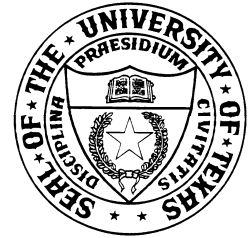

THE UNIVERSITY OF TEXAS
SYSTEM ADMINISTRATION
ALLOCATION OF PERMANENT UNIVERSITY FUND
BOND PROCEEDS RESERVES FOR
LIBRARY, EQUIPMENT, REPAIR AND REHABILITATION
AND FACULTY STARS



FISCAL YEAR ENDING AUGUST 31, 2009

Adopted by the U. T. System Board of Regents
August 14, 2008

**The University of Texas System
Fiscal Year 2009
RESERVE ALLOCATIONS FOR LIBRARY, EQUIPMENT, REPAIR AND REHABILITATION
AND FACULTY SCIENCE AND TECHNOLOGY ACQUISITION AND RETENTION (STARs)**

Summary

	PUF Allocation			
	Library & Equipment	Repair & Rehabilitation	Faculty STARs Program	Total
Academic Institutions				
University of Texas at Arlington	\$ 613,850	1,523,000	-	2,136,850
University of Texas at Austin	250,000	4,244,150	-	4,494,150
University of Texas at Dallas	450,000	1,700,000	-	2,150,000
University of Texas at El Paso	1,525,000	645,000	-	2,170,000
University of Texas of the Permian Basin	830,000	-	-	830,000
University of Texas at San Antonio	-	2,238,000	-	2,238,000
University of Texas at Tyler	91,000	720,000	-	811,000
Subtotal Academic Institutions	<u>3,759,850</u>	<u>11,070,150</u>	<u>-</u>	<u>14,830,000</u>
Health Institutions				
University of Texas Southwestern Medical Center at Dallas	-	1,975,000	-	1,975,000
University of Texas Medical Branch at Galveston	1,050,000	1,000,000	-	2,050,000
University of Texas Health Science Center at Houston	175,000	1,800,000	-	1,975,000
University of Texas Health Science Center at San Antonio	1,000,000	1,000,000	-	2,000,000
University of Texas M. D. Anderson Cancer Center	-	1,975,000	-	1,975,000
University of Texas Health Science Center at Tyler	-	1,995,000	-	1,995,000
Subtotal Health Institutions	<u>2,225,000</u>	<u>9,745,000</u>	<u>-</u>	<u>11,970,000</u>
University of Texas System Administration				
UT System Academic Libraries Collection Enhancement	2,700,000	-	-	2,700,000
Faculty STARs Program	-	-	20,000,000	20,000,000
Subtotal System Administration	<u>2,700,000</u>	<u>-</u>	<u>20,000,000</u>	<u>22,700,000</u>
Collaborative Projects				
University of Texas at El Paso	500,000	-	-	500,000
Subtotal Collaborative Projects	<u>500,000</u>	<u>-</u>	<u>-</u>	<u>500,000</u>
Grand Total	\$ <u>9,184,850</u>	<u>20,815,150</u>	<u>20,000,000</u>	<u>50,000,000</u>

**The University of Texas System
Fiscal Year 2009
RESERVE ALLOCATIONS FOR LIBRARY, EQUIPMENT, REPAIR & REHABILITATION
AND FACULTY SCIENCE AND TECHNOLOGY ACQUISITION AND RETENTION (STARs)**

INSTITUTION/NAME OF PROJECT	LIBRARY AND EQUIPMENT		REPAIR AND REHABILITATION		FACULTY STARS
	TOTAL PROJECT COST	PUF ALLOCATED	TOTAL PROJECT COST	PUF ALLOCATED	PUF ALLOCATED
ACADEMIC INSTITUTIONS					
University of Texas at Arlington					
Magnusson Nano Photonics Office and Laboratory Complex	-	-	1,000,000	600,000	
Tunnel Sump Pump Replacement	-	-	110,000	110,000	
Fine Arts - Roof Replacement	-	-	325,000	325,000	
Music Recording Studio	-	-	300,000	300,000	
Nedderman Building North - Roof Replacement	-	-	188,000	188,000	
Replacement of Student Workstations in the School of Architecture	85,000	75,000	-	-	
Theatre Arts - Lighting Equipment	88,250	88,250	-	-	
Facilities Inventory Tracking and Reporting	150,000	150,000	-	-	
SUPA Computer Lab Update and Rehabilitation	43,600	43,600	-	-	
College of Business Equipment and Software	264,048	100,000	-	-	
Computers for Computer Science and Engineering Courses	55,000	55,000	-	-	
Undergraduate Systems Lab in the Dept. of Electrical Engineering	102,000	102,000	-	-	
TOTAL	\$ 787,898	613,850	1,923,000	1,523,000	-
University of Texas at Austin					
Engineering Science Building Fire Safety	-	-	1,200,000	1,200,000	
Sid Richardson Hall Fire Safety	-	-	450,000	450,000	
Engineering Teaching Center Fire Safety	-	-	900,000	900,000	
College of Business Administration Fire Safety	-	-	200,000	200,000	
Chemical and Petroleum Engineering Building Fire and Life Safety	-	-	200,000	200,000	
Ernest Cockrell Jr. Hall Fire Safety	-	-	1,800,000	1,294,150	
UT Teach Engineering	250,000	250,000	-	-	
TOTAL	\$ 250,000	250,000	4,750,000	4,244,150	-
University of Texas at Dallas					
Conference Center Roof Replacement	-	-	900,000	900,000	
Arts and Technology Program Computer Equipment	450,000	450,000	-	-	
Hoblitzelle Hall Roof Replacement	-	-	600,000	600,000	
Lightning Protection	-	-	100,000	100,000	
HVAC - Air Handler Coil Replacement, Phase I	-	-	250,000	100,000	
TOTAL	\$ 450,000	450,000	1,850,000	1,700,000	-

**The University of Texas System
Fiscal Year 2009
RESERVE ALLOCATIONS FOR LIBRARY, EQUIPMENT, REPAIR & REHABILITATION
AND FACULTY SCIENCE AND TECHNOLOGY ACQUISITION AND RETENTION (STARs)**

INSTITUTION/NAME OF PROJECT	LIBRARY AND EQUIPMENT		REPAIR AND REHABILITATION		FACULTY STARS
	TOTAL PROJECT COST	PUF ALLOCATED	TOTAL PROJECT COST	PUF ALLOCATED	PUF ALLOCATED
University of Texas at El Paso					
Life Safety Egress and Stairwell Improvements, Phase II	-	-	200,000	200,000	
Public Announcement System	200,000	200,000	-	-	
Research and Technology Infrastructure for New Faculty	750,000	750,000	-	-	
Technology Infrastructure Upgrade	500,000	500,000	-	-	
Physical Therapy Program Equipment	75,000	75,000	-	-	
Repair/Replace Electrical Systems at Various Buildings	-	-	120,000	120,000	
Accessibility Improvements in Various Buildings, Phase I	-	-	150,000	150,000	
Replace Transformers and Switches at Various Locations on Campus	-	-	175,000	175,000	
TOTAL	\$ 1,525,000	1,525,000	645,000	645,000	-
University of Texas of the Permian Basin					
Local Area Network Core Equipment Replacement	120,000	120,000	-	-	
Library Collections	235,000	235,000	-	-	
Data Communications Laboratory	140,000	140,000	-	-	
Instructional Technology Refresh	60,000	60,000	-	-	
Personal Computer Technology Refresh	275,000	275,000	-	-	
TOTAL	\$ 830,000	830,000	-	-	-
University of Texas at San Antonio					
Physical Education Building Fire Suppression	-	-	450,000	450,000	
Expansion of Library Collection Shelving	-	-	630,000	630,000	
Student Safety and Security	-	-	508,000	508,000	
ADA Access	-	-	150,000	150,000	
Science Building Teaching Lab Safety Rehabilitation	-	-	654,000	500,000	
TOTAL	\$ -	-	2,392,000	2,238,000	-
University of Texas at Tyler					
Safety, Security, and Emergency Response Systems I	91,000	91,000	-	-	
Safety, Security, and Emergency Response Systems II	-	-	450,000	450,000	
ADA Improvements	-	-	100,000	100,000	
Library Renovations	-	-	170,000	170,000	
TOTAL	\$ 91,000	91,000	720,000	720,000	-
SUBTOTAL - ACADEMICS		\$ 3,759,850		11,070,150	-

**The University of Texas System
Fiscal Year 2009
RESERVE ALLOCATIONS FOR LIBRARY, EQUIPMENT, REPAIR & REHABILITATION
AND FACULTY SCIENCE AND TECHNOLOGY ACQUISITION AND RETENTION (STARs)**

INSTITUTION/NAME OF PROJECT	LIBRARY AND EQUIPMENT		REPAIR AND REHABILITATION		FACULTY STARS
	TOTAL PROJECT COST	PUF ALLOCATED	TOTAL PROJECT COST	PUF ALLOCATED	PUF ALLOCATED
HEALTH INSTITUTIONS					
University of Texas Southwestern Medical Center at Dallas					
Renovation of Lab and Office Space I	-	-	1,000,000	500,000	
Renovation of Lab and Office Space II	-	-	1,000,000	500,000	
Renovation of Lab and Office Space III	-	-	626,888	313,444	
Renovation of Lab and Office Space IV	-	-	856,438	428,219	
Renovation of Lab and Office Space V	-	-	516,674	233,337	
TOTAL	\$ -	-	4,000,000	1,975,000	-
University of Texas Medical Branch at Galveston					
Fire and Life Safety (High Priority Projects)	-	-	1,000,000	1,000,000	-
Information and Education Resources Enhancement	2,608,607	1,050,000	-	-	
TOTAL	\$ 2,608,607	1,050,000	1,000,000	1,000,000	-
University of Texas Health Science Center at Houston					
University Center Tower Emergency Generator Replacement Systems	-	-	1,200,000	1,200,000	
Dental Branch Building Emergency Generator Replacement Systems	-	-	600,000	600,000	
Consolidated Desktop Management	175,000	175,000	-	-	
TOTAL	\$ 175,000	175,000	1,800,000	1,800,000	-
University of Texas Health Science Center at San Antonio					
Fire and Life Safety (High Priority Projects)	-	-	1,000,000	1,000,000	
Information Technology Infrastructure Upgrades	2,000,000	1,000,000	-	-	
TOTAL	\$ 2,000,000	1,000,000	1,000,000	1,000,000	-
University of Texas M. D. Anderson Cancer Center					
Campus Flood Hazard Mitigation Project	-	-	1,100,000	900,000	
Bastrop Emergency Water System	-	-	1,000,000	800,000	
Main Campus Fire Alarm A/V Upgrade and Additions	-	-	400,000	275,000	
TOTAL	\$ -	-	2,500,000	1,975,000	-
University of Texas Health Science Center at Tyler					
Campus Complex Interiors Renovation	-	-	1,995,000	1,995,000	
TOTAL	\$ -	-	1,995,000	1,995,000	-
SUBTOTAL - HEALTHS		\$ 2,225,000		9,745,000	-

**The University of Texas System
Fiscal Year 2009
RESERVE ALLOCATIONS FOR LIBRARY, EQUIPMENT, REPAIR & REHABILITATION
AND FACULTY SCIENCE AND TECHNOLOGY ACQUISITION AND RETENTION (STARs)**

<u>INSTITUTION/NAME OF PROJECT</u>	<u>LIBRARY AND EQUIPMENT</u>		<u>REPAIR AND REHABILITATION</u>		<u>FACULTY STARS</u>
	<u>TOTAL PROJECT COST</u>	<u>PUF ALLOCATED</u>	<u>TOTAL PROJECT COST</u>	<u>PUF ALLOCATED</u>	<u>PUF ALLOCATED</u>
SYSTEM ADMINISTRATION					
University of Texas System Administration					
Academic Library Collection Enhancement Program	3,000,000	2,700,000	-	-	
Faculty STARs Program - Academic	-	-	-	-	10,000,000
Faculty STARs Program - Health	-	-	-	-	10,000,000
TOTAL	\$ 3,000,000	2,700,000	-	-	20,000,000
SUBTOTAL - U. T. SYSTEM ADMINISTRATION		\$ 2,700,000		-	20,000,000
COLLABORATIVE PROJECTS					
University of Texas at El Paso					
Exposure of a Mexican-American Community to Lead and Toxic Metals, El Paso, Texas: A UT El Paso - UT HSC - Houston Joint Project in Environmental Health Science	700,000	500,000	-	-	
TOTAL	\$ 700,000	500,000	-	-	-
SUBTOTAL - COLLABORATIVE PROJECTS		\$ 500,000		-	-
TOTAL - U. T. SYSTEM		\$ 9,184,850		20,815,150	20,000,000

THE UNIVERSITY OF TEXAS SYSTEM
LIBRARY, EQUIPMENT, REPAIR AND REHABILITATION
AND FACULTY SCIENCE AND TECHNOLOGY ACQUISITION AND RETENTION (STARS)
BUDGET RULES AND PROCEDURES

For Fiscal Year Ending August 31, 2009

A. INITIAL BUDGET

1. U. T. System institutions are authorized to purchase approved Library and Equipment items and to contract for Repair and Rehabilitation projects following standard purchasing and contracting procedures within approved dollar limits as outlined in *UTS 168 Capital Expenditure Policy*. This includes expenditures for Faculty STARS or similar special programs.
2. Transfers by the U. T. System Administration of allocated funds to institutional control or to vendors will coincide with vendor payment requirements.
3. Final approval of specific Repair and Rehabilitation projects will be in accordance with U. T. System Board of Regents established procedures for construction projects.
4. All expenditures are subject to the provisions of the U. T. System Board of Regents' *Rules and Regulations* for the governance of The University of Texas System.

B. BUDGET AMENDMENTS

1. ITEMS REQUIRING APPROVAL OF THE U. T. SYSTEM ADMINISTRATION AND SUBSEQUENT APPROVAL BY THE U. T. SYSTEM BOARD OF REGENTS THROUGH THE DOCKET
 - a. Substitute Library and Equipment purchases that are not on the approved list.
 - b. Funding for new Repair and Rehabilitation projects that are not on the approved list.
2. ITEMS REQUIRING APPROVAL OF U. T. SYSTEM ADMINISTRATION (NON-DOCKET)
 - a. Transfers of appropriated funds between approved Library and Equipment items.
 - b. Transfers of appropriated funds between Repair and Rehabilitation items.
 - c. Transfers of funds for approved Library and Equipment purchases to fund approved Repair and Rehabilitation projects and vice versa.
 - d. All transfers of funds are subject to the requirements of the *Capital Expenditure Policy* (UTS 168).

C. OTHER CONSIDERATIONS

1. All Library and Equipment or Repair and Rehabilitation appropriations not expended or obligated by contract/ purchase order within six months after the close of the fiscal year for which is was allocated is to lapse and be made available for future System-wide reallocation unless specific authorization to extend the obligation of funds is given by the Associate Vice Chancellor – Controller and Chief Budget Officer on recommendation of the institutional president and the appropriate executive vice chancellor. Such specific authorization will extend the obligation of funds for no more than 12 additional months from the time the extension is granted.
2. All Faculty STARS or similar program appropriations not expended or obligated by contract/ purchase order within eighteen months after the date of award by the appropriate executive vice chancellor are to be available for future System-wide reallocation unless specific authorization to continue obligating the funds is given by the Associate Vice Chancellor – Controller and Chief Budget Officer on recommendation of the institutional president and the appropriate executive vice chancellor. Such specific authorization will extend the obligation of funds for no more than 12 additional months from the time the extension is granted.

THE UNIVERSITY OF TEXAS SYSTEM

**EXPENDITURE GUIDELINES – PERMANENT UNIVERSITY FUND (PUF) BOND PROCEEDS FOR
LIBRARY, EQUIPMENT, REPAIR AND REHABILITATION (LERR)
AND FACULTY SCIENCE AND TECHNOLOGY ACQUISITION AND RETENTION (STARS)**

For Fiscal Year Ending August 31, 2009

A. AUTHORIZATION OF PUF BOND PROCEEDS FOR LERR OR STARS

Article VII, Section 18 (b) of the Texas Constitution authorizes the Board of Regents to issue bonds and notes secured by the U. T. System's interest in the Available University Fund for the purpose of:

- acquiring land, with or without permanent improvements;
- constructing and equipping buildings or other permanent improvements;
- major repair and rehabilitation of buildings and other permanent improvements;
- acquiring capital equipment; and
- acquiring library books and library materials.

It is for the last three purposes noted above that the U. T. System Board of Regents has established the LERR and Faculty STARS Programs.

B. ELIGIBILITY FOR PROGRAM FUNDS

Eligibility for LERR or STARS program funds is the same as eligibility for PUF bond proceeds as set forth in the Constitution. Eligible entities include U. T. System Administration, all U. T. academic institutions except for U. T. Pan American and U. T. Brownsville, and all U. T. health institutions.

C. GENERAL GUIDELINES FOR USE OF PROGRAM FUNDS

In addition to meeting the constitutional requirements outlined above, the general guideline to determine whether an item is eligible for LERR or STARS is that it must have a useful life of at least one year. The following sections are provided to assist with that determination. These guidelines are not intended to be exhaustive and any questions regarding LERR or STARS eligibility should be directed to the U. T. System Administration Office of the Controller.

Repair and Rehabilitation of Buildings or Other Permanent Improvements

Major repairs or rehabilitation of buildings or other permanent improvements include, but are not limited to, repairs, renovations, replacements, or betterments that are normally expected to extend the useful life, improve operating efficiency, eliminate health and safety hazards, correct structural or mechanical defects, upgrade the quality of existing facilities, or convert these assets to more useful functions, but that are not considered routine maintenance.

The cost of major repairs or rehabilitation of buildings or other improvements can include the contract price or cost of construction and other costs that would be applicable to make the building or improvement suitable for its intended use.

Acquisition of Capital Equipment

Capital equipment is generally regarded as nonexpendable, tangible personal property having a useful life of more than one year. The acquisition cost for equipment includes the net invoice price, including any modifications, attachments, accessories, or auxiliary apparatus necessary to make it usable for the purpose for which it is acquired. In addition, taxes, duty, in-transit insurance, freight, and installation charges are also included as part of the acquisition cost. Capital equipment, including software, that will be used system-wide, or between and among U. T. institutions and System Administration, is eligible for LERR or STARs program funds.

Warranties and Similar Service Features

The cost of warranties and similar service features related to a purchase of capital equipment (such as maintenance agreements and loaner programs) may be included in the acquisition cost only if the purchase of such warranty or similar feature is required in connection with the purchase of the related capital equipment and the cost of such warranty or similar feature is included in the net invoice price. The cost of warranties and similar service features that are purchased at the election of the purchasing entity or that are identified separately in a different invoice or on a different line-item of the equipment purchase invoice are considered operating expenses and therefore are not eligible for LERR or STARs program funds.

Software

Any capitalized costs associated with the development or implementation of software, including personnel costs (salaries), are eligible for LERR or STARs. This principle applies whether the salaries are paid to employees of the institution or to outside parties. Training costs related to software usage are discussed below.

The purchase of bundled software included as part of the initial acquisition of computer hardware is capitalizable and therefore eligible for LERR or STARs program funds.

Software maintenance costs are considered operating expenses and therefore are not eligible for LERR or STARs program funds unless the costs are part of the initial cost of the software.

Costs for software licenses that will be permanently owned are eligible for LERR or STARs funds. Leased or licensed software that requires the payment of an annual fee and that will not be owned when the license expires is not eligible for LERR or STARs.

Employee Training and Travel Costs

In some instances, non-recurring costs to train employees to operate new equipment (including software) may be capitalized. In order to determine whether travel and training costs may be capitalized and should be included in the acquisition cost for capital equipment, consideration should be given to whether:

- licensed personnel are required to operate the equipment;
- the equipment poses a danger to public safety;
- training will yield long term benefits to the institution;
- the equipment has been recently introduced and represents the first use of its kind by the institution; and
- the equipment is constructed specifically for the institution or is purchased off the shelf.

For capital equipment constructed specifically for the institution, initial training costs to operate the equipment may be capitalized. For capital equipment purchased off-the-shelf, employee-training costs may be capitalized if they are extraordinary, one-time costs and are expected to yield long-term benefits.

Routine training not attributable to equipment acquisition cannot be capitalized and therefore is not eligible for LERR or STARs.

Acquisition of Library Books and Library Materials

The acquisition of library books and library materials is eligible for LERR. A library book is generally defined as a literary composition bound into a separate volume and identifiable as a separate copyrighted unit. Library materials are information sources other than books, including journals, periodicals, microforms, audio/visual media, computer-based information, manuscripts, maps, documents, and similar items that provide information essential to the learning process or enhance the quality of university library programs.

The acquisition cost of library books and library materials can include the invoice price, freight-in, handling and insurance, binding, electronic access charges, reproduction and other like costs required to put these assets in place, with the exception of library salaries.

Prohibition for Student Housing, Athletics, and Auxiliary Enterprises

The Constitution prohibits the use of PUF bond proceeds, and therefore the use of LERR or STARs program funds, for student housing, intercollegiate athletics, or auxiliary enterprises.

D. SPECIAL PROGRAM FUNDING

Faculty STARs Program

The Faculty STARs program funded by PUF bond proceeds supports the recruitment and retention of the best-qualified faculty at both academic and health institutions by providing additional resources to build and enhance research infrastructure. Because the STARs program is funded in the same manner as LERR, the same guidelines apply and each item must have a useful life of more than one year. STARs funds are available for laboratory renovation and equipment purchases; however, faculty salaries cannot be paid from STARs funds.

There are three related program goals that form the basis of the STARs program:

- to recruit senior faculty with national prominence; and
- to improve the quality of new faculty and research capacity of the institutions by augmenting the start-up packages for tenure and tenure-track faculty; and
- to retain high quality faculty who have had offers from another research institution or have the potential to leave because of limited access to quality equipment or laboratories.

Additional information regarding the STARs program is available from the Office of Academic Affairs.