



TABLE OF CONTENTS FOR MEETING OF THE BOARD

Board Meeting: 5/9-10/2007
Austin, Texas

Board/Committee Meetings

Wednesday, May 9, 2007

COMMITTEE MEETINGS

Academic Affairs Committee.....	9:30-10:30 a.m.
Joint Meeting Academic Affairs and Facilities Planning...	10:30-10:45 a.m.
Facilities Planning and Construction Committee.....	10:45-11:45 a.m.
Lunch.....	11:45-12:15 p.m.
Health Affairs Committee.....	12:15-1:15 p.m.
Finance and Planning Committee.....	1:15-2:15 p.m.
Audit, Compliance, and Management Review Committee.	2:15-3:15 p.m.
A. CONVENE THE BOARD IN OPEN SESSION TO RECESS TO EXECUTIVE SESSION PURSUANT TO TEXAS GOVERNMENT CODE, CHAPTER 551	3:15 p.m. <i>Chairman Huffines</i>
1. Consultation with Attorney Regarding Legal Matters or Pending and/or Contemplated Litigation or Settlement Offers – Section 551.071	
a. U. T. Southwestern Medical Center - Dallas: Legal issues related to the assignment of Master Services Agreements and approval of an Administrative Services Agreement (see Items 1 and 2 on Docket Pages 38-40)	<i>Mr. Burgdorf Ms. Leah Hurley, U. T. Southwestern Medical Center – Dallas</i>
b. U. T. System: Legal issues related to potential participation in the Texas Alliance for Nanotechnology (TxAN) LLC	<i>Mr. Burgdorf Mr. Sanga</i>
c. U. T. System Board of Regents: Discussion with Counsel on pending legal issues including matters related to ongoing investigations	<i>Mr. Burgdorf</i>
2. Personnel Matters Relating to Appointment, Employment, Evaluation, Assignment, Duties, Discipline, or Dismissal of Officers or Employees – Section 551.074	
a. U. T. System Board of Regents: Discussion with Counsel on pending individual personnel issues including matters related to ongoing investigations	<i>Mr. Burgdorf</i>
b. U. T. Medical Branch – Galveston: Discussion regarding individual personnel matters related to the presidential search, including the selection and employment of a president	

COMMITTEE MEETING

Student, Faculty, and Staff Campus Life Committee
(including annual meeting with U. T. System Student
Advisory Council)

8:30-9:45 a.m.

D. RECONVENE THE BOARD IN OPEN SESSION

10:00 a.m.

E. APPROVAL OF MINUTES

F. CONSIDER AGENDA ITEMS

1. **U. T. System Board of Regents: Recognition of
U. T. Dallas Chess Team as National Champions
and Computing Machinery Programming Team**

10:05 a.m.

1

2. **U. T. System Board of Regents: Amendment to the
Regents' Rules and Regulations, Series 10501,
concerning delegation to act on behalf of the Board
and the filing of litigation**

10:15 a.m.

Action

Mr. Burgdorf

1

3. **U. T. System Board of Regents: Amendment of the
Regents' Rules and Regulations, Series 30202, Section 6
related to Deferred Compensation to effectuate a plan-
to-plan transfer of 457(b) voluntary deferred compen-
sation assets from the Employees Retirement System
of Texas to the U. T. System**

10:20 a.m.

Action

Ms. Brown

Mr. Stewart

2

4. **U. T. System Board of Regents: Approval of peer
institutions for use in evaluating appropriate
compensation for U. T. System key executives
(Regents' Rules and Regulations, Series 20203)**

10:25 a.m.

Action

Mr. Andy Lewis,

Mercer Human

Resource Consulting

Mr. Martinez

4

5. **U. T. System: Annual report on research and
technology transfer**

10:40 a.m.

Report

Mr. Sanga

6

6. **U. T. System Board of Regents: Update on the
80th Legislative Session**

10:50 a.m.

Report

Mr. McBee

6

7. **U. T. System: Presentation on the U. T. System-wide
Endowment Compliance Program**

11:00 a.m.

Report

Dr. Safady

Ms. Lynch

7

8. **U. T. System: State of Tomorrow™ preview screening
and presentation**

11:15 a.m.

Report

Dr. Safady

8

G. RECESS FOR MEETINGS OF THE STANDING COMMIT-
TEES AND COMMITTEE REPORTS TO THE BOARD

11:30 a.m.

H. RECONVENE BOARD OF REGENTS AS COMMITTEE OF
THE WHOLE TO ADJOURN

12:00 noon

1. **U. T. System Board of Regents: Recognition of U. T. Dallas Chess Team as National Champions and Computing Machinery Programming Team**
2. **U. T. System Board of Regents: Amendment to the Regents' *Rules and Regulations*, Series 10501, concerning delegation to act on behalf of the Board and the filing of litigation**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Vice Chancellor and General Counsel that the Regents' *Rules and Regulations*, Series 10501, Section 5.4 be amended as set forth below in congressional style:

Sec. 5 Signature Authority.

...

- 5.4 Contracts for Legal Services and Filing of Litigation. The Board of Regents delegates to the Vice Chancellor and General Counsel authority to execute and deliver on behalf of the Board contracts for legal services and such other services as may be necessary or desirable in connection with the settlement or litigation of a dispute or claim after obtaining approvals as may be required by law. Litigation to be instituted under these contracts on behalf of the Board, System Administration, or an institution of U. T. System must have the prior approval of the Vice Chancellor and General Counsel.

BACKGROUND INFORMATION

The proposed amendment to the Regents' *Rules and Regulations*, Series 10501, Section 5.4 will codify the existing procedures requiring the approval of the Vice Chancellor and General Counsel before litigation is filed on behalf of the Board of Regents or a U. T. System institution. Recently, some outside counsel have not understood that their contracts for specialized legal services do not authorize the filing of litigation, without additional approval. A separate outside counsel contract specific to the litigation must be processed through the Attorney General's Office before litigation can be instituted. This amendment will make clear that litigation is not to be filed without the necessary review by the chief legal office of U. T. System.

3. **U. T. System Board of Regents: Amendment of the Regents' Rules and Regulations, Series 30202, Section 6 related to Deferred Compensation to effectuate a plan-to-plan transfer of 457(b) voluntary deferred compensation assets from the Employees Retirement System of Texas to the U. T. System**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Vice Chancellor and General Counsel and the Vice Chancellor for Administration that the Board approve

- a. a plan-to-plan transfer of 457(b) voluntary deferred compensation assets from the Employees Retirement System of Texas to the U. T. System; and
- b. amendment to the Regents' *Rules and Regulations*, Series 30202, Section 6 related to Deferred Compensation, as set out below in congressional style, to reference the Deferred Compensation Plan offered by U. T. System, to become effective on the date the Plan Administrator verifies receipt of funds from the Employees Retirement System of Texas:

Sec. 6 Deferred Compensation – Section 457(b) Plan. As authorized by *Texas Government Code* Chapter 609, any employee may participate in a either the Deferred Compensation Plan administered by the Employees Retirement System or the U. T. Saver Deferred Compensation Plan administered by the U. T. System and established pursuant to Section 457(b) of the *Internal Revenue Code of 1986*, as amended. ~~U. T. System employees may not participate simultaneously in both programs and may not participate in the Deferred Compensation Plan administered by the Employees Retirement System once participation has taken place in the U. T. Saver Deferred Compensation Plan.~~

BACKGROUND INFORMATION

Prior to the 2003 enactment of Senate Bill 1652, codified as *Texas Government Code* Section 609.701 et seq., the only 457(b) voluntary deferred compensation plan option available to employees of the U. T. System was the Employees Retirement System of Texas plan known as Texa\$aver, managed by CitiStreet.

Effective August 12, 2004, and under the authority granted by *Texas Government Code* Section 609.701, the Board of Regents authorized the establishment of its own plan, pursuant to Section 457(b) of the *Internal Revenue Code of 1986*, as amended, for U. T. System employees, known as the UTSaver Deferred Compensation Plan (UTSaver DCP).

Under the current Regents' *Rules*, an employee is permitted to participate in either Texa\$aver or the UTSaver DCP, but may not participate simultaneously in both plans, and any employee choosing to participate in the UTSaver DCP is precluded from returning to Texa\$aver. In addition, under U. T. System policy, any employee currently contributing to Texa\$aver may continue those contributions; however, all new deferred compensation plan participants must contribute to the UTSaver DCP.

Due to Internal Revenue Service limitations on account transfers, a transfer by an individual plan participant is not permitted prior to the participant experiencing a distributable event, such as severance from employment. However, federal law allows for a plan-to-plan transfer of all plan assets from an eligible governmental plan to another eligible governmental plan within the same state.

Since implementation of the UTSaver DCP, the U. T. System has received recommendations from the institutional benefit offices, payroll offices, and the Retirement Program Advisory Committee requesting consolidation of the deferred compensation assets under one plan. These recommendations were based on employee feedback and the administrative challenges of maintaining two payroll sources for 457(b) contributions.

After collaborative efforts among Employees Retirement System staff and legal counsel, the Texa\$aver plan administrator, CitiStreet, and U. T. System staff and legal counsel, it has been determined that a plan-to-plan transfer can be accomplished in compliance with federal law. Therefore, acting through delegation by the Board of Regents, the Plan Administrator of the UTSaver DCP will initiate a request to the Employees Retirement System for a transfer of all plan assets held in accounts of U. T. System employees from Texa\$aver to the UTSaver DCP and discontinue participation in Texa\$aver by U. T. System employees. In making this request, the U. T. System will agree to assume all fiduciary duties, plan administration, and other responsibilities for the deferred amounts and investment income transferred and will relieve the Employees Retirement System of those duties and responsibilities upon transfer.

It is therefore recommended that to effectuate the plan-to-plan transfer, the Regents' *Rules* be amended to provide U. T. System employees participation only in the UTSaver DCP, to become effective on the date the Plan Administrator verifies receipt of funds from the Employees Retirement System of Texas. This recommended change to the Regents' *Rules* will allow for a smooth plan-to-plan transfer.

4. **U. T. System Board of Regents: Approval of peer institutions for use in evaluating appropriate compensation for U. T. System key executives (Regents' Rules and Regulations, Series 20203)**

RECOMMENDATION

Mercer Human Resource Consulting seeks Board approval of a recommended list of peer institutions to be used to evaluate the appropriate compensation for U. T. System key executives. Mercer's list of recommended peers (The University of Texas System Compensation Peer Group Development report) is being completed and will be sent to the Board separately in advance of the meeting.

BACKGROUND INFORMATION

The Regents' *Rules and Regulations*, Series 20203 requires the alignment of executive compensation with the relevant market, utilizing a comprehensive survey and analysis to obtain current and reliable market data on total compensation of key executives (presidents, Chancellor, Executive Vice Chancellors, Vice Chancellors, General Counsel to the Board, and Director of Audits) in comparable positions at peer institutions. Series 20203 also states that peer institutions will be selected through an interactive consultative process involving the Chancellor, the Executive Vice Chancellors for Academic and Health Affairs, the presidents, and the consultant selected to conduct the comprehensive survey.

The comprehensive survey is to be conducted every three years by a compensation consultant reporting to the Board. Mercer was selected in January 2007 as consultant, following a competitive review process, and is working on the required survey. The results of Mercer's survey will be driven largely by the selection and responses of the peer institutions. For that reason, it is important that the Board have an opportunity to review and approve the peer institutions proposed for compensation benchmarking to assure Mercer provides compensation data that meets the expectations of the Board and the Special Compensation Committee of the Board.

Methodology for Compiling the List

Mercer developed the initial list of peers using an objective set of criteria to measure organizations with which U. T. competes in categories such as executive talent, research dollars, students, and funding. Thus, the list of organizations competing in these markets is often broader and, in some cases, different from the organizations the U. T. System considers to be "performance" peers as listed in the U. T. System Accountability Report.

Although the proposed peer lists are lengthy, the large number of peers is needed to ensure that Mercer achieves an adequate survey response size (at least 17 institutions) from which to draw conclusions on executive compensation. Mercer reports that the response rate for custom surveys is typically 50% to 60%. The data reported from those institutions considered to be outliers in the sample will be adjusted to account for the difference in size and complexity from the relevant U. T. institution.

The proposed peer list identifies those peer institutions used in the prior executive compensation study by Buck Consultants that are not recommended for inclusion in the current survey. Also clearly identified are recommended peer institutions not included in the previous study.

The proposed list of peer institutions is currently under review by the Chancellor, the Executive Vice Chancellor for Health Affairs, the Interim Executive Vice Chancellor for Academic Affairs, and the presidents.

5. **U. T. System: Annual report on research and technology transfer**

REPORT

Mr. Arjuna Sanga, Interim Vice Chancellor for Research and Technology Transfer, will present the annual report on research and technology transfer trends for the U. T. System as set forth in the PowerPoint on Pages 1 - 10 of the Supplemental Materials (Volume 2) of the Agenda Book. A video clip of highlights of ongoing research activities at U. T. System institutions will also be shown.

6. **U. T. System Board of Regents: Update on the 80th Legislative Session**

REPORT

Vice Chancellor McBee will provide an update on the 80th Legislative Session.

7. **U. T. System: Presentation on the U. T. System-wide Endowment Compliance Program**

REPORT

Vice Chancellor Safady and Ms. Julie Lynch, Director of Development and Gift Planning Services, will present an executive summary of the Endowment Compliance Program for the U. T. System from its inception in December 2001 through August 31, 2006. The presentation, attached on Pages 11 - 21 of the Supplemental Materials (Volume 2) of the Agenda Book, will highlight the mission and scope of the program and illustrate the four elements of the program, including (1) risk assessment, (2) a monitoring plan, (3) education and training, and (4) reporting to donors. The report will also demonstrate how continuous efforts are made to ensure that all endowments fulfill the purposes for which they were created.

8. U. T. System: State of Tomorrow™ preview screening and presentation

REPORT

The Office of the Vice Chancellor for External Relations created a public television series that examines how public higher education pursues solutions to Texas' most critical challenges. State of Tomorrow™ is completely underwritten by private sponsors including AT&T, ExxonMobil, and IBC Bank, among others. It is co-produced by the University of Texas Foundation and Alpheus Media Inc., in partnership with Austin public television station KLRU.

State of Tomorrow™ explores major challenges in many areas including public health, homeland security, energy, education, and the environment. It also represents an unprecedented collaboration of the major public university systems in Texas, including The Texas A&M University System, Texas State University System, Texas Tech University System, University of North Texas System, University of Houston System, and The University of Texas System.

A brief preview screening of a State of Tomorrow™ segment will be presented.



TABLE OF CONTENTS FOR ACADEMIC AFFAIRS COMMITTEE

Committee Meeting: 5/9/2007

Board Meeting: 5/10/2007
Austin, Texas

Cyndi Taylor Krier, *Chairman*
John W. Barnhill, Jr.
H. Scott Caven, Jr.
Judith L. Craven, *M.D.*
Robert A. Estrada
Colleen McHugh

	Committee Meeting	Board Meeting	Page
A. CONVENE MEETING OF ACADEMIC AFFAIRS COMMITTEE			
	9:30 a.m. <i>Chairman Krier</i>		
1. U. T. El Paso: Authorization to establish M.S. and Ph.D. degree programs in Computational Science	9:30 a.m. Action <i>President Natalicio Dr. Malandra</i>	Action	9
2. U. T. El Paso: Approval to expand preliminary planning authority for a Doctor of Nursing Practice (DNP) in the School of Nursing	9:33 a.m. Action <i>President Natalicio Dr. Malandra</i>	Action	11
3. U. T. El Paso: Authorization to establish a Master of Public Health (MPH) degree program	9:36 a.m. Action <i>President Natalicio Dr. Malandra</i>	Action	12
4. U. T. San Antonio: Honorific naming of a portion of the campus as the Tom C. Frost Plaza	9:39 a.m. Action <i>President Romo Dr. Malandra</i>	Action	14
5. U. T. San Antonio: Honorific naming of the Laurel Room in the University Center as the Gilbert M. Denman Room	9:42 a.m. Action <i>President Romo Dr. Malandra</i>	Action	17
6. U. T. Austin: Approval of honorific naming of the theatre within the Hogg Memorial Auditorium as the Ann and David Honeycutt Theatre	9:45 a.m. Action <i>President Powers Dr. Malandra</i>	Action	18

	Committee Meeting	Board Meeting	Page
There is no Item 7.			
8. U. T. System: Graduation Rates Initiatives presentation	9:51 a.m. Report <i>Dr. Malandra</i>	Not on Agenda	23
9. U. T. System: Report from academic presidents on increasing admission requirements	10:11 a.m. Report <i>Presidents</i> <i>Dr. Malandra</i>	Not on Agenda	23
10. U. T. System: Report on FY 2006 post-tenure review	10:26 a.m. Report <i>Dr. Malandra</i>	Not on Agenda	23
B. CONVENE JOINT MEETING WITH FACILITIES PLANNING AND CONSTRUCTION COMMITTEE	10:30 a.m. <i>Chairman</i> <i>Krier</i> <i>Chairman</i> <i>Barnhill</i>		
11. U. T. Arlington: Campus Master Plan update	10:30 a.m. Report <i>Mr. O'Donnell</i> <i>President</i> <i>Spaniolo</i>	Not on Agenda	27
C. ADJOURN	10:45 a.m.		

A. CONVENE MEETING OF ACADEMIC AFFAIRS COMMITTEE

1. **U. T. El Paso: Authorization to establish M.S. and Ph.D. degree programs in Computational Science**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Interim Executive Vice Chancellor for Academic Affairs and President Natalicio that authorization, pursuant to the Regents' *Rules and Regulations*, Series 40307, related to academic program approval standards, be granted to

- a. establish M.S. and Ph.D. degrees in Computational Science at U. T. El Paso;
- b. submit the proposal to the Texas Higher Education Coordinating Board for review and appropriate action; and
- c. authorize the Interim 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.

BACKGROUND INFORMATION

Program Description

U. T. El Paso proposes the creation of both Master of Science (M.S.) and Doctor of Philosophy (Ph.D.) degrees in Computational Science (CPS). These interdisciplinary programs involve several departments from the Colleges of Sciences and Engineering. The CPS programs will operate under the direction of the College of Sciences. The programs will be designed to produce graduates skilled in computational modeling of scientific and engineering phenomena, modern numerical and computational methods, and programming in high-level computer languages. The program is designed to prepare graduates to join interdisciplinary teams dealing with the modeling and simulation of computationally intensive problems in a variety of domains ranging from modern engineering and science to such key areas as national and homeland security. In addition, the program is designed to prepare graduates from the Ph.D. program to begin independent research careers in Computational Science.

Requirements for the Ph.D. degree in CPS will involve completion of at least 70 credit hours beyond the bachelor's degree, including 43 hours of coursework. This coursework will include 10 semester credit hours in three core courses on scientific modeling, 12 hours of prescribed electives, and 21 hours of free electives. The prescribed

electives consist of numerical analysis and computer science courses, which together with the core courses, are designed to enhance skills in fundamental areas of current scientific computing.

Requirements for the master's degree are the completion of 31 to 34 credit hours beyond the bachelor's degree. This course work will include 10 semester credit hours from three core courses on scientific modeling, 12 hours of prescribed electives, and 12 hours of free electives. A thesis option will also be available and will replace nine credit hours of free electives. The M.S. program will also include a professional track option designed to prepare students to join the workforce after graduation.

Need and Student Demand

There is a growing demand for Computational Science graduates in many areas of industry, government service, academia, and in nonprofit organizations. Many advertisements asking for candidates skilled in Computational Science can be found in standard newsgroups and job listings. The Society for Industrial and Applied Mathematics (SIAM) Report "Undergraduate Computational Science and Engineering Education" from September 20, 2006, states that: "To give some idea of the far reaching impact CSE is having in industry, we mention some industry segments that are currently using CSE in their business. CSE has been a factor in the aerospace, automotive, chemical, computer, electronics, petroleum and pharmaceutical industries for some time. Industries . . . that are now using CSE include banking and finance, digital media especially content creation, consumer products, manufacturing and processing, and even in transportation. With the impact that computation has had in the sequencing of the human genome, CSE is playing an increasing role in the life sciences and healthcare. The need for trained computational scientists at all levels in the healthcare and life sciences continues now and for the foreseeable future to outpace the supply." Thus, there is a demonstrated need for computational scientists at both the M.S. and Ph.D. levels in the region, the State of Texas, and the nation.

A recent survey regarding the local need for interest in the Ph.D. program in Computational Science was made to graduate students of U. T. El Paso's Colleges of Sciences and Engineering. The students were asked if they would enroll in a Ph.D. program in Computational Science. Among 131 students who were contacted, 50 replied and in 34 cases the response was positive. In addition, there are numerous undergraduate and graduate students in various departments who already actively participate in the research of prospective CPS faculty and deliver quality results. The students are motivated by the vision of the future M.S. and Ph.D. programs in Computational Science. The students also are aware of excellent job opportunities that are available for CPS graduates in national labs, industry, government, and academia.

Program Quality

The three departments primarily involved in this program, Mathematics, Physics, and Computer Science, have had a consistent record of scholarly accomplishment and research activity: the faculty has authored or co-authored 61 refereed articles and books/book chapters in the past three years. The faculty also has a strong record of grant-writing accomplishments. Currently, faculty in the participating departments has over \$23,000,000 in extramural support. These external funds have supported research programs that have systematically involved graduate students. Current and anticipated faculty recruitment will continue to enhance the quality of the program.

Cost

The expenditures for the first five years of the program are anticipated to be \$783,310. This includes \$373,744 for two faculty positions over the first five years, \$330,000 for teaching/research assistant positions, and \$79,566 for additional staff. Other existing resources within the two colleges will be used to fully fund the program. These costs will be met from credit hour formula funding and reallocation of university resources, including formula-generated excellence funds. It is anticipated that external funds will cover an increasing portion of the program's cost after the initial development period.

2. U. T. El Paso: Approval to expand preliminary planning authority for a Doctor of Nursing Practice (DNP) in the School of Nursing

RECOMMENDATION

The Chancellor concurs in the recommendation of the Interim Executive Vice Chancellor for Academic Affairs and President Natalicio that the U. T. System Board of Regents approve

- a. expansion of preliminary planning authority for U. T. El Paso to include a Doctor of Nursing Practice (DNP) degree in the School of Nursing; and
- b. submission of the proposal to the Texas Higher Education Coordinating Board for review and appropriate action.

BACKGROUND INFORMATION

Once preliminary planning authority has been approved, U. T. El Paso will submit the degree program for approval by the U. T. System Board of Regents and the Coordinating Board. The proposed DNP degree builds upon the knowledge and skills

of advanced practice nursing. The program is designed to develop complex diagnostic and treatment skills, as well as being able to provide health promotion, disease prevention, and health education.

3. **U. T. El Paso: Authorization to establish a Master of Public Health (MPH) degree program**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Interim Executive Vice Chancellor for Academic Affairs and President Natalicio that authorization, pursuant to the Regents' *Rules and Regulations*, Series 40307 related to academic program approval standards, be granted to

- a. establish a Master of Public Health (MPH) at U. T. El Paso;
- b. submit the proposal to the Texas Higher Education Coordinating Board for review and appropriate action; and
- c. authorize the Interim 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.

BACKGROUND INFORMATION

Program Description

U. T. El Paso proposes to establish an MPH degree that will consist of 42 credit hours beyond the bachelor's level and will include a public health practicum. The program will be administered by the Department of Health Promotions within the College of Health Science. The MPH will focus on Hispanic and border health and health disparities, which are important areas for research and education in this region and in Texas. Graduates from the program will be trained to serve as public health professionals who can develop, implement, and evaluate programs and policies within the area of Hispanic and border health, as well as the spreading of infectious diseases and other public health threats that may migrate across the U.S.-Mexico border. Graduates will also be trained to translate basic and applied research into policies and practices relevant to the health of the local, national, and international community. The concentrations outlined in the proposed MPH program make it distinct and unique, allowing it to complement, rather than compete with, the U. T. Health Science Center - Houston School of Public

Health MPH program in El Paso. Thus, the U. T. El Paso MPH program will attract students with interests different from the U. T. Health Science Center - Houston School of Public Health. The anticipated date for enrolling the first class is Fall 2007.

Need and Student Demand

In Texas, 85% of the public health workforce has little or no public health training. As stated in the 2005 U. T. System Task Force on the Future of Public Health in Texas report, "The Future of Public Health in Texas," this situation "will compromise the public health in Texas." There is a need, regionally, in Texas, and nationally for trained public health professionals. In addition, there is a growing need for trained health professionals who are familiar with and sensitive to the needs and problems of poor and underserved populations, particularly along the Texas/Mexico border region. The proposed MPH program is uniquely positioned to provide training for future health professionals who can fill these niches across Texas and the nation.

Local demand for the MPH is high, especially among students in Health Promotions and Kinesiology. Nearly 70% of 185 undergraduate students surveyed stated they are interested in pursuing an MPH degree at U. T. El Paso. These percentages increase substantially among those planning to attend graduate school, with 81% of students indicating an interest in pursuing an MPH degree. This data demonstrates that there is strong student interest in an MPH degree at U. T. El Paso. In addition, there is interest from students in clinical lab science, social work, biology, and psychology. It is anticipated that the majority of graduates from the MPH program will be from minority and underrepresented populations. The program will address the national need to prepare health professionals, especially minority health professionals, as well as the goals articulated by the Texas Higher Education Coordinating Board.

Program Quality

Participating faculty members from the College of Health Science and the School of Nursing have a consistent record of scholarly accomplishment and research activity. The faculty members also have a strong record of grant-writing accomplishments. The Hispanic Health Disparities Research Center, funded by the National Institutes of Health (NIH), is a nationally recognized leader in Hispanic health disparities. Faculty who are involved in the Center will also be engaged in the MPH program. The external funds generated by these faculty members have supported research programs that have systematically involved graduate students. Current and anticipated faculty recruitment will continue to enhance the quality of the program.

Cost

The expenditures for the first five years of the program are anticipated to be \$762,628. This includes \$749,756 for two new faculty positions over the first five years, support for two graduate research assistants, a practicum coordinator, and an administrative assistant; \$2,872 for Council on Education for Public Health accreditation of the

MPH program; and \$10,000 for maintenance and operations costs and travel. These costs will be met from credit hour formula funding and reallocation of existing resources within the College of Health Science. It is anticipated that external funds will cover an increasing portion of the program's cost after the initial development period, especially graduate student costs.

4. **U. T. San Antonio: Honorific naming of a portion of the campus as the Tom C. Frost Plaza**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Interim Executive Vice Chancellor for Academic Affairs, the Vice Chancellor for External Relations, and President Romo that the U. T. System Board of Regents approve the honorific naming of the portion of the U. T. San Antonio campus between the Main Building and the Arts Building (see exhibit on Page 16) as the Tom C. Frost Plaza.

BACKGROUND INFORMATION

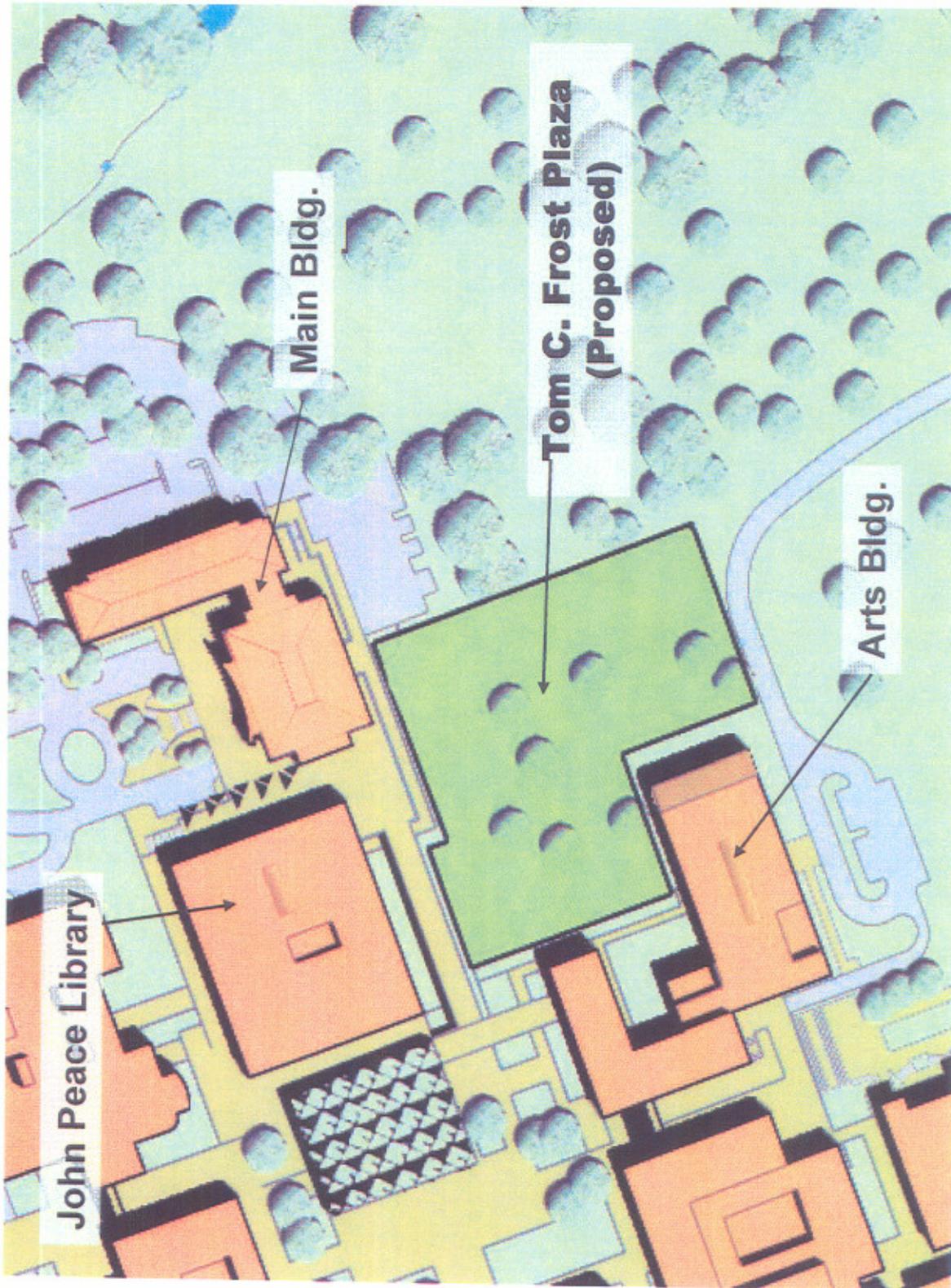
Mr. Tom C. Frost is a native San Antonian who represents the fourth generation to oversee Frost National Bank, which was founded by Colonel Thomas Claiborne Frost in 1868. Regarded as a leader in Texas banking and in providing banking services tailored to the needs of South Texas, Mr. Frost is well known for his sincere and dedicated commitment to developing the San Antonio community through education, expanding job opportunities, healthcare, scientific research, and the arts.

A 1945 graduate of the Texas Military Institute in San Antonio, Mr. Frost graduated summa cum laude in 1950 from Washington and Lee University, where he now serves as a trustee emeritus. He also has been awarded honorary doctorate degrees from Austin College and the University of the Americas in Mexico City.

Mr. Frost has served as chair of the U. T. San Antonio Development Board since 1990 and has held leadership positions in Project QUEST, San Antonio Medical Foundation, Southwest Research Institute, McNay Art Museum, and Free Trade Alliance. He was founder of the United States-Mexico Chamber of Commerce in Washington, D.C., and is a recipient of Aguila Azteca, the highest honor the government of Mexico bestows on a non-Mexican citizen. In 2003, Mr. Frost became the first non-alumnus to receive the U. T. San Antonio Alumni Association's Distinguished Service Award, which recognizes significant contributions to the Association or University.

Mr. Frost has been a generous supporter of U. T. San Antonio and was the driving force behind the creation in 2003 of the University's T. C. Frost UTeach Program, which he continues to fund. Through his bank and family foundations, he has been responsible for almost \$1,300,000 in gifts and pledges to the University.

The proposed naming is consistent with the Regents' *Rules and Regulations*, Series 80307, relating to the honorific naming of facilities because of the significant history of contributions and support evidenced by Mr. Frost.



John Peace Library

Main Bldg.

Tom C. Frost Plaza
(Proposed)

Arts Bldg.



1604 Campus



5. **U. T. San Antonio: Honorific naming of the Laurel Room in the University Center as the Gilbert M. Denman Room**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Interim Executive Vice Chancellor for Academic Affairs, the Vice Chancellor for External Relations, and President Romo that the U. T. System Board of Regents approve the honorific naming of the Laurel Room in the University Center at The University of Texas at San Antonio as the Gilbert M. Denman Room.

BACKGROUND INFORMATION

The Laurel Room in the U. T. San Antonio University Center is a 5,300-square-foot meeting and special events facility and is a major venue for both large student gatherings and public events. The renaming of this significant facility as the Gilbert M. Denman Room will honor the late Mr. Denman, a great friend of the University who, as trustee of several of San Antonio's major foundations, was largely responsible for \$5 million in gifts to U. T. San Antonio over the years. Among those gifts was a \$1 million contribution from the George W. Brackenridge Foundation in 2001 to create the Sue E. Denman Distinguished Chair in American Literature in honor of Mr. Denman's grandmother, one of the first women in Texas to attend college.

Because of Mr. Denman's commitment, U. T. San Antonio also received from the Ewing Halsell Foundation two separate gifts totaling \$1 million for a distinguished chair in biology and another \$1 million for a scholarship endowment. Numerous other programs throughout the University have been favorably impacted by Mr. Denman's generosity and dedication to higher education and the arts. To honor his memory and legacy at U. T. San Antonio, the other trustees of the Brackenridge Foundation funded the Gilbert M. Denman Professorship in American History at U. T. San Antonio in 2004 and the Gilbert M. Denman, Jr. Opera Endowment in 2005. Mr. Denman died in 2004.

A native of San Antonio, Mr. Gilbert M. (Gib) Denman, Jr., graduated in 1940 from U. T. Austin, where he was president of Sigma Chi Fraternity, and went on to earn a law degree from the U. T. Austin School of Law in 1942. After graduating from law school, he was commissioned as an officer in the U.S. Navy, where he trained as a cryptographer and served as an aide to Admiral Chester W. Nimitz during World War II. Mr. Denman and his cousin, Leroy G. Denman, Jr., were third-generation partners in Denman, Franklin & Denman, one of the most influential law firms in San Antonio.

The proposed naming is consistent with the Regents' *Rules and Regulations*, Series 80307, relating to the honorific naming of facilities because of the significant history of contributions and support evidenced by Mr. Denman.

6. **U. T. Austin: Approval of honorific naming of the theatre within the Hogg Memorial Auditorium as the Ann and David Honeycutt Theatre**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Interim Executive Vice Chancellor for Academic Affairs, the Vice Chancellor for External Relations, and President Powers that the U. T. System Board of Regents approve the naming of the theatre within the Hogg Memorial Auditorium as the Ann and David Honeycutt Theatre to recognize the significant contributions and commitment of Mr. and Mrs. David E. Honeycutt toward current renovations of the auditorium.

BACKGROUND INFORMATION

The Hogg Memorial Auditorium was dedicated in 1933 and was the largest auditorium on the U. T. Austin campus until 1977, when the Frank C. Erwin Special Events Center was built. Named for past Texas Governor James Stephen Hogg and his son, Will C. Hogg, it is one of the primary venues for the Performing Arts Center in the College of Fine Arts. A \$15,000,000 renovation project approved by the Board of Regents and included in the 2006-2011 Capital Improvement Program is underway and is expected to be completed in October 2009. In addition to facility updates, renovation plans call for the restoration of much of the interior to bring it back to its original condition. The renovated theatre will seat 1,200. Once restored, the Performing Arts Center will use the Hogg Memorial Auditorium for approximately 70% of its programming, capitalizing on the charm of this intimate space.

Mr. David E. Honeycutt and his wife Sarah Ann Grimes Honeycutt, are devoted supporters of the Hogg Memorial Auditorium renovation project. In addition to making a personal gift commitment of \$2,000,000 (see related Item 4 on Page Docket - 8), Mr. Honeycutt is volunteer chairman of the project's fundraising effort. Mr. and Mrs. Honeycutt are both graduates of U. T. Austin. He is currently a member of the Development Board and has served as an active member of the College of Fine Arts Advisory Council for the past six years. In addition, he is a former chair of the Council's Performing Arts Center committee.

Mr. Honeycutt is the founder and President of Texas American Resources Company, an independent energy company focused on the exploration of properties in Texas and the Rocky Mountain region of the United States. Residents of Austin for seven years, Mr. and Mrs. Honeycutt are active members of the community, supporting charitable, educational, and arts organizations with their time and resources. Through contributions to U. T. Austin, they are recognized in the Chancellor's Council and Littlefield Society, and Mr. Honeycutt is a Life Member of the Texas Exes.

The proposed naming is consistent with the Regents' *Rules and Regulations*, Series 80307, relating to the honorific naming of facilities.

There is no Item 7. Pages 19 - 22 are intentionally left blank.

8. U. T. System: Graduation Rates Initiatives presentation

REPORT

Interim Executive Vice Chancellor Malandra will report on the Graduation Rates Initiative Progress Report as set forth on Pages 22 - 53 of the Supplemental Materials (Volume 2) of the Agenda Book.

The report will include a presentation, as set forth on Pages 54 - 56 of the Supplemental Materials (Volume 2) of the Agenda Book, on the institutional initiatives enacted since May 2006, the effects of those initiatives on current students and graduation rates, and other institutional activities implemented to support increased time-to-graduation.

9. U. T. System: Report from academic presidents on increasing admission requirements

REPORT

The academic presidents may report briefly on increasing admission requirements at each campus.

The Board of Regents charged the U. T. System to develop an admissions initiative to correspond with improving student persistence, retention, and success. The initiative's goals are also tied to the significant investments the U. T. System Board of Regents has made within its \$2.56 billion competitiveness initiative in new facilities intended to promote the success of students, faculty, and campuses.

10. U. T. System: Report on FY 2006 post-tenure review

REPORT

Interim Executive Vice Chancellor Malandra will report on the Fiscal Year 2006 post-tenure review for the academic institutions using the attachment on Pages 24 - 26.

**U. T. System Academic Institutions
2005-06 Post-Tenure Review Report**

During Fiscal Year 2006, 374 tenured faculty members at the nine academic institutions with tenured faculty were subject to post-tenure review. Three hundred fifty-six (356) of these (or 95.2%) were evaluated as Performing Satisfactorily; one (or 0.3%) received a Needs Additional Support or Marginal evaluation; and 17 (or 4.5%) received Unsatisfactory evaluations.

The following summary tables provide additional details of the post-tenure review results for academic year 2005-06.

Summary of Post-Tenure Review Results

	Total Actually Reviewed	Total Performing Satisfactorily		Total Needs Additional Support or Marginal		Total Unsatisfactory
		Male	Female	Male	Female	
UT Arlington	52	51				1
UT Austin	184	176				8
UT Brownsville	14	12				2
UT Dallas	31	28		1		2
UT El Paso	30	30				
UT Pan American	25	25				
UT Permian Basin	0	0				
UT San Antonio	34	30				4
UT Tyler	8	8				
Total	378	360		1		17
		95.2%		0.3%		4.5%

Post-Tenure Review Results by Gender

	Actually Reviewed		Performing Satisfactorily		Needs Additional Support or Marginal		Unsatisfactory	
	Male	Female	Male	Female	Male	Female	Male	Female
	UT Arlington	41	11	41	10			
UT Austin	145	39	138	38			7	1
UT Brownsville	10	4	8	4			2	
UT Dallas	26	5	23	5	1		2	
UT El Paso	24	6	24	6				
UT Pan American	21	4	21	4				
UT Permian Basin	0	0						
UT San Antonio	28	6	24	6			4	
UT Tyler	8	0	8	0				
Total	303	75	287	73	1	0	15	2

Post-Tenure Review Results by Ethnicity

	Total Actually Reviewed					Performing Satisfactorily				
	White	Black	Hispanic	Asian	Other	White	Black	Hispanic	Asian	Other
UT Arlington	40	2	2	8		39	2	2	8	
UT Austin	162	4	7	10	1	154	4	7	10	1
UT Brownsville	13		1			11		1		
UT Dallas	22	1		8		20	1		7	
UT El Paso	20	1	5	3	1	20	1	5	3	1
UT Pan American	18	2	5			18	2	5		
UT Permian Basin										
UT San Antonio	25	1	5	3		22	1	5	2	
UT Tyler	8					8				
Total	308	11	25	32	2	292	11	25	30	2

	Needs Additional Support or Marginal					Unsatisfactory				
	White	Black	Hispanic	Asian	Other	White	Black	Hispanic	Asian	Other
UT Arlington						1				
UT Austin						8				
UT Brownsville						2				
UT Dallas	1					1			1	
UT El Paso										
UT Pan American										
UT Permian Basin										
UT San Antonio						3			1	
UT Tyler										
Total	1	0	0	0	0	15	0	0	2	0

PRESENT STATUS OF EACH UNSATISFACTORY PERFORMANCE:

UT Arlington: After negotiations, the faculty member who received an unsatisfactory evaluation has agreed to retire effective May 31, 2007.

UT Austin: The eight faculty members have established a professional development plan as a result of the review process.

UT Brownsville: The two faculty members have established a professional development plan as a result of the review process.

UT Dallas: The faculty member who received a marginal evaluation is working with the Committee on Effective Teaching and with the Associate Deans to improve his research productivity. Of the two faculty receiving an unsatisfactory evaluation, one has had his case forwarded to the Committee on Faculty Standing and Conduct for termination. The other faculty member with an unsatisfactory evaluation has established a professional development plan to improve his teaching.

UT San Antonio: For each of the four faculty members receiving an unsatisfactory evaluation, performance improvement plans will be prepared and discussed by the faculty member, department chair, and dean. Reviews to determine progress will be scheduled.

NOTES:

UT Austin: In addition, 11 faculty members scheduled for review retired, two resigned, and two died before the review process could be completed.

UT Permian Basin: Of the seven potential candidates for post-tenure review, four are no longer employed at UTPB and three had their post-tenure review "clock" reset (two were promoted and one underwent a review to receive an appointment to a named position). As a result, there were no post-tenure reviews at UTPB during the 2005-2006 academic year.

B. CONVENE JOINT MEETING WITH FACILITIES PLANNING AND
CONSTRUCTION COMMITTEE

11. **U. T. Arlington: Campus Master Plan update**

See Item 1 on Page 28 of the Facilities Planning and Construction Committee.



TABLE OF CONTENTS FOR FACILITIES PLANNING AND CONSTRUCTION COMMITTEE

Committee Meeting: 5/9/2007

Board Meeting: 5/10/2007
Austin, Texas

John W. Barnhill, Jr., Chairman
H. Scott Caven, Jr.
Rita C. Clements
Robert A. Estrada
Colleen McHugh

	Committee Meeting	Board Meeting	Page
A. CONVENE JOINT MEETING WITH ACADEMIC AFFAIRS COMMITTEE	10:30 a.m. <i>Chairman Barnhill</i> <i>Chairman Krier</i>		
1. U. T. Arlington: Campus Master Plan update	10:30 a.m. Report <i>Mr. O'Donnell</i> <i>President Spaniolo</i>	Not on Agenda	28
B. CONVENE MEETING OF FACILITIES PLANNING AND CONSTRUCTION COMMITTEE			
2. U. T. System Board of Regents: Amendment of a) definition of Major Project in Regents' <i>Rules and Regulations</i> , Series 80301 (Capital Improvement Program), Series 80402 (Major Construction and Repair and Rehabilitation Projects), and Series 80404 (Institutional Management of Major Construction and Repair and Rehabilitation Projects); b) Series 80403 (Minor Construction and Repair and Rehabilitation Projects), Section 1 regarding delegation of authority and the definition of Minor Projects; and c) Series 10501 (Delegation to Act on Behalf of the Board), Section 4.1	10:45 a.m. Action <i>Mr. O'Donnell</i>	Action	29
3. U. T. System: Consideration of possible designation of the Fine Arts Academic and Performance Complex project at U. T. Pan American and the Student Multipurpose Center project at U. T. Permian Basin as architecturally or historically significant	10:57 a.m. Action <i>Mr. O'Donnell</i>	Action	31
4. U. T. Permian Basin: Student Multipurpose Center - Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2007-2008 Capital Budget to include project	11:03 a.m. Action <i>Mr. O'Donnell</i>	Action	34

	Committee Meeting	Board Meeting	Page
5. U. T. M. D. Anderson Cancer Center: Guhn Road Data Center Renovation - Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2007-2008 Capital Budget to include this shared services initiative project with U. T. System and U. T. Austin; approval of total project cost; appropriation of funds and authorization of expenditure; and authorization of institutional management	<i>11:08 a.m.</i> Action <i>Mr. O'Donnell</i>	Action	35
6. U. T. El Paso: The Paul Foster and Jeff Stevens Basketball Complex - Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2007-2008 Capital Budget to increase total project cost; approval of design development; approval to revise funding source; appropriation of funds and authorization of expenditure; approval of evaluation of alternative energy economic feasibility; and resolution regarding parity debt	<i>11:14 a.m.</i> Action <i>Mr. O'Donnell</i>	Action	36
7. U. T. M. D. Anderson Cancer Center: Mid-Campus Infrastructure - Request for approval of design development; appropriation of funds and authorization of expenditure; and approval of evaluation of alternative energy economic feasibility	<i>11:21 a.m.</i> Action <i>Mr. O'Donnell</i>	Action	39
8. U. T. Austin: LBJ Plaza Renovation/Lady Bird Johnson Center - Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2007-2008 Capital Budget to increase total project cost; appropriation of funds and authorization of expenditure; and resolution regarding parity debt	<i>11:28 a.m.</i> Action <i>Mr. O'Donnell</i>	Action	40
9. U. T. Austin: Research Office Complex (formerly Institute for Geophysics and Advanced Computing Center) - Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2007-2008 Capital Budget to revise funding source for appropriation of \$13,850,000 from Permanent University Fund Bond Proceeds to accommodate the Sun Constellation supercomputer, funded by a \$59,000,000 High Performance Computing System grant from the National Science Foundation	<i>11:37 a.m.</i> Action <i>Mr. O'Donnell</i> <i>Dr. Kelley</i>	Action	42
C. ADJOURN	<i>11:45 a.m.</i>		

A. CONVENE JOINT MEETING WITH ACADEMIC AFFAIRS COMMITTEE

1. **U. T. Arlington: Campus Master Plan Update**

REPORT

During a joint meeting with the Board's Academic Affairs Committee, President Spaniolo and Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction, will present the 2007 Campus Master Plan for The University of Texas at Arlington, using a PowerPoint as shown on Pages 57 - 71 of the Supplemental Materials (Volume 2) of the Agenda Book. An executive summary of the plan is set out below.

The Campus Master Plan presentation will focus on creating a more sustainable campus environment, guiding design principles to ensure plan compliance, as well as planned interventions that align the physical growth of the campus with U. T. Arlington's academic/strategic plan.

Executive Summary

U. T. Arlington's Campus Master Plan was approved by The University of Texas System Board of Regents in May 2000. At that time, the University anticipated updating the Plan every 7 to 10 years.

At the core of any campus master plan is the alignment between the physical development of the campus and the strategic or academic plan. This ensures that specific planning priorities are supported, furthering the mission of the institution. In addition to aligning with the University's Strategic Plan, this update also includes an improved traffic and way-finding system designed to make the campus a more welcoming place for visitors, a building condition assessment on several of the larger academic buildings for capital renewal planning purposes, a utility infrastructure study to support the continued growth of the campus, the redevelopment of the campus edge, space programming activities for certain buildings to address specific/immediate facility needs, and incorporating sustainable design in the Plan's Guiding Principles.

B. CONVENE MEETING OF FACILITIES PLANNING AND CONSTRUCTION COMMITTEE

2. **U. T. System Board of Regents: Amendment of a) definition of Major Project in Regents' Rules and Regulations, Series 80301 (Capital Improvement Program), Series 80402 (Major Construction and Repair and Rehabilitation Projects), and Series 80404 (Institutional Management of Major Construction and Repair and Rehabilitation Projects); b) Series 80403 (Minor Construction and Repair and Rehabilitation Projects), Section 1 regarding delegation of authority and the definition of Minor Projects; and c) Series 10501 (Delegation to Act on Behalf of the Board), Section 4.1**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Interim Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Health Affairs, and the Vice Chancellor and General Counsel that the Regents' *Rules and Regulations* be amended as follows:

- a. Amend the definition of "Major Project" in
- Series 80301 (Capital Improvement Program),
 - Series 80402 (Major Construction and Repair and Rehabilitation Projects), and
 - Series 80404 (Institutional Management of Major Construction and Repair and Rehabilitation Projects) as set forth below in congressional style:

3. Definitions

...

Major Project – Any project that meets one or more of the following criteria: 1) new building construction with a value of at least \$1 million, 2) road, paving, and repair and rehabilitation projects with a value of at least \$2 million, 3) any project determined by the Board to be architecturally or historically significant, 4) any project that is debt financed (RFS, TRB, PUF) regardless of dollar value except those projects appropriated through the LERR budget, and 5) any campus planning efforts that are intended to result in a capital project meeting one or more of these criteria.

- b. Amend Series 80403, Section 1, regarding Minor Construction and Repair and Rehabilitation Projects, as set forth in congressional style on the following page.

Sec. 1 Delegation of Authority. Subject to Sections 2 and 3 immediately below and the general provisions of Series 10501 of the Regents' *Rules and Regulations* and except as otherwise specified in these *Rules and Regulations*, each institutional president or the Executive Vice Chancellor for Business Affairs, as appropriate, is authorized to appoint architects, approve plans and Construction Documents, and execute and deliver contracts, agreements, guaranteed maximum price or stipulated sum proposals, and other documents on behalf of the Board of Regents for all ~~new construction projects of \$1 million or less and for repair and rehabilitation projects of \$2 million or less~~ ("Minor Projects").

...

3. Definitions

Minor Project – New building construction projects of \$1 million or less and ~~for~~ road, paving, and repair and rehabilitation projects of \$2 million or less.

- c. Amend Series 10501, Section 4.1, regarding delegation to act on behalf of the Board concerning construction projects, as set forth below in congressional style:

Sec. 4 Contracts Not Requiring Board Approval. The following contracts or agreements, including purchase orders and vouchers, do not require prior approval by the Board of Regents regardless of the contract amount.

- 4.1 Construction Projects. Contracts, agreements, and documents relating to construction projects previously approved by the Board of Regents in the Capital Improvement Program and Capital Budget or Minor Projects.

BACKGROUND INFORMATION

Campus road and paving projects are typically managed at the institutional level. However, recent escalation in materials costs have pushed some road and paving projects over the \$1 million threshold for major new construction, a trend that is expected to continue. If these road and paving projects are considered Major Projects as defined in the Regents' *Rules and Regulations*, they must be added to the Capital Improvement Program (CIP) and Capital Budget and receive Board of Regents' approval.

Current Regents' *Rules and Regulations* regarding construction projects do not specifically address road and paving projects. The proposed amendments to the definition of Major Projects in Series 80301, 80402, and 80404 would classify road and paving projects with a value of at least \$2 million as Major Projects.

The proposed amendment to Series 80403, Section 1 eliminates the restrictive definition of Minor Projects from the delegation of authority to appoint architects, approve plans and construction documents, and execute and deliver documents on behalf of the Board. The proposed amendment to the definition of Minor Projects in Series 80403 includes road and paving projects that have a value of less than \$2 million.

The proposed change to Regents' *Rules and Regulations*, Series 10501, Section 4.1 clarifies that contracts for Minor Construction Projects (new construction up to \$1 million and road, paving, and repair and rehabilitation projects up to \$2 million) do not require additional Board approval consistent with the delegated authority proposed in the recommended amendment to Series 80403.

3. **U. T. System: Consideration of possible designation of the Fine Arts Academic and Performance Complex project at U. T. Pan American and the Student Multipurpose Center project at U. T. Permian Basin as architecturally or historically significant**

RECOMMENDATION

It is recommended that the Facilities Planning and Construction Committee and the U. T. System Board of Regents review the following projects scheduled for architectural selection to determine if these projects should be designated as architecturally or historically significant. Regents' *Rules and Regulations*, Series 80302, requires that all proposed projects be reviewed to determine if any are of special interest because of proposed building site, historical or cultural significance, proposed use, or other unique characteristics. For projects designated to be of special interest, the Committee will select the architect.

U. T. Pan American

Fine Arts Academic and Performance Complex (See project description on Page 32)

Proposed Project Cost: \$49,750,000

Anticipated Delivery Method: Construction Manager at Risk

U. T. Permian Basin

Student Multipurpose Center (See project description on Page 33 and related Item 4 on Page 34)

Proposed Project Cost: \$12,000,000

Anticipated Delivery Method: Competitive Sealed Proposals

**Fine Arts Academic and Performance Complex
U. T. Pan American**

Project Description. The Fine Arts Academic and Performance Complex is included in the FY 2006-2011 Capital Improvement Program (CIP) at a total project cost of \$49,750,000. This project will construct a new facility for performing arts space in support of the University's programs, functions, and community events. This project will construct a new building of approximately 105,000 gross square feet.

Proposed Site. The Fine Arts Academic and Performance Complex will be located adjacent to the existing Fine Arts Facilities on the southeast corner of the campus. This location supports the long-term goals, values, and direction established in the current Campus Master Plan criteria.

Age. This proposed building is a new facility.

Current/Past Use of the Building, and Compliance with the Campus Master Plan. This project is in keeping with The University of Texas – Pan American Campus Master Plan for its main campus, which calls for the development of program activities in this area of the campus along with associated parking.

Other Relevant Information. The University of Texas – Pan American is using the Construction Manager at Risk project delivery method for this effort. The campus intends to review the developed program and final project location in support of the long-term goals identified in the Campus Master Plan supporting the continued development of a new entrance and identity along University Drive.

Student Multipurpose Center U. T. Permian Basin

Project Description. In Item 4 on Page 34, the Student Multipurpose Center project is being requested for addition to the FY 2006-2011 CIP at a total project cost of \$12,000,000. This project will consist of construction of an approximately 50,000 gross square foot building, which will include a food service, student social/gathering/study areas, a fitness center, child care center, and related support offices. This new building will increase the capacity of the existing campus Student Union and add to the fitness areas available on campus.

Proposed Site. The proposed site is near the existing Gymnasium and directly adjacent to the Mesa Building, which has access to the existing Student Union. Factors determining this site selection included: high student traffic in the area, the convenient location to existing parking, and the central campus location.

Age. The proposed building is a new facility.

Current/Past Use of the Building, and Compliance with the Campus Master Plan.

This project complies with U. T. Permian Basin's Master Plan for this site, and is a continuation of the development of the central campus, including construction of the Tuition Revenue Bond-funded Science and Technology Complex. The site is within walking distance of campus student housing.

Other Relevant Information. The recent growth of the campus has increased demands on existing recreation and fitness facilities. In addition, the campus food service is currently located in original space that needs significant improvement. The campus does not have a child care facility but needs this service to better provide for campus students and their families. This student fee-funded project will meet all of these needs in a cost-effective manner. To the fullest extent possible, the building will be designed for possible future expansion.

4. U. T. Permian Basin: Student Multipurpose Center - Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2007-2008 Capital Budget to include project

RECOMMENDATION

The Chancellor concurs with the Interim Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Watts that the U. T. System Board of Regents amend the FY 2006-2011 Capital Improvement Program (CIP) and the FY 2007-2008 Capital Budget to include the Student Multipurpose Center project at The University of Texas of the Permian Basin as follows:

Project No.: 501-340

Architecturally or Historically Significant: (Note: See related Item 3 on Page 31)

Project Delivery Method: Competitive Sealed Proposals

Substantial Completion Date: May 2010

Total Project Cost:	<u>Source</u>	<u>Proposed</u>
	Revenue Financing System Bond Proceeds	\$12,000,000

Impact Metrics: Utilization/Assignable square footage (ASF) - preliminary metrics or other appropriate metrics as determined by U. T. Permian Basin and U. T. System. Beginning May 2007, the U. T. System, in collaboration with the respective institution, will begin identifying Impact Metrics intended to track the effectiveness of new institution facility use once the facility becomes operational.

BACKGROUND INFORMATION

The project will include 50,000 gross square feet to incorporate many aspects of student life including food service, student social/gathering/study areas, a fitness center, child care center, and related support offices. The Student Multipurpose Center will be located south of the Mesa Building. This site was selected due to high student traffic in the area, the convenient location to existing parking, and the central campus location. The facility will offer additional hours of operation and services not currently available to the students for recreation, activities, and child care.

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

5. **U. T. M. D. Anderson Cancer Center: Guhn Road Data Center Renovation - Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2007-2008 Capital Budget to include this shared services initiative project with U. T. System and U. T. Austin; approval of total project cost; appropriation of funds and authorization of expenditure; and authorization of institutional management**

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and President Mendelsohn that the U. T. System Board of Regents amend the FY 2006-2011 Capital Improvement Program (CIP) and the FY 2007-2008 Capital Budget to include the Guhn Road Data Center Renovation project at The University of Texas M. D. Anderson Cancer Center as follows:

Institutional Managed: Yes No
Project Delivery Method: Competitive Sealed Proposals

Substantial Completion Date: March 2008

Total Project Cost:	<u>Source</u>	<u>Proposed</u>
	Hospital Revenues	\$2,600,000
	Permanent University Fund Bond Proceeds	<u>\$2,400,000</u>
		\$5,000,000

- a. approve a total project cost of \$5,000,000 with funding of \$2,600,000 from Hospital Revenues and \$2,400,000 from Permanent University Fund (PUF) Bond Proceeds;
- b. appropriate and authorize expenditure of funds; and
- c. authorize U. T. M. D. Anderson Cancer Center to manage the total project budgets, appoint architects, approve facility programs, prepare final plans, and award contracts.

BACKGROUND INFORMATION

The project is a collaborative effort between U. T. M. D. Anderson Cancer Center, U. T. System, and U. T. Austin. The facility will renovate approximately 9,000 gross square feet to support U. T. M. D. Anderson Cancer Center, U. T. System, and U. T. Austin. The project scope consists of renovating space, upgrading the infrastructure to a near Tier III industry standard, and increasing the critical electrical load capacity. Interior architectural modification is required to support the new mechanical, electrical, and plumbing infrastructure, and additional life safety protection. The interior modifications will consist of removal of walls, windows, and ceiling to supply the necessary area configuration for the new mechanical, electrical, and computer rack systems.

The renovation will enhance the reliability and provide needed redundancy of the electrical power and heating, ventilation, and air conditioning systems within the building. This project is a shared services initiative that will be partially funded by U. T. M. D. Anderson Cancer Center and partially funded by U. T. System and U. T. Austin using PUF Library, Equipment, Repair and Rehabilitation funds issued in October 2006.

This proposed off-cycle repair and rehabilitation project has been approved by U. T. System staff and meets the criteria for inclusion in the CIP. It has been determined that U. T. M. D. Anderson Cancer Center Facility Management personnel have the experience and capability to manage all aspects of the work.

6. U. T. El Paso: The Paul Foster and Jeff Stevens Basketball Complex - Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2007-2008 Capital Budget to increase total project cost; approval of design development; approval to revise funding source; appropriation of funds and authorization of expenditure; approval of evaluation of alternative energy economic feasibility; and resolution regarding parity debt

RECOMMENDATION

The Chancellor concurs with the Interim Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Natalicio that the U. T. System Board of Regents approve the recommendations for The Paul Foster and Jeff Stevens Basketball Complex project at The University of Texas at El Paso as follows:

Project No.: 201-247
Project Delivery Method: Construction Manager at Risk

Substantial Completion Date: August 2008

Total Project Cost:	<u>Source</u>	<u>Current</u>	<u>Proposed</u>
	Gifts	\$10,600,000	
	Revenue Financing System Bond Proceeds		\$13,000,000

Impact Metrics: Days of utilization/calendar year - preliminary metrics or other appropriate metrics as determined by U. T. El Paso and U. T. System. Beginning May 2007, the U. T. System, in collaboration with the respective institution, will begin identifying Impact Metrics intended to track the effectiveness of new institution facility use once the facility becomes operational.

- a. amend the FY 2006-2011 Capital Improvement Program (CIP) and the FY 2007-2008 Capital Budget to increase the total project cost from \$10,600,000 to \$13,000,000;
- b. approve design development plans;
- c. revise the funding source from Gifts to Revenue Financing System Bond Proceeds;
- d. appropriate funds and authorize expenditure of funds;
- e. approve the evaluation of alternative energy economic feasibility; and
- f. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that
 - parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt;
 - sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System; and
 - U. T. El Paso, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$13,000,000.

BACKGROUND INFORMATION

Debt Service

The \$13,000,000 in Revenue Financing System debt will be repaid from gifts. Over \$9,000,000 in capital gift pledges has been committed toward this facility to date. U. T. El Paso athletics staff is aggressively pursuing the additional \$4,000,000 in pledges needed for this project. U. T. El Paso is confident that a majority of these additional commitments will be secured in advance of the anticipated construction start date of August 2007. Although the institution does not anticipate a shortfall in commitments, U. T. El Paso would propose that any permanent gift shortfall be funded via 20 year bond indebtedness to be serviced by athletic ticket revenues. Estimated annual debt service on \$13,000,000 is \$1,200,000. The institution's debt service coverage is expected to be at least 1.6 times and average 1.7 times over FY 2007-2012.

Previous Board Action

On May 11, 2006, the project was included in the CIP with a total project cost of \$10,600,000 with funding from Gifts and the facility was named The Paul Foster and Jeff Stevens Basketball Complex.

Project Description

The facility will contain approximately 43,500 gross square feet with two basketball practice courts, locker rooms, a strength and conditioning area, academic support rooms, coaches' offices for both men's and women's programs, and a multiuse room for team functions and donor pregame functions. The project will be located adjacent to the Don Haskins Special Events Center. The additional funding is required due to the increased square footage of the facility and a separate structure that will become the new Ticket Center for the University. In addition, there will be a Donor Hall that will be used for displaying the trophy for the NCAA 1966 Men's National Basketball Championship, the only national basketball championship won by any university in the State of Texas. The Donor Hall will also be used for university functions.

Basis of Design

The planned building life expectancy includes the following elements:

- Enclosure: 50-60 years
- Building Systems: 25-30 years
- Interior Construction: 20-25 years

The exterior appearance and finish is consistent with high-end commercial athletic facilities. The mechanical and electrical building systems are designed with sufficient flexibility and space to allow for changes without significant disruption to ongoing activities. The interior appearance and finish is consistent with high-end commercial athletic facilities.

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 or addition to an existing 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. System Board of Regents as part of the design development presentation.

7. **U. T. M. D. Anderson Cancer Center: Mid-Campus Infrastructure - Request for approval of design development; appropriation of funds and authorization of expenditure; and approval of evaluation of alternative energy economic feasibility**

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and President Mendelsohn that the U. T. System Board of Regents approve the recommendations for the Mid-Campus Infrastructure project at The University of Texas M. D. Anderson Cancer Center as follows:

Institutional Managed: Yes No
Project Delivery Method: Competitive Sealed Proposals

Substantial Completion Date: March 2008

Total Project Cost:	<u>Source</u> Hospital Revenues	<u>Current</u> \$16,600,000
----------------------------	------------------------------------	--------------------------------

- a. approve design development plans;
- b. appropriate funds and authorize expenditure of funds; and;
- c. approval of evaluation of alternative energy economic feasibility.

BACKGROUND INFORMATION

Previous Board Action

On August 7, 2003, the project was included in the Capital Improvement Program (CIP) with a preliminary project cost of \$16,600,000 with funding from Hospital Revenues.

Project Description

Pursuant to a Memorandum of Understanding effective August 26, 2004, U. T. M. D. Anderson Cancer Center has delegated authority for institutional management of construction projects under the continued oversight of the Office of Facilities Planning and Construction. The institutionally managed projects are subject to review by the Board of Regents for design development.

The Mid-Campus Infrastructure project will connect the Main Campus area to the South Campus area by extending Bertner Avenue from Braeswood Boulevard to Old Spanish Trail. The project includes paving, installation of water and sanitary lines, installation of

storm sewer connections to Brays Bayou, relocation and burial of electrical transmission and distribution lines, and installation of U. T. M. D. Anderson Cancer Center's telecommunication lines.

U. T. M. D. Anderson Cancer Center will fund the entire design and construction of the project, including franchise utility costs, and then dedicate the finished roadway and utility systems to the City of Houston. However, U. T. M. D. Anderson Cancer Center has been negotiating with the City of Houston and CenterPoint Energy to participate by cost-sharing and partially funding the work. At this time, the City of Houston has included \$2,000,000 of partial funding of basic road and infrastructure construction in their Fiscal Year 2008 budget. There remains \$1,500,000 in undetermined funding on the City of Houston's budget. Also included in the U. T. M. D. Anderson Cancer Center comprehensive budget of \$16,600,000 is approximately \$8,000,000 to reroute and bury CenterPoint Energy's electrical transmission and distribution duct banks. Through discussions with CenterPoint Energy, they have agreed, in principle, to cost-sharing schemes for the two systems. U. T. M. D. Anderson Cancer Center will continue to work with the City of Houston, CenterPoint Energy, and other agencies and institutions seeking their participation by cost sharing and partially funding this work.

The Basis of Design for this infrastructure project will be designed to meet all applicable state and federal regulations and codes.

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 or addition to an existing building. Therefore, the Project Architect prepared a renewable energy 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. System Board of Regents as part of the design development presentation.

8. **U. T. Austin: LBJ Plaza Renovation/Lady Bird Johnson Center - Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2007-2008 Capital Budget to increase total project cost; appropriation of funds and authorization of expenditure; and resolution regarding parity debt**

RECOMMENDATION

The Chancellor concurs with the Interim Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Powers that the U. T. System Board of Regents approve the recommendations for the LBJ Plaza Renovation/Lady Bird Johnson Center project at The University of Texas at Austin as shown on the following page.

Project No.: 102-208
Architecturally or Historically Significant: Yes No

Project Delivery Method: Construction Manager at Risk

Substantial Completion Date: July 2008

Total Project Cost:	<u>Source</u>	<u>Current</u>	<u>Proposed</u>
	Grants	\$15,000,000	\$15,000,000
	Unexpended Plant Funds	<u>\$17,250,000</u>	\$17,250,000
	Revenue Financing System Bond Proceeds		<u>\$15,000,000</u>
		\$32,250,000	\$47,250,000

- a. amend the FY 2006-2011 Capital Improvement Program (CIP) and the FY 2007-2008 Capital Budget to increase the total project cost from \$32,250,000 to \$47,250,000;
- b. appropriate additional funds and authorize expenditure of funds of \$15,000,000 from Revenue Financing System Bond Proceeds; and
- c. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that
 - parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt;
 - sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System; and
 - U. T. Austin, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$15,000,000.

BACKGROUND INFORMATION

Debt Service

The \$15,000,000 in Revenue Financing System debt will be repaid from institutional funds. Annual debt service on the project is expected to be \$1,400,000. The project's debt service coverage is expected to be at least 3.4 times and average 3.8 times over FY 2007-2012.

Previous Board Actions

On May 13, 2004, the project was included in the CIP with a preliminary project cost of \$30,000,000 with \$15,000,000 from Grants and \$15,000,000 from Unexpended Plant Funds and was designated as architecturally significant. On August 11, 2005, the funding for this repair and rehabilitation project was appropriated with funding of \$15,000,000 from Grants and \$15,000,000 from Unexpended Plant Funds. On March 20, 2006, the Chancellor approved increasing the total project cost from \$30,000,000 to \$32,250,000 with funding of \$15,000,000 from Grants and \$17,250,000 from Unexpended Plant Funds.

Project Description

This project consists of the rehabilitation and modification of the elevated plaza and drainage system surrounding the LBJ Library and replacing a portion of the elevated plaza with a garden honoring Lady Bird Johnson.

The increase to the total project cost is to increase the scope of the project to include renovations, life safety system upgrades, and technology upgrades. Interior renovations to Sid Richardson Hall include approximately 52,500 gross square feet of existing space. Life safety codes have changed since the completion of the structure in 1970. Proposed life safety system upgrades include installation of a fire suppression sprinkler system and a high-performance fire alarm system. Renovations will also upgrade and integrate technology and connectivity to the LBJ School of Public Affairs to enhance educational activities.

9. **U. T. Austin: Research Office Complex (formerly Institute for Geophysics and Advanced Computing Center) - Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2007-2008 Capital Budget to revise funding source for appropriation of \$13,850,000 from Permanent University Fund Bond Proceeds to accommodate the Sun Constellation supercomputer, funded by a \$59,000,000 High Performance Computing System grant from the National Science Foundation**

RECOMMENDATION

The Chancellor concurs with the Interim Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Powers that the U. T. System Board of Regents approve the recommendations for the Research Office Complex (formerly Institute for Geophysics and Advanced Computing Center) project at The University of Texas at Austin as follows:

Project No.: 102-128
Project Delivery Method: Construction Manager at Risk

Substantial Completion Date: June 2007

Total Project Cost:	<u>Source</u>	<u>Current</u>	<u>Proposed</u>
	Unexpended Plant Funds	\$13,850,000	
	Revenue Financing System Bond Proceeds	\$17,344,000	\$17,344,000
	Interest on Local Funds	<u>\$ 3,500,000</u>	<u>\$ 3,500,000</u>
	Permanent University Fund Bond Proceeds		<u>\$13,850,000</u>
		\$34,694,000	\$34,694,000

- a. amend the FY 2006-2011 Capital Improvement Program (CIP) and the FY 2007-2008 Capital Budget to revise the funding source of \$13,850,000 from Unexpended Plant Funds to Permanent University Fund (PUF) Bond Proceeds; and
- b. appropriate funds and authorize expenditure of \$13,850,000 from PUF Bond Proceeds.

BACKGROUND INFORMATION

Previous Board Actions

On August 8, 2001, the project was included in the CIP with a preliminary project cost of \$18,000,000 with funding from Designated Tuition. On November 16, 2006, the Board approved increasing the total project cost to \$34,694,000 with funding of \$13,850,000 from Unexpended Plant Funds, \$3,500,000 from Interest on Local Funds, and \$17,344,000 from Revenue Financing System Bond Proceeds.

Project Description

U. T. Austin has received a grant for the new Sun Constellation supercomputer, one of the world's most powerful supercomputers. The supercomputer is being funded by a \$59,000,000 High Performance Computing System grant from the National Science Foundation and will be the largest computer attached to the TeraGrid, a National Science Foundation-sponsored network of high-performance computers.

The project, located at the J. J. Pickle Research Campus, consists of a three-story facility of approximately 95,000 gross square feet including research offices, work areas, seminar and training space for both the Institute for Geophysics and the Texas Advanced Computing Center.

The request to revise previously approved funding of Unexpended Plant Funds to \$13,850,000 from PUF Bond Proceeds is to enhance the research infrastructure and expedite funding for the project, allowing construction to move ahead.



TABLE OF CONTENTS FOR HEALTH AFFAIRS COMMITTEE

Committee Meeting: 5/9/2007

Board Meeting: 5/10/2007
Austin, Texas

Rita C. Clements, *Chairman*
H. Scott Caven, Jr.
Judith L. Craven, *M.D.*
Cyndi Taylor Krier
Robert B. Rowling

	Committee Meeting	Board Meeting	Page
Convene	12:15 p.m. <i>Chairman Clements</i>		
1. U. T. Southwestern Medical Center - Dallas: Authorization to purchase approximately 2.4339 acres with improvements located at 5602 Redfield Street, Dallas, Dallas County, Texas, from National Self Storage, Inc., a Delaware corporation, for a purchase price not to exceed fair market value as established by independent appraisals for use as an expansion of the institution's biotechnology development complex	12:15 p.m. Action <i>President Wildenthal Ms. Mayne</i>	Action	44
2. U. T. M. D. Anderson Cancer Center: Authorization to negotiate and execute a land use agreement and access easements with the Texas Parks and Wildlife Department pertaining to the U. T. M. D. Anderson Cancer Center - Science Park Research Division in Smithville, Bastrop County, Texas	12:20 p.m. Action <i>President Mendelsohn Ms. Mayne</i>	Action	47
3. U. T. System: Report on FY 2006 post-tenure review	12:25 p.m. Report <i>Dr. Shine</i>	Not on Agenda	51
4. U. T. System: Quarterly report on health issues by Executive Vice Chancellor Shine	12:30 p.m. Report <i>Dr. Shine</i>	Not on Agenda	54
5. U. T. System: Discussion of and video presentation on international programs	12:45 p.m. Discussion <i>Dr. Shine</i>	Not on Agenda	54
Adjourn	1:15 p.m.		

1. **U. T. Southwestern Medical Center - Dallas: Authorization to purchase approximately 2.4339 acres with improvements located at 5602 Redfield Street, Dallas, Dallas County, Texas, from National Self Storage, Inc., a Delaware corporation, for a purchase price not to exceed fair market value as established by independent appraisals for use as an expansion of the institution's biotechnology development complex**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Health Affairs, and President Wildenthal that authorization be granted by the U. T. System Board of Regents, on behalf of U. T. Southwestern Medical Center - Dallas, to

- a. purchase approximately 2.4339 acres with improvements located at 5602 Redfield Street, Dallas, Dallas County, Texas, from National Self Storage, Inc., a Delaware corporation, for a purchase price not to exceed fair market value as established by independent appraisals, plus all due diligence expenses, closing costs, and other costs and expenses to complete the acquisition of the property as deemed necessary or advisable by the Executive Director of Real Estate, for use as an expansion of the institution's biotechnology development complex; and
- b. authorize the Executive Director of Real Estate to execute all documents, instruments, and other agreements, subject to approval of all such documents as to legal form by the Office of General Counsel, and to take all further actions deemed necessary or advisable to carry out the purpose and intent of the foregoing recommendation.

BACKGROUND INFORMATION

The subject property is within the acquisition area authorized for U. T. Southwestern Medical Center - Dallas by House Bill 287 passed by the 60th Legislature in 1967. The property is also within the acquisition area identified in the institution's Campus Master Plan approved by the Board of Regents on August 10, 2000.

The property's eastern boundary line is the common boundary line with an approximately 13-acre tract that the Board of Regents acquired from the City of Dallas in August 2004. At its August 10, 2006 meeting, the Board of Regents approved the construction of the first phase of a biotechnology development complex on the 13-acre tract. The 13-acre tract has significant frontage on Inwood Road. Acquisition of the subject property will provide additional contiguous acreage to the biotechnology development complex and will provide frontage along Redfield Street.

The property is currently operating as a self-storage facility with 335 storage units and 12 parking spaces. As leases of the storage units expire, U. T. Southwestern Medical Center - Dallas intends to integrate the site into its planned biotechnology development complex.

To fund the purchase, U. T. Southwestern Medical Center - Dallas will use institutional funds. The terms and conditions of the proposed purchase are specified in the transaction summary below:

Transaction Summary

Institution:	U. T. Southwestern Medical Center - Dallas
Type of Transaction:	Purchase
Total Area:	2.4339 acres
Improvements:	Self-storage facility with 335 storage units and 12 parking spaces
Location:	5602 Redfield Street, Dallas, Dallas County, Texas; see attached map
Seller:	National Self Storage, Inc., a Delaware corporation
Purchase Price:	Not to exceed fair market value as established by independent appraisals
Appraised Values:	\$1,296,750 (Dallas Central Appraisal District, 2006) Appraisal from Mark Donoho Company in process
Source of Funds:	Institutional funds
Intended Use:	Expansion of the institution's planned biotechnology development complex

**U. T. SOUTHWESTERN
NORTH CAMPUS**

**U. T. SOUTHWESTERN
SOUTH CAMPUS**

U.T. Southwestern
biotechnology development
complex

SUBJECT PROPERTY



2. **U. T. M. D. Anderson Cancer Center: Authorization to negotiate and execute a land use agreement and access easements with the Texas Parks and Wildlife Department pertaining to the U. T. M. D. Anderson Cancer Center - Science Park Research Division in Smithville, Bastrop County, Texas**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Health Affairs, and President Mendelsohn that authorization be granted by the U. T. System Board of Regents, on behalf of U. T. M. D. Anderson Cancer Center, to

- a. negotiate a land use agreement and access easements with the Texas Parks and Wildlife Department pertaining to the U. T. M. D. Anderson Cancer Center - Science Park Research Division in Smithville, Bastrop County, Texas; and
- b. authorize the Executive Director of Real Estate to execute the land use agreement, the access easements, and all related documents, instruments, and other agreements, subject to approval of all such documents as to legal form by the Office of General Counsel, and to take all further actions deemed necessary or advisable to carry out the purpose and intent of the foregoing recommendation.

BACKGROUND INFORMATION

The U. T. M. D. Anderson Cancer Center - Science Park Research Division (Science Park) is located approximately two miles northwest of Smithville in Bastrop County, Texas. The Science Park consists of approximately 717 acres and is adjacent to and partially surrounded by Buescher State Park (Buescher Park). The Science Park land was formerly a part of Buescher Park, but, at the direction of the Texas Legislature in 1968, it was conveyed by the Texas Parks and Wildlife Department (TPWD) to the Board of Regents of The University of Texas System for the use and benefit of the U. T. M. D. Anderson Cancer Center. The deed from TPWD states that the property is "to be used as a science park and for research purposes."

U. T. M. D. Anderson Cancer Center has made a substantial investment in the establishment and development of the Science Park and the Science Park is a significant part of the institution's research program. Approximately 50 acres of the Science Park are currently developed or slated for development. That portion of the Science Park is labeled as Tract 3 on the attached map and currently contains four research buildings, representing approximately 92,617 useable square feet, and various other office and utility buildings totaling approximately 29,218 useable square feet.

Because of the importance and success of the Science Park, U. T. M. D. Anderson Cancer Center has plans for additional development of the Science Park. There is currently, however, only one means of ingress and egress into the Science Park, which access is through Buescher Park via Park Road 1. To facilitate and accommodate the future growth and development of the Science Park and for the safety, welfare, and convenience of its employees, vendors, and visitors, U. T. M. D. Anderson Cancer Center has discussed with TPWD the acquisition of a second access point off Park Road 1, an expansion of the width of the existing access point to accommodate commercial truck traffic servicing the Science Park, and an unpaved emergency evacuation route in the event of a forest fire or other emergency.

TPWD owns and manages Buescher Park, which consists of approximately 1,016.7 acres. Buescher Park includes a small lake, a pine-oak forest, hiking trails, and a variety of scenic and recreational opportunities. The park lake is about one mile from the Science Park. A portion of the undeveloped acreage within the 717-acre Science Park is a part of the watershed for the lake. That portion has not been surveyed, but is estimated to be in excess of 200 acres and is labeled as Tract 2 on the attached map. The remaining undeveloped portion of the Science Park, which also has not been surveyed and is estimated to be in excess of 200 acres, is outside the watershed. It is labeled as Tract 1 on the attached map. TPWD wishes to protect the watershed of the Buescher Park lake and the ecological, scenic, and open space values of the park and to mitigate the impact of the future development of the Science Park on Buescher Park.

In furtherance of their respective interests, U. T. M. D. Anderson Cancer Center and TPWD propose to enter into a land use agreement that provides for certain ingress and egress rights to the Science Park for the benefit of the U. T. M. D. Anderson Cancer Center and establishes for the benefit of TPWD certain standards, guidelines, and restrictions regarding the future use and development of the Science Park land. Details of the proposed agreement are contained in the transaction summary below:

Transaction Summary

Parties: Texas Parks and Wildlife Department and the Board of Regents of The University of Texas System, for the use and benefit of U. T. M. D. Anderson Cancer Center (U. T.)

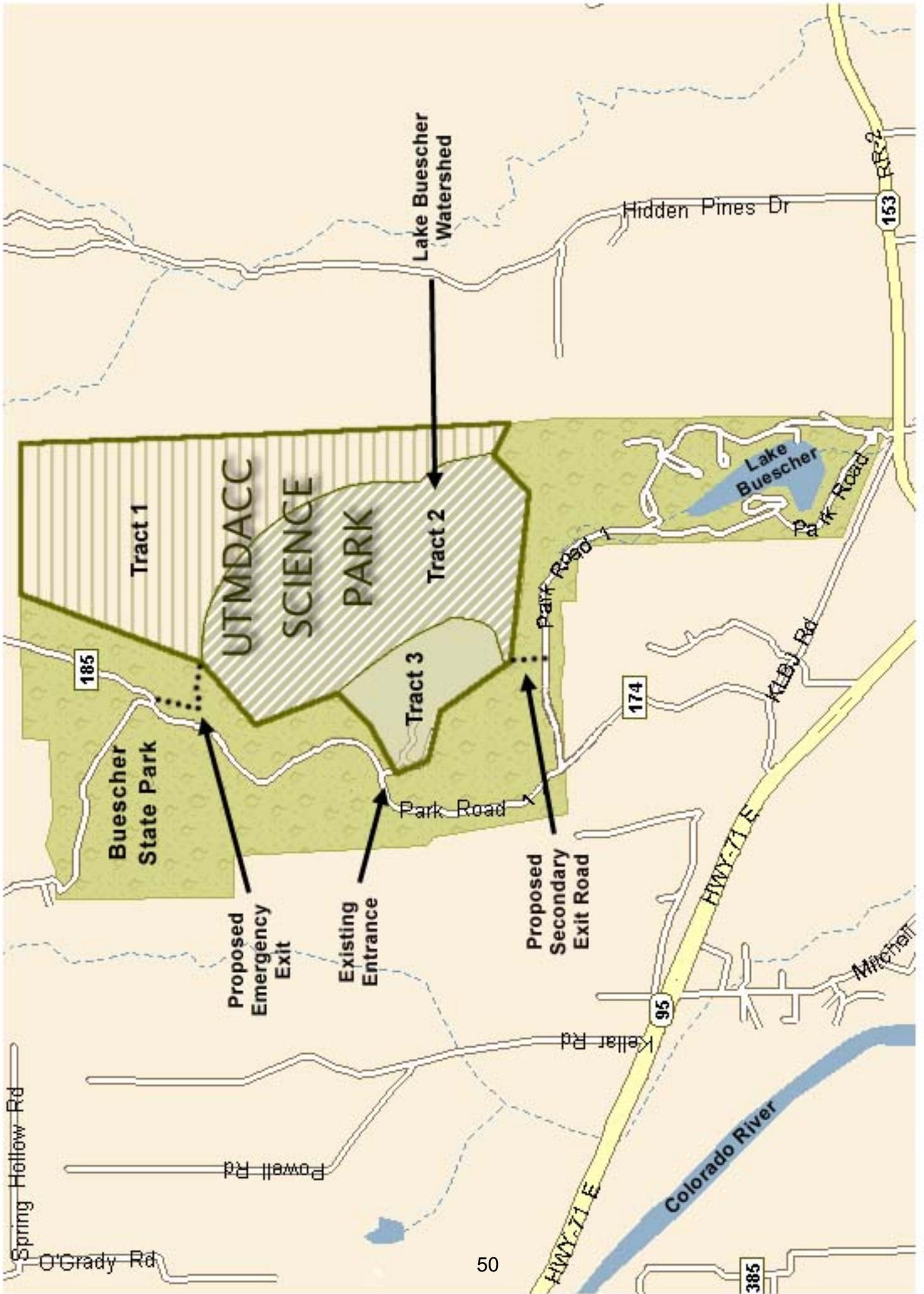
Easements: TPWD will grant three ingress and egress easements to U. T. across the adjacent Buescher Park: (1) an expansion of the existing access point from Park Road 1 to the Science Park; (2) a second access point from Park Road 1 to the Science Park; and (3) an emergency evacuation route from the Science Park. U. T. will have the right to place utilities within the access easements and to landscape within the easements. U. T. will construct the paved access roads in accordance with TPWD

standards; the evacuation route will be a dirt road. U. T. and TPWD will share the costs of the maintenance of portions of Park Road 1.

Future Development In General: U. T. will work cooperatively with TPWD to avoid, minimize, or mitigate the impact of any future development of the Science Park on the park lake's watershed, and the associated habitat, scenic, and watershed values associated with Buescher Park. U. T. will use the best available technology that represents standard practices to protect conservation values, with the objective of not altering drainage patterns, volumes, velocity, and quality of drainage into the park lake. No review or approval by TPWD will be required for emergency actions.

Watershed Development: U. T. will submit plans for development of the portion of the Science Park land that is within the lake watershed (Tract 2 on the attached map) to TPWD for review and comment and will agree to seriously consider comments and recommendations from TPWD and make a good faith effort to incorporate and implement TPWD's recommendations to the extent that such recommendations are technically and financially feasible and reasonable. U. T. will coordinate with TPWD with respect to the other portions of the Science Park land to the extent required by law (Tracts 1 and 3 on the attached map).

Development Standards: No building will be constructed within 150 feet of Park Road 1 except for utility enclosures and a guard house and except as may be approved by TPWD; architecturally complementary materials and designs will be used; a tree buffer will be used to screen development from Park Road 1; the maximum height of structures will be four stories, not to exceed 80 feet; all exterior illumination will follow current standards of the U.S. Pattern Lighting Code developed by the International Dark-Sky Association or similar standard; no nonnative or nonindigenous plants or animals will be introduced into the Science Park land, except within the research facilities.



3. **U. T. System: Report on FY 2006 post-tenure review**

REPORT

Executive Vice Chancellor Shine will report on the Fiscal Year 2006 post-tenure review for the health institutions using the attachment on Pages 52 - 53.

**U. T. System Health Institutions
2005-06 Post-Tenure Review Report**

During Fiscal Year 2006, 206 tenured faculty members at the five health institutions with tenured faculty were subject to post-tenure review. Of the 206 faculty members subject to review, 196 (or 95.1%) were evaluated as Performing Satisfactorily; 6 (or 2.9%) received Needs Additional Support or Marginal evaluations; and 4 (or 1.9%) received Unsatisfactory evaluations.

The following summary tables provide additional details of the post-tenure review results for academic year 2005-06.

Summary of Post-Tenure Review Results

	Total Subject to Review	Total Performing Satisfactorily	Total Needs Additional Support or Marginal	Total Unsatisfactory
UT SWMC-Dallas	30	30	0	0
UTMB-Galveston	32	31	1	0
UT HSC-Houston	27	27	0	0
UT HSC-San Antonio	56	53	2	1
UT MDACC *	61	55	3	3
Total	206	196	6	4
		95.1%	2.9%	1.9%

Post-Tenure Review Results by Gender

	Subject to Review		Performing Satisfactorily		Needs Additional Support or Marginal		Unsatisfactory	
	Male	Female	Male	Female	Male	Female	Male	Female
UT SWMC-Dallas	29	1	29	1	0	0	0	0
UTMB-Galveston	26	6	25	6	1	0	0	0
UT HSC-Houston	21	6	21	6	0	0	0	0
UT HSC-San Antonio	42	14	40	13	1	1	1	0
UT MDACC *	47	14	42	13	2	1	3	0
Total	165	41	157	39	4	2	4	0

* UT MDACC offers "term tenure."

Post-Tenure Review Results by Ethnicity

	Total Subject to Review					Performing Satisfactorily				
	White	Black	Hispanic	Asian	Other	White	Black	Hispanic	Asian	Other
UT SWMC-Dallas	25	0	1	4	0	25	0	1	4	0
UTMB-Galveston	25	0	1	5	1	24	0	1	5	1
UT HSC-Houston	25	2	0	0	0	25	2	0	0	0
UT HSC-San Antonio	49	0	5	1	1	47	0	5	1	0
UT MDACC*	47	2	0	12	0	43	2	0	10	0
Total	171	4	7	22	2	164	4	7	20	1

	Needs Additional Support or Marginal					Unsatisfactory				
	White	Black	Hispanic	Asian	Other	White	Black	Hispanic	Asian	Other
UT SWMC-Dallas	0	0	0	0	0	0	0	0	0	0
UTMB-Galveston	1	0	0	0	0	0	0	0	0	0
UT HSC-Houston	0	0	0	0	0	0	0	0	0	0
UT HSC-San Antonio	2	0	0	0	0	0	0	0	0	1
UT MDACC*	2	0	0	1	0	2	0	0	1	0
Total	5	0	0	1	0	2	0	0	1	1

* UT MDACC offers "term tenure."

4. **U. T. System: Quarterly report on health issues by Executive Vice Chancellor Shine**

REPORT

Executive Vice Chancellor Shine will report on health matters of interest to the U. T. System. This is a quarterly update to the Health Affairs Committee of the U. T. System Board of Regents.

5. **U. T. System: Discussion of and video presentation on international programs**

Dr. Shine will lead a discussion of the international programs in the U. T. System health institutions, using the attachments on Pages 72 - 83 of the Supplemental Materials (Volume 2) of the Agenda Book. President Stobo will show a video clip on Rift Valley Fever in Kenya, an example of global telemedicine at work.



TABLE OF CONTENTS FOR FINANCE AND PLANNING COMMITTEE

Committee Meeting: 5/9/2007

Board Meeting: 5/10/2007
Austin, Texas

Robert B. Rowling, Chairman
John W. Barnhill, Jr.
H. Scott Caven, Jr.
Cyndi Taylor Krier
Colleen McHugh

	Committee Meeting	Board Meeting	Page
Convene	<i>1:15 p.m.</i> <i>Chairman Rowling</i>		
1. U. T. System: Discussion and appropriate action related to approval of <i>Docket No. 130</i>	<i>1:15 p.m.</i> Discussion, Action if needed <i>Dr. Kelley</i>		55
2. U. T. System: Approval of the Fiscal Year 2008 Budget Preparation Policies and Calendar for budget operations	<i>1:20 p.m.</i> Action <i>Mr. Wallace</i>	Action	55
3. U. T. System: Key Financial Indicators Report and Monthly Financial Report	<i>1:25 p.m.</i> Report <i>Dr. Kelley</i>	Not on Agenda	59
4. U. T. System: Shared Services Initiative Report	<i>1:40 p.m.</i> Report <i>Dr. Kelley</i>	Not on Agenda	68
5. U. T. System Board of Regents: Investment Reports for the fiscal quarter ended February 28, 2007, and The University of Texas Investment Management Company (UTIMCO) Performance Summary Report	<i>2:00 p.m.</i> Report <i>Ms. Iberg</i>	Report	70
6. U. T. System Board of Regents: Approval of annual distributions from the Permanent University Fund, the Permanent Health Fund, the Long Term Fund, and the Intermediate Term Fund	<i>2:05 p.m.</i> Action <i>Ms. Iberg</i>	Action	76
Adjourn	<i>2:15 p.m.</i>		

1. **U. T. System: Discussion and appropriate action related to approval of Docket No. 130**

RECOMMENDATION

It is recommended that *Docket No. 130*, beginning on Page Docket - 1, be approved. The Docket is printed on green paper following the Docket tab at the back of the Supplemental Materials (Volume 2) of the Agenda Book.

It is also recommended that the Board confirm that authority to execute contracts, documents, or instruments approved therein has been delegated to appropriate officials of the respective institution involved.

2. **U. T. System: Approval of the Fiscal Year 2008 Budget Preparation Policies and Calendar for budget operations**

RECOMMENDATION

With the concurrence of the Interim Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and the Executive Vice Chancellor for Health Affairs, the Chancellor recommends that the U. T. System Board of Regents approve the Budget Preparation Policies and Calendar for use in preparing the Fiscal Year 2008 Operating Budget for the U. T. System as set out below:

U. T. System Fiscal Year 2008 Budget Preparation Policies

General Guidelines - The regulations and directives that will be included in the General Appropriations Act enacted by the 80th Texas Legislature serve as the basis for these guidelines and policies. In preparing the draft of the Fiscal Year 2008 Operating Budget, the president of each institution should adhere to guidelines and policies as detailed below and as included in the General Appropriations Act. Following legislative approval of the General Appropriations Act, the Chancellor will issue detailed instructions regarding the implementation of those regulations and directives into the institutional budget process.

Overall budget totals, including reasonable reserves, must be limited to the funds available for the year from General Revenue Appropriations, Estimates of Educational and General Income, and limited use of institutional unappropriated balances.

Salary Guidelines - Recommendations regarding salary policy are subject to the following directives:

1. Salaries Proportional by Fund - Unless otherwise restricted, payment for salaries, wages, and benefits paid from appropriated funds, including local funds and educational and general funds as defined in *Texas Education Code* Section 51.009 (a) and (c), shall be proportional to the source of funds.
2. Merit Increases and Promotions - Subject to available resources and resolution of any major salary inequities, institutions should give priority to implementing merit salary increases for faculty and staff.

Merit increases or advances in rank for faculty are to be on the basis of teaching effectiveness, research, and public service.

Merit increases or promotions for administrative and professional staff and classified staff are to be based on evaluation of performance in areas appropriate to work assignments.

To be eligible for a merit increase, administrative and professional staff and classified staff must have been employed by the institution for at least six consecutive months ending August 31, 2007, and at least six months must have elapsed since the employee's last merit salary increase.

3. Other Increases - Equity adjustments, competitive offers, and increases to accomplish contractual commitments may also be granted in this budget and should also consider merit where appropriate, subject to available resources. Subject to guidance issued by the Chancellor, such increases should be noted and explained in the supplemental data accompanying the budget.
4. New Positions - Subject to available resources, new administrative and professional staff, classified staff, and faculty positions are to be requested only when justified by workloads or to meet needs for developing new programs.
5. Reporting - The Chancellor will issue guidance on reporting of salary changes and amounts. It is expected that required reports will encompass high-ranking and highly compensated staff along with those staff receiving significant changes in compensation.

Staff Benefits Guidelines - Recommendations regarding the State contribution for employee staff benefits such as group insurance premiums, teacher retirement, and optional retirement are subject to legislative determination via the General Appropriations Act. Upon approval of this legislation, the Chancellor will issue instructions regarding the implementation of the benefits into the budget process.

Other Employee Benefits - Employer contributions to the self-insured Unemployment Compensation Fund are based on an actuarial study. Workers' Compensation Insurance rates are experience-rated for each institution. Appropriate instructions will be issued regarding the implementation of Unemployment Compensation Fund and Workers' Compensation Insurance Benefits.

Other Operating Expenses Guidelines - Increases in Maintenance, Operation, Equipment, and Travel are to be justified by expanded workloads, for developing new programs, or for correcting past deferrals or deficiencies.

Budget Reductions and Limitations - The General Appropriations Act may contain provisions requiring budget reductions and budget restrictions. Upon approval of this legislation, instructions will be issued regarding the implementation of any of these reductions and limitations into the budgeting process.

BACKGROUND INFORMATION

The U. T. System FY 2008 Budget Preparation Policies will be consistent with the regulations and directives included in the General Appropriations Act to be enacted by the 80th Texas Legislature. As written, this policy provides general direction to the U. T. System institutions and may be modified as necessary to conform to the legislation, as finally passed.



THE UNIVERSITY OF TEXAS SYSTEM
FY 2008 OPERATING BUDGET CALENDAR

May 10, 2007	U. T. System Board of Regents takes appropriate action on budget policies
June 1 - 8, 2007	Major goals, priorities, and resource allocation hearings with U. T. System Administration
June 25, 2007	Draft budget documents due to U. T. System
July 2, 2007	High-ranking and highly compensated salary reports due to U. T. System
July 2 - 6, 2007	Technical budget review with U. T. System
July 12, 2007	U. T. System Board of Regents to review Presidents and Executive Officers compensation
July 23, 2007	Final budget documents due to U. T. System
August 9, 2007	Operating Budget Summaries mailed to the U. T. System Board of Regents
August 15, 2007	Salary change report due to U. T. System Administration
August 23, 2007	U. T. System Board of Regents approves Operating Budget and Presidents and Executive Officers compensation

3. **U. T. System: Key Financial Indicators Report and Monthly Financial Report**

Dr. Scott C. Kelley, Executive Vice Chancellor for Business Affairs, will discuss the Key Financial Indicators Report, as set forth on Pages 60 - 67 that follow, and the March Monthly Financial Report (MFR), as set forth on Pages 84 - 108 of the Supplemental Materials (Volume 2) of the Agenda Book. The reports represent the consolidated and individual operating results of the U. T. System institutions.

REPORT

The Key Financial Indicators Report compares the System-wide quarterly results of operations, key revenues and expenses, reserves, and key financial ratios in a graphical presentation from 2003 through February 2007. Ratios requiring balance sheet data are provided for Fiscal Year 2002 through Fiscal Year 2006.

The MFR is provided as support for the Key Financial Indicators. The MFR includes the detailed numbers behind the System-wide graphs as well as detail for each individual institution as of March 2007.

THE UNIVERSITY OF TEXAS SYSTEM



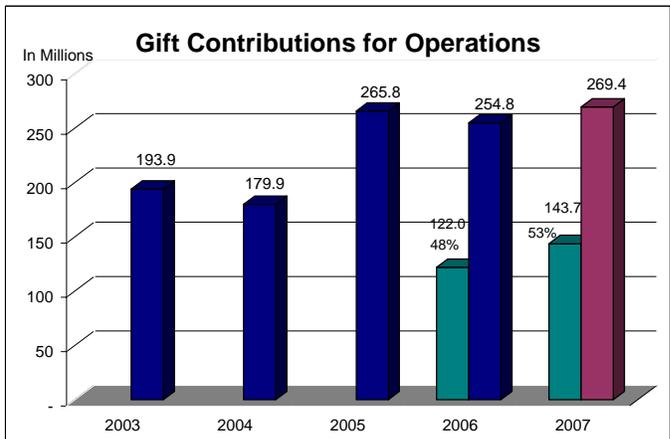
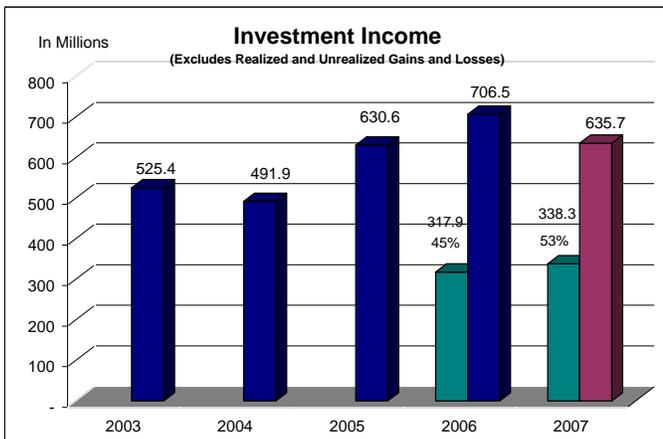
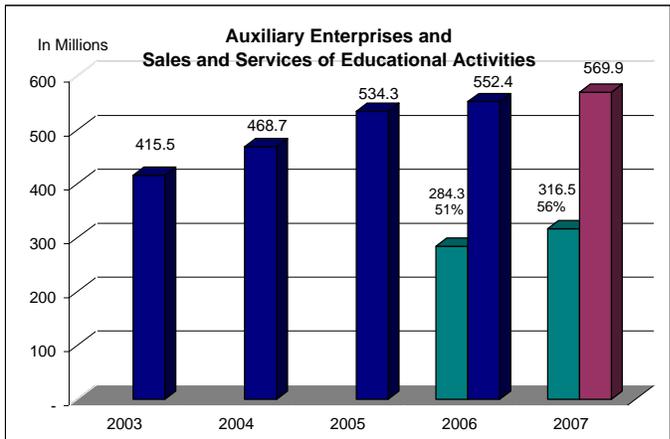
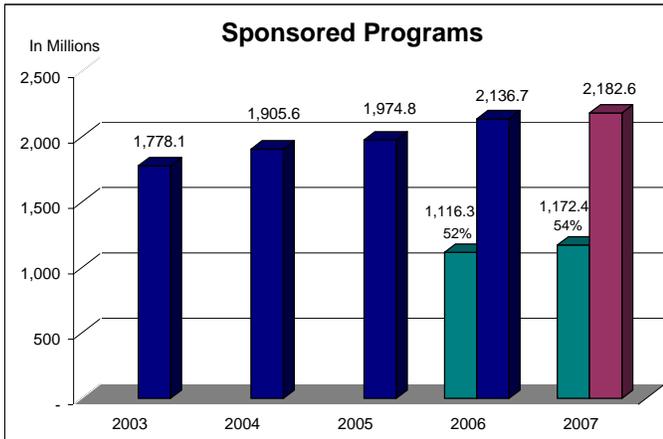
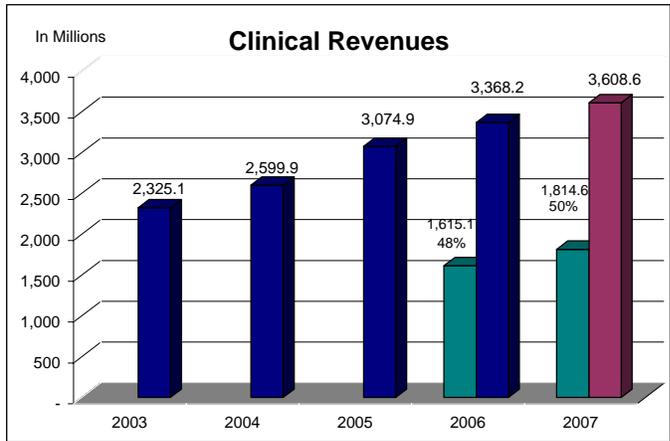
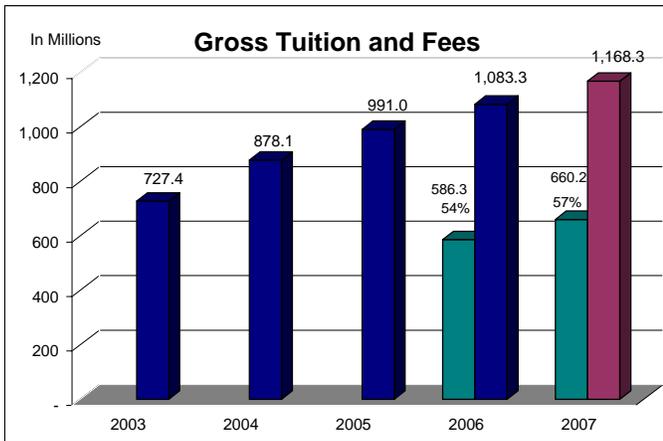
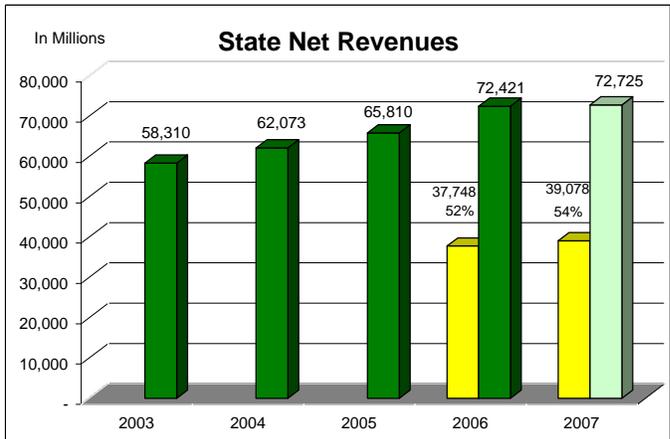
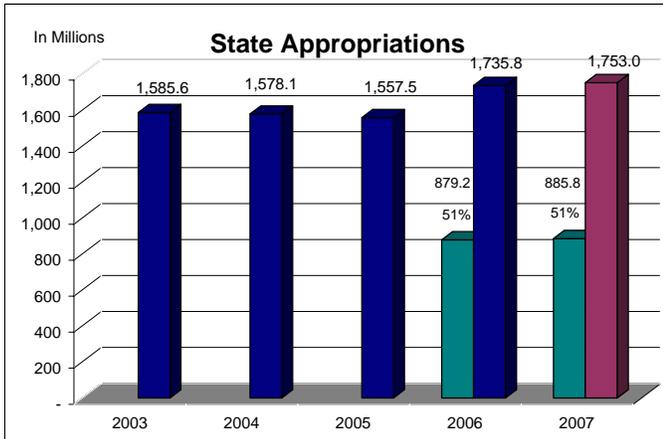
QUARTERLY KEY FINANCIAL INDICATORS REPORT

2ND QUARTER FY 2007

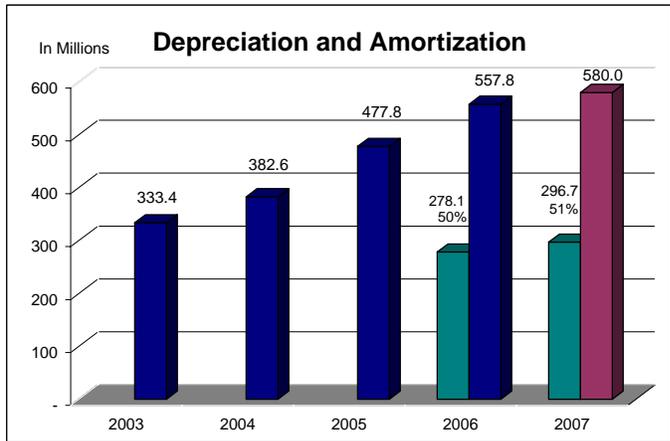
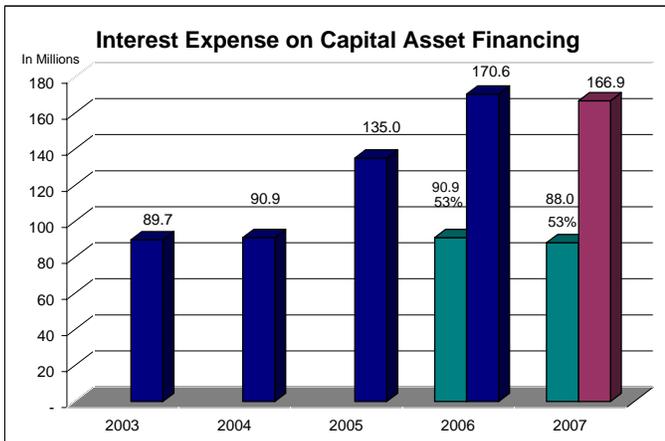
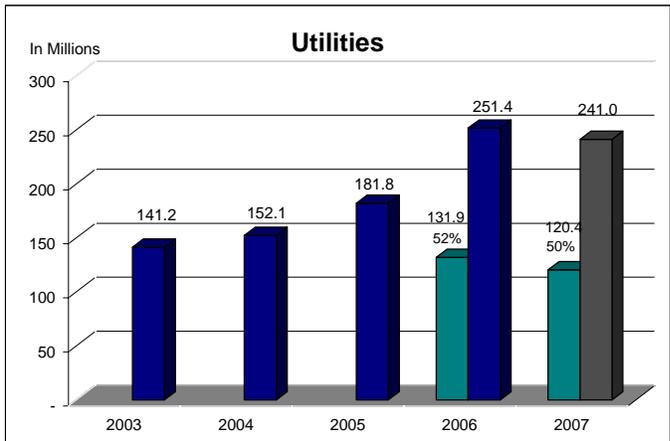
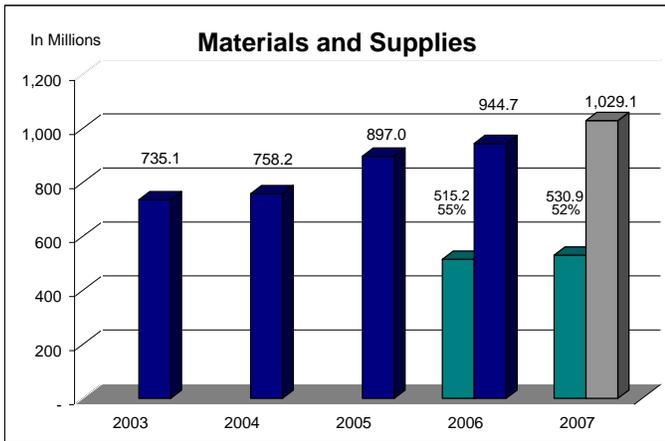
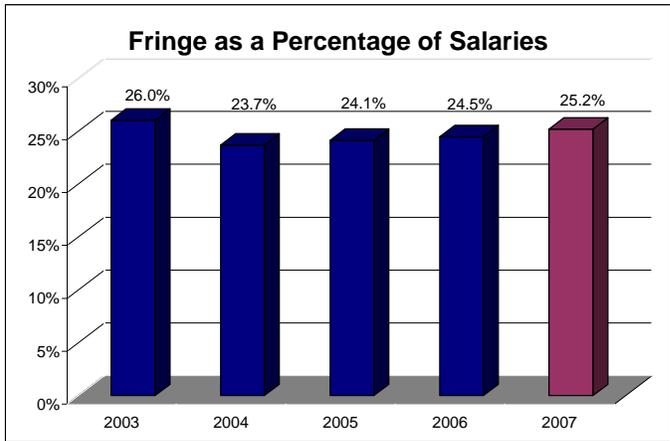
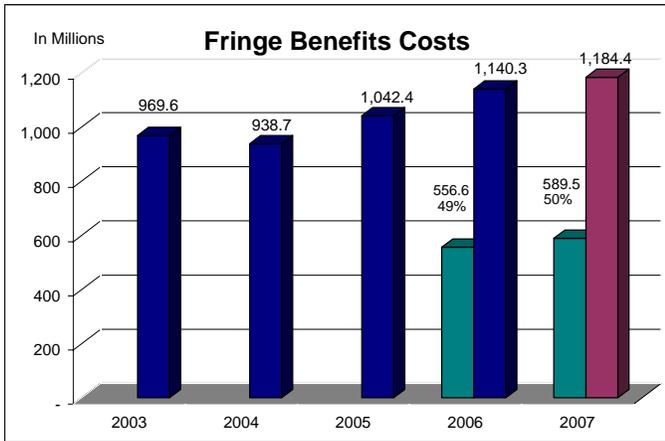
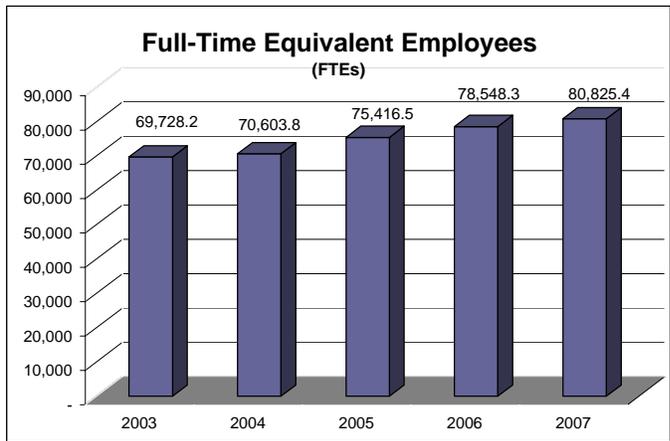
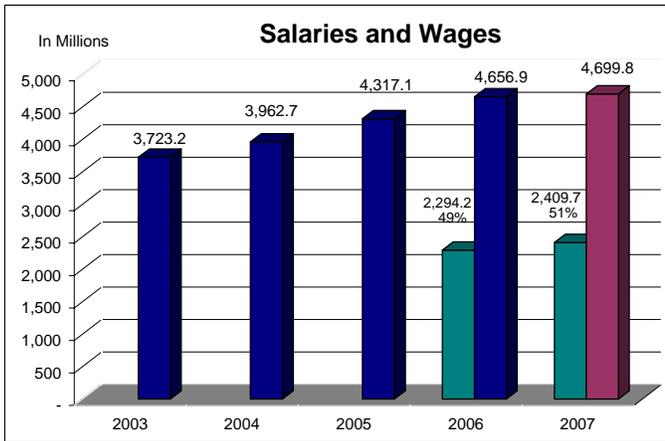
KEY

	Actual 2002 through 2006 amounts (SOURCE: Annual Financial Reports Fiscal Years 2002, 2003, 2004, 2005 and 2006)
	2007 Budget amounts (SOURCE: Operating Budget Summary 2007)
	Projected 2007 amounts (trend based on the average change of the previous four years of data)
	Monthly Financial Report Year to Date amounts for February 2006 and February 2007
	Annual State Net Revenue Collections for 2002, 2003, 2004, 2005 and 2006 (SOURCE: Texas Revenue History by Source 1978-2006, State Comptroller's Office)
	Year to Date State Net Revenue Collections for February 2006 and February 2007 (SOURCE: State Comptroller's Office)
	Estimated State Revenue Collections for 2007 (SOURCE: Revenue Estimate for the 79th Legislature 3rd Called Session, April 2006, State Comptroller's Office)
	2002, 2003, 2004, 2005 & 2006 Annual Average of FTEs, and Average of 1st & 2nd Quarter 2007 FTEs (SOURCE: State Auditor's Office Quarterly FTE Report)
	Year to Date margin for March 2007 (SOURCE: Monthly Financial Report for March 2007)
	Projected 2007 (SOURCE: Monthly Financial Report Year- End Projections collected March 2007)
	Year to Date margin for March 2006 (SOURCE: Monthly Financial Report for March 2007)
	Target Normalized Rates
	Aaa/Aa1 Median (SOURCE: Moody's)
	A2 Median (SOURCE: Moody's)
	Fair Facilities Condition Index (5% - 10%)
	Good Facilities Condition Index (Exceeds 10%)

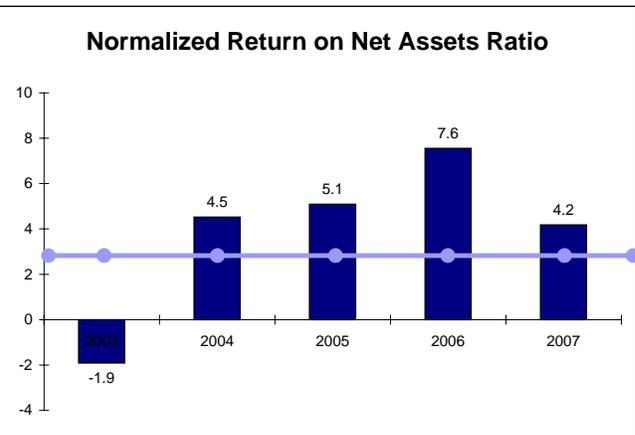
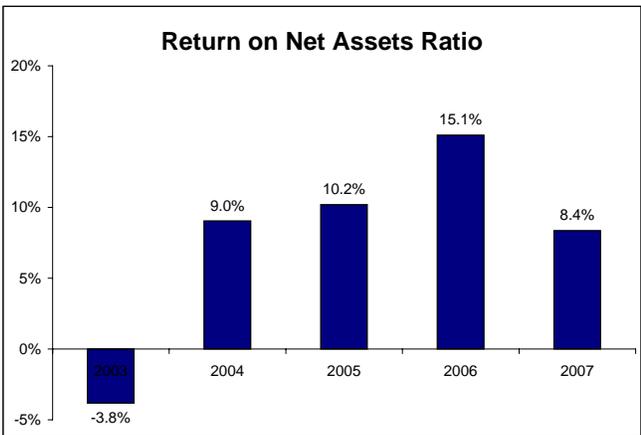
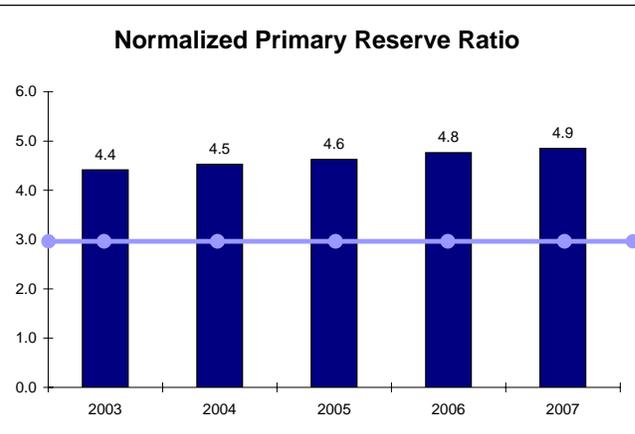
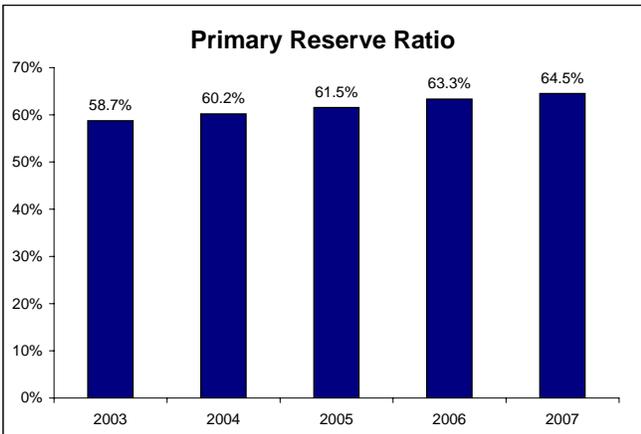
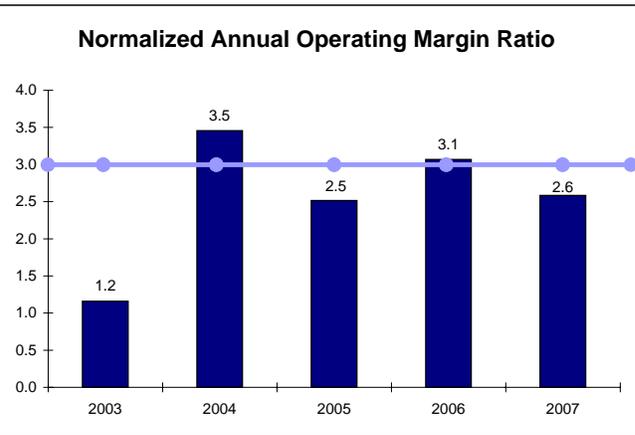
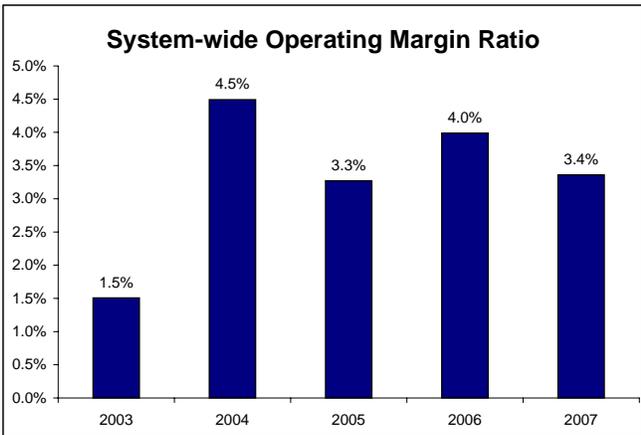
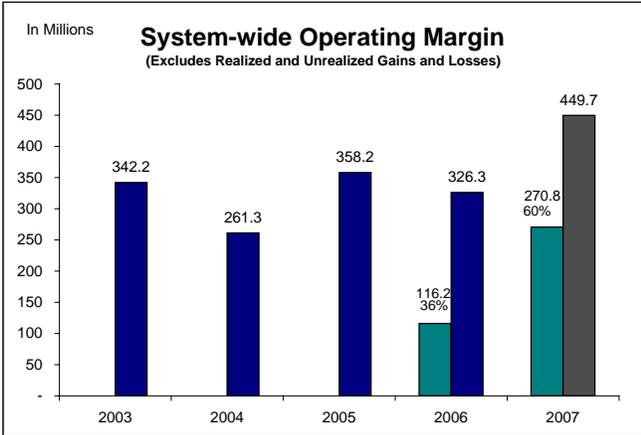
KEY INDICATORS OF REVENUES
ACTUAL 2003 THROUGH 2006
PROJECTED 2007
YEAR TO DATE 2006 AND 2007 FROM FEBRUARY MONTHLY FINANCIAL REPORT



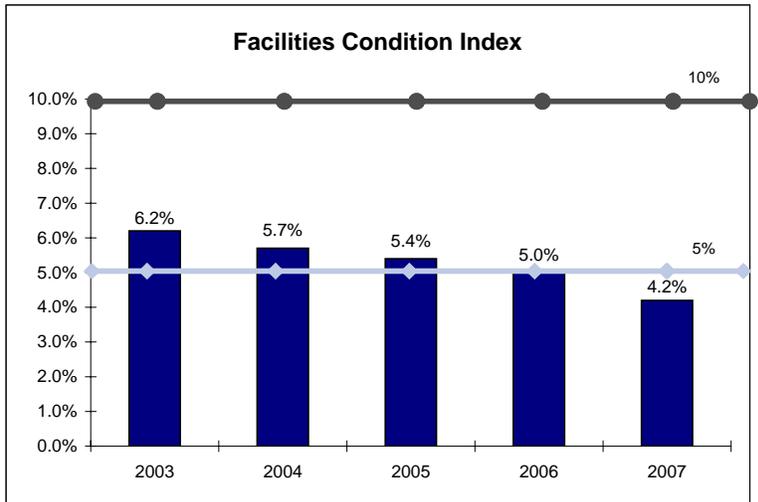
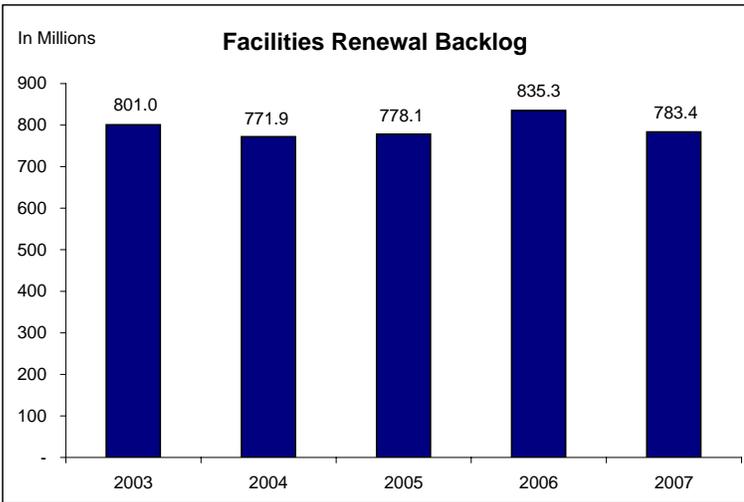
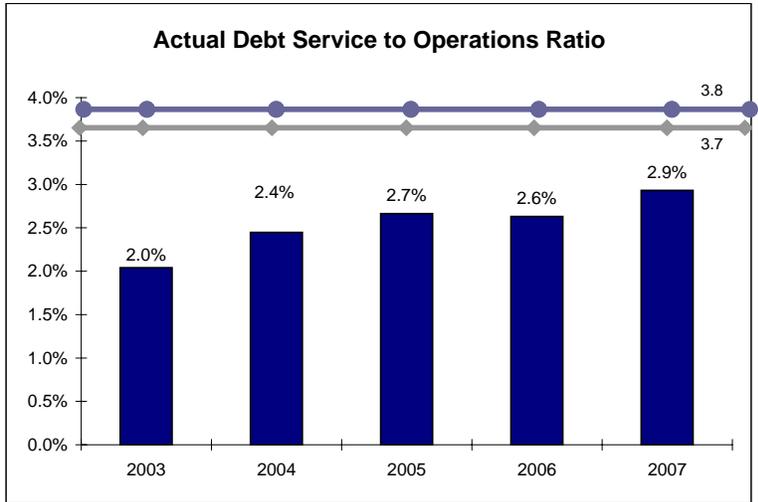
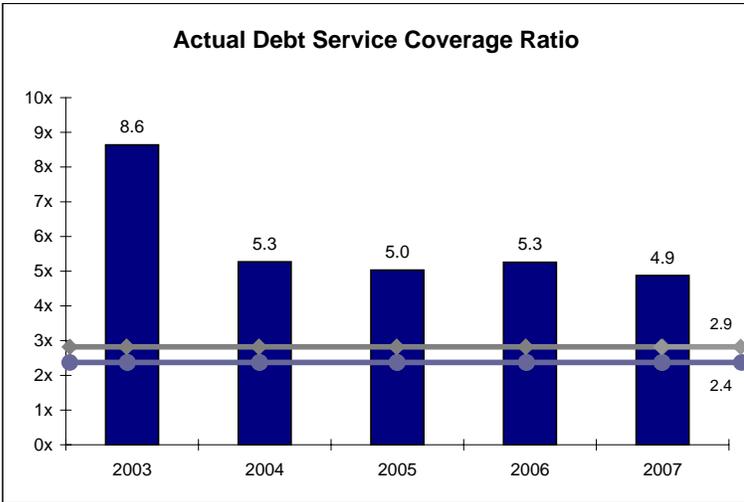
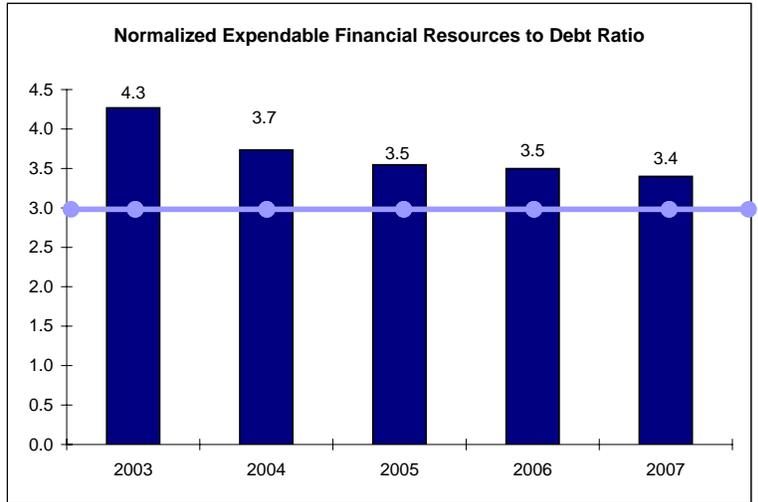
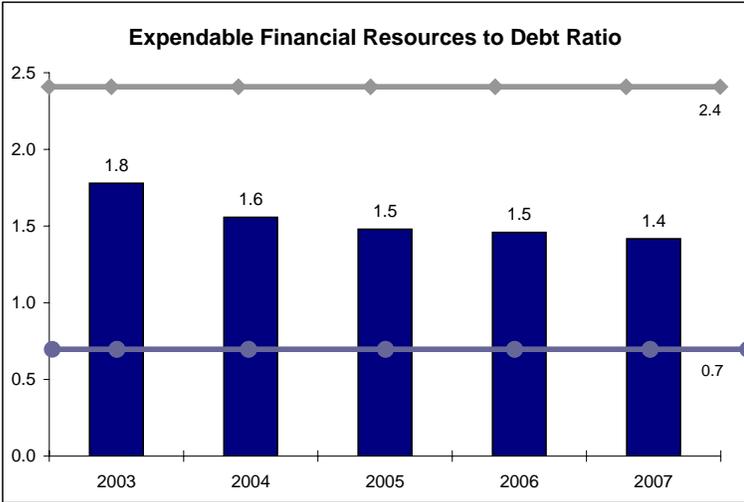
**KEY INDICATORS OF EXPENSES
ACTUAL 2003 THROUGH 2006
PROJECTED 2007
YEAR TO DATE 2006 AND 2007 FROM FEBRUARY MONTHLY FINANCIAL REPORT**



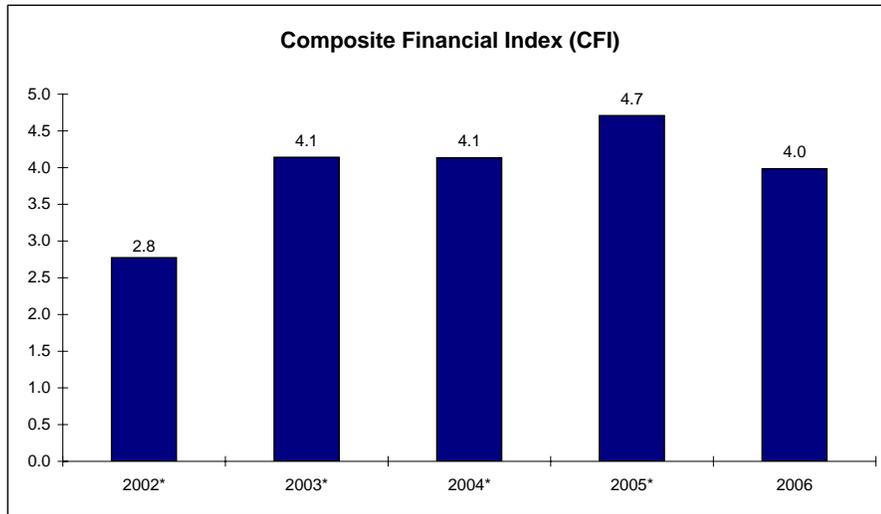
KEY INDICATORS OF RESERVES
ACTUAL 2003 THROUGH 2006
PROJECTED 2007
YEAR TO DATE 2006 AND 2007 FROM FEBRUARY MONTHLY FINANCIAL REPORT



KEY INDICATORS OF CAPITAL NEEDS AND CAPACITY 2002 THROUGH 2006

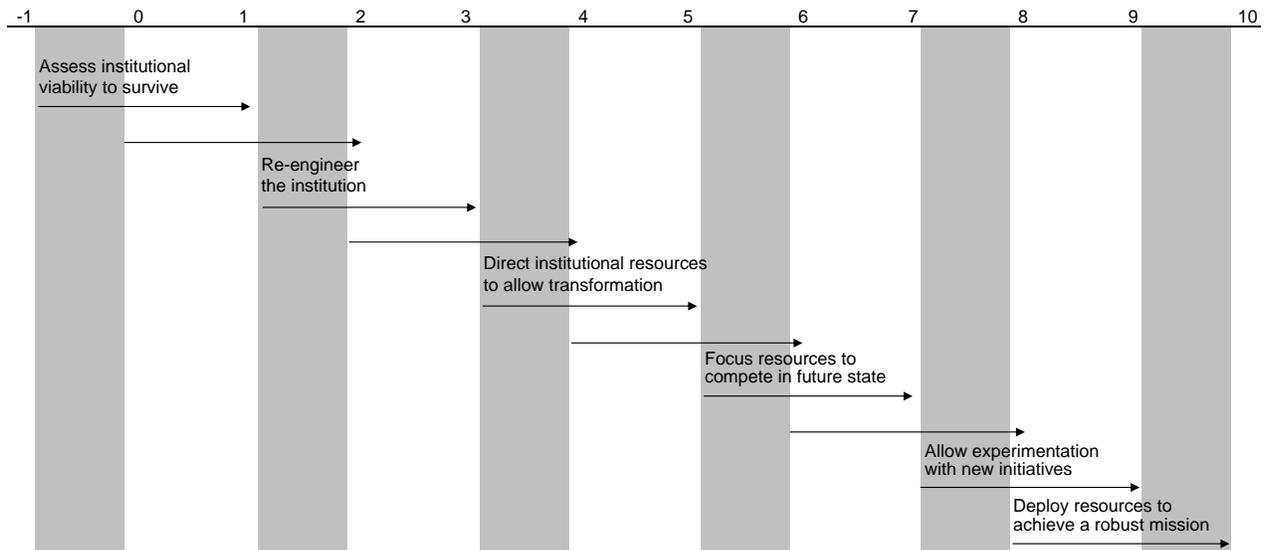


KEY INDICATORS OF FINANCIAL HEALTH 2002 THROUGH 2006



*Restated to reflect appreciation on endowments as restricted expendable net assets as a result of the 2006 external audit. Permanent University Fund Appreciation Restatements are not included above.

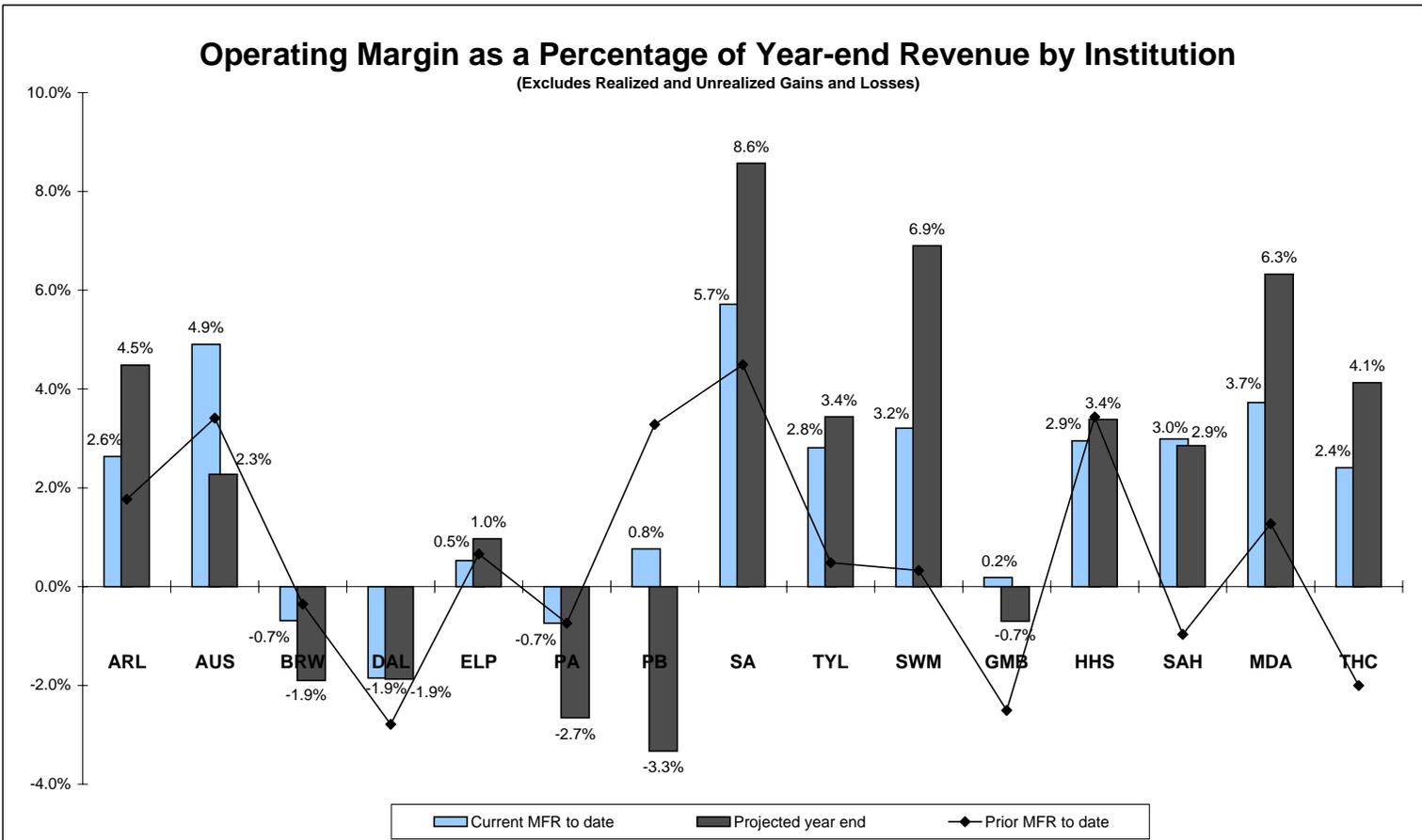
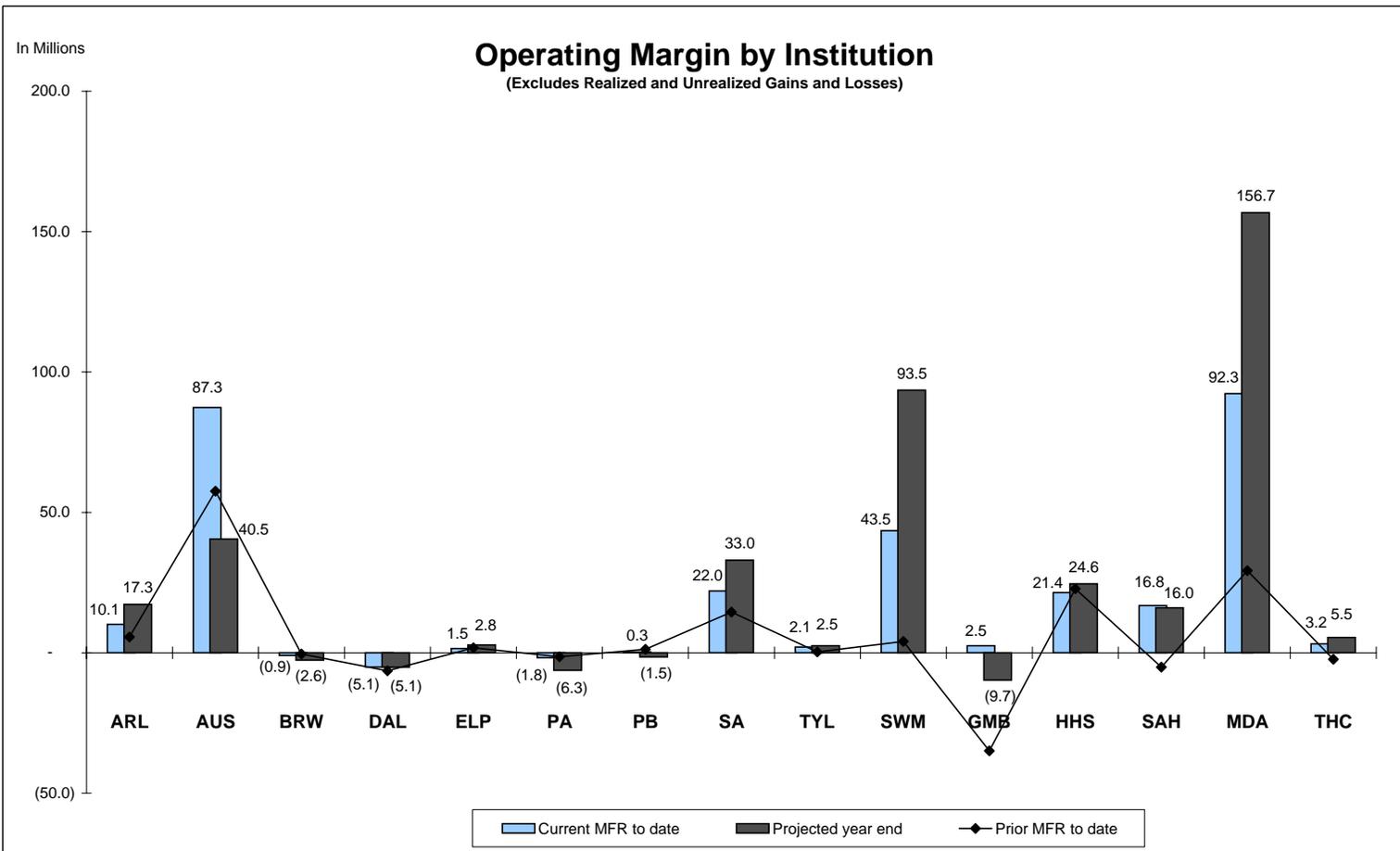
Scale for Charting CFI Performance



KEY INDICATORS OF RESERVES

YEAR TO DATE 2006 AND 2007 FROM MARCH MONTHLY FINANCIAL REPORT

PROJECTED 2007 YEAR-END MARGIN



4. U. T. System: Shared Services Initiative Report

Dr. Scott C. Kelley, Executive Vice Chancellor for Business Affairs, will report on the Shared Services Initiative using a PowerPoint presentation on Pages 109 - 119 of the Supplemental Materials (Volume 2) of the Agenda Book.

REPORT

The Shared Services Initiative Report consists of five different ongoing projects.

1. Regional Data Centers. On October 4, 2006, the U. T. System Board of Regents approved the funding for the Shared Services Initiative, which included the creation of three Regional Data Centers to be located in Arlington, Austin, and Houston. Since then, the oversight structure has been defined and a Regional Data Centers Executive Board has been selected and holds regular quarterly meetings. The Bylaws for the Executive Board and the individual Regional Data Center Operations Oversight Committees have been approved by the Office of General Counsel and the Executive Board. U. T. Arlington has completed an Engineering Report on funded updates to bring the Arlington Regional Data Center to Tier III status. U. T. M. D. Anderson Cancer Center has completed an Engineering Report for the Houston Regional Data Center as well. Interagency contracts between the U. T. System institutions and U. T. System have been created and are being reviewed as are service level user agreements between customer institutions and the Regional Data Centers.

U. T. Southwestern Medical Center - Dallas was the Arlington Regional Data Center's first customer. Interest in using a Regional Data Center has been expressed by U. T. Austin, U. T. Pan American, U. T. San Antonio, U. T. Tyler, U. T. System, U. T. Medical Branch - Galveston, U. T. Health Science Center - Houston, and U. T. Health Center - Tyler.

2. North Texas Student Information System Pilot Program. In conjunction with the Regional Data Centers, another shared services project that has recently been launched is the North Texas Student Information System. This project will leverage the U. T. Arlington implementation of PeopleSoft student service modules for U. T. Dallas and U. T. Tyler. The oversight structure for the Student Information System implementation has been set. It consists of an Executive Board, chaired by the Executive Vice Chancellor for Business Affairs, and a Steering Committee, chaired by the Director of Enterprise Information System Services. Both groups hold biweekly meetings. The project is scheduled to be operational in

September 2009. The software has been licensed and the hardware has been purchased. The selection of an implementation services provider is underway.

3. Time and Effort Reporting. Another project that will locate in a Regional Data Center is Time and Effort Reporting for accurate and consistent documentation of faculty and staff contracted research efforts. Mr. Richard St. Onge, Assistant Vice Chancellor for Health Affairs, has spearheaded the negotiations with the vendor to determine the scope of its participation in the implementation with the U. T. System institutions and other associated costs, such as hardware.
4. Supply Chain Initiative. Under the leadership of Mr. Richard St. Onge, this project will create a shared services purchasing and strategic sourcing project for the six health institutions. A pilot project was successfully completed, an Executive Committee (chaired by Dr. Kelley) and a Steering Committee were created, and a detailed financial pro-forma has been approved. The shared purchasing operation will be run out of U. T. M. D. Anderson Cancer Center, will be funded with a rebate from the savings generated, and is projected to create savings of \$5 million annually within three years.
5. Regional Technology Transfer Initiative. Institutional executives accepted the charge to think innovatively in their administration of the Board of Regents' portfolio of intellectual property through the creation of a collaborative partnership that will enhance and accelerate U. T. System institutions' efforts in translating research into products and services that will benefit Texas and the world. Through the Regional Technology Transfer Initiative, U. T. Health Science Center - San Antonio, U. T. San Antonio, U. T. Pan American, and U. T. Brownsville have created an alliance that combines two technology transfer offices and provides resources that can be shared across four institutions. In this manner, smaller institutions will gain access to resources, infrastructure, and highly skilled technology transfer personnel of the larger institutions.

Phase 1 of the initiative is complete. U. T. Health Science Center - San Antonio and U. T. San Antonio have jointly hired an Assistant Vice President for Technology Transfer and Director, Office of Technology Ventures, Dr. Kenneth W. Porter, who was previously with the University of Colorado.

5. **U. T. System Board of Regents: Investment Reports for the fiscal quarter ended February 28, 2007, and The University of Texas Investment Management Company (UTIMCO) Performance Summary Report**

REPORT

The Investment Reports for the fiscal quarter ended February 28, 2007, are set forth on Pages 71 - 75.

Item I on Page 71 reports activity for the Permanent University Fund (PUF) investments. The PUF's net investment return for the quarter was 3.30% versus its composite benchmark return of 2.13%. The PUF's net asset value increased by \$298.4 million since the beginning of the quarter to \$11,058.6 million. This change in net asset value includes increases due to contributions from PUF land receipts and net investment return, and the second payment of the annual distribution to the Available University Fund for \$100.1 million.

Item II on Page 72 reports activity for the General Endowment Fund (GEF) investments. The GEF's net investment return for the quarter was 3.50% versus its composite benchmark return of 2.13%. The GEF's net asset value increased during the second quarter of Fiscal Year 2007 to \$5,996.8 million.

Item III on Page 73 reports activity for the Intermediate Term Fund (ITF). The ITF's net investment return for the quarter was 2.07% versus its composite benchmark return of 1.74%. The ITF's net asset value increased \$284.5 million during the second quarter of Fiscal Year 2007 to \$3,519.2 million, due to net contributions (\$241.5 million), distributions (-\$25.2 million), and net investment returns (\$68.2 million).

Item IV on Page 74 presents book and market value of cash, debt, equity, and other securities held in funds outside of internal investment pools. Total cash and equivalents, consisting primarily of institutional operating funds held in the Dreyfus money market fund, increased by \$68.9 million to \$1,360.8 million during the three months since the last reporting period. Market values for the remaining asset types were debt securities: \$32.4 million versus \$39.5 million at the beginning of the period; equities: \$72.1 million versus \$79.7 million at the beginning of the period; and other investments: \$1.6 million versus \$.1 million at the beginning of the period.

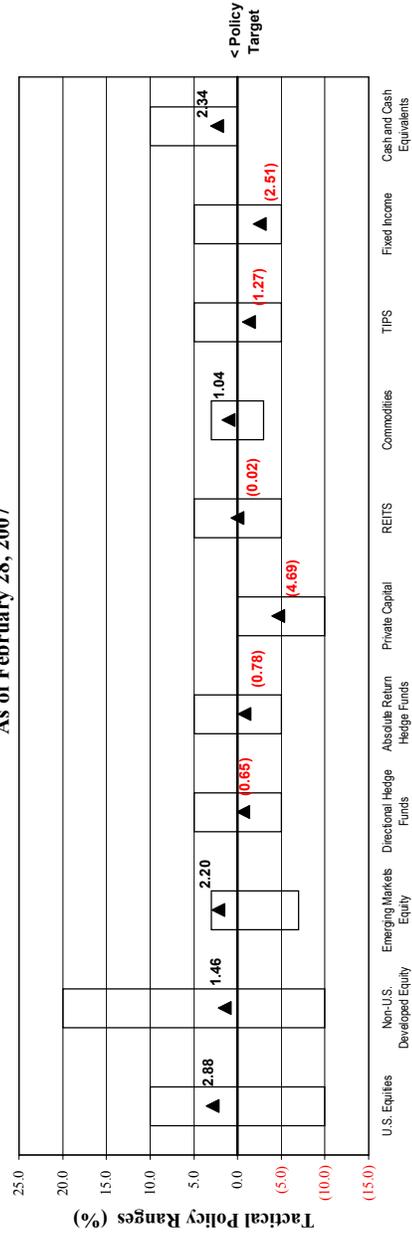
The February 28, 2007, UTIMCO Performance Summary Report is attached on Page 75.

I. PERMANENT UNIVERSITY FUND
Investment Reports for Periods Ended February 28, 2007
 Prepared in accordance with Texas Education Code Sec. 51.0032

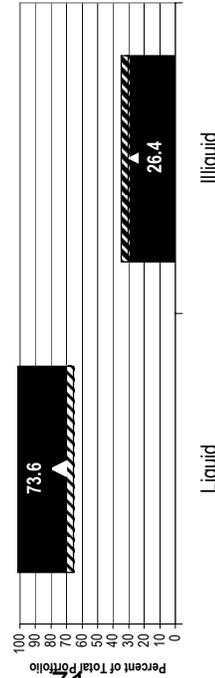
Summary of Capital Flows				
	Fiscal Year Ended	Quarter Ended	Fiscal Year Ended	Fiscal Year Ended
	August 31, 2006	February 28, 2007	August 31, 2007	August 31, 2007
Beginning Net Assets (\$ millions)	\$ 9,426.7	\$ 10,760.2	\$ 10,313.4	\$ 10,313.4
PUF Lands Receipts	214.9	46.8	136.0	136.0
Investment Return	1,111.7	369.8	843.3	843.3
Expenses	(82.6)	(18.1)	(33.8)	(33.8)
Distributions to AUF	(357.3)	(100.1)	(200.3)	(200.3)
Ending Net Assets	\$ 10,313.4	\$ 11,058.6	\$ 11,058.6	\$ 11,058.6

	Returns				Fiscal Year to Date			
	February 28, 2007	Portfolio Exposure	Policy Target	Portfolio	Policy Benchmark	From Asset Allocation	From Security Selection	Total
Cash and Cash Equivalents	2.34%	2.34%	0.00%	2.64%	2.52%	-0.19%	0.00%	-0.19%
U.S. Equities	22.88%	22.88%	20.00%	7.80%	9.77%	-0.03%	-0.40%	-0.43%
Non-U.S. Developed Equity	11.46%	11.46%	10.00%	8.73%	12.17%	0.01%	-0.33%	-0.32%
Emerging Markets Equity	9.20%	9.20%	7.00%	16.27%	16.61%	0.15%	-0.03%	0.12%
Directional Hedge Funds	9.35%	9.35%	10.00%	8.11%	5.62%	0.00%	0.25%	0.25%
Absolute Return Hedge Funds	14.22%	14.22%	15.00%	8.20%	5.62%	-0.01%	0.39%	0.38%
REITS	4.98%	4.98%	5.00%	20.21%	18.48%	-0.03%	0.07%	0.04%
Commodities	4.04%	4.04%	3.00%	-12.82%	-8.22%	-0.36%	-0.15%	-0.51%
TIPS	3.73%	3.73%	5.00%	1.32%	1.11%	0.06%	0.01%	0.07%
Fixed Income	7.49%	7.49%	10.00%	3.66%	3.66%	0.09%	0.00%	0.09%
Total Marketable Securities	89.69%	89.69%	85.00%	7.44%	8.02%	-0.31%	-0.19%	-0.50%
Private Capital	10.31%	10.31%	15.00%	11.73%	4.45%	-0.22%	1.11%	0.89%
Total	100.00%	100.00%	100.00%	7.87%	7.48%	-0.53%	0.92%	0.39%

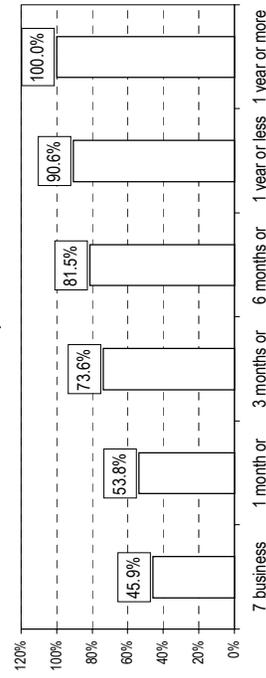
Deviations From Policy Targets Within Tactical Policy Ranges
 As of February 28, 2007



PUF Liquidity Policy Profile
 As of February 28, 2007

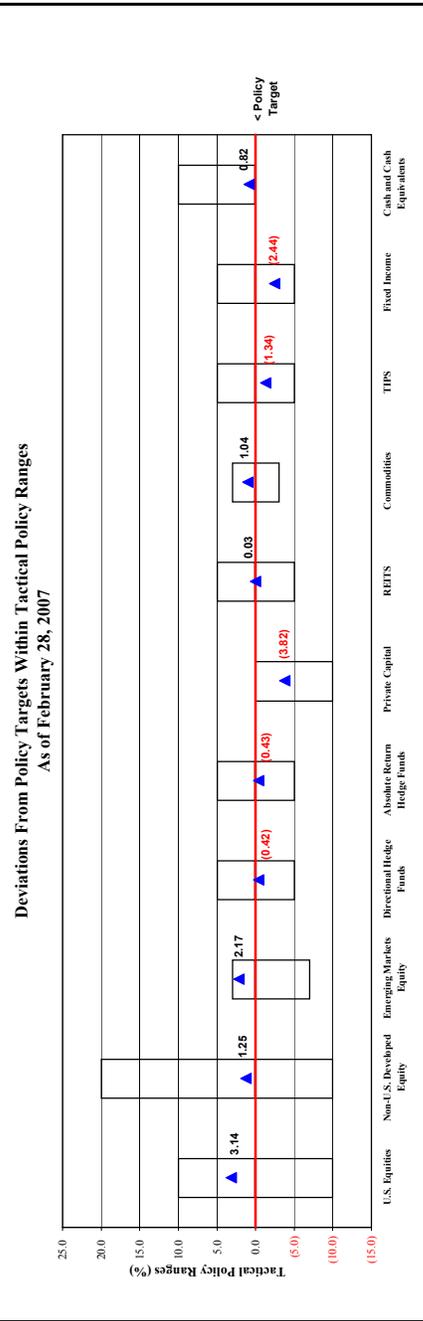


PUF Detailed Liquidity Profile
 as of February 28, 2007



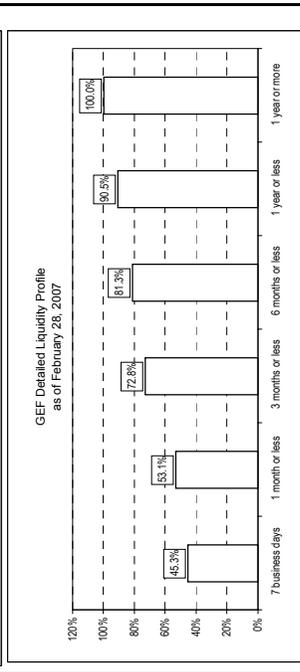
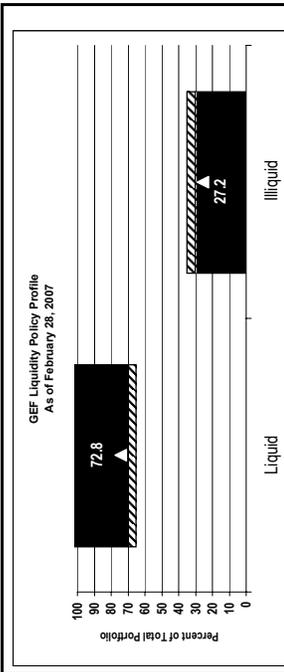
II. GENERAL ENDOWMENT FUND
Investment Reports for Periods Ended February 28, 2007
 Prepared in accordance with Texas Education Code Sec. 51.0032

	February 28, 2007				Returns			Value Added		
	Portfolio Exposure	Policy Target	Portfolio	Policy Benchmark	Portfolio	Policy Benchmark	Asset Allocation	From Security Selection	From Asset Allocation	Total
Cash and Cash Equivalents	0.82%	0.00%	2.64%	2.52%	-0.14%		0.00%			-0.14%
U.S. Equities	23.14%	20.00%	7.84%	9.77%	-0.01%		-0.39%			-0.40%
Non-U.S. Developed Equity	11.25%	10.00%	8.68%	12.17%	0.01%		-0.34%			-0.33%
Emerging Markets Equity	9.17%	7.00%	16.34%	16.61%	0.14%		-0.02%			0.12%
Directional Hedge Funds	9.58%	10.00%	8.12%	5.62%	0.00%		0.25%			0.25%
Absolute Return Hedge Funds	14.57%	15.00%	8.21%	5.62%	0.00%		0.39%			0.39%
REITs	5.03%	5.00%	20.29%	18.48%	-0.05%		0.08%			0.03%
Commodities	4.04%	3.00%	-12.88%	-8.22%	-0.34%		-0.16%			-0.50%
TIPS	3.66%	5.00%	1.34%	1.11%	0.07%		0.01%			0.08%
Fixed Income	7.56%	10.00%	3.69%	3.66%	0.08%		0.00%			0.08%
Total Marketable Securities	88.82%	85.00%	7.52%	8.02%	-0.24%		-0.18%			-0.42%
Private Capital	11.18%	15.00%	13.93%	4.45%	-0.30%		1.44%			1.14%
Total	100.00%	100.00%	8.20%	7.48%	-0.54%		1.26%			0.72%



Summary of Capital Flows

	Fiscal Year Ended August 31, 2006	Quarter Ended February 28, 2007	Fiscal Year Ended August 31, 2007
Beginning Net Assets (\$ millions)	\$ 4,926.8	\$ 5,819.9	\$ 5,427.8
Contributions	273.9	33.7	226.8
Withdrawals	(108.0)	(1.6)	(1.9)
Distributions	(220.0)	(59.4)	(118.5)
Investment Return	593.3	212.9	477.7
Expenses	(38.2)	(8.7)	(15.1)
Ending Net Assets	\$ 5,427.8	\$ 5,996.8	\$ 5,996.8



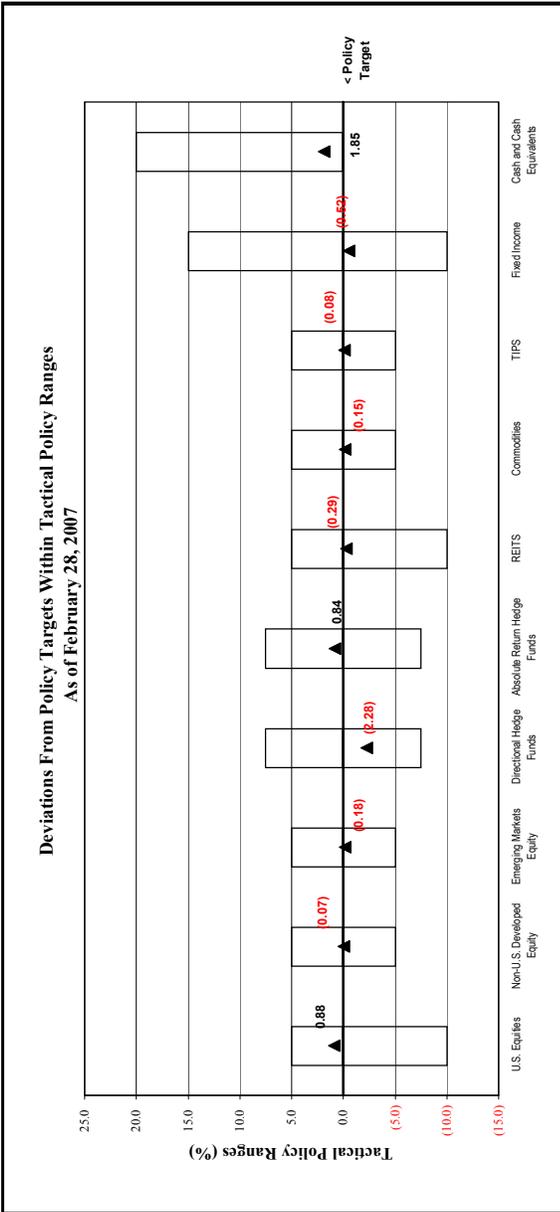
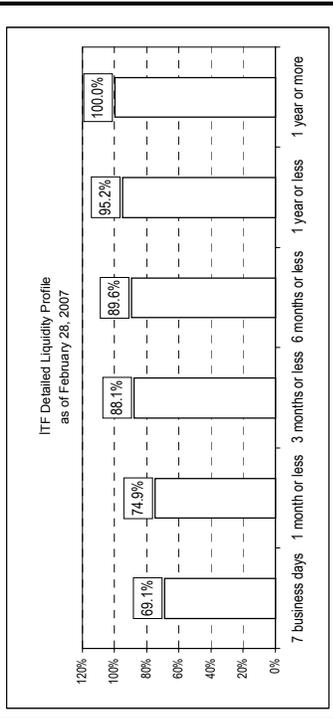
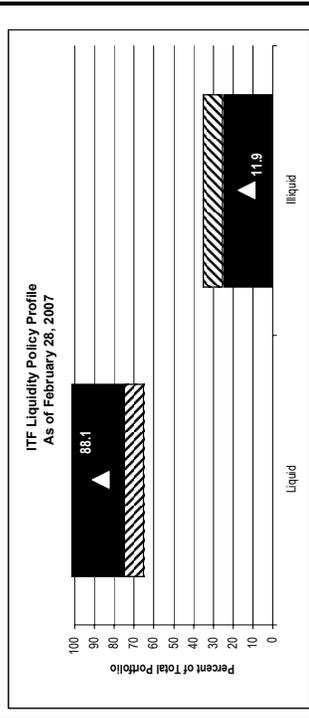
III. INTERMEDIATE TERM FUND

Investment Reports for Periods Ended February 28, 2007

Prepared in accordance with Texas Education Code Sec. 51.0032

Summary of Capital Flows			
(\$ millions)	Fiscal Year Ended	Quarter Ended	Fiscal Year Ended
	August 31, 2006	February 28, 2007	August 31, 2007
Beginning Net Assets	\$ -	\$ 3,234.7	\$ 3,048.8
Contributions	3,112.3	312.9	429.9
Withdrawals	(111.2)	(71.4)	(120.3)
Distributions	(52.7)	(25.2)	(48.9)
Investment Return	115.4	77.8	227.2
Expenses	(15.0)	(9.6)	(17.5)
Ending Net Assets	\$ 3,048.8	\$ 3,519.2	\$ 3,519.2

	Returns				Fiscal Year to Date		
	February 28, 2007	Policy Target	Portfolio	Benchmark	From Asset Allocation	From Security Selection	Total
Cash and Cash Equivalents	1.85%	0.00%	2.64%	2.52%	-0.06%	0.00%	-0.06%
U.S. Equities	15.88%	15.00%	8.46%	9.77%	-0.01%	-0.20%	-0.21%
Non-U.S. Developed Equity	4.93%	5.00%	10.12%	12.17%	0.01%	-0.10%	-0.09%
Emerging Markets Equity	4.82%	5.00%	15.55%	16.61%	-0.02%	-0.05%	-0.07%
Directional Hedge Funds	10.22%	12.50%	8.13%	5.62%	-0.03%	0.31%	0.28%
Absolute Return Hedge Funds	13.34%	12.50%	8.00%	5.62%	0.01%	0.30%	0.31%
REITs	9.71%	10.00%	18.78%	18.47%	0.01%	0.01%	0.02%
Commodities	4.85%	5.00%	-11.69%	-8.22%	-0.03%	-0.19%	-0.22%
TIPS	9.92%	10.00%	1.34%	1.11%	0.01%	0.02%	0.03%
Fixed Income	24.48%	25.00%	3.57%	3.66%	-0.01%	-0.02%	-0.03%
Total	100.00%	100.00%	6.70%	6.74%	-0.12%	0.08%	-0.04%



IV. SEPARATELY INVESTED ASSETS

Summary Investment Report at February 28, 2007

Report prepared in accordance with Texas Education Code Sec. 51.0032

ASSET TYPES	(\$ thousands)																	
	CURRENT PURPOSE DESIGNATED		RESTRICTED		ENDOWMENT & SIMILAR FUNDS		ANNUITY & LIFE INCOME FUNDS		AGENCY FUNDS		TOTAL EXCLUDING OPERATING FUNDS		OPERATING FUNDS (SHORT TERM FUND)		TOTAL			
	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET		
Cash & Equivalents:																		
Beginning value 11/30/06	1,683	1,683	21,743	21,743	31,674	31,674	7,454	7,454	2,645	2,645	65,199	65,199	1,226,750	1,226,750	1,291,949	1,291,949		
Increase/(Decrease)	44	(19,423)	(19,423)	(19,423)	48,259	48,259	(143)	(143)	232	232	28,969	28,969	39,926	39,926	68,895	68,895		
Ending value 02/28/07	1,727	1,727	2,320	2,320	79,933	79,933	7,311	7,311	2,877	2,877	94,168	94,168	1,266,676	1,266,676	1,360,844	1,360,844		
Debt Securities:																		
Beginning value 11/30/06	-	-	263	220	25,281	25,132	13,943	14,143	-	-	39,487	39,495	-	-	39,487	39,495		
Increase/(Decrease)	-	-	-	2	(7,464)	(6,892)	(53)	(179)	-	-	(7,517)	(7,069)	-	-	(7,517)	(7,069)		
Ending value 02/28/07	-	-	263	222	17,817	18,240	13,890	13,964	-	-	31,970	32,426	-	-	31,970	32,426		
Equity Securities:																		
Beginning value 11/30/06	27	8,492	1,995	1,800	36,567	45,060	18,057	24,392	-	-	56,646	79,744	-	-	56,646	79,744		
Increase/(Decrease)	2	(349)	(1,486)	(1,213)	(3,712)	(6,492)	1,455	405	-	-	(3,741)	(7,649)	-	-	(3,741)	(7,649)		
Ending value 02/28/07	29	8,143	509	587	32,855	38,568	19,512	24,797	-	-	52,905	72,095	-	-	52,905	72,095		
Other:																		
Beginning value 11/30/06	-	-	(2)	(2)	9	9	267	105	-	-	274	112	-	-	274	112		
Increase/(Decrease)	-	-	529	529	(5)	(5)	5	11	918	918	1,447	1,453	-	-	1,447	1,453		
Ending value 02/28/07	-	-	527	527	4	4	272	116	918	918	1,721	1,565	-	-	1,721	1,565		
Total Assets:																		
Beginning value 11/30/06	1,710	10,175	23,999	23,761	93,531	101,875	39,721	46,094	2,645	2,645	161,606	184,550	1,226,750	1,226,750	1,388,356	1,411,300		
Increase/(Decrease)	46	(305)	(20,380)	(20,105)	37,078	34,870	1,264	94	1,150	1,150	19,158	15,704	39,926	39,926	59,084	55,630		
Ending value 02/28/07	1,756	9,870	3,619	3,656	130,609	136,745	40,985	46,188	3,795	3,795	180,764	200,254	1,266,676	1,266,676	1,447,440	1,466,930		

Details of individual assets by account furnished upon request.

UTIMCO Performance Summary

February 28, 2007

	Periods Ended February 28, 2007 (Returns for Periods Longer Than One Year are Annualized)											
	Net Asset Value 2/28/2007 (in Millions)	One Month	Calendar Year To Date	Three Months	Fiscal Year To Date	Six Months	One Year	Two Years	Three Years	Four Years	Five Years	Ten Years
ENDOWMENT FUNDS												
Permanent University Fund	\$ 11,058.6	0.97	2.20	3.30	7.87	7.87	12.45	12.58	12.27	16.85	11.54	9.49
General Endowment Fund		1.11	2.37	3.50	8.20	8.20	12.81	12.65	12.34	17.09	11.73	N/A
Permanent Health Fund	1,047.2	1.12	2.37	3.47	8.20	8.20	12.79	12.58	12.28	16.98	11.62	N/A
Long Term Fund	4,949.6	1.11	2.37	3.47	8.20	8.20	12.78	12.59	12.28	17.00	11.65	10.09
Separately Invested Funds	200.3	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total Endowment Funds	17,255.7											
OPERATING FUNDS												
Short Term Fund	1,266.7	0.40	0.85	1.30	2.64	2.64	5.24	4.39	3.42	2.83	2.61	3.98
Intermediate Term Fund	3,519.2	0.58	2.00	2.07	6.70	6.70	10.47	N/A	N/A	N/A	N/A	N/A
Total Operating Funds	4,785.9											
Total Investments	\$ 22,041.6											
BENCHMARKS (1)												
Permanent University Fund: Policy Portfolio		0.14	1.32	2.13	7.48	7.48	12.04	13.31	12.41	14.61	9.85	9.98
General Endowment Fund: Policy Portfolio		0.14	1.32	2.13	7.48	7.48	12.04	13.31	12.41	14.61	9.85	9.68
Short Term Fund: 90 Day Treasury Bills Average Yield		0.38	0.79	1.24	2.52	2.52	5.01	4.20	3.29	2.74	2.53	3.80
Intermediate Term Fund: Policy Portfolio		0.39	1.79	1.74	6.74	6.74	10.09	N/A	N/A	N/A	N/A	N/A
VALUE ADDED (2)												
Permanent University Fund		0.84	0.88	1.18	0.39	0.39	0.41	(0.74)	(0.14)	2.24	1.68	(0.49)
General Endowment Fund		0.98	1.05	1.37	0.72	0.72	0.76	(0.66)	(0.07)	2.47	1.87	N/A
Permanent Health Fund		0.98	1.05	1.34	0.72	0.72	0.74	(0.73)	(0.13)	2.37	1.77	N/A
Long Term Fund		0.98	1.04	1.34	0.72	0.72	0.74	(0.73)	(0.13)	2.38	1.80	0.41
Short Term Fund		0.02	0.06	0.06	0.12	0.12	0.23	0.19	0.13	0.09	0.08	0.18
Intermediate Term Fund		0.19	0.21	0.34	(0.04)	(0.04)	0.38	N/A	N/A	N/A	N/A	N/A

(1) - Effective May 6, 2004, benchmark returns for the PUF policy portfolio have been restated for prior periods beginning June 1, 1993 through September 30, 2000 and for the GEF/LTF policy portfolio for prior periods beginning June 1, 1993 through September 30, 2001 to correct the following technical errors in benchmark construction and calculation: (a) to reflect actual asset class target allocations which were in place, or the practical implementation of changes to those policy allocations, and (b) to distinguish between PUF and GEF/LTF historical investment objectives and distribution policies by accurately representing actual asset class allocations during those periods.

Benchmark returns for the PUF and GEF/LTF policy portfolios were also restated for all prior periods beginning June 1, 1993 through December 31, 2003 to replace various benchmark returns reported previously for the Private Capital asset class. Specifically, the Wilshire 5000 + 4%, the benchmark used prior to January 1, 2004, was replaced with the Venture Economics Periodic IRR Index, a more appropriate benchmark measure for the actual Private Capital portfolio.

Effective August 10, 2006, benchmark returns for the PUF and GEF policy portfolios were also restated for periods beginning January 1, 2006 through April 30, 2006, and for the ITF policy portfolio for periods beginning February 1, 2006 to April 30, 2006, to replace benchmark returns for the Hedge Fund asset class due to integrity concerns regarding existing benchmarks. Specifically, composites of Standard & Poor's investable hedge fund indices were replaced with the MSCI Investable Hedge Fund Index.

Complete details of the [restatements](#) and previous policy portfolio benchmark history are documented on the UTIMCO website at www.UTIMCO.org or are available upon request.

(2) - Value added is a measure of the difference between actual returns and benchmark or policy portfolio returns for each period shown. Value added is a result of the active management decisions made by UTIMCO staff and external managers.

6. **U. T. System Board of Regents: Approval of annual distributions from the Permanent University Fund, the Permanent Health Fund, the Long Term Fund, and the Intermediate Term Fund**

RECOMMENDATION

The Chancellor and the Executive Vice Chancellor for Business Affairs concur in the recommendation of the Board of Directors of The University of Texas Investment Management Company (UTIMCO) that

- a. the fiscal year distribution from the Permanent University Fund (PUF) to the Available University Fund (AUF) be increased by 12.0% from \$400,685,603 to \$448,942,761 effective September 1, 2007. The distribution is an amount equal to 4.75% of the trailing 12-quarter average of the net asset value of the PUF. The increase in the distribution is a direct result of the increase in the market value of the PUF, as reflected in the trailing 12-quarter average ending February 28, 2007.
- b. the distribution rate for the Permanent Health Fund (PHF) be increased from \$0.0496 per unit to \$0.0511 per unit for Fiscal Year 2008 (effective with November 30, 2007 distribution);
- c. the distribution rate for the U. T. System Long Term Fund (LTF) be increased from \$0.2844 per unit to \$0.2929 per unit for Fiscal Year 2008 (effective with November 30, 2007 distribution); and
- d. the distribution rate for the U. T. System Intermediate Term Fund (ITF) remain at 3.0% per annum (paid monthly) for Fiscal Year 2008.

BACKGROUND INFORMATION

The PUF Investment Policy states that the annual distribution from the PUF to the AUF shall be an amount equal to 4.75% of the trailing 12-quarter average of the net asset value of the PUF for the quarter ending February of each fiscal year. Per this formula, the amount to be distributed from the PUF for Fiscal Year 2007-2008 is \$448,942,761 as calculated below:

<u>Quarter Ended</u>	<u>Net Asset Value</u>
5/31/04	7,997,992,228
8/31/04	8,087,877,618
11/30/04	8,648,150,213
2/28/05	8,832,164,283
5/31/05	8,899,839,516
8/31/05	9,426,742,792
11/30/05	9,564,640,080

2/28/06	9,798,633,228
5/31/06	10,028,861,545
8/31/06	10,313,393,571
11/30/06	10,760,220,191
02/28/07	11,058,603,363
	<u>\$ 113,417,118,628</u>
Number of Quarters	12
Average Net Asset Value	<u>\$ 9,451,426,552</u>
Distribution Percentage	4.75%
FY 2007-08 Distribution	<u><u>\$ 448,942,761</u></u>

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

1. The amount of PUF distributions to the AUF in a fiscal year must be not less than the amount needed to pay the principal and interest due and owing in that fiscal year on PUF bonds and notes. The proposed distribution of \$448,942,761 is substantially greater than PUF Bonds Debt Service of \$156,813,277 projected for FY 2007-2008.

System	Debt Service
U. T.	\$ 95,604,861
TAMU	61,208,416
Total	<u>\$ 156,813,277</u>

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

2. The U. T. Board may not increase annual PUF distributions to the AUF (except as necessary to pay PUF debt service) if the purchasing power of PUF investments for any rolling 10-year period has not been preserved. As the schedule below indicates, the average annual increase in the rate of growth of the value of PUF investments (net of expenses, inflation, and distributions) for the trailing 10-year period ended February 28, 2007, was 4.13%, which indicates that the purchasing power test was met.

<u>Average Annual</u>	<u>Percent</u>
Rate of Total Return	9.68%
Mineral Interest Receipts	1.54%
Expense Rate	(0.22)% (1)
Inflation Rate	(2.46)%
Distribution Rate	(4.41)%
Net Real Return	<u>4.13%</u>

(1) The expense rate as shown is a ten-year annualized average and includes all PUF Investment and PUF Land expenses, including the UTIMCO management fee, paid directly by the PUF. Prior to November 29, 1999, expenses related to PUF Investments and PUF Lands were paid from the AUF. Management fees that are netted from asset valuations and are not paid directly by the PUF are not included, as they are a reduction to the Rate of Total Return.

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

Value of PUF Investments (1)	Proposed Distribution	Proposed Distribution as a % of Value of PUF Investments	Maximum Allowed Rate
\$9,451,426,552	\$448,942,761	4.75%	7.00%

(1) Source: UTIMCO

The spending policy objectives of the PHF and LTF are to

- a. provide a predictable stable stream of distributions over time;
- b. ensure that the inflation-adjusted value of the distributions is maintained over the long term; and
- c. ensure that the inflation-adjusted value of the assets of the PHF and the LTF, as appropriate after distributions, is maintained over the long term.

The spending formula under the PHF Investment Policy Statement and the LTF Investment Policy Statement increases distributions at the rate of inflation subject to a distribution range of 3.5% to 5.5% of the average market value of the PHF assets and LTF assets for each fund's respective trailing 12 fiscal quarters. The U. T. System Board of Regents has full authority to alter distribution rates at its sole discretion.

The recommended 3.0% increase in the PHF distribution rate of \$0.0496 to \$0.0511 per unit was based on the PHF's Investment Policy Statement to increase the distributions by the average rate of inflation for the trailing 12 quarters. The PHF's distribution rate calculated using the prior 12-quarter average value of the PHF is 4.6%, within the range of 3.5% to 5.5% set forth in the PHF Investment Policy Statement. The recommended distribution rate of \$0.0511 per unit was approved by the UTIMCO Board on April 10, 2007.

The recommended 3.0% increase in the LTF distribution rate from \$0.2844 to \$0.2929 per unit was based on the LTF's Investment Policy Statement to increase the distributions by the average rate of inflation for the trailing 12 quarters.

The LTF's distribution rate calculated using the prior 12-quarter average value of the LTF is 4.7%, within the range of 3.5% to 5.5% set forth in the LTF Investment Policy Statement. The increase in the consumer price index for the prior three years as of November 30, 2006, was 3.0%. The recommended distribution rate of \$0.2929 per unit was approved by the UTIMCO Board on April 10, 2007.

The distribution rate for the ITF was set at 3.0% per annum for Fiscal Year 2007 by the UTIMCO Board and the Board of Regents at their March 30, 2006 and May 11, 2006 meetings, respectively. The recommendation for the rate to remain at 3.0% for Fiscal Year 2008 was approved by the UTIMCO Board on April 10, 2007.



**TABLE OF CONTENTS
FOR
AUDIT, COMPLIANCE, AND MANAGEMENT REVIEW
COMMITTEE**

Committee Meeting: 5/9/2007

Board Meeting: 5/10/2007
Austin, Texas

Robert A. Estrada, Chairman
Rita C. Clements
Judith L. Craven, M.D.
Cyndi Taylor Krier
Robert B. Rowling

	Committee Meeting	Board Meeting	Page
A. CONVENE	<i>2:15 p.m.</i> <i>Chairman</i> <i>Estrada</i>		
1. U. T. System Board of Regents: Approve proposed appointment of members to the Audit and Ethics Committee of The University of Texas Investment Management Company (UTIMCO)	<i>2:15 p.m.</i> Action	Action <i>Chairman</i> <i>Estrada</i>	80
2. U. T. System: Report on State Auditor's Office recommendations regarding correctional managed health care funding requirements at U. T. Medical Branch - Galveston	<i>2:17 p.m.</i> Report <i>Dr. Raimer,</i> <i>Vice</i> <i>President</i> <i>and CEO,</i> <i>Community</i> <i>Health</i> <i>Services</i> <i>Ms. Hagara</i>	Not on Agenda	81
3. U. T. System: Report on the Statewide Single Audit Report for the Fiscal Year ended August 31, 2006	<i>2:29 p.m.</i> Report <i>Ms. Barrett</i>	Not on Agenda	81
4. U. T. System: Report on System-wide Information Security	<i>2:37 p.m.</i> Report <i>Mr. Watkins</i>	Not on Agenda	82
5. U. T. System: Report on System-wide Institutional Compliance Activities	<i>2:40 p.m.</i> Report <i>Mr. Chaffin</i>	Not on Agenda	82

	Committee Meeting	Board Meeting	Page
6. U. T. System: Report on System-wide Internal Audit Activity	<i>2:42 p.m.</i> Report <i>Mr. Chaffin</i>	Not on Agenda	82
B. RECESS TO EXECUTIVE SESSION PURSUANT TO TEXAS GOVERNMENT CODE, CHAPTER 551	<i>2:45 p.m.</i>		
1. Personnel Matters Relating to Appointment, Employment, Evaluation, Assignment, Duties, Discipline, or Dismissal of Officers or Employees - Section 551.074			
U. T. System: Discussion with institutional auditors and compliance officers concerning evaluation and duties of individual System and institutional employees involved in internal audit and compliance functions			
2. Consultation with Attorney Regarding Legal Matters or Pending and/or Contemplated Litigation or Settlement Offers - Section 551.071			
C. ADJOURN	<i>3:15 p.m.</i>		

1. **U. T. System Board of Regents: Approve proposed appointment of members to the Audit and Ethics Committee of The University of Texas Investment Management Company (UTIMCO)**

RECOMMENDATION

The University of Texas Investment Management Company (UTIMCO) Board of Directors recommends that the U. T. System Board of Regents approve appointments to the Audit and Ethics Committee of the UTIMCO Board of Directors as follows:

Mr. Erle Nye (Chair)
Mr. Robert B. Rowling
Ms. Colleen McHugh
Mr. Charles W. Tate

It is also reported that the UTIMCO officers are as follows:

Chairman: Mr. H. Scott Caven, Jr.
Vice-Chairman: Mr. Robert B. Rowling
Vice-Chairman for Policy: Chancellor Mark G. Yudof

BACKGROUND INFORMATION

Section 66.08 of the *Texas Government Code* requires that the U. T. System Board of Regents approve the appointment of members of the Audit and Ethics Committee of the Board of Directors of UTIMCO. The Board of Directors of UTIMCO recommended these appointments at their meeting held on April 10, 2007, conditioned on the approval of the U. T. System Board of Regents.

Mr. Nye and Mr. Tate were appointed to the UTIMCO Board of Directors by the Board of Regents on March 10, 2005, and September 28, 2004, respectively. Mr. Rowling and Mr. Caven were first appointed to the UTIMCO Board of Directors by the Board of Regents on February 10, 2005, and reappointed on April 16, 2007. Ms. McHugh was first approved to the UTIMCO Board of Directors by the Board of Regents on November 10, 2005, and was reappointed on April 16, 2007.

Mr. Nye and Mr. Rowling were first approved to serve on the Audit and Ethics Committee by the Board of Regents on March 10, 2005, and reapproved on August 10, 2006. Ms. McHugh was approved to serve on the Audit and Ethics Committee by the Board of Regents on August 10, 2006.

2. **U. T. System: Report on State Auditor's Office recommendations regarding correctional managed health care funding requirements at U. T. Medical Branch - Galveston**

REPORT

The State Auditor's Office concluded an audit of correctional managed health care funding requirements at U. T. Medical Branch - Galveston. The audit report was issued in March 2007 and includes recommendations regarding enhancing expenditure documentation, improving cost allocation processes, improving information technology controls, and improving the budgeting processes. The Executive Summary of the State Auditor's report, "An Audit Report on Correctional Managed Health Care Funding Requirements," is set forth on Pages 120 - 123 of the Supplemental Materials (Volume 2) of the Agenda Book.

Dr. Ben Raimer, Vice President and CEO, Community Health Services, and Ms. Kimberly Hagara, Director, Audit Services at U. T. Medical Branch - Galveston, will report on the institution's response to the State Auditor's report and actions being taken to resolve the issues noted.

3. **U. T. System: Report on the Statewide Single Audit Report for the Fiscal Year ended August 31, 2006**

REPORT

Ms. Amy Barrett, Assistant Director of the U. T. System Audit Office, will report on the results of the procedures performed by the State Auditor's Office at several U. T. System institutions to express an opinion on the federal portion of the statewide single audit for the Fiscal Year ended August 31, 2006. The annual audit is a requirement of the U.S. Office of Management and Budget's Circular A-133, and procedures performed are prescribed in the Circular A-133 Compliance Supplement.

Audit procedures were performed at the following institutions:

- U. T. Austin
- U. T. Health Science Center - San Antonio
- U. T. Permian Basin
- U. T. San Antonio
- U. T. Southwestern Medical Center - Dallas
- U. T. Tyler

The PowerPoint presentation is set forth on Pages 124 - 131 of the Supplemental Materials (Volume 2) of the Agenda Book.

4. U. T. System: Report on System-wide Information Security

REPORT

Mr. Lewis Watkins, U. T. System Chief Information Security Officer, will report on the activities and progress for the second quarter of Fiscal Year 2007 regarding implementation of the U. T. System Action Plan to Enhance Information Security Compliance. The report will include an overview of the implementation roadmap, observations concerning high risks, strategies under consideration, and activities of the Chief Information Security Officer Council.

5. U. T. System: Report on System-wide Institutional Compliance Activities

REPORT

Mr. Charles Chaffin, Director of Audits and System-wide Compliance Officer, will brief the Audit, Compliance, and Management Review Committee on the second quarter report of the System-wide Compliance Program, set forth on Pages 132 - 135 of the Supplemental Materials (Volume 2) of the Agenda Book. Institutional activity reports are presented to the Audit, Compliance, and Management Review Committee of the Board of Regents on a quarterly basis. The last activity reports were sent on April 20, 2007.

6. U. T. System: Report on System-wide Internal Audit Activity

REPORT

Mr. Charles Chaffin, Director of Audits, will report on System-wide audit activity for the second quarter of Fiscal Year 2007, including the status of significant audit recommendations.

The second quarter activity report titled Status of Outstanding Significant Findings is set forth on Pages 84 - 85. The report shows that satisfactory progress is being made on the implementation of all significant recommendations. Additionally, a list of other audit reports that have been issued by the System-wide audit program follows on Page 86.

BACKGROUND INFORMATION

Significant audit findings/recommendations are submitted to and tracked by the U. T. System Audit Office. Quarterly, the chief business officers are asked for the status of implementation, and the internal audit directors verify implementation. A summary report is provided to the Audit, Compliance, and Management Review Committee of the U. T. System Board of Regents. Additionally, the Committee members receive a detailed summary of "new" significant recommendations quarterly.

THE UNIVERSITY OF TEXAS SYSTEM
Status of Outstanding Significant Findings

Report Date	Institution	Audit	1st Quarter 2007		2nd Quarter 2007		Overall Progress Towards Completion (Note)	Targeted Implementation Date	Ranking Significance
			Ranking	# of Significant Findings	Ranking	# of Significant Findings			
2006-06	UTARL	Mav Express Cash Handling Audit		1		0	Completed	1/31/2007	O
2004-03	UTAUS	Information Security Management		1		0	Completed	12/31/2006	C, O
2006-02	UTAUS	UT Elementary (by West, Davis & Company)		1		0	Completed	12/31/2006	C
2004-03	UTB	Contracts and Grants		1		1	Satisfactory	4/30/2007	C, O
2004-06	UTB	2003 Financial and Applications Controls Audit of the Financial Aid Office		1		1	Satisfactory	7/30/2007	C, O
2004-10	UTB	Physical Plant		3		2	Satisfactory	7/30/2007	C, O
2003-12	UTD	Lab and Biological Safety		1		1	Satisfactory	5/31/2007	C, O
2007-01	UTD	Annual Financial Report Audit		1		1	Satisfactory	7/31/2007	F, C, O
2005-05	UTEP	Office of the Registrar		1		1	Satisfactory	6/29/2007	C, O
2005-08	UTEP	Texas Success Initiative		1		1	Satisfactory	12/31/2007	C, O
2007-02	UTEP	Campus-wide Information Technology Applications		1		5	Satisfactory	9/30/2007	C, O
2006-04	UTPA	GEAR UP		1		1	Satisfactory	4/15/2007	C
2004-09	UTSA	Research Compliance - Time and Effort Reporting		1		1	Satisfactory	6/1/2007	C
2006-07	UTSA	Information Technology Change Management		1		1	Satisfactory	5/15/2007	O
2006-10	UTSA	Library Audit		1		1	Satisfactory	5/15/2007	O
2006-05	UTSMC - Dallas	Accounts Payable		1		1	Satisfactory	7/1/2007	C, O
2006-09	UTSMC - Dallas	Hospital Compliance Program		1		1	Satisfactory	5/31/2007	C, O
2005-03	UTMB - Galveston	Compliance Update with the HIPAA Final Security Rule (Institutional)		1		1	Satisfactory	5/31/2007	C, O
2005-07	UTMB - Galveston	Compliance Update with the HIPAA Final Security Rule (Correctional Managed Care)		3		2	Satisfactory	8/1/2007	C, O
2005-12	UTMB - Galveston	System-wide Financial Audit		1		0	Completed	2/1/2007	F, C, O
2006-11	UTMB - Galveston	Wireless Access		1		1	Satisfactory	3/31/2007	O
2006-04	UTHSC - Houston	Hematology Inventory Review		1		0	Completed	1/2/2007	F, O
2006-10	UTHSC - Houston	Patient Registration		1		1	Satisfactory	10/1/2007	O
2006-04	UTHSC - San Antonio	Medical Services, Research, and Development Plan Collections		3		1	Satisfactory	12/31/2007	O
2001-08	UTMDACC - Houston	Lotus Notes Environment		1		1	Satisfactory	8/31/2008	O
2004-01	UTMDACC - Houston	PeopleSoft Payroll		1		1	Satisfactory	8/28/2007	O
2006-07	UTMDACC - Houston	Pharmacy Inventory Review		2		1	Satisfactory	5/31/2007	O
2006-07	UTMDACC - Houston	Pharmacy Application Security Review		5		1	Satisfactory	5/31/2007	O
2006-09	UTMDACC - Houston	Centralized Backup, Storage and Recovery		3		3	Satisfactory	8/31/2008	C, O
2005-04	UTHC - Tyler	Texas Administrative Code 202 Compliance		1		1	Satisfactory	8/31/2007	C
2005-06	UTHC - Tyler	Medical Services, Research, and Development Plan Annual Financial Report 8/31/04		1		1	Satisfactory	8/31/2007	F, O
2005-11	UTHC - Tyler	IT Security Audit of Meditech and Lake Superior Software Patient Information Systems		1		1	Satisfactory	5/31/2007	C
2006-06	UTHC - Tyler	Review of the Office of the President's Travel & Entertainment		1		1	Satisfactory	5/31/2007	F
2005-12	UTSYS ADM	System-wide Financial Audit		4		4	Satisfactory	8/31/2008	F, O
2006-05	UTSYS ADM	UTIMCO Institutional Investment and Compliance Audits		8		6	Satisfactory	8/31/2007	C
2006-08	UTSYS ADM	UTIMCO CEO Travel and Entertainment Expenses		1		0	Completed	12/31/2006	C, O
			55		46				
Totals									

STATE AUDITOR'S OFFICE AUDITS

THE UNIVERSITY OF TEXAS SYSTEM
Status of Outstanding Significant Findings

Report Date	Institution	Audit	1st Quarter 2007		2nd Quarter 2007		Targeted Implementation Date	Overall Progress Towards Completion (Note)	Ranking Significance
			Ranking	# of Significant Findings	Ranking	# of Significant Findings			
2004-02	UTSA	Financial Review		2		1	12/31/2007	Satisfactory	F
2004-06	UTSMC - Dallas	Protection of Research Data at Higher Education Institutions		1		0	1/31/2007	Completed	O
2006-02	UTMB - Galveston	Federal Portion of the Statewide Single Audit FY 2005		1		0	2/1/2007	Completed	F, C, O
2004-06	UTHSC - San Antonio	Protection of Research Data at Higher Education Institutions		1		1	4/23/2007	Satisfactory	O
2002-11	UTMDACC - Houston	Security Over Electronic Protected Health Information at Selected Texas Academic Medical Institutions		1		0	2/28/2007	Completed	C
2005-02	UTMDACC - Houston	Federal Portion of the Statewide Single Audit FY 2004		2		1	5/31/2007	Satisfactory	C
Totals				8		3			

Color Legend:

- Any audit with institutionally significant findings. Not necessarily a failure - just an area that needs high level attention. Corrective action will be taken subsequent to the quarter in which the finding was reported.
- Significant progress toward resolution was made during the quarter in which the significant finding was first reported.
- A red or orange audit becomes a yellow when significant progress continues beyond the quarter in which the significant finding was first reported.
- All issues have been appropriately resolved, including any issues resolved during the quarter in which they were first reported.

Note:

- Completed** - The institutional Internal Audit Director deems the significant issues have been appropriately addressed and resolved.
- Satisfactory** - The institutional Internal Audit Director believes that the significant issues are in the process of being addressed in a timely and appropriate fashion.
- Unsatisfactory** - The institutional Internal Audit Director does not feel that the significant issues are being addressed in a timely and appropriate fashion.

OTHER U. T. SYSTEM AUDIT REPORTS RECEIVED BY SYSTEM AUDIT 12/2006 through 2/2007

Institution	Audit
UTARL	Annual Financial Report Audit Fiscal Year Ended August 31, 2006
UTAUS	Confidentiality and Integrity of Digital Research Data - Department of Psychology
UTAUS	Confidentiality and Integrity of Digital Research Data - Institute for Computational Engineering and Sciences
UTAUS	Confidentiality of Social Security Numbers - Human Resource Services
UTAUS	NCAA Financial Aid (Bylaw, Article 15) - Intercollegiate Athletics
UTB	Annual Financial Report Audit Fiscal Year Ended August 31, 2006
UTB	Joint Admission Medical Program Audit
UTB	President's Travel, Entertainment, and Housing Expenses Audit
UTB	Procurement Card Expenses Audit
UTB	Texas Administrative Code 202 Audit
UTD	Electrical Engineering Departmental Audit
UTD	Follow-Up of Prior Audit Recommendations
UTD	Research Administration Departmental Audit
UTD	The Pub in the Student Union
UTD	University Police – Decals and Ticketing
UTEP	Centennial Museum Change in Management
UTEP	Office of International Programs - Programa de Asistencia Estudiantil (PASE)
UTEP	President's Travel, Entertainment, and Housing Expenses Audit
UTPA	College of Science and Engineering Dean's Office
UTPA	Student Financial Aid - Director's Office
UTPA	Texas Administrative Code 202 Audit
UTPB	Presidential Travel and Expense Audit
UTSA	Advanced Research/Technology Program Report
UTSA	Annual Financial Report Fiscal Year Ended August 31, 2006 Audit
UTSA	Business Procedures Memorandum 75: Protection and Integrity of Sensitive Digital Research Data - Interim Audit (UT System Administration Policy UTS 165, Information Resources Use and Security Policy)
UTSA	Business Procedures Memorandum 76: Guidance on Effort Reporting Policies (UT System Administration Policy UTS 163, Guidance on Effort Reporting Policies)
UTSA	Minority Biomedical Research Support-Research Initiative for Scientific Enhancement Timesheet Internal Control Review
UTTY	Annual Financial Report Audit Fiscal Year Ended August 31, 2006
UTTY	Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP) Grant Audit
UTSMC - Dallas	Family and Community Medicine
UTSMC - Dallas	Legislative Budget Board Performance Measures Fiscal Year 2006
UTSMC - Dallas	Medical Errors or Close Calls Evaluation and Correction Process
UTSMC - Dallas	National Pediatric Infectious Diseases Foundation Fiscal Year 2006 Financial Review
UTSMC - Dallas	Payment Card Industry (PCI) Data Security Standard (DSS) Compliance
UTSMC - Dallas	Pediatric Management Review Report
UTSMC - Dallas	Texas Higher Education Coordinating Board Medical Education Contracts Audit
UTHSC - Houston	Contracts for Services Report
UTHSC - Houston	Family Practice Residency Program Annual Financial Report for Fiscal Year 2006
UTHSC - Houston	Follow-up on Open Recommendations as of 12/12/2006
UTHSC - Houston	Follow-up on Open Recommendations as of 2/7/2007
UTHSC - Houston	Internal Medicine Residency Program Annual Financial Report for Fiscal Year 2006
UTHSC - Houston	Medical Services, Research, and Development Plan Bylaws and Expenditures Report
UTHSC - Houston	Obstetrics/Gynecology Residency Program - Hermann Hospital Annual Financial Report for Fiscal Year 2006
UTHSC - Houston	Obstetrics/Gynecology Residency Program - LBJ Hospital Annual Financial Report for Fiscal Year 2006
UTHSC - Houston	The University of Texas System Medical Foundation Report
UTHSC - San Antonio	Family Practice Residency Program
UTHSC - San Antonio	Institutional Follow-Up Fiscal Year 2007 First Quarter
UTHSC - San Antonio	Practice Plans Financial Review
UTMDACC - Houston	Construction Processes Emergency Center Relocation Review
UTMDACC - Houston	Radiological Information Systems Application Review
UTHC - Tyler	Annual Financial Report Audit Fiscal Year Ended August 31, 2006
UTHC - Tyler	Family Practice Residency Program Annual Financial Report Audit
UTHC - Tyler	Presidential Travel and Entertainment Audit
UTSYS ADM	Audit of the Memorandum of Understanding between UT System Administration and UT M. D. Anderson Cancer Center
UTSYS ADM	Audit of the Memorandum of Understanding between UT System Administration and UT Southwestern Medical Center
UTSYS ADM	Joint Admission Medical Program Audit
UTSYS ADM	Joint Admission Medical Program Financial Audit
UTSYS ADM	Office of Employee Benefits Compliance with Business Procedures Memorandum 66 (UT System Administration Policy UTS 165, Information Resources Use and Security Policy)
UTSYS ADM	Office of Finance Departmental Audit
UTSYS ADM	UT Arlington NCAA Agreed-Upon Procedures Fiscal Year 2005
UTSYS ADM	UT El Paso NCAA Agreed-Upon Procedures Fiscal Year 2005
UTSYS ADM	UT Pan American NCAA Agreed-Upon Procedures Fiscal Year 2005
UTSYS ADM	UT San Antonio NCAA Agreed-Upon Procedures Fiscal Year 2005

STATE AUDITOR'S OFFICE AUDIT REPORTS ISSUED 12/2006 through 2/2007

Institution	Audit
none	none



**TABLE OF CONTENTS
FOR
STUDENT, FACULTY, AND STAFF CAMPUS LIFE
COMMITTEE**

Committee Meeting: 5/10/2007
Austin, Texas

Judith L. Craven, M.D., Chairman
John W. Barnhill, Jr.
Rita C. Clements
Robert A. Estrada
Colleen McHugh
Ann Tate, Chair, Employee Advisory Council
Dennis Reinhartz, Chair, Faculty Advisory Council
Crystal Gonzalez, Chair, Student Advisory Council

	Committee Meeting	Page
Convene	8:30 a.m. <i>Chairman Craven</i>	
1. U. T. System: Annual Meeting with Officers of the U. T. System Student Advisory Council	8:30 a.m. Report <i>Ms. Crystal Gonzalez</i> <i>Mr. Basheer Benhalim</i> <i>Ms. Stephanie Rich</i> <i>Ms. Amy Forestell</i> <i>Ms. Danielle Rugoff</i>	87
2. U. T. System: Report from Task Force on Doctoral Education and the Postdoctoral Experience	9:25 a.m. Report <i>Dr. George Stancel,</i> <i>U. T. Health Science</i> <i>Center - Houston</i>	102
Adjourn	9:45 a.m.	

1. **U. T. System: Annual Meeting with Officers of the U. T. System Student Advisory Council**

The U. T. System Student Advisory Council will meet with the Board of Regents to discuss accomplishments of the Council and plans for the future. The Council's recommendations are on Pages 88 - 94. Also attached on Pages 95 - 101 is a chart showing the status of prior recommendations from the Council.

AGENDA

1. Executive and Standing Committee Member Introductions
2. Chairperson's Report and Overview
3. Executive Committee and Standing Committee Remarks and Recommendations

Council members scheduled to attend are:

Chair: Ms. Crystal Gonzalez, U. T. Pan American, Philosophy

Academic Affairs: Mr. Basheer Benhalim, U. T. Dallas, Political Science

Student Involvement and Campus Life Committee: Ms. Stephanie Rich, U. T. Permian Basin, Psychology

Graduate and Health Affairs Committee: Ms. Amy Forestell, U. T. Austin, Graduate School, Astronomy

Financial and Legislative Affairs Committee: Ms. Danielle Rugoff, U. T. Austin, Government

BACKGROUND INFORMATION

The U. T. System Student Advisory Council was established in 1989 to provide input to the U. T. System Board of Regents working through and with the Chancellor and U. T. System Administration on issues of student concern. The operating guidelines of the Council require that recommendations have a multi-institutional focus and that the Council explore individual campus issues with institutional administrators prior to any consideration thereof. The Student Advisory Council consists of two student representatives from each U. T. System institution enrolling students, and meets three times yearly in Austin. The Standing Committees of the Council are: Academic Affairs, Student Involvement and Campus Life, Health and Graduate Affairs, and Financial and Legislative Affairs.



*Student Advisory Council
Crystal Gonzalez, Chair
1201 W. University Drive
Edinburg, Texas 78541
(956) 624-5679*

March 27, 2007

Chancellor Mark G. Yudof
Chancellor, University of Texas System
601 Colorado St.
Austin, TX 78701

Dear Chancellor Yudof:

I would first like to thank you for giving a voice to the students through The University of Texas System Student Advisory Council. Begun in 1989, this process allows The University of Texas System Board of Regents to obtain further suggestions, ideas and plans brought by our members. In our current configuration, this fantastic opportunity allows two members of each University of Texas System institution to voice their concerns within our four standing committees; Academic Affairs, Student Involvement and Campus Life, Financial and Legislative, and Graduate and Health Affairs.

I would also like to thank the members that served on the 2006- 2007 UT System Student Advisory Council. Their hard work is reflected in the recommendations that we bring forth today. The attached recommendations represent a variety of issues, affecting many campuses in the UT System.

I would like to publicly express gratitude to Dr. Edward Baldwin for his patience, support, and guidance.

I look forward to presenting our recommendations to the Board in May.

Sincerely,

Crystal Gonzalez, Chair

**THE UNIVERSITY OF TEXAS SYSTEM STUDENT ADVISORY COUNCIL
RECOMMENDATIONS TO THE BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS
SYSTEM**

After careful consideration we, the members of The University of Texas System Student Advisory Council (SAC), respectfully submit the following recommendations to The University of Texas System Board of Regents. The SAC recommendations concern a wide array of students at multiple institutions in The University of Texas System.

Student Involvement and Campus Life Committee

Recommendation 1

The Campus Life Committee recommends that an on-campus 24-hour quiet study facility be provided to students at all UT System Schools

We recognize that final exams are a vital part of the students' academic grade, and are often the deciding factor between passing and failing a class. In order to facilitate student success, the council recommends that:

- These facilities should open beginning at least 48 hours before the first scheduled final examination and continue operations until the last scheduled final examination.
- The primary recommended study facility is the library. Other possibilities could include, but are not limited to, the university center study rooms and residential club houses if the library is currently not a feasible solution.
- The study facility should be made readily available to all students and should be large enough to accommodate sizable study groups as well as the amount of individual students on campus who wish to use these facilities.
- We also encourage all institutions to open these study facilities for a 24-hour period throughout the year when they become financially capable of doing so.

Recommendation 2

Implement study days before final examinations

This recommendation will benefit all students; they will have more time to prepare for final examinations. The time to prepare will help improve graduation rates.

For all institutions that have a final examination week, there should be a minimum of one study day prior to the scheduled final exams.

To further facilitate student success, the council recommends:

- There should be no mandatory academic scheduled events during study day(s). These events shall include classes, discussion sessions, help sessions, or anything that can impact the students' grade.
- Weekends and scheduled holidays are not to be considered as study day(s).
- During these study days we strongly encourage faculty members to hold office hours during study day(s).

We acknowledge that scheduling conflicts may occur, but we would encourage each university to implement the study day(s) as it deems practicable.

Recommendation 3

All institutions have a university-supported recycling program

This program should include, but not be limited to:

- The recycling of paper goods, aluminum, glass, and plastic. This program may be sponsored by the university, a registered student organization, the city in which the university resides, or any other entity that chooses to participate.

Financial and Legislative Affairs Committee

Recommendation 4

Encourage all UT System institutions to make tuition information more readily available to Texas students and families

Recognizing that most of our institutions have tuition websites, we recommend making the pre-existing information more accessible by including the information in course packets which many students purchase, and by displaying a link to the tuition website prominently on the main page of the institution's website. We ask that a breakdown of tuition *and* fees be included. For schools that do not have fees and are operating on a flat rate tuition plan, we ask that a detailed breakdown of tuition be shown.

Recommendation 5

Require that all UT System institutions maintain and publish book lists in a timely manner to allow students the opportunity to purchase their textbooks from multiple venues

Currently, few of our institutions maintain or publish booklists, forcing students to purchase their books at limited venues, as in some cases the campus bookstore may be the only place other than students' syllabi where they can find out which books are required for their courses. We ask that all UT System institutions collect, compile, and publish a book list with required texts and their ISBN numbers *and* provide it to any venue that requests it.

Recommendation 6

Discourage the purchase of bundled textbooks in cases where there are purchasing options and not all of the contents of the bundle are required by the professor

Students are currently forced to purchase "bundled" textbook packages. Bundles typically include a textbook, workbook, and CD Rom. Oftentimes these bundles are extremely expensive and not all of the contents are utilized in the course. This forces students to spend money unnecessarily with no academic gain. We ask that all UT System institutions discourage the purchase of bundled textbooks and actively support anti-bundling legislation at the Texas Legislature.

Recommendation 7

Issue: Extra course charges over \$50 not included in tuition and fees. We ask that the UT System institutions require a special note or an asterisk to be placed on the class registration page *and* the course catalogue noting the charge

There are often unexpected educational costs associated with courses. When course materials outside of textbooks are *required*, we ask that a notation be added to notify students prior to enrolling in courses that such costs are associated and required for those particular courses. These costs are usually associated with classroom remotes, art supplies, medical and lab supplies, and much more.

Recommendation 8

Actively support tax free textbooks

According to a Government Accountability Office (GAO) Report, on average, students spend \$900 on required textbooks annually. To curb the steep cost, students often utilize textbook copies from the campus library, share books with a friend, or forego purchasing them altogether. Tax Free Textbooks would save UT System students millions and benefit all students regardless of discipline or location. Thus, we ask that all UT System institutions actively support Tax Free Textbook legislation at the Texas Legislature.

Recommendation 9

Encourage UT System campuses to engage city and county officials to ensure that each campus has a polling location and the option for early voting on campus

It is important that polls are easily accessible to all students to ensure that the student voice is heard. We ask the UT System to evaluate polling locations and early voting availability on each System campus *and* that UT System institutions work with city and county officials to increase access to polling locations. We also ask that the UT System ensure early voting polling locations System-wide. We ask that the UT System enhance its efforts, in accord with an amendment to the Higher Education Act in 1998, to develop a comprehensive voter registration card distribution strategy on all System campuses.

Recommendation 10

Support having a student on the Texas Higher Education Coordinating Board

As we have seen with the addition of a student on the Board of Regents, there is great value in having student perspective on boards affecting higher education. Likewise, as the future leaders of this state we recognize it is our responsibility to get involved in important discussions affecting the UT System and Texas' future. The Texas Higher Education Coordinating Board, as the architect of higher education policy for the Governor and the Texas Legislature, needs a student voice. Thus, we ask that the UT System support legislation in the Texas Legislature adding a student to the Texas Higher Education Coordinating Board.

Recommendation 11

Graduate student recruitment and financial assistance

- Do a survey on how UT System institutions are attracting and recruiting graduate students and share “best practices” with all institutions.
- Set up a task force of graduate Deans to address the competitiveness of graduate recruitment.
- Encourage more funding from the State for graduate students, as well as research and teaching assistants.
- Do a peer institution study with each campus’ national peer institution to see how UT System schools compare in the graduate assistance we provide to our students.

Graduate and Health Affairs

Recommendation 12

Provide access to health insurance to all graduate students

Graduate students typically have health insurance needs that are different than those of undergraduates. Generally, graduate students are older, no longer have insurance support from their parents, and may also be supporting families of their own. In addition, students at the health science centers and all international students are required to carry health insurance. We respectfully submit the following recommendations:

- The current UT Select plan provided to graduate student academic employees should be offered to nonemployee graduate students. If this is a legislative issue then the System should make this a legislative priority.
- If the UT Select plan cannot be made available to graduate students then a comprehensive health insurance option should be provided in addition to the supplemental insurance MEGA Life currently offers.
- The System should explore options to provide financial aid and grants to cover health insurance for graduate students.
- The current MEGA Life student health insurance should be expanded to include preventative care, such as gynecological exams and annual checkups, as well as prepay options.
- All UT System campuses should have a wellness or health center including a pharmacy.

Recommendation 13

Expand graduate student international study programs

The opportunity to study abroad during a college career provides valuable benefits to the student, the visited location, and the university as a whole. These programs currently tend to be focused on undergraduate students, but the benefits still apply in graduate and professional education. Graduate student international study programs would provide opportunities for strong international research collaborations, unique opportunities for advanced study, and ability to

spread the reputation of the university's highest quality academics. The health science institutions in particular have a strong potential to benefit from these kinds of programs. We respectfully submit the following recommendations:

- Current international opportunities for graduate students should be publicized and expanded. This may require the creation of a dedicated staff position.
- The UT System should coordinate an international study program tailored to graduate students.
- The System has the ability to link smaller programs across System institutions, as well as advertise effective programs to other areas of the System.

These recommendations work to achieve the UT System Strategic Plan's goals of increasing research, global competitiveness, and technology transfer as well as enhancing student success through expanding global initiatives.

Recommendation 14

Provide adequate support for graduate student academic employees

Adequate support for graduate student academic employees is essential to the success of our graduate programs. Graduate students greatly influence the character, strength, and reputation of our universities as teachers and researchers.

On those campuses that have graduate student academic employees we respectfully request that the System ensures that the financial packages adequately cover full tuition and cost of living.

Tuition assistance packages for graduate student academic employees should cover all components of tuition and fees.

Graduate student academic employee stipends should at least cover the cost of living for that campus.

For example, the graduate cost of attendance for one long semester given on the UT-Austin financial aid website is:

Tuition/Fees	Books	Room/ Board	Transportation	Personal/ Misc.	Total
3,130	450	4,000	447	1,375	\$9,613

Assuming that the tuition assistance package covers all tuition and fees (which is not the case; in 2006-2007 the tuition benefit was \$2,975), that leaves \$6,483 of cost over 4 months, or \$1,620.75 per month. Yet the minimum stipend is \$939/month.

This recommendation works to achieve the UT System Strategic Plan's goal of enhancing student success through improving graduate education.

Academic Affairs

Recommendation 15

Help improve graduation rates

- **Define full time and what is full-time status and timelines for degrees**

In order for students to graduate on time, a clear definition of what exactly is expected in their specific undergraduate programs must be implemented. In this regard, we think it is important to change the rhetoric from graduating in 'four years' to graduating 'on-time'. This can be done by defining the number of years required to complete each major (EX: Engineers might not be reasonably expected to graduate within four years; for them on-time may mean five years of education). Another recommendation is to have a similar Course Number for each UT System school, so students transferring from one UT school to another need not have to take that same course again.

- **Decrease the student to advisor ratio**

It is recommended that student to advisor ratio be decreased so that the quality of personal advising increases for individual departments and majors. This can improve the quality of advising by training, establishing a reward system (encouragement), and following best practice policies for this area of academia.

- **Increase the availability of prerequisite courses**

Timely graduation depends on course availability. Failure to offer a sequenced class interferes with a student's ability to move forward in his or her degree plan. Therefore, we recommend that prerequisite courses be taught at least two out of the three long semesters System-wide.

Recommendation 16

We strongly encourage all UT System institutions to conduct a survey to explore and share best practices for incorporating diversity into the culture of the university.

Student Advisory Council Recommendations Cumulative List/Update

Subject	Recommendation	System Administration Response
<p>Collaborative Academic and Certificate Programs May 11-12, 2005 Board Meeting</p>	<p>Expand Collaborative Academic and Certificate Programs among member institutions of the System.</p>	<p>Currently, there are more than a dozen collaborative academic programs among member institutions of the UT System. These programs are strategically placed and make the best use of the scarce resources available.</p> <p>Status: Implemented and ongoing. A major initiative is underway at UT System to foster these collaborative programs between academic and health institutions. Major programs have already been established.</p>
<p>Reserve Copies of Required Course materials May 11-12, 2005 Board Meeting</p>	<p>Amend the Regents' <i>Rules</i> to require each institution to maintain a standing copy of every course section's required course materials (including textbooks and packets) to be on reserve in each institution's respective library.</p>	<p>Since students traditionally have been responsible for providing their own textbooks, UT libraries do not, as a standard practice, stock all textbooks used in campus courses. No budget source is currently available to enable libraries to provide textbooks to students. The initial cost to provide textbooks, in hard copy form, would be substantial. For example, the initial cost is estimated at over \$35 million for UT Austin.</p> <p>Status: Responded to this request. Difficult to implement because of cost restrictions.</p>
<p>NetLibrary Expansion May 11-12, 2005 Board Meeting</p>	<p>Expand the NetLibrary to make available required texts of each section of each course offered at each institution</p>	<p>The use of electronic textbooks, while an innovative teaching tool, has become a complex issue. This recommendation would require all texts for each of the courses at all of the UT institutions be made available through the NetLibrary online service; as a result a System-wide contract would have to be developed and executed with NetLibrary.</p> <p>Note however that not all textbooks are available in electronic format. The libraries estimate that only a small percentage of textbooks are currently available in digital format.</p>

<p>The recommendation also raises significant issues about what obligations UT institutions would be subject to in order to protect NetLibrary and the eBook authors' copyrights and other intellectual property rights, especially to prevent any infringement of such rights by the students accessing eBooks through the NetLibrary system.</p> <p>Ensuring that all textbooks are available via the NetLibrary system would require UT to devote significant ongoing resources to such an effort.</p> <p>Status: Acknowledged and no action because of significant budget implications.</p>		
<p>The honor code established at Austin was developed by student initiative and was vetted with faculty and staff of the university. UT Austin's honor code seeks to remind the members of their community that civility and integrity have meaning and that there are expectations concerning these virtues. This code is simple and does not set up an elaborate justice system to deal with violations.</p> <p>The presidents of the U. T. System institutions were made aware of this recommendation.</p> <p>Status: Acknowledged and recommended to presidents to follow up.</p>	<p>Encourage each institution to continue to promote a community code of honor or a code of ethical conduct; and if a code of honor or ethical conduct does not presently exist, to develop and advertise a community code similar to that which was announced by President Faulkner at U. T. Austin in April 2004.</p>	<p>Community Code of Honor May 11-12, 2005 Board Meeting</p>
<p>Students currently have a variety of offices to which they can report unethical or illegal conduct that do not rely on hierarchical systems. These offices include the Office of Student Affairs, Institutional Compliance, and Equal Opportunity Office.</p> <ul style="list-style-type: none"> • Generally, the Office of Student Affairs or the Dean of Students is charged by the institution with responsibility for handling student concerns. • However, students could also utilize resources provided by the Institutional Compliance Office. 	<p>Ask the Office of the Chancellor to study and report on the effectiveness of the institutional compliance policies to promoting professionalism and ethical conduct within the operations of each System institution, and recommend action to the respective institution when appropriate.</p>	<p>Institutional Compliance Effectiveness May 11-12, 2005 Board Meeting</p>

<ul style="list-style-type: none"> • If the nature of the complaint relates to sexual discrimination, sexual harassment, or sexual misconduct, the Equal Opportunity Office would also be appropriate. <p>Each System institution has an external hotline for reporting instances of suspected noncompliance, and unethical or illegal behavior. Calls are reported to the Institutional Compliance Officer for review and investigation. Hotlines provide a way to report issues anonymously or for other instances where there is discomfort in using the institution's established administrative channels. There are no restrictions regarding who may use the hotlines.</p> <p>Information on services provided by institutional compliance offices is publicized on the institutions' websites and through the use of posters displayed across the campuses.</p> <p>Status: Being implemented. There is a U. T. System Task Force on institutional compliance.</p>		
<p>Since the first round of tuition deregulation, System Administration has been keenly aware of the impact of tuition increases on the student's ability to pay.</p> <p>The first of the eight guiding principles set forth during the first tuition setting process was to ensure that a UT education remains affordable. These eight guiding principles remained intact for our most recent tuition increases.</p> <p>For example, institutions have set aside 20 or more percent from designated tuition to help students from all income levels. UT Austin set aside 28 percent from each dollar for additional financial aid to support students from low and middle-income families.</p> <p>UT San Antonio, UT Permian Basin, and UT Tyler instituted other financial assistance programs for middle income students who did not qualify for other aid. UT Dallas, UT El Paso, and UT Tyler created campus jobs for students who qualified and were not provided aid.</p>	<p>Conduct a study on the impact of new tuition increases on students who do not qualify for financial aid.</p>	<p>Financial Aid May 11-12, 2005 Board Meeting</p>

<p>The Office of Academic Affairs continues to do analytical work to make sure students can afford their education.</p> <p>Status: Acknowledged and ongoing.</p>	<p>The nursing hotline at UT Austin is staffed by 5 nurses who rotate handling calls. Student fees are used to finance operations. The nurse taking a call from the hotline assesses the situation and decides the appropriate course of action. Those courses of action could be to send the student to a minor emergency clinic, send them to a hospital emergency room, or suggest that the student come in to the campus health facility the next day. Should the need arise; the nurse has access to one of the health center's physicians.</p> <p>Other institutions in the System could adopt the Austin model or they could contract with private vendors to provide the service to their students.</p> <p>Status: Acknowledged and recommended to individual campuses.</p>
<p>System Nursing Hotline May 11-12, 2005 Board Meeting</p>	<p>Investigate the feasibility of expanding UT Austin's nursing hotline so that institutions could "opt-in" to the service.</p>
<p>Mental Health Information May 11-12, 2005 Board Meeting</p>	<p>Require all UT System institutions to make information readily available pertaining to mental health. Specifically, this information should include services provided both on and off-campus that relate to psychiatric issues, substance abuse, sexual harassment, rape crisis, women's health, suicide, and sexually transmitted diseases.</p>
<p>Each member institution has already established a mechanism for providing on-campus resources to its students. Some counties and cities have hotline resources for crisis intervention and other mental health conditions. System institutions could publish information about these resources in available University materials – however, much of the information is already available in the various telephone books and on websites.</p> <p>We encourage each institution to review the availability of local resources and consider the best method to make this information available to students.</p> <p>Status: Acknowledged and recommended to individual institutions for follow up.</p>	<p>U. T. System has a history of commitment to diversity both at the System and campus level. The Student, Faculty, and Staff Campus Life Committee of the Board of Regents monitors the progress made by institutions. There is much discussion of whether it is better to have a separate office or</p>
<p>Dedicated Diversity Issues Administrator May 11-12, 2005 Board Meeting</p>	<p>Ensure the presence of an administrative position at each institution designed to deal with diversity issues and adequate processes for maintaining diversity at each institution.</p>

<p>to charge a high-ranking campus official (e.g. the provost) with the responsibility. Four System institutions (UT Austin, UT San Antonio, UT Permian Basin, and UT M. D. Anderson Cancer Center) have an office or an individual dedicated to diversity issues. On small campuses, it may be difficult to fund a separate office.</p> <p>Most institutions sponsor multicultural or diversity events every year.</p> <p>Member institutions were made aware of UT Austin's diversity report.</p> <p>Status: Acknowledged and recommended to individual institutions for discussion.</p>		<p>Investigate the effectiveness of current anti-drug efforts at our health institutions</p> <p>May 10-11, 2006 Board Meeting</p>
<p>The Office of Health Affairs has surveyed the health institutions and found that those students who are involved in direct patient care are randomly tested by the facilities where they work. Under the <i>Drug Free Schools and Campus Act</i> regulations 34CFR 86.1 institutions are already required to promote Student Health Service Programs about drug rehabilitation.</p> <p>Status: Acknowledged and ongoing.</p>	<p>Institute random drug testing to those students who are directly involved in patient care and investigate the effectiveness of current antidrug efforts at health institutions.</p>	<p>Tuition Guarantees</p> <p>May 10-11, 2006 Board Meeting</p>
<p>A tuition guarantee policy may not make sense for all institutions. In general, the policies are designed for, and benefit, the traditional full-time university student who may be able to complete this degree program in four or five years. At many UT System institutions, large numbers of part-time and nontraditional students would derive no benefit from such a policy.</p> <p>This fall, qualified freshmen at UT El Paso had the option of selecting a guaranteed tuition rate for four years. Beginning in fall 2007, incoming freshmen at UT Dallas will be given a tuition guarantee for four years.</p>	<p>Ask all institutions to begin setting tuition locks or guarantees for incoming students based on their academic program's expected time of completion</p>	

<p>It is also important to note that the new UT System strategic plan calls for the development of enrollment management plans by each institution. Institutions may consider tuition guarantees as they develop these plans.</p> <p>Status: Acknowledged and recommended to individual institutions for discussion.</p>		
<p>This recommendation will be incorporated into the next set of instructions that are sent to the schools well in advance of the next tuition setting process. The Office of Academic Affairs is currently developing a suggested timeline for the next tuition setting process.</p> <p>Status: Acknowledged and ongoing.</p>	<p>Implement standard dates for the tuition setting process at each institution</p>	<p>Standardize dates for the tuition setting process May 10-11, 2006 Board Meeting</p>
<p>UT System academic institutions are in different stages of implementation of the online degree evaluation. Several are using commercial products available, usually chosen for their capability to integrate well with other campus needs.</p> <p>Status: Acknowledged and ongoing.</p>	<p>Require an Online Degree Audit Plan Evaluation Tool at each institution</p>	<p>Online Degree Audit Plan Evaluation May 10-11, 2006 Board Meeting</p>
<p>Academic advising needs to be improved. At most campuses the bulk of advising, at the undergraduate level, is done by staff rather than by faculty. For faculty members, advising is part of the promotion and tenure process. For staff advisers we will determine whether or not we have a sufficient career line developed.</p> <p>Status: Acknowledged and ongoing.</p>	<p>Require Advising Accountability</p>	<p>Advising Accountability May 10-11, 2006 Board Meeting</p>
<p>The Office of Academic Affairs will ascertain the state of course equivalency guides at each institution and will determine if this service is best provided on each campus, centrally, or in combination.</p> <p>Status: Acknowledged and ongoing.</p>	<p>Develop a Transfer Equivalency Guide that is useable by all UT System schools</p>	<p>Course Transfer Equivalency Guide May 10-11, 2006 Board Meeting</p>

<p>Communications Portal for Student Leaders within UT System schools</p> <p>May 10-11, 2006 Board Meeting</p>	<p>Create and moderate a network (similar to the UT System Student Advisory Council (UTSSAC) Portal) to facilitate communication within the UT System schools</p>	<p>The Office Academic Affairs will test using the already created UT System Student Advisory Council portal for this purpose.</p> <p>Status: Acknowledged and ongoing</p>
--	---	---

2. **U. T. System: Report from Task Force on Doctoral Education and the Postdoctoral Experience**

REPORT

Dr. George Stancel, Dean of the Graduate School of Biomedical Sciences at U. T. Health Science Center - Houston, will brief the Board of Regents on the progress of the Task Force on Doctoral Education and the Postdoctoral Experience.

One of the elements of the U. T. System Strategic Plan is doctoral education. In 2006, the Executive Vice Chancellors commissioned a task force to prepare an assessment of doctoral education throughout the U. T. System. The task force, chaired by Dr. Stancel, has conducted hearings throughout the state with faculty, graduate students, post-doctoral faculty, and administrators such as graduate school deans. These groups have provided information and advice on how to strengthen doctoral education within the U. T. System. The report of the Task Force is on Pages 103 - 104.



**The University of Texas System
Task Force on Doctoral Education and the Postdoctoral Experience
Interim Report**

Background

In 2006, The University of Texas System unveiled an ambitious strategic plan for the coming decade that was designed to help ensure that the UT System, Texas, and the nation will be competitive in the 21st Century. The plan called for a task force on doctoral education and the postdoctoral experience to be convened to consider how to

- recruit, retain, and graduate more doctoral students and postdoctoral scholars;
- enhance the value and contributions of these programs to their institutions, the UT System, and the state; and
- increase the competitiveness and prestige of the UT System's research, education, and service programs.

To this end a task force with representatives from all UT institutions that offer PhD programs was appointed in June, 2006, and obtained widespread input from all UT System institutions. Meetings were held in Austin, Dallas, El Paso, Houston, and San Antonio with administrative leaders, faculty, doctoral students, and postdoctoral scholars from all UT System institutions which have PhD programs. Representatives from UT Brownsville, UT Pan American, UT Permian Basin, and UT Tyler also met with the group. In addition, Dr. Raymund Paredes, Commissioner of the Texas Higher Education Coordinating Board, spoke to the task force about his views on graduate education.

A final report is anticipated in summer 2007, after soliciting comments on a preliminary draft from institutional presidents, other campus and System leaders, and the Faculty Advisory Committee. This update highlights some of the key findings and preliminary draft recommendations that are being actively discussed.

Doctoral and Postdoctoral Education is Extraordinarily Important for Both Academic and Health Institutions

- Key factor in recruitment of best faculty
- Indispensable for competitive research programs
- Essential for undergraduate education in UT System
- Graduates provide innovation and creativity to drive economy
- Need to increase public understanding of the importance of doctoral and postdoctoral education
 - The Nature of the PhD Degree and Postdoctoral Experience
 - The Value of Doctoral Education: An Investment in Texas and the Nation

"When Southwestern loses a brilliant faculty recruit to one of our prestigious competitors, it is not money, not research space or environment, and not quality of our faculty that is lacking. It is most often a fear in young faculty that they will not be able to recruit high quality graduate students in the same way that they can in Boston and San Francisco."

Alfred Gilman, M.D., Ph.D.
Provost, UT Southwestern, and Nobel Laureate

Key Considerations Underlying Task Force Recommendations

- UT must recruit the very best students and postdocs in the face of fierce competition.
- Significant numbers of the very best candidates are non-Texans.
- Quality and competitiveness are paramount but will not be achieved if finite resources are spread too thin.
- All institutions may aspire to doctoral programs but must unequivocally meet standards assessed by rigorous external peer review.
- A critical mass of faculty actively engaged in research with a stable base of funding, adequate infrastructure, and an administration that understands and supports research and research training are absolutely essential.

Preliminary Draft Summary of Key Recommendations

The UT System must:

- Prominently address doctoral and postdoctoral education in major UT System planning efforts.
- Hold institutional leaders accountable for establishing and maintaining competitive doctoral and postdoctoral programs in line with System plans and institutional missions
- Provide health benefits equivalent to those received by faculty and staff for all full-time, salaried doctoral students and postdoctoral scholars.
- Increase the recruitment and success of outstanding and diverse doctoral students and postdoctoral scholars.
- Conduct rigorous reviews of new proposals and ongoing programs that involve external peers.
- Facilitate and support the development of trans-disciplinary research educational programs.

UT System institutions must:

- Explicitly include doctoral and postdoctoral education in planning, budget preparation, evaluation, and external communications.
- Disseminate expectations, commitments, and anticipated timelines for successful doctoral and postdoctoral programs.
- Conduct rigorous reviews of new proposals and ongoing programs that involve external peers.
- Include expectations and rewards for doctoral and postdoctoral education in tenure and promotion guidelines and support development of required skills.
- Facilitate and support the development of trans-disciplinary research and educational programs.
- Teach critical thinking and problem-solving skills that prepare graduates for a wide range of careers.
- Incorporate doctoral students and postdoctoral scholars more fully into the community of scholars on university campuses.

In addition to the recommendations and to assist the UT System and institutions, guide the implementation of recommendations, and aid programmatic reviews, the task force will provide:

- Impediments uncovered and critical areas for improvement within UT System.
- Best practices and characteristics of competitive programs.

Doctoral and Postdoctoral Education is an Investment in Human Capital that will pay Important Dividends in the Future

- Educated and principled leaders for business, government, and universities.
- Discovery, innovation, and understanding that is the basis of competitiveness.
- Leadership in research, technology, and intellectual property.
- A highly educated populace with critical thinking and problem solving skills essential for creativity and innovation.