

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

February 10-11, 2016

Galveston, Texas

Minutes of Committee meetings are taken as a convenience for research purposes and may be verified by recordings kept in the Office of the Board of Regents or webcasts available online on the Board website.

/s/ Carol A. Felkel
Secretary to the Board of Regents
May 31, 2016



SCHEDULE OF EVENTS FOR BOARD OF REGENTS' MEETING

February 10-11, 2016
Galveston, Texas

U. T. Medical Branch - Galveston, 301 University Boulevard, Galveston, Texas 77555

- *Research Building 6, Market and 9th Street, Room 1.108 (Executive Sessions)*
- *Research Building 6, Market and 9th Street, Room 1.206 (Open Sessions)*
- *Office of President Callender (409) 772-1902*

Wednesday, February 10, 2016

Finance and Planning Committee	9:30 a.m.
Joint Audit and Finance Committees	10:30 a.m.
Audit, Compliance, and Management Review Committee	11:00 a.m.
Meeting of the Board - Executive Session (working lunch)	11:45 a.m.
Facilities Planning and Construction Committee	12:30 p.m.
Technology Transfer and Research Committee	1:00 p.m.
Academic Affairs Committee	2:00 p.m.
Health Affairs Committee	4:00 p.m.
Recess	5:30 p.m.
Dinner Reception	6:30 p.m.
<i>The San Luis, 5222 Seawall Boulevard, Galveston</i>	

Thursday, February 11, 2016

Meeting of the Board - Open Session	8:30 a.m.
Recess to Executive Session and Working Lunch	10:25 a.m.
Meeting of the Board - Open Session	2:00 p.m. <i>approximately</i>
Adjourn	2:15 p.m. <i>approximately</i>

MINUTES
U. T. System Board of Regents
Audit, Compliance, and Management Review Committee
February 10, 2016

The members of the Audit, Compliance, and Management Review Committee of the Board of Regents of The University of Texas System convened at 11:04 a.m. on Wednesday, February 10, 2016, in Room 1.206 of Research Building 6, The University of Texas Medical Branch at Galveston, Market and 9th Streets, Galveston, Texas, with the following participation:

Attendance

Vice Chairman Hildebrand, presiding
Vice Chairman Hicks
Regent Aliseda
Regent Beck
Regent Pejovich

Also present were Chairman Foster, Regent Cranberg, Regent Drake, Regent Hall, Regent Tucker, and General Counsel Frederick.

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

1. **U. T. System: Report on the Fiscal Year 2015 Annual Financial Report, including the report on the U. T. System Annual Financial Report Audit, and audits of U. T. M. D. Anderson Cancer Center, U. T. Southwestern Medical Center, and U. T. Medical Branch - Galveston financial statements and for funds managed by The University of Texas Investment Management Company (UTIMCO)**

Committee Meeting Information

Presenter(s): Mr. Randy Wallace, Associate Vice Chancellor, Controller, and Chief Budget Officer; Ms. Tracey Cooley and Mr. Blake Rodgers, Deloitte & Touche LLP
Status: Reported/Discussed

This item was for consideration during a joint meeting of this Committee and the Finance and Planning Committee (see Committee Minutes for the Joint Meeting).

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

Committee Meeting Information

Presenter(s): Committee Chairman Hildebrand
Status: Reported

3. U. T. System: Approval of non-audit services to be performed by U. T. System's external audit firm, Deloitte & Touche LLP, for a U. T. Austin comprehensive business plan project

Committee Meeting Information

Presenter(s): Mr. J. Michael Peppers, Chief Audit Executive

Status: Approved

Motion: Made by Regent Aliseda, seconded by Regent Beck, and carried unanimously

4. U. T. System Board of Regents: Approval to hire auditor to provide financial auditing services for Fiscal Year 2016

Committee Meeting Information

Presenter(s): Committee Chairman Hildebrand; Mr. J. Michael Peppers, Chief Audit Executive

Status: Approved

Motion: Made by Regent Beck, seconded, and carried unanimously

5. U. T. System: Discussion on Systemwide audit activities, including a report on the Faculty Academic Workload Audit and the audits of travel and entertainment expenses for chief administrators and executives and an update on the status of Priority Findings and the Annual Audit Plan

Committee Meeting Information

Presenter(s): Mr. J. Michael Peppers, Chief Audit Executive

Status: Reported/Discussed

Follow-up action: Regarding the report on the Faculty Academic Workload Audit, Committee Chairman Hildebrand expressed hope that there would be transparency and clarity on the matter and that the report will be diligently prepared on a required basis, with information synthesized into easily understandable metrics that can be used as a management tool for the institutional presidents as well as for the Board.

Discussion at meeting:

Mr. Peppers reported that the Systemwide audit of academic workload of faculty was completed last fall (2015) for the Academic Year 2014. He reviewed requirements of Texas Education Code Section 51.402 that requires the Board of Regents to adopt rules regarding the academic workload of faculty. He said that is accomplished by Regents' Rule 31006, Academic Workload Requirements, which requires each full-time faculty member paid from the appropriations item "Faculty Salaries" (State funds) be assigned a minimum workload equivalent to 18 semester credit hours. He said the Regents' Rule has identified workload credits as a process by which those activities are captured and quantified as they relate to teaching, teaching equivalencies, and noninstructional activities. He said the Rule requires that each institution identify a monitoring process and an officer of the institution to monitor academic workload.

Mr. Peppers stated that the Education Code also requires each institution to file with its governing board a report that shows, by department, academic duties and services of each faculty member over the pertinent nine-month period.

Mr. Peppers said the U. T. System academic institutions were asked to complete a control questionnaire describing their processes for academic workload reporting and monitoring, and three of the institutions were selected for detailed testing: U. T. Dallas, U. T. San Antonio, and U. T. Tyler. He said recommendations related to Systemwide initiatives were made to the Office of Academic Affairs, and institution-specific recommendations were made to each institution and also communicated to U. T. System Administration. He said the institutions accepted the recommendations and made work plans to address them.

Mr. Peppers reported the audit finding that the annual report to the Board of Regents has never been done, thus the Office of Academic Affairs was not aware of the status of faculty workloads across the U. T. System and whether minimum workload requirements are met.

He also reported that the institutions had, over time, developed different interpretations of the Regents' Rule in its application. A high-level finding of the audit recommended more structured guidance be provided to the institutions by the Office of Academic Affairs. Consequently, a working group has been established to develop supplemental guidance to the institutions and to develop the report to be made to the Board.

Regent Hall asked how the annual report, due under the Regents' Rules, was missed when faculty compensation is a large piece of the expense for the U. T. System institutions. He further asked if there is a risk of that happening in other areas. Mr. Peppers explained that neither from an audit nor a management perspective had the reporting of this or anything else to the Board been identified as one of the risk categories. He said it should have been, and the Audit Office will be looking for other required reports, including in legislation, which can change over time. He reported that activities at the institutions to review and monitor workloads were tested during the audit, and the overall observation was that each U. T. System institution has procedures in place. He said the Office of Academic Affairs was generally aware of that activity occurring, but the specific requirement of bringing the information to the Board had never been done.

Regent Hall asked if, under the auditing interpretation, a faculty member compensated without using any State-appropriated funds could release that faculty member from having to comply with either a) the presidential credit rules, or b) the teaching load credit obligation of 18 hours, and Mr. Peppers said the Texas Education Code only requires that specific accountability and monitoring for those using State-appropriated funds, and that is the reason the audit was limited to that scope. He said it would be a management decision as to whether that would be a same or different requirement for faculty compensated from other resources. But from a compliance perspective, there would not be that same reporting requirement.

Regent Hall asked for clarification about faculty compensated from non-appropriated funds, such as tuition increases, fees, and philanthropy. He asked if the schools are not obligated to report to the Board of Regents on presidential credits or workloads for such faculty.

Mr. Peppers said that is reported to the Texas Higher Education Coordinating Board, but the requirement to report to the Board of Regents has not been established. Regent Hall said that because of where the compensation comes from, faculty workload is not known, and he suggested to Committee Chairman Hildebrand that the Audit, Compliance, and Management Review Committee request a U. T. Systemwide audit of all the academic institutions to look at academic workload. He commented that lack of information on the potential slack in workload at a time when the Board is considering tuition increases to further compensate some number of faculty would be a real miss. Mr. Peppers pointed out the lack of a report to the Board does not mean that academic workload is not being monitored and managed at the institutional level.

Regent Cranberg said he shares Regent Hall's concern on the productivity and workload assessment, but he clarified that tuition money is appropriated money and, thus, faculty paid using tuition funds would be included in the report. He said the reports, which he has looked at, are available that tabulate if each faculty member meets the 18-hour teaching load credit threshold. While there are opportunities for improvement in individual institutions and departments that can be utilized by management and institutions at the U. T. System level to improve productivity, he said his concern is presidential credits, which can be the variable awarded for discretionary activity. He said he had requested the audit of presidential credits and wanted to make sure those credits were being earned by faculty for planned work being done.

Regent Cranberg said there is an excess of presidential credits not needed each year at each U. T. System institution and making it more of a scarce product or quantity might provide a better understanding of how to improve productivity. He said there is now a better understanding of teaching load credits and presidential credits, with good visibility into what those are. Especially with the improvements and management of those credits, more confidence can be had in the measurements.

Regent Tucker commented on the information provided by the management tool and the importance of understanding the expectations and tactical plans in the strategic plan. She agreed with Regent Cranberg's comments and cautioned that an audit should not look at one dimension to the exclusion of other expectations of faculty.

Committee Chairman Hildebrand expressed hope that there will be transparency and clarity on the matter, and that the report will be diligently prepared on a required basis, with information synthesized into easily understandable metrics.

Mr. Peppers also reported on the audits of travel and entertainment expenses for chief administrators and executives, and he provided an update on the status of Priority Findings and the Annual Audit Plan.

6. U. T. System Board of Regents: Report on the Risk Finance and Risk Control Programs administered by the Office of Risk Management

Committee Meeting Information

Presenter(s): Mr. Phillip Dendy, Executive Director of Risk Management

Status: Reported/Discussed

Discussion at meeting:

In reply to questions from Committee Chairman Hildebrand, Mr. Dendy explained that each U. T. System institution has its own environmental health and safety program, but the U. T. System manages the risk finance program, including requests for bids.

Mr. Dendy explained the automobile property and liability program in reply to a question from Regent Cranberg. Vice Chairman Hildebrand asked about captives, and Mr. Dendy said there has been discussion about the advantages and disadvantages. He noted some aspects of captives are being managed internally.

7. U. T. System: Report on U. T. System medical billing compliance activities

Committee Meeting Information

Presenter(s): Mr. Dieter Lehnortt, Director of Billing Compliance, U. T. Southwestern Medical Center

Status: Reported/Discussed

Follow-up action: Vice Chairman Hildebrand encouraged continued collaborative efforts in medical billing compliance software at the U. T. System health institutions to benefit from a common system and economies of scale.

Discussion at meeting:

Mr. Lehnortt spoke about the collaborative efforts underway in medical billing compliance software at U. T. System health institutions in response to questions and comments from Committee Chairman Hildebrand regarding the benefit of a common system and economies of scale.

ADJOURNMENT

Committee Chairman Hildebrand adjourned the meeting at 12:02 p.m.

MINUTES
U. T. System Board of Regents
Joint Meeting of the Audit, Compliance, and Management Review Committee
and the Finance and Planning Committee
February 10, 2016

The members of the Audit, Compliance, and Management Review Committee and the Finance and Planning Committee of the Board of Regents of The University of Texas System convened at 10:23 a.m. on Wednesday, February 10, 2016, in Room 1.206 of Research Building 6, The University of Texas Medical Branch at Galveston, Market and 9th Streets, Galveston, Texas, with the following participation:

Attendance

Vice Chairman Hicks, presiding
Vice Chairman Hildebrand
Regent Aliseda
Regent Beck
Regent Hall
Regent Pejovich
Regent Tucker

Also present were Chairman Foster, Regent Cranberg, Regent Drake, and General Counsel Frederick.

In accordance with a notice being duly posted with the Secretary of State and there being a quorum present, Finance and Planning Committee Chairman Hicks called the joint meeting to order in Open Session.

U. T. System: Report on the Fiscal Year 2015 Annual Financial Report, including the report on the U. T. System Annual Financial Report Audit, and audits of U. T. M. D. Anderson Cancer Center, U. T. Southwestern Medical Center, and U. T. Medical Branch - Galveston financial statements and for funds managed by The University of Texas Investment Management Company (UTIMCO)

Joint Committee Meeting Information

Presenter(s): Mr. Randy Wallace, Associate Vice Chancellor, Controller, and Chief Budget Officer;
Ms. Tracey Cooley and Mr. Blake Rodgers, Deloitte & Touche LLP

Status: Reported/Discussed

Follow-up action: Ensure the software glitch resulting in a significant projected misstatement in the audit of U. T. M. D. Anderson Cancer Center is addressed.

Discussion at meeting:

Regent Beck asked about the \$51 million projected misstatement for U. T. M. D. Anderson Cancer Center reported by Deloitte under Uncorrected Misstatements (Slide 7), and Mr. Rodgers explained that a sample of the total population of revenue was tested and a statistical calculation was used to project what the remaining population might have been.

In response to a further question from Regent Beck, Mr. Wallace generally explained the situation and said it was not a clerical error, but perhaps a glitch in the software and atypical. Regent Beck wanted to be sure the matter is being addressed, and Mr. Wallace said the matter is being reviewed.

ADJOURNMENT

Finance Committee Chairman Hicks adjourned the joint meeting at 10:45 a.m.

MINUTES
U. T. System Board of Regents
Finance and Planning Committee
February 10, 2016

The members of the Finance and Planning Committee of the Board of Regents of The University of Texas System convened at 9:30 a.m. on Wednesday, February 10, 2016, in Room 1.206 of Research Building 6, The University of Texas Medical Branch at Galveston, Market and 9th Streets, Galveston, Texas, with the following participation:

Attendance

Vice Chairman Hicks, presiding
Vice Chairman Hildebrand
Regent Beck
Regent Hall
Regent Tucker

Also present were Chairman Foster, Regent Aliseda, Regent Cranberg, Regent Drake, Regent Pejovich, and General Counsel Frederick.

In accordance with a notice being duly posted with the Secretary of State and there being a quorum present, Committee Chairman Hicks called the meeting to order in Open Session.

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

Committee Meeting Information

Presenter(s): Committee Chairman Hicks
Status: Reported

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

Committee Meeting Information

Presenter(s): Dr. Scott C. Kelley, Executive Vice Chancellor for Business Affairs
Status: Reported/Discussed

3. U. T. System: Report on the Analysis of Financial Condition for Fiscal Year 2015

Committee Meeting Information

Presenter(s): Mr. Randy Wallace, Associate Vice Chancellor, Controller, and Chief Budget Officer
Status: Reported/Discussed

4. U. T. System: Approval of amendment to Budget Rules and Procedures including raising the threshold for budget amendments requiring Board or U. T. System Administration approval and changing the requirements for Board or U. T. System Administration approval for budget actions involving certain personnel

Committee Meeting Information

Presenter(s): Mr. Randy Wallace, Associate Vice Chancellor, Controller, and Chief Budget Officer
Status: Approved
Motion: Made by Vice Chairman Hildebrand, seconded by Regent Beck, and carried unanimously

5. U. T. System: Approval of the Fiscal Year 2017 Budget Preparation Policies and Calendar for budget operations

Committee Meeting Information

Presenter(s): Mr. Randy Wallace, Associate Vice Chancellor, Controller, and Chief Budget Officer
Status: Approved
Motion: Made by Regent Beck, seconded by Vice Chairman Hildebrand, and carried unanimously

6. U. T. System Board of Regents: Report on activities of the University Lands Advisory Board

Committee Meeting Information

Presenter(s): Regent Cranberg
Status: Reported/Discussed

Discussion at meeting:

Regent Cranberg stated that in regards to oil and gas prices, revenues are down, but production is holding up. He spoke about expected increased lease sales over the next several years as oil and gas prices recover. He noted that in the meantime, the University Lands Office is putting together a heightened commercial effort on maximizing the values from all the facets of its land, which include water, ranching, oil, and solar, and he is confident that the U. T. System will continue to see improved growth and improved production from the lands.

7. U. T. System Board of Regents: The University of Texas Investment Management Company (UTIMCO) Performance Summary Report and Investment Reports for the quarter ended November 30, 2015

Committee Meeting Information

Presenter(s): Mr. Bruce Zimmerman, Chief Executive Officer and Chief Investment Officer, UTIMCO

Status: Reported/Discussed

Follow-up actions:

1. Regent Cranberg requested a review of the oil and gas portfolio, cautioning against over-exposure.
2. Vice Chairman Hildebrand said the distributions are the fuel for the engine, and UTIMCO has to get better in terms of real returns.

Discussion at meeting:

Mr. Zimmerman's presentation is set forth on Pages 6 - 41. He announced it was Vice Chairman Hicks' fifth anniversary as a Director of The University of Texas Investment Management Company (UTIMCO) Board, and on March 1, UTIMCO will celebrate its 20th anniversary and will hold an Investment Conference on March 3 and 4.

In reply to a question from Regent Cranberg, Mr. Zimmerman said the natural resources portfolio is comprised of \$2 billion in private, \$2 billion in unfunded future commitments, and \$1.7 in public. Regent Cranberg asked if that would be roughly \$6 billion, and Mr. Zimmerman said if unfunded is added to the Net Asset Value (NAV), yes, but he said part of the private NAV gets returned. Mr. Zimmerman confirmed that particular portfolio might top out at \$4-6 billion in response to a further question from Regent Cranberg. Saying that UTIMCO has a big oil and gas dependency already, Regent Cranberg said he wanted to continue to sound his concern about industries that correlate with oil and gas. His preference would be to see policies being established to keep that overall oil and gas dependence in mind.

Vice Chairman Hildebrand asked about average returns on the endowments, which is about \$25 billion. Mr. Zimmerman said that about 6% is the short answer; 10 years is 5.6%, five years is 5.86%, and three years is 6.14%. UTIMCO's objective is distribution plus inflation; inflation has been very low, and the distribution policy is about 5%. UTIMCO has been slightly below that as of the December (2015) Calendar Year End. The methodology for purchasing power for the Permanent University Fund (PUF) allows for the inclusion of the University Lands revenue, and accordingly, UTIMCO is maintaining purchasing power, but investment returns have slightly lagged.

Mr. Zimmerman confirmed Vice Chairman Hildebrand's thought that just on pure distribution versus what actual returns have been the last three, five, and ten years, UTIMCO returns have been roughly equivalent to the 4.5-5% distribution that it has been making out of the PUF. Vice Chairman Hildebrand continued to say that UTIMCO has not beat inflation, which is a worthy goal to achieve. He asked Mr. Zimmerman to talk about the headwinds that might be seen and to give the Board a perspective on the distribution and what returns are expected to be. Mr. Zimmerman said for the period September 1, 2015 - January 31, 2016, UTIMCO is off to a difficult start with the portfolio down 4% and down

2.75% in January. The S&P was down 5%, and the global stock market was down 6%. When UTIMCO came to the Board with the investment policy for Fiscal Year 2016, it indicated a 3% real return and then needed to add 200 basis points of value. He said that is less than the 5-7% returns that UTIMCO has projected in the past. The critical factors are central banks, monetary policy, and Chinese growth, and he believes UTIMCO is in for a difficult time for a couple of years. Energy is a factor, but for every one person involved in the production of energy, nine people are involved in the consumption of energy. One of the things about capital markets is that there are winners and there are losers, and there are buyers and there are sellers.

Vice Chairman Hildebrand said that it is important that the Regents understand that it is not just UTIMCO, but this is a national phenomenon. There is discussion in the press about lower returns and what that means to endowment distributions and higher education. Vice Chairman Hildebrand addressed Regent Cranberg's point in terms of the correlation of energy, and said the Regents need to be aware of the impact on the overall return of the portfolio given the \$20 billion asset value in West Texas Lands. UTIMCO has a large portfolio valuation in energy and is now seeing the effects of \$25 crude oil and \$2 gas. Mr. Zimmerman agreed and said UTIMCO has about \$1 billion of energy exposure in endowments. UTIMCO has looked at those correlations statistically over time. There is a weaker relationship between the price of oil and returns.

Regent Cranberg suggested that the Regents look more broadly at what, in UTIMCO's portfolio, correlates with oil prices because there are a lot of follow-on effects to oil prices -- service companies, pipeline companies, midstream, it is not just upstream North American. His concern is that there may be greater exposure to energy prices than is realized. Given the extreme reliance on oil and gas income that goes beyond the numbers that come from University Lands, UTIMCO needs to look broader at what correlates in the portfolio. Mr. Zimmerman said UTIMCO has a lot of people involved in the oil and gas business and understands the Regents' perspective. Again, the data is that energy represents about 10% of Gross Domestic Product (GDP). For every one producer of energy, there are nine consumers. Lower oil prices are quite positive for Europe, China, and India; all places UTIMCO invests. If UTIMCO did not have 5% in energy, it would have done a little better during this period of time.

8. U. T. System Board of Regents: Approval of an Accreditation Program for Texas State Agencies and Group Purchasing Organizations (GPO Accreditation Program)

Committee Meeting Information

Presenter(s): Dr. Scott C. Kelley, Executive Vice Chancellor for Business Affairs

Status: Approved

Motion: Made by Regent Beck, seconded by Regent Tucker, and carried unanimously

9. **U. T. System: Report on the Fiscal Year 2015 Annual Financial Report, including the report on the U. T. System Annual Financial Report Audit, and audits of U. T. M. D. Anderson Cancer Center, U. T. Southwestern Medical Center, and U. T. Medical Branch - Galveston financial statements and for funds managed by The University of Texas Investment Management Company (UTIMCO)**

Committee Meeting Information

Presenter(s): Mr. Randy Wallace, Associate Vice Chancellor, Controller, and Chief Budget Officer; Ms. Tracey Cooley and Mr. Blake Rodgers, Deloitte & Touche, LLP

Status: Reported/Discussed

Discussion at meeting:

This item was for consideration during a joint meeting of this Committee and the Audit, Compliance, and Management Review Committee (see Committee Minutes for the Joint Meeting).

ADJOURNMENT

Committee Chairman Hicks adjourned the meeting at 10:22 a.m.



The University of Texas Investment Management Company

UTIMCO Update

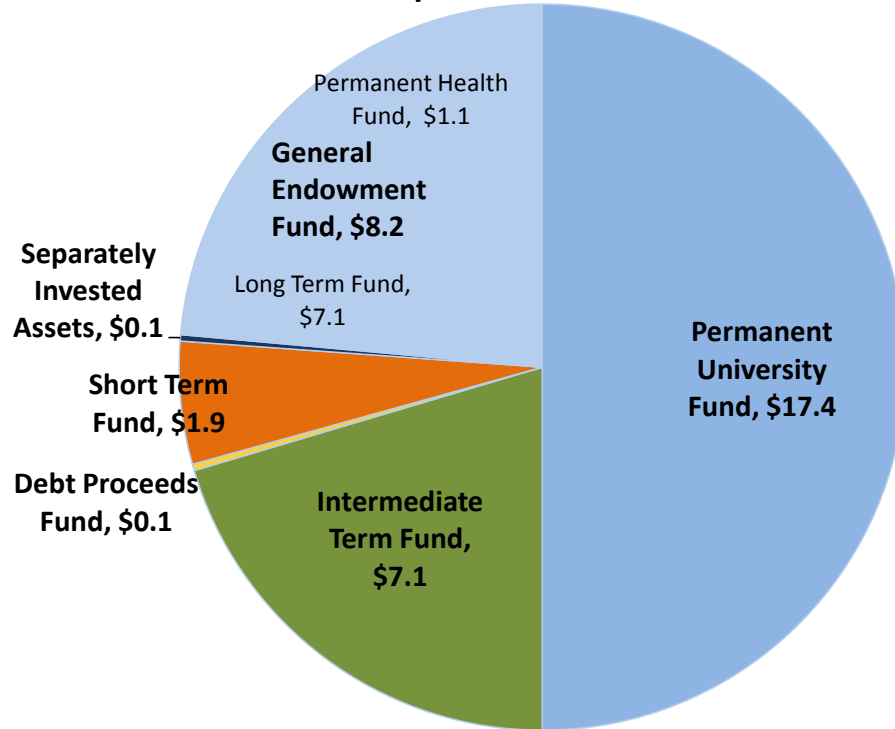
Mr. Bruce Zimmerman
CEO and Chief Investment Officer

U. T. System Board of Regents' Meeting
Finance and Planning Committee
February 2016

UTIMCO ASSETS UNDER MANAGEMENT



\$34.8 Billion



As of December 31, 2015 | 2



COMBINED PUF AND GEF EXPOSURE

Asset Group	Asset Class	More Correlated and Constrained (Long Only)		Less Correlated and Constrained (Hedge Funds)		Private Investments		Total	
Fixed Income	Investment Grade Credit-Related	\$1,570	6.1%	\$442	1.7%	\$0	0.0%	\$2,012	7.8%
		26	0.1%	1,114	4.4%	949	3.7%	2,089	8.2%
Fixed Income Total		1,596	6.2%	1,556	6.1%	949	3.7%	4,101	16.0%
Real Assets	Real Estate	611	2.4%	2	0.0%	1,489	5.8%	2,102	8.2%
	Natural Resources	1,337	5.3%	1	0.0%	2,009	7.8%	3,347	13.1%
Real Assets Total		1,948	7.7%	3	0.0%	3,498	13.6%	5,449	21.3%
Equity	Developed Country	3,501	13.8%	5,505	21.5%	3,110	12.1%	12,116	47.4%
	Emerging Markets	2,491	9.7%	464	1.8%	983	3.8%	3,938	15.3%
Equity Total		5,992	23.5%	5,969	23.3%	4,093	15.9%	16,054	62.7%
Total		\$9,536	37.4%	\$7,528	29.4%	\$8,540	33.2%	\$25,604	100.0%
Number of Partners		47		45		149		241	

As of December 31, 2015 | 6



COMBINED PUF AND GEF EXPOSURE

Asset Group	Asset Class	More Correlated and Constrained (Long Only)		Less Correlated and Constrained (Hedge Funds)		Private Investments		Total	
Fixed Income	Investment Grade	\$1,570	6.1%	\$442	1.7%	\$0	0.0%	\$2,012	7.8%
	Credit-Related	26	0.1%	1,114	4.4%	949	3.7%	2,089	8.2%
Fixed Income Total		1,596	6.2%	1,556	6.1%	949	3.7%	4,101	16.0%
Real Assets	Real Estate	611	2.4%	2	0.0%	1,489	5.8%	2,102	8.2%
	Natural Resources	1,337	5.3%	1	0.0%	2,009	7.8%	3,347	13.1%
Real Assets Total		1,948	7.7%	3	0.0%	3,498	13.6%	5,449	21.3%
Equity	Developed Country	3,501	13.8%	5,505	21.5%	3,110	12.1%	12,116	47.4%
	Emerging Markets	2,491	9.7%	464	1.8%	983	3.8%	3,938	15.3%
Equity Total		5,992	23.5%	5,969	23.3%	4,093	15.9%	16,054	62.7%
Total		\$9,536	37.4%	\$7,528	29.4%	\$8,540	33.2%	\$25,604	100.0%
Number of Partners		47		45		149		241	

- Split Developed Country Private Investments into Venture Capital and all other

ACTUAL RETURNS



Periods Ended December 31, 2015

Fund	One Year	Three Years	Five Years	Ten Years
Permanent University Fund (PUF)	0.41%	6.14%	5.86%	5.60%
General Endowment Fund (GEF)	0.43%	6.29%	5.99%	5.72%
Intermediate Term Fund (ITF)	-3.18%	2.39%	3.05%	N/A



PRIVATE INVESTMENT VALUATION

- Public equity values are always known
- Private equity values are not
 - At the end of each quarter, the General Partner reports the fund’s value to the Limited Partner (UTIMCO) based on each fund’s underlying company’s value (mark-to-market)
 - 45-90 day delay
- Benchmarks are reported after that
- Therefore, 2015 represents:

<u>Quarter Ended</u>	<u>Actual</u>	<u>Benchmark</u>
December 31, 2014	X	X
March 31, 2015	X	X
June 30, 2015	X	X
September 30, 2015	X	= Actual



VALUE ADD: MEASURE OF STAFF’S ROLE

- Actual Returns – Target Allocation Benchmark Returns
- Benchmark Returns: Market Average

Current Target Allocations and Benchmarks

<u>More Correlated and Constrained (MCC)(Long Only)</u>	<u>Target Allocation</u>	<u>Benchmark</u>		<u>Target Allocation</u>	<u>Benchmark</u>
- Investment Grade Fixed Income	6.5%	Barclays Capital Global Aggregate Index	- Less Correlated and Constrained (LCC) (Hedge Funds)	29.0%	Hedge Fund Research Indices
- Real Estate	2.5%	FTSE EPRA/NAREIT Developed Index Net USD			Fund of Funds Composite Index
- Natural Resources:				31.0%	Custom Cambridge
- Commodities	2.5%	Bloomberg Commodity Total Return Index			Fund of Funds Benchmark
- Gold	2.5%	MSCI World Natural Resources Index			
- Public Equity	2.5%	Gold Spot Price (XAU)			
- Developed Country Equity	14.0%	MSCI World Index with Net Dividends			
- Emerging Markets Equity	9.5%	MSCI Emerging Index with Net Dividends			
			- Specific Benchmarks are also available for Hedge Funds and Private Investments (e.g., Credit Related Hedge Funds, Capital Private Investment Funds, etc.)		

As of December 31, 2015 | 10



VALUE ADD

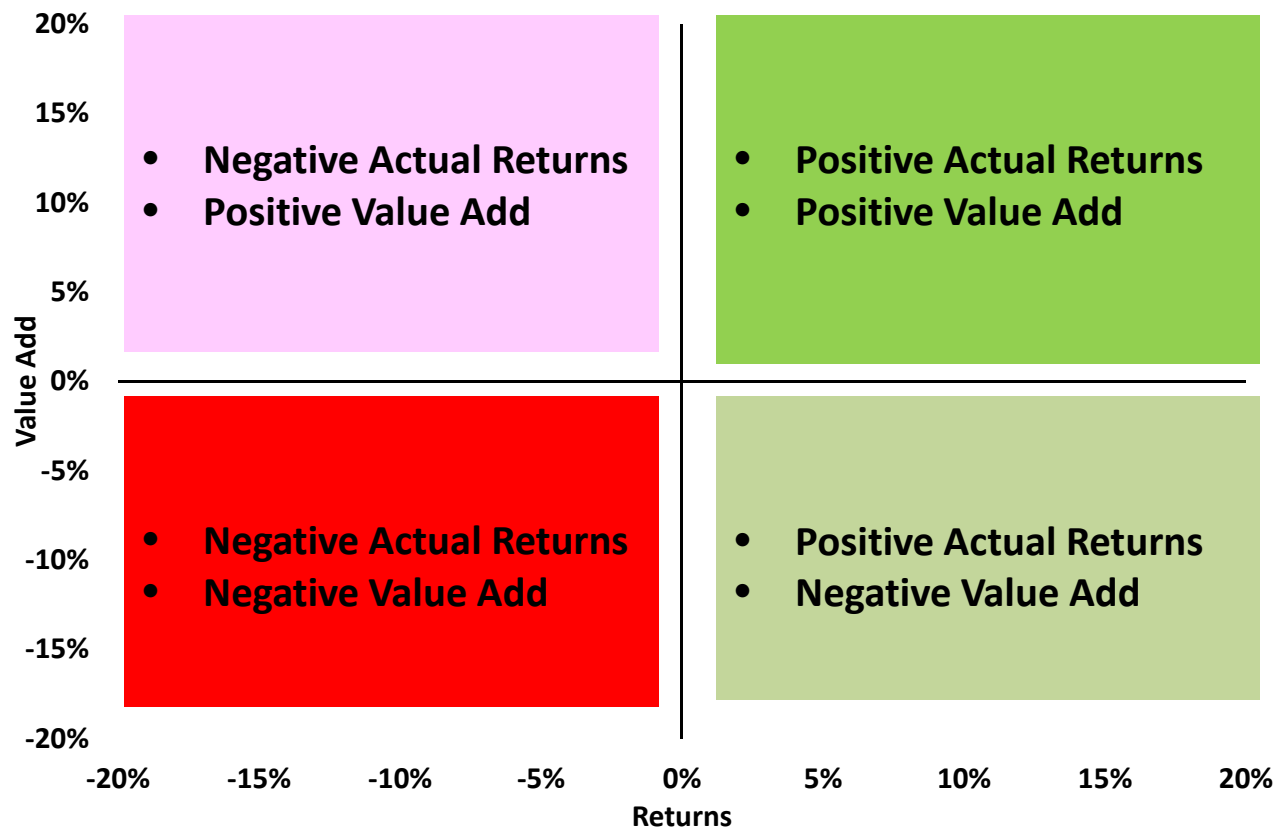
Periods Ended December 31, 2015

Fund	One Year	Three Years	Five Years	Ten Years
Permanent University Fund (PUF)	0.72%	1.17%	1.24%	1.60%
General Endowment Fund (GEF)	0.74%	1.32%	1.37%	1.72%
Intermediate Term Fund (ITF)	0.29%	1.39%	1.59%	N/A

As of December 31, 2015 | 11



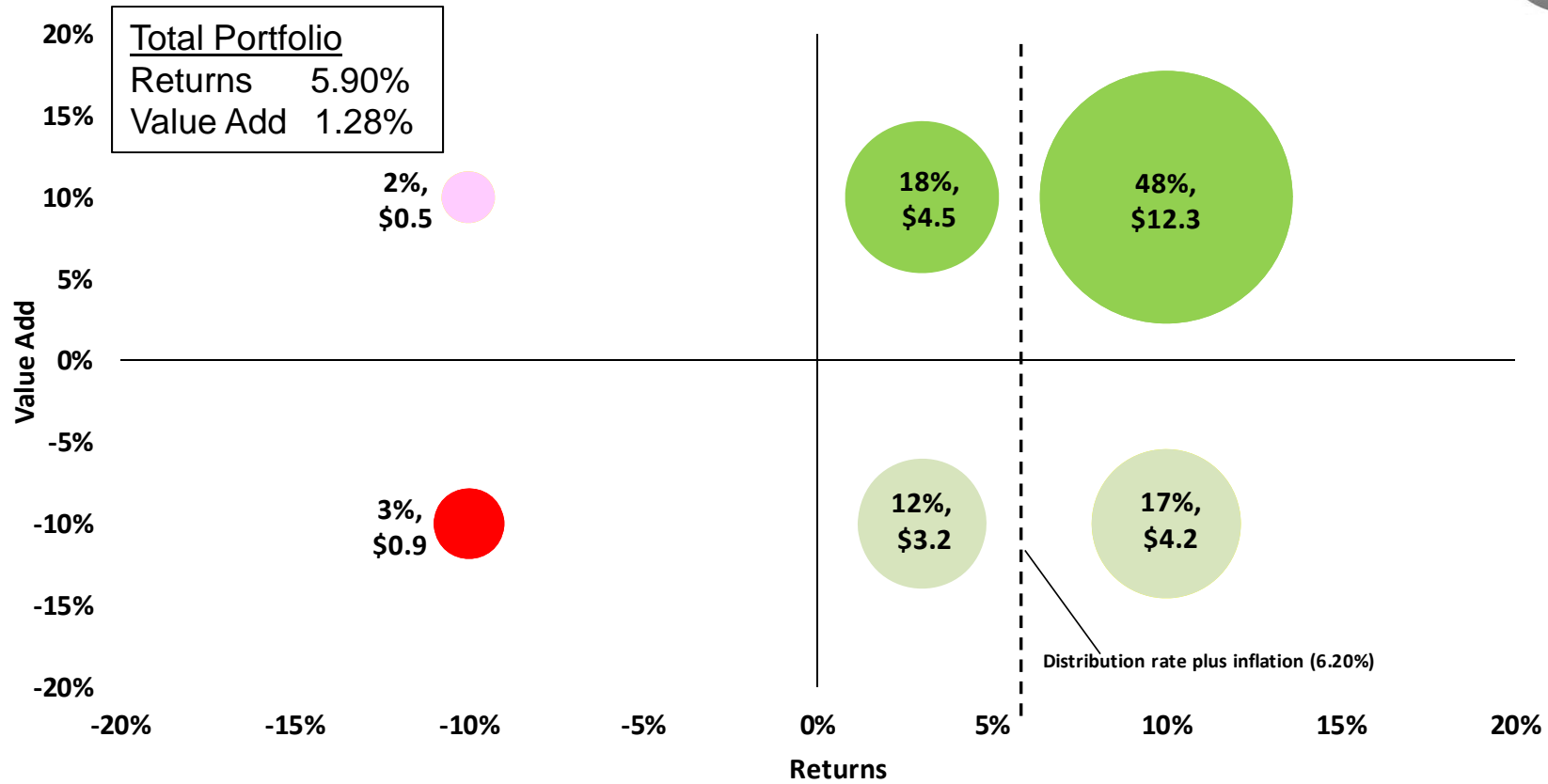
RETURNS AND VALUE ADD



As of December 31, 2015 | 12

RETURNS AND VALUE ADD

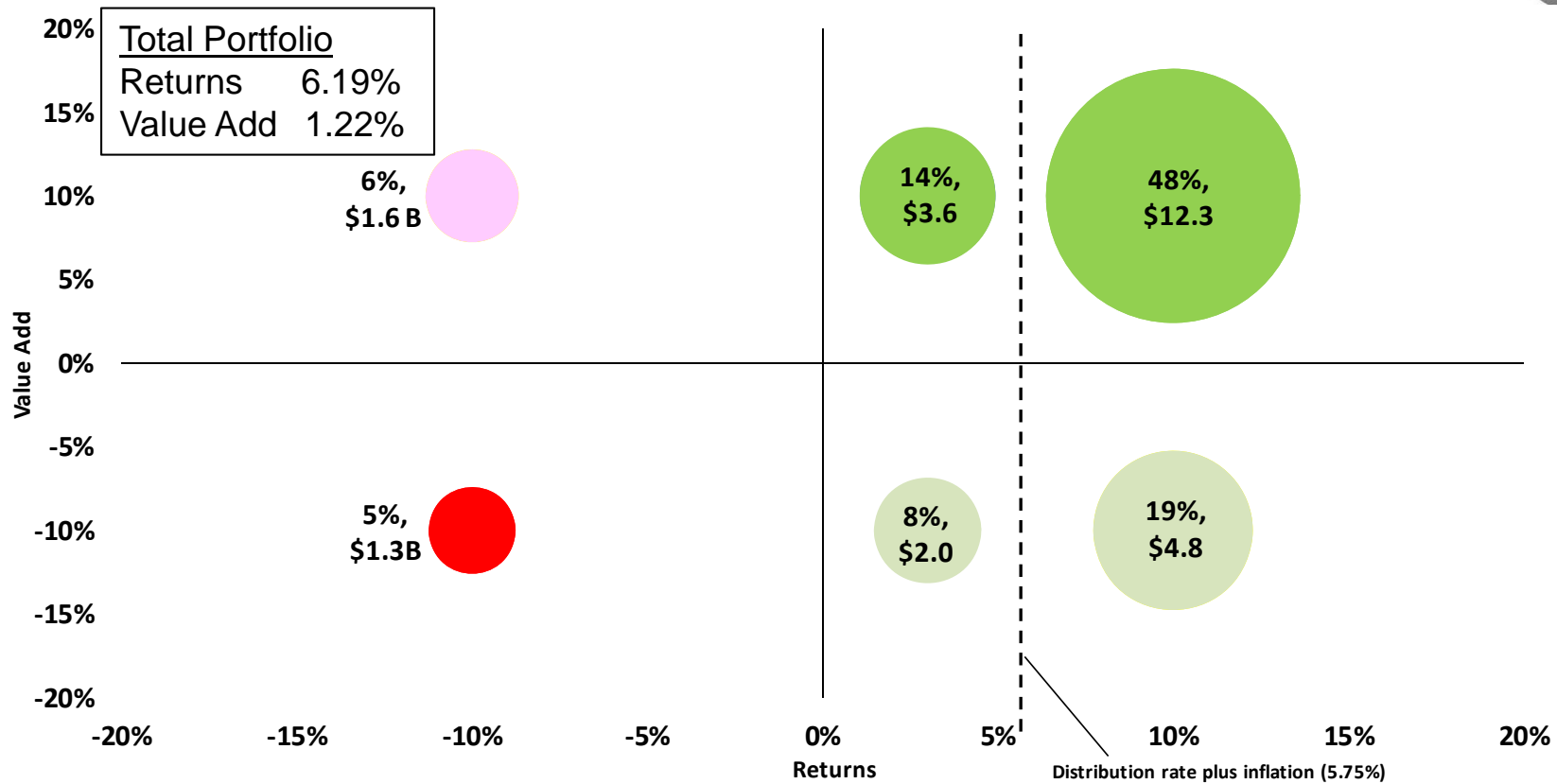
FIVE YEARS ENDED DECEMBER 31, 2015



As of December 31, 2015 | 13

RETURNS AND VALUE ADD

THREE YEARS ENDED DECEMBER 31, 2015

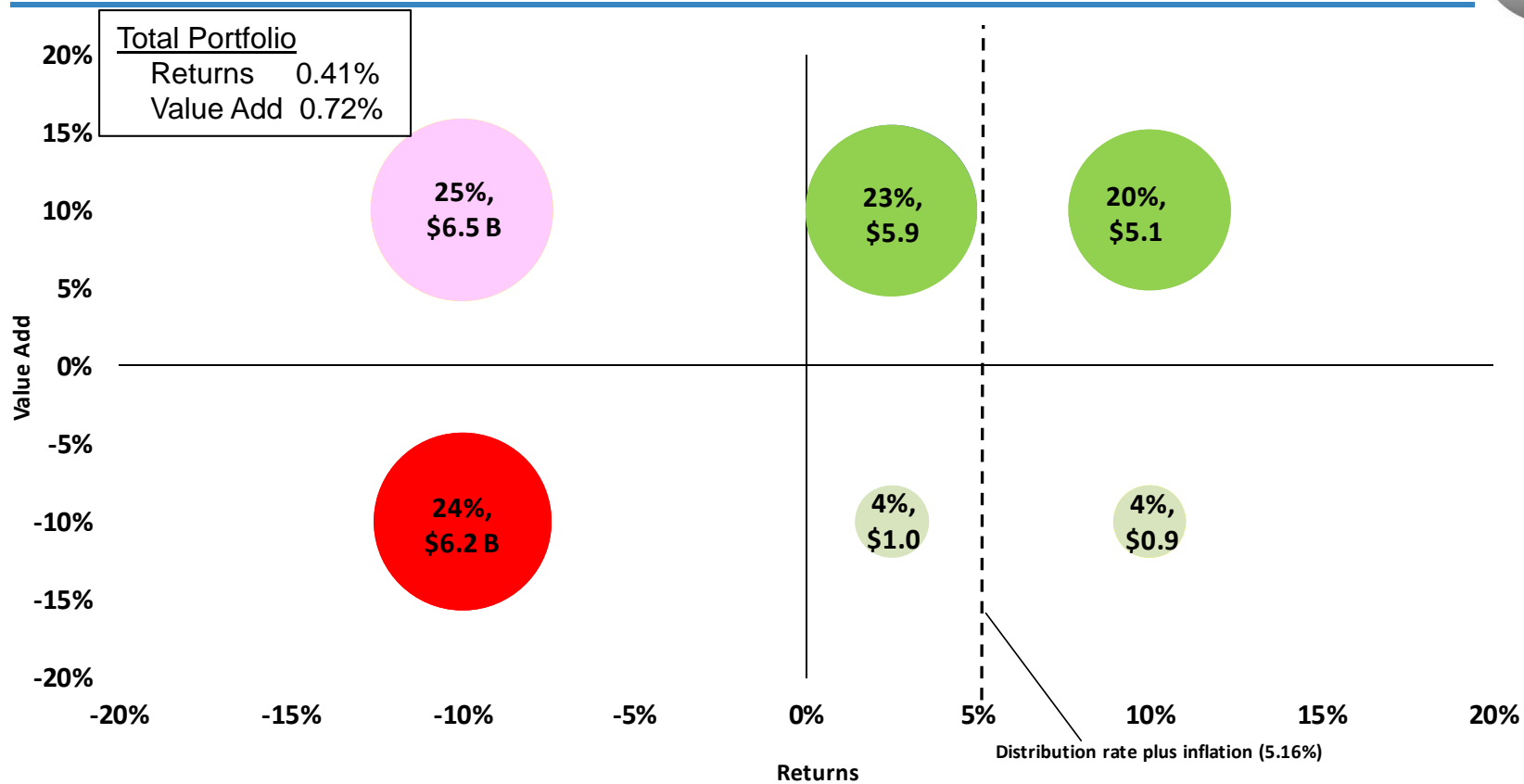


As of December 31, 2015 | 14



RETURNS AND VALUE ADD

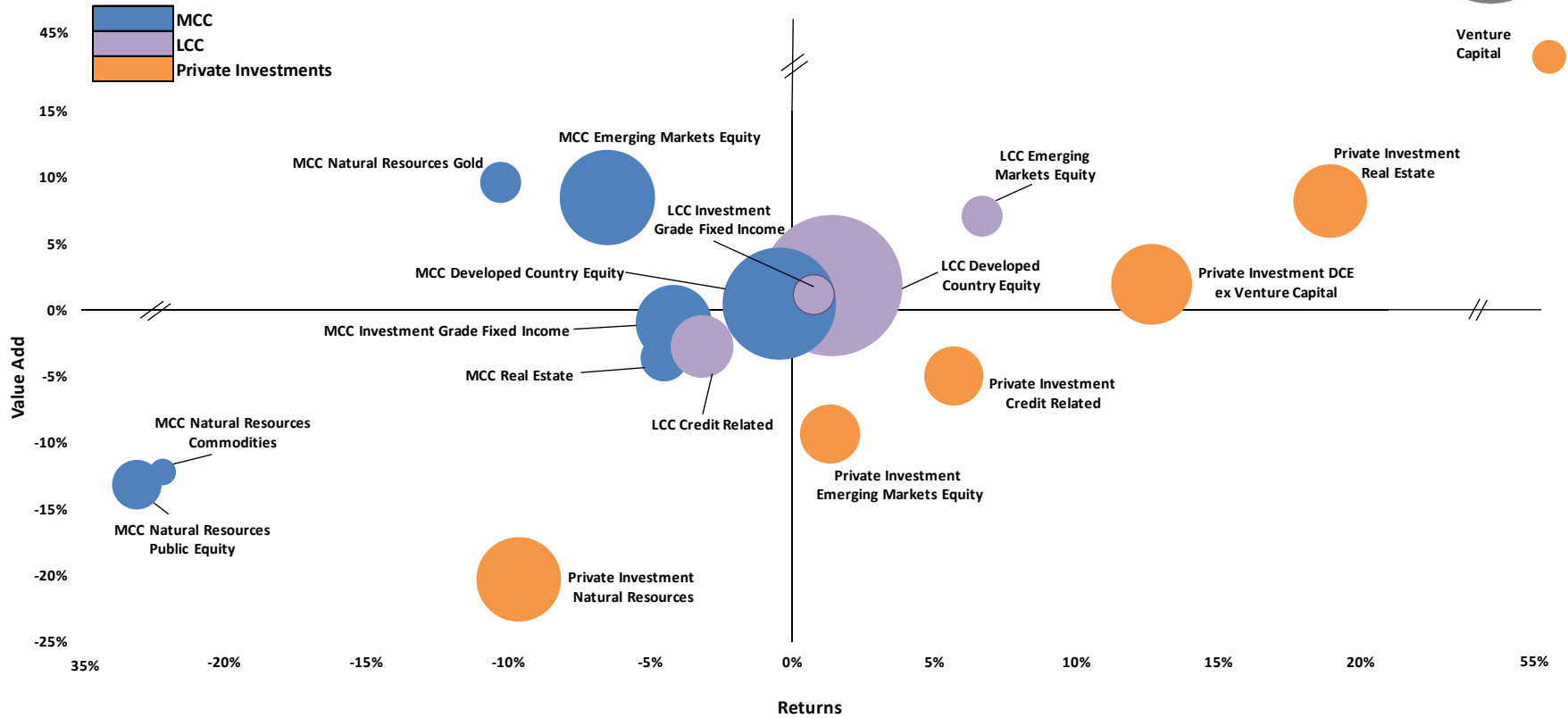
ONE YEAR ENDED DECEMBER 31, 2015



As of December 31, 2015 | 15

RETURNS AND VALUE ADD

ONE YEAR ENDED DECEMBER 31, 2015



As of December 31, 2015 | 16



VOLATILITY RISK-ADJUSTED RETURNS

Sharpe Ratio:

$$\frac{\text{Actual Returns} - \text{Risk Free Rate}}{\text{Actual Volatility}}$$

Information Ratio:

$$\frac{\text{Actual Returns} - \text{Benchmark (Market Average Returns)}}{\text{Actual Volatility} - \text{Benchmark Volatility}}$$

- Applicable to MCC (Long Only) and LCC (Hedge Funds)
- Less Relevant to Private Investments

As of December 31, 2015 | 17

ENDOWMENT VOLATILITY RISK-ADJUSTED RETURNS



Periods Ending December 31, 2015

	One Year	Three Years	Five Years	Ten Years
Sharpe Ratio	0.07	1.29	1.06	0.54
Information Ratio	0.37	0.70	0.60	0.71

As of December 31, 2015 | 18

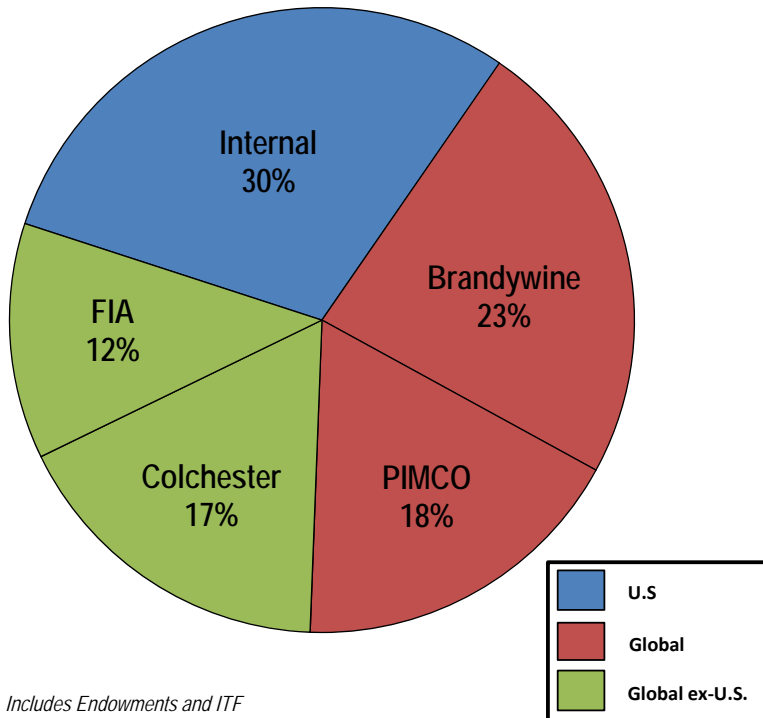


-
- **Negative Actual Returns**
 - **Negative Value Add**

MCC (LONG ONLY) – INVESTMENT GRADE FIXED INCOME



\$3.7 Billion⁽¹⁾



(1) Includes Endowments and ITF

Investment Returns				
	1 Year	3 Years	5 Years	7 Years
Actual Return	-4.6%	-1.2%	2.3%	4.6%
Benchmark Return	-3.2%	-1.7%	0.9%	2.4%
Value Add	-1.4%	0.6%	1.4%	2.2%
Actual Standard Deviation	2.9%	3.9%	3.9%	4.9%
Benchmark Standard Deviation	3.1%	4.0%	4.1%	5.2%
Sharpe Ratio	-1.6	-0.3	0.6	0.9
Information Ratio	-0.7	0.3	0.9	1.2

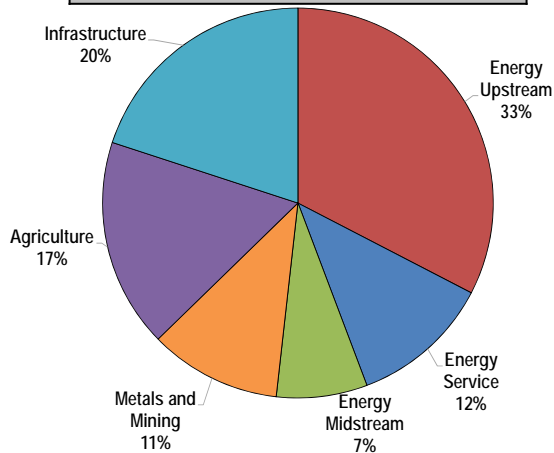
- Solid seven year Actual Returns; weak Actual Returns over the past three years
- Strong Value Add over the long term; underperformed in 2015

As of December 31, 2015 | 20

PRIVATE INVESTMENTS - NATURAL RESOURCES



\$2.0 Billion



- One year Actual Returns are negative, but longer term returns are positive
- Strong Value Add during all periods
- NR Private Investments has \$1.9 B of unfunded commitments to be invested in an attractive portion of the cycle

(1) Cambridge Associates Natural Resources Private Equity Index

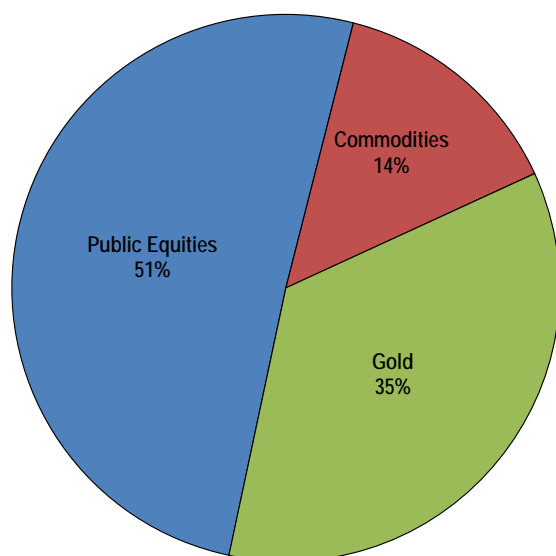
Investment Returns				
	1 Year	3 Years	5 Years	7 Years
Actual Return	-9.8%	6.8%	15.6%	12.7%
General Benchmark	10.7%	14.1%	14.3%	9.5%
Value Add	-20.5%	-7.4%	1.3%	3.2%
Specific Benchmark ⁽¹⁾	-15.0%	-3.6%	1.4%	4.6%
Value Add	5.2%	10.4%	14.2%	8.2%

<i>\$ in millions</i>	Net Asset Value	Unfunded Commitments
Energy		
NAM Upstream	\$429	\$325
Other Upstream	226	210
Midstream	151	214
Energy Service	234	232
Total Energy	1,040	981
Mining	220	183
Agriculture	348	239
Infrastructure	401	496
Total	\$2,009	\$1,899

MCC (LONG-ONLY) – NATURAL RESOURCES



\$1.7 Billion⁽¹⁾



- Portfolio drawdown of growth oriented strategies over the last 18 months has turned historical Actual Returns and Value Add negative

⁽¹⁾ Includes Endowments and ITF

Investment Returns				
	1 Year	3 Years	5 Years	7 Years
<u>Public Equities (\$855 million)</u>				
Actual Return	-33.0%	-15.4%	-12.3%	0.2%
Benchmark	<u>-25.5%</u>	<u>-10.4%</u>	<u>-7.6%</u>	<u>0.9%</u>
Value Add	-7.6%	-5.0%	-4.6%	-0.6%
Actual Standard Deviation	28.4%	22.2%	23.4%	24.8%
Benchmark Standard Deviation	22.6%	17.8%	19.5%	21.1%
Sharpe Ratio	-1.3	-0.8	-0.7	-0.1
Information Ratio	-0.7	-0.6	-0.6	-0.1
<u>Commodities (\$239 million)</u>				
Actual Return	-32.1%	-20.7%	-14.6%	-5.8%
Benchmark	<u>-24.7%</u>	<u>-17.3%</u>	<u>-13.5%</u>	<u>-5.5%</u>
Value Add	-7.5%	-3.4%	-1.1%	-0.3%
Actual Standard Deviation	16.6%	13.7%	14.6%	15.7%
Benchmark Standard Deviation	14.7%	12.5%	14.5%	15.8%
Sharpe Ratio	-2.1	-1.7	-1.2	-0.6
Information Ratio	-1.4	-0.9	-0.3	-0.1
<u>Gold (\$594 million)</u>				
Actual Return	-10.3%	-13.9%	-5.6%	

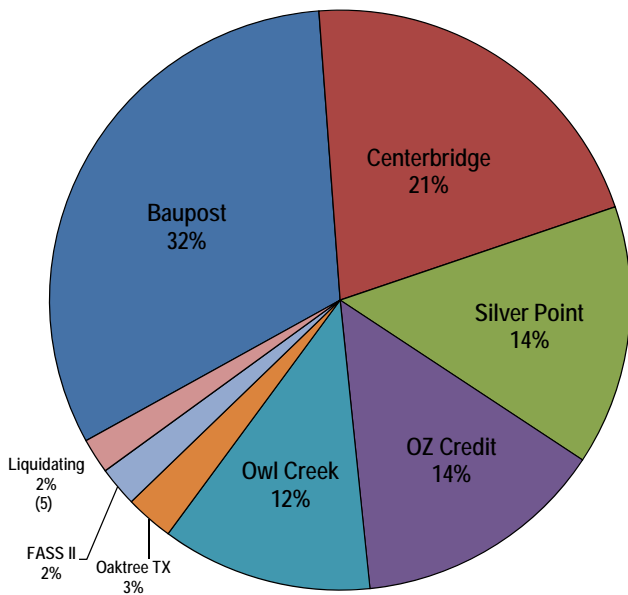
As of December 31, 2015

| 22

LCC (HEDGE FUNDS) – CREDIT RELATED FIXED INCOME



\$1.6 billion⁽¹⁾



Investment Returns				
	1 Year	3 Years	5 Years	7 Years
Actual Returns	-3.1%	4.8%	6.2%	11.5%
General Benchmark	-0.4%	3.9%	2.1%	3.9%
Value Add	-2.8%	0.8%	4.1%	7.6%
Specific Benchmark ⁽²⁾	-8.0%	1.1%	2.3%	7.0%
Value Add	4.9%	3.6%	3.9%	4.5%
Actual Standard Deviation	4.7%	4.2%	4.4%	5.5%
General Benchmark Standard Deviation	4.1%	3.7%	4.0%	4.1%
Specific Benchmark Standard Deviation	4.9%	5.0%	5.4%	5.9%
Sharpe Ratio	-0.7	1.1	1.4	2.1
Information Ratio ⁽³⁾	1.7	1.6	1.7	1.8

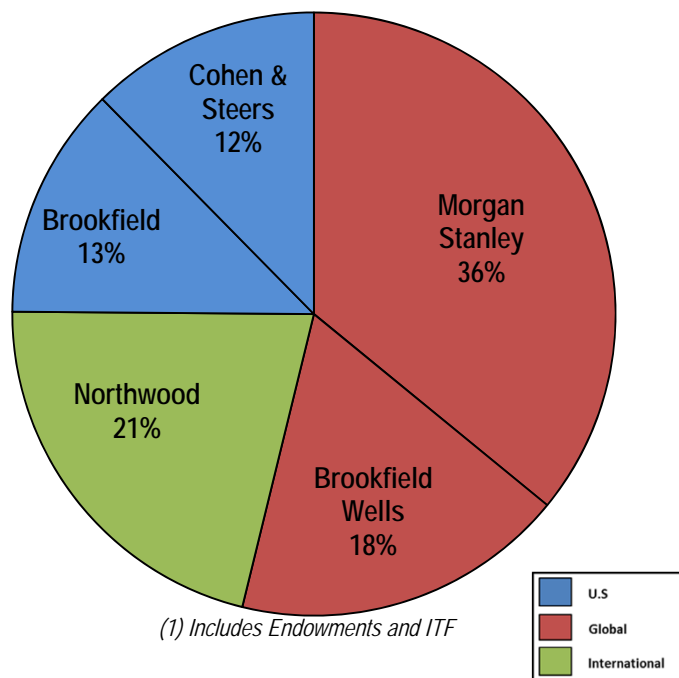
- Strong Actual Returns over long periods; loss in 2015
- Consistent Value Add

(1) Includes Endowments and ITF
 (2) HFRI ED: Distressed/Restructuring Index
 (3) Versus Specific Benchmark

MCC (LONG ONLY) – REAL ESTATE



\$804 Million⁽¹⁾



Investment Returns				
	1 Year	3 Years	5 Years	7 Years
Actual Return (Ex Hedges)	-4.5%	3.4%	5.1%	11.8%
Benchmark Return	<u>-0.8%</u>	<u>5.8%</u>	<u>7.3%</u>	<u>13.1%</u>
Value Add	-3.7%	-2.4%	-2.2%	-1.3%
Actual Standard Deviation	11.9%	11.5%	15.2%	20.6%
Benchmark Standard Deviation	12.0%	12.5%	14.7%	19.6%
Sharpe Ratio	-0.4	0.3	0.3	0.5
Information Ratio	-1.0	-0.8	-0.7	-0.4

- Attractive Actual Returns over longer periods though negative in 2015
- Negative Value Add during the past two years

As of December 31, 2015 | 24

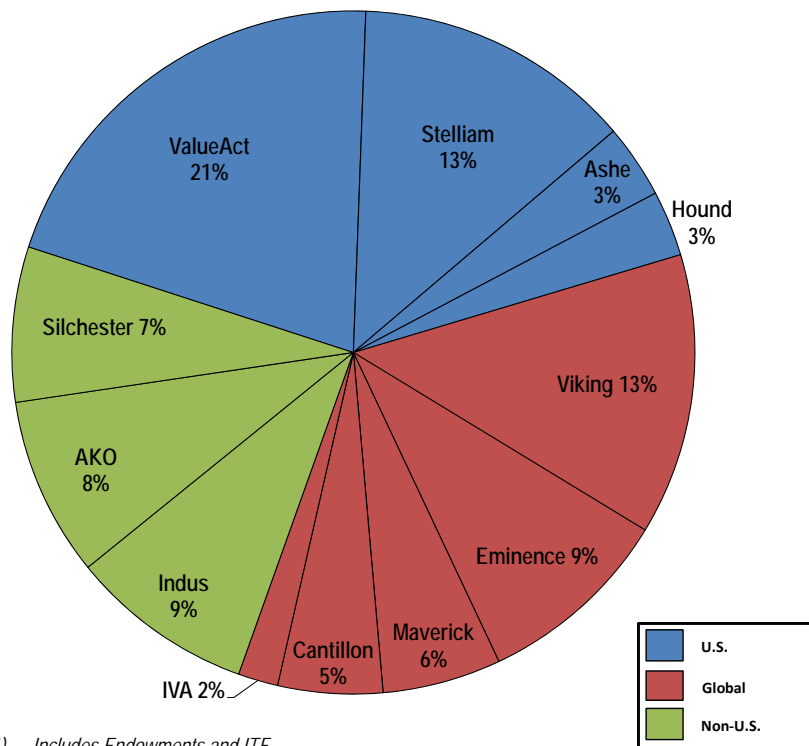


-
- **Negative Actual Returns**
 - **Positive Value Add**

MCC (LONG ONLY) – DEVELOPED COUNTRY EQUITIES



\$4.1 Billion⁽¹⁾



(1) Includes Endowments and ITF

Investment Returns				
	1 Year	3 Years	5 Years	7 Years
Actual Return	-0.4%	13.3%	11.3%	14.5%
Benchmark Return	-0.9%	9.6%	7.6%	11.1%
Value Add	0.4%	3.6%	3.7%	3.3%
Actual Standard Deviation	13.2%	10.1%	11.5%	13.8%
Benchmark Standard Deviation	13.9%	11.0%	12.8%	15.8%
Sharpe Ratio	0.0	1.3	1.0	1.0
Information Ratio	0.1	0.9	1.0	0.8

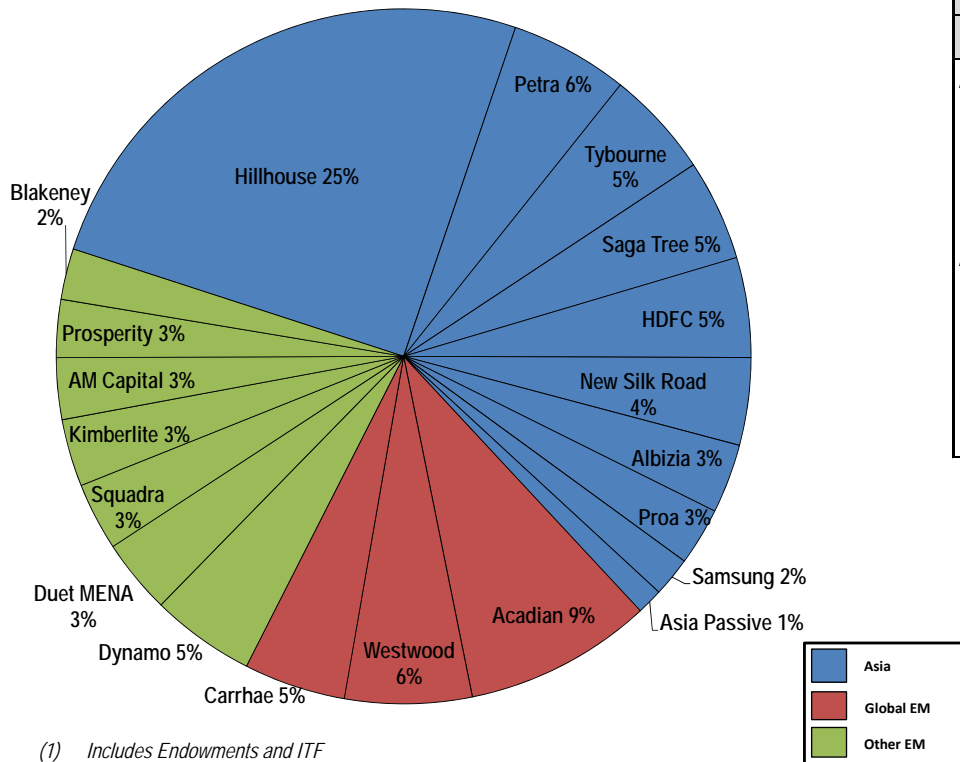
- Strong three, five, and seven year Actual Returns; slight loss in 2015
- Strong three, five, and seven year Value Add; less, though positive, Value Add in 2015

As of December 31, 2015 | 26

MCC (LONG ONLY) – EMERGING MARKETS EQUITIES



\$2.9 Billion⁽¹⁾



Investment Returns				
	1 Year	3 Years	5 Years	7 Years
Actual Return	-6.5%	0.5%	0.2%	10.3%
Benchmark Return	<u>-14.9%</u>	<u>-6.8%</u>	<u>-4.8%</u>	<u>7.5%</u>
Value Add	8.4%	7.2%	5.0%	2.8%
Actual Standard Deviation	15.9%	12.8%	15.5%	18.8%
Benchmark Standard Deviation	17.7%	14.3%	17.8%	21.0%
Sharpe Ratio	-0.4	0.0	0.0	0.5
Information Ratio	1.6	1.5	1.1	0.6

- Solid seven year Actual Returns; weak three and five year Actual Returns, loss in 2015
- Strong Value Add over all periods

As of December 31, 2015 | 27

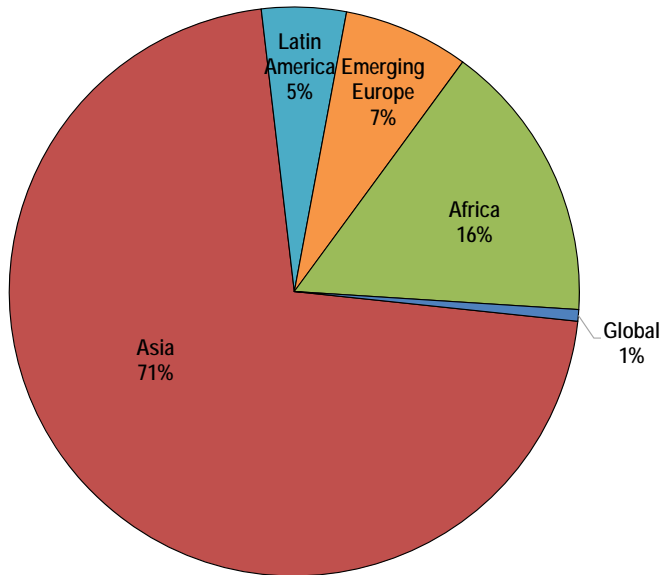


-
- **Positive Actual Returns**
 - **Negative Value Add**

PRIVATE INVESTMENTS - EMERGING MARKETS



\$982 Million



Investment Returns				
	1 Year	3 Years	5 Years	7 Years
Actual Return	1.3%	3.1%	2.0%	4.7%
General Benchmark	10.7%	14.1%	14.3%	9.5%
Value Add	-9.4%	-11.0%	-12.3%	-4.8%
Specific Benchmark ⁽¹⁾	-1.9%	8.7%	6.8%	12.6%
Value Add	3.3%	-5.6%	-4.8%	-7.9%

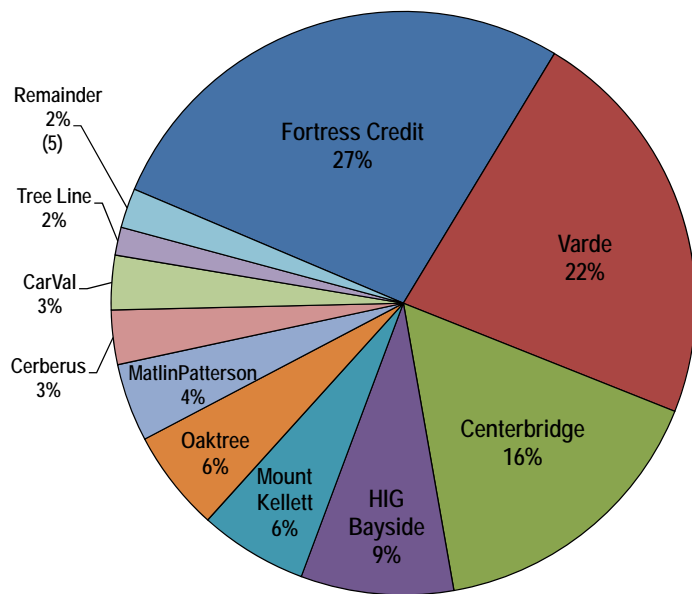
- China represents the largest single country exposure at approximately 36% of the portfolio's Net Asset Value
- Young portfolio (approximately 3.5 years old) which detracts from performance

(1) Cambridge Associates Emerging Markets Private Equity Index

PRIVATE INVESTMENTS – CREDIT RELATED FIXED INCOME



\$949 million⁽¹⁾



Investment Returns				
	1 Year	3 Years	5 Years	7 Years
Actual Returns	5.7%	11.7%	11.1%	13.8%
General Benchmark	10.7%	14.1%	14.3%	9.5%
Value Add	-5.0%	-2.5%	-3.2%	4.3%
Specific Benchmark ⁽²⁾	-8.0%	1.1%	2.3%	7.0%
Value Add	13.7%	10.5%	8.8%	6.8%
Actual Standard Deviation	1.9%	2.7%	3.7%	5.9%
General Benchmark Standard Deviation	8.5%	5.3%	4.7%	6.1%
Specific Benchmark Standard Deviation	4.9%	5.0%	5.4%	5.9%
Sharpe Ratio	2.9	4.3	3.0	2.3
Information Ratio ⁽³⁾	2.8	2.5	1.8	1.1

- Strong Actual Returns in all periods
- Strong Value Add versus Specific Benchmark

(1) Includes Endowments
 (2) HFRI ED: Distressed/Restructuring Index
 (3) Versus Specific Benchmark

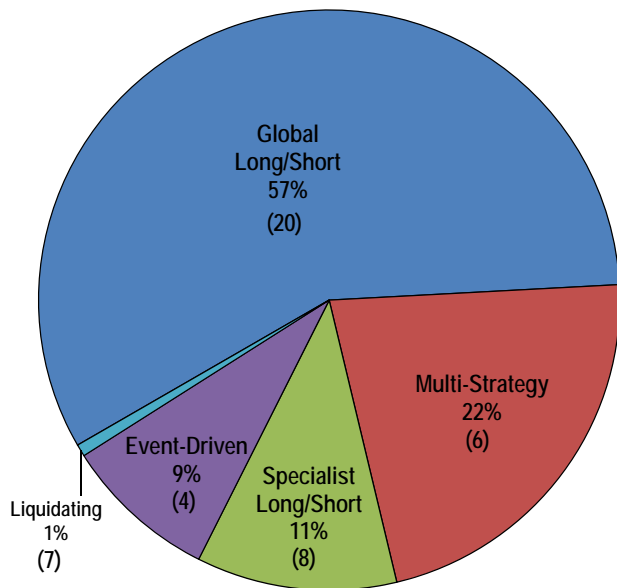


-
- **Positive Actual Returns**
 - **Positive Value Add**

LCC (HEDGE FUNDS) – DEVELOPED COUNTRY EQUITY



\$8.0 billion⁽¹⁾



Investment Returns				
	1 Year	3 Years	5 Years	7 Years
Actual Returns	1.4%	8.8%	6.9%	8.2%
General Benchmark	<u>-0.4%</u>	<u>3.9%</u>	<u>2.1%</u>	<u>3.9%</u>
Value Add	1.8%	4.8%	4.8%	4.3%
Specific Benchmark ⁽²⁾	<u>-0.8%</u>	<u>4.9%</u>	<u>2.6%</u>	<u>6.6%</u>
Value Add	2.2%	3.9%	4.4%	1.6%
Actual Standard Deviation	5.5%	5.4%	5.5%	5.4%
General Benchmark Standard Deviation	4.1%	3.7%	4.0%	4.1%
Specific Benchmark Standard Deviation	6.3%	5.5%	7.0%	7.7%
Sharpe Ratio	0.2	1.6	1.3	1.5
Information Ratio ⁽³⁾	0.5	1.1	1.1	0.3

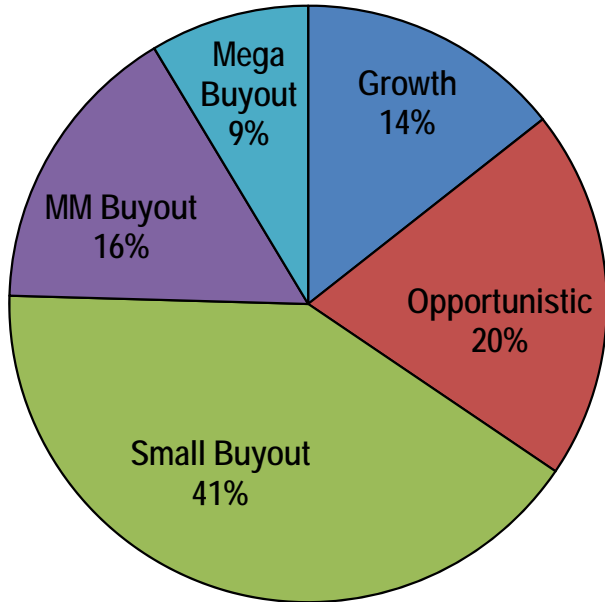
- Strong Actual Returns over longer periods
- Consistent Value Add over time

(1) Includes Endowments and ITF
 (2) HFRI Equity Hedge Index
 (3) Versus Specific Benchmark

PRIVATE INVESTMENTS - DEVELOPED COUNTRY EQUITY



\$1.7 Billion



Investment Returns				
	1 Year	3 Years	5 Years	7 Years
<u>Actual Return</u>	12.6%	13.1%	13.5%	8.7%
<u>General Benchmark</u>	10.7%	14.1%	14.3%	9.5%
Value Add	1.9%	-1.0%	-0.8%	-0.7%
<u>Specific Benchmark⁽¹⁾</u>	5.5%	10.9%	10.8%	12.8%
Value Add	7.2%	2.2%	2.7%	-4.1%

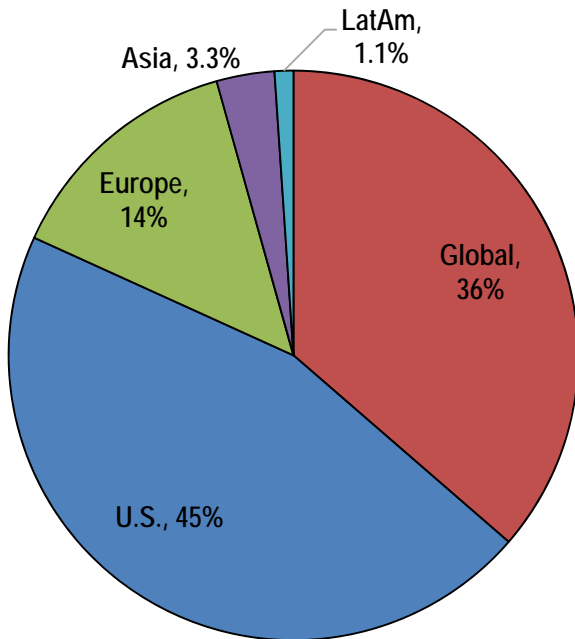
- Strong Actual Returns
- Strong Value Add

1) Cambridge Associates Global PE

PRIVATE INVESTMENTS – REAL ESTATE



\$1.5 Billion



(1) Cambridge Associates – Total Real Estate

Investment Returns				
	1 Year	3 Years	5 Years	7 Years
<u>Actual Return</u>	18.9%	17.8%	11.6%	4.9%
<u>General Benchmark</u>	10.7%	14.1%	14.3%	9.5%
<i>Value Add</i>	8.2%	3.7%	-2.7%	-4.6%
<u>Specific Benchmark⁽¹⁾</u>	15.0%	14.9%	12.7%	6.7%
<i>Value Add</i>	3.9%	2.9%	-1.0%	-1.8%

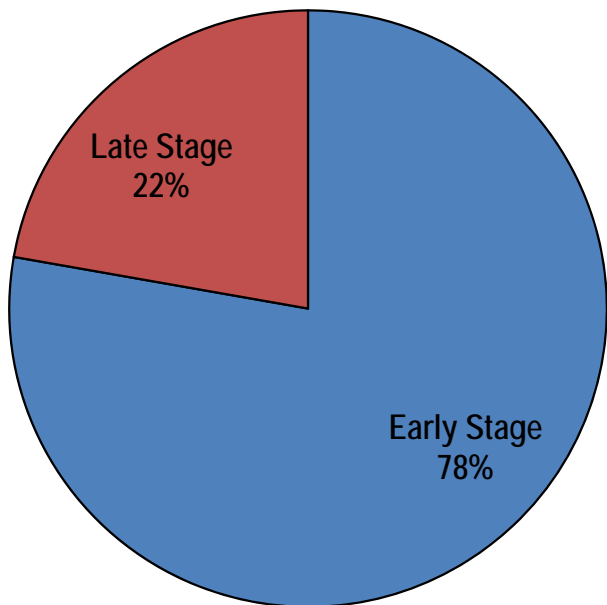
- Strong Actual Returns and Value Add over the one and three year time horizons
- Underperformance over longer term investment horizons due to the relative immaturity of the portfolio

As of December 31, 2015 | 34

PRIVATE INVESTMENTS – VENTURE CAPITAL



\$1.4 Billion



Investment Returns				
	1 Year	3 Years	5 Years	7 Years
<u>Actual Return</u>	51.5%	31.8%	30.1%	24.8%
<u>General Benchmark</u>	10.7%	14.1%	14.3%	9.5%
Value Add	40.7%	17.7%	15.8%	15.3%
<u>Specific Benchmark⁽¹⁾</u>	11.5%	20.8%	16.2%	14.0%
Value Add	40.0%	11.1%	13.9%	10.8%

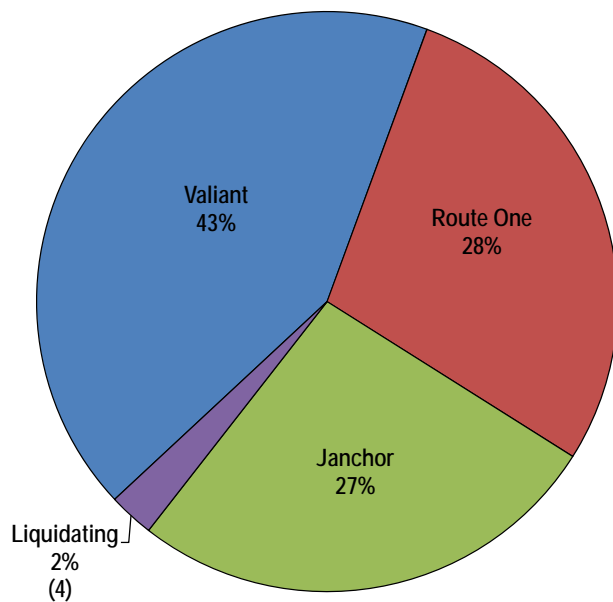
- Strong Actual Returns and Value Add

1) Cambridge Associates Global VC

LCC (HEDGE FUNDS) – EMERGING MARKETS



\$671 million⁽¹⁾



Investment Returns				
	1 Year	3 Years	5 Years	7 Years
Actual Returns	6.7%	6.6%	3.5%	7.2%
General Benchmark	<u>-0.4%</u>	<u>3.9%</u>	<u>2.1%</u>	<u>3.9%</u>
Value Add	7.1%	2.7%	1.5%	3.3%
Specific Benchmark ⁽²⁾	<u>-3.3%</u>	<u>-0.2%</u>	<u>-1.2%</u>	<u>5.7%</u>
Value Add	10.0%	6.8%	4.7%	1.5%
Actual Standard Deviation	5.6%	6.1%	5.6%	6.7%
General Benchmark Standard Deviation	4.1%	3.7%	4.0%	4.1%
Specific Benchmark Standard Deviation	9.5%	7.6%	9.1%	10.2%
Sharpe Ratio	1.2	1.1	0.6	1.1
Information Ratio ⁽³⁾	1.0	0.8	0.6	0.2

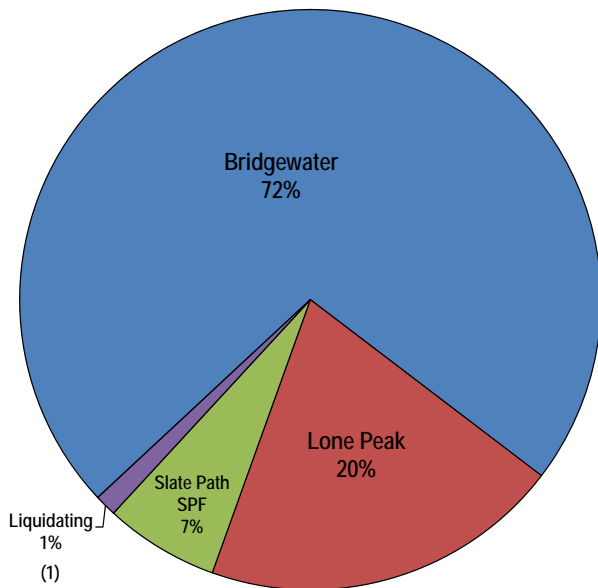
- Strong Actual Returns and Value Add

(1) Includes Endowments and ITF
 (2) HFRI Emerging Markets Index
 (3) Versus Specific Benchmark

LCC (HEDGE FUNDS) – INVESTMENT GRADE FIXED INCOME



\$640 million⁽¹⁾



Investment Returns				
	1 Year	3 Years	5 Years	7 Years
Actual Returns	0.8%	2.0%	3.7%	8.8%
General Benchmark	<u>-0.4%</u>	<u>3.9%</u>	<u>2.1%</u>	<u>3.9%</u>
Value Add	1.1%	-2.0%	1.7%	4.9%
Specific Benchmark ⁽²⁾	<u>-1.1%</u>	<u>1.3%</u>	<u>-0.1%</u>	<u>1.7%</u>
Value Add	1.9%	0.7%	3.8%	7.1%
Actual Standard Deviation	9.8%	7.0%	7.1%	9.3%
General Benchmark Standard Deviation	4.1%	3.7%	4.0%	4.1%
Specific Benchmark Standard Deviation	4.5%	3.8%	4.0%	4.5%
Sharpe Ratio	0.1	0.3	0.5	0.9
Information Ratio ⁽³⁾	0.3	0.1	0.7	0.9

- Low Actual Returns over one year; moderate three and five year Actual Returns; strong seven year Actual Return
- Strong Value Add

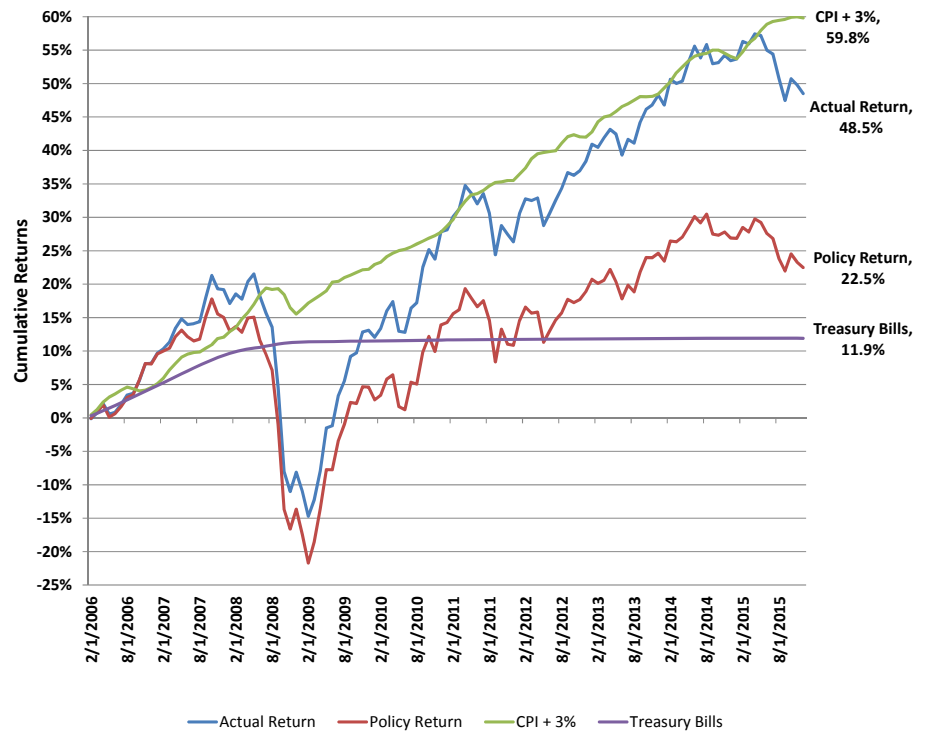
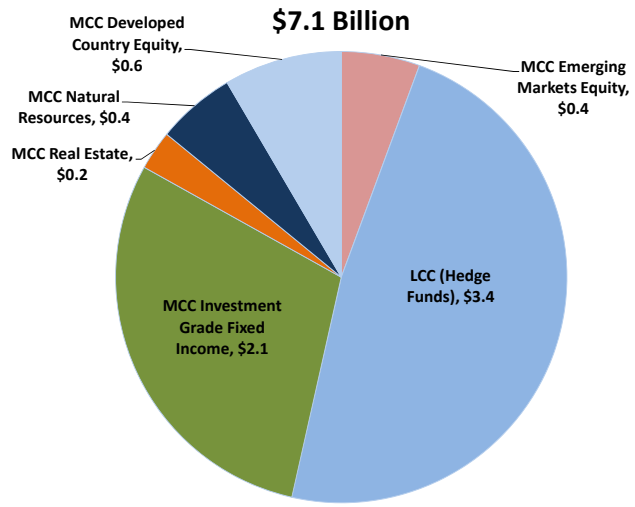
(1) Includes Endowments and ITF
 (2) HFRI Macro Index
 (3) Versus Specific Benchmark



ITF



ITF



- Solid long term Actual Returns; loss in 2015
- Strong long term Value Add; lower 2015 Value Add

Investment Returns

	1 Year	3 Years	5 Years	7 Years
Actual Return	-3.2%	2.4%	3.1%	7.1%
Benchmark Return	-3.5%	1.0%	1.5%	5.1%
Value Add	0.3%	1.4%	1.6%	2.0%
Actual Standard Deviation	4.8%	4.7%	5.5%	7.1%
Sharpe Ratio	-0.7	0.5	0.5	1.0
Information Ratio	0.2	1.1	1.2	1.2

Statistics for periods longer than a year are annualized

As of December 31, 2015 | 39

MINUTES
U. T. System Board of Regents
Academic Affairs Committee
February 10, 2016

The members of the Academic Affairs Committee of the Board of Regents of The University of Texas System convened at 2:20 p.m. on Wednesday, February 10, 2016, in Room 1.206 of Research Building 6, The University of Texas Medical Branch at Galveston, Market and 9th Streets, Galveston, Texas, with the following participation:

Attendance

Regent Aliseda, presiding
Vice Chairman Hicks
Regent Cranberg
Regent Pejovich
Regent Tucker

Also present were Chairman Foster, Vice Chairman Hildebrand, Regent Beck, Regent Drake, Regent Hall, and General Counsel Frederick.

In accordance with a notice being duly posted with the Secretary of State and there being a quorum present, Committee Chairman Aliseda called the meeting to order in Open Session.

Committee Chairman Aliseda welcomed Dr. Ann Killary and Dr. Elizabeth Heise, representatives of the U. T. System Faculty Advisory Council, and Mr. Ryan Baldwin, Chair of the Employee Advisory Council. The Student Advisory Council representative could not attend the meeting.

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

Committee Meeting Information

Presenter(s): Committee Chairman Aliseda
Status: Discussed

Discussion at meeting:

President Mabry responded to a question from Regent Pejovich about a proposed change to the U. T. Tyler Admissions Criteria for the Master of Science in Nursing in Consent Agenda Item 47 by explaining the alternate admission requirement uses grade point average instead of Graduate Record Examination (GRE) in certain circumstances.

For Item 49 regarding a proposed land purchase at U. T. Tyler, Regent Pejovich suggested the source of funds might be a gift rather than Designated Tuition that perhaps could be used to offset the tuition and fee increases being proposed for U. T. Tyler (see Item 2 below). Dr. Mabry agreed and said philanthropy is actively being pursued.

2. U. T. System: Discussion regarding tuition and fee proposals for the academic institutions for Fiscal Years 2017 and 2018

Committee Meeting Information

Presenter(s): Chancellor McRaven; Dr. Steven W. Leslie, Executive Vice Chancellor for Academic Affairs; academic presidents

Status: Reported/Discussed

Discussion at meeting:

Chancellor McRaven's PowerPoint presentation is set forth on Pages 6 - 28, and Dr. Leslie's revised presentation is set forth on Pages 29 - 46.

Regent Beck said that while the presentations concerned the revenue side of the equation, he wanted to talk about the cost side that affects young people's ability to stay in college. He asked if the institutional presidents are challenged to reduce costs, saying he wants the U. T. System to be more than just competitive and to win.

Chancellor McRaven replied that the presidents are taking initiatives to reduce costs, and President Fenves referenced Slide 14 of his presentation that showed administrative costs as a percent of the total operating budget for each academic institution. President Fenves said the administrative costs at U. T. Austin have declined, and U. T. Austin has the third lowest administrative costs in the state. He said the instructional cost is the largest, and engagement of professional non-tenure track faculty is a cost savings.

Dr. Leslie spoke about a five-year planning process underway with the academic institutions to prioritize campus initiatives and to identify resources and efficiencies. There was discussion concerning the impact on institutional administrative costs related to the transfer of certain administrative functions to the U. T. System, which was tempered by the deferment of tuition increases.

In the context of a national conversation on institutional costs rising faster than instructional costs on college campuses, Regent Tucker noted that the U. T. System academic institutions with the highest administrative costs also have the highest proposed tuition increases. Chancellor McRaven explained that the increases are largely due to proposed fees driven by students. He gave the example of U. T. San Antonio, and called on President Romo who spoke about students' request for improved transportation services as an example of student-driven fee increases. He noted fee changes require a student referendum.

President Mabry spoke about changes in administrative costs over the last few years with the growth of U. T. Tyler, and he noted that construction and furnishing costs are required to be included in the institution's administrative costs by rules of the National Association of Colleges and University Business Officers (NACUBO).

Regent Cranberg discussed his philosophical concern about the approach of being sold on a proposal versus getting the pros and cons and both sides of the story. He expressed concerns about the high percentage increase proposed for U. T. San Antonio considering the default rate and low graduation rates. He asked the Board to be careful about increasing costs for students who are already having difficulty carrying the load, both from a time and a financial perspective.

Noting that U. T. Dallas has the highest tuition in the U. T. System, Regent Cranberg reminded the Board that a big increase was approved at a time when inflation was considered to be likely and continuing, and U. T. Dallas should be more conservative going forward. On the other hand, he understands that U. T. Dallas is growing rapidly and has not, until recently, been able to get fully funded from Legislative appropriations for the growth.

He agreed with Regent Beck that there are significant opportunities for additional savings. He commented on the significant savings expected if the recommendations of the Business Productivity Committee at U. T. Austin are implemented.

Regent Cranberg noted that, given inflation is unlikely to hit 2% and the framework was based on 2% inflation, whatever increase is ultimately approved will probably include an increase over and above inflation, even at a 2% inflation rate. He said the institutions requesting more than a 3% increase are U. T. San Antonio, U. T. Dallas, and U. T. Permian Basin. With U. T. Permian Basin having a small dollar number, he is more concerned with the proposals for U. T. San Antonio and U. T. Dallas at a time when many of the state's population will be struggling with the aftereffects of declining oil prices and lessened job opportunities. He said the Board should show solidarity with those students not having to work extra hours to pay for tuition and fee increases.

Vice Chairman Hicks noted, especially for new Regents Beck and Tucker, that there has not been a tuition increase in a number of years and that has put pressure on the presidents on the cost side. He also noted that he met with the Student Advisory Council last week, and the student leadership did not raise tuition as an issue. He said the students as a group felt engaged and involved and were supportive of the tuition process.

President Romo spoke about progress in graduation rates at U. T. San Antonio and about the high cost of compliance and unfunded mandates from the State, which have an impact on the need to increase tuition and fees. He said due to financial aid, many students would not see an increase in tuition.

President Watts noted that U. T. Permian Basin has the lowest tuition in the state among four-year public universities, a growing enrollment during a time of no tuition increases, and a 20% reduction in operating funds from the State during a prior legislative session. He said the institution outsources almost everything except housing, the physical plant, and instruction. He offered to look more at outsourcing housing and the physical plant, but said the cost would likely be based more on estimates. He said the institution is on financial “Watch” status, and revenues and cost savings have to be increased. He recommended the proposed tuition and fee increases for U. T. Permian Basin, which he said are modest and would be a small amount of money. He noted a recent increase in the size of the institution’s police force at a cost of over \$200,000, and said without additional revenue sources, reductions in faculty would occur, although every faculty rank is under the U.S. College and University Professional Association public university average. Dr. Watts also stated that the cost of the increases would be covered for about half of the students -- those who have state or local financial aid or scholarships. He noted strong support for the proposed increases from the students, who want, for example, increases in library hours and collections.

Interim President Wildenthal spoke about the proposed increases for U. T. Dallas. He acknowledged the institution has the highest tuition among Texas public universities and the proposed increases would raise tuition even higher. He said because of the four-year fixed tuition, the 6.4% proposed increase for entering students equates to four years of 2.5% per year and because only new students would pay the increase, the institution would realize only about one-third of the income benefits for the first year. He discussed the reasons for the high tuition. U. T. Dallas is predominantly an engineering, science, and management school, and 15 of the highest paid professors are in the School of Management. The institution competes nationally for faculty. Due to growth and a high percentage space deficit, about 5% of operating expenses is paid for debt service and rent. In terms of financial aid, the net average tuition and fees paid by an undergraduate student at U. T. Dallas is 60% of the list price. He said fewer than 30% of undergraduates will see tuition and fee increases if the proposal is approved. He also spoke of administrative costs and the increase in compliance costs because of creation of a Title IX office. Dr. Wildenthal emphasized that 80% of the income comes from students, and the graduate program is subsidizing the undergraduate program.

Student Regent Drake expanded on Vice Chairman Hicks’ observation that students do support the tuition and fee proposals when there is clear, bilateral communication between administration and students, an education on the need for the increases, and when students are engaged in developing the proposals from the beginning. Noting that tuition and stipends for graduate students are often covered by faculty mentor’s grants, he asked the presidents about the impact that tuition increases might have on the ability of faculty members to fund graduate students and their own research projects. President Fenves spoke about the issues, saying that under the current economic circumstances, everyone has to help with the financial condition, both on the cost and revenue side. Some costs will be paid from grants and some from the instructional budget. He said the salaries for Teaching Assistants might have to be increased slightly to account for the tuition increases. Dr. Fenves addressed an earlier discussion

by saying that graduate education does not subsidize undergraduate education; in fact, he said the per unit cost for graduate study is significantly higher than for undergraduate study.

Regent Pejovich commented that the proposed increase at U. T. Dallas is \$1,500 a semester more than U. T. Austin, which is significant and concerning. She applauded U. T. Dallas on graduation rates that rival that of the best national universities, and she noted most or all of the proposals include using most of the increases to enhance graduation rates. She said she remains concerned especially about the four-year graduation rates; the six-year graduation rates are a bit better. She asked about ways to incentivize cost containment and graduation rates, and tying those to tuition. While she believes the student leadership generally approves of the tuition and fee increases, she recommended reaching out deeper into the student body through technology, such as cell phones and online surveys, to capture more of their sentiments.

President Romo clarified there are three different versions of graduation rates. He explained the one he quoted from is from the Texas Higher Education Coordinating Board that gives credit for transfer students and Coordinated Admissions Program (CAP) students, which the State of Texas does not. He spoke about the issue of transfer students' credits in that, when students leave U. T. San Antonio to attend U. T. Austin, for instance, neither institution receives credits. Regent Pejovich said the chart on four- and six-year graduation rates, which was distributed around the meeting table and is set forth on Pages 47 - 49, also cites the Coordinating Board as a source of the data, but may not reflect CAP students.

ADJOURNMENT

Committee Chairman Aliseda adjourned the meeting at 3:46 p.m.

STAYING COMPETITIVE

William H. McRaven
Chancellor

U. T. System Board of Regents' Meeting
Academic Affairs Committee
February 10, 2016



THE UNIVERSITY of TEXAS SYSTEM
FOURTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

WWW.UTSYSTEM.EDU



**FLAGSHIP
UNIVERSITY**

UT Austin



**EMERGING RESEARCH
UNIVERSITIES (ERUs)**

UT Arlington

UT Dallas

UT El Paso

UT San Antonio



**COMPREHENSIVE
UNIVERSITIES**

UT Permian Basin

**UT Rio Grande
Valley**

UT Tyler



NATIONAL UNIVERSITIES RANKING

- | | | | | | |
|----|---------------------------------------|----|--|----|---|
| 1 | Princeton University | 20 | University of California—Berkeley | 41 | Boston University |
| 2 | Harvard University | 21 | Emory University | 41 | Rensselaer Polytechnic Institute |
| 3 | Yale University | 21 | Georgetown University | 41 | Tulane University |
| 4 | Columbia University | 23 | Carnegie Mellon University | 41 | University of California—Davis |
| 4 | Stanford University | 23 | University of California—Los Angeles | 41 | University of Illinois—Urbana-Champaign |
| 4 | University of Chicago | 23 | University of Southern California | 41 | University of Wisconsin—Madison |
| 7 | Massachusetts Institute of Technology | 26 | University of Virginia | 47 | Lehigh University |
| 8 | Duke University | 27 | Tufts University | 47 | Northeastern University |
| 9 | University of Pennsylvania | 27 | Wake Forest University | 47 | Pennsylvania State University—University Park |
| 10 | California Institute of Technology | 29 | University of Michigan—Ann Arbor | 47 | University of Florida |
| 10 | Johns Hopkins University | 30 | Boston College | 51 | University of Miami |
| 12 | Dartmouth College | 30 | University of North Carolina—Chapel Hill | 52 | Ohio State University—Columbus |
| 12 | Northwestern University | 32 | New York University | 52 | Pepperdine University |
| 14 | Brown University | 34 | Brandeis University | | |
| 15 | Cornell University | 34 | College of William and Mary | | |
| 15 | Vanderbilt University | 36 | Georgia Institute of Technology | | |
| 15 | Washington University in St. Louis | 37 | Case Western Reserve University | | |
| 18 | Rice University | 37 | University of California—Santa Barbara | | |
| 18 | University of Notre Dame | 39 | University of California—Irvine | | |
| | | 39 | University of California—San Diego | | |

52 The University of Texas at Austin

- 52 University of Washington
- 52 Yeshiva University

Source: 2016 U.S News and World Report, Best Colleges, National University Rankings



THE UNIVERSITY of TEXAS SYSTEM
FOURTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

WWW.UTSYSTEM.EDU

NATIONAL UNIVERSITIES RANKING

102 Auburn University	115 University of Kansas	135 George Mason University
103 University of Missouri	115 University of St. Thomas	135 Hofstra University
103 University of Nebraska—Lincoln	115 University of Utah	135 Howard University
103 University of New Hampshire	121 University of Arizona	135 Ohio University
103 University of Oregon	121 University of California—Riverside	135 Oregon State University
103 University of Tennessee	123 The Catholic University of America	140 New Jersey Institute of Technology
108 Illinois Institute of Technology	123 DePaul University	140 Rutgers, The State University of New Jersey—Newark
108 Iowa State University	123 Michigan Technological University	140 University of Cincinnati
108 University of Dayton	123 Seton Hall University	140 University of Mississippi
108 University of Oklahoma	127 Colorado State University	140 The University of Texas at Dallas
108 University of San Francisco	127 New School	140 Washington State University
108 University of South Carolina	129 Arizona State University—Tempe	146 Kansas State University
108 University of the Pacific	129 Louisiana State University—Baton Rouge	146 Missouri University of Science & Technology
115 Clarkson University	129 University at Albany—SUNY	146 St. John Fisher College
115 Duquesne University	129 University of Arkansas	149 Illinois State University
115 Temple University	129 University of Illinois—Chicago	149 Oklahoma State University
	129 University of Kentucky	149 San Diego State University
		149 University of Alabama—Birmingham

Source: 2016 U.S News and World Report, Best Colleges, National University Rankings



THE UNIVERSITY of TEXAS SYSTEM
FOURTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

WWW.UTSYSTEM.EDU

COMPREHENSIVE: REGIONAL RANKING

1 36	50 Oral Roberts University	63 San Francisco State University
37 California State University—Fullerton	52 California State University—Fresno	63 University of the Incarnate Word
37 Fresno Pacific University	52 Central Washington University	69 California State University—San Bernardino
39 California Baptist University	52 Texas State University	70 California State University—Northridge
39 Notre Dame de Namur University	55 Concordia University	70 Southern Utah University
39 San Jose State University	55 University of Mary Hardin-Baylor	70 Texas A&M International University
42 Alaska Pacific University	57 California State University—Stanislaus	73 Chaminade University of Honolulu
42 California State University—Chico	57 Humboldt State University	73 Houston Baptist University
42 Oklahoma Christian University	57 La Sierra University	73 Southern Oregon University
42 Walla Walla University	57 Woodbury University	73 The University of Texas at Tyler
46 St. Martin's University	61 Boise State University	77 Hawaii Pacific University
46 University of Colorado—Colorado Springs	61 Northwest Nazarene University	77 University of Alaska—Anchorage
48 Sonoma State University	63 California State University—Los Angeles	77 Weber State University
48 Texas Wesleyan University	63 California State University—Monterey Bay	77 Western Oregon University
50 Holy Names University	63 California State University—Sacramento	
	63 Eastern Washington University	

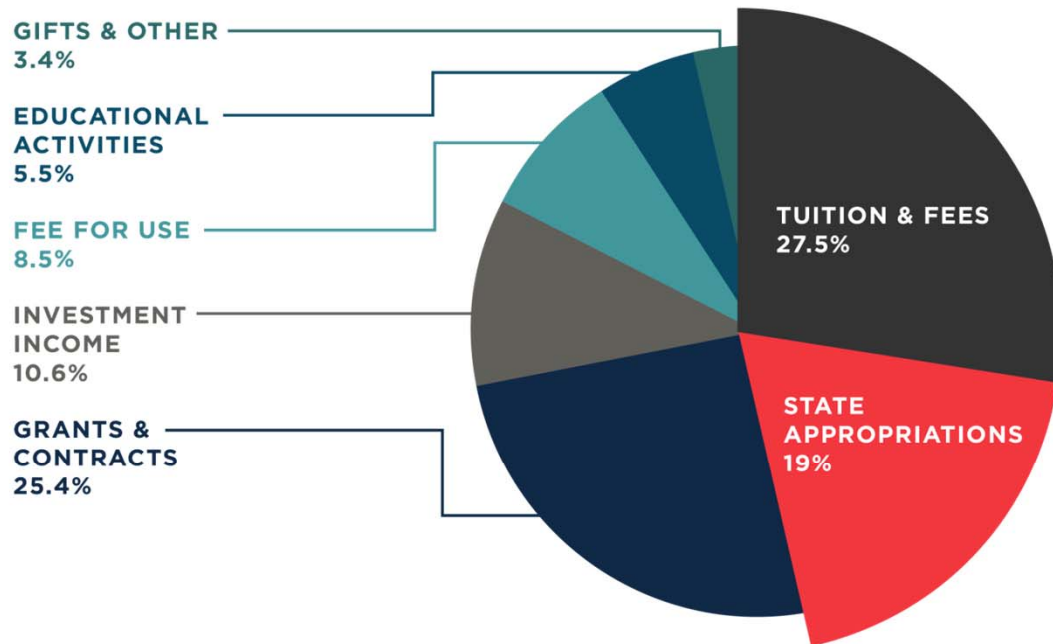
Source: 2016 U.S News and World Report, Best Colleges, Regional Rankings – West



THE UNIVERSITY of TEXAS SYSTEM
FOURTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

WWW.UTSYSTEM.EDU

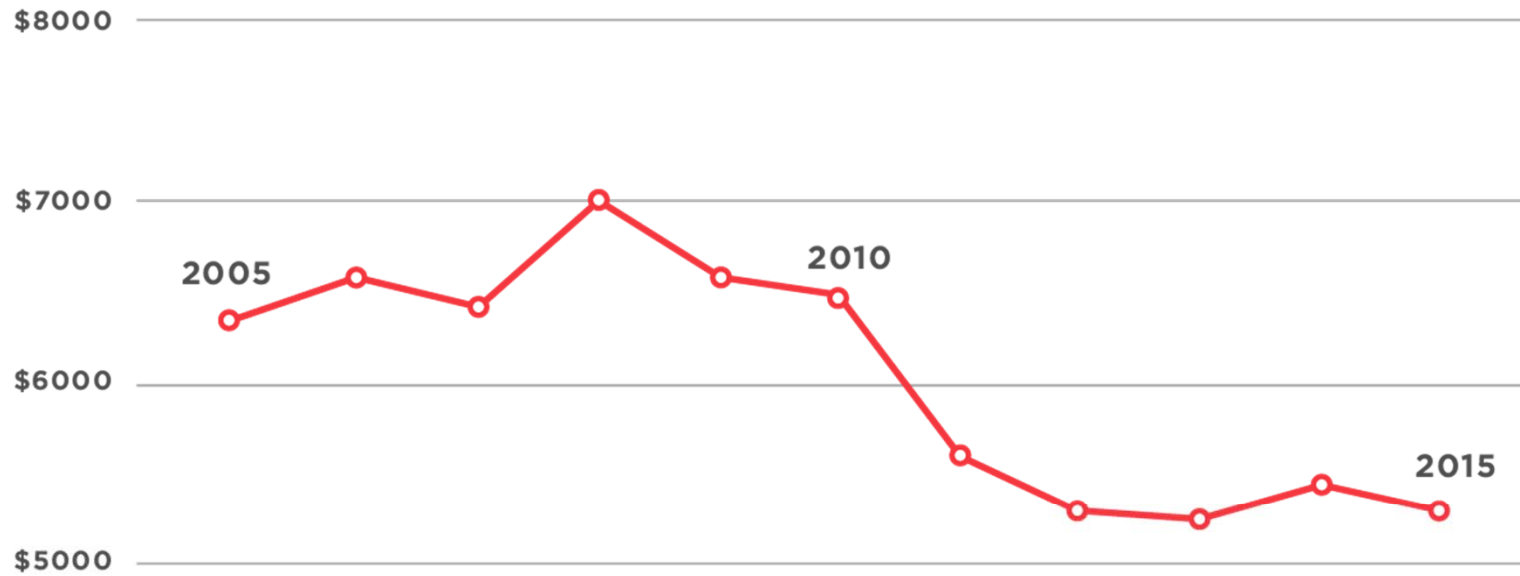
FY2015 REVENUE FOR ACADEMIC INSTITUTIONS



Note: Grants and contracts primarily consist of Research Grants but also include revenue from federal grant programs like Pell Grants.
Note: Totals may not sum to 100 due to rounding.



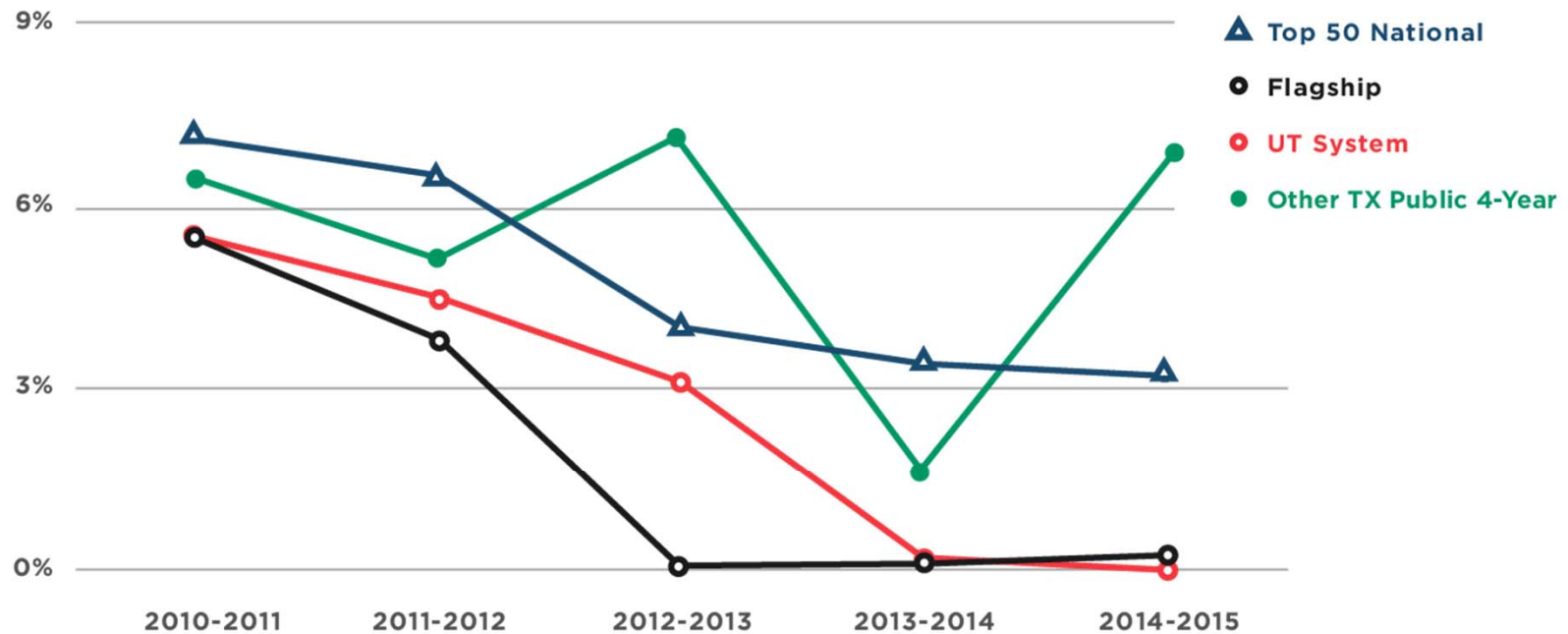
FY05 – FY15 State Appropriations per FTE INFLATION ADJUSTED



Source: FY 2006-FY 2015 Annual Financial Reports (AFR).
Note: FTE data for FY15 are estimates provided by the campuses in September 2015.



AVERAGE ANNUAL PERCENT INCREASE IN TUITION & FEES



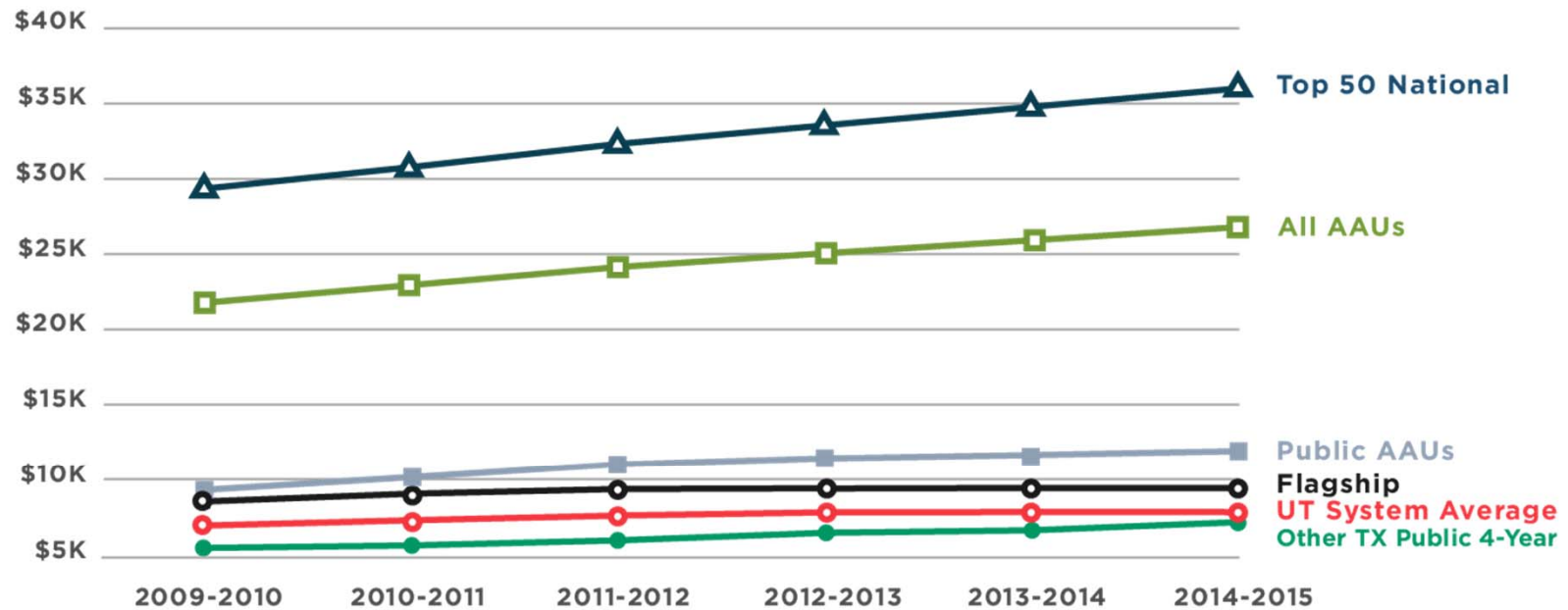
Source: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS).



THE UNIVERSITY of TEXAS SYSTEM
FOURTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

WWW.UTSYSTEM.EDU

AVERAGE ANNUAL TUITION & FEES IN DOLLARS



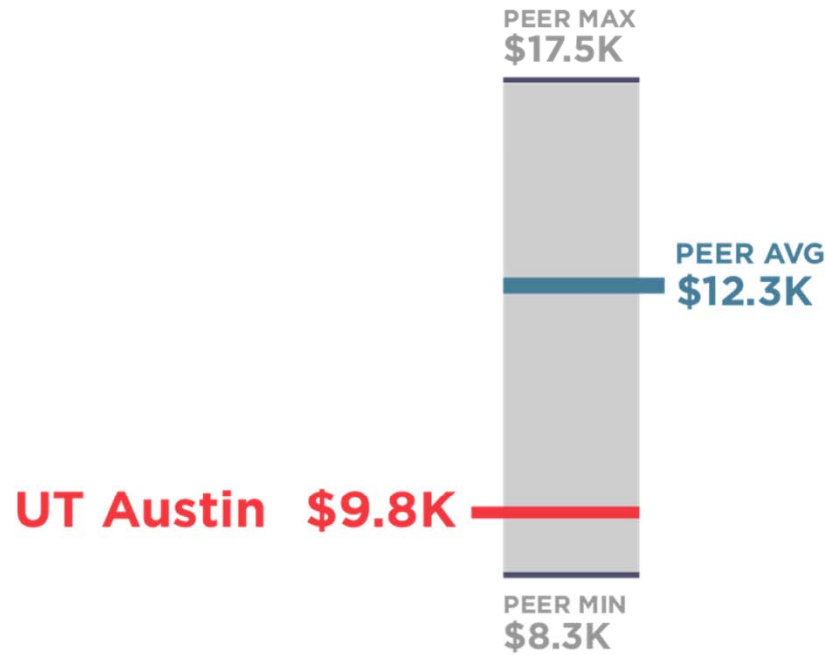
Source: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS).



THE UNIVERSITY of TEXAS SYSTEM
FOURTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

WWW.UTSYSTEM.EDU

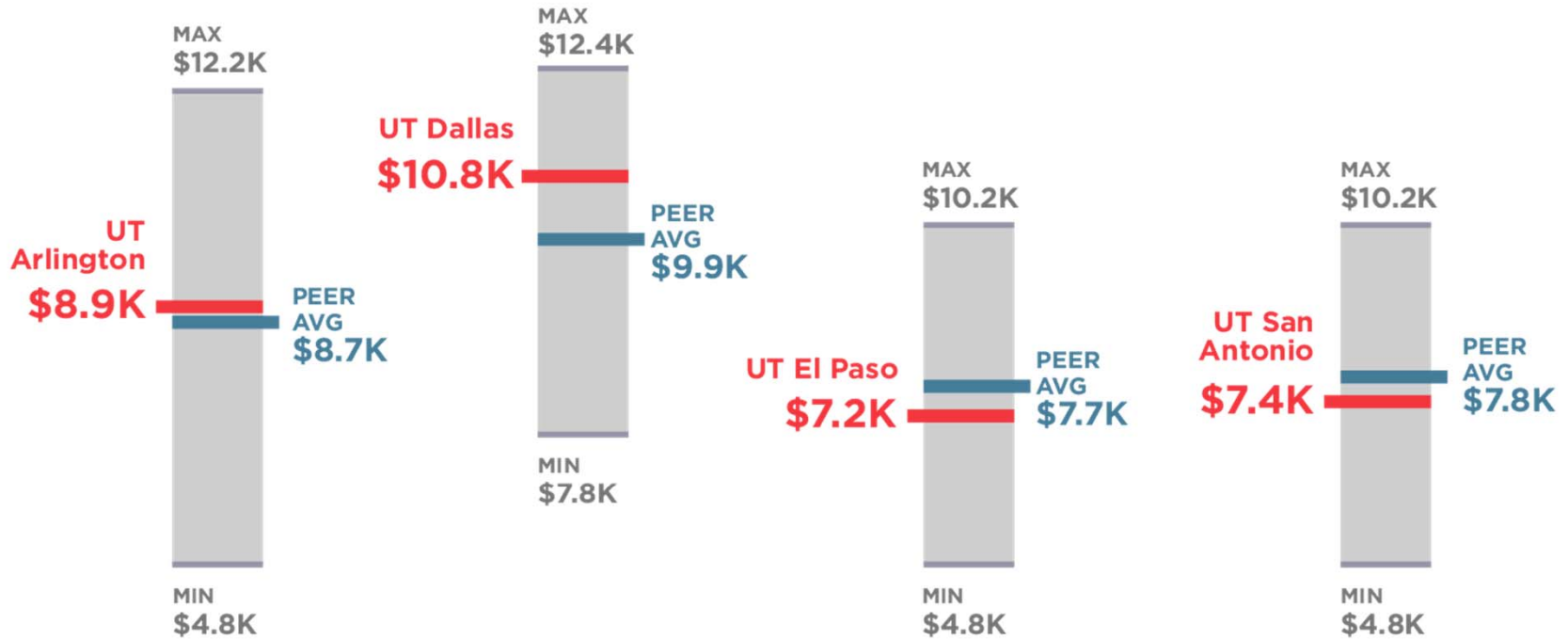
2014-2015 ANNUAL TUITION & FEES FLAGSHIP UNIVERSITY VS NATIONAL PEERS



Source: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS).



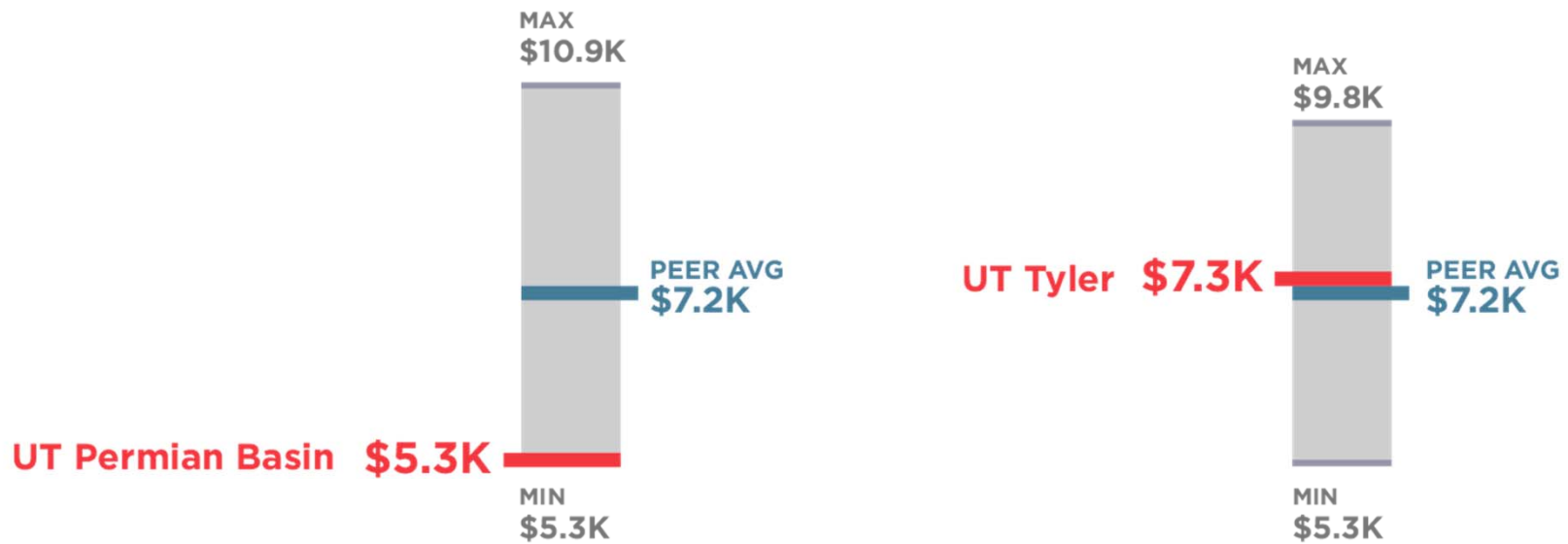
2014-2015 ANNUAL TUITION & FEES EMERGING RESEARCH UNIVERSITIES VS NATIONAL PEERS



Source: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS).



2014-2015 ANNUAL TUITION & FEES COMPREHENSIVE UNIVERSITIES* VS NATIONAL PEERS



*UT Rio Grande Valley opened in Fall 2015

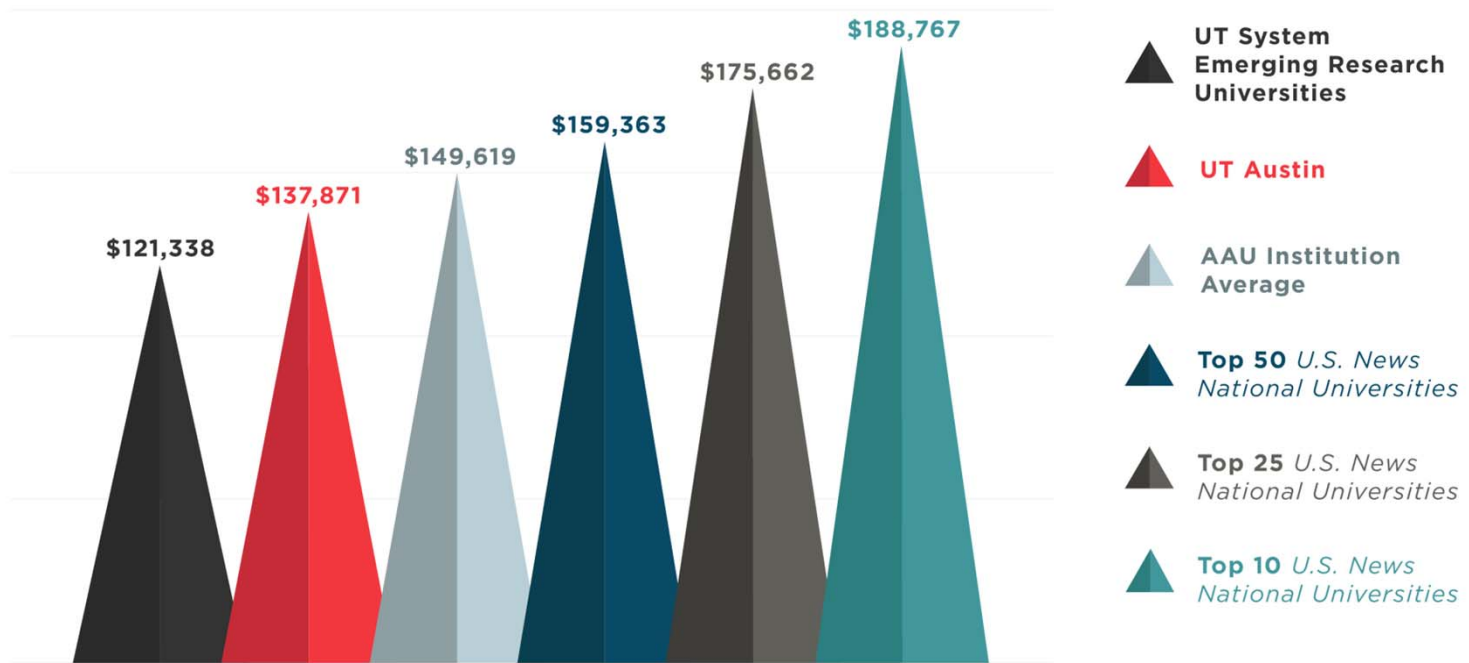
Source: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS).



THE UNIVERSITY of TEXAS SYSTEM
FOURTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

WWW.UTSYSTEM.EDU

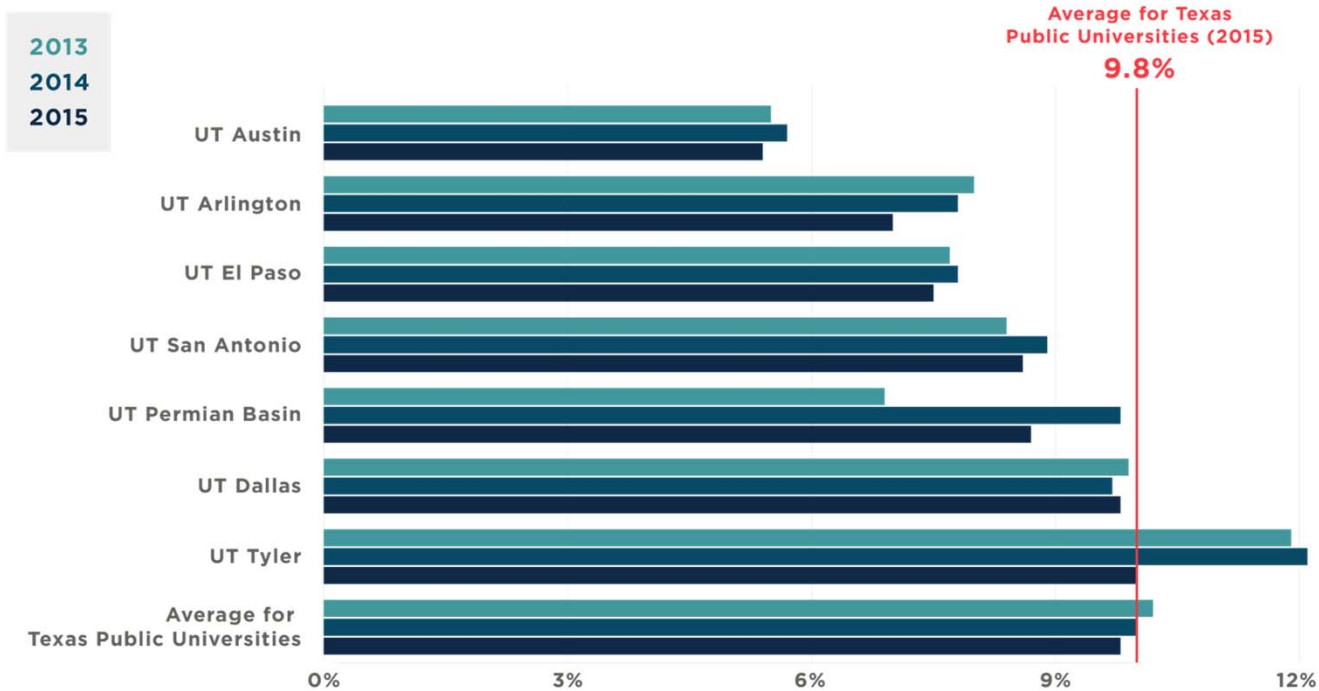
AY2014 FACULTY AVERAGE SALARY COMPARISON



Source: The Chronicle of Higher Education (data.chronicle.com), based on U.S. Department of Education IPEDS data.



ADMINISTRATIVE COSTS AS A PERCENT OF TOTAL OPERATING BUDGET



Source: The Texas Higher Education Coordinating Board (THECB) Accountability System, based on Legislative Budget Board (LBB) data.



CAMPUS ADMINISTRATIVE EFFICIENCIES

Aggressive energy conservation has lowered operating costs

Reduction of FTEs through attrition and other employment solutions

Enhanced transition/transfer process lowers cost to student and State

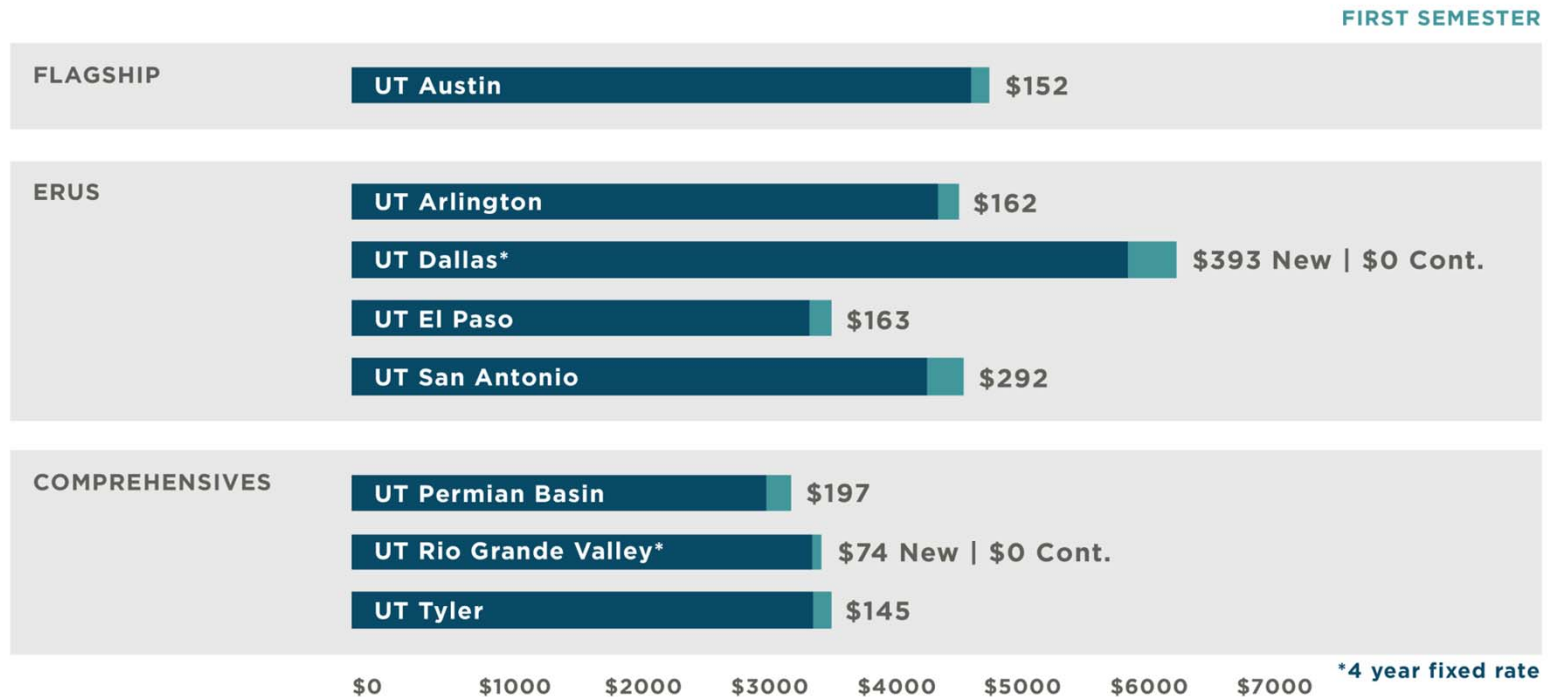
Data-driven decision making

Enhanced classroom space utilization

- Focus on programs for incoming Freshman
- Align transfers from community college to 4-year



PROPOSED FALL 2016 TUITION AND FEE INCREASES (RESIDENT UNDERGRADUATE)



Source: FY2017 and FY2018 Tuition and Fee Proposals from UT System Academic Institutions.



TUITION WILL INCREASE

**LESS
THAN < \$2.78**

A DAY

(Resident Undergraduate Students)

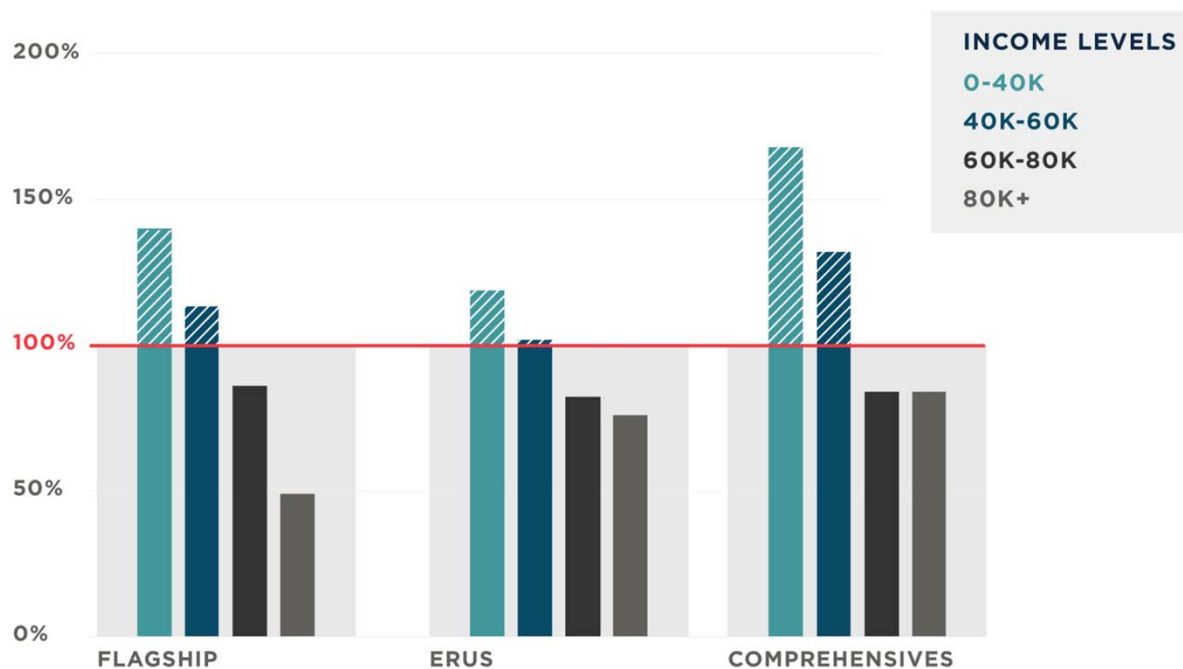
Source: FY2017 and FY2018 Tuition and Fee Proposals from UT System Academic Institutions.



THE UNIVERSITY of TEXAS SYSTEM
FOURTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

WWW.UTSYSTEM.EDU

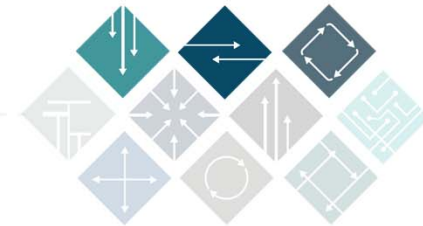
FULL-TIME RESIDENT UNDERGRADUATES RECEIVING AID: PERCENT OF TUITION & FEES COVERED BY GRANTS, SCHOLARSHIPS AND WAIVERS



Source: The Texas Higher Education Coordinating Board (THECB), Financial Aid Database System (FADS).

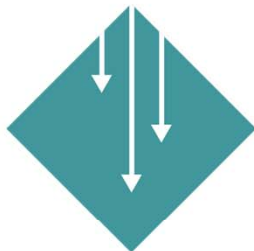


USE OF NEW TUITION REVENUE

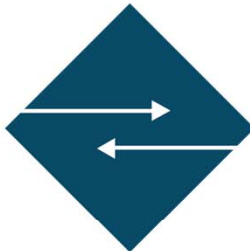


STUDENT SUCCESS INITIATIVES

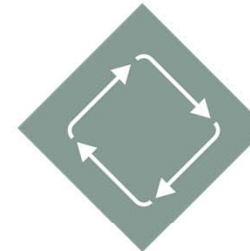
Initiatives designed to improve access, retention, and time to degree



SUPPLEMENTAL INSTRUCTION



ADVISING, TUTORING, & MENTORING



STUDENT ENGAGEMENT PROGRAMS

Source: FY2017 and FY2018 Tuition and Fee Proposals from UT System Academic Institutions.



THE UNIVERSITY of TEXAS SYSTEM
FOURTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

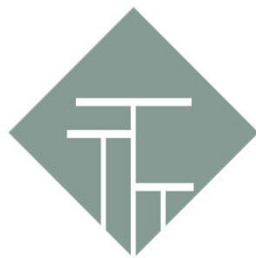
WWW.UTSYSTEM.EDU

USE OF NEW TUITION REVENUE

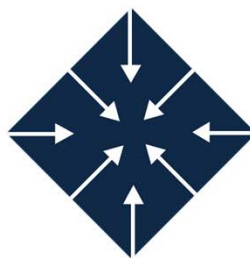


FACULTY SUPPORT

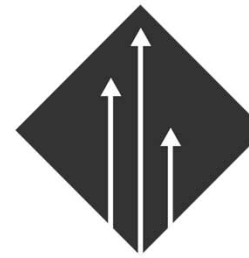
Often requires investments in salary and recruitment packages to align with market and peer medians.



**SUPPORT
CURRENT
FACULTY**



**RECRUIT
NEW
FACULTY**



**IMPROVE
COMPETITIVENESS
& RESEARCH STATUS**

Source: FY2017 and FY2018 Tuition and Fee Proposals from UT System Academic Institutions.



THE UNIVERSITY of TEXAS SYSTEM
FOURTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

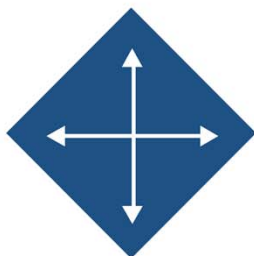
WWW.UTSYSTEM.EDU

USE OF NEW TUITION REVENUE

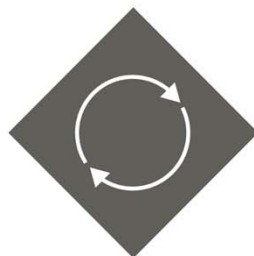


ENHANCING STUDENT SERVICES

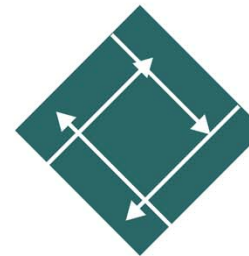
Improves the student quality of life and the campus environment



**IMPROVING ACCESS
TO MEDICAL & MENTAL
HEALTH CARE**



**SUSTAINABILITY
INITIATIVES**



**TRANSPORTATION
& SHUTTLE
SERVICES**

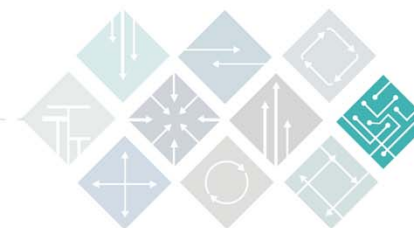
Source: FY2017 and FY2018 Tuition and Fee Proposals from UT System Academic Institutions.



THE UNIVERSITY of TEXAS SYSTEM
FOURTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

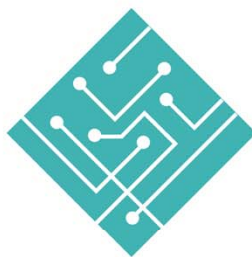
WWW.UTSYSTEM.EDU

USE OF NEW TUITION REVENUE



INFRASTRUCTURE AND TECHNOLOGY SUPPORT

- + Important to keep pace with the cost of technology and wireless access
- + Infrastructure needed to further access to online and hybrid learning



INFRASTRUCTURE
& TECHNOLOGY

Source: FY2017 and FY2018 Tuition and Fee Proposals from UT System Academic Institutions.





STAYING COMPETITIVE

U. T. System Academic Institutions Requests for Increases in Total Academic Cost for FY 2017 and FY 2018

Dr. Steve W. Leslie, Executive Vice Chancellor for Academic Affairs

**U. T. System Board of Regents' Meeting
Academic Affairs Committee
February 2016**



THE UNIVERSITY of TEXAS SYSTEM
FOURTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

WWW.UTSYSTEM.EDU

U. T. SYSTEM ACADEMIC INSTITUTIONS – REQUESTS FOR INCREASES IN TOTAL ACADEMIC COST FOR FY 2017 AND FY 2018

“Campuses are authorized to proceed with **consultative processes that engage students** who are representative of the student body to develop recommendations for increases in **tuition and required fees for FY 2017 and FY 2018.**”

“May include an increase of **2% per year to account for cost escalation** as well as reasonable and prudent additional increases that address **issues of greatest institutional priority.**”

“All requests must be well justified and must address issues of **student affordability.**”



THE UNIVERSITY OF TEXAS AT AUSTIN

	Fall 2015 Total Academic Cost	Proposed Fall 2016 Total Academic Cost	Avg. Increase over Fall 2015	Proposed Fall 2017 Total Academic Cost	Average Increase Fall 2016
RESIDENT UNDERGRADUATE	\$4,903	\$5,055	\$152	\$5,207	\$152
NON-RESIDENT UNDERGRADUATE	\$17,338	\$17,863	\$525	\$18,399	\$536
RESIDENT GRADUATE	\$4,436	\$4,574	\$138	\$4,711	\$137
NON-RESIDENT GRADUATE	\$8,588	\$8,851	\$263	\$9,116	\$265

AVERAGE INCREASE FOR RESIDENT UNDERGRADUATES WITHOUT ANY GRANT OR SCHOLARSHIP AID:

\$10 PER WEEK 1st YEAR

PROJECTED NEW NET REVENUE

Year 1	\$15.7 Million
Year 2	\$15.7 Million



THE UNIVERSITY OF TEXAS AT AUSTIN: KEY PRIORITIES



ADVANCING STUDENT SUCCESS

Evidence-based student success initiatives that continue progress toward four-year graduation rate goal



FACULTY SUPPORT

Continue to close gaps in lagging faculty salary competitiveness compared with Association of American Universities public flagship universities; faculty retention and recruitment strategies that address gender equity



THE UNIVERSITY OF TEXAS AT ARLINGTON

	Fall 2015 Total Academic Cost	Proposed Fall 2016 Total Academic Cost	Avg. Increase over Fall 2015	Proposed Fall 2017 Total Academic Cost	Avg. Increase over Fall 2016
RESIDENT UNDERGRADUATE	\$4,646	\$4,808	\$162	\$4,976	\$168
NON-RESIDENT UNDERGRADUATE	\$10,764	\$11,460	\$696	\$12,201	\$741
RESIDENT GRADUATE	\$4,259	\$4,409	\$150	\$4,564	\$155
NON-RESIDENT GRADUATE	\$8,136	\$8,658	\$522	\$9,214	\$556

**AVERAGE INCREASE FOR RESIDENT UNDERGRADUATES
WITHOUT ANY GRANT OR SCHOLARSHIP AID:**

\$11 PER WEEK 1st YEAR

PROJECTED NEW NET REVENUE

Year 1	\$7.35 Million
Year 2	\$7.54 Million



THE UNIVERSITY OF TEXAS AT ARLINGTON: KEY PRIORITIES



ENHANCING STUDENT ACCESS AND SUCCESS

Extend supplemental instruction and tutoring



INCREASING FACULTY EXCELLENCE, NUMBERS, AND STAFF SUPPORT

Address market equity adjustments to retain and recruit critical faculty and staff



ENHANCED STUDENT SUPPORT

New and expanded services offered in student health (medical fee); improved staff to student ratio in the Career Development Center (student services fee); expanded bus routes for students (shuttle bus fee); upgrade technology capabilities and wireless access points (technology fee); and sustain ongoing efforts to improve campus security (designated tuition)



THE UNIVERSITY OF TEXAS AT DALLAS

	Fall 2015 Total Academic Cost, First Time Entering Cohort	Proposed Fall 2016 Total Academic Cost	Avg. Increase over Fall 2015	Proposed Fall 2017 Total Academic Cost	Avg. Increase over Fall 2016
RESIDENT UNDERGRADUATE	\$6,143	\$6,536	\$393	\$6,954	\$418
NON-RESIDENT UNDERGRADUATE	\$16,324	\$17,369	\$1,045	\$18,480	\$1,111
RESIDENT GRADUATE	\$6,138	\$6,660	\$522	\$7,153	\$493
NON-RESIDENT GRADUATE	\$11,561	\$12,763	\$1,202	\$13,835	\$1,072

AVERAGE INCREASE FOR NEW RESIDENT UNDERGRADUATE COHORT WITHOUT ANY GRANT OR SCHOLARSHIP AID:

\$26 PER WEEK 1st YEAR;
4-Year Guarantee

PROJECTED NEW NET REVENUE	
2016 Cohort	\$10.8 Million
2017 Cohort	\$10.4 Million



THE UNIVERSITY OF TEXAS AT DALLAS: KEY PRIORITIES



INCREASING STUDENT SUCCESS

Improve undergraduate/graduate advising and international education; expand undergraduate research opportunities



FACULTY SUPPORT

Salary program to address promotions, equity, and market value



ENHANCED STUDENT SERVICES

Technology and infrastructure improvements (technology fee); increase study abroad opportunities (international education fee)



THE UNIVERSITY OF TEXAS AT EL PASO

	Fall 2015 Total Academic Cost	Proposed Fall 2016 Total Academic Cost	Avg. Increase over Fall 2015	Proposed Fall 2017 Total Academic Cost	Avg. Increase over Fall 2016
RESIDENT UNDERGRADUATE	\$3,631	\$3,794	\$163	\$3,965	\$171
NON-RESIDENT UNDERGRADUATE	\$9,581	\$10,012	\$431	\$10,462	\$450
RESIDENT GRADUATE	\$2,690	\$2,812	\$122	\$2,938	\$126
NON-RESIDENT GRADUATE	\$6,281	\$6,564	\$283	\$6,860	\$296

AVERAGE INCREASE FOR RESIDENT UNDERGRADUATES WITHOUT ANY GRANT OR SCHOLARSHIP AID:

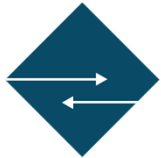
\$11 PER WEEK 1st YEAR

PROJECTED NEW NET REVENUE

Year 1	\$6.4 Million
Year 2	\$6.7 Million



THE UNIVERSITY OF TEXAS AT EL PASO: KEY PRIORITIES



INCREASING STUDENT SUCCESS

Advising, tutoring, internships, campus employment, mentoring, and financial literacy



FACULTY SUPPORT

Conduct highly intentional faculty hiring; bring average faculty salary closer to peers; and address compensation levels for graduate teaching assistants



ENHANCED STUDENT SERVICES

Mobile device support and equipment/software costs (technology fee); maintain access to research materials (library fee); retention and student life (student services fee); and funding for student-supported green initiatives (sustainability fee)



THE UNIVERSITY OF TEXAS AT SAN ANTONIO

	Fall 2015 Total Academic Cost	Proposed Fall 2016 Total Academic Cost	Avg. Increase over Fall 2015	Proposed Fall 2017 Total Academic Cost	Avg. Increase over Fall 2016
RESIDENT UNDERGRADUATE	\$4,556	\$4,848	\$292	\$5,139	\$291
NON-RESIDENT UNDERGRADUATE	\$10,632	\$11,314	\$682	\$11,994	\$680
RESIDENT GRADUATE	\$3,733	\$3,972	\$239	\$4,211	\$239
NON-RESIDENT GRADUATE	\$10,912	\$11,612	\$700	\$12,309	\$697

AVERAGE INCREASE FOR RESIDENT UNDERGRADUATES
WITHOUT ANY GRANT OR SCHOLARSHIP AID:

\$19 PER WEEK 1st YEAR

PROJECTED NEW NET REVENUE

Year 1	\$11.9 Million
Year 2	\$12.8 Million



THE UNIVERSITY OF TEXAS AT SAN ANTONIO: KEY PRIORITIES



INCREASING STUDENT SUCCESS

Improve retention and time to degree through graduation rate improvement plan initiatives (advising, mentoring, software, and increased financial aid)



FACULTY SUPPORT

Fund the Gold Star Initiative (recruitment of top-tier researchers)



ENHANCED STUDENT SERVICES (FEES)

Medical and mental health services, student engagement, study abroad, library resources, support for student athletes, student-selected sustainability initiatives, university programming, and recreational services



THE UNIVERSITY OF TEXAS OF THE PERMIAN BASIN

	Fall 2015 Total Academic Cost	Proposed Fall 2016 Total Academic Cost	Avg. Increase over Fall 2015	Proposed Fall 2017 Total Academic Cost	Avg. Increase over Fall 2016
RESIDENT UNDERGRADUATE	\$3,283	\$3,480	\$197	\$3,631	\$151
NON-RESIDENT UNDERGRADUATE	\$9,133	\$9,329	\$196	\$9,481	\$152
RESIDENT GRADUATE	\$2,021	\$2,139	\$118	\$2,235	\$96
NON-RESIDENT GRADUATE	\$5,531	\$5,649	\$118	\$5,745	\$96

**AVERAGE INCREASE FOR RESIDENT UNDERGRADUATES
WITHOUT ANY GRANT OR SCHOLARSHIP AID:**

\$13 PER WEEK 1st YEAR

PROJECTED NEW NET REVENUE

Year 1	\$1.2 Million
Year 2	\$0.96 Million



THE UNIVERSITY OF TEXAS OF THE PERMIAN BASIN: KEY PRIORITIES



INCREASING STUDENT SUCCESS

Student success collaborative and predictive analytics that support retention and graduation



FACULTY SUPPORT

Recruit and support faculty in current and newly developed academic programs



ENHANCED STUDENT SUPPORT

Upgrades to library collection and campus safety efforts



THE UNIVERSITY OF TEXAS RIO GRANDE VALLEY

	Fall 2015 Total Academic Cost, First Time Entering Cohort	Proposed Fall 2016 Total Academic Cost	Avg. Increase over Fall 2015	Proposed Fall 2017 Total Academic Cost	Avg. Increase over Fall 2016
RESIDENT UNDERGRADUATE	\$3,650	\$3,724	\$74	\$3,798	\$74
NON-RESIDENT UNDERGRADUATE	\$9,500	\$9,574	\$74	\$9,648	\$74
RESIDENT GRADUATE	\$3,249	\$3,304	\$55	\$3,360	\$56
NON-RESIDENT GRADUATE	\$6,759	\$6,814	\$55	\$6,870	\$56

**AVERAGE INCREASE FOR NEW RESIDENT UNDERGRADUATE
COHORT WITHOUT ANY GRANT OR SCHOLARSHIP AID:**

**\$5 PER WEEK 1st YEAR;
4-Year Guarantee**

PROJECTED NEW NET REVENUE

Year 1	\$0.52 Million
Year 2	\$1.63 Million



THE UNIVERSITY OF TEXAS RIO GRANDE VALLEY: KEY PRIORITIES



INCREASING STUDENT ACCESS AND SUPPORT

Expand course and program offerings and provide more student employment opportunities on campuses



INCREASE THE NUMBER OF HIGHLY QUALIFIED TEACHING FACULTY



THE UNIVERSITY OF TEXAS AT TYLER

	Fall 2015 Total Academic Cost	Proposed Fall 2016 Total Academic Cost	Average Increase over Fall 2015	Proposed Fall 2017 Total Academic Cost	Average Increase over Fall 2016
RESIDENT UNDERGRADUATE	\$3,656	\$3,801	\$145	\$3,961	\$160
NON-RESIDENT UNDERGRADUATE	\$9,618	\$9,771	\$153	\$9,946	\$175
RESIDENT GRADUATE (Masters)	\$2,909	\$3,044	\$136	\$3,225	\$181
NON-RESIDENT GRADUATE (Masters)	\$6,441	\$6,581	\$140	\$6,735	\$154

AVERAGE INCREASE FOR RESIDENT UNDERGRADUATES WITHOUT ANY GRANT OR SCHOLARSHIP AID:

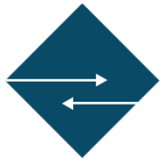
\$10 PER WEEK 1st YEAR

PROJECTED NEW NET REVENUE

Year 1	\$2.0 Million
Year 2	\$2.2 Million



THE UNIVERSITY OF TEXAS AT TYLER: KEY PRIORITIES



STUDENT SUCCESS INITIATIVES

Supplemental instruction, tutoring, and initiatives to support timely degree completion



FACULTY SUPPORT

Market parity for faculty and staff salaries; startup costs for new faculty members



ENHANCED STUDENT SUPPORT

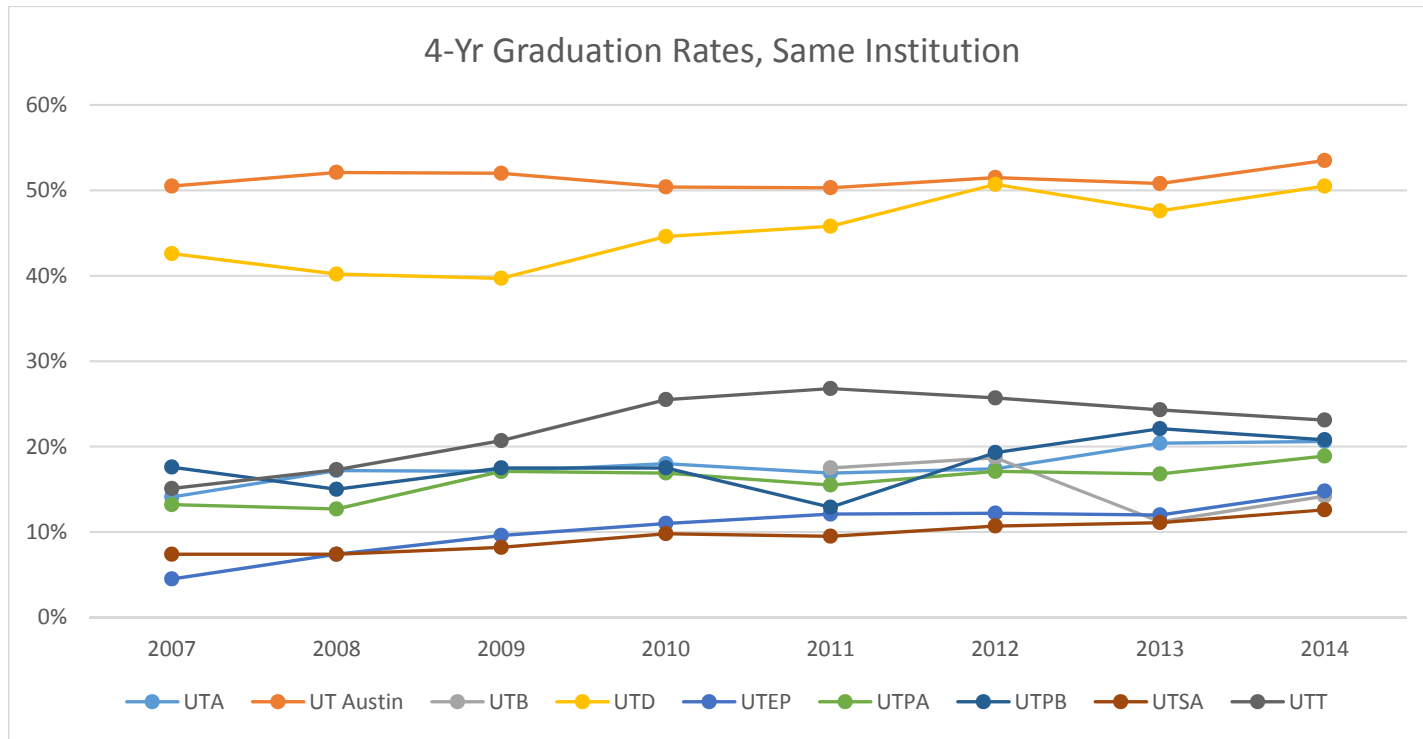
Advisors and initiatives to support seamless transition for high school and community college students; fee referenda for recreational, athletics, and student services fee increase



FOUR YEAR & SIX YEAR GRADUATION RATES
UT System Academic Institutions

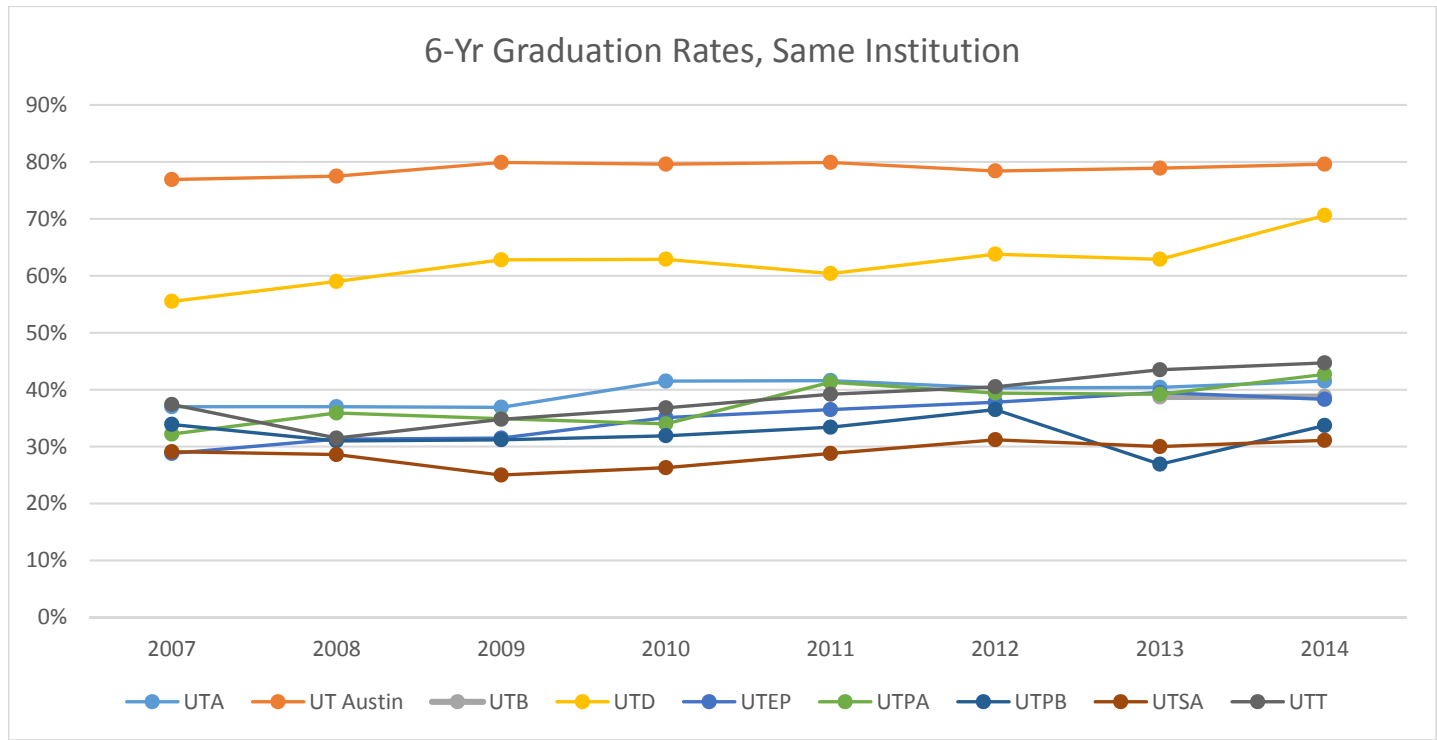
The University of Texas System
Office of Strategic Initiatives
September 30, 2015





	2007	2008	2009	2010	2011	2012	2013	2014
UTA	14.1%	17.2%	17.1%	18.0%	16.9%	17.4%	20.4%	20.6%
UT Austin	50.5%	52.1%	52.0%	50.4%	50.3%	51.5%	50.8%	53.5%
UTB	15.1%	17.3%	20.7%	25.5%	26.8%	25.7%	24.3%	23.1%
UTD	42.6%	40.2%	39.7%	44.6%	45.8%	50.7%	47.6%	50.5%
UTEP	4.5%	7.4%	9.6%	11.0%	12.1%	12.2%	12.0%	14.8%
UTPA	13.2%	12.7%	17.1%	16.9%	15.5%	17.1%	16.8%	18.9%
UTPB	17.6%	15.0%	17.5%	17.5%	12.9%	19.3%	22.1%	20.8%
UTSA	7.4%	7.4%	8.2%	9.8%	9.5%	10.7%	11.1%	12.6%
UTT	15.1%	17.3%	20.7%	25.5%	26.8%	25.7%	24.3%	23.1%

Source: THECB data



	2007	2008	2009	2010	2011	2012	2013	2014
UTA	37.0%	37.0%	36.9%	41.5%	41.6%	40.3%	40.4%	41.5%
UT Austin	76.9%	77.5%	79.9%	79.6%	79.9%	78.4%	78.9%	79.6%
UTB							38.7%	38.8%
UTD	55.5%	59.0%	62.8%	62.9%	60.4%	63.8%	62.9%	70.6%
UTEP	28.8%	31.3%	31.5%	35.1%	36.5%	37.8%	39.5%	38.3%
UTPA	32.2%	35.9%	34.9%	34.0%	41.3%	39.4%	39.2%	42.7%
UTPB	33.9%	31.0%	31.2%	31.9%	33.4%	36.5%	26.9%	33.7%
UTSA	29.1%	28.6%	25.0%	26.3%	28.8%	31.2%	30.0%	31.1%
UTT	37.4%	31.5%	34.8%	36.8%	39.2%	40.5%	43.5%	44.7%

Source: THECB data

MINUTES
U. T. System Board of Regents
Health Affairs Committee
February 10, 2016

The members of the Health Affairs Committee of the Board of Regents of The University of Texas System convened at 4:04 p.m. on Wednesday, February 10, 2016, in Room 1.206 of Research Building 6, The University of Texas Medical Branch at Galveston, Market and 9th Streets, Galveston, Texas, with the following participation:

Attendance

Regent Cranberg, presiding
Vice Chairman Hildebrand
Regent Aliseda
Regent Beck
Regent Tucker

Also present were Chairman Foster, Vice Chairman Hicks, Regent Drake, Regent Hall, Regent Pejovich, and General Counsel Frederick.

In accordance with a notice being duly posted with the Secretary of State and there being a quorum present, Committee Chairman Cranberg called the meeting to order in Open Session.

Committee Chairman Cranberg welcomed U. T. Austin President Fenves and U. T. Rio Grande Valley President Bailey as those institutions have medical schools. He also welcomed Dr. Ann Killary and Dr. Donald Molony, representatives of the U. T. System Faculty Advisory Council, and Mr. Ryan Baldwin, Chair of the Employee Advisory Council. The Student Advisory Council representative could not attend the meeting.

- 1. U. T. System: Discussion regarding tuition and fee proposals for Fiscal Years 2017 and 2018 for 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. M. D. Anderson Cancer Center**

Committee Meeting Information

Presenter(s): Raymond S. Greenberg, M.D., Ph.D., Executive Vice Chancellor for Health Affairs; health presidents

Status: Reported/Discussed

Discussion at meeting:

Regent Tucker asked about the loan debt for U. T. System medical students, noting that on average, they pay approximately \$15,000 a year less than nationally, yet graduate with an average of \$40,000 in debt. Dr. Greenberg thought that the cost of living might

be a factor, as prices are generally higher in urban areas where the medical schools are located than nationally. Regent Tucker commented that she raised the matter as a possible trigger as the presidents execute the strategy of Quantum Leaps initiatives in medicine.

Regent Hall said he wants to be careful with anything that raises the cost for students, not wanting to deter prospective students from coming to the U. T. System medical schools and staying in the area. He also spoke about students who are led to study in fields based on how quickly they can pay back their debt, saying that might not serve the public or the students well. He also said that early in his Board service when tuition increases were considered, the amount of money in terms of percentage of revenue to the institution was almost nothing. He said if it does not move the dial for the institution, he strongly recommended against the increases, as it may be immaterial to the institution, but material to the students. Regent Hall said he voted “no” then, and said the institutions’ goal should be delivering a first-class education for less.

Regent Drake asked about programs to help students manage their personal finances and debt when they graduate, and President Callender (U. T. Medical Branch - Galveston, UTMB) spoke about debt being related more to the cost of living than to the cost of tuition and about assisting students to make the right choices to minimize that burden.

President Henrich (U. T. Health Science Center - San Antonio) responded to Regent Hall’s point about the impact of raising tuition and fees by saying a difference can be seen between programs supported by research and clinical budgets, such as the medical school, and programs that are supported almost entirely by an educational budget, such as the physical therapy and the nursing programs. Tuition increases are needed in those programs to fund recruitment and retention of faculty, and that translates into excellence. Even if not a lot of money to the institution as a whole, it makes a difference to those schools and programs.

President Podolsky (U. T. Southwestern Medical Center) also spoke to the same point by saying that proportionally small sources of revenue, such as the proposed tuition and fee increases, have a disproportionate impact on how the institutions deliver on their mission because the larger revenue streams, such as the Texas Legislature and NIH grants, have significant boundaries on how funds can be used.

Committee Chairman Cranberg called on President Fenves and President Bailey for comments. Dr. Fenves said the proposed tuition request for the U. T. Austin Dell Medical School is for one year since tuition for the 2016 inaugural class was previously set. He said the proposed tuition is about at the median for medical schools in the state and did not appear to discourage applicants. President Bailey said the same about applicants for the U. T. Rio Grande Valley Medical School, and he noted tuition is proposed to remain the same as last year.

Vice Chairman Hildebrand commented on the substantial differential in proposed tuition and fee increases for nonresident students over resident students at UTMB. Dr. Greenberg spoke about the limitations in the number of out-of-state students, and President Podolsky said all institutions are capped at 10% nonresident students. He

noted there is a small increase proposed for the small number of nonresident students at U. T. Southwestern, and President Callender explained the same percentage increase is proposed for resident and nonresident students at UTMB.

Vice Chairman Hildebrand asked Dr. Greenberg how he instructs the institutional presidents on preparing their budgets. Dr. Greenberg said the budget instructions are issued by the Office of Business Affairs, and the institutions generate their own budgets. There are budget hearings, and projections are reviewed. He noted the revenue estimation is conservative and expenses are realistic. He said he has been pleased with the margins generated in the health institutions that are due to the growth and better performance of the clinical enterprise. Everything else is at best at breakeven, and all institutions are subsidizing their research and educational missions, so there is pressure to control costs. President Colasurdo spoke about subsidizing the budget at U. T. Health Science Center - Houston and about the low cost of tuition at the institution, despite the proposed increases, compared to the national rate.

Donald Molony, M.D., representative of the U. T. System Faculty Advisory Council, spoke in support of the proposed tuition increases that are critical to educational activities.

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

Committee Meeting Information

Presenter(s): Committee Chairman Cranberg
Status: Discussed

3. U. T. System Board of Regents: Proposed appointments to The University of Texas System Health Care Advisory Committee

Committee Meeting Information

Presenter(s): Raymond S. Greenberg, M.D., Ph.D., Executive Vice Chancellor for Health Affairs
Status: Approved
Motion: Made by Regent Aliseda, seconded by Regent Tucker, and carried unanimously

4. U. T. Health Science Center - Tyler: Approval to create the School of Community and Rural Health

Committee Meeting Information

Presenter(s): Kirk A. Calhoun, M.D., President, U. T. Health Science Center - Tyler; David L. Lakey, M.D., Associate Vice Chancellor for Population Health
Status: Approved
Motion: Made by Regent Beck, seconded by Regent Tucker, and carried unanimously

Discussion at meeting:

Regent Beck asked about the role of telemedicine to help address the health needs in Northeast Texas, and President Calhoun said both telemedicine and tele-education will play an important role as U. T. Health Science Center - Tyler links the urban institutions with rural populations. Regent Beck said the collaboration among the U. T. System institutions is to be applauded.

5. U. T. System: Report on a U. T. Systemwide Clinical Data Network

Committee Meeting Information

Presenter(s): *Dr. Elmer Bernstam, Associate Dean for Research and Professor, School of Biomedical Informatics, U. T. Health Science Center - Houston*

Status: *Reported/Discussed*

Discussion at meeting:

Executive Vice Chancellor Greenberg noted this initiative may come to Board for funding in May 2016.

Committee Chairman Cranberg asked how this project fits with other data initiatives underway in the U. T. System, such as the Diabetes Obesity Control (Project DOC) or the telemedicine initiative, and Dr. Greenberg described the plan to assess the pros and cons of different data aggregate models to decide how to move forward.

6. U. T. System: Approval of \$10.8 million from the Available University Fund to be deployed over four fiscal years to support a new U. T. System Virtual Health Network Infrastructure, including the implementation of a pilot telemedicine project across the U. T. System health institutions; finding that the expenditure is appropriate; and authority to substitute Permanent University Funds for Available University Funds

Committee Meeting Information

Presenter(s): *David L. Callender, M.D., President, and Dr. Alexander Vo, Vice President for Telemedicine and Health Services Technology, U. T. Medical Branch - Galveston; Raymond S. Greenberg, M.D., Ph.D., Executive Vice Chancellor for Health Affairs*

Status: *Approved*

Motion: *Made by Vice Chairman Hildebrand, seconded by Regent Aliseda, and carried unanimously*

Discussion at meeting:

In reply to questions from Committee Chairman Cranberg, Dr. Greenberg explained the request for Available University Funds (AUF) and possible use of Permanent University Funds (PUF) for infrastructure and equipment. Dr. Greenberg described the Systemwide nature of the proposal and the possible involvement of the institutions in developing the

project. Vice Chairman Hildebrand emphasized the need to coordinate efforts in tele-medicine among the U. T. System institutions, and Dr. Greenberg and Dr. Vo described ways in which that is and will be done.

7. U. T. Health Science Center - San Antonio: Report on the Sam and Ann Barshop Institute for Longevity and Aging Studies

Committee Meeting Information

Presenter(s): William L. Henrich, M.D., President, U. T. Health Science Center - San Antonio
Status: Reported/Discussed

Discussion at meeting:

Vice Chairman Hildebrand asked about future plans of the Barshop Institute, and President Henrich said a professional appraisal of the land has been done, and the next step is under consideration. Regent Beck asked if the portion of land owned by the General Land Office (GLO) is undeveloped, and what it might be used for, and President Henrich replied that the land is undeveloped, and he thinks the GLO will be looking to sell the land. Chairman Foster asked if the 166 acres of the campus is mostly undeveloped, and Dr. Henrich responded affirmatively.

ADJOURNMENT

Committee Chairman Cranberg adjourned the meeting at 5:28 p.m.

MINUTES
U. T. System Board of Regents
Facilities Planning and Construction Committee
February 10, 2016

The members of the Facilities Planning and Construction Committee of the Board of Regents of The University of Texas System convened at 1:07 p.m. on Wednesday, February 10, 2016, in Room 1.206 of Research Building 6, The University of Texas Medical Branch at Galveston, Market and 9th Streets, Galveston, Texas, with the following participation:

Attendance

Regent Pejovich, presiding
Vice Chairman Hicks
Regent Beck
Regent Cranberg
Regent Hall (for Item 4)

Also present were Chairman Foster, Vice Chairman Hildebrand, Regent Aliseda, Regent Drake, Regent Tucker, and Associate General Counsel Orr.

In accordance with a notice being duly posted with the Secretary of State and there being a quorum present, Committee Chairman Pejovich called the meeting to order. The PowerPoint presentation concerning all items is set forth on Pages 4 - 17.

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

Committee Meeting Information

Presenter(s): Committee Chairman Pejovich
Status: Reported

2. U. T. Dallas: Student Housing Phase VII - Amendment of the FY 2016-2021 Capital Improvement Program to include project (Preliminary Board approval)

Committee Meeting Information

Presenter(s): Interim President B. Hobson Wildenthal, U. T. Dallas
Status: Approved
Motion: Made by Vice Chairman Hicks, seconded, and carried unanimously

3. U. T. Health Science Center - Houston: Academic Extension Building Renovation - Amendment of the FY 2016-2021 Capital Improvement Program to include project; approval of total project cost; appropriation of funds; authorization of institutional management; and resolution regarding parity debt (Final Board approval)

Committee Meeting Information

Presenter(s): Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction

Status: Approved

Motion: Made by Regent Cranberg, seconded by Vice Chairman Hicks, and carried unanimously

4. U. T. Southwestern Medical Center: U. T. Southwestern Monty and Tex Moncrief Medical Center at Fort Worth - Amendment of the FY 2016-2021 Capital Improvement Program to include project; approval of total project cost; approval of design development; approval of institutional management; appropriation of funds and authorization of expenditure; and resolution regarding parity debt (Final Board approval)

Committee Meeting Information

Presenter(s): President Daniel K. Podolsky, U. T. Southwestern Medical Center; Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction

Status: Approved

Motion: Made and carried unanimously

Follow-up actions:

1. Vice Chairman Hildebrand asked that information on the cost of projects benchmarked against like buildings be included for construction projects.
2. Committee Chairman Pejovich asked that more details on proposed projects be included in a new template for Agenda Items for this Committee, beginning with the next meeting (May 2016).
3. A post-project report should be provided to the Committee for each construction project as part of the new Hybrid Delivery Method. Dr. Mack Mitchell, Project Champion, will provide the post-project report for this project.

In summary, beginning May 2016, FPCC projects were requested to include:

1. Cost benchmarked against like projects
2. More details (new template)
3. A final post-project report.

Discussion at meeting:

To ensure value of the investment, Vice Chairman Hildebrand asked how the cost of \$491 per square foot compared with private industry and construction costs of other U. T. buildings. President Podolsky explained the proposed use for the building, including an outpatient clinic and procedure rooms, which makes the building cost highly competitive and economical. He said that by acquiring a largely complete shell, U. T. Southwestern will be able to do this project a year sooner and complete it probably at a substantially lower cost.

In reply to a further question from Vice Chairman Hildebrand, Dr. Podolsky described the relative experience of the “Project Champion,” Mack Mitchell, M.D., an experienced clinician and a key member of the institution’s administrative leadership team with substantial experience in design and construction of buildings.

Mr. O’Donnell added the project cost includes construction of a fully operational clinic, including equipment and other non-building costs. Vice Chairman Hildebrand asked that information to determine the cost of projects benchmarked against like buildings be provided to the Board for context. Committee Chairman Pejovich referenced previous discussions to include more details on proposed projects real value in a new template for Agenda Items for this committee, beginning with the next meeting (May 2016). She commented that those details are available and need to be included in the Agenda items.

President Podolsky explained that the financial analysis for this project was viewed in detail. Without obviating the importance of Vice Chairman Hildebrand’s question on cost comparisons, President Podolsky noted that there will be positive cash flow in the second year and a positive NPV (net present value) for the project.

Regent Cranberg commented on the good work of Dr. Podolsky and Dr. John Warner, Vice President and Chief Executive Officer of U. T. Southwestern University Hospitals and “Project Champion” on construction of the William P. Clements, Jr. University Hospital, which was the model used by the Facilities Planning and Construction Committee and the Task Force on Facility Planning for the 21st Century to improve practices in construction projects. He added that the post-project report by Dr. Warner on the Clements Hospital building should be followed as part of the new Hybrid Delivery Method, and he asked for a post-project report by Dr. Mitchell on this new project.

ADJOURNMENT

Committee Chairman Pejovich adjourned the meeting at approximately 1:19 p.m.

Agenda Items

Mr. Mike O'Donnell

Associate Vice Chancellor for Facilities Planning and Construction

U. T. System Board of Regents' Meeting

Facilities Planning and Construction Committee (FPCC)

February 2016



THE UNIVERSITY of TEXAS SYSTEM
FOURTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

WWW.UTSYSTEM.EDU

U. T. System FY 2016-2021 Capital Improvement Program (CIP)

CIP Total as of February 1, 2016	\$ 6,526,438,137
CIP New Construction Additions	\$ 110,448,185
CIP R&R Construction Additions	\$ 23,000,000
DD Approvals/TPC Modifications	\$ 0
Total Change in CIP at today's meeting	\$ 133,448,185
Substantially Complete Projects removed from CIP this quarter	\$ (326,681,527)
CIP Total after today's meeting	\$ 6,333,204,795
CIP Total - February 2015	\$ 5.3 billion
CIP Total - February 2014	\$ 6.5 billion



Consideration of Project Additions to the FY 2016-2021 Capital Improvement Program

- One (1) Academic project
 - U. T. Dallas
Student Housing Phase VII \$33,500,000
- Two (2) Health projects
 - U. T. Health Science Center - Houston
Academic Extension Building Renovation \$23,000,000
 - U. T. Southwestern Monty and Tex
Moncrief Medical Center at Fort Worth,
includes Design Development Approval \$76,948,185

Committee Minutes - 6



U. T. Dallas Student Housing Phase VII

Dr. Hobson Wildenthal, President *ad interim*

U. T. System Board of Regents' Meeting
Facilities Planning and Construction Committee
February 2016



THE UNIVERSITY of TEXAS SYSTEM
FOURTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

WWW.UTSYSTEM.EDU

U. T. Dallas Student Housing Phase VII

- New apartment style student housing to accommodate 400 students
- Single 165,000 GSF building to include four person suites, mix of two and four bedrooms plus single bedroom units for peer advisors
- Concept of design for this facility to be most cost effective
- Housing occupancy - over 1,000 students on waiting list at beginning of Fall 2015 Semester
- On-campus housing critical to meeting objective of becoming a major, nationally competitive research university



U. T. Dallas Student Housing Phase VII (cont.)

Committee Minutes - 9

Proposed Student Housing Phase VII Site



U. T. Dallas Student Housing Phase VII (cont.)

- \$33,500,000 Total Project Cost
 - RFS

U. T. Dallas Housing Phase	Housing Type	Building Cost *	Beds	Avg. \$/Bed	U. T. System Avg. \$/Bed
I, II, III, V	Dormitory	\$110,297,830	1,604	\$68,764	\$54,315
IV	Dormitory	\$ 37,699,038	600	\$62,832	\$54,315
VI	Apartment	\$ 30,170,000	400	\$75,425	\$69,772
VII	Apartment	\$ 26,193,521	400	\$65,484	\$69,772

* Building Costs have been escalated to 2015 dollars from the project's mid-point of construction.



U. T. Health Science Center - Houston Academic Extension Building Renovation (AEBR)

- Renovate approximately 160,000 GSF, replacing outdated mechanical, electrical and plumbing systems, and updating interiors on UTHSC-H floors; project includes tenant improvement allowance for the Texas Medical Center Library
- Institutional Management
- \$23,000,000 Total Project Cost
 - RFS

	Total R&R Building Cost	GSF	Cost / GSF	Compare to New Construction
AEBR	\$17,000,000	160,000	\$106 / GSF	\$331 / GSF



U. T. Southwestern Medical Center UTSW Monty and Tex Moncrief Medical Center at Fort Worth

Dr. Daniel K. Podolsky, President

U. T. System Board of Regents' Meeting
Facilities Planning and Construction Committee
February 2016



THE UNIVERSITY of TEXAS SYSTEM
FOURTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

WWW.UTSYSTEM.EDU

U. T. Southwestern Medical Center

UTSW Monty and Tex Moncrief Medical Center at Fort Worth

- Completion of 105,000 GSF new clinical facility in Fort Worth
- Continuation of growth and strategic positioning of UTSWMC's health care enterprise, which is essential for long-term sustainability
- Definition Phase allowed for completion of building core and shell, and completion of clinical programming and schematic design



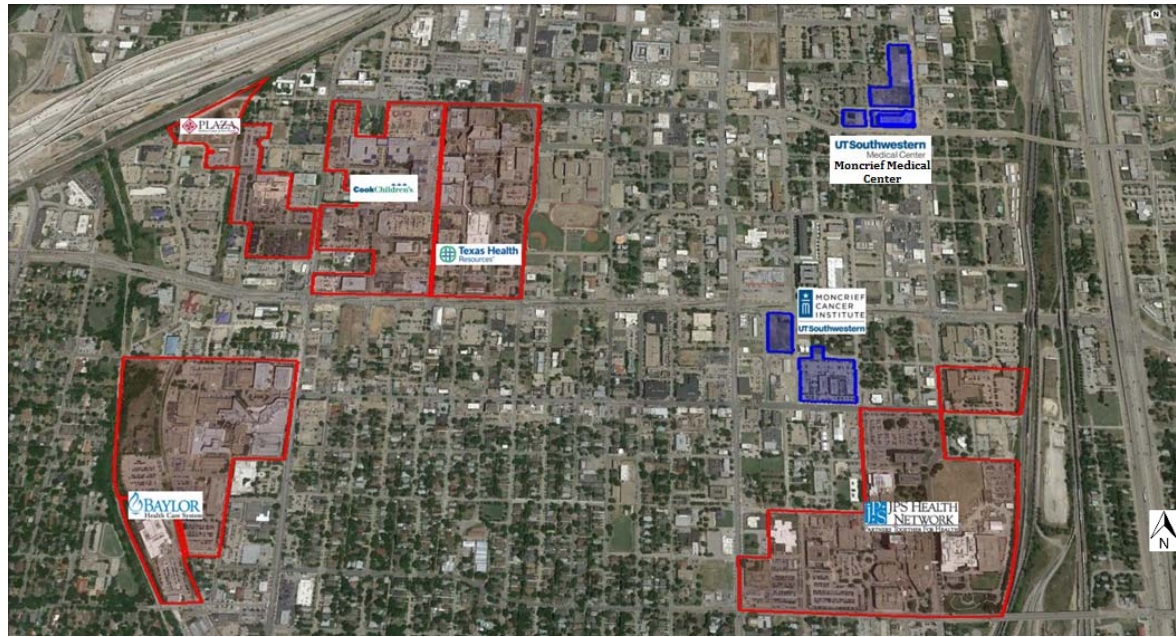
U. T. Southwestern Medical Center

UTSW Monty and Tex Moncrief Medical Center at Fort Worth (cont.)

- Facility is one mile north of the U. T. Southwestern Moncrief Cancer Institute in the Fort Worth Medical District
 - Will strengthen ability of UTSWMC to serve residents of Fort Worth beyond cancer-related care to improve the health of the population in North Texas
- Opens in December 2016 with 10 clinics, imaging center, and lab
- Clinic space includes exam and procedure rooms for multiple specialties, including Urology, Ophthalmology, Dermatology, Physical Medicine and Rehabilitation, Neurology, Upper Respiratory, and Musculoskeletal care



U. T. Southwestern Medical Center UTSW Monty and Tex Moncrief Medical Center at Fort Worth (cont.)



Committee Minutes - 15



THE UNIVERSITY of TEXAS SYSTEM
FOURTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

WWW.UTSYSTEM.EDU

Aerial View

U. T. Southwestern Medical Center

UTSW Monty and Tex Moncrief Medical Center at Fort Worth (cont.)



Committee Minutes - 16



THE UNIVERSITY of TEXAS SYSTEM
FOURTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.
WWW.UTSYSTEM.EDU

Overall Pedestrian Entry Southeast View

U. T. Southwestern Medical Center

UTSW Monty and Tex Moncrief Medical Center at Fort Worth (cont.)

- Institutional Management
- \$76,948,185 Total Project Cost
 - \$40,000,000 RFS
 - \$36,948,185 MSRDP Reserves

	Total Building Cost	GSF	Building Cost/GSF
UTSW Monty and Tex Moncrief Medical Center at Fort Worth	\$51,544,687	105,000	\$491



MINUTES
U. T. System Board of Regents
Technology Transfer and Research Committee
February 10, 2016

The members of the Technology Transfer and Research Committee of the Board of Regents of The University of Texas System convened at 1:23 p.m. on Wednesday, February 10, 2016, in Room 1.206 of Research Building 6, The University of Texas Medical Branch at Galveston, Market and 9th Streets, Galveston, Texas, with the following participation:

Attendance

Regent Hall, presiding
Regent Aliseda
Regent Cranberg
Regent Pejovich
Regent Tucker

Also present were Chairman Foster, Vice Chairman Hicks, Vice Chairman Hildebrand, Regent Beck, Regent Drake, and Associate General Counsel to the Board Orr.

In accordance with a notice being duly posted with the Secretary of State and there being a quorum present, Committee Chairman Hall called the meeting to order in Open Session.

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

Committee Meeting Information

Presenter(s): Committee Chairman Hall
Status: Reported/Discussed

2. U. T. System: Discussion and appropriate action regarding an update to the U. T. Horizon Fund investment thesis

Committee Meeting Information

Presenter(s): Dr. Patricia Hurn, Vice Chancellor for Research and Innovation; Ms. Julie Goonewardene, Associate Vice Chancellor for Innovation and Strategic Investment
Status: Approved
Motion: Made by Regent Aliseda, seconded by Regent Cranberg, and carried unanimously

Discussion at meeting:

Regent Cranberg commented that it appears to be easier to get pre-emptive rights in deals that are less attractive, which suggests a harder push to get pre-emptive rights whenever the U. T. System has equity. Ms. Goonewardene explained there is a push and pull. On

one hand, there have been leadership changes in the institutional Offices of Technology Commercialization, and the Horizon Fund team continues to work with them to push for pre-emptive rights deals as appropriate. She said on the other hand, it is often hard to negotiate those rights with sophisticated management teams.

Vice Chairman Hildebrand and Associate Vice Chancellor Goonewardene discussed whether the approximately 16 individual companies funded by the U. T. Horizon Fund since inception would have been worthy of the private venture capital industry. Vice Chairman Hildebrand suggested a vetting process to test if companies will be worthy of the free market, and Ms. Goonewardene said that is effectively being done as it is required; U. T. is not the sole investor in any deal. She said she is pushing the Horizon Fund team to be proactive to find the really good deals for which the Horizon Fund is eligible, rather than passively waiting. She said streamlining the process to be frictionless will encourage sophisticated CEOs and investors to do business with the U. T. Horizon Fund.

Vice Chairman Hicks commented that the Horizon Fund is never the sole investor and does not price, and Vice Chairman Hildebrand repeated that the Horizon Fund is always effectively the second investor. Regent Cranberg said the original idea behind pre-emptive rights was that these were to be rounds subscribed by private investors, and U. T. was losing out by not having the funds to take something that somebody else would take. He spoke about the nuance that those opportunities are less attractive than those that do not have pre-emptive rights because the equity licensing process tends to have an in-built bias against getting pre-emptive rights from the better deals.

Committee Chairman Hall commented that in terms of investment parameters, intellectual property (IP) is required to be involved. He asked what would happen if that threshold is removed, and Ms. Goonewardene said there would be investments grounded in IP or the institution would have equity. Thus, there would be a strong tie to the institution and a quality control of having co-investors. Regent Hall said he would be in favor of doing that.

(Secretary's Note: The title of the second pie chart in Slide 12 on Page 402 of the Agenda Book was corrected to read "% of total capital returned" instead of "% of total capital raised." The corrected slide is set forth on Page 4 of these Minutes.)

3. U. T. System: Report on progress of U. T. BRAIN, a virtual U. T. System Neuroscience and Neurotechnology Institute

Committee Meeting Information

Presenter(s): *Dr. Patricia Hurn, Vice Chancellor for Research and Innovation; Dr. Tom Jacobs, Associate Vice Chancellor for Federal Relations; Dr. Consuelo Walss-Bass, Associate Professor, Department of Psychiatry and Behavioral Sciences, U. T. Health Science Center - Houston; Dr. Greg Dussor, Associate Professor, School of Behavioral and Brain Sciences, U. T. Dallas*
Status: *Reported/Discussed*

Discussion at meeting:

Regent Beck asked Dr. Walss-Bass why she went to Costa Rica for her research, and Dr. Walss-Bass said the population in Costa Rica is genetically homogeneous, whereas the population in the U.S. is more genetically diverse. Mutations that have passed on from generation to generation can be more easily identified in a genetically homogeneous population, and Dr. Walss-Bass explained how this is helpful to the study of schizophrenia.

Committee Chairman Hall asked the scientists about the importance of grants to research, and Dr. Walss-Bass responded that grant funding, mostly from the NIH, is critical. She explained the importance of seed money that generates preliminary data for pilot studies that in turn enhance research collaboration and competition at the national level. Dr. Dussor added that it is essential to have funding to collect preliminary data to conduct studies, and this program provides that funding.

Regent Cranberg asked about the magnitude of the program and if the funds go through U. T. Austin, and Dr. Hurn explained the U. T. BRAIN program has awarded \$4.5 million, some in Available University Funds (AUF) funds to U. T. Austin individuals and some in Intermediate Term Fund (ITF) funds for those not at U. T. Austin. She said U. T. Austin took the lead and was instrumental in implementing this program.

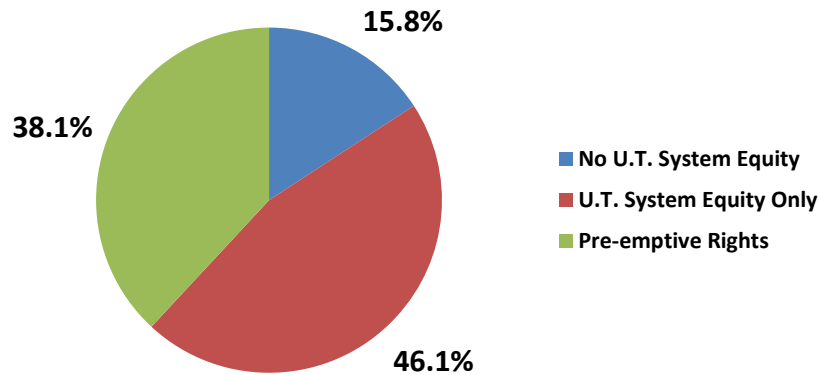
ADJOURNMENT

Committee Chairman Hall adjourned the meeting at 2:12 p.m.

Learning Since Fund Inception

- For companies utilizing U. T. System innovations, investing only in pre-emptive rights deals excludes a substantial number of investment opportunities and the largest portion of returns

% of total capital raised



% of total capital returned

