

Meeting No. 972

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

Pages 1 - 73

November 12-13, 2003

Odessa, Texas

TABLE OF CONTENTS
 THE MINUTES OF THE BOARD OF REGENTS
 OF
 THE UNIVERSITY OF TEXAS SYSTEM
 NOVEMBER 12-13, 2003
 ODESSA, TEXAS

MEETING NO. 972

	<u>Page No.</u>
 <u>NOVEMBER 12, 2003</u>	
I. Attendance	1
II. INFORMAL DISCUSSION WITH OFFICERS OF THE UNIVERSITY OF TEXAS SYSTEM EMPLOYEE ADVISORY COUNCIL	1
 <u>NOVEMBER 13, 2003</u>	
I. Attendance	2
II. EXECUTIVE SESSION OF THE BOARD OF REGENTS	3
1. U. T. Medical Branch - Galveston: Consideration of recommendation of Hearing Tribunal regarding termination of Faculty Member (Deferred)	3
2. U. T. Arlington: Consideration of personnel matters relating to Presidential Search	3
3. U. T. System: Consideration of personnel matters relating to appointment, employment, evaluation, assignment, and duties of officers or employees	3
4. U. T. System: Consideration of personnel matters relating to evaluation of presidents, U. T. System Executive Officers, and employees	3
5. U. T. Board of Regents: Legal issues regarding performance of Investment Management Services Agreement with The University of Texas Investment Management Company (UTIMCO)	3

III.	Appreciation to President W. David Watts	4
IV.	Welcome to Assistant Vice Chancellor Melanie Pritchett	4
V.	U. T. Board of Regents: Approval of Minutes of Regular Meeting Held August 6-7, 2003, and Special Meetings Held September 8 and October 15, 2003	4
VI.	SPECIAL ITEMS	5
1.	U. T. Board of Regents: Discussion and appropriate action concerning amendment to the Permanent University Fund, General Endowment Fund, Permanent Health Fund, and Long Term Fund Investment Policy Statements (including asset allocation policy); compensation and performance issues related to The University of Texas Investment Management Company (UTIMCO); and Liquidity Policy (Deferred)	5
2.	U. T. Board of Regents: Discussion of background matters related to tuition and fee issues	5
 <u>INFORMATIONAL REPORT</u>		
	U. T. System: Quarterly report on gift acceptance	9
VII.	REPORTS AND RECOMMENDATIONS OF STANDING COMMITTEES	10
A.	REPORT OF EXECUTIVE COMMITTEE	10
B.	REPORT AND RECOMMENDATIONS OF THE AUDIT, COMPLIANCE, AND MANAGEMENT REVIEW COMMITTEE	11
1.	U. T. System: Approval of U. T. System Internal Audit Plan for Fiscal Year 2004	11
2.	U. T. System: Approval of the Audit, Compliance, and Management Review Committee Charter	11
3.	U. T. Board of Regents: Amendment to the Regents' <u>Rules and Regulations</u> related to duties of the Audit, Compliance, and Management Review Committee (Part One, Chapter I, Section 7 and Chapter II, Section 3)	17

C.	REPORT AND RECOMMENDATIONS OF THE FINANCE AND PLANNING COMMITTEE	19
1.	U. T. System: Approval of <u>Docket No. 115</u> (Catalog Change)	19
2.	U. T. Board of Regents: Amendments to the Regents' <u>Rules and Regulations</u> regarding disclosure requirements for financial advisors and service providers (Part Two, Chapter IX, Sections 3 and 4)	20
3.	U. T. Board of Regents: Adoption of Thirteenth Supplemental Resolution authorizing the issuance of additional Revenue Financing System (RFS) Bonds; authorization to execute interest rate swap transactions in connection with the Bonds; authorization to complete all related transactions; and approval as to form for future documents	21
4.	U. T. Board of Regents: Adoption of Resolution authorizing the execution of Master Interest Rate Swap Agreements and approval as to form for future documents	24
5.	U. T. Board of Regents: Report on Investments for the three months ended August 31, 2003, and Performance Report by Ennis Knupp	31
D.	REPORT AND RECOMMENDATIONS OF THE ACADEMIC AFFAIRS COMMITTEE	41
1.	U. T. Board of Regents: Amendment of the Regents' <u>Rules and Regulations</u> regarding solicitation [Part One, Chapter VI, Section 6, Subsection 6.6 and Subdivision 6.61, Subparagraph 6.61(r)]	41
2.	U. T. Board of Regents: Amendment of the Regents' <u>Rules and Regulations</u> regarding Special Use Facilities [Part One, Chapter VI, Section 6, Subsection 6.(10), Subdivision 6.(10)3] and delegation of authority for U. T. Austin to execute use agreement for arena football games	42
3.	U. T. Board of Regents: Amendment of the Regents' <u>Rules and Regulations</u> regarding charter schools (Part One, Chapter I, Section 9, Subsection 9.5 and Part Two, Chapter I, Section 5) (Withdrawn)	43

4.	U. T. Arlington: Authorization to purchase real property located at 509 Summit Avenue, Arlington, Tarrant County, Texas; and parity debt	43
5.	U. T. Arlington: Authorization to purchase real property located at 515 Summit Avenue, Arlington, Tarrant County, Texas; and parity debt	44
6.	U. T. Arlington: University Center Fire and Life Safety Project - Amendment of FY 2004-2009 Capital Improvement Program and the FY 2004-2005 Capital Budget to include new project; authorize institutional management; appropriate funds and authorize expenditure; and parity debt	44
7.	U. T. Austin: Authorization to lease approximately 45.783 acres of land in Austin, Travis County, Texas, to the Simon Property Group, Inc., or affiliated business entity and authorization for the Interim Vice Chancellor for Business Affairs or the Executive Director of Real Estate to execute all documents related thereto	46
8.	U. T. Dallas: Approval of Master of Science in Biotechnology	46
9.	U. T. Dallas: Campus Housing Phase IX - Amendment of FY 2004-2009 Capital Improvement Program and the FY 2004-2005 Capital Budget to include project	47
10.	U. T. Dallas: Center for BrainHealth - Amendment of FY 2004-2009 Capital Improvement Program and the FY 2004-2005 Capital Budget to include project	48
11.	U. T. Dallas: Natural Science and Engineering Research Building - Amendment of FY 2004-2009 Capital Improvement Program and the FY 2004-2005 Capital Budget to include project	48
12.	U. T. San Antonio: Approval of Doctor of Philosophy in Counselor Education and Supervision	49
13.	U. T. San Antonio: East Campus Building Phase I - Amendment of FY 2004-2009 Capital Improvement Program and the FY 2004-2005 Capital Budget to include project	51

14.	U. T. San Antonio: East Campus Thermal Energy Plant - Amendment of FY 2004-2009 Capital Improvement Program and the FY 2004-2005 Capital Budget to include project	51
15.	U. T. San Antonio: North/South Connector Road - Amendment of FY 2004-2009 Capital Improvement Program and the FY 2004-2005 Capital Budget to include project	52
E.	REPORT AND RECOMMENDATIONS OF THE HEALTH AFFAIRS COMMITTEE	53
1.	U. T. System: Revision of Mission Statements for U. T. Health Science Center - Houston and U. T. Health Center - Tyler and expansion of degree planning authority for U. T. Health Science Center - San Antonio	53
2.	U. T. Health Science Center - Houston: Approval to name the Institute of Molecular Medicine for the Prevention of Human Diseases as the Brown Foundation Institute of Molecular Medicine for the Prevention of Human Diseases (Regents' <u>Rules and Regulations</u> , Part Two, Chapter VIII, Section 1, Subsection 1.3, Honoric Namings)	56
3.	U. T. Health Science Center - San Antonio: Medical Integrated Plaza Feasibility and Planning Study - Amendment of FY 2004-2009 Capital Improvement Program and the FY 2004-2005 Capital Budget to include study	56
4.	U. T. Health Science Center - San Antonio: Approval to include adjustment in allocation of royalties and award of incentive payments as provisions of the institutional Invention Revenue Sharing Policy	56
5.	U. T. Health Science Center - San Antonio: Authorization to conduct a private fundraising campaign	57
F.	REPORT AND RECOMMENDATIONS OF THE FACILITIES PLANNING AND CONSTRUCTION COMMITTEE	58
1.	U. T. Austin: Benedict/Mezes/Batts Renovation - Phase I - Amendment of FY 2004-2009 Capital Improvement Program and the FY 2004-2005 Capital Budget to combine Phase I and Phase II projects; increase total project cost; appropriate funds and authorize expenditure	58

2. U. T. Austin: Marine Science Institute Wetlands Education Center - Amendment of FY 2004-2009 Capital Improvement Program and the FY 2004-2005 Capital Budget to revise source of funds and appropriate funds and authorize expenditure 59
3. U. T. San Antonio: Academic Building III - Amendment of FY 2004-2009 Capital Improvement Program and the FY 2004-2005 Capital Budget to combine the Campus Parking Garage, Phase III and increase total project cost 61
4. U. T. San Antonio: Biotechnology, Sciences and Engineering Building (West Campus Wet Lab phase) - Amendment of FY 2004-2009 Capital Improvement Program and the FY 2004-2005 Capital Budget to increase the total project cost; revise the source of funds; appropriate funds and authorize expenditure; and parity debt 62
5. U. T. Tyler: Student Apartments - Approve design development; approve alternative energy economic feasibility; approve total project cost; appropriate funds and authorize expenditure; and parity debt 63
6. U. T. Tyler: Student Dormitory and Academic Excellence Center - Approve design development; approve alternative energy economic feasibility; approve total project cost; appropriate funds and authorize expenditure; and parity debt 65
7. U. T. Medical Branch - Galveston: BSL-4 Laboratory Facility - Honorific Naming of Facility as the John Sealy Pavilion for Infectious Diseases Research and Honorific Naming of Laboratory as the Robert E. Shope Laboratory (Regents' Rules and Regulations, Part Two, Chapter VIII, Section 1, Subsection 1.3, Honorific Namings) 66
8. U. T. Health Science Center - Houston: Recreation Center Reconstruction - Amendment of FY 2004-2009 Capital Improvement Program and the FY 2004-2005 Capital Budget to increase total project cost and appropriate funds and authorize expenditure 67

VIII.	OTHER MATTERS	69
1.	U. T. Pan American: Appointment of Presidential Search Advisory Committee	69
2.	U. T. Board of Regents: Presentation of certificates of appreciation to Acting Executive Vice Chancellor Guckian, Vice Chancellor Perry, and Vice Chancellor Sharpe for their service to The University of Texas System	70
IX.	SCHEDULED MEETING	73
X.	ADJOURNMENT	73

MEETING NO. 972

WEDNESDAY, NOVEMBER 12, 2003.--The members of the Board of Regents of The University of Texas System convened at 12:10 p.m. on Wednesday, November 12, 2003, in the Caribbean Room, MCM Elegante Hotel, 5200 East University Boulevard, Odessa, Texas, with the following in attendance:

ATTENDANCE.--

<u>Present*</u>	<u>Absent</u>
Chairman Miller, presiding	
Vice-Chairman Clements	
Vice-Chairman Hunt	
Regent Caven	
Regent Craven	
Regent Estrada	
Regent Huffines	
Regent Krier	
Counsel and Secretary Frederick	

*Vice-Chairman A. W. "Dub" Riter, Jr., died on September 23, 2003.

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

INFORMAL DISCUSSION WITH OFFICERS OF THE UNIVERSITY OF TEXAS SYSTEM EMPLOYEE ADVISORY COUNCIL.--Chairman Miller announced that the Board would meet with officers of The University of Texas System Employee Advisory Council (EAC) over lunch in the Waterfront Room of the MCM Elegante Hotel in Odessa to informally discuss goals and plans for the future. Since the Council had met with the Board in February 2003, no formal presentation was made by the Council at this meeting. With recent changes in the calendar of Board meetings, the EAC's annual presentation to the Board is scheduled for November.

The following participants met informally with the Board over lunch:

Chair: Ms. Shirley Zwinggi, The University of Texas Southwestern Medical Center at Dallas

Vice-Chair: Ms. Sherill Boline, The University of Texas System Administration

Secretary: Ms. Paula Berkley, The University of Texas - Pan American

Historian: Ms. Terri Reynolds, The University of Texas at San Antonio

RECESS.--At 1:00 p.m., Chairman Miller announced that the Board would recess to meetings of the standing committees and would reconvene at 8:30 a.m. in Open Session on Thursday, November 13, 2003, in the Mesa Building at The University of Texas of the Permian Basin, Odessa, Texas.

THURSDAY, NOVEMBER 13, 2003.--The members of the Board of Regents of The University of Texas System reconvened at 8:30 a.m. on Thursday, November 13, 2003, in Room 207 of the Mesa Building at The University of Texas of the Permian Basin, 4901 East University Boulevard, Odessa, Texas, with the following in attendance:

ATTENDANCE.--

<u>Present*</u>	<u>Absent</u>
Chairman Miller, presiding	
Vice-Chairman Clements	
Vice-Chairman Hunt	
Regent Caven	
Regent Craven	
Regent Estrada	
Regent Huffines	
Regent Krier	
Counsel and Secretary Frederick	

*Vice-Chairman A. W. "Dub" Riter, Jr., died on September 23, 2003.

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

RECESS TO EXECUTIVE SESSION.--At 8:31 a.m., Chairman Miller announced that the Board would recess to convene in Executive Session pursuant to Texas Government Code Sections 551.071 and 551.074 to consider those matters listed on the Executive Session agenda.

RECONVENE.--At 11:20 a.m., the Board reconvened in open session.

EXECUTIVE SESSION OF THE BOARD OF REGENTS

In response to Chairman Miller's request regarding the wishes of the Board, the following actions were taken:

1. U. T. Medical Branch - Galveston: Consideration of recommendation of Hearing Tribunal regarding termination of a faculty member (Deferred)

Vice-Chairman Clements moved that based on the record from the faculty Hearing Tribunal findings and recommendations, the Board defer action relating to charges to terminate a faculty member at The University of Texas Medical Branch at Galveston for good cause.

The motion was seconded and carried unanimously.

2. U. T. Arlington: Consideration of personnel matters relating to Presidential Search

No action was taken on personnel matters relating to the Presidential Search at The University of Texas at Arlington.

3. U. T. System: Consideration of personnel matters relating to appointment, employment, evaluation, assignment, and duties of officers or employees

No action was taken related to general personnel matters relating to appointment, employment, evaluation, assignment, and duties of officers or employees at The University of Texas System.

4. U. T. System: Consideration of personnel matters relating to evaluation of presidents, U. T. System Executive Officers, and employees

No action was taken related to evaluation of presidents, Executive Officers, and employees of The University of Texas System.

5. U. T. Board of Regents: Legal issues regarding performance of Investment Management Services Agreement with The University of Texas Investment Management Company (UTIMCO)

No action was taken related to legal issues regarding performance of the Investment Management Services Agreement with The University of Texas Investment Management Company (UTIMCO).

APPRECIATION TO PRESIDENT W. DAVID WATTS.--Members of the Board moved to Room 220 of the Mesa Building at The University of Texas of the Permian Basin. Chairman Miller said the Board was pleased to be meeting at U. T. Permian Basin and thanked President Watts for his hospitality in hosting this meeting. On behalf of the faculty, staff, and students of the institution, President Watts welcomed members of the Board and other guests to the campus.

WELCOME TO ASSISTANT VICE CHANCELLOR MELANIE PRITCHETT.--Chairman Miller called on Chancellor Yudof who introduced Ms. Melanie Pritchett, Assistant Vice Chancellor for Educational System Alignment, who will lead The University of Texas System's efforts in elementary and secondary education.

Assistant Vice Chancellor Pritchett announced receipt of a \$7.5 million grant from the United States Department of Education for implementation and support of the Texas Reading First Initiative.

U. T. BOARD OF REGENTS: APPROVAL OF MINUTES OF REGULAR MEETING HELD AUGUST 6-7, 2003, AND SPECIAL MEETINGS HELD SEPTEMBER 8 AND OCTOBER 15, 2003.--The Minutes of the regular meeting of the Board of Regents of The University of Texas System held on August 6-7, 2003, in San Antonio, Texas, were approved as prepared by the Counsel and Secretary to the Board. The official copy of these Minutes is recorded in the Permanent Minutes, Volume L, Pages 663 - 880.

The Board also approved the Minutes of the special meetings of the Board of Regents of the U. T. System held on September 8 and October 15, 2003, in Austin, Texas, as prepared by the Counsel and Secretary to the Board. The official copy of these Minutes is recorded in the Permanent Minutes, Volume LI, Pages 1 - 10.

In reference to the high number of meetings held this year, Chairman Miller remarked that although he was elected Chairman on the platform of fewer meetings and less time in Board meetings, there have been important issues before the Board and the meetings have been constructive and productive. He thanked staff of The University of Texas System and members of the Board for their time and their attention to these important matters.

SPECIAL ITEMS

1. U. T. Board of Regents: Discussion and appropriate action concerning amendment to the Permanent University Fund, General Endowment Fund, Permanent Health Fund, and Long Term Fund Investment Policy Statements (including asset allocation policy); compensation and performance issues related to The University of Texas Investment Management Company (UTIMCO); and Liquidity Policy (Deferred)

Chairman Miller deferred discussion on the Investment Policy Statements for the Permanent University Fund, General Endowment Fund, Permanent Health Fund, and Long Term Fund (including asset allocation policy); compensation and performance issues related to The University of Texas Investment Management Company (UTIMCO); and the Liquidity Policy.

2. U. T. Board of Regents: Discussion of background matters related to tuition and fee issues

Chairman Miller said a new item had been posted with the Secretary of State related to a discussion of background matters concerning tuition and fees. He called on Chancellor Yudof for a presentation in preparation for the meeting of the Board scheduled for November 18, 2003, to consider specific tuition and fee proposals for the component institutions of The University of Texas System. Chancellor Yudof's PowerPoint [presentation](#) is on file in the Office of the Board of Regents.

Chancellor Yudof emphasized that tuition and financial aid issues are complex. He said in Texas there is statutory tuition, which is set by the Legislature and does not go to the campuses; designated tuition, which is under the control of the Board of Regents, is subject to a few restrictions, and goes to the campuses; differential tuition; and fees. In reference to tuition increases, Chancellor Yudof remarked that media reports that focus on the sticker price of tuition rather than the realities of the picture including access and net price paid are somewhat misleading since on average, financial aid pays a part of the increase. He said The University of Texas at Austin's approach to tuition and fees is concern for families making less than \$80,000 a year, concern about graduation rates, a desire that tuition be lower the more credits a student takes, and encouragement for students to take more credits. The Chancellor pointed out that the University did not institute tuition increases for Fall 2003 as did many other universities in order to permit student participation in proposals submitted from campuses. He said tuition and fees at U. T. Austin fall below many national flagship universities.

In response to Regent Krier who asked if a two-page handout (see Pages 7 - 8) on innovations by the component institutions would be discussed by the U. T. System Commission on Tuition at its meeting on November 14 and 15, Chancellor Yudof replied in the affirmative and provided examples of the innovative proposals by component institutions to deal with tuition increases, including tuition discounts for off-peak hours, caps on fees, and the ability for students to earn tuition credit for their senior year. Chancellor Yudof displayed the U. T. System Web site on tuition at <http://www.utsystem.edu/news/Tuition/homepage.htm> and said students participated fully in the process and responded responsively. He commended them for their support.

Regent Huffines commended the U. T. System for being creative, innovative, transparent, and inclusive with students and faculty through this process. He said there were members of the Legislature who were apprehensive about giving authority to Regents to set tuition across the state and he said U. T. has been prudent and responsible in this process. Vice-Chairman Hunt said that the University is in a business that has a product and in the past, the University has not had the flexibility to price the product. However, he noted that flexibility to price the product will lead to a higher quality product and lower cost over time.

To continue to work through and build on these ideas, Chairman Miller announced establishment of a Task Force on Admissions, Tuition, and Financial Aid. He appointed Regent Caven to lead the Task Force, which will receive input from members of the Board and others to enhance recruitment, enrollment, retention, and graduation of U. T. System students while focusing on admissions, tuition, and financial aid and to structure the long-term processes under which the Board of Regents develops its admissions, tuition, and financial aid policies.

INNOVATIONS IN TUITION PLANS

- **Tuition discounts for courses at off-peak hours**
- **Tuition discounts for summer school**
- **Differential tuition for academic colleges or majors**
- **Flat rate tuition**
- **Tuition and fees capped at certain credit hour load**
- **Cap or freeze on future fees**
- **Tuition rebates for students who return to finish last 15 hours and graduate**
- **Earned tuition credit for senior year**
- **Discount for early or timely tuition payment**
- **Tuition and fee increase hold-harmless for financially needy students**
- **Grants for part-time and community college transfer students**
- **No-interest loans for education majors and loan forgiveness for those who teach for a certain number of years**
- **Campus jobs for financially needy students with unmet need**
- **Financial assistance for middle income students who do not qualify for other aid**
- **No-interest loans to buy books at the beginning of semesters**
- **Dissertation fellowships to improve doctoral time-to-degree**
- **Develop informative website concerning tuition and financial aid**

ADDITIONAL IDEAS

- Notices of **community college courses** that are automatically transferable -- The Legislature directed schools to make it easier for Texas students to transfer basic courses for credit. See http://www.theccb.state.tx.us/ctc/ip/core11_00/index.htm By using such information, students could take certain courses concurrently or during the summer at less cost.
- Notices of the availability and how to apply for **scholarships and loans and work-study programs**.
- Appointment of a **Tuition Assistance Person** in the financial aid office on each campus who could help students or parents TAP into existing programs and with authority to act in cases of exceptional hardship.
- **Discounts, loan repayment programs, or no-interest loans** for majors in areas of study with critical need i.e. teachers, nurses, engineers.
- Allow **monthly payment option** for lump sum tuition increases.
- Provide notices of telecampus courses that are available.
- Discounts for unfilled courses after registration.
- Define full-time status at 13-15 semester credit hours. Exceptions would be provided based on financial, health, and other reasons.
- Reduced parking rates or priority parking for courses at unpopular times.
- Tuition discount for block-scheduled courses.
- Continuation discount for part-time students who remain continuously enrolled.
- Expanded work-study opportunities.
- Earned tuition credit toward a master's degree.
- Flat-tuition for graduate programs, including lab apprenticeships.
- Advertise \$1,000 rebate for timely completion; advertise other tuition rebates and waivers.
- Expand concurrent enrollment of high school seniors, using statutory authority to waive or discount tuition, to reduce total cost of college.

INFORMATIONAL REPORT

U. T. System: Quarterly report on gift acceptance

The Summary of Gift Acceptance for The University of Texas System for the period June 1, 2003 through August 31, 2003, is set forth below. The report includes 133 items conforming to Board policy including the acceptance of \$23,607,131 in gifts and other transfers of previously accepted funds and Board-held matching funds totaling \$8,956,751.71. The report includes only those funds that relate to endowments, estates, and other funds managed by the U. T. System Office of External Relations.

<u># ALL</u> <u>ITEMS</u>	<u>COMPONENT INSTITUTION</u>	<u>TOTAL VALUE</u>	
3	U. T. System Administration	\$	---
7	U. T. Arlington		70,000
39	U. T. Austin	10,785,847	*
1	U. T. Brownsville		10,000
2	U. T. Dallas		---
5	U. T. El Paso		51,511
4	U. T. Pan American		226,000
---	U. T. Permian Basin		---
6	U. T. San Antonio		221,442 *
1	U. T. Tyler		25,000
6	U. T. Southwestern Medical Center - Dallas		295,351 *
26	U. T. Medical Branch - Galveston		2,595,204 *
7	U. T. Health Science Center - Houston		4,488,505
5	U. T. Health Science Center - San Antonio		1,002,464
21	U. T. M. D. Anderson Cancer Center		3,835,808 *
---	U. T. Health Center – Tyler		---
133	TOTAL	\$	23,607,131

* Not included in total:

U. T. Austin: \$491,138.93 transfers of previously accepted funds;

U. T. San Antonio: \$87,545.64 transfers of previously accepted funds;

U. T. Southwestern Medical Center – Dallas: \$8,250,000 of Board-held matching funds;

U. T. Medical Branch – Galveston: \$100,000 transfer of previously accepted funds; and

U. T. M. D. Anderson Cancer Center: \$28,067.14 transfer of previously accepted funds.

RECESS FOR COMMITTEE MEETINGS AND COMMITTEE REPORTS TO THE BOARD.--At 11:55 a.m., the Board recessed for meetings of the Standing Committees, and Chairman Miller announced that at the conclusion of each committee meeting the Board would reconvene to approve the report and recommendations of that committee.

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

* * * * *

REPORTS AND RECOMMENDATIONS OF STANDING COMMITTEES

REPORT OF EXECUTIVE COMMITTEE (Page 10).--Chairman Miller reported that there were no items referred from the Executive Committee to the Board pursuant to Section 7, Subsection 7.1, Subdivision 7.14 of Chapter I of Part One of the Regents' Rules and Regulations.

REPORT AND RECOMMENDATIONS OF THE AUDIT, COMPLIANCE, AND MANAGEMENT REVIEW COMMITTEE (Pages 11 - 18).--Committee Chairman Estrada reported that the Audit, Compliance, and Management Review Committee met in open session to consider those matters on its agenda and to formulate recommendations for the U. T. Board of Regents. Unless otherwise indicated, the actions set forth in the Minute Orders which follow were recommended by the Audit, Compliance, and Management Review Committee and approved in open session by the U. T. Board of Regents:

1. U. T. System: Approval of U. T. System Internal Audit Plan for Fiscal Year 2004

The Board approved The University of Texas System Internal Audit Plan for Fiscal Year 2004. Development of the Internal Audit Plan is based on risk assessments performed at each component institution. Implementation of the Plan will be coordinated with the institutional auditors.

Institutional Audit Plans, compiled by the internal audit departments after input and guidance from the System Audit Office and the institution's management and Internal Audit Committee, were submitted to all Internal Audit Committees and institutional presidents for review and comments.

The Chief Audit Executive provided feedback by conducting audit hearings with each component institution. After the review process, each Internal Audit Committee formally approved its institution's Plan.

The Audit, Compliance, and Management Review Committee approved the Audit Plan on September 30, 2003.

2. U. T. System: Approval of the Audit, Compliance, and Management Review Committee Charter

The Board approved the Charter for the Audit, Compliance, and Management Review Committee as set forth on Pages 12 - 16.

The Charter identifies responsibilities of the committee and is broken into six categories: role, membership, reporting, education, authority, and responsibilities.

It is expected that the Charter will be reviewed quarterly as the Sarbanes-Oxley Act guidance and the audit environment continue to change.

Audit, Compliance, and Management Review Committee Charter of the Board of Regents of The University of Texas System

Role

The Audit, Compliance, and Management Review Committee (“the Committee”) of the Board of Regents (“the Board”) of The University of Texas (“U. T.”) System assists the Board in fulfilling its responsibilities for:

- Oversight of the quality and integrity of the accounting and financial reporting practices, including the annual financial statements, and the system of internal controls;
- Oversight and direction of the internal auditing function, any external auditors whom the Committee may employ, and engagements with the State Auditor;
- Oversight and direction for the System-wide compliance function;
- Oversight of the review of effective institutional management practices at all U. T. System components; and
- Other duties as directed by the Board.

The Committee’s role includes a particular focus on U. T. System’s processes to manage business and financial risk, and for compliance with significant applicable legal, ethical, and regulatory requirements.

Membership

The membership of the Committee shall consist of at least four Board members, appointed by the Chairman of the Board, who shall be free of any relationship that would interfere with his or her individual exercise of independent judgment. Applicable laws and regulations shall be followed in evaluating a member’s independence.

Reporting

The Chief Audit Executive, System-wide Compliance Officer, and executive management shall provide periodic reports related to audit, compliance, and management review to the Committee. Any public accounting firm employed by the Committee shall report directly to the Committee. The State Auditor’s reports will be submitted to this committee. The Committee is expected to maintain free and open communications, which shall include private executive sessions, at least annually, with these parties, as it deems appropriate and is permitted by law.

The Committee chairperson shall regularly report Audit, Compliance, and Management Review Committee activities to the full Board of Regents, particularly with respect to:

- (i.) any issues that arise regarding compliance with legal or regulatory requirements and the performance and independence of internal and external auditing and assurance functions; and
- (ii.) such other matters as are relevant to the Committee’s discharge of its responsibilities.

Education

U. T. System executive management is responsible for providing the Committee with educational resources related to accounting principles and procedures, risk management, and other information that may be requested by the Committee. U. T. System executive management shall assist the Committee in maintaining appropriate financial and compliance literacy.

Authority

The Committee, in discharging its oversight role, is empowered to study or investigate any matter related to audit, compliance, and management of interest or concern that the Committee, in its sole discretion, deems appropriate for study or investigation by the Committee. The Committee shall be given full access to all U. T. System employees and operations as necessary to carry out this authority.

Responsibilities

The Committee's specific responsibilities in carrying out its oversight role are delineated in the Audit, Compliance, and Management Review Committee Responsibilities Checklist. The responsibilities checklist will be updated annually by the Committee to reflect changes in regulatory requirements, authoritative guidance, and evolving oversight practices. As the compendium of Committee responsibilities, the most recently updated responsibilities checklist will be considered to be an addendum to this charter.

The Committee relies on the expertise and knowledge of management, the internal auditors, the State Auditor, and any public accounting firm they may employ in carrying out its oversight responsibilities. U. T. System executive management is responsible for preparing complete and accurate financial statements and for monitoring internal controls and compliance with all applicable laws, regulations, and internal policies and procedures. Any public accounting firm hired by the Committee is responsible for performing the services specified in the hiring contract.

**Responsibilities Checklist
for the
Audit, Compliance, and Management Review Committee
of the
Board of Regents of The University of Texas System**

1. The Committee will perform such other functions as assigned by law or the Board of Regents of The University of Texas System (“the Board”).
2. The Committee shall meet four times per year or more frequently as circumstances require. The Committee may ask members of management or others to attend the meeting and provide pertinent information as necessary.
3. The agenda for Committee meetings will be prepared in consultation between the Committee chairman (with input from the Committee members), U. T. System executive management, the Chief Audit Executive and the System-wide Compliance Officer.
4. The Committee shall verify that its membership is familiar with the Committee’s Charter, goals, and objectives.
5. The Committee shall review the independence of each Committee member based on applicable independence laws and regulations.
6. The Committee shall review and approve the appointment or change in the Chief Audit Executive.
7. The Committee shall have the power to conduct or authorize investigations into any matters within the Committee's scope of responsibilities.
8. The Committee shall provide an open avenue of communication between the State Auditor, internal auditors, any public accounting firm employed, executive management, and the Board. The Committee chairperson shall report Committee actions to the Board with such recommendations as the Committee may deem appropriate.
9. For the purpose of preparing or issuing an audit report or related work, the Committee shall be directly responsible for the appointment, compensation, and oversight of the work of any employed public accounting firm (including the resolution of disagreements between management and the auditor regarding financial reporting). This does not preclude an individual component institution from hiring a public accounting firm to perform work at the component level.
10. The Chief Audit Executive has responsibility for ensuring that no conflicts of interest exist between public accounting firms performing consulting services and firms conducting financial statement audits. The Chief Audit Executive shall report annually on the status and integrity of U. T. System’s engagements with public accounting firms.
11. The Committee shall review with executive management, the Chief Audit Executive and the System-wide Compliance Officer, the State Auditor, and any employed public accounting firm the coordination of efforts to assure completeness of coverage, reduction of redundant efforts, and the effective use of resources.

12. The Committee shall inquire of executive management, the Chief Audit Executive and the System-wide Compliance Officer, and any employed public accounting firm about significant risks or exposures and assess the steps management has taken to minimize such risk to U. T. System.
13. The Committee shall consider and review with the Chief Audit Executive and the System-wide Compliance Officer, the State Auditor, and any employed public accounting firm:
 - a. The adequacy of U. T. System's internal controls including computerized information system controls and security;
 - b. The adequacy and efficiency of senior-level management with respect to fiscal operations and compliance functions at all component institutions;
 - c. Any related significant findings and recommendations of the State Auditor, independent public accountants, and internal audit together with management's responses thereto.
14. Regarding the U. T. System's financial statements, the Committee shall review with executive management and/or the Chief Audit Executive:
 - a. U. T. System's annual financial statements and related footnotes;
 - b. Any audit and assurance work performed on components of the annual financial statements;
 - c. Any significant changes to the financial statements requested by the State Auditor, internal audit, or any independent public accountants;
 - d. Any serious difficulties or disputes with management encountered during assurance work on components of the financial statements;
 - e. Other matters related to the conduct of assurance services that are to be communicated to the Committee under generally accepted government auditing standards.
15. The Committee shall require the U. T. System Chief Financial Officer certify the annual financial statements for the U. T. System as a whole, and that each component Chief Financial Officer certify the annual financial statements for their respective component institution.
16. The Committee shall review legal and regulatory matters that may have a material impact on the financial statements, internal auditing and/or compliance activities.
17. The Committee shall review with executive management and the Chief Audit Executive at least annually U. T. System's critical accounting policies, including any significant changes to Generally Accepted Accounting Procedures (GAAP), Regents' Rules and Regulations, and/or operating policies or standards.
18. On an annual basis, the Committee shall review, recommend, and approve the annual audit plan, including the allocation of audit hours.

19. Regarding audits, the Committee shall consider and review with executive management and the Chief Audit Executive:
 - a. Significant findings during the year and management's responses thereto;
 - b. Any difficulties encountered in the course of the audits, including any restrictions on the scope of work or access to required information;
 - c. Any changes required in the planned scope of the audit plan.
20. The Committee shall conduct an annual performance review and evaluation of the Chief Audit Executive. The Committee may delegate responsibility for the performance review to the Chancellor, in which case the Chancellor would provide a recommendation and supporting documentation to the Committee as a basis for their evaluation.
21. The Committee shall ensure procedures are established for the receipt, retention, and treatment of complaints received regarding internal controls or auditing matters; and the confidential anonymous submission by employees of concerns regarding questionable auditing matters.
22. The Committee shall monitor The University of Texas System Institutional Compliance Program and review with executive management and the System-wide Compliance Officer the status of the program and the results of its activities, including:
 - a. Significant institutional risks identified during the year and mitigating actions taken;
 - b. Significant findings during the year and management's responses thereto;
 - c. Any difficulties encountered in the course of inspections or assurance activities, including any restrictions on the scope of work or access to required information;
 - d. Any changes required in planned scope of the compliance action plan.
23. The Committee shall ensure procedures are established for the receipt, retention, and treatment of complaints received regarding compliance issues and the confidential anonymous submission by employees of concerns regarding ethically or legally questionable matters.
24. The Committee shall meet with the Chief Audit Executive, the System-wide Compliance Officer, executive management, or any employed external auditors in executive session to discuss any matters that the Committee or the before named believe should be discussed privately with the Committee, to the extent permitted by applicable law.
25. The Committee shall review and update the Audit, Compliance, and Management Review Committee Responsibilities Checklist annually.

3. U. T. Board of Regents: Amendment to the Regents' Rules and Regulations related to duties of the Audit, Compliance, and Management Review Committee (Part One, Chapter I, Section 7 and Chapter II, Section 3)

The Board amended the Regents' Rules and Regulations, Part One, Chapters I and II, related to duties of the Audit, Compliance, and Management Review Committee, as set forth below:

a. Chapter I, Section 7 was amended to read as follows:

Sec. 7. Committees and Other Appointments

...

7.16 Duties of the Audit, Compliance, and Management Review Committee

The Audit, Compliance, and Management Review Committee shall:

7.161 Approve an Audit Charter for the Audit, Compliance, and Management Review Committee and oversee all internal and external auditing and compliance functions within The University of Texas System.

7.162 Review and approve the appointment or change of the System Director of Audits after nomination by the Chancellor.

7.163 Review and approve the annual System-wide risk assessment and annual internal auditing plan.

b. Chapter II, Section 3 was amended to read as set forth below:

Sec. 3. Chancellor

...

3.311 Appointment

The System Director of Audits shall be appointed by the Audit, Compliance, and Management Review Committee after nomination by the Chancellor. The System Director of Audits shall hold office without fixed term, subject to the pleasure of the Chancellor.

The Chancellor's actions regarding the System Director of Audits are subject to review and approval by the Audit, Compliance, and Management Review Committee.

3.312 Duties and Responsibilities

The primary responsibilities of the System Director of Audits include developing a System-wide internal audit plan based on a System-wide risk assessment and coordinating the implementation of this plan with the institutional internal auditors. This System-wide audit plan is submitted to the Audit, Compliance, and Management Review Committee for review and approval after the Chancellor's review and approval. Responsibilities of the System Director of Audits also include conducting audits of the System including the revenue produced from the Permanent University Fund lands and formulating policies for the internal audit activity at each component institution.

3.313 The System Director of Audits serves as the chief audit executive.

These amendments to the Regents' Rules and Regulations clarify the responsibilities of the Audit, Compliance, and Management Review Committee. Amendments to Chapter I increase the responsibilities of the Committee to approve the Audit Charter, review and approve the appointment or change of the System Director of Audits after nomination by the Chancellor, and review and approve the annual System-wide risk assessment and annual internal auditing plan. Amendments to Chapter II ensure consistency with the changes made in Chapter I.

REPORT AND RECOMMENDATIONS OF THE FINANCE AND PLANNING COMMITTEE (Pages 19 - 40).--Committee Chairman Hunt reported that the Finance and Planning Committee met in open session to consider those matters on its agenda and to formulate recommendations for the U. T. Board of Regents. Unless otherwise indicated, the actions set forth in the Minute Orders which follow were recommended by the Finance and Planning Committee and approved in open session by the U. T. Board of Regents:

1. U. T. System: Approval of Docket No. 115 (Catalog Change)

The Board approved Docket No. 115 in the form distributed by the Counsel and Secretary to the Board. It is attached following Page 73 in the official copies of the Minutes and is made a part of the record of this meeting.

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

The Docket item concerning Dr. Randa S. Safady's appointment as Vice Chancellor for External Relations at The University of Texas System was found to be in the best interest of the U. T. System, as required by Texas Education Code Section 51.948.

To avoid any appearance of a possible conflict of interest, Regent Caven was recorded as abstaining from vote on Item 3 on Page Docket - 10 related to a gift to benefit the Just for the Kids data collection program at The University of Texas at Austin because he is a member of the Just for the Kids board. Regent Caven abstained from voting on Item 1 on Page Docket - 28 related to a gift to The University of Texas Southwestern Medical Center at Dallas from Abbott Laboratories because of stock holdings.

Further, Chairman Miller was recorded as abstaining from voting on the item on Page Docket - 47 related to a contract with Southwestern Bell Telephone Company for competitively bid Internet aggregation service at The University of Texas Health Center at Tyler because of stock holdings.

2. U. T. Board of Regents: Amendments to the Regents' Rules and Regulations regarding disclosure requirements for financial advisors and service providers (Part Two, Chapter IX, Sections 3 and 4)

The Board approved amendment of the Regents' Rules and Regulations, Part Two, Chapter IX, Sections 3 and 4, concerning disclosure requirements for financial advisors and service providers, as set forth below:

- a. Section 3 was amended to add a new Subsection 3.5 as follows:

Sec. 3. Policy for Investment and Management of the PUF

...

- 3.5 Financial Advisors and Service Providers
Financial advisors and service providers as defined in Texas Government Code Section 2263.002 shall comply with the disclosure requirements contained in Texas Government Code Section 2263.005.

- b. Section 4 was amended to read as follows:

Sec. 4. Policy for Investment and Management of U. T. Investment Pools

4.1 Investment Policy Statement

The policies for the investment of funds for U. T. investment pools shall be those outlined in the applicable Investment Policy Statement.

4.2 Application of Other Regulations

The provisions of Subsections 3.2, 3.3, 3.4, and 3.5 of this Chapter with respect to the investment and management of the PUF, shall also apply to other U. T. investment pools.

4.3 System Professional Medical Liability Benefit Plan

The Professional Medical Liability Fund shall be administered in a manner consistent with all provisions of the System Professional Medical Liability Benefit Plan.

4.4 Conformance with Trust Indenture and State Law

Each pooled income fund established by U. T. shall be administered according to The University of Texas

System Separately Invested Endowment, Trust, and Other Accounts Investment Policy Statement, the fund's trust indenture, and applicable law.

The amendments to the Regents' Rules and Regulations, Part Two, Chapter IX, Sections 3 and 4 implement the requirements of Senate Bill 1059, relating to corporate ethics and integrity, which became effective September 1, 2003.

The University of Texas Investment Management Company (UTIMCO) is the Board of Regents' primary investment advisor and the Board of Regents is required, under the statute authorizing UTIMCO, to approve UTIMCO's Code of Ethics. The current UTIMCO Code of Ethics, last approved by the U. T. Board on August 7, 2003, goes beyond the disclosure requirements created by Senate Bill 1059 and satisfies, in large part, the intent behind Senate Bill 1059. However, the definition of "financial advisor or service provider" is sufficiently broad that a number of individuals, firms, or companies that do business with UTIMCO, as well as the independent financial advisor recently hired by the Board of Regents, will be required to file disclosure forms, promulgated by the State Auditor, on an annual basis at minimum. UTIMCO's internal managers and the brokers and dealers they trade with, investment partnerships, hedge funds, and "fund of fund" managers will be subject to the new disclosure requirements. The University of Texas System liaison to UTIMCO will coordinate distribution and collection of forms from UTIMCO and the other financial advisors and service providers required to submit them, review the forms, and provide relevant disclosure to the Board of Regents.

3. U. T. Board of Regents: Adoption of Thirteenth Supplemental Resolution authorizing the issuance of additional Revenue Financing System (RFS) Bonds; authorization to execute interest rate swap transactions in connection with the Bonds; authorization to complete all related transactions; and approval as to form for future documents

The Board:

- a. adopted the Thirteenth Supplemental Resolution to the Master Resolution, substantially in the form presented to the Board of Regents, authorizing the issuance, sale, and delivery of Board of Regents of The University of Texas System Revenue Financing System Bonds in one or more installments in an aggregate principal amount not to exceed \$496,000,000 with a final maturity not to exceed the Year 2035 for the purpose of advance refunding certain outstanding Revenue Financing System Bonds to produce present value debt service savings; to refund a portion of the outstanding Revenue Financing

System Commercial Paper Notes, Series A; to provide new money to fund construction and acquisition costs of projects in the Capital Improvement Program; and to pay the costs of issuance and any original issue discount;

- b. authorized issuance of the Bonds with natural or synthetic fixed interest rates and the execution of interest rate swap transactions to convert variable interest rates on the bonds into fixed rate obligations if the Bonds are issued with variable interest rates; and
- c. authorized appropriate officers and employees of the U. T. System as set forth in the Thirteenth Supplemental Resolution to take any and all actions necessary to carry out the intentions of the U. T. Board of Regents, within the limitations and procedures specified therein, make certain covenants and agreements in connection therewith; and resolve other matters incident and related to the issuance, sale, security, and delivery of such Bonds.

In compliance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System adopted by the U. T. Board of Regents on February 14, 1991, amended on October 8, 1993 and August 14, 1997, and upon delivery of the Certificate of an Authorized Representative as required by Section 5 of the Master Resolution, the Board resolved that:

- a. sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the Board relating to the Financing System; and
- b. the component institutions, which are "Members" as such term is used in the Master Resolution, possess the financial capacity to satisfy their direct obligation as defined in the Master Resolution relating to the issuance by the U. T. Board of Regents of tax-exempt Parity Debt.

The Board further authorized that the forms used for this transaction may be used for future approved transactions, following review by the U. T. System Office of General Counsel and outside bond counsel.

The Thirteenth Supplemental Resolution (Resolution) authorizes the advance refunding of certain outstanding RFS Bonds provided the refunding exceeds a minimum 3% present value debt service savings threshold. An advance refunding involves issuing bonds to refund outstanding bonds in advance of the call date. Refunding bonds are issued at lower interest rates thereby producing debt service savings. The Resolution provides flexibility to execute

the transaction using either natural or synthetic fixed rate debt. Natural fixed rate debt involves issuing fixed rate bonds. Synthetic fixed rate debt involves issuing variable rate bonds and executing a corresponding floating-to-fixed interest rate swap agreement to effectively convert the interest rate on the bonds to a fixed interest rate. The determination to issue either natural or synthetic fixed rate debt will be made based on market conditions at the time of pricing. The use of any interest rate swap agreements will be in accordance with the U. T. System Interest Rate Swap Policy approved by the Board on February 13, 2003, using standard International Swaps and Derivatives Association, Inc. (ISDA) documentation.

Concurrently, with the consideration of this Thirteenth Supplemental Resolution, the Board also considered a resolution authorizing master interest rate swap agreements with seven investment banking firms selected through a procurement process (See Item 4 on Page 24). The Board currently has master interest rate swap agreements with three of the firms and these agreements may be amended to conform to the new agreements to be entered into. The Resolution authorizes interest rate swap transactions relating to the Bonds and other Parity Debt under the seven interest rate swap agreements.

In addition, the Resolution authorizes remarketing, tender, auction and broker-dealer agreements customarily utilized in connection with the types of variable rate instruments authorized.

The Resolution also authorizes the refunding of a portion of the outstanding Revenue Financing System Commercial Paper Notes, Series A and to provide new money to fund construction and acquisition costs of projects in the Capital Improvement Program. Generally, commercial paper debt is issued to fund projects during the construction phase and the debt is not amortized. Once construction is complete, the commercial paper is refunded with bonds. Depending on the level of interest rates at the time of pricing, outstanding commercial paper and new money for construction may be financed with long-term debt.

As provided in the Resolution, the potential bonds to be refunded include up to:

- \$42,895,000 of the RFS Bonds, Series 1995A maturing 2008-2017
- \$45,950,000 of the RFS Bonds, Series 1996A and \$133,460,000 of RFS Bonds, Series 1996B maturing 2007-2016
- \$7,010,000 of the RFS Bonds, Series 1998A and \$73,660,000 of RFS Bonds, Series 1998B maturing 2008-2018
- \$29,520,000 of the RFS Bonds, Series 1998C and \$66,400,000 of RFS Bonds, Series 1998D maturing 2009-2019

- \$14,130,000 of the RFS Bonds, Series 1999A maturing 2017 and 2018
- \$12,895,000 of RFS Bonds, Series 1999B maturing 2018
- \$119,955,000 of RFS Bonds, Series 2001B and \$56,680,000 of RFS Bonds, Series 2001C maturing 2012-2022.

Adoption of this Resolution will provide the flexibility to select the particular bonds to be refunded depending on market conditions at the time of pricing provided the refunding achieves the minimum 3% savings target.

Note: [The Thirteenth Supplemental Resolution](#), [auction agreement](#), and [broker-dealer agreement](#), in substantially the form provided to the Board, were reviewed by outside bond counsel and the U. T. System Office of General Counsel and are on file in the Office of the Board of Regents. Succeeding documents that are in substantially the same form will not have to be made available as part of the agenda materials.

4. U. T. Board of Regents: Adoption of Resolution authorizing the execution of Master Interest Rate Swap Agreements and approval as to form for future documents

The Board adopted a resolution substantially in the form set out on Pages 27 - 30 (the Resolution) authorizing appropriate officers of The University of Texas System to enter into master interest rate swap agreements with Bank of America Securities; Morgan Stanley Capital Services; Lehman Brothers Special Financing Inc.; UBS AG; Goldman Sachs Mitsui Marine Derivative Products, L.P.; J.P. Morgan Chase Bank; and Merrill Lynch Capital Services, Inc.; to execute confirmations under such agreements, and to take any and all actions necessary to carry out the intentions of the U. T. Board of Regents.

In compliance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System, adopted by the U. T. Board of Regents on February 14, 1991, and amended on October 8, 1993 and August 14, 1997, and based in part upon the delivery of the Certificate of an Authorized Representative as required by Section 5 of the Master Resolution, the Board resolved that:

- a. sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the Board relating to the Financing System; and

- b. the component institutions and U. T. System Administration, which are "Members" as such term is used in the Master Resolution, possess the financial capacity to satisfy their direct obligation as defined in the Master Resolution relating to the issuance by the U. T. Board of Regents of Parity Debt pursuant to the master interest rate swap agreements.

The Board further authorized that the forms used for this transaction may be used for future approved transactions, following review by the U. T. System Office of General Counsel and outside bond counsel.

To avoid any appearance of a possible conflict of interest, Vice-Chairman Hunt was recorded as abstaining from vote on this item because it involves continuation of a competitively bid master interest rate swap agreement with J.P. Morgan Chase Bank, and he has a small stock interest in the Bank.

On February 13, 2003, the Board approved the U. T. System Interest Rate Swap Policy, which governs the use by the U. T. System of interest rate swap transactions for the purpose of hedging interest rate risk of existing or planned Revenue Financing System debt. As provided in the policy, each swap agreement shall contain the terms and conditions as set forth in the International Swaps and Derivatives Association, Inc. (ISDA) Master Agreement, consistent with the policy limits set forth in the Interest Rate Swap Policy.

The ISDA Master Agreement is a standardized master legal agreement for all derivative transactions between swap counterparties that states standardized definitions, terms, and representations governing swap transactions. In addition to the ISDA Master Agreement, swap counterparties also negotiate (1) a Schedule to the ISDA Master Agreement that sets out specific business terms and conditions governing the derivative transactions executed under the agreement; and (2) a Credit Support Annex that states the provisions regarding the mutual posting of collateral, if required under the ISDA schedule. Individual transactions are evidenced by a Confirmation that lists the specific terms and conditions for a particular transaction.

On February 11, 1999, the Board authorized appropriate officers to enter into master interest rate swap agreements with Goldman Sachs Mitsui Marine Derivative Products, L.P.; Lehman Brothers Financial Products Inc.; and Morgan Guaranty Trust Company of New York (now J.P. Morgan Chase). This item expands the list of potential swap counterparties with which the U. T. System may execute interest rate swap transactions by having master swap agreements negotiated with additional counterparties. Expanding the list of potential counterparties is expected to minimize the U. T. System's

interest cost by having additional firms compete on future swap transactions. The swap counterparties were selected based on an evaluation of responses to a Request for Qualifications issued in July 2003.

When transactions are entered into under the ISDA Master Agreements, the costs thereof and the amounts payable thereunder shall be paid out of Pledged Revenues under the Master Resolution. The ISDA Master Agreements shall each constitute a "Credit Agreement" as defined under the Master Resolution and Chapter 1371 of the Texas Government Code and Parity Debt under the Master Resolution.

Note: [The ISDA master agreement](#), in substantially the form provided to the Board, is on file in the Office of the Board of Regents. Succeeding documents that are in substantially the same form will not have to be made available as part of the agenda materials.

See Item 3 on Page 21 related to adoption of the Thirteenth Supplemental Resolution.

**A RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF
MASTER INTEREST RATE SWAP AGREEMENTS AND AUTHORIZING AND
APPROVING OTHER INSTRUMENTS AND PROCEDURES RELATING TO
SAID AGREEMENTS**

November 13, 2003

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

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

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

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

WHEREAS, simultaneously with the adoption of this Resolution, the Board has adopted the Thirteenth Supplemental Resolution to the Master Resolution authorizing the issuance and delivery of one or more series of additional bonds as Parity Debt (the "2004 Bonds"). The 2004 Bonds, together with the outstanding Parity Debt and any additional Parity Debt to be issued or entered into under the Master Resolution are special, limited obligations of the Board payable solely from, and secured by a lien on and pledge of, the Pledged Revenues. The Pledged Revenues are pledged for the equal and proportionate benefit and security of all owners of Parity Debt; and

WHEREAS, the Chancellor and the Interim Vice Chancellor for Business Affairs have recommended the implementation of a financial plan which involves the possible issuance of a portion of the 2004 Bonds as synthetic fixed rate bonds to refund a portion of the outstanding Parity Debt to achieve debt service savings and the authorization and approval of International Swaps and Derivatives Association, Inc. ("ISDA") Master Agreements with Bank of America Securities, Morgan Stanley Capital Services, Lehman Brothers Special Financing Inc., UBS AG, Goldman Sachs Mitsui Marine Derivative Products, L.P., J.P. Morgan Chase Bank, and Merrill Lynch Capital Services, Inc., (the "Potential Swap Providers") pursuant to which the Board could enter into interest rate swap transactions with some or all of the Potential Swap Providers; and

WHEREAS, the Chancellor and the Interim Vice Chancellor for Business Affairs have further recommended that the Board authorize the U. T. System Representative to enter into interest rate swap transactions with one or more of the Potential Swap Providers, when, in the judgment of the U. T. System Representative and in accordance with the U. T. System Interest Rate Swap Policy and Chapter 1371, Texas Government Code, the transaction is expected to result in a lowering of the debt service burden on the U. T. System.

NOW THEREFORE BE IT RESOLVED, that

1. The U. T. System Representative is hereby authorized to enter into ISDA Master Agreements (the "Swap Agreements") with each of the Potential Swap Providers in substantially the forms presented to the Board, including the forms of Schedules and Confirmations attached thereto, with such changes as, in the judgment of the U. T. System Representative, with the advice and counsel of the U. T. System Office of General Counsel and Bond Counsel, are necessary to carry out the intent of the Board as expressed in this Resolution, to receive approval of the Swap Agreements by the Attorney General of the State of Texas, or to satisfy conditions of a credit rating agency relating to the Swap Agreements.

2. The U. T. System Representative is further authorized and directed to enter into one or more interest rate swap transactions and agreements terminating any such interest rate swap transaction, pursuant to the U. T. System Interest Rate Swap Policy, each Swap Agreement, and the Confirmation exchanged between the parties confirming such interest rate swap transactions. The terms of the initial interest rate swap transaction, including interest rate, term, notional amount, and options as to commencement and termination of payments shall be as described in the Swap Agreement and as provided in the related Confirmation. The U. T. System Representative shall not enter into transactions under the Swap Agreements unless he or she determines that the transaction conforms to the U. T. System Interest Rate Swap Policy and that the expected debt service cost as a result of entering into the swap transaction is materially lower than the expected debt service cost if the swap had not been executed.

3. In connection with each proposed transaction, the U. T. System Representative shall either (i) seek competitive bids from each of the Potential Swap Providers under the respective Swap Agreements or (ii) enter into a negotiated transaction with one or more of the Potential Swap Providers. The U. T. System Representative shall determine whether a competitive or negotiated transaction will be of greater benefit to the Board. The U. T. System Representative shall specify in the bid documents for a competitive transaction or in the terms of a negotiated transaction as the standard for determining the variable rate under the transaction the Bond Market Association index, a percentage of London Inter-Bank Offer Rate ("LIBOR"), or a combination of the two as contemplated by the forms of Confirmations attached to the Swap Agreements. The U. T. System Representative's determination of which variable rate standard to be used shall be based upon the U. T. System Representative's opinion as to which standard will result in the Board paying the lowest net effective interest rate on the outstanding Parity Debt.

If competitive bids are solicited, upon determination of the best bid, the U. T. System Representative will inform each of the Potential Swap Providers of the best bid. If provided in the bid proceedings, the U. T. System Representative may allow a firm or firms not submitting the bid that produces the lowest cost to match the lowest bid and be awarded a predetermined percentage of the notional amount of the swap transaction, in accordance with the U. T. System Interest Rate Swap Policy. In that event those Potential Swap Providers shall have the right to enter into a Confirmation under its respective Swap Agreement in notional amounts as provided in the bid proceedings, on the same terms as the best bid. The U. T. System Representative shall also accept and execute a Confirmation under the Swap Agreement with the Potential Swap Provider submitting the best bid in a notional amount equal to the total notional amount of the swap transaction less the notional amount, if any, of the Confirmations entered into with the other Potential Swap Providers. Each of the Potential Swap Providers executing a Confirmation is hereafter referred to as a "Counterparty."

4. The actions contemplated in the Swap Agreement, and each Confirmation, are hereby in all respects approved, authorized, adopted, ratified, and confirmed.

5. The U. T. System Representative and all officers or officials of the Board are authorized to execute and deliver (i) the Swap Agreements in the name and on behalf of the Board, (ii) the Confirmations for transactions as authorized in paragraph 2, and (iii) such other agreements and documents as are contemplated by this Resolution and the Agreement or are otherwise necessary in connection with entering into the interest rate swap transactions described in paragraph 2, as any such officer or official shall deem appropriate, including without limitation, officer certificates, legal opinions, and credit support documents.

6. All officers or officials of the Board and its agents and counsel are authorized to take all such further actions, to execute and deliver such further instruments and documents in the name and on behalf of the Board to pay all such expenses as in his or her judgment shall be necessary or advisable in order to fully carry out the purposes of this Resolution.

7. When Confirmations are executed on behalf of the Board, the costs thereof and the amounts payable thereunder shall constitute Parity Debt under the Master Resolution and, as such, shall be special, limited obligations of the Board payable solely from, and secured by a lien on and pledge of, the Pledged Revenues.

8. The Board further determines that, in connection with the execution and delivery of the Swap Agreements and the execution of the transactions thereunder:

a. Sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the Board relating to the Financing System

b. The component institutions and U. T. System Administration, which are “Members” as such term is used in the Master Resolution, possess the financial capacity to satisfy their direct obligation as defined in the Master Resolution relating to the issuance by the Board of Parity Debt pursuant to the Swap Agreements.

9. The Board has previously entered into Master Interest Rate Swap Agreements with Goldman Sachs Capital Markets, L.P. (the "1994 Goldman Swap Agreement"), Goldman Sachs Mitsui Marine Derivative Products, L.P. (the "1999 Goldman Swap Agreement"), Morgan Guaranty Trust Company of New York (the "1999 Goldman Swap Agreement"), and Lehman Brothers Financial Products, Inc. (the "1999 Lehman Swap Agreement" and with the 1994 Goldman Swap Agreement, the 1999 Goldman Swap Agreement, and the 1999 Goldman Swap Agreement the "Existing Swap Agreements"). The Board confirms the authority of the U. T. System Representative to enter into Confirmations under each of the Existing Swap Agreements and to enter into amendments to the Existing Swap Agreements rather than entering into new Swap Agreements with the parties to the Existing Swap Agreements. The other provisions of this Resolution shall govern transactions to be entered into under the Existing Swap Agreements.

5. U. T. Board of Regents: Report on Investments for the three months ended August 31, 2003, and Performance Report by Ennis Knupp

The Report on Investments for The University of Texas System for the three months ended August 31, 2003, for the Permanent University Fund, General Endowment Fund, Permanent Health Fund, Long Term Fund, Short Intermediate Term Fund, and Separately Invested Assets as prepared by The University of Texas Investment Management Company (UTIMCO) is summarized below.

Pages 32 - 40 contain the Summary Reports on Investments for the three months ended August 31, 2003.

Item I on Pages 32 - 34 reports summary activity for the Permanent University Fund (PUF) investments. The PUF's net investment return for the three months was 5.40% versus its composite benchmark return of 4.60%. The PUF's net asset value increased by \$393.9 million since the beginning of the quarter to \$7,244.8 million. This change in net asset value includes increases due to contributions from PUF land receipts and net investment return.

Item II on Pages 35 - 38 reports summary activity for the General Endowment Fund (GEF), the Permanent Health Fund (PHF), and Long Term Fund (LTF). The GEF's net investment return for the three months was 5.45% versus its composite benchmark return of 4.60%. The GEF's net asset value increased \$120.8 million since the beginning of the quarter to \$3,584.8 million.

Item III on Page 39 reports summary activity for the Short Intermediate Term Fund (SITF). Total net investment return on the SITF was negative .29% for the three months versus the SITF's performance benchmark of negative .71%. The SITF's net asset value decreased by \$203.0 million since the beginning of the quarter to \$1,435.3 million. This decrease in net asset value includes withdrawals from the SITF, distributions, and net investment return.

Item IV on Page 40 presents book and market value of cash, fixed income, equity, and other securities held in funds outside of internal investment pools. Total cash and equivalents, consisting primarily of component operating funds held in the Dreyfus money market fund, increased by \$410,347 thousand to \$2,023,603 thousand during the three months since the last reporting period. Market values for the remaining asset types were fixed income securities: \$209,934 thousand versus \$321,821 thousand at the beginning of the period; equities: \$237,065 thousand versus \$211,361 thousand at the beginning of the period; and other investments: \$40,536 thousand versus \$10,226 thousand at the beginning of the period.

A [Performance Report](#) prepared by Ennis Knupp on investments for the quarter and fiscal year ending August 31, 2003, is on file in the Office of the Board of Regents.

I. PERMANENT UNIVERSITY FUND (1)

a.) Summary Investment Report at August 31, 2003 (2)

(\$ millions)

	FY01-02		FY02-03				Year-to-Date
	Full Year	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr		
Beginning Net Assets	7,540.1	6,738.3	6,397.1	6,300.0	6,850.9	6,738.3	6,738.3
PUF Lands Receipts (3)	80.5	22.2	23.6	31.3	25.0	102.1	102.1
Investment Return	(522.9)	4.3	(115.7)	524.8	374.2	787.6	787.6
Expenses	(21.0)	(4.7)	(5.0)	(5.2)	(5.3)	(20.2)	(20.2)
Distributions to AUF	(338.4)	(363.0)	-	-	-	(363.0)	(363.0)
Ending Net Assets	6,738.3	6,397.1	6,300.0	6,850.9	7,244.8	7,244.8	7,244.8
AUF Distribution:							
From PUF Investments	338.4	363.0	-	-	-	363.0	363.0
From Surface Income	8.1	0.8	2.1	0.9	2.7	6.5	6.5
Total	346.5	363.8	2.1	0.9	2.7	369.5	369.5
Total Net Investment Return	-7.35%	0.06%	-1.86%	8.23%	5.40%	12.02%	12.02%

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

(2) General - The Investment Summary Report excludes PUF Lands mineral and surface interests with estimated August 31, 2003 values of \$822.4 million and \$163.9 million, respectively.

(3) PUF Land Receipts - As of August 31, 2003: 1,116,238 acres under lease; 520,620 producing acres; 3,114 active leases; and 2,077 producing leases.

I. PERMANENT UNIVERSITY FUND (continued)

b.) Comparison of Asset Allocation Versus Endowment Neutral Policy Portfolio and Net Investment Return for the three months ended August 31, 2003 (Asset Allocation and Benchmarks Approved by the UTIMCO Board)

	Asset Allocation	Endowment Neutral Policy Portfolio	Actual Net Investment Return	Endowment Neutral Policy Portfolio Return (1)	Benchmark
Cash and Cash Equivalents	1.7%	0.0%	0.27%	0.29%	90 Day T-Bills Average Yield
Domestic Public Equities					Wilshire 5000 U.S. Equities Index
Passive Management	14.9%		7.35%	6.42%	
Active Management	12.9%		10.08%	6.42%	
Hedge and Structured Active Management	6.8%		-0.80%	6.42%	
Total Domestic Public Equities	34.6%	31.0%	6.48%	6.42%	
International Public Equities					Morgan Stanley Capital International - All Country World Free ex U.S.
Passive Management	6.9%		10.55%	8.65%	
Active Management	11.4%		13.50%	8.65%	
Hedge and Structured Active Management	0.9%		-3.77%	8.65%	
Total International Public Equities	19.2%	19.0%	11.29%	8.65%	
Absolute Return	9.3%	10.0%	4.60%	1.29%	90 Day T-Bills Average Yield plus 4%
Inflation Hedging	8.1%	10.0%	9.14%	2.93%	25% (Goldman Sachs Commodity Index minus 100 basis points) plus 25% (Treasury Inflation Protected Securities) plus 25% (National Commercial Real Estate Index Fund) plus 25% (Wilshire Associates Real Estate Securities Index)
Fixed Income	15.4%	15.0%	-2.87%	-3.50%	33% (Lehman Brothers Aggregate Bond Index ex U.S. Governments) plus 67% (Lehman Brothers Government Bond Index)
Total Marketable Securities	88.3%	85.0%	5.76%	4.10%	
Private Capital	11.7%	15.0%	2.80%	7.46%	Wilshire 5000 U.S. Equities Index plus 4% (2)
Total	100.0%	100.0%	5.40%	4.60%	

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

(2) Due to valuation and liquidity characteristics associated with Private Capital, short-term benchmark comparisons are not appropriate.

I. PERMANENT UNIVERSITY FUND (continued)

c.) Comparison of Asset Allocation Versus Endowment Neutral Policy Portfolio and Net Investment Return for the three months ended August 31, 2003 (Prior Asset Allocation)

	Asset Allocation	Endowment Neutral Policy Portfolio	Endowment Neutral Policy Portfolio Return (1)	Benchmark
Cash	1.7%	0.0%	0.29%	90 Day T-Bills Average Yield
Domestic Common Stocks:				
Large/Medium Capitalization Equities	18.4%	25.0%	5.07%	Standard and Poor's 500 Index
Small Capitalization Equities	9.4%	7.5%	13.14%	Russell 2000 Index
Total Domestic Common Stocks	27.8%	32.5%		
International Common Stocks:				
Established Markets	10.9%	12.0%	7.43%	Morgan Stanley Capital International Europe, Asia, Far East Index (net)
Emerging Markets	7.4%	3.0%	19.05%	Morgan Stanley Capital International Emerging Markets Free
Total International Common Stocks	18.3%	15.0%		
Inflation Hedging	8.1%	7.5%	2.85%	33%(Goldman Sachs Commodity Index minus 100 basis points) plus 67%(National Commercial Real Estate Index Fund)
Fixed Income:				
Domestic	11.2%	15.0%	-2.91%	Lehman Brothers Aggregate Bond Index
International	4.2%	5.0%	-5.23%	Citibank (formerly Salomon) Non-U.S. World Government Bond Index, Unhedged
Total Fixed Income	15.4%	20.0%		
Marketable Alternative Equities	17.0%	10.0%	2.05%	90 Day T-Bills Average Yield plus 7%
Total Marketable Securities	88.3%	85.0%	3.95%	
Nonmarketable Alternative Equities	11.7%	15.0%	7.46%	Wilshire 5000 U.S. Equities Index plus 4%
Total	100.0%	100.0%	4.48%	

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

II. GENERAL ENDOWMENT FUND (1) (2)

a.) Summary Investment Report at August 31, 2003

(\$ millions)

	FY02-03				Year-to-Date	
	FY01-02 Full Year	1st Qtr	2nd Qtr	3rd Qtr		4th Qtr
Beginning Net Assets	3,723.9	3,293.2	3,287.7	3,209.8	3,464.0	3,293.2
Net Contributions	(230.7)	(47.4)	(12.5)	(21.6)	2.5	(79.0)
Investment Return	(245.3)	9.3	(61.2)	284.5	190.9	423.5
Expenses	(7.2)	(1.2)	(1.4)	(1.5)	(1.7)	(5.8)
Allocations (3)	52.5	33.8	(2.8)	(7.2)	(70.9)	(47.1)
Ending Net Assets	3,293.2	3,287.7	3,209.8	3,464.0	3,584.8	3,584.8
Net Asset Value per Unit	90.932	91.154	89.433	97.253	102.539	102.539
Units and Percentage Ownership (End of Period):						
PHF	7,876,762	7,569,273	7,459,839	7,358,938	7,263,383	7,263,383
LTF	28,539,389	28,498,629	28,430,265	28,259,455	27,696,705	27,696,705
Total	36,216,151	36,067,902	35,890,104	35,618,393	34,960,088	34,960,088
		21.2%	21.0%	20.8%	20.7%	20.8%
		78.8%	79.0%	79.2%	79.3%	79.2%
		100.0%	100.0%	100.0%	100.0%	100.0%

Total Net Investment Return

-6.96%

0.27%

-1.88%

8.73%

5.45%

12.81%

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

(2) On March 1, 2001, the Permanent Health Fund (PHF) and Long Term Fund (LTF) purchased units in the newly created General Endowment Fund (GEF). The initial number of units was based on the PHF's and LTF's contribution of its net values as of February 28, 2001.

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

II. GENERAL ENDOWMENT FUND (continued)

b.) Unit Holders' Summary Investment Report at August 31, 2003 (1)

(\$ millions)

	FY01-02	FY02-03				Year-to-Date
	Full Year	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	
PERMANENT HEALTH FUND						
Beginning Net Assets	881.4	698.2	690.2	667.3	715.9	698.2
Withdrawals	(88.2)	-	-	-	-	-
Investment Return	(52.6)	1.7	(13.0)	58.4	38.9	86.0
Expenses	(0.6)	(0.1)	(0.2)	(0.2)	(0.2)	(0.7)
Distributions (Payout)	(41.8)	(9.6)	(9.7)	(9.6)	(9.6)	(38.5)
Ending Net Assets	698.2	690.2	667.3	715.9	745.0	745.0
Net Asset Value per Unit (2)	0.851524	0.841653	0.813836	0.873014	0.908489	0.908489
No. of Units (End of Period)	820,000,000	820,000,000	820,000,000	820,000,000	820,000,000	820,000,000
Distribution Rate per Unit	0.04700	0.01175	0.01175	0.01175	0.01175	0.04700
Total Net Investment Return	-7.05%	0.22%	-1.91%	8.72%	5.41%	12.67%
LONG TERM FUND						
Beginning Net Assets	2,843.3	2,595.1	2,597.6	2,542.5	2,748.2	2,595.1
Net Contributions	89.3	34.1	30.5	17.2	(22.2)	59.6
Investment Return	(199.7)	6.4	(49.6)	224.9	150.4	332.1
Expenses	(3.0)	(2.6)	(0.1)	(0.2)	(0.2)	(3.1)
Distributions (Payout)	(134.8)	(35.4)	(35.9)	(38.2)	(36.4)	(143.9)
Ending Net Assets	2,595.1	2,597.6	2,542.5	2,748.2	2,839.8	2,839.8
Net Asset Value per Unit (2)	4.788	4.730	4.576	4.912	5.114	5.114
No. of Units (End of Period)	542,049,359	549,178,011	555,609,797	559,537,648	555,329,487	555,329,487
Distribution Rate per Unit	0.25100	0.06450	0.06450	0.06450	0.06450	0.25800
Total Net Investment Return	-6.97%	0.24%	-1.89%	8.75%	5.44%	12.78%

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

(2) The asset allocation of the PHF and LTF is representative of the asset allocation for the GEF. A nominal amount of cash is held in PHF and LTF to pay expenses incurred separately by these funds.

II. GENERAL ENDOWMENT FUND (continued)

c.) Comparison of Asset Allocation Versus Endowment Neutral Policy Portfolio and Net Investment Return for the three months ended August 31, 2003 (Asset Allocation and Benchmarks Approved by the UTIMCO Board)

	Asset Allocation	Endowment Neutral Policy Portfolio	Actual Net Investment Return	Endowment Neutral Policy Portfolio Return (1)	Benchmark
Cash and Cash Equivalents	-0.5% (2)	0.0%	0.27%	0.29%	90 Day T-Bills Average Yield
Domestic Public Equities					
Passive Management	14.1%		7.30%	6.42%	Wilshire 5000 U.S. Equities Index
Active Management	13.4%		10.56%	6.42%	
Hedge and Structured Active Management	7.5%		-0.88%	6.42%	
Total Domestic Public Equities	35.0%	31.0%	6.53%	6.42%	
International Public Equities					
Passive Management	8.0%		10.50%	8.65%	Morgan Stanley Capital International - All Country World Free ex U.S.
Active Management	11.9%		13.61%	8.65%	
Hedge and Structured Active Management	1.0%		-3.77%	8.65%	
Total International Public Equities	20.9%	19.0%	11.29%	8.65%	
Absolute Return	10.3%	10.0%	4.62%	1.29%	90 Day T-Bills Average Yield plus 4%
Inflation Hedging	8.6%	10.0%	9.11%	2.93%	25% (Goldman Sachs Commodity Index minus 100 basis points) plus 25% (Treasury Inflation Protected Securities) plus 25% (National Commercial Real Estate Index Fund) plus 25% (Wilshire Associates Real Estate Securities Index)
Fixed Income	15.0%	15.0%	-2.99%	-3.50%	33% (Lehman Brothers Aggregate Bond Index ex U.S. Governments) plus 67% (Lehman Brothers Government Bond Index)
Total Marketable Securities	89.3%	85.0%	5.92%	4.10%	
Private Capital	10.7%	15.0%	1.58%	7.46%	Wilshire 5000 U.S. Equities Index plus 4% (3)
Total	100.0%	100.0%	5.45%	4.60%	

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

(2) Negative cash position does not indicate borrowing, but is the result of certain accrued expenses.

(3) Due to valuation and liquidity characteristics associated with Private Capital, short-term benchmark comparisons are not appropriate.

II. GENERAL ENDOWMENT FUND (continued)

d.) Comparison of Asset Allocation Versus Endowment Neutral Policy Portfolio and Net Investment Return for the three months ended August 31, 2003 (Prior Asset Allocation)

	Asset Allocation	Endowment Neutral Policy Portfolio	Endowment Neutral Policy Portfolio Return (1)	Benchmark
Cash	-0.5% (2)	0.0%	0.29%	90 Day T-Bills Average Yield
Domestic Common Stocks:				
Large/Medium Capitalization Equities	17.9%	25.0%	5.07%	Standard and Poor's 500 Index
Small Capitalization Equities	9.6%	7.5%	13.14%	Russell 2000 Index
Total Domestic Common Stocks	27.5%	32.5%		
International Common Stocks:				
Established Markets	11.9%	12.0%	7.43%	Morgan Stanley Capital International Europe, Asia, Far East Index (net)
Emerging Markets	8.0%	3.0%	19.05%	Morgan Stanley Capital International Emerging Markets Free
Total International Common Stocks	19.9%	15.0%		
Inflation Hedging	8.6%	7.5%	2.85%	33% (Goldman Sachs Commodity Index minus 100 basis points) plus 67% (National Commercial Real Estate Index Fund)
Fixed Income:				
Domestic	10.3%	15.0%	-2.91%	Lehman Brothers Aggregate Bond Index
International	4.7%	5.0%	-5.23%	Citibank (formerly Salomon) Non-U.S. World Government Bond Index, Unhedged
Total Fixed Income	15.0%	20.0%		
Marketable Alternative Equities	18.8%	10.0%	2.05%	90 Day T-Bills Average Yield plus 7%
Total Marketable Securities	89.3%	85.0%	3.95%	
Nonmarketable Alternative Equities	10.7%	15.0%	7.46%	Wilshire 5000 U.S. Equities Index plus 4%
Total	100.0%	100.0%	4.48%	

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

(2) Negative cash position does not indicate borrowing, but is the result of certain accrued expenses.

III. SHORT INTERMEDIATE TERM FUND (1)

Summary Investment Report at August 31, 2003

(\$ millions)

	FY01-02 Full Year	FY02-03				Year-to-Date
		1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	
Beginning Net Assets	1,704.6	1,435.9	1,449.7	1,594.7	1,638.3	1,435.9
Net Contributions	(261.0)	26.4	143.2	46.2	(189.2)	26.6
Investment Return	60.3	2.5	17.4	10.3	(4.4)	25.8
Expenses	(0.7)	(0.2)	(0.2)	(0.2)	(0.1)	(0.7)
Distributions of Income	(67.3)	(14.9)	(15.4)	(12.7)	(9.3)	(52.3)
Ending Net Assets	1,435.9	1,449.7	1,594.7	1,638.3	1,435.3	1,435.3
Net Asset Value per Unit	10.099	10.013	10.025	10.008	9.917	9.917
No. of Units (End of Period)	142,184,975	144,787,656	159,078,135	163,697,013	144,736,640	144,736,640
Total Net Investment Return	3.75%	0.17%	1.14%	0.62%	-0.29%	1.64%

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

REPORT AND RECOMMENDATIONS OF THE ACADEMIC AFFAIRS COMMITTEE (Pages 41 - 52).--Committee Chairman Krier reported that the Academic Affairs Committee met in open session to consider those matters on its agenda and to formulate recommendations for the U. T. Board of Regents. Unless otherwise indicated, the actions set forth in the Minute Orders which follow were recommended by the Academic Affairs Committee and approved in open session by the U. T. Board of Regents:

1. U. T. Board of Regents: Amendment of the Regents' Rules and Regulations regarding solicitation [Part One, Chapter VI, Section 6, Subsection 6.6 and Subdivision 6.61, Subparagraph 6.61(r)]

The Board approved amendment of the Regents' Rules and Regulations, Part One, Chapter VI, Section 6, Subsection 6.6 and Subdivision 6.61, Subparagraph 6.61(r), concerning solicitation, to read as set forth below:

6.6 Solicitation

The term "solicitation" means the sale, lease, rental or offer for sale, lease, rental of any property, product, merchandise, publication, or service, whether for immediate or future delivery; an oral statement or the distribution or display of printed material, merchandise, or products that is designed to encourage the purchase, use, or rental of any property, product, merchandise, publication, or service; the receipt of or request for any gift or contribution; or the request to support or oppose or to vote for or against a candidate, issue, or proposition appearing on the ballot at any election held pursuant to State or federal law or local ordinances.

6.61

...

- (r) Subject to the component institution's reasonable and nondiscriminatory rules concerning the time, place, and manner of distribution, sale, or display of material, the distribution, sale, or display by a students' association or a registered student, faculty, or staff organization of printed material (including any newspaper, magazine, or other publication, any leaflet, flyer, or other informal matter, or any sign, banner, or exhibit), or the distribution or display of such material, at no cost, by individual students, faculty, or staff, or oral statements by students, faculty, staff, or their associations or registered organizations. A publication within this rule may contain paid advertising, but only if the publication is devoted to promoting the views of a not-for-profit organization or to other bona fide editorial content distinct from the advertising. Printed material and oral statements under

this rule may also contain advertising for academic or administrative units of The University of Texas System or its component institutions, for registered student, faculty, or staff organizations, or for organizations that are not operated for profit. This rule does not authorize any form of advertising except as provided in the preceding two sentences. This rule does not authorize distribution, sale, or display of any publication operated for profit. An organization or publication is operated for profit if any part of the net earnings of its operation or distribution inures to the benefit of any private shareholder or individual.

These amendments to the Regents' Rules and Regulations are a further recommendation of The University of Texas at Austin's Task Force on Assembly and Expression that concluded that students, faculty, and staff should be entitled to publicize and urge support for off-campus, not-for-profit organizations. Previous recommendations of this Task Force were acted upon as reflected in the Minutes of the December 13, 2002 Board meeting.

2. U. T. Board of Regents: Amendment of the Regents' Rules and Regulations regarding Special Use Facilities [Part One, Chapter VI, Section 6, Subsection 6.(10), Subdivision 6.(10)3] and delegation of authority for U. T. Austin to execute use agreement for arena football games

The Board amended the Regents' Rules and Regulations, Part One, Chapter VI, Section 6, Subsection 6.(10), Subdivision 6.(10)3 to permit a component institution of The University of Texas System to enter into a special use agreement for a Special Use Facility with an entity that intends to use the Facility as the site of a "for-profit" activity subject to the Board's prior authorization. The amendments read as follows:

- 6.(10)3 As a lower priority, the rules and regulations may provide for reservation and use of Special Use Facilities by individuals, groups, associations, or corporations without the necessity of joint sponsorship by the U. T. System or component institution. Subject to all constitutional and statutory provisions relating to the use of State property or funds for religious or political purposes, Special Use Facilities may be made available for religious and political conferences or conventions. Rates must be charged for the use of the Special Use Facility that, at a minimum, ensure recovery of that part of the operating cost of the facility attributable directly or indirectly to such use. If the user charges those attending an event any admission or registration fee, or accepts donations from those in attendance, the component institution shall require the user to

make a complete account of all funds collected and of the actual cost of the event. If the funds collected exceed the actual cost of the event, the user shall be required to remit such excess funds to the component institution as an additional charge for the use of the Special Use Facility provided however, the Board may permit exceptions to this requirement by the authorization of specific special use agreements via the Docket or Agenda.

Further, as a permitted exception, President Faulkner or his designee was authorized to negotiate and enter into a use agreement between The University of Texas at Austin and FesteCapital Sports Enterprises Ltd. for use of the Frank C. Erwin, Jr. Special Events Center and the indoor practice facility for arena football.

U. T. Austin has been approached by the owners of FesteCapital Sports Enterprises, a professional arena football team, for the use of the Erwin Center for eight annual home games and the indoor practice facility for limited practice sessions, and this revision of the Regents' Rules and Regulations will allow such use.

3. U. T. Board of Regents: Amendment of the Regents' Rules and Regulations regarding charter schools (Part One, Chapter I, Section 9, Subsection 9.5 and Part Two, Chapter I, Section 5) (Withdrawn)

The item related to proposed amendment of the Regents' Rules and Regulations, Part One, Chapter I, Section 9, Subsection 9.5 and Part Two, Chapter I, Section 5, regarding charter school operations, was withdrawn.

4. U. T. Arlington: Authorization to purchase real property located at 509 Summit Avenue, Arlington, Tarrant County, Texas; and parity debt

On behalf of The University of Texas at Arlington, the Board:

- a. authorized the Executive Director of Real Estate to take all steps necessary to purchase the property located at 509 Summit Avenue, Arlington, Tarrant County, Texas, and to execute all documents related thereto; and
- b. made the "finding of fact" determinations required by Section 5 of the Master Resolution regarding the ability to repay debt prior to the issuance of additional Revenue Financing System parity debt. This resolution satisfies the official intent requirements set forth in Section 1.150-2 of the Code of Federal Regulations.

In order to construct new student housing, the Racquet Club Apartments property will be purchased at the appraised market value of \$1.45 million with Revenue Financing System Bond Proceeds to be repaid with net revenues from U. T. Arlington's housing operations.

5. U. T. Arlington: Authorization to purchase real property located at 515 Summit Avenue, Arlington, Tarrant County, Texas; and parity debt

On behalf of The University of Texas at Arlington, the Board:

- a. authorized the Executive Director of Real Estate to take all steps necessary to purchase the property located at 515 Summit Avenue, Arlington, Tarrant County, Texas, and to execute all documents related thereto; and
- b. made the “finding of fact” determinations required by Section 5 of the Master Resolution regarding the ability to repay debt prior to the issuance of additional Revenue Financing System parity debt. This resolution satisfies the official intent requirements set forth in Section 1.150-2 of the Code of Federal Regulations.

In order to construct new student housing, the Campus West Apartments property will be purchased at the appraised market value of \$1.4 million with Revenue Financing System Bond Proceeds to be repaid with net revenues from U. T. Arlington's housing operations.

6. U. T. Arlington: University Center Fire and Life Safety Project - Amendment of FY 2004-2009 Capital Improvement Program and the FY 2004-2005 Capital Budget to include new project; authorize institutional management; appropriate funds and authorize expenditure; and parity debt

The Board approved the recommendations listed below for The University of Texas at Arlington University Center Fire and Life Safety Project:

Architecturally or Historically Significant:

Yes No

Project Delivery Method:

Competitive Sealed Proposals

Substantial Completion Date:

June 2004

Total Project Cost:

<u>Source*</u>	<u>Current</u>	<u>Proposed</u>
RFS	-	\$1,170,000

Debt Service:

The debt will be repaid from U. T. Arlington's auxiliary enterprise income and fund balances. The \$1,170,000 will be funded by commercial paper notes and retired over five years. The annual debt service coverage on this project is expected to be at least 1.8 times.

Recommendations:

- a. amend the FY 2004-2009 Capital Improvement Program and the FY 2004-2005 Capital Budget to include the University Center Fire and Life Safety Project at U. T. Arlington at a preliminary project cost of \$1,170,000 with funding from Revenue Financing System Bond Proceeds;
- b. authorize U. T. Arlington to manage the total project budgets, appoint architects, approve facility programs, prepare final plans, and award contracts;
- c. appropriate funds and authorize expenditure of \$1,170,000 from Revenue Financing System Bond Proceeds; and
- d. make the "finding of fact" determinations required by Section 5 of the Master Resolution regarding the ability to repay debt prior to the issuance of additional Revenue Financing System parity debt.

Project Description:

U. T. Arlington prepared a campus-wide survey to determine gene compliance with good fire protection and life safety practice. The University Center has an outdated fire alarm system and fire sprinl system in approximately 60% of the building. The project will upda replace the existing fire alarm and fire sprinkler systems and add t existing fire suppression system to ensure compliance as defined National Fire Protection Association (NFPA) 101, 2000 Edition.

Due to the coordination issues, this repair and rehabilitation project would best be managed by the U. T. Arlington Facilities Management personnel who have the experience and capability to manage all aspects of the work.

This off-cycle project has been approved by U. T. System staff and meets the criteria for inclusion in the Capital Improvement Program.

*Funding Source = RFS (Revenue Financing System Bond Proceeds)

7. U. T. Austin: Authorization to lease approximately 45.783 acres of land in Austin, Travis County, Texas, to the Simon Property Group, Inc., or affiliated business entity and authorization for the Interim Vice Chancellor for Business Affairs or the Executive Director of Real Estate to execute all documents related thereto

Authorization was given for The University of Texas System Real Estate Office, on behalf of The University of Texas at Austin, to lease approximately 45.783 acres of land in Austin, Travis County, Texas, to the Simon Property Group, Inc., or affiliated business entity.

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

On July 7, 2003, the U. T. Board of Regents reviewed ground lease proposals submitted by six development firms in response to a Request for Ground Lease Proposals issued on May 1, 2003, by the U. T. System Real Estate Office on behalf of U. T. Austin. The Board authorized negotiations with the Simon Property Group for the ground lease of approximately 45.8 acres of vacant land located immediately west of the main J. J. Pickle Research Campus in Austin, Texas.

8. U. T. Dallas: Approval of Master of Science in Biotechnology

The Board:

- a. authorized establishment of a Master of Science (M.S.) in Biotechnology at The University of Texas at Dallas;
- b. authorized submission of the proposal to the Texas Higher Education Coordinating Board for review and appropriate action; and
- c. authorized the Executive Vice Chancellor for Academic Affairs to certify on behalf of the Board of Regents that relevant Coordinating Board criteria for approval by the Commissioner of Higher Education have been met.

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

The M.S. in Biotechnology will provide a professional master's degree that links the technical skills of students and the needs of biotechnology companies in the Dallas/Fort Worth Metroplex. The program will combine a

rigorous 12 semester credit hour core of biology with 24 semester credit hours of electives from the fields of chemistry, computer science, mathematics, management, and political economy.

The School of Natural Sciences and Mathematics, which offers master's and doctoral degrees in Chemistry, Mathematics, Molecular and Cell Biology, Physics, and Science Education will administer the program. The same highly qualified faculty who teach and conduct research in these graduate degree programs will teach the core courses of the M.S. in Biotechnology.

Estimated expenditures for the first five years of the program are \$376,500. This includes \$160,000 for new faculty salaries, \$90,000 for program administration, \$90,000 for new graduate assistantships, \$12,500 for clerical staff, and \$24,000 for supplies and materials. U. T. Dallas will commit \$141,000 of existing resources in addition to \$409,416 in formula funding to finance the first five years of the program.

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

9. U. T. Dallas: Campus Housing Phase IX - Amendment of FY 2004-2009 Capital Improvement Program and the FY 2004-2005 Capital Budget to include project

The Board amended the FY 2004-2009 Capital Improvement Program and the FY 2004-2005 Capital Budget to include the Campus Housing Phase IX project at The University of Texas at Dallas as follows:

Architecturally or Historically Significant:

Yes No

Project Delivery Method:

Competitive Sealed Proposals

Substantial Completion Date:

July 2005

Total Project Cost:

<u>Source*</u>	<u>Current</u>	<u>Proposed</u>
RFS	-	\$4,000,000

Project Description:

The Campus Housing Phase IX project is needed to meet the anticipated growth in enrollment and the heavy demand for campus housing. Current facilities are operating at close to 100% occupancy. The number of beds will increase by approximately 200 to be constructed in garden-style apartments.

This off-cycle project has been approved by U. T. System staff and meets the criteria for inclusion in the Capital Improvement Program.

*Funding Source = RFS (Revenue Financing System Bond Proceeds)

10. U. T. Dallas: Center for BrainHealth - Amendment of FY 2004-2009 Capital Improvement Program and the FY 2004-2005 Capital Budget to include project

The Board amended the FY 2004-2009 Capital Improvement Program and the FY 2004-2005 Capital Budget to include the Center for BrainHealth project at The University of Texas at Dallas as follows:

Architecturally or Historically Significant:

Yes No

Project Delivery Method:

Competitive Sealed Proposals

Substantial Completion Date:

October 2005

Total Project Cost:

<u>Source</u>	<u>Current</u>	<u>Proposed</u>
Gifts	-	\$5,000,000

Project Description:

U. T. Dallas has received a significant contribution to support the building or the acquisition of a facility to house the Center for BrainHealth. The Center, which conducts innovative research and provides clinical services for a variety of brain disorders including brain injury, Alzheimer's disease, and stroke, is an important initiative and has generated significant community support in addition to this pledge.

This off-cycle project has been approved by U. T. System staff and meets the criteria for inclusion in the Capital Improvement Program.

11. U. T. Dallas: Natural Science and Engineering Research Building - Amendment of FY 2004-2009 Capital Improvement Program and the FY 2004-2005 Capital Budget to include project

The Board amended the FY 2004-2009 Capital Improvement Program and the FY 2004-2005 Capital Budget to include the Natural Science and Engineering Research Building project at The University of Texas at Dallas as follows:

Architecturally or Historically Significant:

Yes No

Project Delivery Method:

Construction Manager at Risk

Substantial Completion Date:

December 2006

Total Project Cost:

<u>Source*</u>	<u>Current</u>	<u>Proposed</u>
RFS	-	\$85,000,000

Project Description:

U. T. Dallas has requested a Natural Science and Engineering Res Building project with approximately 200,000 gross square feet for technology research and development. The departments of compu science and natural science, and the engineering program are bein developed with a goal to establish top ranking for the institution.

U. T. Dallas has requested the project be financed on an interim basis with Revenue Financing System (RFS) Bond Proceeds pending a long-term financing of the project under an agreement among U. T. Dallas, the General Land Office (GLO), and the Governor's Office. The current plan provides that, once completed, the facility will be sold to the GLO, on behalf of the Permanent School Fund, under a ground lease arrangement with U. T. Dallas, which would simultaneously lease the facility back from the GLO, under a 40-year operating lease. Proceeds from the sale of the facility to the GLO would be used to retire the interim RFS financing.

The agreement calls for U. T. Dallas, with the assistance of the Governor's Office, to attempt to secure general revenue appropriations during each biennium to offset the operating lease payments for the 40-year lease term. The agreement provides that U. T. Dallas will seek 100% reimbursement of operating lease costs for the first 10 years, with the percentage declining to 0% by the 19th year of the lease. U. T. Dallas has agreed to generate income from external research contracts and other collaborative efforts to satisfy the lease obligations not covered through general revenue appropriations.

This off-cycle project has been approved by U. T. System staff and meets the criteria for inclusion in the Capital Improvement Program.

*Funding Source = RFS (Revenue Financing System Bond Proceeds)

12. U. T. San Antonio: Approval of Doctor of Philosophy in Counselor Education and Supervision

The Board:

- a. granted authorization to establish a Doctor of Philosophy (Ph.D.) in Counselor Education and Supervision at The University of Texas at San Antonio; and
- b. approved submission of the proposal to the Texas Higher Education Coordinating Board for review and appropriate action.

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

The program will require 58 semester credit hours of coursework beyond the master's plus a satisfactory dissertation based on original research in the area of Counselor Education and Supervision. Students will be able to specialize in one or more areas including: community counseling, school counseling, cultural diversity in counseling, and educational leadership. Expertise in these areas will enable graduates to serve as leaders in local school districts, make significant contributions to mental health research, and offer essential support to meet the growing mental health needs of San Antonio and South Texas.

Twelve tenured and tenure-track current faculty with expertise in Counselor Education and Supervision will form the core of the program. In addition, it is anticipated that two additional full-time faculty members will join the core team by the third year of the program.

The Counseling faculty and staff have recently moved to the newly constructed Durango Building at the U. T. San Antonio Downtown campus. An existing clinic in the building includes audiovisual equipment and will be used to provide students with supervised clinical experience.

Estimated expenditures for the first five years of the program total \$2,010,500. This includes \$747,500 for new faculty salaries; \$82,500 for new program administrative costs; \$546,000 for student fellowships; \$409,500 for new teaching assistantships; \$125,000 for new clerical staff; and \$100,000 for supplies, materials, and equipment.

U. T. San Antonio will commit \$1,405,024 of existing resources (\$981,000 reallocated from department funds and \$424,024 reallocated from other University funds) in addition to \$663,941 in formula funding to finance the first five years of the program.

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

13. U. T. San Antonio: East Campus Building Phase I - Amendment of FY 2004-2009 Capital Improvement Program and the FY 2004-2005 Capital Budget to include project

The Board amended the FY 2004-2009 Capital Improvement Program and the FY 2004-2005 Capital Budget to include the East Campus Building Phase I project at The University of Texas at San Antonio as follows:

Architecturally or Historically Significant:

Yes No

Project Delivery Method:

Competitive Sealed Proposals

Substantial Completion Date:

November 2007

Total Project Cost:

<u>Source*</u>	<u>Current</u>	<u>Proposed</u>
RFS	-	\$72,000,000
Gifts		<u>\$ 3,000,000</u>
		\$75,000,000

Project Description:

Phase I of this project is a multiphase plan for developing U. T. San Antonio's East Campus Master Plan. The project would consist of a 150,000 gross square foot Research Building to include seminar rooms and conferencing facilities, research laboratories, faculty and staff offices, and student and faculty support facilities. This building would include sophisticated information technology features designed and installed for an information-intensive environment.

This off-cycle project has been approved by U. T. System staff and meets the criteria for inclusion in the Capital Improvement Program.

*Funding Source = RFS (Revenue Financing System Bond Proceeds)

14. U. T. San Antonio: East Campus Thermal Energy Plant - Amendment of FY 2004-2009 Capital Improvement Program and the FY 2004-2005 Capital Budget to include project

The Board amended the FY 2004-2009 Capital Improvement Program and the FY 2004-2005 Capital Budget to include the East Campus Thermal Energy Plant project at The University of Texas at San Antonio as follows:

Architecturally or Historically Significant:

Yes No

Project Delivery Method:

Competitive Sealed Proposals

Substantial Completion Date:

December 2006

Total Project Cost:	<u>Source*</u> RFS	<u>Current</u> -	<u>Proposed</u> \$5,000,000
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Project Description: The increase of U. T. San Antonio enrollment and campus growth have made expansion necessary for the undeveloped east portion of the 1604 Campus. The Thermal Energy Plant will be built in conjunction with the East Campus Building Phase I project (See Item 13 on Page 51). This project will contain approximately 25,000 gross square feet to provide chilled water, hot water and steam to support new buildings planned for the East Campus development.

This off-cycle project has been approved by U. T. System staff and meets the criteria for inclusion in the Capital Improvement Program.

*Funding Source = RFS (Revenue Financing System Bond Proceeds)

15. U. T. San Antonio: North/South Connector Road - Amendment of FY 2004-2009 Capital Improvement Program and the FY 2004-2005 Capital Budget to include project

The Board amended the FY 2004-2009 Capital Improvement Program and the FY 2004-2005 Capital Budget to include the North/South Connector Road project at The University of Texas at San Antonio as follows:

Architecturally or Historically Significant: Yes No

Project Delivery Method: Competitive Sealed Proposals

Substantial Completion Date: June 2005

Total Project Cost:	<u>Source*</u> RFS	<u>Current</u> -	<u>Proposed</u> \$8,000,000
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Project Description: The North/South Connector Road project will be constructed to link the north and south sides of the U. T. San Antonio campus by providing access from UTSA Boulevard from the south and Loop 1604 from the north. This project will also provide bridged pedestrian and vehicular connections from the existing 1604 Campus to the East Campus development.

This off-cycle project has been approved by U. T. System staff and meets the criteria for inclusion in the Capital Improvement Program.

*Funding Source = RFS (Revenue Financing System Bond Proceeds)

REPORT AND RECOMMENDATIONS OF THE HEALTH AFFAIRS COMMITTEE (Pages 53 - 57).--Committee Chairman Clements reported that the Health Affairs Committee met in open session to consider those matters on its agenda and to formulate recommendations for the U. T. Board of Regents. Unless otherwise indicated, the actions set forth in the Minute Orders which follow were recommended by the Health Affairs Committee and approved in open session by the U. T. Board of Regents:

1. U. T. System: Revision of Mission Statements for U. T. Health Science Center - Houston and U. T. Health Center - Tyler and expansion of degree planning authority for U. T. Health Science Center - San Antonio

Pursuant to Texas Education Code Section 61.051(e) that requires the Texas Higher Education Coordinating Board to review public university Mission Statements and Tables of Programs every four years, changes to the Mission Statements for The University of Texas Health Science Center at Houston and The University of Texas Health Center at Tyler and to the Table of Programs for The University of Texas Health Science Center at San Antonio were approved as set forth below. The changes will be submitted to the Texas Higher Education Coordinating Board for consideration.

The University of Texas Health Science Center at Houston
Mission Statement

The University of Texas Health Science Center at Houston (UTHSC-H) is a component of The University of Texas System committed to the pursuit of high standards of achievement in instruction, student performance, clinical service, research, and scholarly accomplishment toward improvement of the health of Texans.

As an academic health science center, this institution is one in which undergraduate, graduate, and post-graduate students are educated broadly in the sciences of health and disease and are prepared for health-related careers in the provision of human services, and for investigating the mysteries of the biomedical sciences. Within an environment of academic freedom, students learn from faculty scholars who have in-depth expertise in the predominant health disciplines and the biomedical sciences. Research both to extend human knowledge related to health and to develop and maintain their own scholarly and professional expertise is led by faculty who involves and educates students and trainees in these research pursuits.

UTHSC-H consists of the following organizational units, which are listed by date of establishment:

- Dental Branch (established 1905; joined U. T. 1943)*
- Graduate School of Biomedical Sciences (1963)*
- School of Public Health (1967)*
- Medical School (1970)*
- School of Nursing (1972)*
- School of Health Information Sciences (established as the School of Allied Health Sciences 1973; reorganized and name changed 2001)*
- Harris County Psychiatric Center (established 1981; joined UTHSC-H 1989)

The comprehensiveness of this university, featuring the presence of six major health-related schools – medicine, dentistry, public health, nursing, health informatics, and biomedical science – provides an environment beneficial to collaborative endeavors in teaching, research and service. Interdisciplinary projects and activities bring faculty and students together in a rich learning environment. Collectively, these units respond to the health care manpower needs of the citizens of Texas, the City of Houston, and Harris County and its surrounding counties by developing creative models for the training of health professionals, particularly emphasizing interdisciplinary educational models, and addressing the growing demand for primary care health professionals.

With over 200 clinical affiliates in the State, UTHSC-H provides health professions students with a variety of clinical and community-based experiences. With such experiences in urban, suburban, and rural environments, UTHSC-H students are trained where Texans live. The School of Public Health, the oldest accredited school of public health in the State of Texas, acknowledges and accepts a unique responsibility to reach throughout the state to prepare individuals for the challenges of this expanding field. Four regional campuses are already in place in Brownsville, Dallas, El Paso, and San Antonio to assist in meeting the increasing demand for public health professionals. The health informatics program in the School of Health Information Sciences is unique in Texas – and the nation. With its interdisciplinary focus, this program provides an invaluable resource of expertise and training in health informatics for our state.

In addition to the six schools, the Harris County Psychiatric Center (HCPC) is a unique feature of the organization that is committed to advances in mental health services and care as well as education of mental health-care professionals.

The University of Texas Health Science Center at Houston considers itself a member of a large learning community and works to contribute to and draw from the intellectual pursuit of the other institutions in the Texas Medical Center and the greater Houston area.

To benefit this local community and the entire State of Texas, this institution offers a variety of continuing education programs to assist practicing health professionals in utilizing the latest findings of research from the worldwide community of scholars in clinical and biomedical fields. As a result of participation in these professional enhancement programs, practitioners adopt new modalities for the treatment and prevention of disease. With these outreach efforts and programs aimed at promoting science and math as well as careers in health care to young students in grades K-12, UTHSC-H will meet new challenges to the health of the citizens of the State of Texas.

*This academic unit offers degrees and programs with subjects limited to health-related fields.

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The University of Texas Health Center at Tyler
Mission Statement

To serve East Texas and beyond through excellent patient care and community health, comprehensive education, and innovative research.

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The University of Texas Health Science Center at San Antonio
Expansion of Degree Planning Authority

Dentistry:	Planning Authority for an integrated D.D.S./ Ph.D. in Dentistry
Medicine:	Planning Authority for an integrated M.D./ Ph.D. in Medicine

2. U. T. Health Science Center - Houston: Approval to name the Institute of Molecular Medicine for the Prevention of Human Diseases as the Brown Foundation Institute of Molecular Medicine for the Prevention of Human Diseases (Regents' Rules and Regulations, Part Two, Chapter VIII, Section 1, Subsection 1.3, Honorific Namings)

Approval was granted to name the Institute of Molecular Medicine for the Prevention of Human Diseases at The University of Texas Health Science Center at Houston as the Brown Foundation Institute of Molecular Medicine for the Prevention of Human Diseases.

This naming of the institute recognizes the continuous and generous support of the Brown Foundation of Houston to the institution.

3. U. T. Health Science Center - San Antonio: Medical Integrated Plaza Feasibility and Planning Study - Amendment of FY 2004-2009 Capital Improvement Program and the FY 2004-2005 Capital Budget to include study

The Board amended the FY 2004-2009 Capital Improvement Program and the FY 2004-2005 Capital Budget to include the Medical Integrated Plaza Feasibility and Planning Study at The University of Texas Health Science Center at San Antonio at a preliminary project cost of \$300,000 with funding from Medical Services, Research and Development Plans (MSRDP).

The study will explore the feasibility of developing an ambulatory clinic building to support the medical practice plan of the institution's medical faculty. Such a facility would allow the institution greater control in delivering health-care service and enhancing the financial efficiency.

4. U. T. Health Science Center - San Antonio: Approval to include adjustment in allocation of royalties and award of incentive payments as provisions of the institutional Invention Revenue Sharing Policy

The University of Texas Health Science Center at San Antonio was authorized to include provisions in its institutional Invention Revenue Sharing Policy to adjust the allocation of royalties, based upon net intellectual property income, as set forth on Page 57.

Amount*	Inventor	HSC	Unit**	Dean
≤ \$250,000	40%	27.5%	27.5%	5%
>\$250,000	40%	37.5%	17.5%	5%

*Net intellectual property income

**Unit refers to the appropriate department, center, etc. When this is unclear, the Institutional Intellectual Property Advisory Committee will determine the appropriate unit.

Further, the institution was authorized to include provisions for award of incentive payments in its Invention Revenue Sharing Policy as follows:

- \$250, shared by inventor(s), upon approval to go forward with the patent application; and
- \$2,000, shared by the inventor(s), when patent is granted.

Part Two, Chapter XII, Section 4, Subsection 4.2, Subdivision 4.25 of the Regents' Rules and Regulations provides that components may change the default royalty-sharing provision of 50% to the inventor(s) and 50% to the employing University of Texas System institution with the Board's prior approval via an agenda item. Subdivision 4.25 requires that "in no event" shall the inventor receive more than 50% or less than 25% of such royalty proceeds.

U. T. Health Science Center - San Antonio believes the alternative royalty-sharing allocation and incentive payment authorization will encourage faculty to apply for patents and more appropriately reward the departments in which they are employed.

5. U. T. Health Science Center - San Antonio: Authorization to conduct a private fundraising campaign

The Board authorized The University of Texas Health Science Center at San Antonio to conduct a private fundraising campaign to fund priority areas of excellence pursuant to the Regents' Rules and Regulations, Part One, Chapter VII, Section 5, Subsection 5.5. A goal for private sector support has been set at \$200 million over five years, beginning January 1, 2004, and concluding December 31, 2008.

The campaign will focus on a major research building in the South Texas Medical Center and funding for five areas of excellence including (1) cardiovascular and metabolic biology, (2) neurobiology, (3) developmental and regenerative biology, (4) cancer biology, and (5) biodefense and infection.

REPORT AND RECOMMENDATIONS OF THE FACILITIES PLANNING AND CONSTRUCTION COMMITTEE (Pages 58 - 68).--Committee Chairman Huffines reported that the Facilities Planning and Construction Committee met in open session to consider those matters on its agenda and to formulate recommendations for the U. T. Board of Regents. Unless otherwise indicated, the actions set forth in the Minute Orders which follow were recommended by the Facilities Planning and Construction Committee and approved in open session by the U. T. Board of Regents:

1. U. T. Austin: Benedict/Mezes/Batts Renovation - Phase I - Amendment of FY 2004-2009 Capital Improvement Program and the FY 2004-2005 Capital Budget to combine Phase I and Phase II projects; increase total project cost; appropriate funds and authorize expenditure

The Board amended the FY 2004-2009 Capital Improvement Program (CIP) and the FY 2004-2005 Capital Budget for the Benedict/Mezes/Batts Renovation - Phase I at The University of Texas at Austin as follows:

Project Number: 102-027

CIP Approval and Amendments: November 10, 1999; May 9, 2002; November 13, 2002

Architecturally or Historically Significant: Yes No

Project Delivery Method: Construction Manager at Risk

Substantial Completion Date: March 2004

Total Project Cost:	<u>Source*</u>	<u>Current</u>	<u>Proposed</u>
	RFS	\$30,000,000	\$30,000,000
	Designated Tuition		<u>\$18,000,000</u>
			\$48,000,000

- Recommendations:**
- a. combine Phase I and Phase II;
 - b. increase the total project cost from \$30,000,000 to \$48,000,000; and
 - c. appropriate funds and authorize expenditure of \$18,000,000 from Designated Tuition.

Previous Board Actions: On November 10, 1999, the project was authorized for inclusion in the CIP. On May 9, 2002, the project received design development approval and funding was appropriated. On November 13, 2002, the total project cost was reduced and the funding source was revised.

Project Description:

The Phase I renovation work for Benedict Hall and Mezes Hall is under construction and expected to be completed in May 2004. Combining Benedict/Mezes/Batts Renovation Phase I and Phase II would enable the University to increase the scope of work and realize efficiencies by renovating Batts Hall under the same construction contract.

The additional \$18,000,000 of work associated with the Phase II work will include the completion of renovation of classrooms and offices in Batts Hall and is proposed to be funded from Designate Tuition. The combined Benedict/Mezes/Batts Renovation Phase and Phase II project would have a total project cost of \$48,000,0

* Funding Source = RFS (Revenue Financing System Bond Proceeds)

2. U. T. Austin: Marine Science Institute Wetlands Education Center - Amendment of FY 2004-2009 Capital Improvement Program and the FY 2004-2005 Capital Budget to revise source of funds and appropriate funds and authorize expenditure

The Board amended the FY 2004-2009 Capital Improvement Program (CIP) and the FY 2004-2005 Capital Budget for the Marine Science Institute Wetlands Education Center at The University of Texas at Austin as follows:

Project Number: 102-026

CIP Approval and Amendments: November 10, 1999; August 9, 2001

Architecturally or Historically Significant: Yes No

Project Delivery Method: Competitive Sealed Proposals

Substantial Completion Date: December 2005

Total Project Cost:	<u>Source*</u>	<u>Current</u>	<u>Proposed</u>
	Grants	\$4,870,000	\$3,870,000
	Designated Tuition		\$450,000
	Unexpended Plant Fund		\$550,000
	Gifts	\$ 130,000	\$130,000
		\$5,000,000	\$5,000,000

- Recommendations:**
- a. revise the source of funds; and
 - b. appropriate funds and authorize expenditure of \$450,000 of Designated Tuition and \$550,000 of Unexpended Plant Funds.

Previous Board Actions:

The Board of Regents originally added this project to the CIP in November 10, 1999 at \$1,000,000. The project was increased to \$5,000,000 as part of the CIP approval on August 9, 2001.

Project Description:

The University of Texas at Austin seeks Board of Regents' approval to revise the source of funds in order to enter into a Section 206 Project Cooperation Agreement with the U.S. Department of the Army (Corps of Engineers or the Corps) for the purpose of accomplishing Stage 1a of the Marine Science Institute (MSI) Wetlands Education Center. This project is currently approved by the Board of Regents with a preliminary project cost of \$5,000,000 with funding from Gifts and Grants. Institutional management of Stage 1a (\$1.8 million) was approved by the Chancellor in June 2003.

U. T. Austin is prepared to enter into an agreement with the Corps under which the Corps will perform the majority of the work in Stage 1a of the MSI Wetlands Education Center project. The total value of the Corps work is estimated at approximately \$2.5 million to \$2.85 million, of which 65% will be funded by the federal government under the Federal Waterways Act and 35% by U. T. Austin. To secure the federal portion of the funding for this project, U. T. Austin is required to demonstrate that it has matching funds of up to \$1 million available to satisfy its obligations. Approval of the proposed change in funding satisfies the matching requirement and will allow Stage 1a to proceed. The remaining stages of the project (totaling \$3.2 million) will be presented to the Board of Regents for design development approval at a future date.

Stage 1a consists of site work to construct a salt marsh and modifications to the ship channel and boat basin to create a tidal pool. Future stages will include elevated walkways, trails, modifications to the existing visitor center and related parking. This facility will enhance the MSI Public Outreach Program as well as research opportunities for MSI students.

3. U. T. San Antonio: Academic Building III - Amendment of FY 2004-2009 Capital Improvement Program and the FY 2004-2005 Capital Budget to combine the Campus Parking Garage, Phase III and increase total project cost

The Board amended the FY 2004-2009 Capital Improvement Program (CIP) and the FY 2004-2005 Capital Budget for the Academic Building III at The University of Texas at San Antonio as follows:

Project Number: 401-997

CIP Approval and Amendments: February 9, 2000; August 10, 2000; August 7, 2003

Architecturally or Historically Significant: Yes No

Project Delivery Method: Design/Build

Substantial Completion Date: March 2005

Total Project Cost:	<u>Source*</u>	<u>Current</u>	<u>Proposed</u>	<u>Debt Service</u>
	PUF	\$37,332,154	\$37,332,154	
	TRB	\$15,000,000	\$15,000,000	
	RFS	\$ 0	\$ 9,450,000	\$9,450,000
		\$52,332,154	\$61,782,154	

- Recommendations:**
- a. amend FY 2004-2009 Capital Improvement Program and the FY 2004-2005 Capital Budget to combine the Campus Parking Garage, Phase III project at U. T. San Antonio with the previously approved Academic Building III; and
 - b. increase the total project cost from \$52,332,154 to \$61,782,154 with additional funding of \$9,450,000 from Revenue Financing System Bond Proceeds.

Previous Board Actions: The Academic Building III project received additional funding approval in February 9, 2000 and design development approval in August 10, 2000. Both projects were approved in the CIP in August 7, 2003.

Project Description: The Campus Parking Garage, Phase III project will be located immediately adjacent to the Academic Building III site. U. T. San Antonio is requesting that the projects be combined because the design team is already mobilized and understands the design characteristics. In addition, completion of the garage will help mitigate the parking shortage at the site. Design development approval will be presented to the Board at a future date.

* Funding Sources = PUF (Permanent University Fund Bond Proceeds); TRB (Tuition Revenue Bond Proceeds); RFS (Revenue Financing System Bond Proceeds)

4. U. T. San Antonio: Biotechnology, Sciences and Engineering Building (West Campus Wet Lab phase) - Amendment of FY 2004-2009 Capital Improvement Program and the FY 2004-2005 Capital Budget to increase the total project cost; revise the source of funds; appropriate funds and authorize expenditure; and parity debt

The Board amended the FY 2004-2009 Capital Improvement Program (CIP) and the FY 2004-2005 Capital Budget for the Biotechnology, Sciences and Engineering Building (West Campus Wet Lab phase) at The University of Texas at San Antonio as follows:

Project Number: 401-030

CIP Approval and Amendments: February 10, 2000; May 9, 2002; August 7, 2003

Architecturally or Historically Significant: Yes No

Project Delivery Method: Competitive Sealed Proposals

Substantial Completion Date: April 2005

Total Project Cost:	<u>Source*</u>	<u>Current</u>	<u>Proposed</u>	<u>Debt Service</u>
	PUF	\$54,000,000	\$54,000,000	
	TRB	\$22,950,000	\$22,950,000	
	Gifts	\$12,750,000	\$ 6,750,000	
	RFS	\$ 0	\$ 7,500,000	\$7,500,000
		\$89,700,000	\$91,200,000	

Debt Service: The debt will be repaid from U. T. San Antonio's indirect cost recoveries. The annual debt service on the \$7,500,000 in Revenue Financing System Bond Proceeds is projected to be \$653,844. The debt service coverage for the project is expected to be at least 1.78 times.

- Recommendations:**
- a. increase total project cost by \$1,500,000 from \$89,700,000 to \$91,200,000;
 - b. revise source of funds;
 - c. appropriate funds and authorize expenditure of \$7,500,000 from Revenue Financing System Bond Proceeds; and
 - d. make the "finding of fact" determinations required by Section 5 of the Master Resolution regarding the ability to repay debt prior to the issuance of additional Revenue Financing System parity debt.

Previous Board Actions: The project was approved in the CIP on February 10, 2000. The Facilities Planning and Construction Committee designated the project as architecturally significant in April 2000. The project received design development approval at \$83,700,000 on May 9, 2002. On August 7, 2003, the total project cost was increased to \$89,700,000.

Project Description: The West Campus Wet Lab phase of the project is a part of the Biotechnology, Sciences and Engineering Building at U. T. San Antonio. The new phase will contain 20,000 gross square feet adjacent to the Biotechnology, Sciences and Engineering Building and will house the wet lab research laboratory that includes 12 biology labs. The increase of \$1,500,000 is the result of finalizing scope of the West Campus Wet Lab project.

* Funding Sources = PUF (Permanent University Fund Bond Proceeds); TRB (Tuition Revenue Bond Proceeds); RFS (Revenue Financing System Bond Proceeds)

5. U. T. Tyler: Student Apartments - Approve design development; approve alternative energy economic feasibility; approve total project cost; appropriate funds and authorize expenditure; and parity debt

The Board approved the recommendations listed below for the Student Apartments at The University of Texas at Tyler as follows:

Project Number: 802-171

CIP Approval and Amendments: August 7, 2003

Architecturally or Historically Significant: Yes No

Project Delivery Method: Design/Build

Substantial Completion Date: July 2004

Total Project Cost:	<u>Source*</u>	<u>Proposed</u>
	RFS	\$7,200,000

Debt Service: The \$7,200,000 in Revenue Financing System Bond Proceeds debt will be repaid from net revenues on the Student Apartments project. The annual debt service will be structured proportionately to the projected amount of net revenue available. Debt service coverage on the project is expected to be at least 1.3 times.

Recommendations:

- a. approve design development plans;
- b. approve the evaluation of alternative energy economic feasibility;
- c. approve total project cost;
- d. appropriate funds and authorize expenditure of funds; and
- e. make the “finding of fact” determinations required by Section 5 of the Master Resolution regarding the ability to repay debt prior to the issuance of additional Revenue Financing System parity debt.

Project Description:

The Student Apartments project at U. T. Tyler will contain two three- story wood frame structures and a single-story, 2,000 gross square foot community building. The total gross square feet for the project is approximately 77,500. The apartment structures will accommodate a mix of four-bedroom and two-bedroom suites for housing approximately 184 students, a resident director, and 14 resident advisors.

A single-story community building will accommodate the director’ offices, game room, television area, kitchen, and mailboxes. Out recreation amenities are included in the project. The project is located on approximately seven acres of wooded land near the western edge of the campus and is adjacent to the existing Unive Pines Apartment complex. The project includes a perimeter sect fence, parking for all residents, and landscaping.

Enrollment expansion and enhanced character of student life on campus require housing for upper- and lower-division students. apartment style housing will be the first housing project to be dire managed by U. T. Tyler and is needed to support the continued growth at U. T. Tyler.

Texas Government Code Section 2166.403 requires the governin body of a State agency to verify in an open meeting the economi feasibility of incorporating alternative energy devices into a new building. Therefore, the Project Architect prepared an evaluation this project in accordance with the Energy Conservation Design Standards for New State Buildings. This evaluation determined t alternative energy devices such as solar, wind, biomass, or photovoltaic energy are not economically feasible for the project.

The economic impact of the project will be reported to the U. T. Board of Regents as part of the design development presentation

* Funding Source = RFS (Revenue Financing System Bond Proceeds)

6. U. T. Tyler: Student Dormitory and Academic Excellence Center - Approve design development; approve alternative energy economic feasibility; approve total project cost; appropriate funds and authorize expenditure; and parity debt

The Board approved the recommendations listed below for the Student Dormitory and Academic Excellence Center at The University of Texas at Tyler as follows:

Project Number: 802-166

CIP Approval and Amendments: August 7, 2003

Architecturally or Historically Significant: Yes No

Project Delivery Method: Competitive Sealed Proposals

Substantial Completion Date: July 2005

Total Project Cost:	<u>Source*</u>	<u>Proposed</u>
	RFS	\$ 8,000,000
	Gifts	<u>\$ 3,000,000</u>
		\$11,000,000

Recommendations:

- approve design development plans;
- approve the evaluation of alternative energy economic feasibility;
- approve total project cost;
- appropriate funds and authorize expenditure of funds; and
- make the "finding of fact" determinations required by Section 5 of the Master Resolution regarding the ability to repay debt prior to the issuance of additional Revenue Financing System parity debt.

Debt Service: The \$8,000,000 in Revenue Financing System Bond Proceeds debt will be repaid from net revenues on the Student Dormitory and Academic Excellence Center project. The annual debt service will be structured proportionately to the projected amount of net revenue available. Debt service coverage on the project is expected to be at least 1.4 times.

Project Description: The Student Dormitory and Academic Excellence Center at U. T. Tyler will be constructed in multiple wings in a compact building configuration. The dormitory will provide living and learning spa for approximately 200 students. The facility will consist of a four story, 58,456 gross square foot building and will include dormitory rooms, lounge areas, centralized laundry facility and kitchen, an offices for dormitory staff. The Academic Excellence Center will

consist of a one-story, 12,829 gross square foot building with a meeting room and smaller breakout rooms and will be connected to the first floor to the dormitory.

Enrollment expansion and enhanced character of student life on campus require housing for freshman and sophomore students. This dormitory will be the first dormitory project to be directly managed by U. T. Tyler and is needed to support the continued growth at U. T. Tyler.

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

The economic impact of the project will be reported to the U. T. Board of Regents as part of the design development presentation.

* Funding Source = RFS (Revenue Financing System Bond Proceeds)

7. U. T. Medical Branch - Galveston: BSL-4 Laboratory Facility - Honoring Naming of Facility as the John Sealy Pavilion for Infectious Diseases Research and Honoring Naming of Laboratory as the Robert E. Shope Laboratory (Regents' Rules and Regulations, Part Two, Chapter VIII, Section 1, Subsection 1.3, Honoring Namings)

The Board:

- a. approved the naming of the BSL-4 Laboratory Facility project at The University of Texas Medical Branch at Galveston as the John Sealy Pavilion for Infectious Diseases Research; and
- b. approved the naming of the laboratory of the BSL-4 Laboratory Facility as the Robert E. Shope Laboratory.

The BSL-4 Laboratory Facility at U. T. Medical Branch - Galveston consists of a three-story addition to the existing Keiller Building as well as some renovation work within the building to accommodate the addition. The combination of new work and renovation work will be approximately 12,000 gross square feet. Biosafety level-4 (BSL-4) containment

laboratories are technically advanced facilities built with proven construction and engineering technologies to provide a safe environment for the researcher and minimize hazards to the outside environments.

The naming of the John Sealy Pavilion for Infectious Diseases Research will recognize the commitment and the significant contribution of \$7,500,000 by the Sealy & Smith Foundation toward the \$15,500,000 total project cost.

U. T. Medical Branch - Galveston's program in tropical and emerging infectious diseases flourished with the recruitment of Dr. Robert E. Shope, John D. Dunn Professor of Biodefense in the Department of Pathology and the Center for Biodefense and Emerging Infectious Diseases. Dr. Shope is a legend in his field and is revered by scientists from around the world. He has a vast lifetime of experience of conducting cutting-edge research on some of the world's most dangerous viruses. Dr. Shope has led a multidisciplinary team of U. T. Medical Branch scientists seeking to develop countermeasures for the Defense Advanced Research Projects Agency (DARPA) for viruses bioterrorists might employ.

Dr. Shope has served the infectious diseases community, graduate students, academic colleagues, and the nation with humility and distinction for his entire career. The naming of the BSL-4 laboratory as the Robert E. Shope Laboratory will recognize Dr. Shope's outstanding contributions to infectious diseases research at the University.

These namings are consistent with the Regents' Rules and Regulations, Part Two, Chapter VIII, Section 1, Subsection 1.2 and institutional guidelines on the naming of facilities, which allow naming for a current employee in unusual circumstances.

8. U. T. Health Science Center - Houston: Recreation Center Reconstruction - Amendment of FY 2004-2009 Capital Improvement Program and the FY 2004-2005 Capital Budget to increase total project cost and appropriate funds and authorize expenditure

The Board amended the FY 2004-2009 Capital Improvement Program (CIP) and the FY 2004-2005 Capital Budget for the Recreation Center Reconstruction at The University of Texas Health Science Center at Houston as follows:

CIP Approval and Amendments: May 10, 2001

Architecturally or Historically Significant: Yes No

Project Delivery Method: Construction Manager at Risk

Substantial Completion Date: August 2004

Total Project Cost:	<u>Source*</u>	<u>Current</u>	<u>Proposed</u>
	Insurance Proceeds	\$3,000,000	\$3,341,000
	Aux. Ent. Bal.		\$1,259,000
			\$4,600,000

Recommendations:

- increase the total project cost from \$3,000,000 to \$4,600,000; and
- appropriate funds and authorize expenditure of \$1,259,000 from Auxiliary Enterprise Balances and \$341,000 from Insurance Proceeds.

Previous Board Actions: On May 10, 2001, the project was authorized for inclusion in the CIP; authorized for institutional management; and funds were appropriated.

Project Description: The design development plans were approved in August 2001. additional funding of \$341,000 from Insurance Proceeds and \$1,259,000 from Auxiliary Enterprise Balances is required to fund reconstruction not covered by insurance, including structural upgrades from wood frame to structural steel, slab demolition, sit work, and ongoing temporary facilities.

* Funding Source = Aux. Ent. Bal. (Auxiliary Enterprise Balances)

RECONVENE.--At 12:05 p.m., the Board reconvened as a committee of the whole to consider those items remaining on the agenda.

OTHER MATTERS

1. U. T. Pan American: Appointment of Presidential Search Advisory Committee

REPORT

The membership of the Presidential Search Advisory Committee for The University of Texas - Pan American is herewith reported for the record. This committee has been constituted pursuant to the Regents' Rules and Regulations, Part One, Chapter II, Section 19.

Presidential Search Advisory Committee
for
The University of Texas - Pan American

System Administration Representatives

Chancellor Mark G. Yudof
Executive Vice Chancellor for Academic Affairs Teresa A. Sullivan (Chair)

Board of Regents

Regent H. Scott Caven, Jr.
Regent Robert A. Estrada

Presidents

Dr. Ricardo Romo, President, The University of Texas at San Antonio
Dr. W. David Watts, President, The University of Texas of the Permian Basin

Faculty Representatives

Dr. Ala Qubbaj, Assistant Professor, Mechanical Engineering
Dr. Teofilo Ozuna, Associate Professor, Economics and Finance
Dr. Wendy James-Aldridge, Associate Professor, Psychology and Anthropology

Dean

Dr. Rodolfo Rocha, Dean, College of Arts and Humanities

Student Representative

Ms. Maha Maglinao, Junior, Student in Chemistry and Biology

Alumni Association Representative

Mr. R. D. Guerra, President of the Alumni Association

Nonfaculty Employee

Mr. Arturo Ramos, Assistant Director, Learning Assistance Center

Community/External Representatives

Mr. Mike Allen
The Honorable Ricardo Hinojosa
Mrs. Margaret Looney McAllen
Mr. Joseph Ramirez
Mrs. Anne Shepard

2. U. T. Board of Regents: Presentation of certificates of appreciation to Acting Executive Vice Chancellor Guckian, Vice Chancellor Perry, and Vice Chancellor Sharpe for their service to The University of Texas System

Chairman Miller thanked Acting Executive Vice Chancellor Guckian for his many years of devoted service to The University of Texas System and acknowledged his outstanding work with the health component institutions. Mr. Miller then presented the following certificate of appreciation to Dr. Guckian. Following a standing ovation, Dr. Guckian said it had been a pleasure to work for the U. T. System.

CERTIFICATE OF APPRECIATION

The Board of Regents

Expresses to

JAMES C. GUCKIAN, M.D.

Sincere Appreciation for His
Distinguished Service and Outstanding Contributions

as

Faculty Member and Administrator
The University of Texas Medical Branch at Galveston
1964 - 1988

Executive Associate for Health Policy and Planning
The University of Texas System
1988 - 1997

Vice Chancellor for Health Affairs
The University of Texas System
1997 - 2001

and
Acting Executive Vice Chancellor for Health Affairs
The University of Texas System
2001 - 2003

Adopted by unanimous vote this 13th day of November 2003

(signed by all members of the Board)

* * * * *

On behalf of the Board of Regents, Chairman Miller expressed his deep appreciation to Vice Chancellor Perry for her service to the U. T. System and presented the following certificate. Following a standing ovation, Mrs. Perry said it had been a pleasure to work with the U. T. System family.

CERTIFICATE OF APPRECIATION

The Board of Regents

Expresses to

SHIRLEY BIRD PERRY

Its Sincere Appreciation for Her
Distinguished Service and Outstanding Contributions

as

Program Director and Director of the Texas Union
The University of Texas at Austin
1958 - 1976

Assistant to the President and Coordinator of Centennial Programs
The University of Texas at Austin
1979 - 1983

Vice President for Development and University Relations
The University of Texas at Austin
1983 - 1992

and
Vice Chancellor for Development and External Relations
The University of Texas System
1992 - 2003

Adopted by unanimous vote this 13th day of November 2003

(signed by all members of the Board)

* * * * *

Chairman Miller said the following certificate of appreciation will be sent to Vice Chancellor Sharpe, who was not able to be present at the meeting, as an expression of the Board's gratitude for his service to the U. T. System:

CERTIFICATE OF APPRECIATION

The Board of Regents

Expresses to

EDWIN R. SHARPE, PH.D.

Its Sincere Appreciation for His
Distinguished Service and Outstanding Contributions

to

The University of Texas at Austin
1974 - 1998

and to

The University of Texas System

as

Vice Chancellor for Academic Affairs
1998 - 1999

Executive Vice Chancellor for Academic Affairs
1999 - 2002

and

Vice Chancellor for Educational System Alignment
2002 - 2003

Adopted by unanimous vote this 13th day of November 2003

(signed by all members of the Board)

SCHEDULED MEETING.--Chairman Miller announced that the next special called meeting would be held on November 18-19, 2003, in Austin, and the next regular scheduled meeting would be held on February 11-12, 2004, at U. T. Brownsville.

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

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

January 14, 2004

**THE UNIVERSITY OF TEXAS SYSTEM ADMINISTRATION
DOCKET NO. 115**

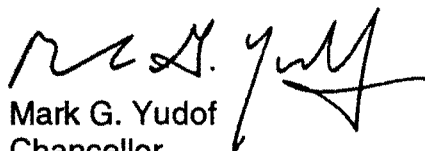
October 24, 2003

TO MEMBERS OF THE FINANCE AND PLANNING COMMITTEE:

Woody L. Hunt, Chairman
H. Scott Caven, Jr.
James Richard Huffines
Cyndi Taylor Krier

The Docket for The University of Texas System Administration and the Dockets recommended by the Presidents concerned and prepared by the component institutions listed below are submitted for approval as appropriate at the meeting of the U. T. Board of Regents on November 13, 2003. The Executive Vice Chancellor for Academic Affairs, the Acting Executive Vice Chancellor for Health Affairs, the Interim Vice Chancellor for Business Affairs, and the Vice Chancellor and General Counsel, and I concur in these recommendations.

<u>Institutions</u>	<u>Pages</u>
The University of Texas System Administration	Docket 1 - 7
The University of Texas at Arlington	Docket 8 - 9
The University of Texas at Austin	Docket 10 - 18
The University of Texas at Dallas	Docket 19 - 20
The University of Texas at El Paso	Docket 21 - 22
The University of Texas - Pan American	Docket 23 - 25
The University of Texas of the Permian Basin	Docket 26
The University of Texas at Tyler	Docket 27
The University of Texas Southwestern Medical Center at Dallas	Docket 28 - 29
The University of Texas Medical Branch at Galveston	Docket 30 - 33
The University of Texas Health Science Center at Houston	Docket 34 - 37
The University of Texas Health Science Center at San Antonio	Docket 38 - 39
The University of Texas M. D. Anderson Cancer Center	Docket 40 - 46
The University of Texas Health Center at Tyler	Docket 47


Mark G. Yudof
Chancellor

xc: Other Members of
the Board

TABLE OF CONTENTS

U. T. System Administration	1
Contracts	1
General Contracts.....	1
Amendments To The 2003-04 Budget.....	4
Transfers Of Funds	4
Other Fiscal Items	5
Employment Agreements.....	5
Real Estate Report	6
Medical & Dental Services, Research, & Development Plan Report	7
U. T. Arlington	8
Changes To Admission Criteria	8
Amendments To The 2002-03 Budget.....	9
Appointments And Promotions	9
Transfers Of Funds	9
U. T. Austin	10
Gifts	10
Contracts	11
General Contracts.....	11
Foreign Contract.....	12
Amendments To The 2003-04 Budget.....	13
Appointments And Promotions	13
Transfers Of Funds	16
Amendments To The 2002-03 Budget.....	17
Transfers Of Funds	17
Other Matter	18
Approval Of Dual Position Of Honor, Trust, Or Profit.....	18
U. T. Dallas	19
Amendments To The 2003-04 Budget.....	19
Appointments And Promotions	19
Amendments To The 2002-03 Budget.....	20
Appointments And Promotions	20
U. T. El Paso	21
Amendments To The 2002-03 Budget.....	21
Appointments And Promotions	21

U. T. Pan American	23
Amendments To The 2003-04 Budget.....	23
Appointments And Promotions	23
Other Fiscal Items	25
Employment Agreements.....	25
U. T. Permian Basin	26
Appointment, Reappointment Or Promotion Of Relatives And Marriage Of Certain Employees	26
U. T. Tyler	27
Amendments To The 2003-04 Budget.....	27
Appointments And Promotions	27
U. T. Southwestern Medical Center - Dallas	28
Gifts	28
Amendments To The 2002-03 Budget.....	29
Appointments And Promotions	29
U. T. Medical Branch – Galveston.....	30
Gifts	30
Contracts	31
General Contracts.....	31
Amendments To The 2002-03 Budget.....	33
Appointments And Promotions	33
U. T. Health Science Center - Houston	34
Gifts	34
Amendments To The 2002-03 Budget.....	35
Appointments And Promotions	35
Transfers Of Funds	37
U. T. Health Science Center - San Antonio	38
Other Matters	38
Approval Of Dual Positions Of Honor, Trust, Or Profit	38
U. T. M. D. Anderson Cancer Center	40
Gifts	40
Contracts	41
General Contracts.....	41
Amendments To The 2003-04 Budget.....	42

Appointments And Promotions	42
Amendments To The 2002-03 Budget.....	45
Appointments And Promotions	45
Other Matters	46
Approval Of Dual Positions Of Honor, Trust, Or Profit.....	46
U. T. Health Center - Tyler	47
Contracts	47
General Contracts.....	47

U. T. SYSTEM ADMINISTRATION

CONTRACTS

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

GENERAL CONTRACTS

FUNDS COMING IN

1. Agency: Houston Endowment
Funds: \$1,300,000
Period: April 15, 2003 through December 31, 2005
Description: Subgrant awarded to U. T. System to fund a study by the National Center for Educational Accountability on teacher preparation programs.

2. Agency: Joint Admission Medical Program (JAMP) Council
Funds: The 78th Texas Legislature allocated \$3,500,000 to the Texas Higher Education Coordinating Board (THECB) for the purposes of the JAMP. The funds were transferred from the THECB to U. T. System to be administered by the Texas Medical and Dental School Application Service (TMDSAS) for use of the JAMP Council which delegated the administrative duties of the program to TMDSAS.
Period: September 1, 2003 through August 31, 2005
Description: For TMDSAS to perform the administrative duties of the JAMP as delegated by the JAMP Council.

3. Agency: Texas Education Agency
Funds: \$1,264,538.37
Period: August 29, 2003 through August 31, 2004
Description: Grant awarded to U. T. System for the implementation and support of the UT TeleCampus Every Child, Every Advantage Program for professional development of teachers.

CONTRACTS (CONTINUED)

GENERAL CONTRACTS (CONTINUED)

FUNDS GOING OUT

1. Agency: Kelly, Anderson & Associates, Inc.
Funds: \$408,500
Period: January 1, 2002 until Phase II of agreement is completed and delivered as mutually agreed
Description: Kelly, Anderson & Associates, Inc. previously provided services concerning a possible bid submission to the U. S. Department of Energy (DOE) to manage and operate the Sandia National Laboratory. Under the terms of the Restated Contract, Kelly, Anderson & Associates, Inc. shall provide consulting services related to a possible bid submission to DOE to manage the Los Alamos National Laboratory and other related necessary and appropriate services as may be requested in writing.

2. Agency: Blackmon-Mooring-Steamatic Catastrophe, Inc.
Funds: Potential for \$1,000,000 or more based on the number and severity of the responses needed
Period: June 1, 2002 through May 31, 2007
Description: Upon request, Blackmon-Mooring-Steamatic Catastrophe, Inc., will provide disaster restoration and recovery services (e.g., fire, smoke and water damage recovery, and document and media recovery) for U. T. component institutions on a nonexclusive basis. The vendor was selected from two bidders: Blackmon-Mooring-Steamatic Catastrophe, Inc. from Forth Worth, Texas, and Belfor from Birmingham, Michigan, following a competitive bid process.

CONTRACTS (CONTINUED)

GENERAL CONTRACTS (CONTINUED)

FUNDS GOING OUT (CONTINUED)

3. Agency: Teris L.L.C.
Funds: Approximately \$3,600,000, based upon services provided.
Period: September 1, 2003 through August 31, 2008
Description: Upon request, Teris L.L.C. will provide hazardous and other regulated waste management and disposal options to the component institutions on a nonexclusive basis. The vendor was selected from eight bidders: Teris L.L.C. from El Dorado, Arkansas; EOG Environmental, Inc., from Milwaukee, Wisconsin; NSSI/Recovery Services, Inc, from Houston, Texas; ONYX Environmental Services from Baytown, Texas; Clean Harbors Corporation from La Porte, Texas; Environmental Enterprises, Inc., from Cincinnati, Ohio; Philip Services from Houston, Texas; and Rineco Chemical Industries, Inc., from Haskell, Arkansas, following a competitive bid process.
4. Agency: Eagle Construction and Environmental Services, L.P.
Funds: Potential for \$1,000,000 or more based on the number and severity of the responses needed
Period: February 17, 2003 through August 31, 2008
Description: Upon request, Eagle Construction and Environmental Services, L.P. will provide spill and emergency response services in the event of a hazardous materials release on a nonexclusive basis for U. T. component institutions. The vendor was selected from three bidders: Eagle Construction and Environmental Services, L.P. from Forth Worth, Texas; Garner Environmental Services, Inc., from Forth Worth, Texas; and VIVA Environmental, Inc., from El Paso, Texas, following a competitive bid process.

AMENDMENTS TO THE 2003-04 BUDGET

TRANSFERS OF FUNDS

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

<u>Description</u>	<u>\$ Amount</u>	<u>RBC #</u>
PUF BOND PROCEEDS		
1. Amount of Transfer:	742,300	1
From: Chemistry and Physics Building Project 301-117 at U. T. Arlington		
To: Unallocated Proceeds from Sale of PUF Bonds See explanation below.		
2. Amount of Transfer:	742,300	2
From: Interest on PUF Bond Proceeds		
To: Chemistry and Physics Building Project 301-117 at U. T. Arlington		
To change the source of funds on Project 301-117 from PUF Bond Proceeds to Interest on PUF Bond Proceeds.		

LIBRARY SPECIAL COLLECTIONS RESERVE

3. Amount of Transfer:	62,125	3
From: U. T. System Administration		
To: U. T. Arlington		
To transfer funds from the Library Special Collections Reserve to U. T. Arlington for the purchase of the L. Delaney Floyd-Jones Collection of Letters and the Lt. Joseph Bennett Plummer Manuscript Copy Letter Book to enhance the historical collection of the U. T. Arlington libraries. Both collections document the history and impact of the U. S. War with Mexico. The combined value of the collections is \$124,250; the current owner, Mr. Michael Vinson, has agreed to donate half of the value.		

OTHER FISCAL ITEMS

EMPLOYMENT AGREEMENTS

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

1. Item: Vice Chancellor for External Relations
Funds: \$205,000 annually
Period: beginning October 1, 2003
Description: Agreement for employment of Vice Chancellor for External Relations, Randa S. Safady. The Vice Chancellor for External Relations reports to and is responsible to the Chancellor and shall hold office without fixed term, subject to the pleasure of the Chancellor. Compensation also includes \$8,400 annual automobile allowance to be paid monthly. System Administration will reimburse some club and professional memberships, continuing education allowances, and reasonable business-related expenditures.

REAL ESTATE REPORT

THE UNIVERSITY OF TEXAS SYSTEM REAL ESTATE ASSETS

Managed by U. T. System Real Estate Office

Summary Report at August 31, 2003

FUND TYPE

	Current Purpose Restricted		Endowment & Similar Funds		Annuity & Life Income Funds		TOTAL	
	Book	Market	Book	Market	Book	Market	Book	Market
Land & Buildings:								
Ending Value 5/31/03	\$ 7,325,822	\$ 24,687,937	\$ 23,051,108	\$ 115,811,855	\$ 1,249,644	\$ 858,515	\$ 31,626,574	\$ 141,358,307
Increase or Decrease	(1,012,000)	(177,400)	2,115,000	4,158,837	-	-	1,103,000	3,981,437
Ending Value 8/31/03	\$ 6,313,822	\$ 24,510,537	\$ 25,166,108	\$ 119,970,692	\$ 1,249,644	\$ 858,515	\$ 32,729,574	\$ 145,339,744
Other Real Estate:								
Ending Value 5/31/03	\$ 145,639	\$ 145,639	\$ 221,806	\$ 221,806	\$ 0	\$ 0	\$ 145,639	\$ 367,445
Increase or Decrease	(1,020)	(1,020)	(3,260)	(3,260)	0	0	217,526	(4,280)
Ending Value 8/31/03	\$ 144,619	\$ 144,619	\$ 218,546	\$ 218,546	\$	\$	\$ 363,165	\$ 363,165

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

Details of individual assets by account furnished on request.

MEDICAL & DENTAL SERVICES, RESEARCH, & DEVELOPMENT PLAN REPORT

Fiscal year end financial information related to the Medical and Dental Services, Research and Development Plans and Physicians Referral Services will be included in the Annual Financial Report to be published by November 20, 2003. Specifically, Schedule D-6 in the Annual Financial Report will provide detailed information on this financial activity.

U. T. ARLINGTON

CHANGES TO ADMISSION CRITERIA

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

Summary of Changes to Admission Criteria

The Admission Policy is in compliance with Texas Education Code Section 51.801 et seq. This policy describes the requirements for entrance and selection factors used in the selections of students.

The University of Texas at Arlington requests approval to increase first time freshman admission standards to the levels reflected in the table below. An analysis of the proposed standards indicates that the impact on overall enrollment would be modest and that there would not be a significant impact on historically underrepresented groups. The proposed standards bring U. T. Arlington admission standards in line with peer institutions and regional competition. The proposal was recommended by the U. T. Arlington Academic Standards Committee and unanimously approved by the U. T. Arlington Undergraduate Assembly.

Proposed Automatic Admission Standards for First Time Freshmen Fall 2004

Class Rank	Current Standards		Proposed Standards	
	Minimum Acceptable SAT Score	Minimum Acceptable ACT Score	Minimum Acceptable SAT Score	Minimum Acceptable ACT Score
Top 10%	No minimum score, but students must submit scores	No minimum score, but students must submit scores	No minimum score, but students must submit scores	No minimum score, but students must submit scores
Next 15% of the top quarter	900	19	No minimum score, but students must submit scores	No minimum score, but students must submit scores
2 nd quarter	950	20	1050	22
3 rd quarter	1000	21	1150	25
4 th quarter	1150	25	Individual review	Individual review
Class rank unavailable	Individual review	Individual review	Individual review	Individual review

Additionally, The University of Texas at Arlington requests approval to require the submission of the ACT or SAT writing exam score for the Fall 2006 freshman class.

AMENDMENTS TO THE 2002-03 BUDGET

APPOINTMENTS AND PROMOTIONS

The following Requests for Budget Change (RBC) have been administratively approved by the Executive Vice Chancellor for Academic Affairs and are recommended for approval by the U. T. Board of Regents.

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

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
OFFICE OF THE PRESIDENT					
Arlington Technology Incubator					
Director, College of Science and					
Biology, Professor					
1. Geoffrey Grant (T)	7/1-8/31	100	12	102,000	78
	7/1-8/31	0	09	70,000	

TRANSFERS OF FUNDS

<u>Description</u>	<u>\$ Amount</u>	<u>RBC #</u>
SENIOR VICE PRESIDENT FOR FINANCE AND ADMINISTRATION (VPFA)		
2. Amount of Transfer:	500,000	87

From: VPFA-Computing and Information Technology Unallocated

To: VPFA-Student Information System

To provide funds from the Computing and Information Technology fee for the Student Information Project.

U. T. AUSTIN

GIFTS

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

1. Donor Name: Mrs. Sylvie P. Crum
College/School/ Department: Intercollegiate Athletics
Purpose: Facilities construction, basketball practice facility
Asset Type: Cash
Value: \$650,000

2. Donor Name: McCombs Foundation Inc.
College/School/ Department: McCombs School of Business
Purpose: Payment on a \$50 million pledge
Asset Type: Cash
Value: \$6,000,000

3. Donor Name: National Center for Educational Accountability
College/School/ Department: Center for Educational Accountability
Purpose: Just for the Kids Data Collection Program
Asset Type: Cash
Value: \$545,000

4. Donor Name: Mr. Robert B. Rowling
College/School/ Department: Intercollegiate Athletics
Purpose: Facilities renovation of Darrell K Royal Memorial Stadium
Asset Type: Stock
Value: \$2,981,569.50

CONTRACTS

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

GENERAL CONTRACTS

FUNDS COMING IN

1. Agency: Department of Texas Protective and Regulatory Services
Funds: \$1,939,550
Period: September 1, 2003 through August 31, 2004
Description: Amendment to extend period that the School of Social Work will provide training certification and program support services through its Protective Services Training Institute.

FUNDS GOING OUT

2. Agency: Capital Metropolitan Transportation Authority
Funds: \$5,308,770
Period: September 1, 2003 through August 31, 2004
Description: Amend the current agreement, whereby Capital Metro provides shuttle bus service for an additional year. In addition, modify by stating University shall compensate Capital Metro through cash compensation and/or in-kind services, the value to equal \$99,520. All other terms and provisions of the agreement shall remain in full force and effect.
3. Agency: Varsity Contractors, Inc.
Funds: \$605,712.72
Period: September 1, 2003 through August 31, 2004
Description: Amend the current agreement, whereby Varsity Contractors, Inc. provides custodial services for U. T. Austin for an additional year. The original contract period began September 1, 2002 for the amount of \$688,855.

CONTRACTS (CONTINUED)

GENERAL CONTRACTS (CONTINUED)

FOREIGN CONTRACT

4. Agency: The Hebrew University of Jerusalem
Funds: \$87,500
Period: August 24-30, 2003
Description: Executive Development Program Agreement between Executive Education and The Hebrew University of Jerusalem for a one-week international executive program held in Austin.

AMENDMENTS TO THE 2003-04 BUDGET

APPOINTMENTS AND PROMOTIONS

The following Requests for Budget Change (RBC) have been administratively approved by the Executive Vice Chancellor for Academic Affairs and are recommended for approval by the U. T. Board of Regents.

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

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
SCHOOL OF ARCHITECTURE					
Associate Professor and Harwell Hamilton Harris Regents Fellow in Architecture					
1. Louise Harpman (T)	9/1-5/31	100	09	70,000	1
	9/1-5/31	SUPLT	09	6,000	
Associate Professor					
2. Carl Matthews (T)	9/1-5/31	100	09	65,000	2
COLLEGE OF EDUCATION					
Special Education					
3. William A. Myers (T)	9/1-5/31	100	09	44,404	17
SCHOOL OF LAW					
4. David A. Anderson (T)					6
From: Thompson & Knight Centennial Professorship in Law		100	09	159,151	
Professorship Supplement		SUPLT	09	11,000	
To: Fred & Emily Marshall Wulf Centennial Chair in Law	9/1-5/31	100	09	159,151	
Chair Supplement	9/1-5/31	SUPLT	09	11,000	

AMENDMENTS TO THE 2003-04 BUDGET (CONTINUED)

APPOINTMENTS AND PROMOTIONS (CONTINUED)

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
SCHOOL OF LAW (Continued)					
5. Ernest A. Young (T)					7
From: Professor		100	09	118,500	
To: Judge Benjamin Harrison Powell Professorship in Law and Professor	9/1-5/31	100	09	118,500	
6. R. Anthony Reese (T)					8
From: Professor		100	09	107,882	
To: The Thomas W. Gregory Professorship in Law and Professor	9/1-5/31	100	09	107,882	
COLLEGE OF LIBERAL ARTS					
Economics					
7. Russell W. Cooper (T)					
From: Professor	9/1-5/31	100	09	190,000	9
To: Fred Hofheinz Regents Professorship In Economics and Professor	9/1-5/31	100	09	190,000	
Professorship Supplement	9/1-5/31	SUPLT	09	25,000	
and Murray S. Johnson Fellow in Economics Supplement	9/1-5/31	SUPLT	09	5,000	

AMENDMENTS TO THE 2003-04 BUDGET (CONTINUED)

APPOINTMENTS AND PROMOTIONS (CONTINUED)

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
COLLEGE OF LIBERAL ARTS (Continued)					
English					
8. Anthony C. Hilfer (T)					
From: Professor	9/1-5/31	100	09	73,000	12
To: Iris Howard Regents Professorship #1 and Professor	9/1-5/31	100	09	73,000	
9. Michael B. Winship (T)					
From: Professor	9/1-5/31	100	09	68,000	13
To: Iris Howard Regents Professorship #2 and Professor	9/1-5/31	100	09	68,000	
COLLEGE OF NATURAL SCIENCES					
Marine Sciences					
Professor Emeritus					
10. Donald E. Wohlschlag	9/1-5/31				18
Geological Sciences					
Morgan J. Davis Centennial Chair in Petroleum and Fred M. Bullard Fellow in Geological Sciences and Professor					
11. Ronald J. Steel (T)	9/1-5/31	100	09	100,000	4
	9/1-5/31	SUPLT	09	37,000	
Associate Professor					
12. John E. McCray (T)	9/1-5/31	100	09	70,000	5

AMENDMENTS TO THE 2003-04 BUDGET (CONTINUED)

TRANSFERS OF FUNDS

<u>Description</u>	<u>\$ Amount</u>	<u>RBC #</u>
DESIGNATED FUNDS		
Dean of Liberal Arts Instructional Resource Fee		
13. Amount of Transfer:	806,026	21
From: Operating Income		
To: Dean's Office Other Expenses		
<p>Transfer from income to expenditure account for Computer Information Center management charges. The Instructional Resource Fee income account was funded by transfer from the College of Liberal Arts Flat Rate Tuition Fee Distribution account.</p>		
The University of Texas Elementary Charter School		
14. Amount of Transfer:	629,284	10
From: Operating Income	629,284	
To: Faculty Salaries	257,861	
Admin. and Prof. Salaries	70,833	
Classified Salaries	93,227	
Wages	39,156	
Maintenance and Operation	69,479	
Fringe Benefits	96,728	
Travel	2,000	
<p>To set up a budget for FY 2003-04 for the U. T. Elementary Charter School. Funding will come from the Texas Education Agency daily attendance distributions.</p>		

AMENDMENTS TO THE 2002-03 BUDGET

TRANSFERS OF FUNDS

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

<u>Description</u>	<u>\$ Amount</u>	<u>RBC #</u>
SERVICE DEPARTMENT FUNDS		
U. T. System Office of Telecommunications Services		
1. Amount of Transfer:	600,000	123

From: Operating Income

To: Maintenance, Operation, and Equipment

Income from network service fees transferred to expenditure account for immediate use. Expenditures include payments of monthly circuit costs.

OTHER MATTER

APPROVAL OF DUAL POSITION OF HONOR, TRUST, OR PROFIT

The following item has been approved by the Executive Vice Chancellor for Academic Affairs in accordance with the Regents' Rules and Regulations, Part One, Chapter III, Section 13 and is submitted for approval by the U. T. Board of Regents. It has been determined that the holding of this position is of benefit to the State of Texas and The University of Texas and there is no conflict between holding the position and the appointment of Dr. Peppas with The University of Texas at Austin. By approval of this item, the Board is also asked to find that holding this position is of benefit to the State of Texas and The University of Texas and there is no conflict between the position and the University appointment.

- | | |
|---------------|---|
| Name: | Dr. Nikolaos A. Peppas |
| Title: | Professor, Chemical, Biochemical Engineering and
Pharmaceutics |
| Position: | President Bush's Nanotechnology Technical Advisory Group |
| Period: | August 1, 2003 through July 31, 2005 |
| Compensation: | None |
| Description: | President George W. Bush invited Dr. Peppas to serve on the
Nanotechnology Technical Advisory Group. This group will
assist the President's Council of Advisors on Science and
Technology in its review of federal nanotechnology research
and development programs. The group will be a source of
technical facts and information as needed by the Council. |

U. T. DALLAS

AMENDMENTS TO THE 2003-04 BUDGET

APPOINTMENTS AND PROMOTIONS

The following Requests for Budget Change (RBC) have been administratively approved by the Executive Vice Chancellor for Academic Affairs and are recommended for approval by the U. T. Board of Regents.

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

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
ERIK JONSSON SCHOOL OF ENGINEERING AND COMPUTER SCIENCE					
Professor					
1. Bruce E. Gnade (T)	9/1-5/31	100	09	125,000	2
2. Robert M. Wallace (T)	9/1-5/31	100	09	115,000	3
Associate Professor					
3. Moon J. Kim (T)	9/1-5/31	100	09	95,000	4
4. Don W. Shaw (T)					6
From: Professor (T)					
To: Professor Emeritus	9/1-5/31				
SCHOOL OF NATURAL SCIENCES AND MATHEMATICS					
5. John P. Ferraris (T)					5
From: Professor and Program Head		100	09	115,000	
To: Professor (ad interim) Dean	9/1-5/31	100	09	130,000	

AMENDMENTS TO THE 2002-03 BUDGET

APPOINTMENTS AND PROMOTIONS

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
SCHOOL OF ARTS AND HUMANITIES					
Professor					
1. Thomas P. Riccio (T)	8/1-8/31	100	09	90,000	16
SCHOOL OF SOCIAL SCIENCES					
Associate Professor					
2. Bruce A. Jacobs (T)	8/1-8/31	100	09	75,000	17
ERIK JONSSON SCHOOL OF ENGINEERING AND COMPUTER SCIENCE					
Associate Professor					
3. Naofal M. Al-Dhahir (T)	8/15-8/31	100	09	90,000	18

U. T. EL PASO

AMENDMENTS TO THE 2002-03 BUDGET

APPOINTMENTS AND PROMOTIONS

The following Requests for Budget Change (RBC) have been administratively approved by the Executive Vice Chancellor for Academic Affairs and are recommended for approval by the U. T. Board of Regents.

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

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
COLLEGE OF EDUCATION					
Office of the Dean, Teacher Education, Chicano Studies Program					
1. Josefina V. Tinajero (T)					36
From: Interim Dean and Professor		100 WOS	12 09	101,764 70,040	
To: Dean and Professor	6/1-8/31 9/1-5/31	100 WOS	12 09	125,000 70,040	
COLLEGE OF ENGINEERING					
Civil Engineering, Environmental Science and Engineering, and Materials Science/Engineering					
2. John Walton (T)					38
From: Professor		100	09	80,000	
To: Professor and Director of Center for Environmental Resource Management	9/1-5/31	100	09	80,000	

AMENDMENTS TO THE 2002-03 BUDGET (CONTINUED)

APPOINTMENTS AND PROMOTIONS (CONTINUED)

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
COLLEGE OF ENGINEERING (Continued)					
Dean, College of Engineering and Professor of Civil Engineering					
3. Barry Benedict (T)					39
Dean	8/1-8/31	100	12	155,000	
Professor	8/1-8/31	WOS	09	90,000	

U. T. PAN AMERICAN
AMENDMENTS TO THE 2003-04 BUDGET

APPOINTMENTS AND PROMOTIONS

The following Requests for Budget Change (RBC) have been administratively approved by the Executive Vice Chancellor for Academic Affairs and are recommended for ratification by the U. T. Board of Regents.

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

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
COLLEGE OF SCIENCE & ENGINEERING					
Biology					
1. Luis Materon					2
From: Assistant Professor		100	09	49,167	
To: Associate Professor (T)	9/1-5/31	100	09	51,667	
Computer Science					
Professor and Chair					
2. Peter Ng (T)	9/1-5/31	100	09	105,000	3
	9/1-5/31	SUPLT	09	2,000	
Electrical Engineering					
Lloyd Bentsen Endowed Chair and Professor					
3. Charles A. Harlow (T)	9/1-5/31	100	09	102,000	4

AMENDMENTS TO THE 2003-04 BUDGET (CONTINUED)

APPOINTMENTS AND PROMOTIONS (CONTINUED)

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
COLLEGE OF HEALTH SCIENCES & HUMAN SERVICES Social Work Professor					
4. Catherine Ann Faver (T)	9/1-5/31	100	09	62,000	5
COLLEGE OF EDUCATION Educational Leadership Professor					
5. Anita M. Pankake (T)	9/1-5/31	100	09	80,000	6

OTHER FISCAL ITEMS

EMPLOYMENT AGREEMENTS

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

1. Item: Head Men's Golf Coach
Funds: \$26,420.45 annually
Period: August 25, 2003 through June 30, 2004
Description: Agreement for employment of Head Golf Coach, Andrew Scott, for the above designated period following the standard coach's employment contract prepared by the Office of General Counsel.

U. T. PERMIAN BASIN

APPOINTMENT, REAPPOINTMENT OR PROMOTION OF RELATIVES AND MARRIAGE OF CERTAIN EMPLOYEES

The following personnel actions involving the appointment, reappointment or promotion of relatives have been administratively approved by the Executive Vice Chancellor for Academic Affairs. The personnel actions are consistent with the provisions of State law and the Regents' Rules and Regulations Part One, Chapter III, Section 5.

College, Department, Title, Name

College, Department, Title, Name

PROPOSED APPOINTMENT

RELATIVE

1. President
W. David Watts
2. Learning Resource Center
Director
Charlene Shults
3. Information Resources Division
Assistant Vice President/Director
J. Keith Yarbrough

- President's Office
Associate to the Chief
Administrative Officer
Denise Watts (spouse)*
- Learning Resource Center
Professional Librarian
Terrance Shults (spouse)
- Information Resources Division
System Analyst II
Mary Yarbrough (spouse)

* Dr. Denise Watts is not listed in the budget as she is appointed without compensation.

U. T. TYLER

AMENDMENTS TO THE 2003-04 BUDGET

APPOINTMENTS AND PROMOTIONS

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

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

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
DEPARTMENT OF BUSINESS ADMINISTRATION Accounting Professor Emeritus 1. James H. Sellers	9/1-8/31				1

U. T. SOUTHWESTERN MEDICAL CENTER - DALLAS

GIFTS

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

1. Donor Name: Abbott Laboratories
College/School/ Department: Department of Continuing Education
Purpose: To support the continuing education activity entitled, "Biologic Disease Modifying Arthritis Drugs Changing the Paradigm in Rheumatoid Arthritis Care"
Asset Type: Cash
Value: \$900,000

2. Donor Name: Southwestern Medical Foundation
Purpose: To support the Mobility Foundation Center Fund for stroke and spinal cord injury research under the direction of Dr. Duke S. Samson
Asset Type: Cash
Value: \$600,000

AMENDMENTS TO THE 2002-03 BUDGET

APPOINTMENTS AND PROMOTIONS

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

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

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
SOUTHWESTERN MEDICAL SCHOOL					
Pediatrics					
1. Gail E. Tomlinson (T)					34
From: Professor		100	12	140,000	
To: Professor and Children's Cancer Fund Distinguished Professorship in Pediatric Oncology	6/1-8/31	100	12	140,000	

U. T. MEDICAL BRANCH – GALVESTON

GIFTS

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

1. Donor Name: The Sealy & Smith Foundation
College/School/ Department: John Sealy Hospital
Purpose: Payment on \$6,101,452 grant for the purchase of hospital equipment
Asset Type: Cash
Value: \$3,334,176

2. Donor Name: The Sealy & Smith Foundation
College/School/ Department: School of Medicine
Purpose: Payment on the \$3,000,000 grant for implementation of the Private Adult Community Practice
Asset Type: Cash
Value: \$1,000,000

3. Donor Name: The Sealy & Smith Foundation
College/School/ Department: Research Department
Purpose: Payment in full of the \$1,000,000 grant for the establishment of the John Sealy Distinguished Chair in Clinical Research
Asset Type: Cash
Value: \$1,000,000

CONTRACTS

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

GENERAL CONTRACTS

FUNDS COMING IN

1. Agency: Brazoria County, Texas
Funds: \$3,120,000
Period: October 16, 2003 through September 30, 2005
Description: The University of Texas Medical Branch at Galveston will provide health care and administrative services associated with primary care and required hospital services to inmates of Brazoria County Jail.
2. Agency: Correctional Managed Health Care Committee
Funds: \$63,138,728
Period: September 1, 2003 through November 30, 2003
Description: Amendment to extend the term of the agreement for an additional three-month period. The University of Texas Medical Branch at Galveston provides health care to inmates for and on behalf of the Texas Department of Criminal Justice.
3. Agency: Interagency Council on Early Childhood Intervention
Funds: \$1,383,032
Period: September 1, 2003 through August 31, 2004
Description: The University of Texas Medical Branch at Galveston will continue a program of early childhood intervention services for children with developmental delay in the approved service area and will continue a program to fund respite services for families of children enrolled in early childhood intervention comprehensive services.
4. Agency: Texas Department of Criminal Justice
Funds: \$1,100,000
Period: September 1, 2003 through August 31, 2005
Description: The University of Texas Medical Branch at Galveston will provide meals to assigned inmates and staff while at the Galveston Texas Department of Criminal Justice Hospital.

CONTRACTS (CONTINUED)

GENERAL CONTRACTS (CONTINUED)

FUNDS COMING IN (CONTINUED)

5. Agency: Texas Department of Health
Funds: \$1,227,478
Period: September 1, 2003 through August 31, 2004
Description: The University of Texas Medical Branch at Galveston will promote public safety and injury prevention through well-coordinated poison control activities within the State of Texas.
6. Agency: Texas Department of Health
Funds: \$1,760,000
Period: September 1, 2003 through August 31, 2004
Description: The University of Texas Medical Branch at Galveston will provide family planning services to Title XX eligible individuals.

FUNDS GOING OUT

7. Agency: Cable & Wireless Omnes
Funds: Prices and fees as per amendment, approximately \$37,200,000
Period: July 1, 2003 through June 30, 2006
Description: Amendment to exercise Option 1 of the agreement dated June 30, 1999 to extend the term of the agreement for an additional three-year period. Cable & Wireless Omnes provides all related necessary and appropriate services in connection with U. T. Medical Branch - Galveston's Information Technology Infrastructure Initiative.

AMENDMENTS TO THE 2002-03 BUDGET

APPOINTMENTS AND PROMOTIONS

The following Requests for Budget Change (RBC) have been administratively approved by the Acting Executive Vice Chancellor for Health Affairs and are recommended for approval by the U. T. Board of Regents.

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

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
SCHOOL OF MEDICINE					
Pharmacology and Toxicology					
Robert A. Welch Distinguished University Chair in Chemistry and Professor					
1. Scott R. Gilbertson (T)	7/1-8/31	100	12	160,000	37
Surgery					
2. William H. Nealon (T)					38
From: Professor		100	12	267,000	
To: Leonard and Maria Louise Aronsfeld Rosoff Professorship in Surgery and Professor	7/1-8/31	100	12	267,000	
Pediatrics; Sealy Center for Vaccine Development (WOS) Professor, Senior Scientist					
3. Don Mark Estes (T)	7/1-8/31	100	12	115,000	36

U. T. HEALTH SCIENCE CENTER - HOUSTON

GIFTS

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

- | | |
|--------------------------------|---|
| Donor Name: | The Cullen Trust for Higher Education |
| College/School/
Department: | Institution |
| Purpose: | To support the New Frontiers Campaign for capital use in
the construction of the Institute of Molecular Medicine for the
Prevention of Human Diseases |
| Asset Type: | Cash |
| Value: | \$666,666 |

AMENDMENTS TO THE 2002-03 BUDGET

APPOINTMENTS AND PROMOTIONS

The following Requests for Budget Change (RBC) have been administratively approved by the Acting Executive Vice Chancellor for Health Affairs and are recommended for approval by the U. T. Board of Regents.

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

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
MEDICAL SCHOOL					
Integrative Biology					
1. Stanley Schultz (T)					41
From: Professor and Fondren Chair in Cellular Signaling and Vice Chair in Integrative Biology		100	12	178,041	
To: Interim Dean, Professor and Fondren Chair in Cellular Signaling and Vice Chair in Integrative Biology	7/7-8/31	100	12	178,041	
MEDICAL SCHOOL					
Dean					
2. L. Maximilian Buja (T)					43
From: Dean and H. Wayne Hightower Distinguished Professor in the Medical Sciences		100 SUPLT	12 12	314,747 57,000	
ADMINISTRATIVE SUPPORT					
To: Executive Vice President for Academic Affairs and H. Wayne Hightower Distinguished Professor	7/7-8/31 7/7-8/31	100 SUPLT	12 12	314,747 57,000	

AMENDMENTS TO THE 2002-03 BUDGET (CONTINUED)

APPOINTMENTS AND PROMOTIONS (CONTINUED)

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
MEDICAL SCHOOL					
Integrative Biology					
3. Peter J. Davies (T)					44
From: Professor		100	12	147,218	
ADMINISTRATIVE SUPPORT					
To: Executive Vice President, Research Affairs	7/7-8/31	100	12	147,218	
MEDICAL SCHOOL					
Integrative Biology					
4. Gilbert Castro (T)					45
From: Professor, Interim Executive Vice President for Research and Academic Affairs		100 SUPLT	12 12	190,621 75,000	
ADMINISTRATIVE SUPPORT					
To: Vice President, Academic Affairs	7/7-8/31	100 SUPLT	12 12	190,621 75,000	

AMENDMENTS TO THE 2002-03 BUDGET (CONTINUED)

TRANSFERS OF FUNDS

<u>Description</u>	<u>\$ Amount</u>	<u>RBC #</u>
HARRIS COUNTY HOSPITAL DISTRICT		
5. Amount of Transfer:	649,753	40

From: Harris County Hospital District Contract

To: Medical Services Research and
Development Plan

Contractual revenue from Harris County Hospital District for
Medical Services Research and Development Plan.

OTHER MATTERS (CONTINUED)

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

3. Name: Thomas F. Patterson, M.D.
Title: Professor in the Department of Medicine – Infectious Diseases
Position: Member of the Veterans Affairs Merit Review Subcommittee for Infectious Diseases
Period: September 2003 through September 2006
Compensation: None
Description: On March 26, 2003, Zaheer Parvez, Ph.D., Health Science Specialist and Executive Secretary of Veterans Affairs Medical Research Service notified Dr. Patterson that he had been selected to serve as a member of the Veterans Affairs Merit Review Subcommittee for Infectious Diseases.

U. T. M. D. ANDERSON CANCER CENTER

GIFTS

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

1. Donor Name: Commonwealth Foundation for Research on behalf of Mr. & Mrs. William H. Goodwin, Jr. (Gift #1)
College/School/
Department: Translational Research
Purpose: Cancer Research
Asset Type: Cash
Value: \$1,250,000

2. Donor Name: Commonwealth Foundation for Research on behalf of Mr. & Mrs. William H. Goodwin, Jr. (Gift #2)
College/School/
Department: Translational Research
Purpose: Cancer Research
Asset Type: Cash
Value: \$1,250,000

3. Donor Name: The Farmer Family Foundation
College/School/
Department: President's Office
Purpose: President's Excellence
Asset Type: Cash
Value: \$1,000,000

4. Donor Name: Sidney & Charline Dauphin Foundation
College/School/
Department: Cancer Prevention
Purpose: Cancer Prevention Research
Asset Type: Cash
Value: \$1,000,000

CONTRACTS

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

GENERAL CONTRACTS

FUNDS COMING IN

1. Agency: State of Louisiana, Division of Administration, Office of Group Benefits (OGB)
Funds: Provider's reimbursement for covered services rendered to individuals shall be paid by OGB at 200% of the current year relative value rate based system. Unlisted services will be reimbursed at 70% of Provider's billed charges.
Period: July 1, 2002 through June 30, 2004
Description: Preferred Provider Physician Contract
2. Agency: State of Louisiana, Division of Administration, Office of Group Benefits (OGB)
Funds: Hospital's reimbursement for covered hospital services, excluding bone marrow transplant services, rendered to a Plan Participant shall be paid by OGB at 80% of Hospital's customary billed charges.
Period: July 1, 2002 through June 30, 2004
Description: Preferred Provider Hospital Contract

FUNDS GOING OUT

3. Agency: LanVison, Inc.
Funds: \$3,672,783
Period: February 1, 2003 through March 31, 2005
Description: Medical Records Document Imaging Application Service Provider Services. The vendor was selected from five bidders: MedPlus from Cincinnati, Ohio; Inphase International from Tempe, Arizona; FYI Health Serve from Forth Worth, Texas; MD Docs from Houston, Texas; and LanVision, Inc., from Cincinnati, Ohio, following a competitive bid process.

AMENDMENTS TO THE 2003-04 BUDGET

APPOINTMENTS AND PROMOTIONS

The following Requests for Budget Change (RBC) have been administratively approved by the Acting Executive Vice Chancellor for Health Affairs and are recommended for approval by the U. T. Board of Regents.

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

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
THE TUMOR INSTITUTE – MEDICAL					
GI Medicine & Nutrition					
1. Robert Bresalier (T)					2
From: Chair, Professor		100	12	312,000	
To: Chair, Professor and Birdie J. & Lydia J. Resoft Distinguished Professorship	9/1-8/31	100	12	315,000	
Bioimmunotherapy - Research					
2. Lawrence Lachman (T)					6
From: Professor		70	12	98,980	
To: Professor	9/1-8/31	100	12	141,400	

AMENDMENTS TO THE 2003-04 BUDGET (CONTINUED)

APPOINTMENTS AND PROMOTIONS (CONTINUED)

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
THE TUMOR INSTITUTE – MEDICAL					
EVP & COO – Patient Care					
3. Thomas Burke (T)					1
From: Vice President, Medical Affairs and Professor		100	12	349,500	
To: Vice President, Chief Medical Officer and Professor	9/1-8/31	100	12	400,000	
Gynecologic Oncology					
4. Michele Follen (T)					3
From: Professor and Boon Pickens Distinguished Professorship for Early Prevention of Cancer		100	12	336,461	
To: Professor and Boon Pickens Chair for Early Cancer Prevention	9/1-8/31	100	12	339,461	
Neurosurgery – Research					
5. Seiji Kondo					7
From: Associate Professor		100	12	104,000	
To: Associate Professor (T)	9/1-8/31	100	12	104,000	

AMENDMENTS TO THE 2003-04 BUDGET (CONTINUED)

APPOINTMENTS AND PROMOTIONS (CONTINUED)

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
THE TUMOR INSTITUTE – CANCER PREVENTION					
Epidemiology					
6. Robert M. Chamberlain (T)					4
From: Professor and Associate Health Educator		100	12	173,445	
To: Ashbel Smith Professor and Associate Health Educator	9/1-8/31	100	12	173,445	
THE TUMOR INSTITUTE – RESEARCH					
Molecular Genetics					
7. Emanuel Murgola					5
From: Professor		100	12	150,688	
To: Professor	9/1-8/31	100	12	165,000	

AMENDMENTS TO THE 2002-03 BUDGET

APPOINTMENTS AND PROMOTIONS

The following Requests for Budget Change (RBC) have been administratively approved by the Acting Executive Vice Chancellor for Health Affairs and are recommended for approval by the U. T. Board of Regents.

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

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
THE TUMOR INSTITUTE – MEDICAL STAFF					
Melanoma Medical Oncology Chairman and Professor					
1. Patrick Hwu (T)	8/1-8/31	100	12	270,000	60
2. Agop Bedikian (T)					59
From: Chairman (ad interim), Professor		100 SUPLT	12	216,138 12,000	
To: Professor	8/1-8/31	100	12	216,138	
Diagnostic Radiology Professor					
3. Rajendra Kumar (T)	7/1-8/31	100	12	250,000	58

OTHER MATTERS

APPROVAL OF DUAL POSITIONS OF HONOR, TRUST, OR PROFIT

The following items have been approved by the Acting Executive Vice Chancellor for Health Affairs in accordance with the Regents' Rules and Regulations, Part One, Chapter III, Section 13 and are recommended for approval by the U. T. Board of Regents. It has been determined that the holding of these positions are of benefit to the State of Texas and The University of Texas and there is no conflict between holding these positions and the appointment of Mr. Leach with The University of Texas M. D. Anderson Cancer Center. By approval of this item, the Board is also asked to find that holding these positions are of benefit to the State of Texas and The University of Texas and there is no conflict between these positions and the University appointments.

1. Name: Mr. Leon Leach
Title: Executive Vice President
Position: Appointment to the Texas Board of Mental Health and Mental Retardation
Period: Upon Board approval until January 31, 2009
Compensation: None
Description: On August 21, 2003, Governor Rick Perry appointed Mr. Leach to the Texas Board of Mental Health and Mental Retardation. The Board aims to improve the quality and efficiency of services for Texans with mental illnesses and with mental retardation.

U. T. HEALTH CENTER - TYLER

CONTRACTS

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

GENERAL CONTRACTS

FUNDS GOING OUT

1. Agency: Southwestern Bell Telephone Company (SBC)
Funds: \$1,610,670
Period: Contract to be executed within two weeks following Board approval and effective for 60 (sixty) months thereafter
Description: SBC will supply U. T. Health Center – Tyler with Internet aggregation service. The vendor was selected from three bidders: SBC and Cox Communications from Tyler, Texas, and Allegiance Telecom from Greenbelt, Maryland, following a competitive bid process.