$30 million
(b) AA+ / Aa1	\$25 million
(c) AA / Aa2	\$20 million
(d) AA- / Aa3	\$15 million
(e) A+ / A1	\$10 million
(f) A / A2	\$ 5 million

6.4 Downgraded Rating. If the credit rating of a counterparty or its credit support provider is downgraded such that the cumulative mark-to-market value of all swaps between such counterparty and the U. T. System exceeds the maximum permitted by this policy, the counterparty must post collateral or provide other credit enhancement that is satisfactory to the U. T. System and ensures compliance with this policy.

Sec. 7 Termination Risk. The U. T. System shall consider the merits of including a provision that permits optional termination at any time over the term of the swap (elective termination right). In general, exercising the right to optionally terminate a swap should produce a benefit to the U. T. System, either through receipt of a payment from a termination, or if a termination payment is made by the U. T. System, a conversion to a more beneficial debt instrument or credit relationship. It

is possible that a termination payment by the U. T. System may be required in the event of termination of a swap due to a counterparty default or following a decrease in credit rating.

- Sec. 8 Amortization Risk. The amortization schedules of the debt and associated swap should be closely matched for the duration of the swap. Mismatched amortization schedules can result in a less than satisfactory hedge and create unnecessary risk. In no circumstance may (i) the notional amount of a swap exceed the principal amount of the related debt at any time, or (ii) the term of a swap extend beyond the final maturity date of the related debt instrument, or in the case of a refunding transaction, beyond the final maturity date of the refunding bonds.
- Sec. 9 Basis Risk. Basis risk arises as a result of movement in the underlying variable rate indices that may not be in tandem, creating a cost differential that could result in a net cash outflow from the U. T. System. Basis risk can also result from the use of floating, but different, indices. To mitigate basis risk, any index used as part of a swap shall be a recognized market index, including but not limited to the Securities Industry and Financial Markets Association (SIFMA) Municipal Swap Index or the London Interbank Offered Rate (LIBOR).
- Sec. 10 Tax Risk. Tax risk is the risk that tax laws will change, resulting in a change in the marginal tax rates on swaps and their underlying assets. Tax risk is present in all tax-exempt debt issuances. The U. T. System Office of Finance will continually monitor and evaluate tax risk.
- Sec. 11 Interest Rate Risk. Interest rate risk is the risk that costs associated with variable rate exposure increase as a result of changes in market interest rates. Additional interest rate risk can be created by entering into certain types of swaps. The U. T. System Office of Finance will incorporate the impact of each swap on the overall debt portfolio.
- Sec. 12 Reporting.
- 12.1 The U. T. System Office of Finance staff will report to the Board within 30 days of completion of any swap transaction.
- 12.2 The Annual Financial Report prepared by the U. T. System and presented to the Board of Regents will discuss the status of all swaps. The report shall include a list of all swaps with notional value and interest rates, a list of counterparties (and credit

support providers, if applicable) and their respective credit ratings, and other key terms.

### **3. Definitions**

Authorized Representative – includes the Executive Vice Chancellor for Business Affairs, the Vice Chancellor and General Counsel, the Associate Vice Chancellor for Finance, and the Director of Finance.

Counterparty – a participant in a swap who exchanges payments based on interest rates or other criteria with another counterparty.

Counterparty Long-Term Debt Rating – lowest prevailing rating from Standard & Poor's / Moody's.

Hedge – a transaction entered into to reduce exposure to market fluctuations.

Interest Rate Swap – a swap in which two parties agree to exchange future net cash flows based on predetermined interest rates or indices calculated on an agreed notional amount. An interest rate swap is not a debt instrument and there is no exchange of principal.

ISDA Master Agreement – the International Swaps and Derivatives Association, Inc. (ISDA), is the global trade association for the derivatives industry. The ISDA Master Agreement is the basic governing document that serves as a framework for all interest rate swaps and certain other types of swaps between two counterparties. It is a standard form used throughout the industry. It is typically negotiated once, prior to the first swap transaction, and remains in force for all subsequent swap transactions.

London Interbank Offered Rate (LIBOR) – the rate of interest at which banks borrow funds from other banks in the London interbank market. It is a commonly used benchmark for swaps.

Mark-to-Market – calculation of the value of a financial instrument (like an interest rate swap) based on the current market rates or prices of the underlying indices.

Maximum cumulative mark-to-market – value of swaps owed to the U. T. System by counterparty (net of collateral posted).

Notional Amount – the size of the swap and the dollar amount used to calculate interest payments.

SIFMA Index – the principal benchmark for floating rate payments for tax-exempt issuers [formerly known as the Bond Market Association (BMA) Municipal Swap index]. The index is a national rate based on a market basket of high-grade, seven-day, tax-exempt variable rate bond issues.

**4. Relevant Federal and State Statutes**

*Texas Education Code, [Chapter 55](#)* – Financing Permanent Improvements

*Texas Education Code, [Chapter 65](#)* – Administration of The University of Texas System

*Texas Government Code, [Chapter 1371](#)* – Obligations for Certain Public Improvements

**5. Relevant System Policies, Procedures, and Forms**

None

**6. Who Should Know**

Administrators

**7. System Administration Office(s) Responsible for Rule**

Office of Business Affairs

**8. Dates Approved or Amended**

Editorial amendments made June 30, 2011

August 23, 2007

December 10, 2004

**9. Contact Information**

Questions or comments regarding this rule should be directed to:

- [bor@utsystem.edu](mailto:bor@utsystem.edu)

**EXHIBIT C**

**EXECUTED MASTER AGREEMENTS**

[On File with the Board]

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

August 25, 2011

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

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

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

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

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

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



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

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

NOW THEREFORE BE IT RESOLVED, that

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

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

(a) Delegation. Each Authorized Representative is hereby severally authorized to act on behalf of the Board in accepting and executing new or amended confirmations under one or more of the Master Agreements (each, a "Confirmation" and, collectively with the applicable Master Agreement, a "Bond Enhancement Agreement") when, in his or her judgment, the execution of such Confirmation is consistent with this Resolution and the System's Interest Rate Swap Policy and either (i) the transaction is expected to reduce the net interest to be paid by the Board with respect to any then outstanding PUF Debt or PUF Debt anticipated to be issued in the future over the term of the Bond Enhancement Agreement or (ii) the transaction is in the best interests of the Board given the market conditions at that time. Each Authorized Representative is also severally authorized to execute any required novation agreement related to the execution and delivery of a new or amended Confirmation undertaken in conjunction with the novation of an existing Confirmation. The delegation to each Authorized Representative to execute and deliver Bond Enhancement Agreements on behalf of the Board under this Resolution shall expire on September 1, 2012.

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

Enhancement Agreement authorized by this Resolution as a “credit agreement” under Chapter 1371 and this Resolution has not previously been submitted to the Attorney General by an Authorized Representative, such Authorized Representative shall submit this Resolution to the Attorney General for review and approval in accordance with the requirements of Chapter 1371 as the proceedings authorizing Bond Enhancement Agreements entered into by the Board pursuant to this Resolution.

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

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

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

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

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

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

**SECTION 3. AUTHORIZATION FOR SPECIFIC TRANSACTIONS.** In addition to the authority otherwise granted in this Resolution, each Authorized Representative is hereby severally granted continuing authority to enter into the following specific transactions pursuant to a Confirmation (or other agreement or instrument deemed necessary by an Authorized Representative) upon satisfaction of the following respective conditions:

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

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

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

(D) Interest rate locks, caps, options, floors, and collars for the purpose of limiting the exposure of the Board to adverse changes in interest rates in connection with outstanding PUF

Debt or additional PUF Debt anticipated to be issued in the future. Prior to entering into such a transaction, an Authorized Representative must deliver to the General Counsel to the Board a certificate to the effect that such transaction is expected to limit or eliminate such exposure.

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

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

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

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

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

(b) Requirement to Terminate or Modify Agreement for Notional Amount in Excess of Anticipated PUF Debt as Issued. In the event a Bond Enhancement Agreement is entered into under this Resolution in connection with the anticipated issuance of PUF Debt and such Bond Enhancement Agreement has a notional amount that at any time exceeds the principal amount to be outstanding of such anticipated PUF Debt as actually issued, an Authorized Representative shall either terminate such Bond Enhancement

Agreement or amend such Bond Enhancement Agreement (i) to reduce the notional amount of such Bond Enhancement as appropriate so that such notional amount does not exceed at any time the principal amount to be outstanding of such anticipated PUF Debt as actually issued or (ii) supplement or replace all or a portion of such anticipated PUF Debt with any then outstanding PUF Debt having the same types of interest rates (fixed or variable) as the anticipated PUF Debt as necessary to ensure that the notional amount of such Bond Enhancement Agreement does not exceed at any time the principal amount of the applicable PUF Debt.

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

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

(e) Board's Statement of Intent to Issue Advance Refunding Debt for Savings. If the conditions in this Resolution are otherwise satisfied, the Board hereby authorizes each Authorized Representative to enter into a Bond Enhancement Agreement in connection with PUF Debt anticipated to be issued for the purpose of advance refunding any existing

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

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

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

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

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

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

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

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

*[Remainder of page intentionally left blank]*

## **EXHIBIT A**

### **DEFINITIONS**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

EXHIBIT B

INTEREST RATE SWAP POLICY  
OF THE UNIVERSITY OF TEXAS SYSTEM

1. Title

Interest Rate Swap Policy

2. Rule and Regulation

Sec. 1 Authority. *Texas Education Code*, [Chapter 55](#), including Section [55.13](#), *Texas Education Code*, [Chapter 65](#), including Section [65.461](#), and *Texas Government Code*, [Chapter 1371](#), including Section [1371.056](#), authorize the Board of Regents (Board) of The University of Texas System (U. T. System) to enter into interest rate management agreements and bond enhancement agreements (collectively “swaps”).

Sec. 2 Purpose. This policy will govern the use of swaps in connection with the U. T. System’s management of its debt programs, including the Permanent University Fund and Revenue Financing System debt programs. By using swaps in a prudent manner, the U. T. System can increase the U. T. System’s financial flexibility, provide opportunities for interest rate savings, allow the U. T. System to actively manage asset and liability interest rate risk, take advantage of market opportunities to lower the overall cost of debt, balance interest rate risk, or hedge other exposures. The use of swaps must be tied directly to U. T. System debt instruments. The U. T. System shall not enter into swaps for speculative purposes.

Sec. 3 Legality/Approval. Prior to entering into a swap, the U. T. System must receive approval from the Board of Regents (which may include a delegation of authority to an Authorized Representative to enter into one or more swaps) and any required approvals from the Texas Attorney General and the Texas Bond Review Board. The U. T. System will also secure an opinion acceptable to the Authorized Representative from legal counsel that the swap is a legal, valid, and binding obligation of the U. T. System and that entering into the swap complies with applicable State and federal laws.

Sec. 4 Form of Agreements. Each interest rate swap shall contain terms and conditions as set forth in the International Swaps and Derivatives

Association, Inc. (ISDA) Master Agreement, as amended, and such other terms and conditions including schedules, credit support annexes, and confirmations as deemed necessary by an Authorized Representative.

Sec. 5 Methods of Procuring Swaps. Swaps can be procured via competitive bids or on a negotiated basis with counterparties or its credit support providers having credit ratings of 'A' or 'A2' or better from Standard & Poor's or Moody's, respectively.

5.1 Competitive. The competitive bid should include a minimum of three firms. An Authorized Representative may allow a firm or firms not submitting the bid that produces the lowest cost to match the lowest bid and be awarded a specified percentage of the notional amount of the swap.

5.2 Negotiated. An Authorized Representative may procure swaps by negotiated methods in the following situations:

(a) A determination is made by an Authorized Representative that due to the complexity of a particular swap, a negotiated bid would result in the most favorable pricing;

(b) A determination is made by an Authorized Representative that, in light of the facts and circumstances, a negotiated bid will promote the U. T. System's interests by encouraging and rewarding innovation; or

(c) A determination is made by an Authorized Representative that a competitive bid would likely create market pricing effects that would be detrimental to the interests of the U. T. System.

Sec. 6 Counterparty Risk. Counterparty risk is the risk of a failure by one of the U. T. System's swap counterparties to perform as required under a swap. To mitigate this risk, the U. T. System will 1) diversify its exposure among highly rated swap counterparties satisfying the rating criteria set forth in Section 5 above; 2) require collateralization as set forth below; and 3) include an optional termination event if the counterparty (or its credit support provider, if applicable) is downgraded below a second (lower) threshold.

6.1 Value Owed by Counterparty. To limit and diversify the U. T. System's counterparty risk and to monitor credit exposure to

each counterparty, the U. T. System may not enter into a swap with an otherwise qualified counterparty unless the cumulative mark-to-market value owed by the counterparty (and its credit support provider, if applicable) to the U. T. System shall be less than or equal to the applicable threshold amount set forth in Section 6.3 below.

6.2 Calculation of Value Owed. The value owed shall be the sum of all mark-to-market values between the subject counterparty and the U. T. System regardless of the type of swap, net of collateral posted by the counterparty. Collateral will consist of cash, U.S. Treasury securities, and Federal Agency securities guaranteed unconditionally by the full faith and credit of the U.S. Government. Collateral shall be deposited with a third party trustee acceptable to U. T. System or as mutually agreed upon between U. T. System and each counterparty.

6.3 Threshold Amounts Based on Credit Rating. Specific threshold amounts by counterparty are based on the cumulative mark-to-market value of the swap(s) and the credit rating of the counterparty or its credit support provider. The threshold amounts are as follows:

(a) AAA / Aaa	\$30 million
(b) AA+ / Aa1	\$25 million
(c) AA / Aa2	\$20 million
(d) AA- / Aa3	\$15 million
(e) A+ / A1	\$10 million
(f) A / A2	\$ 5 million

6.4 Downgraded Rating. If the credit rating of a counterparty or its credit support provider is downgraded such that the cumulative mark-to-market value of all swaps between such counterparty and the U. T. System exceeds the maximum permitted by this policy, the counterparty must post collateral or provide other credit enhancement that is satisfactory to the U. T. System and ensures compliance with this policy.

Sec. 7 Termination Risk. The U. T. System shall consider the merits of including a provision that permits optional termination at any time over the term of the swap (elective termination right). In general, exercising the right to optionally terminate a swap should produce a benefit to the U. T. System, either through receipt of a payment from a termination, or if a termination payment is made by the U. T. System, a

conversion to a more beneficial debt instrument or credit relationship. It is possible that a termination payment by the U. T. System may be required in the event of termination of a swap due to a counterparty default or following a decrease in credit rating.

- Sec. 8 Amortization Risk. The amortization schedules of the debt and associated swap should be closely matched for the duration of the swap. Mismatched amortization schedules can result in a less than satisfactory hedge and create unnecessary risk. In no circumstance may (i) the notional amount of a swap exceed the principal amount of the related debt at any time, or (ii) the term of a swap extend beyond the final maturity date of the related debt instrument, or in the case of a refunding transaction, beyond the final maturity date of the refunding bonds.
- Sec. 9 Basis Risk. Basis risk arises as a result of movement in the underlying variable rate indices that may not be in tandem, creating a cost differential that could result in a net cash outflow from the U. T. System. Basis risk can also result from the use of floating, but different, indices. To mitigate basis risk, any index used as part of a swap shall be a recognized market index, including but not limited to the Securities Industry and Financial Markets Association (SIFMA) Municipal Swap Index or the London Interbank Offered Rate (LIBOR).
- Sec. 10 Tax Risk. Tax risk is the risk that tax laws will change, resulting in a change in the marginal tax rates on swaps and their underlying assets. Tax risk is present in all tax-exempt debt issuances. The U. T. System Office of Finance will continually monitor and evaluate tax risk.
- Sec. 11 Interest Rate Risk. Interest rate risk is the risk that costs associated with variable rate exposure increase as a result of changes in market interest rates. Additional interest rate risk can be created by entering into certain types of swaps. The U. T. System Office of Finance will incorporate the impact of each swap on the overall debt portfolio.
- Sec. 12 Reporting.
- 12.1 The U. T. System Office of Finance staff will report to the Board within 30 days of completion of any swap transaction.
- 12.2 The Annual Financial Report prepared by the U. T. System and presented to the Board of Regents will discuss the status of all swaps. The report shall include a list of all swaps with notional value and interest rates, a list of counterparties (and credit

support providers, if applicable) and their respective credit ratings, and other key terms.

### **3. Definitions**

Authorized Representative – includes the Executive Vice Chancellor for Business Affairs, the Vice Chancellor and General Counsel, the Associate Vice Chancellor for Finance, and the Director of Finance.

Counterparty – a participant in a swap who exchanges payments based on interest rates or other criteria with another counterparty.

Counterparty Long-Term Debt Rating – lowest prevailing rating from Standard & Poor's / Moody's.

Hedge – a transaction entered into to reduce exposure to market fluctuations.

Interest Rate Swap – a swap in which two parties agree to exchange future net cash flows based on predetermined interest rates or indices calculated on an agreed notional amount. An interest rate swap is not a debt instrument and there is no exchange of principal.

ISDA Master Agreement – the International Swaps and Derivatives Association, Inc. (ISDA), is the global trade association for the derivatives industry. The ISDA Master Agreement is the basic governing document that serves as a framework for all interest rate swaps and certain other types of swaps between two counterparties. It is a standard form used throughout the industry. It is typically negotiated once, prior to the first swap transaction, and remains in force for all subsequent swap transactions.

London Interbank Offered Rate (LIBOR) – the rate of interest at which banks borrow funds from other banks in the London interbank market. It is a commonly used benchmark for swaps.

Mark-to-Market – calculation of the value of a financial instrument (like an interest rate swap) based on the current market rates or prices of the underlying indices.

Maximum cumulative mark-to-market – value of swaps owed to the U. T. System by counterparty (net of collateral posted).

Notional Amount – the size of the swap and the dollar amount used to calculate interest payments.

SIFMA Index – the principal benchmark for floating rate payments for tax-exempt issuers [formerly known as the Bond Market Association (BMA) Municipal Swap index]. The index is a national rate based on a market basket of high-grade, seven-day, tax-exempt variable rate bond issues.

**4. Relevant Federal and State Statutes**

*Texas Education Code, [Chapter 55](#)* – Financing Permanent Improvements

*Texas Education Code, [Chapter 65](#)* – Administration of The University of Texas System

*Texas Government Code, [Chapter 1371](#)* – Obligations for Certain Public Improvements

**5. Relevant System Policies, Procedures, and Forms**

None

**6. Who Should Know**

Administrators

**7. System Administration Office(s) Responsible for Rule**

Office of Business Affairs

**8. Dates Approved or Amended**

Editorial amendments made June 30, 2011  
August 23, 2007  
December 10, 2004

**9. Contact Information**

Questions or comments regarding this rule should be directed to:

- [bor@utsystem.edu](mailto:bor@utsystem.edu)

**EXHIBIT C**  
**EXECUTED MASTER AGREEMENTS**

[On file with the Board]



8. U. T. System: Approval of aggregate amount of \$179,550,000 of equipment financing for Fiscal Year 2012 and resolution regarding parity debt

The Board

- a. approved an aggregate amount of \$179,550,000 of Revenue Financing System Equipment Financing for Fiscal Year 2012 as allocated to those University of Texas System institutions set out on Page 104; and
- b. resolved in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that
  - parity debt shall be issued to pay the cost of equipment including costs incurred prior to the issuance of such parity debt;
  - sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System;
  - the U. T. System institutions 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. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$179,550,000 for the purchase of equipment; and
  - this resolution satisfies the official intent requirements set forth in Section 1.150-2 of the *Code of Federal Regulations* that evidences the Board's intention to reimburse project expenditures with bond proceeds.

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

On August 12, 2010, and February 18, 2011, the U. T. System Board of Regents approved a total of \$166,931,000 of equipment financing for Fiscal Year 2011, of which \$58,375,000 had been issued as of July 31, 2011.

Further details on the equipment to be financed and debt service coverage ratios for individual institutions may be found on Page 104.

APPROVAL OF U. T. SYSTEM EQUIPMENT FINANCING  
FY 2012

Institution	\$ Amount of Request	Description of Expected Equipment Purchases	DSC*
U. T. Arlington	\$1,500,000	Capital items related to the PeopleSoft implementation	2.9x
U. T. Austin	3,000,000	Athletic equipment, classroom equipment, IT equipment	2.7x
U. T. Dallas	9,000,000	Instructional equipment, research equipment, business operations equipment	2.1x
U. T. El Paso	4,400,000	Infrastructure equipment, facilities equipment, IT equipment, capital items related to the PeopleSoft implementation	2.2x
U. T. Permian Basin	150,000	Vehicle replacement	1.0x
U.T. San Antonio	2,000,000	Capital items related to the PeopleSoft implementation	1.9x
U. T. Southwestern Medical Center	48,000,000	Medical equipment, research equipment, IT and diagnostic equipment	2.3x
U. T. Medical Branch – Galveston	45,000,000	Clinical equipment, IT equipment, research equipment, facilities equipment	2.8x
U. T. Health Science Center – Houston	3,000,000	Research equipment	2.6x
U. T. Health Science Center – San Antonio	7,000,000	Research equipment, clinical equipment, and infrastructure equipment	2.3x
U. T. M. D. Anderson Cancer Center	50,000,000	Medical equipment, research equipment, IT equipment, diagnostic equipment	6.2x
U. T. Health Science Center – Tyler	6,500,000	Medical equipment, research equipment, diagnostic equipment	2.9x
<b>Total</b>	<b>\$179,550,000</b>		

\* Debt Service Coverage ("DSC") based on six-year forecasted Statement of Revenues, Expenses, and Changes in Net Assets ("SRECNA") for FY2012 – FY2017.

9. U. T. System Board of Regents: The University of Texas Investment Management Company (UTIMCO) Performance Summary Report and Investment Reports for the quarter ended May 31, 2011

The May 31, 2011 UTIMCO Performance Summary Report is attached on Page 106.

The Investment Reports for the quarter ended May 31, 2011, are set forth on Pages 107 - 110.

Item I on Page 107 reports activity for the Permanent University Fund (PUF) investments. The PUF's net investment return for the quarter was 3.60% versus its composite benchmark return of 2.88%. The PUF's net asset value increased during the quarter to \$12,908 million. The increase was due to \$370 million PUF Land receipts, net investment return of \$452 million, less the final distribution to the Available University Fund (AUF) of \$253 million.

Item II on Page 108 reports activity for the General Endowment Fund (GEF) investments. The GEF's net investment return for the quarter was 3.63% versus its composite benchmark return of 2.88%. The GEF's net asset value increased by \$314 million during the quarter to \$7,291 million.

Item III on Page 109 reports activity for the Intermediate Term Fund (ITF). The ITF's net investment return for the quarter was 2.69% versus its composite benchmark return of 2.02%. The net asset value increased during the quarter to \$4,855 million due to net investment return of \$132 million, net contributions of \$49 million, less distributions of \$36 million.

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

Item IV on Page 110 presents book and market values of cash, debt, equity, and other securities held in funds outside of internal investment pools. Total cash and equivalents, consisting primarily of institutional operating funds held in the Dreyfus money market fund, decreased by \$220 million to \$2,297 million during the three months since the last reporting period. Market values for the remaining asset types were debt securities: \$75 million versus \$24 million at the beginning of the period; equities: \$52 million versus \$54 million at the beginning of the period; and other investments: \$1 million versus \$5 million at the beginning of the period.

## UTIMCO Performance Summary

May 31, 2011

	Net Asset Value 5/31/2011 (in Millions)	Periods Ended May 31, 2011 (Returns for Periods Longer Than One Year are Annualized)							
		Short Term		Year to Date		Historic Returns			
		1 Mo	3 Mos	Fiscal	Calendar	1 Yr	3 Yrs	5 Yrs	10 Yrs
<b>ENDOWMENT FUNDS</b>									
Permanent University Fund	\$ 12,908	(0.28%)	3.60%	17.80%	6.71%	20.71%	2.29%	5.75%	7.02%
General Endowment Fund		(0.27)	3.63	17.89	6.75	20.80	2.22	5.86	7.22
Permanent Health Fund	1,032	(0.26)	3.69	17.92	6.83	20.80	2.19	5.79	7.13
Long Term Fund	6,259	(0.26)	3.69	17.93	6.83	20.81	2.19	5.80	7.15
Separately Invested Funds	126	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Total Endowment Funds</b>	<b>20,325</b>								
<b>OPERATING FUNDS</b>									
Debt Proceeds Fund	929	0.02	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Short Term Fund	1,371	0.02	0.05	0.18	0.09	0.26	0.76	2.44	2.36
Intermediate Term Fund	4,855	(0.85)	2.69	13.96	4.51	18.28	3.21	5.84	N/A
<b>Total Operating Funds</b>	<b>7,155</b>								
<b>Total Investments</b>	<b>\$ 27,480</b>								
<b>VALUE ADDED (Percent)</b>									
Permanent University Fund		0.59%	0.72%	1.70%	1.61%	1.53%	2.94%	2.39%	2.15%
General Endowment Fund		0.60	0.75	1.79	1.65	1.62	2.87	2.50	2.35
Debt Proceeds Fund		0.01	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Short Term Fund		0.01	-	0.06	0.01	0.10	0.28	0.36	0.21
Intermediate Term Fund		0.32	0.67	1.70	0.98	2.32	2.39	2.51	N/A
<b>VALUE ADDED (\$ IN MILLIONS)</b>									
Permanent University Fund		\$ 77	\$ 90	\$ 188	\$ 194	\$ 166	\$ 1,083	\$ 1,398	\$ 2,479
General Endowment Fund		44	53	111	113	99	595	819	1,460
Intermediate Term Fund		16	32	72	46	95	319	521	N/A
<b>Total Value Added</b>		<b>\$ 137</b>	<b>\$ 175</b>	<b>\$ 371</b>	<b>\$ 353</b>	<b>\$ 360</b>	<b>\$ 1,997</b>	<b>\$ 2,738</b>	<b>\$ 3,939</b>

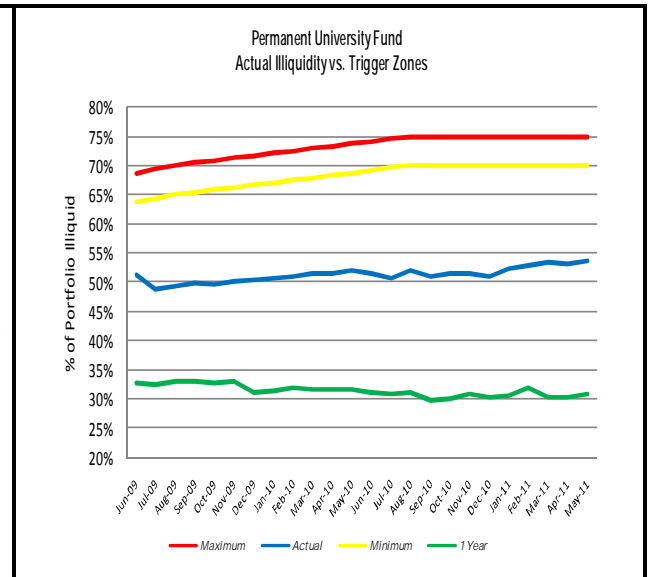
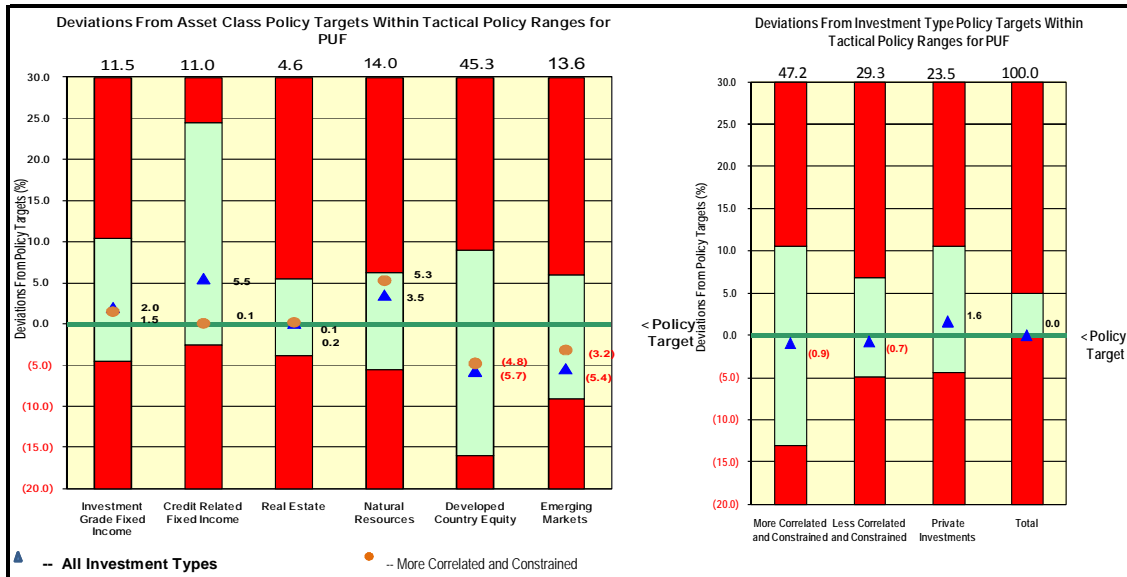
Footnotes available upon request.

**I. PERMANENT UNIVERSITY FUND**  
**Investment Reports for Periods Ended May 31, 2011**

Prepared in accordance with Texas Education Code Sec. 51.0032

<u>Summary of Capital Flows</u>			
(\$ millions)	Fiscal Year Ended August 31, 2010	Quarter Ended May 31, 2011	Fiscal Year to Date May 31, 2011
Beginning Net Assets	\$ 9,674	\$ 12,339	\$ 10,725
PUF Lands Receipts	338	370	763
Investment Return (Net of Expenses)	1,229	452	1,926
Distributions to AUF	(516)	(253)	(506)
Ending Net Assets	\$ 10,725	\$ 12,908	\$ 12,908

	Fiscal Year to Date				
	Returns		Value Added		
	Portfolio	Policy Benchmark	From Asset Allocation	From Security Selection	Total
<b>More Correlated and Constrained:</b>					
Investment Grade	2.99%	5.33%	-0.53%	-0.20%	-0.73%
Credit-Related	17.16%	13.29%	-0.04%	0.00%	-0.04%
Real Estate	25.45%	25.45%	-0.03%	0.02%	-0.01%
Natural Resources	31.33%	33.36%	0.54%	-0.11%	0.43%
Developed Country	30.32%	27.42%	-0.79%	0.49%	-0.30%
Emerging Markets	20.01%	22.19%	-0.20%	-0.27%	-0.47%
<b>Total More Correlated and Constrained</b>	<b>20.77%</b>	<b>23.10%</b>	<b>-1.05%</b>	<b>-0.07%</b>	<b>-1.12%</b>
<b>Less Correlated and Constrained</b>	<b>11.49%</b>	<b>7.02%</b>	<b>0.18%</b>	<b>1.24%</b>	<b>1.42%</b>
<b>Private Investments</b>	<b>19.89%</b>	<b>13.26%</b>	<b>-0.34%</b>	<b>1.74%</b>	<b>1.40%</b>
<b>Total</b>	<b>17.80%</b>	<b>16.10%</b>	<b>-1.21%</b>	<b>2.91%</b>	<b>1.70%</b>

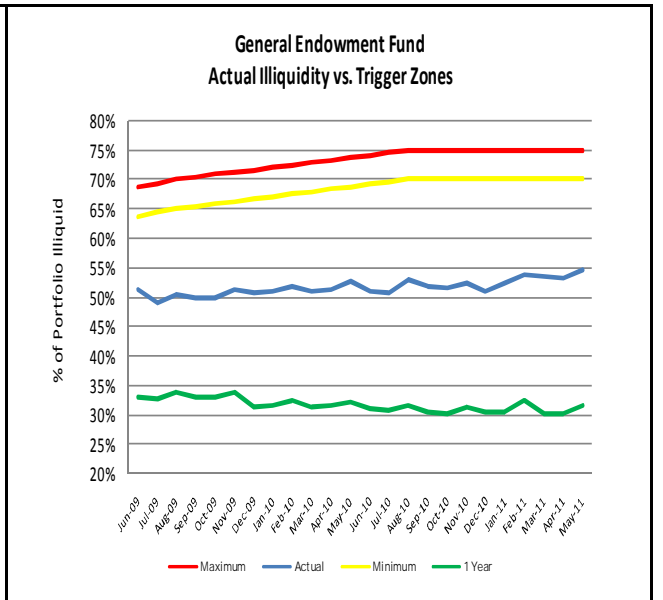
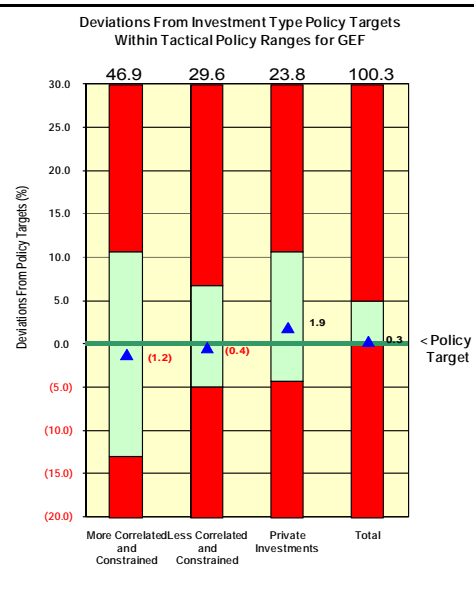
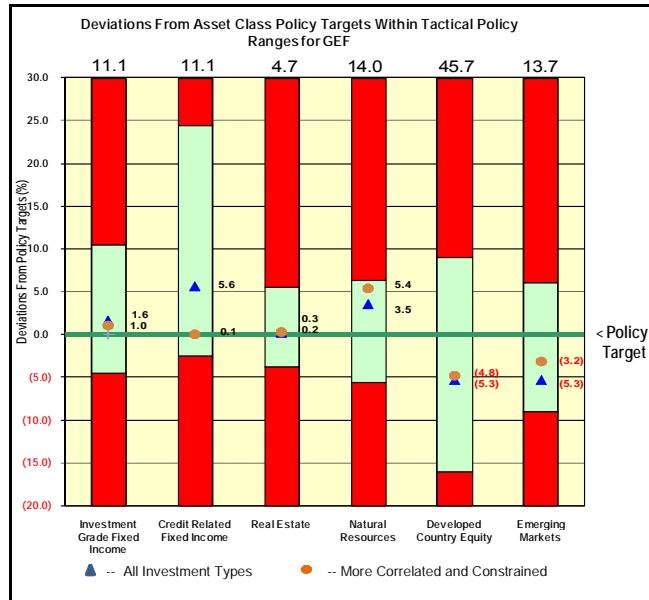


## II. GENERAL ENDOWMENT FUND Investment Reports for Periods Ended May 31, 2011

Prepared in accordance with Texas Education Code Sec. 51.0032

Summary of Capital Flows				
(\$ millions)	Fiscal Year Ended August 31, 2010	Quarter Ended May 31, 2011	Fiscal Year to Date May 31, 2011	
Beginning Net Assets	\$ 5,359	\$ 6,977	\$ 6,035	
Contributions	285	134	391	
Withdrawals	(11)	(1)	(7)	
Distributions	(298)	(83)	(244)	
Investment Return (Net of Expenses)	700	264	1,116	
Ending Net Assets	<u>\$ 6,035</u>	<u>\$ 7,291</u>	<u>\$ 7,291</u>	

	Fiscal Year to Date				
	Returns		Value Added		
	Portfolio	Policy Benchmark	From Asset Allocation	From Security Selection	Total
<b>More Correlated and Constrained:</b>					
Investment Grade	3.73%	5.33%	-0.54%	-0.15%	-0.69%
Credit-Related	17.25%	13.29%	-0.03%	0.00%	-0.03%
Real Estate	25.42%	25.45%	-0.04%	0.01%	-0.03%
Natural Resources	31.35%	33.36%	0.53%	-0.09%	0.44%
Developed Country	30.58%	27.42%	-0.83%	0.56%	-0.27%
Emerging Markets	20.09%	22.19%	-0.22%	-0.28%	-0.50%
<b>Total More Correlated and Constrained</b>	<b>20.96%</b>	<b>23.10%</b>	<b>-1.13%</b>	<b>0.05%</b>	<b>-1.08%</b>
<b>Less Correlated and Constrained</b>					
	<b>11.49%</b>	<b>7.02%</b>	<b>0.19%</b>	<b>1.28%</b>	<b>1.47%</b>
<b>Private Investments</b>					
	<b>19.90%</b>	<b>13.26%</b>	<b>-0.34%</b>	<b>1.74%</b>	<b>1.40%</b>
<b>Total</b>	<b>17.89%</b>	<b>16.10%</b>	<b>-1.28%</b>	<b>3.07%</b>	<b>1.79%</b>

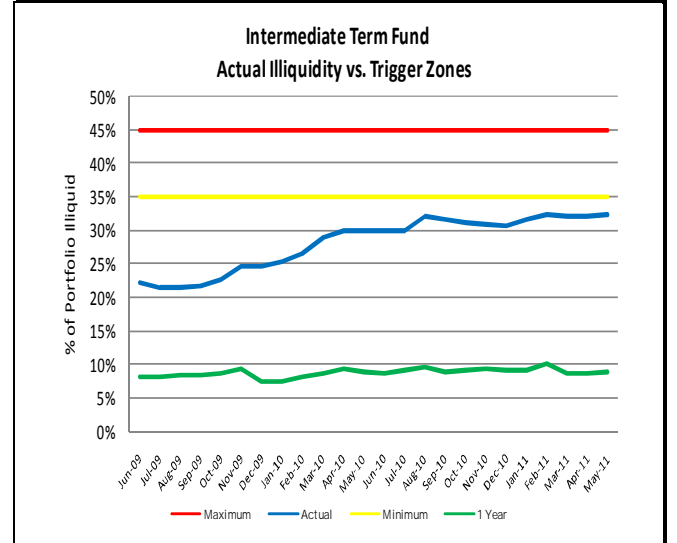
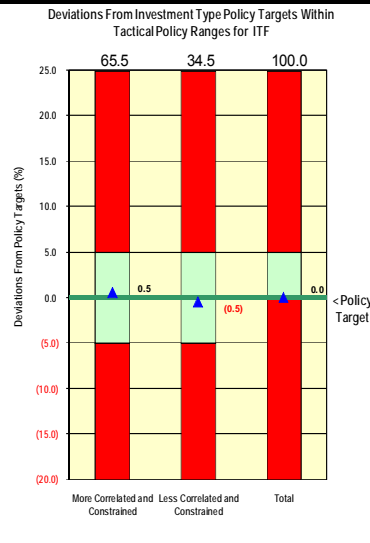
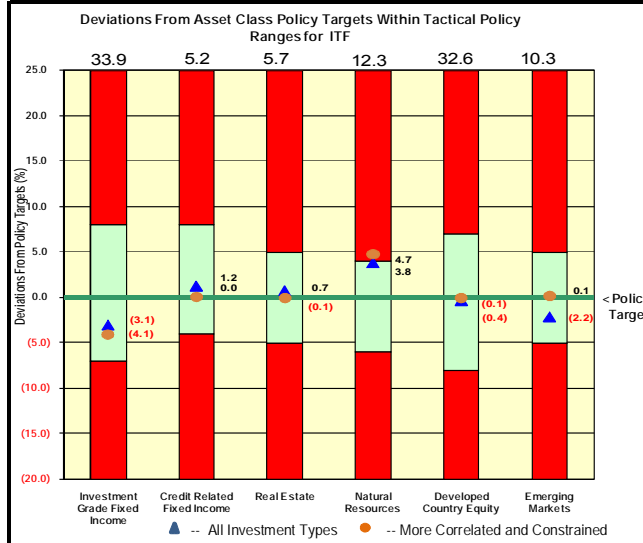


### III. INTERMEDIATE TERM FUND Investment Reports for Periods Ended May 31, 2011

Prepared in accordance with Texas Education Code Sec. 51.0032

Summary of Capital Flows			
(\$ millions)	Fiscal Year Ended August 31, 2010	Quarter Ended May 31, 2011	Fiscal Year to Date May 31, 2011
Beginning Net Assets	\$ 3,572	\$ 4,710	\$ 4,156
Contributions	409	84	283
Withdrawals	(112)	(35)	(74)
Distributions	(119)	(36)	(103)
Investment Return (Net of Expenses)	406	132	593
Ending Net Assets	<u>\$ 4,156</u>	<u>\$ 4,855</u>	<u>\$ 4,855</u>

	Fiscal Year to Date				
	Returns		Value Added		
	Portfolio	Policy Benchmark	From Asset Allocation	From Security Selection	Total
<b>More Correlated and Constrained:</b>					
Investment Grade	5.07%	5.33%	0.09%	-0.10%	-0.01%
Credit-Related	18.13%	13.29%	0.00%	0.00%	0.00%
Real Estate	25.35%	25.45%	-0.04%	-0.01%	-0.05%
Natural Resources	30.07%	33.36%	0.36%	-0.21%	0.15%
Developed Country	29.32%	27.42%	0.04%	0.16%	0.20%
Emerging Markets	20.04%	22.19%	-0.02%	-0.17%	-0.19%
<b>Total More Correlated and Constrained</b>	<b>15.27%</b>	<b>15.15%</b>	<b>0.43%</b>	<b>-0.33%</b>	<b>0.10%</b>
<b>Less Correlated and Constrained</b>	<b>11.49%</b>	<b>7.02%</b>	<b>0.19%</b>	<b>1.41%</b>	<b>1.60%</b>
<b>Private Investments</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
<b>Total</b>	<b>13.96%</b>	<b>12.26%</b>	<b>0.62%</b>	<b>1.08%</b>	<b>1.70%</b>





**IV. SEPARATELY INVESTED ASSETS**  
**Summary Investment Report at May 31, 2011**  
 Report prepared in accordance with *Texas Education Code Sec. 51.0032*

ASSET TYPES	(\$ thousands)															
	FUND TYPE															
	CURRENT PURPOSE DESIGNATED		RESTRICTED		ENDOWMENT & SIMILAR FUNDS		ANNUITY & LIFE INCOME FUNDS		AGENCY FUNDS		TOTAL EXCLUDING OPERATING FUNDS		OPERATING FUNDS (DEBT PROCEEDS AND (SHORT TERM FUND))		TOTAL	
	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET
<b>Cash &amp; Equivalents:</b>																
Beginning value 02/28/11	-	-	2,975	2,975	36,771	36,771	2,578	2,578	100,109	100,109	142,433	142,433	2,374,408	2,374,408	2,516,841	2,516,841
Increase/(Decrease)	-	-	(881)	(881)	(9,427)	(9,427)	(1,171)	(1,171)	(83,204)	(83,204)	(94,683)	(94,683)	(125,050)	(125,050)	(219,733)	(219,733)
Ending value 05/31/11	-	-	2,094	2,094	27,344	27,344	1,407	1,407	16,905	16,905	47,750	47,750	2,249,358	2,249,358	2,297,108	2,297,108
<b>Debt Securities:</b>																
Beginning value 02/28/11	-	-	101	101	11,180	11,906	11,255	11,573	-	-	22,536	23,580	-	-	22,536	23,580
Increase/(Decrease)	-	-	-	-	420	594	676	866	51	51	1,147	1,511	49,841	49,831	50,988	51,342
Ending value 05/31/11	-	-	101	101	11,600	12,500	11,931	12,439	51	51	23,683	25,091	49,841	49,831	73,524	74,922
<b>Equity Securities:</b>																
Beginning value 02/28/11	147	4,205	877	848	30,145	34,334	13,938	14,515	-	-	45,107	53,902	-	-	45,107	53,902
Increase/(Decrease)	-	(1,242)	(634)	(630)	355	1,148	(1,205)	(918)	-	-	(1,484)	(1,642)	-	-	(1,484)	(1,642)
Ending value 05/31/11	147	2,963	243	218	30,500	35,482	12,733	13,597	-	-	43,623	52,260	-	-	43,623	52,260
<b>Other:</b>																
Beginning value 02/28/11	-	-	(11)	(11)	11	11	402	139	4,553	4,553	4,955	4,692	-	-	4,955	4,692
Increase/(Decrease)	-	-	228	228	386	386	29	17	(3,893)	(3,893)	(3,250)	(3,262)	-	-	(3,250)	(3,262)
Ending value 05/31/11	-	-	217	217	397	397	431	156	660	660	1,705	1,430	-	-	1,705	1,430
<b>Total Assets:</b>																
Beginning value 02/28/11	147	4,205	3,942	3,913	78,107	83,022	28,173	28,805	104,662	104,662	215,031	224,607	2,374,408	2,374,408	2,589,439	2,599,015
Increase/(Decrease)	-	(1,242)	(1,287)	(1,283)	(8,266)	(7,299)	(1,671)	(1,206)	(87,046)	(87,046)	(98,270)	(98,076)	(75,209)	(75,219)	(173,479)	(173,295)
Ending value 05/31/11	147	2,963	2,655	2,630	69,841	75,723	26,502	27,599	17,616	17,616	116,761	126,531	2,299,199	2,299,189	2,415,960	2,425,720

Details of individual assets by account furnished upon request.

10. U. T. System Board of Regents: Approval of amendments to the Investment Policy Statements for the Permanent Health Fund and the Long Term Fund, and amendments to the Liquidity Policy

Upon recommendation of the Board of Directors of The University of Texas Investment Management Company (UTIMCO), the Board approved amendments to the following Investment Policy Statements, including asset allocation, and amendments to the Liquidity Policy as set forth below and on the referenced pages.

- a. Permanent Health Fund (PHF) (See Pages 112 - 121)
- b. Long Term Fund (LTF) (See Pages 122 - 131)
- c. Liquidity Policy (See Pages 132 - 135)

Exhibit B to the PHF and LTF Investment Policy Statements had been revised by both the UTIMCO Board and the U. T. System Board of Regents on August 15, 2011. The UTIMCO Board approved amendments to the Investment Policy Statements on July 14, 2011, and August 15, 2011, and also approved amendments to the Liquidity Policy on July 14, 2011. The amendments are summarized below.

Investment Policy Statements

Redemption of PHF Units language was changed to require earlier notification of desired withdrawals greater than \$10 million (previously \$5 million) to allow redemptions that are greater than 5% (previously 10%) of the PHF's net asset value to be paid in installments on a pro rata basis over a reasonable period of time, and to take into consideration the time frame to liquidate illiquid investments in determining what is considered a "reasonable amount of time."

Redemption of LTF Units language was changed to require earlier notification of desired withdrawals greater than \$25 million (previously \$10 million) to allow redemptions that are greater than 5% (previously 10%) of the LTF's net asset value to be paid in installments on a pro rata basis over a reasonable period of time, and to take into consideration the time frame to liquidate illiquid investments in determining what is considered a "reasonable amount of time."

Liquidity Policy

The Liquidity Policy was amended to change the allowable range for illiquid investments in the ITF and the trigger zones for illiquid investments that would require Risk Committee or UTIMCO Board approval. In addition, the liquidity trigger zones for the ITF were updated and changed.

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

**Purpose**

The Permanent Health Fund (the “PHF”), established by the Board of Regents of The University of Texas System (the “Board of Regents”), is a pooled fund for the collective investment of certain permanent funds for health-related institutions of higher education created, effective August 30, 1999, by Chapter 63 of the *Texas Education Code*. The permanent health funds which have assets in the PHF are:

- A. The Permanent Health Fund for Higher Education (the “PHFHE”), the distributions from which are to fund programs that benefit medical research, health education, or treatment programs at 10 health-related institutions of higher education; and
- B. Eight of the thirteen separate Permanent Funds for Health Related Institutions (the “PFHRIs”), the distributions from which are to fund research and other programs at health-related institutions of higher education that benefit public health. The PFHRIs invested in the PHF are:

- U. T. Health Science Center - San Antonio
- U. T. M. D. Anderson Cancer Center
- U. T. Southwestern Medical Center
- U. T. Medical Branch - Galveston
- U. T. Health Science Center - Houston
- U. T. Health Science Center - Tyler
- U. T. El Paso
- Regional Academic Health Center

The PHF provides for greater diversification of investments than would be possible if each account were managed separately.

**PHF Organization**

The PHF functions like a mutual fund in which each eligible fund purchases and redeems PHF units as provided herein.

## PHF Management

Chapter 63 of the *Texas Education Code* designates: a) the Board of Regents as the administrator for the PHFHE and b) the governing board of an institution for which a PFHRI fund is established as the administrator for its own PFHRI, or if the governing board so elects, the Comptroller of Public Accounts (State Comptroller). It permits the State Comptroller, in turn, to contract with the governing board of any institution that is eligible to receive a grant under Chapter 63. Pursuant to the foregoing and an Investment Management Services Agreement between the Board of Regents and the State Comptroller, the Board of Regents is the administrator responsible for managing the PHF. Chapter 63 further states that the Board of Regents may manage and invest the PHF in the same manner as the Board of Regents manages and invests other permanent endowments. It also requires that the administrator invest the funds in a manner that preserves the purchasing power of the funds' assets and distributions. It further requires that the administrator make distributions in a manner consistent with the administrator's policies and procedures for making distributions to the beneficiaries of its own endowments in the case of the PHFHE or the funds themselves in the case of the PFHRI funds.

Article VII, Section 11b of the Texas Constitution authorizes the Board of Regents, subject to procedures and restrictions it establishes, to invest the Permanent University Fund (the "PUF") in any kind of investment and in amounts it considers appropriate, provided that it adheres to the prudent investor standard. This standard provides that the Board of Regents, in making investments, may acquire, exchange, sell, supervise, manage, or retain, through procedures and subject to restrictions it establishes and in amounts it considers appropriate, any kind of investment that prudent investors, exercising reasonable care, skill, and caution, would acquire or retain in light of the purposes, terms, distribution requirements, and other circumstances of the fund then prevailing, taking into consideration the investment of all the assets of the fund rather than a single investment. Pursuant to Chapter 63 of the *Texas Education Code*, the Board of Regents has elected the PUF prudent investor standard to govern its management of the PHF.

Ultimate fiduciary responsibility for the PHF rests with the Board of Regents. Section 66.08, *Texas Education Code*, as amended, authorizes the Board of Regents, subject to certain conditions, to enter into a contract with a nonprofit corporation to invest funds under the control and management of the Board of Regents.

Pursuant to an Investment Management Services Agreement between the Board of Regents and The University of Texas Investment Management Company ("UTIMCO"), the PHF shall be managed by UTIMCO which shall: a) recommend investment policy for the PHF; b) recommend specific Asset Class and Investment Type allocation targets, ranges, and performance benchmarks consistent with PHF objectives; and c) monitor PHF performance against PHF objectives. UTIMCO shall invest the PHF assets in conformity with this Policy Statement. All changes to this Policy Statement or the exhibits to this Policy

Statement, including changes to Asset Class and Investment Type allocation targets, ranges and performance benchmarks, are subject to approval by the Board of Regents.

### **PHF Administration**

UTIMCO shall employ an administrative staff to ensure that all transaction and accounting records are complete and prepared on a timely basis. Internal controls shall be emphasized so as to provide for responsible separation of duties and adequacy of an audit trail. Custody of PHF assets shall comply with applicable law and be structured so as to provide essential safekeeping and trading efficiency.

### **Funds Eligible to Purchase PHF Units**

No fund shall be eligible to purchase units of the PHF unless it is a permanent health fund established pursuant to Chapter 63 of the *Texas Education Code*, under the control, with full discretion as to investments, of the Board of Regents.

Any fund whose governing instrument contains provisions which conflict with this Policy Statement, whether initially or as a result of amendments to either document, shall not be eligible to purchase or hold units of the PHF.

### **PHF Investment Objectives**

The primary investment objective shall be to preserve the purchasing power of PHF assets and annual distributions by earning an average annual real return over rolling ten-year periods or longer at least equal to the target distribution rate, plus the annual expected expense. The current target rate is 5.2%. The target is subject to adjustment from time to time consistent with the primary investment objective of the PHF.

### **Asset Allocation and Policy**

PHF assets shall be allocated among the following investments:

- A. Cash and Cash Equivalents - Cash and Cash Equivalents has the same meaning as given to the term "Cash" in the Liquidity Policy.
- B. U. T. System General Endowment Fund (GEF) - See Exhibit B for the current GEF allocation, which is subject to changes by the Board of Regents. Upon any change to the GEF asset allocation, Exhibit B shall be revised accordingly.

In the event that actual Cash and Cash Equivalents positions move outside the range indicated in Exhibit A due to market forces that shift relative valuations, UTIMCO staff will immediately report this situation to the UTIMCO Board Chairman

and take steps to rebalance the Cash and Cash Equivalents positions back within the policy range in an orderly manner as soon as practicable. Extenuating circumstances that could cause immediate rebalancing to be irrational and detrimental to the interest of the PHF asset values could warrant requesting approval of the UTIMCO Board Chairman to waive immediate remedial action.

### **Performance Measurement**

The investment performance of the PHF will be measured by the PHF's custodian, an unaffiliated organization, with recognized expertise in this field and reporting responsibility to the UTIMCO Board, and compared against the stated Policy Benchmarks of the PHF, as indicated in Exhibits A and B (incorporating the impact of internal derivative positions) and reported to the UTIMCO Board and the Board of Regents at least quarterly. Monthly performance data and net asset values will be available on the UTIMCO website within a reasonable time after each month end.

### **Investment Guidelines**

The PHF must be invested at all times in strict compliance with applicable law. Investment guidelines for the U. T. System GEF shall be as stated in the GEF Investment Policy Statement.

### **PHF Distributions**

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

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

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

UTIMCO shall be responsible for calculating the PHF's distribution percentage and determining the equivalent per unit rate for any given year. Unless otherwise recommended by UTIMCO and approved by the Board of Regents, PHF distributions shall be based on the following criteria:

The annual unit distribution amount shall be adjusted annually based on the following formula:

- A. Increase the prior year's per unit distribution amount (cents per unit) by the average inflation rate (C.P.I.) for the previous twelve quarters. This will be the per unit distribution amount for the next fiscal year. This amount may be rounded to the nearest \$.0005 per unit.
- B. If the inflationary increase in Step A results in a distribution rate below 3.5% (computed by taking the proposed distribution amount per unit divided by the previous twelve quarter average market value price per unit), the UTIMCO Board may recommend an increase in the distribution amount as long as such increase does not result in a distribution rate of more than 5.5% (computed in the same manner).
- C. If the distribution rate exceeds 5.5% (computed by taking the proposed distribution amount per unit divided by the previous twelve quarter average market value price per unit), the UTIMCO Board may recommend a reduction in the per unit distribution amount.

Notwithstanding any of the foregoing provisions, the Board of Regents may approve a per unit distribution amount that, in their judgment, would be more appropriate than the rate calculated by the policy provisions.

Distributions from the PHF to the unit holders shall be made quarterly as soon as practicable on or after the last business day of November, February, May, and August of each fiscal year.

### **PHF Accounting**

The fiscal year of the PHF shall begin on September 1st and end on August 31st. Market value of the PHF shall be maintained on an accrual basis in compliance with Generally Accepted Accounting Principles ("GAAP"), Governmental Accounting Standards Board Statements, industry guidelines, or state statutes, whichever is applicable. Significant asset write-offs or write-downs shall be approved by UTIMCO's Chief Investment Officer and reported to the UTIMCO Board. Assets deemed to be "other than temporarily impaired" as defined by GAAP shall be written off and reported to UTIMCO's Chief Investment Officer and the UTIMCO Board when material. The PHF's financial statements shall be audited each year by an independent accounting firm selected by the Board of Regents.

### **Valuation of Assets**

As of the close of business on the last business day of each month, UTIMCO shall determine the fair market value of all PHF net assets and the net asset value per unit of the PHF. Valuation of PHF assets shall be based on the books and records of the custodian for the valuation date. The final determination of PHF net assets for a month end close shall normally be completed within six business days but determination may be longer under certain circumstances.

The fair market value of the PHF's net assets shall include all related receivables and payables of the PHF on the valuation date and the value of each unit thereof shall be its proportionate part of such net value. Such valuation shall be final and conclusive.

### **Compliance**

Compliance with this Policy will be monitored by UTIMCO's Chief Compliance Officer. UTIMCO's Chief Executive Officer, the UTIMCO Board, and the UTIMCO Audit & Ethics Committee will receive regular reports on UTIMCO's compliance with this Policy. All material instances of noncompliance, as determined by UTIMCO's Chief Compliance Officer and the Chair of the UTIMCO Audit & Ethics Committee, will require an action plan proposed by UTIMCO's Chief Executive Officer and approved by the Chairman of the UTIMCO Board with timelines for bringing the non-compliant activity within this Policy.

### **Purchase of PHF Units**

Purchase of PHF units may be made on any quarterly purchase date (September 1, December 1, March 1, and June 1 of each fiscal year or the first business day subsequent thereto) upon payment of cash to the PHF or contribution of assets approved by UTIMCO's Chief Investment Officer, at the net asset value per unit of the PHF as of the most recent quarterly valuation date.

Each fund whose monies are invested in the PHF shall own an undivided interest in the PHF in the proportion that the number of units invested therein bears to the total number of all units comprising the PHF.

### **Redemption of PHF Units**

Redemption of PHF units shall be paid in cash as soon as practicable after the quarterly valuation date of the PHF. If the withdrawal is greater than \$10 million, advance notice of 60 business days shall be required prior to the quarterly valuation date. If the withdrawal is for less than \$10 million, advance notice of five business days shall be required prior to the quarterly valuation date. If the aggregate amount of redemptions requested on any redemption date is equal to or greater than 5% of the PHF's net asset value, the Board of Regents may redeem the requested units in installments and on a pro rata basis over a reasonable period of time that takes into consideration the time frame to liquidate illiquid investments and the best interests of all PHF unit holders. Withdrawals from the PHF shall be at the market value price per unit determined for the period of the withdrawal.



### **Investor Responsibility**

As a shareholder, the PHF has the right to a voice in corporate affairs consistent with those of any shareholder. These include the right and obligation to vote proxies in a manner consistent with the unique role and mission of higher education as well as for the economic benefit of the PHF. Notwithstanding the above, the UTIMCO Board shall discharge its fiduciary duties with respect to the PHF solely in the interest of PHF unit holders, in compliance with the Proxy Voting Policy then in effect, and shall not invest the PHF so as to achieve temporal benefits for any purpose including use of its economic power to advance social or political purposes.

### **Amendment of Policy Statement**

The Board of Regents reserves the right to amend the Investment Policy Statement as it deems necessary or advisable.

### **Effective Date**

The effective date of this Policy shall be September 1, 2011, except for Exhibit B. Exhibit B follows the effective date of Exhibit A of the GEF.

**EXHIBIT A**

**PHF ASSET ALLOCATION**

**POLICY TARGETS, RANGES AND PERFORMANCE OBJECTIVES  
EFFECTIVE DATE SEPTEMBER 1, 2008**

	<b>Neutral Allocation</b>	<b>Range</b>	<b>Benchmark Return</b>
GEF Commingled Fund	100.0%	95% - 100%	Endowment Policy Portfolio
Cash and Cash Equivalents	0.0%	-1% - 5%	90 day T-Bills
Unencumbered Cash			
Temporary Cash Imbalance*			
Net non-trading receivable			

The endowment policy portfolio is the sum of the neutrally weighted benchmark returns for the GEF.

\*3 trading days or less

EXHIBIT B - GENERAL ENDOWMENT FUND

ASSET CLASS AND INVESTMENT TYPE TARGETS, RANGES, AND PERFORMANCE OBJECTIVES

EFFECTIVE SEPTEMBER 1, 2011 except Min and Max Ranges and Risk Bounds are Effective August 15, 2011

POLICY PORTFOLIO	FYE 2012		
	Min	Target	Max
<u>Asset Classes</u>			
Investment Grade Fixed Income	5.0%	9.5%	25.0%
Credit-Related Fixed Income	0.0%	5.5%	30.0%
Real Estate	0.0%	5.5%	10.0%
Natural Resources	5.0%	11.5%	25.0%
Developed Country Equity	30.0%	48.5%	60.0%
Emerging Markets Equity	5.0%	19.5%	25.0%
<u>Investment Types</u>			
More Correlated & Constrained	35.0%	47.0%	60.0%
Less Correlated & Constrained	25.0%	30.0%	37.5%
Private Investments	17.5%	23.0%	32.5%

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

POLICY BENCHMARK (reset monthly)	FYE 2012
Barclays Capital Global Aggregate Index	7.5%
FTSE EPRA/NAREIT Developed Index Net TRI USD	2.5%
50% Dow Jones-UBS Commodity Total Return Index and 50% MSCI World Natural Resources Index	6.5%
MSCI World Index with net dividends	18.5%
MSCI Emerging Markets with net dividends	12.0%
Hedge Fund Research Indices Fund of Funds Composite Index	30.0%
Venture Economics Custom Index	20.0%
NACREIF Custom Index	3.0%

POLICY/TARGET RETURN/RISKS	FYE 2012
Expected Annual Return (Benchmarks) **	8.81%
One Year Downside Deviation	8.86%
<b>Risk Bounds</b>	
Lower: 1 Year Downside Deviation	75%
Upper: 1 Year Downside Deviation	115%

\*\*Equal to nominal return, net of all investment-related expenses and assuming an inflation rate of 3%.

EXHIBIT B  
(continued)

GENERAL ENDOWMENT FUND

ASSET CLASS AND INVESTMENT TYPE TARGETS, RANGES AND PERFORMANCE OBJECTIVES

EFFECTIVE DATE SEPTEMBER 1, 2011 except Min and Max Ranges and Risk Bounds are Effective August 15, 2011

POLICY BENCHMARKS BY ASSET CLASS AND INVESTMENT TYPE: FYE 2012

FYE 2012		More Correlated & Constrained	Less Correlated & Constrained	Private Investments	Total
Fixed Income	Investment Grade	Barclays Capital Global Aggregate Index (7.5%)	2.0%	0.0%	9.5%
	Credit-Related	0.00%	3.0%	2.5%	5.5%
Real Assets	Real Estate	FTSE EPRA/NAREIT Developed Index Net TRI USD (2.5%)	0.0%	Custom NACREIF 3.0%	5.5%
	Natural Resources	50% Dow Jones-UBS Commodity Total Return Index and 50% MSCI World Natural Resources Index (6.5%)	1.0%	4.0%	11.5%
Equity	Developed Country	MSCI World Index with Net Dividends (18.5%)	20.0%	10.0%	48.5%
	Emerging Markets	MSCI EM Index with Net Dividends (12.0%)	4.0%	3.5%	19.5%
<b>Total</b>		<b>47.0%</b>	<b>30.0%</b>	<b>23.0%</b>	<b>100.0%</b>

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

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

**THE UNIVERSITY OF TEXAS SYSTEM  
LONG TERM FUND  
INVESTMENT POLICY STATEMENT**

**Purpose**

The Long Term Fund (the "LTF"), succeeded the Common Trust Fund in February 1995, and was established by the Board of Regents of The University of Texas System (the "Board of Regents") as a pooled fund for the collective investment of private endowments and other long-term funds supporting various programs of The University of Texas System. The LTF provides for greater diversification of investments than would be possible if each account were managed separately.

**LTF Organization**

The LTF functions like a mutual fund in which each eligible account purchases and redeems LTF units as provided herein. The ownership of LTF assets shall at all times be vested in the Board of Regents. Such assets shall be deemed to be held by the Board of Regents, as a fiduciary, regardless of the name in which the assets may be registered.

**LTF Management**

Article VII, Section 11b of the Texas Constitution authorizes the Board of Regents, subject to procedures and restrictions it establishes, to invest the Permanent University Fund (the "PUF") in any kind of investment and in amounts it considers appropriate, provided that it adheres to the prudent investor standard. This standard provides that the Board of Regents, in making investments, may acquire, exchange, sell, supervise, manage, or retain, through procedures and subject to restrictions it establishes and in amounts it considers appropriate, any kind of investment that prudent investors, exercising reasonable care, skill, and caution, would acquire or retain in light of the purposes, terms, distribution requirements, and other circumstances of the fund then prevailing, taking into consideration the investment of all the assets of the fund rather than a single investment. Pursuant to Section 51.0031(c) of the *Texas Education Code*, the Board of Regents has elected the PUF prudent investor standard to govern its management of the LTF.

Ultimate fiduciary responsibility for the LTF rests with the Board of Regents. Section 66.08, *Texas Education Code*, as amended, authorizes the Board of Regents, subject to certain conditions, to enter into a contract with a nonprofit corporation to invest funds under the control and management of the Board of Regents.

Pursuant to an Investment Management Services Agreement between the Board of Regents and The University of Texas Investment Management Company (“UTIMCO”), the LTF shall be managed by UTIMCO, which shall a) recommend investment policy for the LTF, b) recommend specific Asset Class and Investment Type allocation targets, ranges, and performance benchmarks consistent with LTF objectives, and c) monitor LTF performance against LTF objectives. UTIMCO shall invest the LTF assets in conformity with this Policy Statement. All changes to this Policy Statement or the exhibits to this Policy Statement, including changes to Asset Class and Investment Type allocation targets, ranges and performance benchmarks, are subject to approval by the Board of Regents.

### **LTF Administration**

UTIMCO shall employ an administrative staff to ensure that all transaction and accounting records are complete and prepared on a timely basis. Internal controls shall be emphasized so as to provide for responsible separation of duties and adequacy of an audit trail. Custody of LTF assets shall comply with applicable law and be structured so as to provide essential safekeeping and trading efficiency.

### **Funds Eligible to Purchase LTF Units**

No account shall be eligible to purchase units of the LTF unless it is under the sole control, with full discretion as to investments, of the Board of Regents.

Any account whose governing instrument contains provisions which conflict with this Policy Statement, whether initially or as a result of amendments to either document, shall not be eligible to purchase or hold units of the LTF.

### **LTF Investment Objectives**

The primary investment objective shall be to preserve the purchasing power of LTF assets by earning an average annual real return over rolling ten-year periods or longer at least equal to the target distribution rate, plus the annual expected expense. The current target rate is 5.2%. The target is subject to adjustment from time to time consistent with the primary investment objective of the LTF. The LTF’s success in meeting its objectives depends upon its ability to generate high returns in periods of low inflation that will offset lower returns generated in years when the capital markets underperform the rate of inflation.

### **Asset Allocation and Policy**

LTF assets shall be allocated among the following investments.

- A. Cash and Cash Equivalents – Cash and Cash Equivalents has the same meaning as given to the term “Cash” in the Liquidity Policy.

- B. U. T. System General Endowment Fund (GEF) - See Exhibit B for the current GEF allocation, which is subject to changes by the Board of Regents. Upon any change to the GEF asset allocation, Exhibit B shall be revised accordingly.

In the event that actual Cash and Cash Equivalents positions move outside the range indicated in Exhibit A due to market forces that shift relative valuations, UTIMCO staff will immediately report this situation to the UTIMCO Board Chairman and take steps to rebalance portfolio positions back within the policy range in an orderly manner as soon as practicable. Extenuating circumstances that could cause immediate rebalancing to be irrational and detrimental to the interest of the LTF asset values could warrant requesting approval of the UTIMCO Board Chairman to waive immediate remedial action.

### **Performance Measurement**

The investment performance of the LTF will be measured by the LTF's custodian, an unaffiliated organization, with recognized expertise in this field and reporting responsibility to the UTIMCO Board, and compared against the stated Policy Benchmarks of the PHF, as indicated in Exhibits A and B (incorporating the impact of internal derivative positions) and reported to the UTIMCO Board and the Board of Regents at least quarterly. Monthly performance data and net asset values will be available on the UTIMCO website within a reasonable time after each month end.

### **Investment Guidelines**

The LTF must be invested at all times in strict compliance with applicable law. Investment guidelines for the U. T. System GEF shall be as stated in the GEF Investment Policy Statement.

### **LTF Distributions**

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

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

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

Generally, pursuant to the Uniform Prudent Management of Institutional Funds Act, Chapter 163, *Texas Property Code*, as amended, ("Act"), subject to the intent of a donor in a gift instrument, the Board of Regents may appropriate for expenditure or accumulate so much of the LTF as it determines is prudent for the uses, benefits, purposes, and duration for which the LTF is established. Notwithstanding the preceding sentence, the Board of Regents may not appropriate for expenditure in any year an amount greater than nine percent (9%) of the LTF, calculated on the basis of market values determined at least quarterly and averaged over a period of not less than three years immediately preceding the year in which the appropriation for expenditure was made.

UTIMCO shall be responsible for calculating the LTF's distribution percentage and determining the equivalent per unit rate for any given year. Unless otherwise recommended by UTIMCO and approved by the Board of Regents or prohibited by the Act, LTF distributions shall be based on the following criteria:

The annual unit distribution amount shall be adjusted annually based on the following formula:

- A. Increase the prior year's per unit distribution amount (cents per unit) by the average inflation rate (C.P.I.) for the previous twelve quarters. This will be the per unit distribution amount for the next fiscal year. This amount may be rounded to the nearest \$.0005 per unit.
- B. If the inflationary increase in Step A results in a distribution rate below 3.5% (computed by taking the proposed distribution amount per unit divided by the previous twelve quarter average market value price per unit), the UTIMCO Board may recommend an increase in the distribution amount as long as such increase does not result in a distribution rate of more than 5.5% (computed in the same manner).
- C. If the distribution rate exceeds 5.5% (computed by taking the proposed distribution amount per unit divided by the previous twelve quarter average market value price per unit), the UTIMCO Board may recommend a reduction in the per unit distribution amount.

Notwithstanding any of the foregoing provisions, the Board of Regents may approve a per unit distribution amount that, in their judgment, would be more appropriate than the rate calculated by the policy provisions.



Distributions from the LTF to the unit holders shall be made quarterly as soon as practicable on or after the last business day of November, February, May, and August of each fiscal year.

### **LTF Accounting**

The fiscal year of the LTF shall begin on September 1st and end on August 31st. Market value of the LTF shall be maintained on an accrual basis in compliance with Generally Accepted Accounting Principles (“GAAP”), Governmental Accounting Standards Board Statements, industry guidelines, or state statutes, whichever is applicable. Significant asset write-offs or write-downs shall be approved by UTIMCO’s Chief Investment Officer and reported to the UTIMCO Board. Assets deemed to be “other than temporarily impaired” as defined by GAAP shall be written off and reported to UTIMCO’s Chief Investment Officer and the UTIMCO Board when material. The LTF’s financial statements shall be audited each year by an independent accounting firm selected by the Board of Regents.

### **Valuation of Assets**

As of the close of business on the last business day of each month, UTIMCO shall determine the fair market value of all LTF net assets and the net asset value per unit of the LTF. Valuation of LTF assets shall be based on the books and records of the custodian for the valuation date. The final determination of LTF net assets for a month end close shall normally be completed within six business days but determination may be longer under certain circumstances.

The fair market value of the LTF’s net assets shall include all related receivables and payables of the LTF on the valuation date and the value of each unit thereof shall be its proportionate part of such net value. Such valuation shall be final and conclusive.

### **Compliance**

Compliance with this Policy will be monitored by UTIMCO’s Chief Compliance Officer. UTIMCO’s Chief Executive Officer, the UTIMCO Board, and the UTIMCO Audit & Ethics Committee will receive regular reports on UTIMCO’s compliance with this Policy. All material instances of noncompliance, as determined by UTIMCO’s Chief Compliance Officer and the Chair of the UTIMCO Audit & Ethics Committee, will require an action plan proposed by UTIMCO’s Chief Executive Officer and approved by the Chairman of the UTIMCO Board with timelines for bringing the non-compliant activity within this Policy.

### **Purchase of LTF Units**

Purchase of LTF units may be made on any quarterly purchase date (September 1, December 1, March 1, and June 1 of each fiscal year or the first business day subsequent thereto) upon payment of cash to the LTF or contribution of assets approved by UTIMCO's Chief Investment Officer, at the net asset value per unit of the LTF as of the most recent quarterly valuation date.

Each account whose monies are invested in the LTF shall own an undivided interest in the LTF in the proportion that the number of units invested therein bears to the total number of all units comprising the LTF.

### **Redemption of LTF Units**

Redemption of LTF units shall be paid in cash as soon as practicable after the quarterly valuation date of the LTF. If the withdrawal is greater than \$25 million, advance notice of 60 business days shall be required prior to the quarterly valuation date. If the withdrawal is for less than \$25 million, advance notice of five business days shall be required prior to the quarterly valuation date. If the aggregate amount of redemptions requested on any redemption date is equal to or greater than 5% of the LTF's net asset value, the Board of Regents may redeem the requested units in installments and on a pro rata basis over a reasonable period of time that takes into consideration the time frame to liquidate illiquid investments and the best interests of all LTF unit holders. Withdrawals from the LTF shall be at the market value price per unit determined for the period of the withdrawal except as follows: withdrawals to correct administrative errors shall be calculated at the per unit value at the time the error occurred. To be considered an administrative error, the contribution shall have been invested in the LTF for a period less than or equal to one year determined from the date of the contribution to the LTF. Transfer of units between endowment unit holders shall not be considered redemption of units subject to this provision.

### **Investor Responsibility**

As a shareholder, the LTF has the right to a voice in corporate affairs consistent with those of any shareholder. These include the right and obligation to vote proxies in a manner consistent with the unique role and mission of higher education as well as for the economic benefit of the LTF. Notwithstanding the above, the UTIMCO Board shall discharge its fiduciary duties with respect to the LTF solely in the interest of LTF unit holders, in compliance with the Proxy Voting Policy then in effect, and shall not invest the LTF so as to achieve temporal benefits for any purpose including use of its economic power to advance social or political purposes.

**Amendment of Policy Statement**

The Board of Regents reserves the right to amend the Investment Policy Statement as it deems necessary or advisable.

**Effective Date**

The effective date of this Policy shall be September 1, 2011, except for Exhibit B. Exhibit B follows the effective date of Exhibit A of the GEF.

**EXHIBIT A**

**LTF ASSET ALLOCATION**

**POLICY TARGETS, RANGES AND PERFORMANCE OBJECTIVES  
EFFECTIVE DATE SEPTEMBER 1, 2008**

	<b>Neutral Allocation</b>	<b>Range</b>	<b>Benchmark Return</b>
GEF Commingled Fund	100.0%	95% - 100%	Endowment Policy Portfolio
Cash and Cash Equivalents	0.0%	-1% - 5%	90 day T-Bills
Unencumbered Cash			
Temporary Cash Imbalance*			
Net non-trading receivable			

The endowment policy portfolio is the sum of the neutrally weighted benchmark returns for the GEF.

\*3 trading days or less

**EXHIBIT B - GENERAL ENDOWMENT FUND**  
**ASSET CLASS AND INVESTMENT TYPE TARGETS, RANGES, AND PERFORMANCE OBJECTIVES**  
**EFFECTIVE SEPTEMBER 1, 2011 except Min and Max Ranges and Risk Bounds are Effective August 15, 2011**

POLICY PORTFOLIO	FYE 2012		
	Min	Target	Max
<u>Asset Classes</u>			
Investment Grade Fixed Income	5.0%	9.5%	25.0%
Credit-Related Fixed Income	0.0%	5.5%	30.0%
Real Estate	0.0%	5.5%	10.0%
Natural Resources	5.0%	11.5%	25.0%
Developed Country Equity	30.0%	48.5%	60.0%
Emerging Markets Equity	5.0%	19.5%	25.0%
<u>Investment Types</u>			
More Correlated & Constrained	35.0%	47.0%	60.0%
Less Correlated & Constrained	25.0%	30.0%	37.5%
Private Investments	17.5%	23.0%	32.5%

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

POLICY BENCHMARK (reset monthly)	FYE 2012
Barclays Capital Global Aggregate Index	7.5%
FTSE EPRA/NAREIT Developed Index Net TRI USD	2.5%
50% Dow Jones-UBS Commodity Total Return Index and 50% MSCI	
World Natural Resources Index	6.5%
MSCI World Index with net dividends	18.5%
MSCI Emerging Markets with net dividends	12.0%
Hedge Fund Research Indices Fund of Funds Composite Index	30.0%
Venture Economics Custom Index	20.0%
NACREIF Custom Index	3.0%

POLICY/TARGET RETURN/RISKS	FYE 2012
Expected Annual Return (Benchmarks) **	8.81%
One Year Downside Deviation	8.86%
Risk Bounds	
Lower: 1 Year Downside Deviation	75%
Upper: 1 Year Downside Deviation	115%

\*\*Equal to nominal return, net of all investment-related expenses and assuming an inflation rate of 3%

EXHIBIT B  
(continued)



GENERAL ENDOWMENT FUND

ASSET CLASS AND INVESTMENT TYPE TARGETS, RANGES AND PERFORMANCE OBJECTIVES

EFFECTIVE DATE SEPTEMBER 1, 2011 except Min and Max Ranges and Risk Bounds are Effective August 15, 2011

POLICY BENCHMARKS BY ASSET CLASS AND INVESTMENT TYPE: FYE 2012

FYE 2012		More Correlated & Constrained	Less Correlated & Constrained	Private Investments	Total
Fixed Income	Investment Grade	Barclays Capital Global Aggregate Index (7.5%)	2.0%	0.0%	9.5%
	Credit-Related	0.00%	3.0%	2.5%	5.5%
Real Assets	Real Estate	FTSE EPRA/NAREIT Developed Index Net TRI USD (2.5%)	0.0%	Custom NACREIF 3.0%	5.5%
	Natural Resources	50% Dow Jones-UBS Commodity Total Return Index and 50% MSCI World Natural Resources Index (6.5%)	1.0%	4.0%	11.5%
Equity	Developed Country	MSCI World Index with Net Dividends (18.5 %)	20.0%	10.0%	48.5%
	Emerging Markets	MSCI EM Index with Net Dividends (12.0%)	4.0%	3.5%	19.5%
<b>Total</b>		<b>47.0%</b>	<b>30.0%</b>	<b>23.0%</b>	<b>100.0%</b>

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

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

# The University of Texas Investment Management Company

## Liquidity Policy

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Effective Date of Policy: August 25, 2011  
Date Approved by U.T. System Board of Regents: August 25, 2011  
Date Approved by UTIMCO Board: July 14, 2011  
Original Effective Date of Policy: August 7, 2003  
Supersedes: Liquidity Policy dated August 20, 2009

### **Purpose:**

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

### **Objective:**

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

### **Scope:**

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

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

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

### **Definition of Cash:**

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

- the existing Dreyfus Institutional Preferred Money Market Fund mandate and any other UTIMCO Board approved SEC Rule 2a-7 money market fund rated AAAM by Standard & Poors,
- the Custodian’s late deposit interest bearing liquid investment fund,
- municipal short term securities,
- commercial paper rated in the two highest quality classes by Moody’s Investor Service, Inc. (P1 or P2) or Standard & Poor’s Corporation (A1 or A2 or the equivalent),
- negotiable certificates of deposit with a bank that is associated with a holding company whose short-term rating meets the commercial paper rating criteria specified above or that has a certificate of deposit rating of 1 or better by Duff & Phelps, and
- repurchase agreements and reverse repurchase agreements transacted with a dealer that is approved by UTIMCO and selected by the Federal Reserve as a Primary Dealer in U.S. Treasury securities and rated A-1 or P-1 or the equivalent.

# The University of Texas Investment Management Company

## Liquidity Policy

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### Liquidity Risk Measurement-The Liquidity Profile:

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

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

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

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

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

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

### Liquidity Policy Profile:

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

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

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



# The University of Texas Investment Management Company

## Liquidity Policy

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

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

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

### **Unfunded Commitments:**

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

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

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

### **Documentation and Controls:**

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

As additional safeguards, trigger zones have been established as indicated above to trigger required review and action by the UTIMCO Board or the Risk Committee in the event any investment action would cause the actual investment position in illiquid investments to enter the designated trigger zone, or in the event market actions caused the actual investment position in illiquid investments to move into trigger zones. In addition, any proposed investment actions which would increase the actual investment position in illiquid investments in any of the PUF, the GEF, or the ITF by 10% or more of the total asset value of such fund would also require review and action by the UTIMCO Board or the Risk Committee prior to the change. Any actual positions in any trigger zones or outside the policy ranges will be communicated to the Chief Investment Officer immediately. The Chief Investment Officer will then determine the process to be used to eliminate the exception and report promptly to the UTIMCO Board and the Risk Committee the circumstances of the deviation from Policy and the remedy to the situation. Furthermore, as indicated above, no new commitments may be made for an Endowment Fund without approval from the Risk Committee if the actual amount of unfunded commitments for such Endowment Fund exceeds, or, as a result of such new commitment, would exceed, the Maximum Permitted Amount.

## The University of Texas Investment Management Company Liquidity Policy

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### **Reporting:**

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

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

Upon recommendation of the Board of Directors of The University of Texas Investment Management Company (UTIMCO), the Board approved the amendments to the UTIMCO Bylaws as set forth on Pages 137 - 150.

Section 66.08 of the *Texas Education Code* requires that The University of Texas System Board of Regents approve the Bylaws of UTIMCO and any amendments thereto. These amendments to the Bylaws, summarized below, were approved by the UTIMCO Board of Directors on July 14, 2011:

- Section 66.08 of the *Texas Education Code* was amended by House Bill 2825, which was passed during the 82nd Regular Session of the Texas Legislature and signed into law by Governor Rick Perry on June 17, 2011. The amendments, which became effective immediately, modified the process by which Directors are appointed to the UTIMCO Board of Directors. As a result, six members of the Board of Directors will be appointed by the U. T. System Board of Regents and two members will be appointed by The Texas A&M University System Board of Regents. The ninth member of the Board of Directors is the Chancellor of the U. T. System.

Of the six members of the Board of Directors appointed by the U. T. System Board of Regents, three must be U. T. System Regents and the other three must have a substantial background and expertise in investments. Of the two members appointed by the Texas A&M Board of Regents, at least one must have a substantial background and expertise in investments.

- Article III, Sections 3, 4, and 5 (Pages 3 - 4 of the UTIMCO Bylaws) were amended to give effect to the requirements of this legislation and conforming editorial amendments were made to the Regents' *Rules and Regulations*, Rule 10402.
- In addition, Article III, Section 7 (Page 4 of the UTIMCO Bylaws) was amended to indicate that joint meetings of the U. T. System Board of Regents and the UTIMCO Board of Directors shall be held at the request of the U. T. System Board of Regents.

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

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Restated to Include  
Amendments Adopted on

March 13, 1997

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

May 2, 1997

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

September 22, 1999

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

December 9, 1999

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

October 26, 2001

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

June 26, 2003

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

Ratified September 29, 2004

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

May 25, 2006

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

January 30, 2008

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

July 14, 2011

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

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BYLAWS  
OF  
THE UNIVERSITY OF TEXAS  
INVESTMENT MANAGEMENT COMPANY

ARTICLE I  
STRUCTURE AND PURPOSES

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

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

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

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

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

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

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

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

## ARTICLE II OFFICES

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



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

### ARTICLE III BOARD OF DIRECTORS

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

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

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

serving as a Director shall serve until the expiration of such Director's term, or until such Director's successor has been chosen and qualified, or until such Director's earlier death, resignation, or removal as provided in these Bylaws.

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

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

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

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

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

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

Section 9.            Special Meetings. Special meetings of the Board of Directors ("Special Meetings") shall be held at such times and places as shall be designated from time to time by the Chairman or, on the written request of any Director, by the Secretary or on the written request of the Board of Regents. Notice of Special Meetings shall be required.

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

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

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

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

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

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

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

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

## ARTICLE IV COMMITTEES

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

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

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

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

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

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

## ARTICLE V OFFICERS

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

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

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

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

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

Section 6.            Powers and Duties of the Vice Chairman for Policy. The Chancellor of the System shall serve as Vice Chairman for Policy and shall coordinate those responsibilities, including the appropriate resolution of policy issues, assigned to UTIMCO and System by the Rules and Regulations of the Board of Regents and the Master Investment Management Services Agreement with UTIMCO to facilitate UTIMCO's performance of its

core investment duties. The Vice Chairman for Policy shall exercise the powers of the Chairman during the absence or inability to act of both the Chairman and the Vice Chairman of the Board. Any action taken by the Vice Chairman in the performance of the duties of the Chairman shall be conclusive evidence of the absence or inability to act of the Chairman and the Vice Chairman at the time such action was taken.

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

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

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

Directors. The Secretary shall assure that current copies of the Corporation's Articles of Incorporation and Bylaws, Corporation Policies, Investment Policies approved by the Board of Regents, Committee Charters, and Minutes of all meetings of the Corporation and Committees are posted on the Corporation's website. The Secretary will assure that all open meetings of the Corporation are recorded and that recordings are available upon request.

## ARTICLE VI MISCELLANEOUS PROVISIONS

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

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

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

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

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

## ARTICLE VII INDEMNIFICATION OF DIRECTORS AND OFFICERS

Section 1. Right to Indemnification. Subject to any limitations and conditions in these Bylaws, including, without limitation, this Article VII, each person who was or is made a party or is threatened to be made a party to or is involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, arbitrative or investigative (a "Proceeding"), or any appeal of such a Proceeding or any inquiry or investigation that could lead to a Proceeding, by reason of the fact that he or a person of whom he is the legal representative, is or was a Director or officer of the Corporation, or while a Director or officer of the Corporation is or was serving at the request of the Corporation as a director, officer, partner, venturer, proprietor, trustee, employee, agent, or similar functionary of another foreign or domestic corporation, partnership, joint venture, sole proprietorship, trust,

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

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

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

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

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



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

## ARTICLE VIII AMENDMENTS

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

12. U. T. System Board of Regents: Approval to negotiate with HSBC Bank for custodian services as deemed necessary by The University of Texas Investment Management Company (UTIMCO) to perform investment management services for The University of Texas System

The Board authorized Mr. Bruce Zimmerman, Chief Executive Officer and Chief Investment Officer of The University of Texas Investment Management Company (UTIMCO), to conclude negotiations with HSBC Bank for custodian bank services as deemed necessary by UTIMCO to perform investment management services for The University of Texas System.

The Master Investment Management Services Agreement (IMSA) between the U. T. System Board of Regents and the UTIMCO Board of Directors requires U. T. System Board approval of custodian banks and related custodian agreements. UTIMCO is in discussions with HSBC Holdings plc and its related entities to determine if these entities can provide UTIMCO with additional custodian services. Should these discussions result in new agreements, such agreements will be included in the Docket for U. T. System Board approval.

13. U. T. System Board of Regents: Approval of the Annual Budget, including the capital expenditures budget, invoiced external investment manager fees, and other external direct charges to the Funds, and the Annual Fee and Allocation Schedule for The University of Texas Investment Management Company (UTIMCO)

Upon recommendation of The University of Texas Investment Management Company (UTIMCO) Board of Directors, the Board approved the Annual Budget as set forth on Pages 153 - 157, which includes the capital expenditures budget, invoiced external investment manager fees, and other external direct charges to the Funds, and the Annual Fee and Allocation Schedule for the fiscal year ending August 31, 2012, as set forth on Page 157.

The Total Budgeted Costs consist of \$18.3 million for UTIMCO services, \$7.6 million for external non-investment manager services such as custodial, legal, audit, and consulting services, and \$52.6 million for invoiced external investment manager and performance fees charged directly to the Funds. The Total Budgeted Costs of \$78.5 million for Fiscal Year 2012 were approved by the UTIMCO Board on July 14, 2011.

The Annual Fee and Allocation Schedule shows the allocation of the budgeted expenses among University of Texas System funds. The fees are to be paid quarterly.

The capital expenditures budget totaling \$300 thousand is included in the total Annual Budget.

UTIMCO staff projects UTIMCO's available cash reserves to be approximately negative \$0.2 million, and therefore, no cash reserves are required to be distributed back to the U. T. System funds per the Master Investment Management Services Agreement (IMSA) between the U. T. System Board of Regents and UTIMCO.

**UTIMCO BUDGETED DETAIL**

Total Budgeted Costs (thousands \$)	FY 10		FY 11		FY 12	FY 12 vs. FY 11			
	Actual	Budget	Forecast	Budget	Budget	vs. Forecast		vs. Budget	
						\$	%	\$	%
<b>UTIMCO Services</b>	\$16,568	\$15,977	\$17,286	\$17,231	\$18,299	\$1,013	5.9%	\$1,068	6.2%
<b>External Expenses Charged to Funds Excluding External Investment Managers</b>	5,698	5,437	6,990	5,505	7,576	586	8.4%	2,071	37.6%
<b>External Manager Fees Charged Directly to Funds</b>	44,689	28,747	53,551	44,158	52,618	(933)	-1.7%	8,460	19.2%
<b>Total</b>	<u>\$66,955</u>	<u>\$50,161</u>	<u>\$77,827</u>	<u>\$66,894</u>	<u>\$78,493</u>	<u>\$666</u>	<u>0.9%</u>	<u>\$11,599</u>	<u>17.3%</u>

**UTIMCO BUDGETED DETAIL**

UTIMCO Services Budget (thousands \$)	FY 10		FY 11		FY 12	FY 12 vs. FY 11			
	Actual	Budget	Forecast	Budget	Budget	vs. Forecast		vs. Budget	
						\$	%	\$	%
Salaries	\$6,412	\$6,623	\$6,387	\$6,624	\$6,936	\$549	8.6%	\$312	4.7%
Performance Comp	4,395	3,463	4,838	4,523	5,247	409	8.5%	724	16.0%
Taxes, Benefits, Education, Memberships	1,815	1,802	2,094	1,985	1,993	(101)	-4.8%	8	0.4%
<b>Total Compensation</b>	<b>\$12,622</b>	<b>\$11,888</b>	<b>\$13,319</b>	<b>\$13,132</b>	<b>\$14,176</b>	<b>\$857</b>	<b>6.4%</b>	<b>\$1,044</b>	<b>8.0%</b>
Recruiting & Relocating	3	20	7	7	75	68	971.4%	68	971.4%
Travel & Meetings	493	622	527	705	571	44	8.3%	(134)	-19.0%
Data, Contract Services	965	1,010	1,032	993	1,079	47	4.6%	86	8.7%
Office	339	334	329	314	330	1	0.3%	16	5.1%
Lease & Depreciation	1,584	1,553	1,494	1,551	1,538	44	2.9%	(13)	-0.8%
Insurance, Legal, Accounting, Board Consultants	562	551	578	529	530	(48)	-8.3%	1	0.2%
<b>Total Non-Employee</b>	<b>3,946</b>	<b>4,090</b>	<b>3,967</b>	<b>4,099</b>	<b>4,123</b>	<b>156</b>	<b>3.9%</b>	<b>24</b>	<b>0.6%</b>
<b>Total</b>	<b>\$16,568</b>	<b>\$15,978</b>	<b>\$17,286</b>	<b>\$17,231</b>	<b>\$18,299</b>	<b>\$1,013</b>	<b>5.9%</b>	<b>\$1,068</b>	<b>6.2%</b>

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**UTIMCO BUDGETED DETAIL**

External Expenses Charged to Funds (excluding External Manager Fees) (thousands \$)	FY 10		FY 11		FY 12	FY 12 vs. FY 11			
	Actual	Budget	Forecast	Budget	Budget	vs. Forecast		vs. Budget	
						\$	%	\$	%
<b>Custodian</b>	\$2,277	\$2,009	\$3,738	\$2,445	\$4,487	\$749	20.0%	\$2,042	83.5%
<b>Performance Measurement</b>	406	430	415	407	480	65	15.7%	73	17.9%
<b>Analytical Tools</b>	352	348	330	335	343	13	3.9%	8	2.4%
<b>Risk Measurement</b>	377	432	302	316	315	13	4.3%	(1)	-0.3%
<b>Consultant</b>	486	745	425	490	416	(9)	-2.1%	(74)	-15.1%
<b>Legal/Search</b>	1,100	726	1,085	811	1,193	108	10.0%	382	47.1%
<b>Audit</b>	692	735	691	691	336	(355)	-51.4%	(355)	-51.4%
<b>Other</b>	8	12	4	10	6	2	50.0%	(4)	-40.0%
<b>Total</b>	<u>\$5,698</u>	<u>\$5,437</u>	<u>\$6,990</u>	<u>\$5,505</u>	<u>\$7,576</u>	<u>\$586</u>	<u>8.4%</u>	<u>\$2,071</u>	<u>37.6%</u>

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**UTIMCO BUDGETED DETAIL**

External Manager Fees (thousands \$)	FY 10		FY 11		FY 12
	Actual	Budget	Forecast	Budget	Budget
<b>Management</b>	\$23,886	\$18,695	\$33,025	\$35,861	\$41,850
<b>Performance</b>	20,803	10,052	20,526	8,297	10,768
<b>Total</b>	<u><b>\$44,689</b></u>	<u><b>\$28,747</b></u>	<u><b>\$53,551</b></u>	<u><b>\$44,158</b></u>	<u><b>\$52,618</b></u>

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**UTIMCO Management Fee and Direct Budgeted Investment Expenses**  
**Annual Fee and Allocation Schedule**  
**For the fiscal year ending August 31, 2012**

<u>Proposed Budget</u>	<u>Fund Name</u>						<u>Separate Funds</u>	<u>Total</u>
	<b>PUF</b>	<b>PHF</b>	<b>LTF</b>	<b>GEF</b>	<b>ITF</b>	<b>STF</b>		
<b>Market Value 2/28/11 (\$ millions)</b>	12,339	1,006	5,971	6,977 (2)	4,710	2,374	225	26,625
<b>UTIMCO Management Fee</b>								
Dollars (thousands)	8,900	894	5,275		3,230			18,299
Basis Points	7.2	8.9	8.8	0	6.9	0	0	6.9
<b>Direct Expenses to the Fund, excluding UT System Direct Expenses to the Fund</b>								
<u>Dollars (thousands)</u>								
Other Direct Costs	3,419	16	21	2,294	1,826			7,576
External Management Fees - AUM	20,147	0	0	11,512	10,191	N/A (1)		41,850
External Management Fees - Performance	5,385	0	0	3,065	2,318			10,768
<b>Total Dollars</b>	<b>28,951</b>	<b>16</b>	<b>21</b>	<b>16,871</b>	<b>14,335</b>		<b>0</b>	<b>60,194</b>
<u>Basis Points</u>								
Other Direct Costs	2.8	0.2	0.0	3.3	3.9	0	0	2.8
External Management Fees - AUM	16.3	-	-	16.5	21.6	N/A (1)		15.8
External Management Fees - Performance	4.4	-	-	4.4	4.9			4.0
<b>Total Basis Points</b>	<b>23.5</b>	<b>0.2</b>	<b>0.0</b>	<b>24.2</b>	<b>30.4</b>	<b>N/A (1)</b>		<b>22.6</b>
<b>UT System Direct Expenses to the Fund</b>								
<u>Dollars (thousands)</u>								
UT System Fees for Endowment Admin & Mgmt	0	0	12,502	0	0	0	0	12,502
UT System Oversight Fees	207	18	98	0	77	0	0	400
UT System PUF Lands	9,102	0	0	0	0	0	0	9,102
<b>Total Dollars</b>	<b>9,309</b>	<b>18</b>	<b>12,600</b>	<b>0</b>	<b>77</b>	<b>0</b>	<b>0</b>	<b>22,004</b>
<b>Total Basis Points</b>	<b>7.5</b>	<b>0.2</b>	<b>21.1</b>	<b>0</b>	<b>0.2</b>	<b>0</b>	<b>0</b>	<b>8.3</b>

(1) Income is net of fees

(2) Pooled Fund for the collective investment of the PHF and LTF



REPORT AND RECOMMENDATIONS OF THE HEALTH AFFAIRS COMMITTEE (Pages 158 - 169).--Committee Chairman Stillwell reported that the Health Affairs Committee met in open session to consider those matters on its agenda and to formulate recommendations for The University of Texas System Board of Regents. Unless otherwise indicated, the actions set forth in the Minute Orders that follow were recommended by the Health Affairs Committee and approved in open session by the U. T. System Board of Regents.

1. U. T. Health Science Center - Houston: Discussion featuring research opportunities, accomplishments, and challenges

This item was for consideration only by the Committee (see Committee Minutes).

2. U. T. Medical Branch - Galveston: Report on the Jennie Sealy Replacement Hospital project

This item was for consideration only by the Committee (see Committee Minutes) (see related Item 13 on Page 183 of the Facilities Planning and Construction Committee Minutes).

3. U. T. Southwestern Medical Center: Approval to a) enter into an affiliation agreement with Children's Health Services of Texas to create the Children's Medical Center Research Institute at U. T. Southwestern, and b) enter into a Facility Use and Services Contract with Children's Medical Center Research Institute at U. T. Southwestern

The Board granted authorization to

- a. enter into an affiliation agreement with Children's Health Services of Texas to create the Children's Medical Center Research Institute at The University of Texas Southwestern Medical Center; and
- b. enter into a Facility Use and Services Contract with Children's Medical Center Research Institute at U. T. Southwestern Medical Center.

Children's Medical Center of Dallas (Children's) and U. T. Southwestern Medical Center proposed to create the Children's Medical Center Research Institute at U. T. Southwestern (Institute), a world-class pediatric research institute focused on defeating childhood diseases. Children's has grown to become the largest freestanding pediatric hospital in North Texas and among the largest in the country. Children's has built programs of excellence in virtually every field of clinical pediatric care and ranks among the premier pediatric hospitals in the nation. Children's is also home to a sophisticated and well-funded research infrastructure.

The affiliation agreement creating the Institute will be for an initial term of 15 years with a commitment by Children's Health Services of Texas, the parent corporation of Children's, to contribute funds to the Institute of up to \$10 million per year for 15 years, after which time it is expected that the income from the endowment and grants will sustain the Institute. The parties will agree to set a goal of raising \$200 million in dedicated endowment funds.

The Institute will have a nine-member Board of Directors, which will appoint an Internal Scientific Advisory Board from among U. T. Southwestern's prestigious scientists and an External Advisory Committee to assist in evaluating research programs. The Institute's director will be appointed by the Board of Directors.

The Institute will be licensed to use certain trademarks and names, including the U. T. Southwestern Medical Center name.

The Institute's core basic science programs will be embedded in the new research tower presently being erected on the North Campus of U. T. Southwestern Medical Center. The three basic science programs have been identified as: (1) neurobiology and neurobehavioral science, (2) inherited diseases, genetics, and metabolism, and (3) birth defects and developmental abnormalities. The Facility Use and Services Contract (Contract) will permit the Institute to occupy approximately 56,500 square feet of space on the 11th and 12th floors of the North Campus Phase 5 Building for research purposes for a term of 15 years.

The facility use fee for the space will be \$2.4 million annually during the first two years of the Contract. After the first two years and completion of construction, the facility use fee will be adjusted to reflect the institution's actual construction costs of the building and the tenant finish-out. The Institute will also reimburse U. T. Southwestern Medical Center for operating expenses attributable to its space, with periodic adjustments every three years for changes to these costs. U. T. Southwestern Medical Center will be responsible for maintaining the space. Children's will guarantee the financial obligations of the Institute under the Contract.

4. U. T. M. D. Anderson Cancer Center: Approval of a) expenditures of up to \$108,000,000 to fund the overall marketing plan for FY 2012 through FY 2016, b) authority to award marketing-related contracts, and c) appropriation of \$108,000,000 from Local Hospital Revenues

On behalf of The University of Texas M. D. Anderson Cancer Center, the Board approved and/or authorized

- a. expenditures of up to \$108,000,000 to fund the overall marketing plan for Fiscal Year 2012 through Fiscal Year 2016;

- b. award individual marketing-related contracts with a maximum aggregate total cost of \$108,000,000 over the FY 2012 through FY 2016 period, with the understanding that existing thresholds for mandatory review by The University of Texas System Office of General Counsel remain in effect for these contracts; and
- c. appropriation of \$108,000,000 from Local Hospital Revenues.

Leadership at U. T. M. D. Anderson Cancer Center (M. D. Anderson) has determined that raising the level of public awareness of M. D. Anderson is critical to the fulfillment of all seven of the institution's strategic goals: advancing the mission areas of patient care, research, education, and prevention; recruiting and retaining top people; promoting productive collaborations; and stewardship of resources. Securing the increased awareness of sought-after constituencies is accomplished in many ways but is most prominently done by marketing through media and communication channels. M. D. Anderson is often judged as the best place in the nation to receive cancer care and has an obligation to make the public aware that its services are available to them.

Traditional marketing of M. D. Anderson is primarily targeted at new patients. New patients provide the base to conduct innovative clinical trials and educate trainees, in addition to providing the financial resources to support the mission areas of research, education, and prevention. While a high-level of prospective patient awareness has always been important, factors related to national health care reform and its implications on the health care financing system make this a vital area of emphasis now more than ever. Marketing also aids in attracting the best faculty, nurses, students, trainees, and employees.

A 2009 study indicated that M. D. Anderson had 6% national awareness and only 4% national preference. As an example, this compared unfavorably to the Mayo Clinic (23% national awareness and 10% national preference), Cancer Treatment Centers of America (18% national awareness and 8% national preference), and Memorial Sloan-Kettering Cancer Center (18% national awareness and 9% national preference). In the local market, the institution's market share is stagnant at approximately 24% in the Houston region and 5% in Texas. Both national and regional competitors have increased advertising, and some national competitors are specifically targeting the Houston region.

M. D. Anderson has developed a marketing plan with the goals of: 1) raising overall brand awareness, 2) increasing national visibility, 3) advancing awareness of the institution's unique capabilities in specific international markets, 4) targeting defined service lines with capacity, and 5) promoting the regional care centers.

These goals are accomplished by targeting specific audiences through a variety of means, including television, radio, print, billboard, cinema, online, paid search online, mobile device and social media advertising; sponsorship and advocacy marketing; and public relations support.

The marketing plan recognizes that sustainability is a critical success factor when raising awareness of a product or service, including cancer care, which may not be needed immediately. The plan includes sustained messaging through multiple means to create spontaneous recall in prospective patients or family members should they require cancer care services in the future. To make this sustained message possible, a multiyear commitment to the marketing plan is required to optimize success.

Also critical to the plan is its measurement of success. The institution will be accountable using prospectively developed methods of measurement, including individual patient feedback; patient experience mapping; brand awareness, preference, and reputation scores from consumers and physicians; media mix performance and optimization; and individual campaign financial return on investment.

To leverage specific expertise and economics of scale, the marketing plan includes the use of a number of external marketing and public relations firms (vendors) to do work in areas in which they have significant experience. Specific vendors may change within the five-year period based on U. T. System and M. D. Anderson procurement requirements. These contracts will include funds used to purchase media through these vendors who have access to the best pricing based on their client volume. In total, five-year expenditures will not exceed \$108 million. Fiscal Year 2012 spending is included in the institution's budget approved by the Board of Regents on August 25, 2011 (see Item 8 on Page 41 of these Minutes).

Cause marketing, a category of marketing designed to support a specific cause (e.g., cancer research) through partnerships with other organizations or businesses, is an approach that M. D. Anderson plans to explore in collaboration with U. T. System Administration during the coming year. No cause marketing-related activities are currently planned or included in these expenditures.

5. U. T. System: Approval to a) establish a Doctor of Translational Science degree program proposed jointly by U. T. Health Science Center - San Antonio, U. T. San Antonio, U. T. Austin, and in cooperation with U. T. Health Science Center - Houston, and b) submit the proposal to the Texas Higher Education Coordinating Board for review and appropriate action

Pursuant to the Regents' *Rules and Regulations*, Rule 40307, related to academic program approval standards, the Board granted authority to

- a. establish a joint Doctor of Translational Science degree program between The University of Texas Health Science Center at San Antonio, The University of Texas at San Antonio, and The University of Texas at Austin, and in cooperation with The University of Texas Health Science Center at Houston; and
- b. submit the proposal to the Texas Higher Education Coordinating Board for review and appropriate action.

The collaborative program is envisioned as a multi-institutional joint degree program, to include four U. T. System components located in San Antonio:

- The University of Texas Health Science Center at San Antonio (UTHSCSA);
- The University of Texas at San Antonio (UTSA);
- The University of Texas at Austin College of Pharmacy (UTCOP) Pharmacotherapy Division; and
- The University of Texas School of Public Health (UTSPH) Regional Campus at San Antonio.

Of these, three components (UTHSCSA, UTSA, and UTCOP) will be full participants in the joint Translational Science Ph.D. (TS Ph.D.) degree. The fourth component (UTSPH) will participate in the program but will not offer the joint degree due to current limitations imposed by its accrediting agency.

The TS Ph.D. program will consist of a 72 credit hour curriculum that includes 24 credit hours in the core curriculum, 18 credit hours in the track and free electives, and 30 credit hours for the research dissertation.

Faculty from UTSA, UTSPH, and UTCOP already participate as instructors in the UTHSCSA Master of Science in Clinical Investigation (MSCI) program. Each of the participant schools has a cadre of departmental faculty that will contribute to this program. Forty-eight faculty members at the four components are currently actively involved in the MSCI, Clinical and

Translational Science Award (CTSA), and the development of this Ph.D. program. Using the expertise of faculty at the four San Antonio U. T. System schools will provide flexible multi- and interdisciplinary opportunities for the students and will allow them to expand the depth and breadth of their research opportunities beyond what could be offered at a single site.

All faculty members have demonstrated significant contributions to the teaching, scholarly, and service missions of their respective universities, schools, and departments. Additionally, the potential combination of funded research programs conducted by the faculty of each component will provide an excellent environment for student training.

Because a number of existing courses will be utilized for both required and elective courses, and because these courses will be distributed among the four participating U. T. System components, few additional resources will be required to accommodate the additional students enrolled in the new program. Total projected income at program maturity is \$875,020. Income is expected to be derived from tuition, state formula funding, the CTSA grant, and related institutional funds (for some staff), with possible funds from other external sources, which will provide stipend support and some operational funds. Total projected operating costs are \$874,500, which include personnel, student stipends, and operating costs. Expenditure assumptions include: faculty will be used on a full-time equivalent (FTE) basis for course delivery and research/dissertation supervision; new faculty FTE support will be required for new courses; a director-equivalent will be needed on each campus, which will require administrative release time and equivalent partial FTE support; and administrative support will be required on each campus.

No full-time faculty will be used specifically for the TS Ph.D. program. Expected faculty responsibilities will include taking on an additional student or two in an existing course, possible participation on the TS Committee on Graduate Studies or other graduate committee, participation in the collaborative administration of this program (such as for course evaluation), and, by year two or three, possible supervision of student dissertation research and/or participation on dissertation committees. Given the small number of students projected during the first few years, combined with the fact that student course work will be distributed among three to four campuses, it is not anticipated that any single faculty member will take on a measureable amount of additional duties.

6. U. T. System: Approval to a) distribute a portion of The University of Texas System Professional Medical Liability Benefit Plan premium returns for Fiscal Year 2012, and b) amend the Plan

Following consideration of staff recommendations based upon consultation with Milliman, Inc., actuary for The University of Texas System Professional Medical Liability Benefit Plan (Plan), the Board approved that

- a. \$28 million be distributed from the Plan as follows for Fiscal Year 2012 and as set forth in Exhibit 1 on Page 168: \$24 million to the participating U. T. System institutions and \$4 million for the utilization of industrial and systems engineering tools to expand quality improvement efforts at all U. T. System health institutions; and
- b. the Plan be amended to permit 1) flexible coverage options, and 2) coverage exclusion in the event of a conflict between a Plan Participant and U. T. System or its institutions.

On March 26, 2008, the Board of Regents endorsed a three-year plan forwarded by the Plan Management Committee to reduce the reserves held in the Plan in accordance with generally accepted industry standards. The Management Committee has simultaneously utilized three approaches to reduce the Plan fund balance: reduction of premium income, regular distributions, and reduction of Plan reserves for expected claims.

In the last three years alone, Plan premiums have been reduced by an average of 22% per year, thus reducing overall Plan premium income by 37.5% based on current projections. In addition, Plan distributions have totaled approximately \$108 million in those three years. While Plan annual premium income and distributions have historically been comparable, the distributions will be three times the amounts projected in premium collections. Finally, the actual amounts held in reserve for expected claims have been reduced by 35% from 2008. In keeping with the three year plan, total Plan assets have declined by \$51 million or 38.6%.

With regard to the distribution of the \$24 million to institutions from the Plan for this year, the net distribution methodology considers the proportion of each institution's payment into the Plan as well as each institution's losses over the previous three-year period. Thus, those institutions that have higher claims receive lower distributions but with consideration to the amount of potential institutional exposure.

In addition to the \$24 million to be distributed to participating institutions, \$4 million will be used to support the use of industrial and systems engineering tools and methods to enhance and expand quality improvement efforts at all U. T. System health institutions. U. T. System has responded to the need for greater effectiveness and efficiency with a number of

Systemwide innovative efforts to improve clinical outcomes and streamline processes. To ensure that these projects become more than the sum of their parts, the Executive Vice Chancellor for Health Affairs has recommended adopting a systems approach to integrate systems engineering methods into the U. T. System health institutions. This approach is consistent with the report by the National Academy of Engineering and the Institute of Medicine, "Building a Better Delivery System: A New Engineering/Health Care Partnership," and the subsequent workshop summary, "Engineering a Learning Healthcare System." These efforts benefit the Plan by improving patient care, thus reducing costly and time-consuming litigation.

The effort to add industrial and systems engineering tools to the quality improvement toolbox will be led by the Chancellor's Health Fellow for Systems Engineering in Healthcare, Victoria Jordan, Ph.D., with the involvement of a Systemwide committee comprised of representatives from the six health institutions as well as The University of Texas at Austin's Cockrell School of Engineering and McCombs School of Business, and The University of Texas at Arlington's and The University of Texas at San Antonio's Colleges of Engineering. With \$1 million over the course of three years, the implementation plan will initially focus on widespread and rapid deployment to the health institutions' frontline staff of "Lean" course material that currently exists at The University of Texas M. D. Anderson Cancer Center and U. T. San Antonio. "Lean" is based on the Toyota Production System focus on improving quality by reducing waste and has been successfully adapted for health care by the Virginia Mason Medical Center and the ThedaCare Center for Healthcare Value. Dr. Jordan and the committee will convene a meeting of the health institution leadership teams that will feature organizations within and external to healthcare (Mayo Clinic, Virginia Mason Medical Center, Southwest Airlines, and The Walt Disney Company) that have effectively deployed systems engineering tools to create a high-performing, systems-thinking culture. Dr. Jordan and the committee will organize more specialized training for existing U. T. System quality improvement staff in the application of advanced industrial and systems engineering tools. Examples of such methods include: optimizing scheduling to reduce waiting times, improving facility design layout, improving patient and materials flow, "error-proofing" care processes, and process standardization. In addition, an internship program for U. T. System industrial engineering and business school students will be created at the health institutions.

A systems approach in the context of a value-driven organizational culture, as demonstrated at the Mayo Clinic and Virginia Mason Medical Center, can create the integration and collaboration necessary for a high-performing health care system. To that end, the Executive Vice Chancellor for Health Affairs, with the advice of Dr. Jordan and the committee, will award \$3 million in competitive grants to the health institutions for systems approaches designed to achieve high value in patient care. Grants will be awarded to proposals that demonstrate wide applicability and synergy, sustainability,



accountability, and measurable outcomes for evaluation. Grants will be for one-year periods and may be renewed for up to two additional years with demonstrated results.

The Plan amendments, set forth below, will

- provide flexible coverage by adding physician coverage for quality of care reviews by third parties and by vesting the Plan Administrator with authority to permit flexibility in coverage when warranted; and
- permit coverage exclusion following a determination by the Plan Administrator of a potential conflict of interest between an individual Plan Participant and U. T. System or its institutions.

THE UNIVERSITY OF TEXAS SYSTEM PROFESSIONAL  
MEDICAL LIABILITY BENEFIT PLAN

ARTICLE II  
DEFINITIONS

...

C. *Disciplinary and Licensing Actions* means any disciplinary, licensing, or similar administrative proceeding brought against a Participant by a Texas licensing agency for the Participant's profession or a Texas quality review or regulatory body.

...

ARTICLE V  
COVERAGE OF PARTICIPANTS

...

Section 4 - Exclusions

The System will not defend or indemnify a Participant for:

...

U. matters before the Texas Medical Board or other Texas regulatory agency, where, in the judgment of the Plan Administrator or a designee, a potential conflict of interest exists between the Participant and The University of Texas System or its institutions with regard to a potential or pending employment or administrative matter.

ARTICLE VII  
LIMITS OF LIABILITY

...

Limits of Liability Schedule

The following limits shall apply unless lower liability limits are set by law, in which case the lower limits shall apply:

Staff Physician - \$500,000.00 per Liability Claim (up to \$1,500,000.00 for all Liability Claims during any one enrollment period)

Resident and Fellows - \$100,000.00 per Liability Claim (up to \$300,000.00 for all Liability Claims during any one enrollment period)

Medical or Dental Student - \$25,000.00 per Liability Claim (up to \$75,000.00 for all Liability Claims during any one enrollment period)

Annual Aggregate - \$30,000,000.00 for all Liability Claims for all Participants during any one Plan year

Per Claim Limitation - Plan liability shall be limited to \$2,000,000.00 per claim regardless of the number of the claimants or Plan Participants involved in an incident.

The above limits of liability for Plan Participants, as defined in Article II A 1 - 4 only, may be exceeded upon determination of necessity and with the conditions of participation determined by the Plan Administrator or a designee.

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

<i>Institution</i>	<i>Premium Paid 2008-2010</i>	<i>Claims Expenses 2008-2010</i>	<i>Net Contribution Amount <sup>1</sup></i>	<i>Distribution based on Net Contribution</i>
UTSWMC	\$ 8,440,843	\$ 3,001,704	\$ 5,439,139	\$ 4,664,322
UTMB	9,259,362	1,610,883	7,648,479	6,558,937
UTHSCH	4,933,360	2,097,468	2,835,892	2,431,913
Medical Foundation (UTHSCH)	2,969,315	1,262,435	1,706,880	1,463,732
UTHSCSA	7,053,293	841,902	6,211,391	5,326,565
UTMDACC	4,990,868	1,181,268	3,809,600	3,266,914
UTHSCT	337,660	13,364	324,296	278,100
UT Arlington	5,362	-	5,362	4,598
UT Austin	83,312	94,390	-	-
UT Dallas	365	-	365	313
UT San Antonio	5,371	-	5,371	4,606
<b>Subtotal</b>	<b>\$38,079,111</b>	<b>\$10,103,414</b>	<b>\$27,986,775</b>	<b>\$24,000,000</b>
Systems Engineering for Healthcare				<b>\$ 4,000,000</b>
<b>TOTAL PROPOSED DISTRIBUTION</b>				<b><u>\$28,000,000</u></b>

<sup>1</sup> Institutions with a negative net contribution amount were recorded as 0.

7. U. T. System: Update on the Transformation in Medical Education (TIME) projects

This item was for consideration only by the Committee (see Committee Minutes).

REPORT AND RECOMMENDATIONS OF THE FACILITIES PLANNING AND CONSTRUCTION COMMITTEE (Pages 170 - 190).--Committee Chairman Gary 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 University of Texas System Board of Regents. Unless otherwise indicated, the actions set forth in the Minute Orders that follow were recommended by the Facilities Planning and Construction Committee and approved in open session by the U. T. System Board of Regents.

1. U. T. System: Capital Improvement Program Update

This item was for consideration only by the Committee (see Committee Minutes).

2. U. T. Austin: FY 12 High Priority Fire and Life Safety Projects and FY 13 High Priority Fire and Life Safety Projects - Amendment of the FY 2012-2017 Capital Improvement Program to include projects; approval of total project costs; appropriation of funds; and authorization of institutional management (Final Board approval)

The Board amended the Fiscal Year 2012-2017 Capital Improvement Program (CIP) to include the FY 12 High Priority Fire and Life Safety Projects and FY 13 High Priority Fire and Life Safety Projects at The University of Texas at Austin as follows:

**FY 12 High Priority Fire and Life Safety Projects**

Project No.:	102-639	
Institutionally Managed:	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Project Delivery Method:	Competitive Sealed Proposals	
Substantial Completion Date:	August 2013	
Total Project Cost:	<u>Source</u>	<u>Current</u>
	Permanent University Fund Bond Proceeds	\$3,400,000

**FY 13 High Priority Fire and Life Safety Projects**

Project No.:	102-646	
Institutionally Managed:	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Project Delivery Method:	Competitive Sealed Proposals	
Substantial Completion Date:	August 2014	
Total Project Cost:	<u>Source</u>	<u>Current</u>
	Permanent University Fund Bond Proceeds	\$3,300,000

- a. approve the FY 12 High Priority Fire and Life Safety Projects with a total project cost of \$3,400,000 with funding from Permanent University Fund (PUF) Bond Proceeds and the FY 13 High Priority Fire and Life Safety Projects with a total project cost of \$3,300,000 with funding from PUF Bond Proceeds;
- b. appropriate funds; and
- c. authorize U. T. Austin to manage the project budgets, appoint architects, approve facility programs, prepare final plans, and award contracts.

#### Previous Board Action

On August 12, 2010, the Board approved the allocation of \$3,300,000 from PUF Bond Proceeds for FY 2011, \$3,400,000 from PUF Bond Proceeds for FY 2012 and \$3,300,000 for FY 2013. On May 12, 2011, the Board appropriated FY 2011 funds for the FY 11 Fire and Life Safety and ITS Renovations project.

#### Project Description

The projects will continue correction of various fire and life safety deficiencies identified as high priority items. The FY 12 High Priority Fire and Life Safety Projects will include design and installation of fire sprinkler and fire alarm systems, correction of egress deficiencies, and installation of a gas monitoring system. Buildings involved will include the Animal Resources Center, Burdine Hall, the Graduate School of Business Building, Hogg Memorial Auditorium, the Main Building, Sid Richardson Hall, and the Chemical and Petroleum Engineering Building.

The FY 13 High Priority Fire and Life Safety Projects will continue with design and installation of the sprinkler systems, fire alarm systems, and correction of egress deficiencies in various buildings, including Sid Richardson Hall, Burdine Hall, the Main Building, and the Graduate School of Business Building.

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

3. U. T. Health Science Center - San Antonio: FY 12 Fire and Life Safety Projects and FY 13 Fire and Life Safety Projects - Amendment of the FY 2012-2017 Capital Improvement Program to include projects; approval of total project cost; appropriation of funds; and authorization of institutional management (Final Board approval)

The Board amended the Fiscal Year 2012-2017 Capital Improvement Program (CIP) to include the FY 12 Fire and Life Safety Projects and FY 13 Fire and Life Safety Projects at The University of Texas Health Science Center at San Antonio as follows:

**FY 12 Fire and Life Safety Projects**

Project No.: 402-637  
Institutionally Managed: Yes  No   
Project Delivery Method: Competitive Sealed Proposals  
Substantial Completion Date: August 2014  
Total Project Cost: 

<u>Source</u>	<u>Current</u>
Permanent University Fund Bond Proceeds	\$8,000,000

**FY 13 Fire and Life Safety Projects**

Project No.: 402-647  
Institutionally Managed: Yes  No   
Project Delivery Method: Competitive Sealed Proposals  
Substantial Completion Date: August 2015  
Total Project Cost: 

<u>Source</u>	<u>Current</u>
Permanent University Fund Bond Proceeds	\$5,500,000

- a. approve the FY 12 Fire and Life Safety Projects with a total project cost of \$8,000,000 with funding from Permanent University Fund (PUF) Bond Proceeds and the FY 13 Fire and Life Safety Projects with a total project cost of \$5,500,000 with funding from PUF Bond Proceeds;
- b. appropriate funds; and
- c. authorize U. T. Health Science Center - San Antonio to manage the project budgets, appoint architects, approve facility programs, prepare final plans, and award contracts.

**Previous Board Action**

On August 12, 2010, the Board approved the allocation of \$8,000,000 from PUF Bond Proceeds for FY 2012 and \$5,500,000 for FY 2013 for these projects.

**Project Description**

The projects will continue correction of various fire and life safety deficiencies identified as high priority items. The FY 12 Fire and Life Safety Projects will

include replacement of the fire alarm system in the Grossman Building and Phase I of installing a sprinkler system in the Dental School Building as well as other high priority fire and life safety issues identified by campus.

The FY 13 Fire and Life Safety Projects will include installation of additional sprinklers in the Medical School Building as well as other high priority fire and life safety issues identified by campus.

These repair and rehabilitation projects have been approved by University of Texas System staff and meet the criteria for inclusion in the CIP. Design development plans and authorization of expenditure of funding will be approved by the President at a later date. It has been determined that this project would best be managed by the U. T. Health Science Center - San Antonio Facility Management personnel who have the experience and capability to manage all aspects of the work.

4. U. T. Dallas: National Science Foundation (NSF) Engineering Research Center - Amendment of the FY 2012-2017 Capital Improvement Program to include project (Preliminary Board approval)

The Board amended the Fiscal Year 2012-2017 Capital Improvement Program (CIP) to include the National Science Foundation (NSF) Engineering Research Center project at The University of Texas at Dallas as set forth below:

Project No.:	302-643	
Project Delivery Method:	Construction Manager-at-Risk	
Substantial Completion Date:	August 2014	
Total Project Cost:	<u>Source</u>	<u>Current</u>
	Revenue Financing System Bond Proceeds	\$18,000,000
	Unexpended Plant Funds	<u>\$ 2,000,000</u>
		\$20,000,000
Investment Metric:	Attract research funding of over \$100 million per year in research expenditures by 2017.	

The project will provide an approximately 50,000 gross square foot (GSF) facility to house the NSF Engineering Research Center for nanostructured materials for macroelectronic systems. The Center will focus on large flexible electronics with an emphasis on large area displays and sensors ranging from radiation detectors to structural monitoring systems to flexible computer display screens. The facility will support faculty, undergraduate, and graduate students; design rooms and laboratories; and space for industry partners and technology transfer. The project will also provide parking and other infrastructure improvements.

Currently, the University has no space to house the Center. Off-campus rental property could be utilized; however, securing a Center represents an



opportunity to build capacity and visibility on campus and to engage students. This project will proceed contingent on the NSF approving U. T. Dallas as home of the Engineering Research Center for nanostructured materials for microelectronic systems.

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

5. U. T. Dallas: School of Management Phase II - Amendment of the FY 2012-2017 Capital Improvement Program to include project (Preliminary Board approval)

The Board amended the Fiscal Year 2012-2017 Capital Improvement Program (CIP) to include the School of Management Phase II project at The University of Texas at Dallas as set forth below:

Project No.:	302-642	
Project Delivery Method:	Construction Manager-at-Risk	
Substantial Completion Date:	June 2014	
Total Project Cost:	<u>Source</u>	<u>Current</u>
	Revenue Financing System Bond Proceeds	\$20,000,000
	Permanent University Fund Bond Proceeds	\$ 5,000,000
		\$25,000,000
Investment Metrics:	<u>By 2017</u>	
	• Increase enrollment by 5,000 full-time equivalent students	
	• Increase tenure-track faculty from 464 to 610	

The project will provide an approximately 100,000 gross square foot (GSF) addition to the School of Management building. The project will include classrooms, seminar rooms, classroom laboratories, student support space, and offices. The project will also include parking and additional chilling plant capacity. A portion of this addition will be shelled space to realize efficiencies of scale and provide impetus for future gifts.

The University is facing a critical space shortage as enrollment has increased from 14,500 students in 2007 to a projected 18,400 students in Fall 2011, a 27% increase in four years. The School of Management, the University's largest and most highly ranked school, and a world-leading research business school, is critical to U. T. Dallas' Strategic Plan growth imperative. The School interacts closely with the Engineering School, collaborating in systems engineering and management. The School of Management launched the Institute for Innovation and Entrepreneurship, the focal point for technology commercialization and business start-up, the success of which has created the need for more space.

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

6. U. T. San Antonio: Administrative Office Building - Amendment of the FY 2012-2017 Capital Improvement Program to include project (Preliminary Board approval)

The Board amended the Fiscal Year 2012-2017 Capital Improvement Program (CIP) to include the Administrative Office Building project at The University of Texas at San Antonio as follows:

Project No.:	401-645	
Project Delivery Method:	Construction Manager-at-Risk	
Substantial Completion Date:	May 2014	
Total Project Cost:	<u>Source</u> Designated Funds	<u>Current</u> \$21,500,000
Investment Metrics:	<u>By 2014</u>	
	<ul style="list-style-type: none"><li>• Realize savings of approximately \$1,300,000 per year in rent</li><li>• Increase efficiency by eliminating time lost commuting between the main campus and off-campus leased space</li></ul>	

This project will design and construct a five-story, approximately 90,000 gross square foot (GSF) building to house various administrative functions including Human Resources, Accounting, Audit, Legal, and Advancement offices that are currently leasing space off campus.

By relocating administrative functions currently housed off campus in leased office space, the University will save approximately \$1,300,000 per year in rent. Additionally, the University will benefit from the improved efficiency resulting from eliminating time lost by administrative personnel commuting between the main campus and off-campus leased space.

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

7. U. T. M. D. Anderson Cancer Center: Mid-Campus Building 1 (1MC) Tenant Buildout - Amendment of the FY 2012-2017 Capital Improvement Program to include project; approval of total project cost; appropriation of funds; and authorization of institutional management (Final Board approval)

The Board amended the Fiscal Year 2012-2017 Capital Improvement Program (CIP) to include the Mid-Campus Building 1 (1MC) Tenant Buildout project at The University of Texas M. D. Anderson Cancer Center as follows:

Project No.: 703-X56  
Institutionally Managed: Yes  No   
Project Delivery Method: Construction Manager-at-Risk  
Substantial Completion Date: September 2013  
Total Project Cost: 

<u>Source</u>	<u>Current</u>
Hospital Revenues	\$51,000,000

- a. approve a total project cost of \$51,000,000 with funding from Hospital Revenues;
- b. appropriate funds; and
- c. authorize U. T. M. D. Anderson Cancer Center to manage the total project budgets, appoint architects, approve facility programs, prepare final plans, and award contracts.

Project Description

The project will build out shelled Floors 11-16 in the 1MC building, M. D. Anderson's first facility located in the Mid-Campus area. The building was constructed to provide office space for employees currently located on the Main Campus and in various lease sites, as well as new incremental space to support institutional growth projections.

Employees previously housed in the Priority 1 leases began moving into the 1MC building during June 2011. More than 1,000 tenants are vacating lease space and relocating into the 1MC building as part of the Priority 1 lease expirations. Beginning January 2012, 510 employees will be moving into the building with the expiration of the Priority 2 leases. The build-out of Floors 11-16 will provide space for employees currently housed in Priority 3 leased space and will provide space for specified departments moving from the T. Boone Pickens Academic Tower. A total of 1,970 tenants are expected to occupy the floors upon completion.

Pursuant to a Memorandum of Understanding effective August 26, 2004, U. T. M. D. Anderson Cancer Center has delegated authority for institutional management of construction projects under the continued oversight of the

Office of Facilities Planning and Construction. Design development plans and authorization of expenditure of funding will be approved by the President at a later date.

8. U. T. M. D. Anderson Cancer Center: Katy Regional Care Center - Amendment of the FY 2012-2017 Capital Improvement Program to include project; approval of total project cost; appropriation of funds; and authorization of institutional management (Final Board approval)

The Board amended the Fiscal Year 2012-2017 Capital Improvement Program (CIP) to include the Katy Regional Care Center project at The University of Texas M. D. Anderson Cancer Center as follows:

Project No.:	703-X57	
Institutionally Managed:	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Project Delivery Method:	Construction Manager-at-Risk	
Substantial Completion Date:	October 2012	
Total Project Cost:	<u>Source</u> Hospital Revenues	<u>Current</u> \$5,000,000

- a. approve a total project cost of \$5,000,000 with funding from Hospital Revenues;
- b. appropriate funds; and
- c. authorize U. T. M. D. Anderson Cancer Center to manage the total project budgets, appoint architects, approve facility programs, prepare final plans, and award contracts.

Project Description

This project will create an outpatient imaging center in the West Houston/ Katy area. The need for the Center stems from capacity constraint in the outpatient imaging areas of the main campus and a clinical imperative to provide needed ancillary services to the Katy area patient base. Based on utilization and patient origin analysis, an imaging center housing all major modalities could be supported immediately.

Pursuant to a Memorandum of Understanding effective August 26, 2004, U. T. M. D. Anderson Cancer Center has delegated authority for institutional management of construction projects under the continued oversight of the Office of Facilities Planning and Construction. Design development plans and authorization of expenditure of funding will be approved by the President at a later date.

9. U. T. M. D. Anderson Cancer Center: Campus Telecomm Master Plan - Amendment of the FY 2012-2017 Capital Improvement Program to include project; approval of total project cost; appropriation of funds; and authorization of institutional management (Final Board approval)

The Board amended the Fiscal Year 2012-2017 Capital Improvement Program (CIP) to include the Campus Telecomm Master Plan project at The University of Texas M. D. Anderson Cancer Center as follows:

Project No.: 703-X58  
Institutionally Managed: Yes  No   
Project Delivery Method: Construction Manager-at-Risk  
Substantial Completion Date: August 2016  
Total Project Cost: 

<u>Source</u>	<u>Current</u>
Hospital Revenues	\$9,700,000

- a. approve a total project cost of \$9,700,000 with funding from Hospital Revenues;
- b. appropriate funds; and
- c. authorize U. T. M. D. Anderson Cancer Center to manage the total project budgets, appoint architects, approve facility programs, prepare final plans, and award contracts.

Project Description

This project will install and relocate underground fiber optic systems to connect current and future buildings located on the campus. The project will support the expansion of the campus and will provide redundant paths for both voice and data networks.

Pursuant to a Memorandum of Understanding effective August 26, 2004, U. T. M. D. Anderson Cancer Center has delegated authority for institutional management of construction projects under the continued oversight of the Office of Facilities Planning and Construction. Design development plans and authorization of expenditure of funding will be approved by the President at a later date.

10. U. T. Austin: High Performance Computing Facility Expansion - Approval of design development and appropriation of funds and authorization of expenditure (Final Board approval)

The Board approved the recommendations for the High Performance Computing Facility Expansion project at The University of Texas at Austin as set forth on the next page.

Project No.:	102-627	
Project Delivery Method:	Construction Manager-at-Risk	
Substantial Completion Date:	April 2013	
Total Project Cost:	<u>Source</u>	<u>Current</u>
	Unexpended Plant Funds	\$55,000,000
	Available University Funds	<u>\$ 1,000,000</u>
		\$56,000,000

- Investment Metrics:
- Leverage existing systems to compete for National Science Foundation (NSF) grant with potential of \$54,000,000 over the next four years and with potential for renewal by 2015
  - Maintain computing capacity at the highest levels to remain competitive in one of the University's highest strategic priorities
  - Continue to recruit the best faculty and graduate students
  - Increase national and international exposure by retaining the Top 10 ranking in supercomputing systems
- a. approve design development plans; and
  - b. appropriate funds and authorize expenditure of funds.

#### Previous Board Action

On February 18, 2011, the project was included in the Capital Improvement Program with a total project cost of \$56,000,000 with funding of \$55,000,000 from Unexpended Plant Funds, and \$1,000,000 from Available University Funds.

#### Project Description

The expansion of the data center at the Texas Advanced Computing Center (TACC) will provide approximately 11,000 gross square feet (GSF) of high-density computing center space with an additional six megawatts of power. The facility will host high-end research-focused computing systems for the TACC, located in the existing Research Office Complex (ROC) building on the J. J. Pickle Research Campus (PRC). The project will also include an approximately 8,675 GSF central utility plant and utility infrastructure upgrades at the PRC to support the current project needs and in preparation for future growth of the University's research endeavors.

This project will increase national and international exposure of the creative and intellectual assets and accomplishments of the University in technology advances. The TACC and Ranger computing systems have been featured prominently in the news media. In addition, the High Performance Computing Facility Expansion will help the University retain the Top 10 ranking in supercomputing systems that it has held for the last 18 months.

In 2010, U. T. Austin and HMG & Associates, Inc., prepared a statement of Owner's Project Requirements for expanding the computer machine room at the TACC with the goal of maintaining a competitive data center infrastructure

for housing world-class computing systems. A thorough investigation by the consultants, combined with the Center's in-depth strategic research planning, has resulted in a compelling plan to meet the programmatic needs and growth goals of the Center while enhancing the Center's mission to advance science and society through the application of advanced computing technologies.

The High Performance Computing Facility Expansion will allow the TACC to submit a proposal for a National Science Foundation (NSF) grant. U. T. Austin is well-positioned to win this competition. This grant has the potential to bring \$54,000,000 over the next four years, with \$30,000,000 for the computing system plus an additional \$24,000,000 for operations and activities, and the possibility of renewal for an additional \$54,000,000 over an additional four years. This will give the University the ability to leverage its high-end data center to receive significant amounts of additional grant funding.

Computing is a rapidly changing field, with high-end systems becoming ever larger. To maintain leadership, the University must periodically increase data center infrastructure capabilities. Power and cooling are even more important than space, and data center infrastructure is now dominated by power costs, for both construction and operation. For progress, as well as competitive advantage, the periodic increase of data center infrastructure is required. Having previously won a \$59,000,000 award from the NSF to deploy and support the Ranger computer, the TACC now supports well over \$100,000,000 per year of research at U. T. Austin, and this number is expected to reach \$200,000,000 per year with the new Lonestar project. The new data center is essential to compete for, and deploy, the next system beyond Ranger and Lonestar.

11. U. T. Pan American: Fine Arts Academic and Performance Complex - Amendment of the FY 2012-2017 Capital Improvement Program to reduce the total project cost; approval to revise the funding sources; approval of design development; and appropriation of funds and authorization of expenditure (Final Board approval)

The Board approved the recommendations for the Fine Arts Academic and Performance Complex at The University of Texas - Pan American as follows:

Project No.: 901-283  
 Project Delivery Method: Construction Manager-at-Risk  
 Substantial Completion Date: October 2014

Total Project Cost:	<u>Source</u>	<u>Former</u>	<u>Current</u>
	Tuition Revenue Bond Proceeds	\$39,796,000	\$39,796,000
	Revenue Financing System Bond Proceeds	\$ 7,049,000	\$ 0
	Higher Education Assistance Fund (HEAF)	\$ 2,900,000	\$ 2,900,000
		\$49,745,000	\$42,696,000

Investment Metrics:

By 2015

- Increase space by 14,405 net assignable square feet
  - Increase Music and Dance majors from 320 to 453
  - Increase faculty from 38 to 44
  - Increase yearly graduates from 30 to 35
- a. amend the Fiscal Year 2012-2017 Capital Improvement Program (CIP) to reduce the total project cost from \$49,745,000 to \$42,696,000;
  - b. revise the funding from \$39,796,000 from Tuition Revenue Bond Proceeds, \$7,049,000 from Revenue Financing System Bond Proceeds, and \$2,900,000 from Higher Education Assistance Funds (HEAF) to \$39,796,000 from Tuition Revenue Bond Proceeds and \$2,900,000 from HEAF;
  - c. approve design development plans; and
  - d. appropriate funds and authorize expenditure of funds.

Previous Board Actions

On August 10, 2006, the project was included in the CIP with a total project cost of \$49,745,000 with funding of \$39,796,000 from Tuition Revenue Bond Proceeds and \$9,949,000 from Revenue Financing System Bond Proceeds. On May 10, 2007, the Board designated the project as architecturally significant. On December 10, 2009, the Board revised the scope of the project; revised the funding to \$39,796,000 from Tuition Revenue Bond Proceeds, \$7,049,000 from Revenue Financing System Bond Proceeds, and \$2,900,000 from HEAF; removed the special interest designation; and appropriated funding. On November 11, 2010, the Board revised the scope of the project and redesignated the project as new construction.

Project Description

The scope of the project, revised to align the design program with new budget considerations, will include demolition of the existing Fine Arts Auditorium and Fine Arts Annex, and the construction of a new performing arts center of approximately 60,000 gross square feet (GSF). The center will consist of a mid-sized theater designed for approximately 1,000 audience members with accessible seating dispersed throughout and four rehearsal facilities with an audience capacity of between 95 and 140 seats each. The lobby will accommodate events to include seated dinners. Restroom, food concessions, circulation, and other audience amenity areas will reflect modern audience expectations for a commercial venue and will be sized to accommodate all theater patrons before and after performances.

The scope of work for the Fine Arts Music Buildings B and C will include the associated demolition of existing interior space with full interior renovations of Building C and renovation of the second floor of Building B to meet the



academic program requirements. Renovations will consist of life safety, code, and accessibility upgrades; new heating, ventilation, and air conditioning (HVAC); new interior space reconfigurations; new interior architectural finishes; and new roofing.

12. U. T. M. D. Anderson Cancer Center: Sheikh Zayed Bin Sultan Al Nahyan Building for Personalized Cancer Care - Amendment of the FY 2012-2017 Capital Improvement Program to revise funding sources; approval of design development; and appropriation of funds and authorization of expenditure (Final Board approval)

The Board approved the recommendations for the Sheikh Zayed Bin Sultan Al Nahyan Building for Personalized Cancer Care project at The University of Texas M. D. Anderson Cancer Center as follows:

Project No.:	703-625		
Institutionally Managed:	Yes	<input checked="" type="checkbox"/>	No <input type="checkbox"/>
Project Delivery Method:	Construction Manager-at-Risk		
Substantial Completion Date:	August 2014		
Total Project Cost:	<u>Source</u>	<u>Former</u>	<u>Current</u>
	Gifts	\$ 91,000,000	\$100,000,000
	Hospital Revenues	\$128,800,000	\$154,800,000
	Revenue Financing System Bond Proceeds	\$ 35,000,000	\$ 0
		\$254,800,000	\$254,800,000
Investment Metrics:	<u>By 2014</u>		
		<ul style="list-style-type: none"> <li>• Create 40 lab modules of approximately 53,000 GSF</li> <li>• Create approximately 200 office seats to support lab research</li> <li>• Create space for the Institute for Personalized Cancer Therapy, the Center for Pancreatic Cancer, a Clinical Laboratory Improvements Amendments (CLIA) molecular diagnostics laboratory, and a CLIA compliant histo-compatibility laboratory</li> </ul>	

- a. amend the Fiscal Year 2012-2017 Capital Improvement Program (CIP) to revise the funding sources from \$91,000,000 from Gifts, \$128,800,000 from Hospital Revenues, and \$35,000,000 from Revenue Financing System Bond Proceeds to \$100,000,000 from Gifts and \$154,800,000 from Hospital Revenues;
- b. approve design development plans; and
- c. appropriate funds and authorize expenditure of funds.

Previous Board Actions

On August 7, 2003, the Basic Sciences Research Building Two project was included in the CIP with a total project cost of \$185,000,000 with funding of \$100,000,000 from Gifts, \$50,000,000 from Hospital Revenues, and \$35,000,000 from Revenue Financing System Bond Proceeds. On

August 23, 2007, the Board approved an increase in total project cost for the Basic Sciences Research Building Two project to \$254,800,000 with funding of \$91,000,000 from Gifts, \$128,800,000 from Hospital Revenues, and \$35,000,000 from Revenue Financing System Bond Proceeds. On May 13, 2010, the Board approved a name change to the Sheikh Zayed Bin Sultan Al Nahyan Building for Personalized Cancer Care.

### Project Description

This project will construct a new research building within M. D. Anderson's main campus area consisting of a 12-story, 4-wing tower encompassing approximately 615,000 gross square feet (GSF). The initial project will consist of site work, construction of the exterior shell and core of the facility, and the interior build-out of approximately 218,298 GSF to include four laboratory wings, four office wings, a central core, and the appropriate amount of conference and building support spaces. The facility will include two research laboratory wings designed with an exterior public corridor that will maximize the flexibility to meet new and evolving technologies and will be joined with two adjacent office wings by a central collaboration core space in the middle. The build-out of the remaining shell floors will be funded separately over the next several years.

The Zayed Building will be one of a new generation of research facilities that replaces the aging and deficient buildings currently in use. Alternatives for upgrading the existing buildings to modern code requirements were investigated. However, the expense of bringing the buildings up to code minimums would be higher than developing a new research building and would be highly disruptive to the ongoing research program.

Pursuant to a Memorandum of Understanding effective August 26, 2004, U. T. M. D. Anderson Cancer Center has delegated authority for institutional management of construction projects under the continued oversight of the Office of Facilities Planning and Construction.

13. U. T. Medical Branch - Galveston: Jennie Sealy Replacement Hospital - Amendment of the FY 2012-2017 Capital Improvement Program to increase the total project cost; approval to revise the funding sources; approval of design development; appropriation of funds and authorization of expenditure; and resolution regarding parity debt (Final Board approval)

The Board approved the recommendations for the Jennie Sealy Replacement Hospital project at The University of Texas Medical Branch at Galveston as set forth below:

Project No.:	601-253
Project Delivery Method:	Construction Manager-at-Risk
Substantial Completion Date:	September 2015

Total Project Cost:	<u>Source</u>	<u>Former</u>	<u>Current</u>
	Gifts	\$150,000,000	\$174,500,000
	Revenue Financing System Bond Proceeds	\$100,000,000	\$100,000,000
	Tuition Revenue Bond Proceeds	\$ 0	\$150,000,000
	Hospital Revenues	\$ 0	\$ 13,500,000
		\$250,000,000	\$438,000,000

Investment Metrics:

By 2020

- Exceed 122,000 hospital patient days
- Exceed 26,000 hospital inpatient admissions

- a. amend the Fiscal Year 2012-2017 Capital Improvement Program to increase the total project cost from \$250,000,000 to \$438,000,000;
- b. approval to revise the funding sources from \$150,000,000 from Gifts and \$100,000,000 from Revenue Financing System Bond Proceeds to \$174,500,000 from Gifts, \$100,000,000 from Revenue Financing System Bond Proceeds, \$150,000,000 from Tuition Revenue Bond Proceeds, and \$13,500,000 from Hospital Revenues;
- c. approve design development plans;
- d. appropriate funds and authorize expenditure of funds; and
- e. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that
  - parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt;
  - sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System; and
  - U. T. Medical Branch - Galveston, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$100,000,000.

Debt Service

The \$100,000,000 in aggregate Revenue Financing System debt will be repaid from clinical revenues. Annual debt service on the \$100,000,000

Revenue Financing System debt is expected to be \$7,264,891. The institution's debt service coverage is expected to be at least 2.6 times and average 2.8 times over FY 2012-2017.

#### Previous Board Action

On August 11, 2005, the project was included in the CIP with a total project cost of \$250,000,000 with funding of \$100,000,000 from Revenue Financing System Bond Proceeds and \$150,000,000 from Gifts.

#### Project Description

The project consists of a 12-story, approximately 758,677 gross square foot (GSF) building in the northeast quadrant of the U. T. Medical Branch - Galveston campus. The eight-story base facility will include 20 operating rooms (OR) with capability for an interoperative MRI, two hybrid ORs, a Day Surgery unit with preoperative and recovery services, and a bed floor with 54 ICU-capable rooms and a CT scanner (essential for surgical, stroke, and heart programs) on the floor. One shell floor in the base building will accommodate future procedural space. Two four-story bed towers are also planned as part of the project, with three floors to be completed with 192 medical-surgical rooms (acuity adaptable). One shell floor in the towers will accommodate an additional 64 inpatient rooms at a future date. Also included in the project is the renovation of the first and second floors of the R. Waverley Smith Pavilion to accommodate public circulation to and from the existing John Sealy Hospital complex, improved support facilities for the existing operating room suite in the John Sealy Hospital, North Annex, and the integration of a connecting, elevated link between the new Jennie Sealy Hospital and the existing Emergency Room Building/Trauma Center.

The revised total project cost is the result of an expanded scope of work from 520,000 GSF to approximately 831,611 GSF. This includes the new construction of approximately 758,677 GSF as well as renovations of approximately 72,934 GSF. Additionally, costs have increased due to a greater percentage of clinical spaces and associated medical equipment costs.

A critical shortage is looming in U. T. Medical Branch's target markets for primary care and specialty care physicians and facilities, along with modern hospital bed capacity. Current patient and surgical rooms are too small and inadequate for both patient care and educational needs; they are not conducive to attracting patients with choices. Existing facilities are a barrier to achievement of U. T. Medical Branch's Clinical Strategic Plan goals, including recruitment of renowned faculty and top residents and students. The project will reposition U. T. Medical Branch as the "hospital of choice" rather than merely a "safety net" or prison hospital.

See related item in the Health Affairs Committee, Item 2 on Page 158.

14. U. T. Austin: Belo Center for New Media - Amendment of the FY 2012-2017 Capital Improvement Program to increase the total project cost; approval to revise funding sources; and appropriation of funds and authorization of expenditure (Final Board approval)

The Board approved the recommendations for the Belo Center for New Media project at The University of Texas at Austin as follows:

Project No.:	102-041		
Project Delivery Method:	Construction Manager-at-Risk		
Substantial Completion Date:	May 2012		
Total Project Cost:	<u>Source</u>	<u>Former</u>	<u>Current</u>
	Gifts	\$17,956,000	\$17,956,000
	Unexpended Plant Funds	\$ 7,675,000	\$10,120,000
	Revenue Financing System Bond Proceeds	\$30,094,000	\$30,094,000
	Designated Funds	\$ 0	\$ 4,100,000
		\$55,725,000	\$62,270,000

- Investment Metrics: By 2013
- The facility will consolidate and reduce the burden of more than 40% of the communication classes that are taught in other buildings on campus
  - The new facility will increase local and national exposure of the creative and intellectual assets of the University by 100%
- a. amend the Fiscal Year 2012-2017 Capital Improvement Program (CIP) to increase the total project cost from \$55,725,000 to \$62,270,000;
  - b. revise the funding sources to include an additional \$2,445,000 from Unexpended Plant Funds and \$4,100,000 from Designated Funds; and
  - c. appropriate funds and authorize expenditure of \$2,445,000 from Unexpended Plant Funds and \$4,100,000 from Designated Funds.

Previous Board Actions

On November 11, 1999, the College of Communication Building project was included in the CIP with a total project cost of \$32,000,000 with funding from Gifts. With the adoption of the FY 2008-2013 CIP on August 23, 2007, the total project cost increased to \$45,000,000 with funding from Gifts.

On February 7, 2008, the total project cost was increased to \$54,000,000 with funding from Gifts. On August 20, 2009, the Board approved design development and decreased the total project cost to \$50,660,000 with funding of \$14,542,000 from Gifts, \$6,024,000 from Unexpended Plant Funds, and \$30,094,000 from Revenue Financing System Bond Proceeds. On September 3, 2009, the Associate Vice Chancellor for Facilities Planning and Construction approved the redesignation of the project from the College of Communication - New project to the Belo Center for New Media.

On September 17, 2010, the Chancellor approved an increase in the total project cost to \$52,110,000, with funding of \$16,481,000 from Gifts, \$5,535,000 from Unexpended Plant Funds, and \$30,094,000 from Revenue Financing System Bond Proceeds. On May 18, 2011, the Chancellor approved an increase in the total project cost to \$55,725,000 with funding of \$17,956,000 from Gifts, \$7,675,000 from Unexpended Plant Funds, and \$30,094,000 from Revenue Financing System Bond Proceeds.

Project Description

The original scope of work created approximately 120,000 gross square feet (GSF) of state-of-the-art facilities to enable teaching, learning, and research to cross traditional boundaries and create new forms of communication and collaboration that include multiuse classrooms, research labs, performance production and broadcast studios, public forum spaces, and offices. The project included approximately 20,000 GSF of shelled space for future use by KUT Radio for multimedia production, studios, and office and community space with an emphasis on audio services, including specialized studio, performance, and digital networking facilities. The increase in funding will complete the finish out of the KUT shell space and will renovate spaces vacated by the College of Communication following occupancy of the completed Belo Center for New Media. The renovation will include targeted areas within the Jesse H. Jones Communication Center Building A and Building B, originally completed in 1974 to serve 1,000 students. Currently, the College of Communication serves more than 4,200 students, as well as 125 faculty, and 140 staff.

- 15. U. T. Austin: Dell Computer Science Hall/Bill and Melinda Gates Computer Science Complex - Amendment of the FY 2012-2017 Capital Improvement Program to increase the total project cost; approval to revise funding sources; and appropriation of funds and authorization of expenditure (Final Board approval)

The Board approved the recommendations for the Dell Computer Science Hall/Bill and Melinda Gates Computer Science Complex project at The University of Texas at Austin as follows:

Project No.:	102-254		
Architecturally or Historically Significant:	Yes	<input checked="" type="checkbox"/>	No <input type="checkbox"/>
Project Delivery Method:	Construction Manager-at-Risk		
Substantial Completion Date:	March 2013		
Total Project Cost:	<u>Source</u>	<u>Former</u>	<u>Current</u>
	Gifts	\$40,000,000	\$ 40,000,000
	Permanent University Fund Bond Proceeds	\$20,000,000	\$ 20,000,000
	Revenue Financing System Bond Proceeds	\$38,480,000	\$ 38,480,000
	Designated Funds	\$ 0	\$ 23,000,000
		\$98,480,000	\$121,480,000

Investment Metrics:

By 2016

- Provide one contiguous building complex for all current and projected departmental resources
  - Provide space to expand tenure-track faculty from 42 to 60
  - Increase external research funding by \$10,000,000
  - Provide 10 flexible research “pods”
  - Provide 30 classrooms within the complex
- a. amend the Fiscal Year 2012-2017 Capital Improvement Program (CIP) to increase the total project cost from \$98,480,000 to \$121,480,000;
  - b. revise the funding sources to include \$23,000,000 from Designated Funds; and
  - c. appropriate and authorize expenditure of \$23,000,000 from Designated Funds.

Previous Board Actions

**Dell Computer Science Hall** - On May 11, 2006, the project was included in the CIP with a total project cost of \$67,000,000 with funding from Gifts, was named the Dell Computer Science Hall, and was designated as architecturally significant. On November 16, 2006, the Board revised the funding to \$47,000,000 from Gifts and \$20,000,000 from Permanent University Fund (PUF) Bond Proceeds.

**Computer Sciences Building - Phase 2** - On November 9, 2007, the project was included in the CIP with a total project cost of \$53,000,000 with funding from Gifts. Following Board action on May 13, 2010, the entire project consisting of the Dell Computer Science Hall and the Computer Sciences Building - Phase 2 was named as the Bill & Melinda Gates Computer Science Complex.

**Dell Computer Science Hall/Bill and Melinda Gates Computer Science Complex** - On May 13, 2010, the Board combined the Dell Computer Science Hall and the Bill & Melinda Gates Computer Science Complex projects and redesignated the project as the Dell Computer Science Hall/Bill and Melinda Gates Computer Science Complex. On that date, the Board also approved design development, revised the funding and total project cost to \$98,480,000 with funding of \$40,000,000 from Gifts, \$20,000,000 from PUF Bond Proceeds, and \$38,480,000 from Revenue Financing System Bond Proceeds.

Project Description

The Dell Computer Science Hall/Bill and Melinda Gates Computer Science Complex will replace Taylor Hall of Engineering and the basement of Chilling Station 2 and will provide space for faculty, researchers, visitors, postdoctoral assistants, graduate students, research labs, instructional labs, classrooms, electronic seminar rooms, and lecture halls.

The approximately 230,000 gross square foot (GSF) complex will be linked to the existing Applied Computational Engineering and Sciences (ACES) Building to the north.

The new computer science complex will ultimately provide approximately 143,000 net assignable square feet (NASF) in contrast to today's 82,000 NASF scattered among seven buildings. Initially, the project proceeded into construction with just over 54,000 NASF built out with a goal of finishing out additional space as funds became available. The increase in funding will finish out the remaining interior space of approximately 89,000 NASF without a significant schedule impact.

16. U. T. Austin: Darrell K Royal - Texas Memorial Stadium - Athletics Offices Infill and Stadium Maintenance and Renovation project - Amendment of the FY 2012-2017 Capital Improvement Program to increase the total project cost; appropriation of funds and authorization of expenditure; and resolution regarding parity debt (Final Board approval)

The Board approved the recommendations for the Darrell K Royal - Texas Memorial Stadium - Athletics Offices Infill and Stadium Maintenance and Renovation project at The University of Texas at Austin as follows:

Project No.:	102-577		
Project Delivery Method:	Construction Manager-at-Risk		
Substantial Completion Date:	August 2012		
Total Project Cost:	<u>Source</u>	<u>Former</u>	<u>Current</u>
	Gifts	\$ 5,700,000	\$ 5,700,000
	Revenue Financing System Bond Proceeds	<u>\$12,000,000</u>	<u>\$28,000,000</u>
		\$17,700,000	\$33,700,000

- a. amend the Fiscal Year 2012-2017 Capital Improvement Program (CIP) to increase the total project cost from \$17,700,000 to \$33,700,000;
- b. appropriate and authorize expenditure of an additional \$16,000,000 from Revenue Financing System Bond Proceeds; and
- c. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that
  - parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt;
  - sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt



Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System; and

- U. T. Austin, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$16,000,000.

### Debt Service

The \$16,000,000 in aggregate Revenue Financing System debt will be repaid from athletics revenues, including network revenues. Annual debt service on the \$16,000,000 Revenue Financing System debt is expected to be \$1,283,881. The institution's debt service coverage is expected to be at least 2.4 times and average 2.7 times over FY 2012-2017.

### Previous Board Actions

On August 12, 2010, the project was included in the CIP with a total project cost of \$17,700,000 with funding of \$12,000,000 from Revenue Financing System Bond Proceeds and \$5,700,000 from Gifts. On January 21, 2011, the Chancellor approved the design development plans and authorized expenditure of funds.

### Project Description

The original scope of work includes infill of the North End Zone seventh floor of the Darrell K Royal - Texas Memorial Stadium to provide office space for Intercollegiate Athletics. The increase in funding is to provide indoor training and rehabilitation areas in the lower level of the North End Zone and network infrastructure extensions. This additional scope of work will be performed in lieu of a portion of the original structural repair, waterproofing, other maintenance and renovation work, and bleacher replacement to the older sections of the Stadium.

The training and rehabilitation areas are needed to provide equal accommodation for Women's Athletics and all other sports teams, excluding football, and to consolidate these services with the Intercollegiate Athletics offices, compliance offices, and academic areas in the North End Zone of the Stadium. Currently, these services are being performed at the Moncrief-Neuhaus Athletics Center, which is overcrowded, limited in space, and does not meet Intercollegiate Athletics' obligation to provide first-rate medical aid to all students.

The network infrastructure extensions will provide better coverage for U. T. athletic events.

REPORT OF THE TECHNOLOGY TRANSFER AND RESEARCH COMMITTEE  
(Page 191).--There were no items from the Technology Transfer and Research  
Committee to report in open session.

1. U. T. System: Report on Technology Commercialization

This item was for consideration only by the Committee (see Committee Minutes).

2. U. T. System: U. T. Horizon Fund update

This item was for consideration only by the Committee (see Committee Minutes).

3. U. T. System: Research and Commercialization Search Engine update

This item was for consideration only by the Committee (see Committee Minutes).

4. U. T. System: Report on Academic Industry Roundtable "Fresh AIR"

This item was for consideration only by the Committee (see Committee Minutes).

APPROVAL OF STANDING COMMITTEE RECOMMENDATIONS.--At 12:15 p.m., the Board voted and approved the Standing Committee recommendations.

SCHEDULED MEETING.--The next regularly scheduled meeting will be held on November 9-10, 2011, in Austin, Texas.

ADJOURNMENT.--There being no further business, the meeting was adjourned at 12:15 p.m.

/s/ Carol A. Felkel  
Secretary to the Board of Regents

October 31, 2011

**THE UNIVERSITY OF TEXAS SYSTEM ADMINISTRATION  
DOCKET NO. 147**

The Docket for The University of Texas System Administration and the Dockets recommended by the respective presidents and prepared by the institutions listed below are submitted for discussion and appropriate action regarding approval of the Docket at the meeting of the U. T. System Board of Regents on August 24-25, 2011. With the exception of Item 1 on Docket - 2 that pertains to a dual appointment of Chancellor Cigarroa, the Chancellor, the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Health Affairs, and the Vice Chancellor and General Counsel concur in these recommendations. The Chancellor will abstain from the recommendation on Item 1 on Docket - 2.

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**U. T. SYSTEM ADMINISTRATION  
AUGUST 24-25, 2011**

**CONTRACTS**

The following contracts have been administratively approved by the Executive Vice Chancellor for Business Affairs and are recommended for approval by the U. T. System Board of Regents:

**GENERAL CONTRACTS**

**FUNDS COMING IN**

1. Agency: City of Andrews, Texas  
Funds: Projected revenue for life of this project is \$4,500,000 over the term of the contract.  
Period: Commencing on June 13, 2011, and continuing for a period of 30 years after the operation commencement date, which shall not be later than December 31, 2035.  
Description: Approval of a Municipal Water Contract and Amendment that incorporates an additional 19,120 acres of land in West Texas from Blocks 01 and 02 for use as a municipal water supply to the City of Andrews, Texas.
  
2. Agency: Joint Admission Medical Program (JAMP) Council  
Funds: The 82<sup>nd</sup> Texas Legislature allocated \$7,006,794 to the Texas Higher Education Coordinating Board (THECB) for JAMP. The funds were transferred from the THECB to U. T. System to be administered by the Texas Medical and Dental Schools Application Service (TMDSAS) for the use of the JAMP Council, which delegated the administrative duties of the program to TMDSAS.  
Period: September 1, 2011 through August 31, 2013  
Description: For TMDSAS to perform the administrative duties of the JAMP as delegated by the JAMP Council.

**FUNDS GOING OUT**

3. Agency: NextJob, Inc.  
Funds: \$5,340,000  
Period: April 1, 2011 through April 1, 2017  
Description: NextJob, Inc. agrees to provide outplacement services for U. T. employees who are eligible to file an uncontested unemployment claim due to lack of work.

**U. T. SYSTEM ADMINISTRATION  
AUGUST 24-25, 2011**

**OTHER MATTERS**

**APPROVAL OF DUAL POSITIONS OF HONOR, TRUST, OR PROFIT**

In accordance with the Regents' *Rules and Regulations*, Rule 30103, the following item is submitted for approval by the U. T. System 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 System and there is no conflict between holding this position and the appointment of Chancellor Cigarroa with The University of Texas System Administration. By approval of this item, the Board is also asked to find that holding this position is of benefit to the State of Texas and The University of Texas and there is no conflict between the position and the University.

1.    Name:               Francisco G. Cigarroa, M.D.  
      Title:              Chancellor  
      Position:          Member, President's Advisory Commission on Educational  
                            Excellence for Hispanics  
      Period:             Beginning May 26, 2011 without term  
      Compensation:     None  
      Description:       President Obama has appointed Chancellor Cigarroa to the  
                            President's Advisory Commission on Educational Excellence  
                            for Hispanics. The Commission is charged with providing  
                            input and advice on the development, implementation, and  
                            coordination of education policy and programs that impact the  
                            Hispanic community.



U. T. SYSTEM ADMINISTRATION  
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OTHER MATTERS (CONTINUED)

LOGOS, COLORS, AND MASCOTS

1. Logo: **Finish@UT: Tailored for your success**  
Description: The University of Texas System is launching an online initiative to address the needs of the adults in Texas who have been successful in course completion but have not earned a degree. The Bachelor's Completion Program is building upon the demonstrated success of U. T. System universities in both completion programs and distance learning. The confluence of these programs with innovation of flexible course offerings and intensive student support provides the foundation for the program. Based on this input from focus groups, the program brand **Finish@UT: Tailored for your success** was developed (see graphic below). This logo and tag line have been approved by the campuses, the Office of Academic Affairs, the Office of External Relations, and Chancellor Cigarroa. A website for the program will be integrated into the U. T. System University of Texas Online Consortium webportal. The marketing plan will include social media, web advertising, search engine optimization, email marketing, radio, and direct mail to be implemented beginning in October 2011. Partnerships with selected businesses will be developed in FY 2012. Launch celebrations and promotional recruiting activities will be held in the fall and spring.



**U. T. SYSTEM ADMINISTRATION  
AUGUST 24-25, 2011**

**OTHER MATTERS (CONTINUED)**

**APPROVAL OF NEWLY COMMISSIONED U. T. SYSTEM PEACE OFFICERS**

In accordance with Chapter 51.203 of the *Texas Education Code*, the U. T. System Board of Regents is requested to approve the commissioning of the individuals listed below as peace officers effective June 17, 2011. 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>Institution</u>
Javier Barrera	U. T. Health Science Center - Houston
Jorge A. Cuellar	U. T. Permian Basin
Ruth M. Jasso	U. T. Austin
David A. Justice	U. T. Health Science Center - Houston
Veronica Rangel	U. T. San Antonio
Adam H. Snowden	U. T. Health Science Center - Houston
Adan M. Zavala	U. T. Austin

**U. T. SYSTEM  
AUGUST 24-25, 2011**

**REAL ESTATE REPORT**

**THE UNIVERSITY OF TEXAS SYSTEM  
SEPARATELY INVESTED ASSETS  
Managed by U. T. System**

Summary Report at May 31, 2011

**FUND TYPE**

	Current Purpose Restricted		Endowment and Similar Funds		Annuity and Life Income Funds		TOTAL	
	Book	Market	Book	Market	Book	Market	Book	Market
<b>Land and Buildings:</b>								
Ending Value 2/28/2011	\$ 3,132,146	\$ 29,261,130	\$ 97,657,765	\$ 262,300,164	\$ 1,601,467	\$ 3,335,084	\$ 102,391,378	\$ 294,896,378
Increase or Decrease	1,922	820,593	4	830,934	-	-	1,926	1,651,527
Ending Value 5/31/2011	\$ 3,134,068	\$ 30,081,723	\$ 97,657,769	\$ 263,131,098	\$ 1,601,467	\$ 3,335,084	\$ 102,393,304	\$ 296,547,905
<b>Other Real Estate:</b>								
Ending Value 2/28/2011	\$ 53,993	\$ 53,993	\$ 134,891	\$ 134,891	\$ -	\$ -	\$ 188,885	\$ 188,885
Increase or Decrease	(1,591)	(1,591)	(8,880)	(8,880)	-	-	(10,471)	(10,471)
Ending Value 5/31/11	\$ 52,402	\$ 52,402	\$ 126,011	\$ 126,011	\$ -	\$ -	\$ 178,414	\$ 178,414

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

Details of individual assets by account furnished on request.

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

**U. T. ARLINGTON  
AUGUST 24-25, 2011**

**CONTRACTS**

The following contract has been administratively approved by the President or his delegate and the Executive Vice Chancellor for Academic Affairs and is recommended for approval by the U. T. System Board of Regents:

**GENERAL CONTRACTS**

**FUNDS COMING IN**

1. Agency: Texas Commission on Environmental Quality (TCEQ)  
Funds: \$1,092,296  
Period: September 1, 2011 through August 31, 2012  
Description: U. T. Arlington and the Division for Enterprise Development entered into an agreement with TCEQ in August 2010 to provide training, inspection, and testing services for Stage II Vapor Recovery Compliance Program Services within the City of Houston. The original contract amount was \$616,096 with an expiration date of August 31, 2011. The TCEQ has requested that the contract be extended through August 31, 2012, and that \$476,200 be added to the contract resulting in an overall contract value of \$1,092,296.

**U. T. ARLINGTON**  
AUGUST 24-25, 2011

## **CHANGES TO ADMISSIONS CRITERIA**

The following changes, summarized and shown in congressional style below to the admission criteria and criteria for the award of institutional competitive scholarships or fellowships, are proposed for inclusion in the Graduate Catalog at U. T. Arlington. The changes have been administratively approved by the Executive Vice Chancellor for Academic Affairs and are recommended for approval by the U. T. System Board of Regents:

### **Summary of Changes to Admission Criteria Proposed Changes to Admission Standards at U. T. Arlington June 2011**

#### **Summary of Proposed Changes to Admission Standards**

The Political Science Department considers four factors in admission decisions for graduate students:

1. A bachelor's degree from an accredited college or university (a degree in political science is not required)
2. An undergraduate GPA of 3.0 as calculated by the Office of Graduate Studies over the last 60 hours of undergraduate study
3. A written statement of purpose
4. Three letters of recommendation

Previously, the Political Science program considered a student for probationary admission if the student had a GPA between 2.50 and 2.69, was an undergraduate political science major with a GPA in political science classes of 3.00 or greater, and they met the remainder of requirements. Political Science proposes to no longer consider any student with an undergraduate GPA of less than 2.70 for admission.

#### **Admission Standards at U. T. Arlington**

...

#### **Department of Political Science:**

The program is committed to a holistic admissions approach. As a result, admissions criteria include: grade point averages, letters of recommendation, personal statements, advanced degrees, graduate courses taken as a degreed student or in another

U. T. ARLINGTON  
AUGUST 24-25, 2011

**CHANGES TO ADMISSIONS CRITERIA (CONTINUED)**

program, and professional work experience. The major purpose of the admissions criteria is to promote access to our program, but maintain standards that will enable the department to determine if the applicant demonstrates the requisite skill level to master the requirements of the program.

Applicants are required to submit an official transcript(s), three (3) letters of recommendation, and a personal statement. The department will review the application package in its entirety. The package is evaluated to determine if a student has achieved a 3.0 grade point average (GPA) in the last 60 hours of their undergraduate work as calculated by the Graduate School, and meets other admission requirements. If a student has already earned an advanced degree, the department will evaluate the student's academic performance in obtaining that degree equally with the undergraduate performance. International students must meet or exceed the minimum university standard on the TOEFL (550 for paper examination, 213 for computer examination), TOEFL iBT (total score of 79 with sectional scores that meet or exceed 22 for the writing section, 21 for the speaking section, 20 for the reading section, and 16 for the listening section), TSE (40), or the IELTS (6.5).

The criteria for admission below are used, without specific weights, as positive indicators of potential success in the program. All four criteria for unconditional admission must be met in order to receive unconditional admission.

1. A bachelor's degree from an accredited general or specific program. A bachelor's degree in political science, however, is not required.
2. An undergraduate GPA of 3.00 or greater (as calculated by the Graduate School) in the last 60 credit hours of completing an undergraduate B.A. or B.S. degree from an accredited institution (verified by the Graduate School from official transcripts from each college or university previously attended).
3. A written statement (500 words) explaining the applicant's reasons for graduate study in political science.
4. Three letters of recommendation (including at least two from university/college faculty) mailed directly from the recommenders to the graduate advisor of political science. Letters of recommendation must favorably assess the applicant's potential success in a graduate program and in the field of political science.

~~Given the above standards, the department has established the following guidelines regarding admission status:~~

- ~~1. If the GPA is 3.00 or greater and the remainder of the application package is satisfactory, then the student would be admitted to our graduate program unconditionally.~~

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**CHANGES TO ADMISSIONS CRITERIA (CONTINUED)**

- ~~2. If the GPA is between 2.70 and 2.99 and the remainder of the application package is satisfactory, then the student would be admitted to our graduate program on probationary status (discussed below).~~
- ~~3. If the GPA is between 2.50 and 2.69, the student was an undergraduate political science major with a GPA in political science classes of 3.00 or greater, and the remainder of the application package is satisfactory, then the student would be admitted to our graduate program on probationary status (discussed below).~~

**Probationary Status**

Students who do not qualify for unconditional admission may be considered for probationary admission if they satisfy any three of the four criteria for unconditional admission. Students with a reported grade point average below 2.70, however, will not be eligible for probationary admission.

**U. T. ARLINGTON**  
**AUGUST 24-25, 2011**

**NEW AWARD OF TENURE AND EMERITUS APPOINTMENTS**

The following personnel actions involving new award of tenure and emeritus appointments have been administratively approved by the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the 2012 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>College of Business</b>		
Economics		
Chi-Young Choi	Assistant Professor (NT)	Associate Professor (T)
Marketing		
Douglas B. Grisaffe	Assistant Professor (NT)	Associate Professor (T)
Management		
M. Ann McFadyen	Assistant Professor (NT)	Associate Professor (T)
Kenneth Price	Professor (T)	Emeritus Professor (NT)
<b>College of Education and Health Professions</b>		
Curriculum and Instruction		
Carol Sue Marshall	Professor (T)	Emeritus Professor (NT)
Kim Ruebel	Assistant Professor (NT)	Associate Professor (T)
Kinesiology		
Larry Nelson	Assistant Professor (NT)	Associate Professor (T)
<b>College of Engineering</b>		
Bioengineering		
Jian Yang	Assistant Professor (NT)	Associate Professor (T)
Civil Engineering		
John Matthys	Professor (T)	Emeritus Professor (NT)
Computer Science and Engineering		
Donggang Liu	Assistant Professor (NT)	Associate Professor (T)
Matthew Wright	Assistant Professor (NT)	Associate Professor (T)



**U. T. ARLINGTON**  
**AUGUST 24-25, 2011**

**NEW AWARD OF TENURE AND EMERITUS APPOINTMENTS (CONTINUED)**

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>College of Engineering (Continued)</b>		
Electrical Engineering Alfred Potvin	Professor (T)	Emeritus Professor (NT)
Materials Science Engineering Yaowu Hao	Assistant Professor (NT)	Associate Professor (T)
Mechanical and Aerospace Engineering Bernd Chudoba	Assistant Professor (NT)	Associate Professor (T)
<b>College of Liberal Arts</b>		
Art and Art History Andy Anderson	Professor (T)	Emeritus Professor (NT)
Communication Chyng-Yang Jang	Assistant Professor (NT)	Associate Professor (T)
English Desiree Henderson Laurin Porter Timothy Richardson	Assistant Professor (NT) Professor (T) Assistant Professor (NT)	Associate Professor (T) Emeritus Professor (NT) Associate Professor (T)
History George Green Kenneth Philp	Professor (T) Professor (T)	Emeritus Professor (NT) Emeritus Professor (NT)
Linguistics and TESOL Jerold Edmondson	Professor (T)	Emeritus Professor (NT)
Modern Languages Ignacio Ruiz-Perez	Assistant Professor (NT)	Associate Professor (T)
Music Martha Walvoord Larry Wiley	Assistant Professor (NT) Professor (T)	Associate Professor (T) Emeritus Professor (NT)
Philosophy and Humanities Miriam Byrd	Assistant Professor (NT)	Associate Professor (T)

**U. T. ARLINGTON**  
**AUGUST 24-25, 2011**

**NEW AWARD OF TENURE AND EMERITUS APPOINTMENTS (CONTINUED)**

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>College of Liberal Arts (Continued)</b>		
Political Science		
Brent Boyea	Assistant Professor (NT)	Associate Professor (T)
<b>College of Science</b>		
Chemistry and Biochemistry		
Peter Kroll	Assistant Professor (NT)	Associate Professor (T)
Subhrangsu S. Mandal	Assistant Professor (NT)	Associate Professor (T)
Martin Pomerantz	Professor (T)	Emeritus Professor (NT)
Zoltan Schelly	Professor (T)	Emeritus Professor (NT)
Kevin A. Schug	Assistant Professor (NT)	Associate Professor (T)
Mathematics		
Danny Dyer	Professor (T)	Emeritus Professor (NT)
Physics		
Truman Black	Professor (T)	Emeritus Professor (NT)
Wei Chen	Assistant Professor (NT)	Associate Professor (T)
Roy Rubins	Professor (T)	Emeritus Professor (NT)
Psychology		
Jared B. Kenworthy	Assistant Professor (NT)	Associate Professor (T)
Timothy N. Odegard	Assistant Professor (NT)	Associate Professor (T)
<b>School of Social Work</b>		
Santos Hernandez	Professor (T)	Emeritus Professor (NT) Emeritus Dean (NT)
<b>School of Urban and Public Affairs</b>		
James Cornehl	Professor (T)	Emeritus Professor (NT)

**U. T. AUSTIN  
AUGUST 24-25, 2011**

**CONTRACTS**

The following contracts have been administratively approved by the President or his delegate and the Executive Vice Chancellor for Academic Affairs and are recommended for approval by the U. T. System Board of Regents:

**GENERAL CONTRACTS**

**FUNDS GOING OUT**

1. Agency: Education Service Center Region 13  
Funds: \$1,155,000  
Period: March 29, 2011 through August 31, 2012  
Description: Texas Education Agency is providing funding through the "English I, II, and III End of Year Course Success Professional Development" grant to the U. T. Austin Institute for Public School Initiatives to produce professional development modules, online tools and resources, and training sessions for the teachers and administrators who are participating in the professional development program. \$1,155,000 of the grant is allocated to the processing and payment of travel expenses, stipends, and work-time reimbursements to the participants. The grant stipulates that the Institute will subcontract with Education Service Center Region 13 to distribute the \$1,100,000 allocated specifically for the payments. As compensation, the Service Center will assess a 5% service fee on the amount of money processed, not to exceed \$55,000. In addition, the Service Center will maintain financial records of payment and invoice the Institute for services rendered and participant stipends and reimbursements. Contract negotiations were not completed in time for the May 2011 docket deadline.

**U. T. AUSTIN  
AUGUST 24-25, 2011**

**CONTRACTS (CONTINUED)**

**GENERAL CONTRACTS (CONTINUED)**

**FUNDS GOING OUT (CONTINUED)**

2. Agency: Ground Options, LLC dba GO Ground Options  
Funds: \$2,225,000 estimated for the initial three-year term and renewal option. Fees consist of a \$10,000 initial setup fee, a \$40,000 annual program management fee, and estimated bus transportation charges at \$1,203,000 for the initial three-year term and \$812,000 for the two-year renewal option  
Period: May 13, 2011 through May 9, 2014 with a two-year renewal option  
Description: GO Ground Options will provide a ground transportation management program for U. T. Austin activities that involve use of charter buses and other ground transportation services. Campus users will be primarily the Intercollegiate Athletics Department for transporting teams, staff, and camp participants, followed by other campus departments for various purposes. GO Ground Options uses a web-based proprietary technology platform that will permit the University to find and secure ground transportation services on an event basis. GO Ground Options will recruit and contract with transportation providers to participate in the program after the transportation providers have been evaluated by GO Ground Options based on (a) defined safety and service delivery criteria, (b) favorable rates, and (c) availability. GO Ground Options will ensure that control and reporting standards for safety among the bus operators in the network will exceed that of the Federal Motor Carrier Safety Administration. This management program will provide a more efficient means of securing ground transportation while helping to ensure greater travel safety. Contract negotiations were not completed in time for the May 2011 docket deadline.

**U. T. AUSTIN  
AUGUST 24-25, 2011**

**AMENDMENTS TO THE 2010-11 BUDGET**

**TENURE APPOINTMENTS**

**NEW APPOINTMENTS WITH TENURE, AWARD OF TENURE,  
AND EMERITUS APPOINTMENTS**

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

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
<b>COLLEGE OF LIBERAL ARTS</b>					
Anthropology					
1. James B. Brow*					4117
From: Professor (T)		100	09	97,550	
To: Professor Emeritus	9/1-5/31			0	
*Professor Brow's Emeritus appointment is retroactive to 9/1/2010.					
Classics					
2. Michael Gwyn Morgan					4112
From: Professor (T)		100	09	82,414	
To: Professor Emeritus	1/16-5/31			0	
English					
3. Thomas M. Cable					4106
From: Jane Weinert Blumberg Chair in English and Professor (T) Chair Supplement		100 SUPLT	09 09	110,202 3,000	
To: Jane Weinert Blumberg Chair Emeritus in English	1/16-5/31			0	

**U. T. AUSTIN  
AUGUST 24-25, 2011**

**AMENDMENTS TO THE 2010-11 BUDGET (CONTINUED)**

**TENURE APPOINTMENTS (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>	
<b>COLLEGE OF LIBERAL ARTS (Continued)</b>					
<b>Germanic Studies</b>					
4. Hans-Bernhard Moeller					4113
From: Associate Professor (T)		100	09	58,210	
To: Associate Professor Emeritus	1/16-5/31			0	
<b>History</b>					
5. Guy Howard Miller					4111
From: Distinguished Teaching Associate Professor (T)		100	09	78,408	
To: Distinguished Teaching Associate Professor Emeritus	1/16-5/31			0	
6. Richard H. Pells					4115
From: Professor (T)		100	09	81,550	
To: Professor Emeritus	1/16-5/31			0	
<b>Middle Eastern Studies</b>					
7. Harold A. Liebowitz					4108
From: Professor (T)		100	09	78,100	
To: Professor Emeritus	1/16-5/31			0	

U. T. AUSTIN  
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AMENDMENTS TO THE 2010-11 BUDGET (CONTINUED)

TENURE APPOINTMENTS (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 (Continued)					
Philosophy					
8. Herbert I. Hochberg					4107
From: Professor (T)		100	09	92,700	
To: Professor Emeritus	1/16-5/31			0	
9. Alexander Mourelatos					4114
From: Professor (T)		100	09	85,100	
To: Professor Emeritus	1/16-5/31			0	
Psychology					
10. Peter F. MacNeilage					4110
From: Professor (T)		100	09	90,091	
To: Professor Emeritus	1/16-5/31			0	
Sociology					
11. Thomas W. Pullum					4116
From: Professor (T)		100	09	93,000	
To: Professor Emeritus	1/16-5/31			0	
Spanish and Portuguese					
12. Marta E. Lujan					4109
From: Professor (T)		100	09	63,500	
To: Professor Emeritus	1/16-5/31			0	

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AMENDMENTS TO THE 2010-11 BUDGET (CONTINUED)

TRANSFERS OF FUNDS

<u>Description</u>	<u>\$ Amount</u>	<u>RBC #</u>
PLANT FUNDS		
Project Management and Construction Services		
13. Amount of Transfer:	1,862,918	4033
From: Intercollegiate Athletics - Operating Income		
To: L. Theo Bellmont Hall - Renovations to Room 528		
<p>Transfer to provide supplemental funding for the renovation project in Room 528 of L. Theo Bellmont Hall. The former two-story gymnasium has been split into two floors, resulting in the addition of approximately 6,400 square feet of new floor space. Renovations include the upgrade of electrical, fire, and life safety systems and the installation of multimedia equipment. The upper floor will provide additional academic space for the Department of Kinesiology and Health Education. The lower floor will be used by the University and Intercollegiate Athletics for development purposes. The lower floor will also be available to the University for appropriate general activities.</p>		
14. Amount of Transfer:	949,500	4023
From: Housing and Food Service - General Repair And Replacement Reserve		
To: Beauford H. Jester Center - Renovation of Second Floor Dining		
<p>Transfer to provide supplemental funding for Phase II renovations of the second floor dining area improvements in Beauford H. Jester Center Residence Hall. Phase II focuses on finishes in the southeast and east seating areas and the creation of a new serving area and beverage station.</p>		



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AMENDMENTS TO THE 2010-11 BUDGET (CONTINUED)

TRANSFERS OF FUNDS (CONTINUED)

<u>Description</u>	<u>\$ Amount</u>	<u>RBC #</u>
PLANT FUNDS (Continued)		
Project Management and Construction Services (Continued)		
15. Amount of Transfer:	500,000	4032
From: Law School Excellence Funds - Operating Income		
To: Stephen D. Susman (Law School) Academic Center - All Expenses		

Transfer to provide funding for relocations that were needed to facilitate the recently completed Law School Renovations project and for moving and furnishing expenses at the Law School Academic Center, officially known as the Stephen D. Susman Academic Center.

**U. T. AUSTIN**  
**AUGUST 24-25, 2011**

**NEW AWARD OF TENURE AND EMERITUS APPOINTMENTS**

The following personnel actions involving new award of tenure and emeritus appointments have been administratively approved by the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the 2012 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>School of Architecture</b>		
Architecture		
Ulrich C. Dangel	Assistant Professor (NT)	Associate Professor (T)
Hope H. Hasbrouck	Assistant Professor (NT)	Associate Professor (T)
Elizabeth J. Mueller	Assistant Professor (NT)	Associate Professor (T)
<b>College of Business Administration</b>		
Accounting		
Volker Laux	Assistant Professor (NT)	Associate Professor (T)
Michael G. Williamson	Assistant Professor (NT)	Associate Professor (T)
Management		
Ethan R. Burris	Assistant Professor (NT)	Associate Professor (T)
Pamela R. Haunschild	Professor (T)	Professor Emeritus (NT)
<b>College of Communication</b>		
Communication Studies		
Rene M. Dailey	Assistant Professor (NT)	Associate Professor (T)
Journalism		
Regina G. Lawrence	New Hire	Professor (T)
Radio-Television-Film		
Donald W. Howard	Assistant Professor (NT)	Associate Professor (T)
<b>College of Education</b>		
Kinesiology and Health		
Waneen W. Spirduso	Professor (T)	Professor Emeritus (NT)
<b>College of Engineering</b>		
Aerospace Engineering and Engineering Mechanics		
Venkatramanan Raman	Assistant Professor (NT)	Associate Professor (T)

**U. T. AUSTIN**  
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**NEW AWARD OF TENURE AND EMERITUS APPOINTMENTS (CONTINUED)**

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>College of Engineering (Continued)</b>		
Biomedical Engineering		
Andrew K. Dunn	Assistant Professor (NT)	Associate Professor (T)
Pengyu Ren	Assistant Professor (NT)	Associate Professor (T)
Michael S. Sacks	New Hire	Professor (T)
Laura J. Suggs	Assistant Professor (NT)	Associate Professor (T)
James W. Tunnell	Assistant Professor (NT)	Associate Professor (T)
Xiaojing Zhang	Assistant Professor (NT)	Associate Professor (T)
Civil, Architectural, and Environmental Engineering		
Atlia Novoselac	Assistant Professor (NT)	Associate Professor (T)
Electrical and Computer Engineering		
Derek Chiou	Assistant Professor (NT)	Associate Professor (T)
Mechanical Engineering		
George Biros	New Hire	Professor (T)
Erich A. Schneider	Assistant Professor (NT)	Associate Professor (T)
Petroleum and Geosystems Engineering		
Quoc P. Nguyen	Assistant Professor (NT)	Associate Professor (T)
<b>College of Fine Arts</b>		
Art and Art History		
Beili Liu	Assistant Professor (NT)	Associate Professor (T)
Cherise Smith	Assistant Professor (NT)	Associate Professor (T)
John S. Stoney	Assistant Professor (NT)	Associate Professor (T)
Music		
Eric A. Drott	Assistant Professor (NT)	Associate Professor (T)
Theatre and Dance		
Michelle Habeck	Assistant Professor (NT)	Associate Professor (T)

**U. T. AUSTIN  
AUGUST 24-25, 2011**

**NEW AWARD OF TENURE AND EMERITUS APPOINTMENTS (CONTINUED)**

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>Jackson School of Geosciences</b>		
Geological Sciences Meinhard B. Cardenas	Assistant Professor (NT)	Associate Professor (T)
<b>School of Human Ecology</b>		
Human Development and Family Sciences Karen L. Fingerman	New Hire	Professor (T)
Nutritional Sciences Michele R. Forman	New Hire	Professor (T)
<b>School of Information</b>		
Information David B. Gracy II	Professor (T)	Professor Emeritus (NT)
<b>College of Liberal Arts</b>		
African Diaspora Studies Kali N. Gross	New Hire	Associate Professor (T)
Classics Rabun M. Taylor	Assistant Professor (NT)	Associate Professor (T)
English Meta D. Jones	Assistant Professor (NT)	Associate Professor (T)
Government Zachary S. Elkins	Assistant Professor (NT)	Associate Professor (T)
History Yoav Di-Capua	Assistant Professor (NT)	Associate Professor (T)
Linguistics Jason M. Baldrige	Assistant Professor (NT)	Associate Professor (T)
Middle Eastern Studies Karen Grumberg	Assistant Professor (NT)	Associate Professor (T)

**U. T. AUSTIN**  
**AUGUST 24-25, 2011**

**NEW AWARD OF TENURE AND EMERITUS APPOINTMENTS (CONTINUED)**

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>College of Liberal Arts (Continued)</b>		
Psychology Jennifer S. Beer	Assistant Professor (NT)	Associate Professor (T)
Sociology Shannon E. Cavanagh	Assistant Professor (NT)	Associate Professor (T)
Spanish and Portuguese Omoniyi Afolabi	Assistant Professor (NT)	Associate Professor (T)
<b>College of Natural Sciences</b>		
Astronomy Milos Milosavljevic	Assistant Professor (NT)	Associate Professor (T)
Biological Sciences - Integrative Biology Christine V. Hawkes Claus O. Wilke	Assistant Professor (NT) Assistant Professor (NT)	Associate Professor (T) Associate Professor (T)
Biological Sciences - Molecular Cell and Developmental Biology Jeffrey M. Gross	Assistant Professor (NT)	Associate Professor (T)
Chemistry and Biochemistry Bradley J. Holliday	Assistant Professor (NT)	Associate Professor (T)
Marine Science Gloria J. Holt	Professor (T)	Professor Emeritus (NT)
Mathematics Natasa Pavlovic Gordon Zitkovic	Assistant Professor (NT) Assistant Professor (NT)	Associate Professor (T) Associate Professor (T)
<b>School of Nursing</b>		
Nursing Angela P. Clark	Associate Professor (T)	Associate Professor Emeritus (NT)

**U. T. AUSTIN  
AUGUST 24-25, 2011**

**NEW AWARD OF TENURE AND EMERITUS APPOINTMENTS (CONTINUED)**

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>College of Pharmacy</b> Pharmacy Hugh D. Smyth	Assistant Professor (NT)	Associate Professor (T)
<b>LBJ School of Public Affairs</b> Public Affairs Jeremi Suri	New Hire	Professor (T)
<b>School of Social Work</b> Social Work Michele A. Rountree	Assistant Professor (NT)	Associate Professor (T)

**U. T. AUSTIN  
AUGUST 24-25, 2011**

**OTHER MATTERS**

**APPROVAL OF DUAL POSITIONS OF HONOR, TRUST, OR PROFIT**

The following item has been approved by the Executive Vice Chancellor for Academic Affairs in accordance with the Regents' *Rules and Regulations*, Rule 30103 and is submitted for approval by the U. T. System 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 this position and the appointment of Dr. Boyter with The University of Texas at Austin. By approval of this item, the Board is also asked to find that holding this position is of benefit to the State of Texas and The University of Texas and there is no conflict between the position and the University.

1.     **Name:**                 Gwyn A. Boyter, Ph.D.  
       **Title:**                 Superintendent, University of Texas - University Charter School  
  
       **Position:**            Member, Texas Special Education Continuing Advisory Committee  
  
       **Period:**             July 1, 2011 through February 15, 2015  
       **Compensation:**       None  
       **Description:**        Governor Rick Perry has appointed Dr. Boyter to the Texas Special Education Continuing Advisory Committee. Members provide policy guidance to the Texas Education Agency with respect to special education and related services for children with disabilities in Texas. The Committee serves as a liaison between the statewide populace, the Texas Education Agency, and other organizations within the executive branch of the government of the State of Texas. Members are appointed to staggered four-year terms.

**U. T. BROWNSVILLE**  
**AUGUST 24-25, 2011**

**NEW AWARD OF TENURE APPOINTMENTS**

The following personnel actions involving new award of tenure appointments have been administratively approved by the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the 2012 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>College of Education</b>		
Health and Human Performance Phillip Conatser	Assistant Professor (NT)	Associate Professor (T)
Language, Literacy, and Intercultural Studies Alma D. Rodriguez	Assistant Professor (NT)	Associate Professor (T)
<b>College of Liberal Arts</b>		
Behavioral Sciences Jared Montoya	Assistant Professor (NT)	Associate Professor (T)
William Yaworsky	Assistant Professor (NT)	Associate Professor (T)
Communication Ben Wasike	Assistant Professor (NT)	Associate Professor (T)
Sharaf Rehman	Associate Professor (NT)	Professor (T)
Criminal Justice Mario Davila	Assistant Professor (NT)	Associate Professor (T)
Deborah Hartley	Assistant Professor (NT)	Associate Professor (T)
History David Fisher	Assistant Professor (NT)	Associate Professor (T)



U. T. BROWNSVILLE  
AUGUST 24-25, 2011

NEW AWARD OF TENURE APPOINTMENTS (CONTINUED)

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>College of Liberal Arts (Continued)</b>		
Modern Languages		
José Davila-Montes	Assistant Professor (NT)	Associate Professor (T)
Dania Lopez-García	Assistant Professor (NT)	Associate Professor (T)
Music		
Tom Nevill	Assistant Professor (NT)	Associate Professor (T)
<b>College of Science, Mathematics, and Technology</b>		
Biology		
Masako Isokawa	Associate Professor (NT)	Professor (T)
Masoud M. Zarei	Assistant Professor (NT)	Associate Professor (T)
Chemistry and Environmental Sciences		
Jude Benavides	Assistant Professor (NT)	Associate Professor (T)
Engineering		
Sanjay Kumar	Assistant Professor (NT)	Associate Professor (T)
Yong Zhou	Assistant Professor (NT)	Associate Professor (T)
Mathematics		
Vesselin Vatchev	Assistant Professor (NT)	Associate Professor (T)
<b>School of Business</b>		
Business Administration		
Qinyu Liao	Assistant Professor (NT)	Associate Professor (T)

**U. T. BROWNSVILLE  
AUGUST 24-25, 2011**

**CHANGES TO ADMISSIONS CRITERIA**

The following changes to the admission criteria are proposed for inclusion in the Undergraduate Catalog at The University of Texas at Brownsville. The changes have been administratively approved by the Executive Vice Chancellor for Academic Affairs and are recommended for approval by the U. T. System Board of Regents:

**Summary of Changes to Admissions Criteria**

The University of Texas at Brownsville in partnership with Texas Southmost College was established as an open admissions institution. Going forward, The University of Texas at Brownsville proposes to install undergraduate admissions requirements that include indicators from high school class rank, Texas Success Initiative (TSI) scores, and ACT or SAT scores as set out on Docket - 27b.

The effective semester for the new criteria is Fall 2013. The goal is to work with the community, particularly the school districts, over the next two academic years to help them to prepare their campuses and students for the new entrance requirements. The premise of the recommended policy is to increase student success and to signal to the community that students must be prepared to succeed in the new U. T. Brownsville.

**U. T. BROWNSVILLE  
AUGUST 24-25, 2011**

**CHANGES TO ADMISSIONS CRITERIA (CONTINUED)**

	High School Rank	SAT Score Math & Verbal (max: 1600)*	ACT Score (max: 36)*	SAT/ACT Required
UTB	Top Quarter (Fall 2012)	Guaranteed Admission		No**
	Top Quarter (Fall 2013)			Yes
	Top Quarter (Fall 2014)			
	Second Quarter (Fall 2012)	Must be College Ready**		No
	Second Quarter (Fall 2013)	790	16	Yes
	Second Quarter (Fall 2014)	830	17	
	Third Quarter (Fall 2012)	Must be College Ready**		No
	Third Quarter (Fall 2013)	830	17	Yes
	Third Quarter (Fall 2014)	870	18	
	Fourth Quarter (Fall 2012)	Must be College Ready**		No
	Fourth Quarter (Fall 2013)	870	18	Yes
	Fourth Quarter (Fall 2014)	910	19	
	Holistic Review	Selected applicants who do not meet the above criteria may be eligible for holistic review.		

**Special consideration has been given for Fall 2012 due to its transition nature.**

\*SAT/ACT Scores will increase as feeder districts are equipped to assist in implementing the new requirements (<http://www.act.org/aap/concordance/>).

\*\*For the transition year 2012 only, passing TSI exam scores (Math, 42 or higher; Writing, 6 or higher; Reading, 81 or higher) will be required for regular admission; students with non-passing scores may be considered in exceptional cases under the holistic review provision.

**U. T. DALLAS  
AUGUST 24-25, 2011**

**CONTRACTS**

The following contracts have been administratively approved by the President or his delegate and the Executive Vice Chancellor for Academic Affairs and are recommended for approval by the U. T. System Board of Regents:

**GENERAL CONTRACTS**

**FUNDS COMING IN**

1. Agency: Lake Highlands Girls Classic League, a Texas non-profit corporation (LHGCL)
- Funds: Consideration includes total cash payments estimated at \$3,190,000 over the initial term, and \$1,829,000 over the renewal term, in addition to construction obligations described below. Cash payments by LHGCL include: the reimbursement to U. T. Dallas of costs related to extending an on-campus loop road within the first year of the agreement, such payment estimated to total \$450,000; beginning in September 2013, an annual license fee of \$100,000 during the initial term; license fees totaling \$350,000 during the extension term; an annual field maintenance fee of \$10,000 per field and an annual labor fee of \$28,662, which fees increase at 3% annually. The labor fee is also adjusted periodically based on actual costs. In addition, LHGCL must build at its own cost a parking lot and other improvements near the soccer fields.
- Period: Commencing on August 1, 2011 and continuing for 12 years; LHGCL has an option to extend for up to eight additional years. U. T. Dallas may terminate early, but must reimburse unamortized capital costs to LHGCL. The license expressly states that it is not valid if Board approval is not obtained for amounts exceeding \$1,000,000.
- Description: License of nine soccer fields and related parking and improvements on the U. T. Dallas campus for use by LHGCL for its youth soccer program. LHGCL may use the fields for no more than 34 hours a week during weekends and weekday evenings, and its use is subject to approval by the institution, which retains the right to use the fields at all other times. LHGCL currently has a license to use certain existing fields on

**U. T. DALLAS  
AUGUST 24-25, 2011**

**CONTRACTS (CONTINUED)**

**GENERAL CONTRACTS (CONTINUED)**

**FUNDS COMING IN (CONTINUED)**

Description: (continued)      the U. T. Dallas campus; under the new agreement, the institution will construct four additional soccer fields and permit to use those new fields, along with five existing fields, as provided above. The license will allow the limited use of one additional field for tournaments, subject to approval by U. T. Dallas.

**FUNDS GOING OUT**

2. Agency:                      Thermo Fisher Financial Services, Inc.  
Funds:                              \$345,900 in Year 1, \$345,900 in Year 2, and  
    \$203,700 in Year 3  
Period:                              September 1, 2011 through August 31, 2014  
Description:                      Lease of a Standardgerat Orbitrap ELITE 10000 mass spectrometer to be used by various disciplines at the University for biomedical research, but primarily by Dr. Hyuntae Yoo in the Department of Molecular and Cell Biology.

**U. T. DALLAS  
AUGUST 24-25, 2011**

**AMENDMENTS TO THE 2010-11 BUDGET**

**TENURE APPOINTMENTS**

**NEW APPOINTMENTS WITH TENURE, AWARD OF TENURE,  
AND EMERITUS APPOINTMENTS**

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

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
<b>ERIK JONSSON SCHOOL OF ENGINEERING AND COMPUTER SCIENCE</b>					
Systems Engineering					
Professor,					
Louis A. Beecherl Jr. Distinguished Chair in Engineering, and Systems Engineering Program Head					
1. Stephen Yurkovich (T)	5/1-5/31	100	09	170,000	4025
		SUPL	09	10,000	
		SUPL	12	12,000	
<b>SCHOOL OF NATURAL SCIENCES AND MATHEMATICS</b>					
Physics					
2. Ervin Fenyves					4121
From: Professor (T)		51	09	95,449	
To: Professor Emeritus	6/1-8/31			0	
3. Brian Tinsley					4122
From: Professor (T)		65	09	90,429	
To: Professor Emeritus	6/1-8/31			0	

**U. T. DALLAS**  
**AUGUST 24-25, 2011**

**NEW AWARD OF TENURE APPOINTMENTS**

The following personnel actions involving new award of tenure have been administratively approved by the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the 2012 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>School of Behavioral and Brain Sciences</b>		
Psychology		
Candice Mills	Assistant Professor (NT)	Associate Professor (T)
<b>Erik Jonsson School of Engineering and Computer Science</b>		
Computer Science		
Murat Kantarcioglu	Assistant Professor (NT)	Associate Professor (T)
Yang Liu	Assistant Professor (NT)	Associate Professor (T)
Yu-Chung Vincent Ng	Assistant Professor (NT)	Associate Professor (T)
Electrical Engineering		
Walter Wenchuang Hu	Assistant Professor (NT)	Associate Professor (T)
Hoi Lee	Assistant Professor (NT)	Associate Professor (T)
<b>School of Management</b>		
Finance		
Feng Zhao	Assistant Professor (NT)	Associate Professor (T)
<b>School of Natural Sciences and Mathematics</b>		
Chemistry		
Jung Mo Ahn	Assistant Professor (NT)	Associate Professor (T)
Physics		
Mustapha Ishak-Boushaki	Assistant Professor (NT)	Associate Professor (T)
Science/Mathematics Education		
Titu Andreescu	Associate Professor (NT)	Associate Professor (T)

**U. T. EL PASO  
AUGUST 24-25, 2011**

**CONTRACTS**

The following contracts have been administratively approved by the President or her delegate and the Executive Vice Chancellor for Academic Affairs and are recommended for approval by the U. T. System Board of Regents:

**GENERAL CONTRACTS**

**FUNDS COMING IN**

1. Agency: Coca-Cola Refreshments USA, Inc. d/b/a Coca-Cola Bottling Company of North Texas  
Funds: \$3,000,000 for the initial seven-year term and \$1,068,900 for the one three-year renewal option  
Period: September 1, 2011 through August 31, 2018 with one three-year renewal option  
Description: Coca-Cola Refreshments USA Inc. agrees to provide beverage pouring rights for vending machines, dining, and concession services on the campus.
2. Agency: Coca-Cola Refreshments USA, Inc. d/b/a Coca-Cola Bottling Company of North Texas  
Funds: \$1,400,000 for the initial seven-year term and \$600,000 for the one three-year renewal option  
Period: September 1, 2011 through August 31, 2018 with one three-year renewal option  
Description: Coca-Cola Refreshments USA, Inc. agrees to provide athletics-related sponsorships.
3. Agency: Sodexo Inc.  
Funds: \$9,868,407 for the initial seven-year term and \$5,089,882 for the one three-year renewal option  
Period: September 1, 2011 through August 31, 2018 with one three-year renewal option  
Description: Sodexo Inc. agrees to provide food, catering, and concessions services on the campus. In accordance with *Texas Education Code* Section 51.945, the students were provided with an opportunity to comment prior to determination that this food service provider should be selected by the institution.



**U. T. EL PASO  
AUGUST 24-25, 2011**

**NEW AWARD OF TENURE APPOINTMENTS**

The following personnel actions involving new award of tenure appointments have been administratively approved by the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the 2012 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>College of Education</b>		
Teacher Education		
David J. Carrejo	Assistant Professor (NT)	Associate Professor (T)
Olga M. Kosheleva	Assistant Professor (NT)	Associate Professor (T)
Francisco G. Soto Mas	Associate Professor (NT)	Associate Professor (T)
<b>College of Engineering</b>		
Computer Science		
Olac Fuentes	Associate Professor (NT)	Associate Professor (T)
Paulo Pinheiro da Silva	Assistant Professor (NT)	Associate Professor (T)
Electrical and Computer Engineering		
Thompson Sarkodie-Gyan	Associate Professor (NT)	Associate Professor (T)
<b>College of Liberal Arts</b>		
Creative Writing		
Rosa Alcalá	Assistant Professor (NT)	Associate Professor (T)
Political Science		
Taeko Hiroi	Assistant Professor (NT)	Associate Professor (T)
Sociology and Anthropology		
Timothy W. Collins	Assistant Professor (NT)	Associate Professor (T)
Sara E. Grineski	Assistant Professor (NT)	Associate Professor (T)
<b>College of Science</b>		
Biological Sciences		
Kristin L. Gosselink	Assistant Professor (NT)	Associate Professor (T)
Vanessa L. Loughheed	Assistant Professor (NT)	Associate Professor (T)
Craig E. Tweedie	Assistant Professor (NT)	Associate Professor (T)
Chemistry		
Mahesh Narayan	Assistant Professor (NT)	Associate Professor (T)

U. T. EL PASO  
AUGUST 24-25, 2011

NEW AWARD OF TENURE APPOINTMENTS (CONTINUED)

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>College of Science (Continued)</b>		
Geological Sciences David M. Borrok	Assistant Professor (NT)	Associate Professor (T)
Mathematical Sciences Behzad Djafari-Rouhani	Associate Professor (NT)	Associate Professor (T)
<b>School of Nursing</b>		
Nursing Gloria E. McKee-Lopez	Assistant Professor (NT)	Associate Professor (T)

**U. T. PAN AMERICAN  
AUGUST 24-25, 2011**

**NEW AWARD OF TENURE AND EMERITUS APPOINTMENTS**

The following personnel actions involving new award of tenure and emeritus appointments have been administratively approved by the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the 2012 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>College of Arts and Humanities</b>		
Communication		
Yanrong Chang	Assistant Professor (NT)	Associate Professor (T)
English		
David W. Anshen	Assistant Professor (NT)	Associate Professor (T)
Jonikka T. Charlton	Assistant Professor (NT)	Associate Professor (T)
Colin P. Charlton	Assistant Professor (NT)	Associate Professor (T)
Caroline Miles	Assistant Professor (NT)	Associate Professor (T)
History and Philosophy		
Thomas D. Knight	Assistant Professor (NT)	Associate Professor (T)
Paul Saka	Assistant Professor (NT)	Associate Professor (T)
Music and Dance		
Virginia E. Davis	Assistant Professor (NT)	Associate Professor (T)
Kurt J. Martinez	Assistant Professor (NT)	Associate Professor (T)
Pedro Martinez	Assistant Professor (NT)	Associate Professor (T)
Joel G. Pagan	Assistant Professor (NT)	Associate Professor (T)
Mark J. Ramirez	Assistant Professor (NT)	Associate Professor (T)
<b>College of Health Sciences and Human Services</b>		
Nursing Education		
Maria Ignacia Z. Diaz	Assistant Professor (NT)	Associate Professor (T)
Debra E. Otto	Assistant Professor (NT)	Associate Professor (T)
Rehabilitative Services		
Roy K. Chen	Assistant Professor (NT)	Associate Professor (T)
Shawn P. Saladin	Assistant Professor (NT)	Associate Professor (T)

**U. T. PAN AMERICAN  
AUGUST 24-25, 2011**

**NEW AWARD OF TENURE AND EMERITUS APPOINTMENTS (CONTINUED)**

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>College of Education</b>		
Educational Psychology Yih-Jiun Shen	Assistant Professor (NT)	Associate Professor (T)
Curriculum and Instruction Peter P. Farruggio Hosin Shirvani	Assistant Professor (NT) Assistant Professor (NT)	Associate Professor (T) Associate Professor (T)
Educational Leadership Baltazar A. Acevedo	Professor (NT)	Professor (T)
<b>College of Engineering and Computer Science</b>		
Mechanical Engineering Seokyoung Ahn Horacio Vasquez Dumitru Caruntu	Assistant Professor (NT) Assistant Professor (NT) Assistant Professor (NT)	Associate Professor (T) Associate Professor (T) Associate Professor (T)
<b>College of Business Administration</b>		
Management Lei Wang	Assistant Professor (NT)	Associate Professor (T)
Computer Information Systems Jun Sun	Assistant Professor (NT)	Associate Professor (T)
<b>College of Science and Mathematics</b>		
Biology Kristine L. Lowe	Assistant Professor (NT)	Associate Professor (T)
Mathematics Santanu Chakraborty Anahit Galstyan Elena I. Poletaeva Ranadhir Roy Jeng-Jong Tsay Jasang Yoon Kenichi Maruno	Assistant Professor (NT) Assistant Professor (NT) Assistant Professor (NT) Assistant Professor (NT) Assistant Professor (NT) Assistant Professor (NT) Assistant Professor (NT)	Associate Professor (T) Associate Professor (T) Associate Professor (T) Associate Professor (T) Associate Professor (T) Associate Professor (T) Associate Professor (T)

**U. T. PAN AMERICAN  
AUGUST 24-25, 2011**

**NEW AWARD OF TENURE AND EMERITUS APPOINTMENTS (CONTINUED)**

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>College of Social and Behavioral Sciences</b>		
Political Science		
John Bokina	Professor (T)	Emeritus Professor (NT)
Walter Diaz	New Hire	Dean, Professor (T)

**AMENDMENTS TO THE 2010-2011 BUDGET**

**TRANSFERS OF FUNDS**

<u>Description</u>	<u>\$ Amount</u>	<u>RBC #</u>
TEXAS GRANT PROGRAM		
1. Amount of Transfer:	7,191,075	4141

From: Texas Higher Education Coordinating Board

To: TEXAS Grant Program

To record additional funds received from the Texas Higher Education Coordinating Board for the TEXAS Grant Program.

**U. T. PERMIAN BASIN  
AUGUST 24-25, 2011**

**AMENDMENTS TO THE 2010-2011 BUDGET**

**TENURE APPOINTMENTS**

**NEW APPOINTMENTS WITH TENURE, AWARD OF TENURE  
AND EMERITUS APPOINTMENTS**

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

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
<b>SCHOOL OF EDUCATION</b>					
Curriculum and Instruction					
Dean and Professor					
1. Robert S. Ristow (T)	5/16-8/31	100	12	120,000	4128
	5/16-5/31	0	09	67,000	

U. T. PERMIAN BASIN  
AUGUST 24-25, 2011

AMENDMENTS TO THE 2010-2011 BUDGET (CONTINUED)

TRANSFERS OF FUNDS

<u>Description</u>	<u>\$ Amount</u>	<u>RBC #</u>
FY 2010 LERR Allocation		
2. Amount of Transfer:	283,000	4127

From: FY 2010 LERR Allocation for Swimming Pool Cover

To: U. T. Permian Basin New Nursing Program

Reallocate the awarded \$283,000 in support of the development of the facilities and equipment for the Nursing Program.

**U. T. PERMIAN BASIN  
AUGUST 24-25, 2011**

**NEW AWARD OF TENURE AND EMERITUS APPOINTMENTS**

The following personnel actions involving new award of tenure and emeritus appointments have been administratively approved by the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the 2012 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>College of Arts and Sciences</b>		
Visual Arts Pamela C. Price	Professor (T)	Emeritus Professor (NT)
Language and Literature Rebecca Babcock	Assistant Professor (NT)	Associate Professor (T)



**U. T. SAN ANTONIO  
AUGUST 24-25, 2011**

**CONTRACT**

The following contract has been administratively approved by the President or his delegate and the Executive Vice Chancellor for Academic Affairs and is recommended for approval by the U. T. System Board of Regents:

**GENERAL CONTRACTS**

**FUNDS COMING IN**

1. Agency: City of San Antonio  
Funds: No charge to the City of San Antonio in exchange for the benefits, described below.  
Period: Two years, commencing on or about August 26, 2011  
Description: Lease of approximately 700 square feet of space in the Monterey Building on the U. T. San Antonio Downtown Campus to house certain operations of San Antonio 2020, a City-led community-wide effort to chart the City of San Antonio's course for the next decade. The San Antonio 2020 report was issued in March 2011 and work is now underway to begin to implement the goals stated in that report. In exchange for providing office space for the San Antonio 2020 project, U. T. San Antonio will receive the following benefits, to be specified in the lease:
  - The institution's College of Public Policy will be involved in developing and implementing the government accountability/civic engagement element in the San Antonio 2020 plan;
  - Internships for two U. T. San Antonio students will be provided annually; and
  - U. T. San Antonio's College of Education and Human Development will carry out data collection for San Antonio 2020 and colocation will enhance the project. Consequently, staff at U. T. San Antonio believe that the lease serves a public purpose specific to the mission of the institution and request that the Board make a finding of fact to that effect and authorize the lease.

**U. T. SAN ANTONIO  
AUGUST 24-25, 2011**

**AMENDMENTS TO THE 2010-11 BUDGET**

**TENURE APPOINTMENTS**

**NEW APPOINTMENTS WITH TENURE, AWARD OF TENURE,  
AND EMERITUS APPOINTMENTS**

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

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
<b>COLLEGE OF PUBLIC POLICY</b>					
Demography and Organization Studies					
Dean and Professor					
1. Rogelio Saenz (T)	6/1-8/31	100	12	220,000	4120

**TRANSFERS OF FUNDS**

<u>Description</u>	<u>\$ Amount</u>	<u>RBC #</u>
<b>TEXAS HIGHER EDUCATION COORDINATING BOARD</b>		
2. Amount of Transfer:	9,765,105	4050

From: Texas Higher Education Coordinating Board

To: TEXAS Grant Program

To record revenue over budget for TEXAS Grant Program funds received to date.

**RESERVE ACCOUNTS**

3. Amount of Transfer:	2,499,506	4130
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From:	Automated Services Fee Reserves	400,000
	Academic Affairs Reserves	1,100,000
	Facilities & Administration - Debt	530,247
	Service & Capital Outlay	
	Facilities & Administration Distribution Reserve	469,258

**U. T. SAN ANTONIO  
AUGUST 24-25, 2011**

**AMENDMENTS TO THE 2010-11 BUDGET (CONTINUED)**

**TRANSFERS OF FUNDS (CONTINUED)**

To: UTSA Research Data Center

Funding related to the Research Data Center project which includes renovation of the Multi-Disciplinary Studies Building for the research computing center.

**U. T. SAN ANTONIO  
AUGUST 24-25, 2011**

**NEW AWARD OF TENURE AND EMERITUS APPOINTMENTS**

The following personnel actions involving new award of tenure and emeritus appointments have been administratively approved by the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the 2012 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>College of Architecture</b>		
Architecture		
John Alexander	Assistant Professor (NT)	Associate Professor (T)
<b>College of Education and Human Development</b>		
Bicultural-Bilingual Studies		
Lucila Ek	Assistant Professor (NT)	Associate Professor (T)
Educational Leadership and Policy Studies		
Elizabeth Murakami	Assistant Professor (NT)	Associate Professor (T)
Maricela Oliva	Assistant Professor (NT)	Associate Professor (T)
Educational Psychology		
Jeremy Sullivan	Assistant Professor (NT)	Associate Professor (T)
Health and Kinesiology		
Donovan Fogt	Assistant Professor (NT)	Associate Professor (T)
Interdisciplinary Learning and Teaching		
Iliana Alanis	Assistant Professor (NT)	Associate Professor (T)
Kimberly Cuero	Assistant Professor (NT)	Associate Professor (T)
Carmen Fies	Assistant Professor (NT)	Associate Professor (T)
Maria Kaylor	Assistant Professor (NT)	Associate Professor (T)
<b>College of Engineering</b>		
Civil and Environmental Engineering		
Hatim Sharif	Assistant Professor (NT)	Associate Professor (T)
Yusheng Feng	Associate Professor (NT)	Associate Professor (T)
<b>College of Liberal and Fine Arts</b>		
Art and Art History		
Ovidio Gibergo	Assistant Professor (NT)	Associate Professor (T)

**U. T. SAN ANTONIO  
AUGUST 24-25, 2011**

**NEW AWARD OF TENURE AND EMERITUS APPOINTMENTS (CONTINUED)**

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>College of Liberal and Fine Arts (Continued)</b>		
Communication Kimberly Kline	Associate Professor (NT)	Associate Professor (T)
English Eileen Lundy	Associate Professor (T)	Associate Professor Emeritus (NT)
History Catherine Nolan-Ferrell	Assistant Professor (NT)	Associate Professor (T)
Music Drew Stephen	Assistant Professor (NT)	Associate Professor (T)
Psychology Deborah Mangold Rebekah Smith Tina Zawacki	Assistant Professor (NT) Assistant Professor (NT) Assistant Professor (NT)	Associate Professor (T) Associate Professor (T) Associate Professor (T)
Sociology Gabriel Acevedo	Assistant Professor (NT)	Associate Professor (T)
<b>College of Public Policy</b>		
Criminal Justice Richard Hartley	Assistant Professor (NT)	Associate Professor (T)
<b>College of Science</b>		
Biology Carlos Paladini Stephen Saville Kelly Suter	Assistant Professor (NT) Assistant Professor (NT) Assistant Professor (NT)	Associate Professor (T) Associate Professor (T) Associate Professor (T)
Computer Science Dakai Zhu	Assistant Professor (NT)	Associate Professor (T)
Mathematics Eduardo Duenez	Assistant Professor (NT)	Associate Professor (T)
Physics and Astronomy Zlatko Koinov	Assistant Professor (NT)	Associate Professor (T)

**U. T. SAN ANTONIO  
AUGUST 24-25, 2011**

**OTHER MATTERS**

**APPROVAL OF DUAL POSITIONS OF HONOR, TRUST, OR PROFIT**

The following item has been approved by the Executive Vice Chancellor for Academic Affairs in accordance with the Regents' *Rules and Regulations*, Rule 30103 and is submitted for approval by the U. T. System 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 this position and the appointment of President Romo with The University of Texas at San Antonio. By approval of this item, the Board is also asked to find that holding this position is of benefit to the State of Texas and The University of Texas and there is no conflict between the position and the University.

- |               |  |
|---------------|--|
| Name:         | Dr. Ricardo Romo   |
| Title:        | President  |
| Position:     | Member, President's Advisory Commission on Educational Excellence for Hispanics  |
| Period:       | Serves at the pleasure of the President  |
| Compensation: | None   |
| Description:  | President Obama has appointed President Romo to the President's Advisory Commission on Educational Excellence for Hispanics. The Commission is charged with providing input and advice on the development, implementation, and coordination of education policy and programs that impact the Hispanic community. |

**U. T. TYLER  
AUGUST 24-25, 2011**

**NEW AWARD OF TENURE AND EMERITUS APPOINTMENTS**

The following personnel actions involving new award of tenure and emeritus appointments have been administratively approved by the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the 2012 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>College of Arts and Sciences</b>		
Biology		
Ali Azghani	Associate Professor (NT)	Associate Professor (T)
Chemistry		
Jason Smee	Assistant Professor (NT)	Associate Professor (T)
Donald McClaugherty	Professor (T)	Professor Emeritus (NT)
History		
Stephen Daniels	Professor (T)	Professor Emeritus (NT)
Literature and Languages		
Chantal Roussel-Zuazu	Assistant Professor (NT)	Associate Professor (T)
Mathematics		
Deborah Koslover	Assistant Professor (NT)	Associate Professor (T)
Political Science		
Martin Slann	New Hire	Professor and Dean (T)
Social Sciences		
W. Allen Martin	Professor (T)	Professor Emeritus (NT)
<b>College of Education and Psychology</b>		
School of Education		
John Lamb	Assistant Professor (NT)	Associate Professor (T)
Kouider Mokhtari	New Hire	Professor (T)
Psychology and Counseling		
Eric Stocks	Assistant Professor (NT)	Associate Professor (T)

**U. T. TYLER  
AUGUST 24-25, 2011**

**NEW AWARD OF TENURE AND EMERITUS APPOINTMENTS (CONTINUED)**

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>College of Engineering and Computer Science</b>		
Civil Engineering Wei Fan	Assistant Professor (NT)	Associate Professor (T)
Computer Science Nary Subramanian	Assistant Professor (NT)	Associate Professor (T)
<b>College of Nursing and Health Sciences</b>		
Health and Kinesiology Cheryl Cooper Keith McCoy	Assistant Professor (NT) Professor (T)	Associate Professor (T) Professor Emeritus (NT)



**U. T. SOUTHWESTERN MEDICAL CENTER  
AUGUST 24-25, 2011**

**CONTRACTS**

The following contracts have been administratively approved by the President or his delegate and the Executive Vice Chancellor for Health Affairs and are recommended for approval by the U. T. System Board of Regents:

**GENERAL CONTRACTS**

**FUNDS COMING IN**

1. Agency: U. T. Southwestern Moncrief Cancer Center  
Funds: \$4,535,241  
Period: September 1, 2011 through August 31, 2012  
Description: To provide professional and technical services to support the operations of U. T. Southwestern Moncrief Cancer Center. U. T. Southwestern Moncrief Cancer Center is an affiliated entity and its financials are consolidated with the financials of U. T. Southwestern Medical Center and the President of U. T. Southwestern Medical Center is a member of U. T. Southwestern Moncrief Cancer Center.

**FUNDS GOING OUT**

2. Agency: Krause Advertising, Inc.  
Funds: \$4,815,462  
Period: July 1, 2011 through August 31, 2012  
Description: Krause Advertising will provide multimedia brand image campaign services.
3. Agency: UT Southwestern Health Systems  
Funds: \$1,830,309  
Period: September 1, 2011 through August 31, 2012  
Description: To provide professional and technical services to support the operations of UT Southwestern Health Systems. UT Southwestern Health Systems is an affiliated entity and its financials are consolidated with the financials of U. T. Southwestern and the President of U. T. Southwestern Medical Center is a member of UT Southwestern Health Systems.

**U. T. SOUTHWESTERN MEDICAL CENTER  
AUGUST 24-25, 2011**

**AMENDMENTS TO THE 2010-11 BUDGET**

**TENURE APPOINTMENTS**

**NEW APPOINTMENTS WITH TENURE, AWARD OF TENURE,  
AND EMERITUS APPOINTMENTS**

The following Request for Budget Change (RBC) has been administratively approved by the Executive Vice Chancellor for Health Affairs and is recommended for approval by the U. T. System Board of Regents:

<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 CENTER					
Office of the Dean					
1. James Emmett Griffin, III					
From: Associate Dean for Academic Planning (T)		50	12	244,400	4045
To: Internal Medicine Professor Emeritus	3/1-8/31			0	

**U. T. SOUTHWESTERN MEDICAL CENTER  
AUGUST 24-25, 2011**

**NEW AWARD OF TENURE APPOINTMENTS**

The following personnel actions involving new award of tenure appointments have been administratively approved by the Executive Vice Chancellor for Health Affairs. The personnel actions have been included in the 2012 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>College of Advanced Imaging Research Center</b> Advanced Imaging Research Center Shawn Burgess	Assistant Professor (NT)	Associate Professor (T)
<b>College of Cell Biology</b> Cell Biology Joachim Seemann	Assistant Professor (NT)	Associate Professor (T)
<b>College of Eugene McDermott Center for Human Growth and Development</b> Eugene McDermott Center for Human Growth and Development Christine Garcia	Assistant Professor (NT)	Associate Professor (T)
<b>College of Internal Medicine</b> Internal Medicine Thomas Carroll Deborah Clegg Jeffrey Zigman	Assistant Professor (NT) Assistant Professor (NT) Assistant Professor (NT)	Associate Professor (T) Associate Professor (T) Associate Professor (T)

**U. T. SOUTHWESTERN MEDICAL CENTER  
AUGUST 24-25, 2011**

**NEW AWARD OF TENURE APPOINTMENTS (CONTINUED)**

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>College of Molecular Biology</b> Molecular Biology Hiromi Yanagisawa	Assistant Professor (NT)	Associate Professor (T)
<b>College of Neurology and Neurotherapeutics</b> Neurology and Neurotherapeutics Craig Powell	Assistant Professor (NT)	Associate Professor (T)
<b>College of Neuroscience</b> Neuroscience Weichun Lin	Assistant Professor (NT)	Associate Professor (T)
<b>College of Ophthalmology</b> Ophthalmology Walter Petroll	Professor (NT)	Professor (T)
<b>College of Pediatrics</b> Pediatrics Andrew Feranchak	Associate Professor (NT)	Associate Professor (T)

**U. T. MEDICAL BRANCH - GALVESTON  
AUGUST 24-25, 2011**

**CONTRACTS**

The following contracts have been administratively approved by the President or his delegate and the Executive Vice Chancellor for Health Affairs and are recommended for approval by the U. T. System Board of Regents:

**GENERAL CONTRACTS**

**FUNDS COMING IN**

1. Agency: Texas Department of State Health Services  
Funds: \$1,048,170  
Period: September 1, 2010 through August 31, 2011  
Description: Amendment beginning March 24, 2011 adding \$270,596 to agreement, originally funded at \$777,574, in which U. T. Medical Branch - Galveston provided family planning services to Title V eligible individuals.
  
2. Agency: Texas Department of State Health Services (TDSHS)  
Funds: \$1,130,450  
Period: July 1, 2010 through June 30, 2011  
Description: Amendment beginning May 27, 2011 adding \$150,000 to agreement, originally funded at \$980,450, in which U. T. Medical Branch - Galveston provided comprehensive breast and cervical cancer screening to eligible individuals. The Agreement is docketed after end date because the amendment that added the amount over threshold was received from TDSHS in June 2011.

**U. T. MEDICAL BRANCH - GALVESTON  
AUGUST 24-25, 2011**

**CONTRACTS (CONTINUED)**

**GENERAL CONTRACTS (CONTINUED)**

**FUNDS GOING OUT**

3. Agency: The Trevino Group – Primary Contractor  
Funds: Estimated to be \$3,000,000 (see related Item 4 set forth below)  
Period: September 1, 2011 through August 31, 2013  
Description: The Trevino Group agrees to provide construction services.
4. Agency: Williams and Thomas, LLP – Secondary Contractor  
Funds: To be used as needed as a backup if The Trevino Group cannot perform the work. (See related Item 3 set forth above.)  
Period: September 1, 2011 through August 31, 2013  
Description: The Williams and Thomas Group agrees to provide construction services.

**U. T. MEDICAL BRANCH - GALVESTON  
AUGUST 24-25, 2011**

**AMENDMENTS TO THE 2010-11 BUDGET**

**TENURE APPOINTMENTS**

**NEW APPOINTMENTS WITH TENURE, AWARD OF TENURE,  
AND EMERITUS APPOINTMENTS**

The following Request for Budget Change (RBC) has been administratively approved by the Executive Vice Chancellor for Health Affairs and is recommended for approval by the U. T. System Board of Regents:

<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>	
ACADEMIC ENTERPRISE					
Department of Internal Medicine					
Professor					
1. G. Nicholas Verne (T)	6/15-8/31	100	12	350,000	4051

**U. T. MEDICAL BRANCH - GALVESTON  
AUGUST 24-25, 2011**

**NEW AWARD OF TENURE APPOINTMENTS**

The following personnel actions involving new award of tenure appointments have been administratively approved by the Executive Vice Chancellor for Health Affairs. The personnel actions have been included in the 2012 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>School of Medicine</b>		
Internal Medicine Gulshan Sharma	Associate Professor (NT)	Associate Professor (T)
Microbiology and Immunology Jiaren Sun	Associate Professor (NT)	Associate Professor (T)
Obstetrics and Gynecology Tatiana Nanovskaya	Assistant Professor (NT)	Associate Professor (T)
Pathology Eduardo Eyzaguirre Bhupendra Kaphalia	Assistant Professor (NT) Professor (NT)	Associate Professor (T) Professor (T)
Surgery Celia Chao	Associate Professor (NT)	Associate Professor (T)



**U. T. HEALTH SCIENCE CENTER - HOUSTON  
AUGUST 24-25, 2011**

**CONTRACTS**

The following contracts have been administratively approved by the President or his delegate and the Executive Vice Chancellor for Health Affairs and are recommended for approval by the U. T. System Board of Regents:

**GENERAL CONTRACTS**

**FUNDS GOING OUT**

1. Agency: KW Funds-One Technology, LLC, a Delaware limited liability company  
Funds: Lease for \$1,558,100 in total rent payable over a 66-month term plus a pass through of operating expenses that exceed the base year amount throughout the term. The total rent reflects two months of abated rent and eight months of 50% abated rent. After the rent abatement period, the first year of rent is \$19.00 per square foot. The rent increases annually on March 1 to \$23.00 per square foot in the final lease year. The lease allows for one five-year option to renew at the then prevailing market rental rate. The landlord will provide an improvement allowance of \$20.00 per square foot (\$292,820.00). U. T. Health Science Center - Houston is also granted a first right of refusal to lease certain space on the 9<sup>th</sup> and 12<sup>th</sup> floors of the building. From and after September 1, 2013, if funds that may legally be used to pay for the lease become unavailable, U. T. Health Science Center - Houston will have the right to terminate the lease on six (6) months prior written notice and payment of a termination fee in an amount equal to two months of rent plus unamortized construction costs and leasing commissions calculated at an annual percentage rate of 10% plus repayment of the value of the rent abatement.  
Period: Commencing on the date the tenant improvements are substantially completed and the premises are delivered to tenant, estimated to be September 1, 2011, and continuing for 66 months.  
Description: Lease of approximately 14,641 square feet for office, classroom, and dry lab research space by U. T. School of Public Health at its San Antonio campus, located at 7411 John Smith Drive, San Antonio, Texas 78229.

U. T. HEALTH SCIENCE CENTER - HOUSTON  
AUGUST 24-25, 2011

CONTRACTS (CONTINUED)

FOREIGN CONTRACTS

2. Agency: XiangYa Hospital, Central South University, People's Republic of China
- Funds: Visiting Scientist Agreement, no exchange of monies. Visiting Scientist Jie Meng, M.D., will remain an employee of Central South University, People's Republic of China, and will continue to receive all salary compensation and benefits from Central South University. All other costs will be borne by the Visiting Scientist or Central South University.
- Period: On or about June 1, 2011 through June 1, 2012
- Description: Dr. Meng is trained as a pulmonary physician. Over the term, Dr. Meng will work with Dr. Yang Xia, U. T. Health Science Center - Houston Associate Professor of Biochemistry and Molecular Biology, to study a novel hypothesis regarding pulmonary hypertension in connection with sickle cell disease.

**U. T. HEALTH SCIENCE CENTER - HOUSTON  
AUGUST 24-25, 2011**

**CONTRACTS (CONTINUED)**

**FOREIGN CONTRACTS (CONTINUED)**

**FUNDS COMING IN**

3. Agency: National Secretary of Science, Technology and Innovation, Panama
- Funds: Program Agreement, \$60,577 for each three-week program described in Section 1 of the agreement for a maximum number of 15 participants per session. Such amount shall cover each participant's tuition, housing at an off-site facility, health insurance, translators, daily breakfast, lunch on weekdays, books, supplies, and transportation to and from campus.
- Period: On or about June 1, 2011 through February 28, 2012
- Description: Program Agreement to provide nursing faculty from Panama the opportunity to assess curriculum development, pedagogy, clinical and laboratory student experiences, and student evaluation through a multi-week program. This is a faculty development program for international nursing faculty, consistent with the mission of U. T. Health Science Center - Houston.

**U. T. HEALTH SCIENCE CENTER - HOUSTON  
AUGUST 24-25, 2011**

**CONTRACTS (CONTINUED)**

**FOREIGN CONTRACTS (CONTINUED)**

**FUNDS COMING IN (CONTINUED)**

4. Agency: The Royal Hospital in Muscat, Sultanate of Oman  
Funds: Program Agreement, \$3,500 per participant attending a four-week course titled "Advancing Nursing Practice on Oman." Such amount shall cover each participant's tuition, course supplies, and fees. Payment shall be due and payable as of the first day of the training under the program.
- Period: On or about September 1, 2011 through September 1, 2014
- Description: Program Agreement to provide the Royal Hospital with nurses, nurse managers, and educators with course work, seminars, and clinical exposure that impart a fundamental working knowledge of the varied aspects of hospital-based nursing currently utilized in the United States. Participants will increase their awareness of the overall environment and function of various nursing specialties, as well as observe their contributions to patient care and quality patient outcomes.

**U. T. HEALTH SCIENCE CENTER - HOUSTON  
AUGUST 24-25, 2011**

**NEW AWARD OF TENURE APPOINTMENTS**

The following personnel actions involving new award of tenure appointments have been administratively approved by the Executive Vice Chancellor for Health Affairs. The personnel actions have been included in the 2012 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>School of Public Health</b>		
Division of Health Promotion and Behavioral Sciences		
Hector Balcazar	Professor (NT)	Professor (T)
Christine Markham	Assistant Professor (NT)	Associate Professor (T)
Division of Epidemiology, Human Genetics and Environmental Sciences		
Alanna Morrison	Associate Professor (NT)	Associate Professor (T)
<b>School of Biomedical Informatics</b>		
Dean Sittig	Professor (NT)	Professor (T)
<b>School of Dentistry</b>		
Department of Diagnostic Sciences		
Jerry Bouquot	Professor (NT)	Professor (T)
Muhammad Walji	Assistant Professor (NT)	Associate Professor (T)
Department of Restorative Dentistry		
Rade D. Paravina	Associate Professor (NT)	Associate Professor (T)
<b>Medical School</b>		
Surgery (General)		
Tien Ko	Professor (NT)	Professor (T)
Surgery (Urology)		
Run Wang	Associate Professor (NT)	Professor (T)

U. T. HEALTH SCIENCE CENTER - HOUSTON  
AUGUST 24-25, 2011

NEW AWARD OF TENURE APPOINTMENTS (CONTINUED)

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>Medical School (Continued)</b>		
Psychiatry and Behavioral Sciences		
Jair Soares	Professor (NT)	Professor (T)
Microbiology and Molecular Genetics		
Danielle Garsin	Assistant Professor (NT)	Associate Professor (T)
Neurobiology and Anatomy		
Michael Beauchamp	Assistant Professor (NT)	Associate Professor (T)

**U. T. HEALTH SCIENCE CENTER - HOUSTON  
AUGUST 24-25, 2011**

**OTHER MATTERS**

**APPROVAL OF DUAL POSITIONS OF HONOR, TRUST, OR PROFIT**

The following item has been approved by the Executive Vice Chancellor for Health Affairs in accordance with the Regents' *Rules and Regulations*, Rule 30103 and is submitted for approval by the U. T. System 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 this position and the appointment of Dr. Beasley with The University of Texas Health Science Center at Houston. By approval of this item, the Board is also asked to find that holding this position is of benefit to the State of Texas and The University of Texas and there is no conflict between the position and the University.

1.   Name:               Charles W. Beasley, Ph.D., LMP, DABSNM, DABMP  
      Title:             Assistant Professor of Radiology and Nuclear Medicine at the  
                          Medical School  
      Position:         Board Member, Texas Board of Licensure for Professional  
                          Medical Physicists  
      Period:           May 16, 2011 through February 1, 2017  
      Compensation:    None  
      Description:     Governor Perry has appointed Dr. Beasley to the Texas Board  
                          of Licensure for Professional Medical Physicists, which  
                          regulates the practice of medical physics in Texas.

**U. T. HEALTH SCIENCE CENTER - SAN ANTONIO  
AUGUST 24-25, 2011**

**CONTRACTS**

The following contract has been administratively approved by the President or his delegate and the Executive Vice Chancellor for Health Affairs and is recommended for approval by the U. T. System Board of Regents:

**GENERAL CONTRACTS**

**FUNDS COMING IN**

1. Agency: HEB Grocery Company, L.P.  
Funds: \$172,523 in rent payable over a 60-month initial term and \$968,769 total payable over four 60-month extension options. The rent during the initial term is \$23.00 per square foot after a rent abatement period of eight months. The rent increases 8% at the commencement of each extension term. The rent payable during the fourth extension term is \$31 per square foot. HEB will be responsible for all ad valorem taxes based on its occupancy of the space and is funding its own improvements. The total value of the rent paid to U. T. Health Science Center - San Antonio will reach \$1 million in the 24<sup>th</sup> month of the fourth extension option.  
Period: Commencing on June 6, 2011 and continuing for 60 months.  
Description: Lease of approximately 1,731 square feet on the ground floor of the Medical Arts and Research Center (MARC) building on the U. T. Health Science Center - San Antonio campus location for use by HEB as a pharmacy. The MARC is located at 8300 Floyd Curl Drive, San Antonio, Texas. The lease to HEB is the culmination of an extensive effort by the institution to identify a third party to operate a pharmacy service in the MARC. An initial Request for Proposal (RFP) process did not result in a viable lease; subsequent and extensive negotiations with HEB resulted in the terms of the lease noted above, which was effective June 6, 2011, but which does not exceed the \$1 million threshold until well into the fourth extension term. The lease expressly states that it is not valid for amounts exceeding \$1 million unless and until Board approval is obtained. Rental was set based on an



**U. T. HEALTH SCIENCE CENTER - SAN ANTONIO  
AUGUST 24-25, 2011**

**CONTRACTS (CONTINUED)**

**GENERAL CONTRACTS (CONTINUED)**

**FUNDS COMING IN (CONTINUED)**

Description (Continued):                      appraisal of the fair market rental for the premises prepared by Stouffer and Associates and dated November 30, 2010.

**U. T. HEALTH SCIENCE CENTER - SAN ANTONIO  
AUGUST 24-25, 2011**

**AMENDMENTS TO THE 2010-11 BUDGET**

**TENURE APPOINTMENTS**

**NEW APPOINTMENTS WITH TENURE, AWARD OF TENURE,  
AND EMERITUS APPOINTMENTS**

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

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
<b>SCHOOL OF MEDICINE</b>					
Obstetrics and Gynecology					
Professor					
1. Randal D. Robinson (T)	6/1-8/31	100	12	265,000	4123
Psychiatry					
Associate Dean and Professor					
2. Florence F. Eddins-Folensbee (T)	6/1-8/31	100	12	285,000	4124
	6/1-8/31	0	12	206,000	
Pediatrics					
Distinguished Chair in Pediatric Cardiology and Professor					
3. Steven R. Neish (T)	9/1-8/31	100	12	330,000	4125
	9/1-8/31	0	12	330,000	

**U. T. HEALTH SCIENCE CENTER - SAN ANTONIO  
AUGUST 24-25, 2011**

**NEW AWARD OF TENURE AND EMERITUS APPOINTMENTS**

The following personnel actions involving new award of tenure and emeritus appointments have been administratively approved by the Executive Vice Chancellor for Health Affairs. The personnel actions have been included in the 2012 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>School of Health Professions</b>		
Emergency Health Sciences Lance C. Villers	Assistant Professor (NT)	Associate Professor (T)
Respiratory Care Donna D. Gardner	Assistant Professor (NT)	Associate Professor (T)
<b>Graduate School of Biomedical Sciences</b>		
Microbiology and Immunology Carlos J. Orihuela	Assistant Professor (NT)	Associate Professor (T)
Pharmacology Susan Mooberry	Professor (NT)	Professor (T)
<b>Dental School</b>		
Comprehensive Dentistry Joseph P. Connor	Assistant Professor (NT)	Associate Professor (T)
Erica R. Oliveira	Assistant Professor (NT)	Associate Professor (T)
Developmental Dentistry Dubravko Pavlin	Associate Professor (NT)	Professor (T)
<b>School of Medicine</b>		
Medicine Ruth E. Berggren	Associate Professor (NT)	Professor (T)
Patricia L. Dahia	Assistant Professor (NT)	Associate Professor (T)
Obstetrics and Gynecology Mark J.M. Nijland	Assistant Professor (NT)	Associate Professor (T)
Pediatrics Cynthia L. Blanco	Assistant Professor (NT)	Associate Professor (T)
Psychiatry Jason E. Schillerstrom	Assistant Professor (NT)	Associate Professor (T)

**U. T. HEALTH SCIENCE CENTER - SAN ANTONIO  
AUGUST 24-25, 2011**

**NEW AWARD OF TENURE AND EMERITUS APPOINTMENTS (CONTINUED)**

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>School of Medicine (Continued)</b>		
Psychiatry (continued)		
Mauricio Tohen	Professor (NT)	Professor (T)
Consuelo Walss-Bass	Assistant Professor (NT)	Associate Professor (T)
Radiology		
Angela M. R. Laird	Assistant Professor (NT)	Associate Professor (T)
Surgery		
Scott B. Johnson	Associate Professor (NT)	Associate Professor (T)
Martin Schwacha	Professor (NT)	Professor (T)
Steven Wolf	Professor (NT)	Professor (T)
Urology		
Rita Ghosh	Assistant Professor (NT)	Associate Professor (T)
<b>School of Nursing</b>		
Family and Community Health Systems		
Margaret Brackley	Professor (T)	Professor Emeritus (NT)
Beverly Robinson	Professor (T)	Professor Emeritus (NT)

**U. T. M. D. ANDERSON CANCER CENTER  
AUGUST 24-25, 2011**

**CONTRACTS**

The following contract has been administratively approved by the President or his delegate and the Executive Vice Chancellor for Health Affairs and is recommended for approval by the U. T. System Board of Regents:

**GENERAL CONTRACTS**

**FUNDS GOING OUT**

1. Agency: Speridian Technologies, LLC  
Funds: The total cost of the services under this agreement will not exceed \$20,000,000  
Period: The term of this agreement will be for a period of 24 months, commencing on February 21, 2011 and continuing through February 20, 2013, with the option to renew for up to three additional 12-month periods  
Description: The vendor will provide one or more experienced contract resources to meet the institution's requirements for information technology services functions, including but not limited to dedicated onsite and remote support assistance, onsite training for installation and support services for all projects associated with this agreement, monitoring of the production environment reporting and making recommendations for application tuning, project specific design recommendations, and project specific deliverables from tasks assigned by the institution. Multiple statements of work will be subject to this master agreement.

**U. T. M. D. ANDERSON CANCER CENTER  
AUGUST 24-25, 2011**

**NEW AWARD OF TENURE AND EMERITUS APPOINTMENTS**

The following personnel actions involving new award of tenure and emeritus appointments have been administratively approved by the Executive Vice Chancellor for Health Affairs. The personnel actions have been included in the 2011 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>Behavioral Science</b> Patricia Ann Parker	Assistant Professor (NT)	Associate Professor (T)
<b>Cancer Biology</b> Dina Chelouche Lev	Assistant Professor (NT)	Associate Professor (T)
<b>Diagnostic Radiology</b> Dawid Schellingerhout	Assistant Professor (NT)	Associate Professor (T)
<b>Hematopathology</b> Francisco Vega - Vazquez	Assistant Professor (NT)	Associate Professor (T)
<b>Imaging Physics - Research</b> James A. Bankson	Assistant Professor (NT)	Associate Professor (T)
<b>Investigational Cancer Therapeutics</b> Maria A. Tsimberidou	Associate Professor (NT)	Associate Professor (T)
<b>Leukemia</b> Jan Andreas Burger	Assistant Professor (NT)	Associate Professor (T)
<b>Lymphoma and Myeloma</b> Sattva S. Neelapu	Assistant Professor (NT)	Associate Professor (T)
<b>Plastic Surgery</b> Charles E. Butler	Professor (NT)	Professor (T)
<b>Pediatrics – Patient Care</b> Dennis Hughes Laurence Cooper	Assistant Professor (NT) Associate Professor (NT)	Associate Professor (T) Professor (T)
<b>Pulmonary Medicine</b> Roberto Adachi	Assistant Professor (NT)	Associate Professor (T)

U. T. M. D. ANDERSON CANCER CENTER  
AUGUST 24-25, 2011

NEW AWARD OF TENURE AND EMERITUS APPOINTMENTS  
(CONTINUED)

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>Radiation Oncology</b>		
Steven Jay Frank	Assistant Professor (NT)	Associate Professor (T)
Wendy Woodward	Assistant Professor (NT)	Associate Professor (T)
<b>School of Health Professions</b>		
Michael Ahearn	Professor (T)	Emeritus Professor (NT)
<b>Surgical Oncology</b>		
Andrea Hayes - Jordan	Assistant Professor (NT)	Associate Professor (T)

**U. T. M. D. ANDERSON CANCER CENTER  
AUGUST 24-25, 2011**

**OTHER FISCAL ITEMS**

**EMPLOYMENT AGREEMENTS**

The following agreement has been awarded, has been approved by the Chancellor, and is recommended for approval by the U. T. System Board of Regents. Such employment under this agreement is subject to the *Rules and Regulations*, Rules 10501 and 20201, and *Texas Education Code* Section 51.948.

1. Item: President  
Funds: \$1,800,000 annually  
Period: Beginning September 1, 2011  
Description: Agreement for employment of Ronald A. DePinho, M.D., as President of The University of Texas M. D. Anderson Cancer Center. The President reports to the Chancellor and the Executive Vice Chancellor for Health Affairs and shall hold office without fixed term subject to the pleasure of the Chancellor. All reasonable moving expenses from Boston, Massachusetts, to Houston, Texas, will be reimbursed. Dr. DePinho will be provided with a Distinguished Professor Endowed Chair and will have access to up to 2,500 square feet of laboratory space in support of his research activities. In addition, reasonable relocation costs for his laboratory and its personnel will be paid by the institution.



**U. T. M. D. ANDERSON CANCER CENTER  
AUGUST 24-25, 2011**

**OTHER MATTERS**

**APPROVAL OF DUAL POSITIONS OF HONOR, TRUST, OR PROFIT**

The following item has been approved by the Executive Vice Chancellor for Health Affairs in accordance with the Regents' *Rules and Regulations*, Rule 30103 and is submitted for approval by the U. T. System 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 this position and the appointment of Dr. Wendt with The University of Texas M. D. Anderson Cancer Center. By approval of this item, the Board is also asked to find that holding this position is of benefit to the State of Texas and The University of Texas and there is no conflict between the position and the University.

1.    Name:               Richard Wendt III, M.D.  
      Title:             Professor, Imaging Physics  
      Position:         Chair, Texas Board of Licensure for Professional Medical  
                          Physicists  
      Period:            Dr. Wendt will serve as the chair of this committee at the  
                          pleasure of the governor.  
      Compensation:     None  
      Description:      Governor Perry has appointed Dr. Wendt to the Texas Board  
                          of Licensure for Professional Medical Physicists to serve as  
                          chair. This Board regulates the practice of medical physics in  
                          Texas.

**U. T. HEALTH SCIENCE CENTER - TYLER  
AUGUST 24-25, 2011**

**CONTRACTS**

The following contract has been administratively approved by the President or his delegate and the Executive Vice Chancellor for Health Affairs and is recommended for approval by the U. T. System Board of Regents:

**GENERAL CONTRACTS**

**FUNDS GOING OUT**

1. Agency: J & K PMS, Inc. dba Professional Medical Services  
Funds: \$1,200,000  
Period: September 1, 2011 through August 31, 2014  
Description: Collections of hospital and physician third-party accounts to include commercial and Medicare after 60 days. Agency is paid on commission for successful collections. The term is for three years with two 12-month extensions.

**U. T. HEALTH SCIENCE CENTER - TYLER  
AUGUST 24-25, 2011**

**OTHER MATTERS**

**APPROVAL OF DUAL POSITIONS OF HONOR, TRUST, OR PROFIT**

The following item has been approved by the Executive Vice Chancellor for Health Affairs in accordance with the Regents' *Rules and Regulations*, Rule 30103 and is submitted for approval by the U. T. System 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 this position and the appointment of President Calhoun with The University of Texas Health Science Center at Tyler. By approval of this item, the Board is also asked to find that holding this position is of benefit to the State of Texas and The University of Texas and there is no conflict between the position and the University.

1.    Name:               Kirk A. Calhoun, M.D.  
      Title:             President  
      Position:         Member, State Health Services Council  
      Period:           February 1, 2011 through February 1, 2017  
      Compensation:    None  
      Description:     Governor Perry has reappointed Dr. Calhoun to the State Health Services Council. The Council makes recommendations to the Department of State Health Services regarding the management, operation, policies, and rules for public health, mental health, and substance abuse.

**U. T. HEALTH SCIENCE CENTER - TYLER  
AUGUST 24-25, 2011**

**OTHER MATTERS (CONTINUED)**

**APPROVAL OF NAMING STREETS, PARKING GARAGE DESIGNATIONS, AND  
RENAMING OF CERTAIN EXISTING BUILDINGS**

The following items have been approved by the Executive Vice Chancellor for Health Affairs in accordance with the Regents' *Rules and Regulations*, Rule 80307 and are submitted for approval by the U. T. System Board of Regents. It has been determined that these namings are in accordance with and in support of a campus-wide wayfinding project as outlined below and as set out on the map on Page Docket - 77.

Streets, names are as follows.

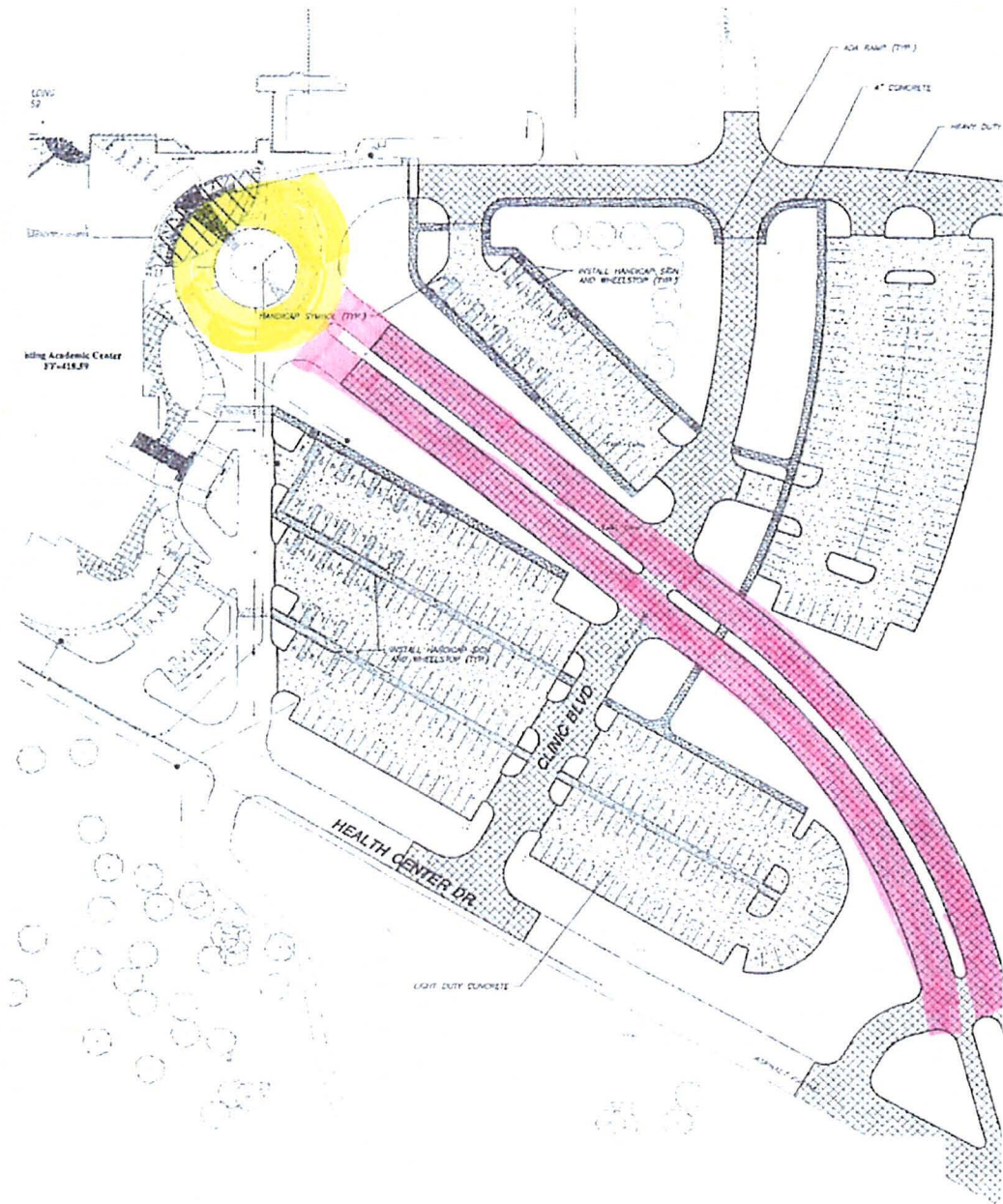
1. Current name: #1 Roadway (no name) (No. 1 on map)  
Proposed name: #1 Hope Circle (No. 1 on map)
2. Current name: #2 Roadway (no name) (No. 2 on map)  
Proposed name: #2 Hope Boulevard (No. 2 on map)

Hope Circle and Hope Boulevard are fitting names to express concern and hope for patients who will utilize the Cancer and Prevention Center on the campus.

U. T. HEALTH SCIENCE CENTER - TYLER  
AUGUST 24-25, 2011

OTHER MATTERS (CONTINUED)

APPROVAL OF NAMING STREETS, PARKING GARAGE DESIGNATIONS, AND  
RENAMING OF CERTAIN EXISTING BUILDINGS (CONTINUED)



Key	Existing Name	Proposed Name
1	None	Hope Circle
2	None	Hope Boulevard