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November 11-12, 2009  
Austin, Texas

### Wednesday, November 11, 2009

#### A. COMMITTEE MEETING

Academic Affairs Committee *10:00 a.m.*

#### B. CONVENE THE BOARD IN OPEN SESSION TO RECESS TO EXECUTIVE SESSION PURSUANT TO TEXAS GOVERNMENT CODE, CHAPTER 551 (working lunch) *11:30 a.m.*

##### 1. Negotiated Contracts for Prospective Gifts or Donations - Section 551.073

a. **U. T. Austin: Discussion and appropriate action  
regarding proposed negotiated gifts with potential  
naming features** *President Powers  
Dr. Safady*

b. **U. T. Medical Branch – Galveston: Discussion and  
appropriate action regarding a proposed negotiated  
gift with a potential naming feature** *President Callender  
Dr. Safady*

##### 2. Consultation with Attorney Regarding Legal Matters or Pending and/or Contemplated Litigation or Settlement Offers – Section 551.071

**U. T. System Board of Regents: Discussion with Counsel  
on pending legal issues** *Mr. Burgdorf*

##### 3. Deliberations Regarding the Purchase, Exchange, Lease, Sale, or Value of Real Property – Section 551.072

**U. T. Pan American: Discussion and appropriate action  
concerning negotiations to purchase a condominium  
interest in approximately 25,400 rentable square feet of  
an office building with adjacent related surface parking  
located at 4302 South Sugar Road in Edinburg, Hidalgo  
County, Texas, from Merion Building Management, Inc.,  
a Delaware corporation, for a purchase price not to  
exceed fair market value as established by independent  
appraisals, for use as office space for administrative staff  
and other nonacademic uses** *President Sorber  
Ms. Mayne*

4. Personnel Matters Relating to Appointment, Employment, Evaluation, Assignment, Duties, Discipline, or Dismissal of Officers or Employees – Section 551.074

- a. **U. T. Pan American: Consideration of individual personnel matters related to the appointment of Robert S. Nelsen, Ph.D., as President**
- b. **U. T. System: Discussion and appropriate action regarding individual personnel matters relating to appointment, employment, evaluation, compensation, assignment, and duties of U. T. System and institutional employees**
- c. **U. T. System: Discussion and appropriate action regarding individual personnel matters relating to appointment, employment, evaluation, compensation, assignment, and duties of presidents (academic and health institutions), U. T. System Administration officers (Executive Vice Chancellors and Vice Chancellors), other officers reporting directly to the Board (Chancellor, General Counsel to the Board, and Chief Audit Executive), and U. T. System and institutional employees**

C. RECESS FOR COMMITTEE MEETINGS	<i>1:00 p.m.</i>
Finance and Planning Committee.....	<i>1:00 p.m.</i>
Facilities Planning and Construction Committee.....	<i>2:00 p.m.</i>
Health Affairs Committee.....	<i>3:00 p.m.</i>
Audit, Compliance, and Management Review Committee.....	<i>4:00 p.m.</i>
D. RECESS	<i>5:00 p.m.</i>

**Thursday, November 12, 2009**

	<b>Board/Committee Meetings</b>	<b>Page</b>
E. COMMITTEE MEETINGS		
Health Affairs Committee -- Special Meeting	8:00 a.m.	
Student, Faculty, and Staff Campus Life Committee	9:30 a.m.	
F. RECONVENE THE BOARD IN OPEN SESSION	10:30 a.m.	
G. APPROVAL OF MINUTES		
H. CONSIDER AGENDA ITEMS		
1. U. T. System Board of Regents: Proposed appointment of Regent Printice L. Gary to the Board of Directors of The University of Texas Investment Management Company (UTIMCO) effective immediately	10:34 a.m. <b>Action</b>	1
2. U. T. System Board of Regents: Proposed appointment of Mrs. Vivien Hester Caven as a Regental Representative to the U. T. Austin Intercollegiate Athletics Council for Women effective immediately	10:36 a.m. <b>Action</b>	2
3. U. T. Health Science Center - San Antonio: Appointment of John P. Howe, III, M.D., as President Emeritus	10:38 a.m. <b>Action</b>	3
4. U. T. System Board of Regents: Presentation on H. J. Lutcher Stark, a Former Chairman of the U. T. System Board of Regents	10:40 a.m. <b>Presentation</b> <i>Dr. Jan Todd and Dr. Terry Todd, U. T. Austin</i>	4
5. U. T. System Board of Regents: Amendment of Regents' <i>Rules and Regulations</i> , Rule 10501 (Delegation to Act on Behalf of the Board) to revise Section 3.1, regarding contracts exceeding \$1 million, and to add new Section 3.3, regarding contracts involving institution names, trademarks, trade dress, or logos	11:00 a.m. <b>Action</b>	5
6. U. T. System Board of Regents: Adoption of Regents' <i>Rules and Regulations</i> , Rule 30108, regarding State law on employment preferences for former foster children	11:02 a.m. <b>Action</b>	8
7. U. T. System Board of Regents: Rescindment of Regents' <i>Rules and Regulations</i> , Rule 50401, regarding State law concerning the immunization of students against hepatitis B	11:04 a.m. <b>Action</b>	10
8. U. T. System: Authorization for the Chancellor to submit Report Concerning Designated Tuition	11:06 a.m. <b>Action</b> <i>Mr. Wallace</i>	12

**Thursday, November 12, 2009** (continued)

<b>9. U. T. System: Annual accountability report on research and technology transfer</b>	<i>11:08 a.m.</i> <b>Report</b> <i>Dr. McDowell</i>	<b>12</b>
<b>10. U. T. System: Report on activities of the Office of Federal Relations in Washington, D.C.</b>	<i>11:25 a.m.</i> <b>Report</b> <i>Mr. Shute</i>	<b>37</b>
I. COMMITTEE REPORTS TO THE BOARD	<i>11:40 a.m.</i>	
Audit, Compliance, and Management Review Committee Finance and Planning Committee Academic Affairs Committee Health Affairs Committee Facilities Planning and Construction Committee		
J. ADJOURN	<i>12:00 p.m.</i>	

1. **U. T. System Board of Regents: Proposed appointment of Regent Printice L. Gary to the Board of Directors of The University of Texas Investment Management Company (UTIMCO) effective immediately**

**RECOMMENDATION**

Chairman Huffines recommends that Regent Printice L. Gary replace Vice Chairman Colleen McHugh on The University of Texas Investment Management Company (UTIMCO) Board of Directors effective immediately. Regent Gary would fill Vice Chairman McHugh's term, which expires April 1, 2011, or until his successor is named.

Vice Chairman McHugh and Regent Gary will abstain from discussion and voting on this item.

**BACKGROUND INFORMATION**

Pursuant to *Texas Education Code* Section 66.08, the Board of Regents appoints the nine directors of UTIMCO. At least three members of The University of Texas System Board of Regents and the Chancellor are appointed to the UTIMCO Board of Directors upon recommendation of the Chairman of the Board of Regents, by and with the consent of the Board of Regents.

The proposed appointment of Regent Gary has been reviewed by the General Counsel to the Board and was found to be consistent with State law and the provisions of the UTIMCO Code of Ethics.

Vice Chairman McHugh was appointed to the UTIMCO Board on November 10, 2005, and she was reappointed on April 16, 2007 and on May 13, 2009. She will resign from the UTIMCO Board effective with the appointment of her replacement.

Regent Gary was appointed to the U. T. System Board of Regents in October 2007. He is the Chairman of the Facilities Planning and Construction Committee and also serves on the Finance and Planning Committee and on the Student, Faculty, and Staff Campus Life Committee. He is a Regental Representative on the Board for Lease of University Lands.

2. **U. T. System Board of Regents: Proposed appointment of Mrs. Vivien Hester Caven as a Regental Representative to the U. T. Austin Intercollegiate Athletics Council for Women effective immediately**

RECOMMENDATION

Chairman Huffines recommends the appointment of Mrs. Vivien Hester Caven to replace Dr. Susan C. Blackwood as a Regental Representative to the U. T. Austin Intercollegiate Athletics Council for Women for a four-year term beginning November 12, 2009 and ending on August 31, 2013.

BACKGROUND INFORMATION

The U. T. Austin Intercollegiate Athletics Council for Women is composed of nine voting members and one nonvoting member as follows: two students (one nonvoting), an ex-student, two Regental appointees, and five members of the University General Faculty. The Regental appointments are for four (4) year staggered terms.

Dr. Blackwood was appointed to the Council on August 10, 2006, to serve the remainder of Dr. George Willeford's term through August 31, 2009, and she graciously agreed to continue to serve until her replacement was named.

Vivien Caven, a 1972 graduate of the College of Education at U. T. Austin, is a strong supporter of the U. T. System and its commitment to excellence. She has worked tirelessly for programs that acknowledge and support the importance of educating the "whole student", through physical activity, academic work, and community service. She was a volunteer reader and participated in several forums at The University of Texas Elementary School. Mrs. Caven is also on the mentoring team for Rusk Elementary School, Houston, Texas, working with "at risk" students to help with self-esteem, encouraging schoolwork, and being steady support for the student.

She was appointed as a member of the Governor's Commission for Women by Governor Rick Perry and has served in a variety of leadership positions in furtherance of state and local charitable, educational, and philanthropic work.

Mrs. Caven is married to H. Scott Caven, Jr., former Chairman of the Board of Regents and former Athletics Liaison to the academic institutions within the U. T. System.

3. **U. T. Health Science Center – San Antonio: Appointment of John P. Howe, III, M.D., as President Emeritus**

**RECOMMENDATION**

Chancellor Cigarroa concurs in the recommendation of Executive Vice Chancellor Shine and President Henrich that the U. T. System Board of Regents appoint John P. Howe, III, M.D., as President Emeritus at U. T. Health Science Center – San Antonio. Approval of this recommendation is being requested in accordance with the Regents' *Rules and Regulations*, Rule 20301.

**BACKGROUND INFORMATION**

Dr. Howe served as President of U. T. Health Science Center – San Antonio from 1985 - 2000, during which time research funding increased from \$32 million to \$124 million and the operating budget of the institution expanded from \$134 million to \$330 million. During his presidency, Dr. Howe presided over construction of 12 buildings and building expansions and a quarter of a billion dollars in philanthropic gifts was raised. Also during that time, the Health Science Center graduated more than 10,000 students. Under Dr. Howe's leadership, the Health Science Center helped launch the Legislature's South Texas/Border Region Health Education Initiative in 1995. Dr. Howe is honored at the Health Science Center with the John P. Howe, III, M.D., Distinguished Chair in Health Policy.

Dr. Howe, a board-certified physician in both internal medicine and cardiology, received his Doctor of Medicine degree from the Boston University School of Medicine in 1969. He served two years in the Army Medical Corps and later completed the Health Systems Management Program at the Harvard Business School. He was Vice Chancellor of the University of Massachusetts Medical School at Worcester before his presidency in San Antonio. Since May 1, 2001, he has served as president and chief executive officer of Project HOPE, which provides health educational opportunities worldwide in an effort to solve health problems.

In 1994, the Boston University School of Medicine honored Dr. Howe with its Distinguished Alumnus Award. That same year, Dr. Howe was appointed by the Governor of Texas to chair the Texas Statewide Health Coordinating Council, a group directed by the Legislature to develop a health plan for the state. In 1998, Laredo civic leaders named him Mr. South Texas, a tribute reserved for those who have made significant contributions to South Texas.

4. **U. T. System Board of Regents: Presentation on H. J. Lutcher Stark, a Former Chairman of the U. T. System Board of Regents**

REPORT

Dr. Jan Todd, the Roy J. McLean Fellow in Sport History in the Department of Kinesiology and Health Education at U. T. Austin, and her husband, Dr. Terry Todd, fellow director of the H. J. Lutcher Stark Center for Physical Culture and Sports, will give a presentation on former Board Chairman H. J. Lutcher Stark who served on the U. T. System Board of Regents from May 1919 to January 1931 and from January 1933 to February 1945. Mr. Stark served as Chairman of the Board from May 1921 until January 1930 and from March 1935 to February 1937. Mr. Stark's family amassed a timber empire in East Texas that Mr. Stark managed and diversified after he graduated from The University of Texas in 1910. Chairman Stark died in 1965.

The H. J. Lutcher Stark Center for Physical Culture and Sports is an academic unit of U. T. Austin committed to serving as a resource and research center in the fields of physical culture and sports. The Center has the largest physical culture collection in the world.

Working closely with the Nelda C. and H. J. Lutcher Stark Foundation, Orange, Texas, Dr. Jan Todd has achieved an in-depth knowledge and understanding of Regent Stark's contributions to the U. T. System and many of his personal items are located in the Center.

Dr. Todd is a Professor in the Department of Kinesiology and Health Education at U. T. Austin. She has written two books, *Physical Culture and the Body Beautiful: Purposive Exercise in the Lives of American Women* (Mercer University Press, 1998) and, with her husband, *Lift Your Way to Youthful Fitness* (Little-Brown, 1985), the first popular book to argue that weight training could be used to offset the aging process. In addition, Dr. Todd has written more than 100 articles in popular and scholarly journals on various aspects of strength training and exercise.

In the 1970s and early 1980s, Dr. Todd was considered by both *Sports Illustrated* and the *Guinness Book of Records* to be the strongest woman in the world. Setting world records in five bodyweight classes during her 12-year powerlifting career, she was the first woman inducted into the International Powerlifting Hall of Fame in 1981. She was inducted into the National Fitness Hall of Fame in 2009, and she received the 2008 Lifetime Achievement Award from the Oscar Heidenstam Foundation of Great Britain for her work in promoting the study of physical culture. Dr. Terry Todd is also a former champion in powerlifting and weightlifting and has received numerous honors.



5. **U. T. System Board of Regents: Amendment of Regents' Rules and Regulations, Rule 10501 (Delegation to Act on Behalf of the Board) to revise Section 3.1, regarding contracts exceeding \$1 million, and to add new Section 3.3, regarding contracts involving institution names, trademarks, trade dress, or logos**

#### RECOMMENDATION

It is recommended that Regents' *Rules and Regulations*, Rule 10501, regarding delegation to act on behalf of the Board, be amended as set forth in congressional style on Pages 6 - 7 to revise Section 3.1, regarding contracts exceeding \$1 million, and to add new Section 3.3, regarding contracts involving institution names, trademarks, trade dress, or logos. The Vice Chancellor and General Counsel and the General Counsel to the Board have reviewed and recommend the proposed amendments. Current Subsections 3.3 through 3.5 will be renumbered accordingly.

#### BACKGROUND INFORMATION

Section 3 of Regents' *Rule* 10501 requires contracts or agreements with a cost or monetary value to the U. T. System or a U. T. System institution of more than \$1 million to be approved by the Board except for specific exceptions listed in the Rule. The proposed amendment to Section 3.1 would clarify that the total cost or monetary value of a contract includes all potential contract extensions or renewals, whether automatic or by operation of additional documentation. Further, all contracts with unspecified amounts of payments with a term of greater than four years are presumed to have a total value of more than \$1 million.

Proposed revisions to Section 3.3 would also require agreements that grant the right to an outside entity to use the name, trademark, trade dress, or logo of a U. T. System institution, regardless of dollar amount, to be approved by the Board. Trade dress generally refers to the visual appearance of a product or packaging that signifies the source of the product to consumers.

The delegation of authority to execute and deliver contracts or agreements resulting from the approval or authorization by the Board of a contract or agreement that falls under Section 3 of *Rule* 10501 is premised upon the understanding that those authorized to execute and deliver the contract or agreement must comply with any special instructions or guidelines related to processing established pursuant to Section 2 of Rule 10501. For example, under Section 2, guidelines have been established requiring that recommendations to the Board to approve or authorize a contract or agreement must first be reviewed and approved by the appropriate Executive Vice Chancellor and the Vice Chancellor and General Counsel.

1. Title

Delegation to Act on Behalf of the Board

2. Rule and Regulation

Sec. 1 Identification of Significant Contracts or Documents. Institutional presidents and executive officers at U. T. System Administration are responsible for identifying contracts, agreements, and other documents that are of such significance to require the prior approval of the Board of Regents. Each such matter so identified shall be presented to the Board by the Chancellor as an agenda or docket item at a ~~regular or special~~ meeting of the Board.

Sec. 2 Compliance with Special Instructions. All authority to execute and deliver contracts, agreements, and other documents is subject to these *Rules and Regulations* and compliance with all applicable laws and special instructions or guidelines issued by the Chancellor, an Executive Vice Chancellor, ~~and/or~~ the Vice Chancellor and General Counsel. Special instructions or guidelines by the Chancellor, an Executive Vice Chancellor, or the Vice Chancellor and General Counsel may include without limitation instructions concerning reporting requirements; standard clauses or provisions; ratification or prior approval by the Board of Regents, or the appropriate Executive Vice Chancellor; review and approval by the Office of General Counsel; and recordkeeping.

Sec. 3 Contracts or Agreements Requiring Board Approval. The following contracts or agreements, including purchase orders or vouchers ~~and binding letters of intent or memorandums of understanding~~, must be ~~approved by~~ submitted to the Board ~~for approval or authorization~~.

3.1 Contracts Exceeding \$1 Million. All contracts or agreements, with a total cost or monetary value to the U. T. System or any of the institutions of more than \$1 million, unless exempted in Section 4 below. The total cost or monetary value of the contract includes all potential contract extensions or renewals whether automatic or by operation of additional documentation.

For purposes of this Rule, all contracts with unspecified amounts of payments with a term of greater than four years are presumed to have a total value of greater than \$1 million.

...

3.3 Contracts Involving Names, Trademarks, Trade Dress, or Logos. Agreements regardless of dollar amount that grant the right to a non-U. T. entity to use the name, trademark, trade dress, or logos of a U. T. institution.

.....

6. **U. T. System Board of Regents: Adoption of Regents' Rules and Regulations, Rule 30108, regarding State law on employment preferences for former foster children**

**RECOMMENDATION**

The Chancellor concurs in the recommendation of the Vice Chancellor and General Counsel that the Board of Regents adopt new Regents' *Rules and Regulations*, Rule 30108, regarding employment preferences for certain former foster children as set forth on Page 9.

**BACKGROUND INFORMATION**

HB 1043, passed by the 81st Texas Legislature and codified as *Texas Government Code*, Chapter 672, provides an individual 25 years of age or younger who was under the permanent managing conservatorship of the Department of Family and Protective Services on the day preceding the individual's 18th birthday to a preference in employment with a State agency, including an institution of higher education, over other applicants for the same position who do not have greater qualifications. An individual entitled to an employment preference who is aggrieved by a decision of a State agency relating to hiring the individual or retaining the individual if the State agency reduces its workforce, may appeal the decision by filing a written complaint with the governing body of the state agency. The governing body must respond no later than the 15th business day after the date of receipt.

In accordance with *Texas Education Code* Section 65.31(b), the Board delegates to the Chief Administrative Officer of each institution of the U. T. System the responsibility and authority for receiving and deciding appeals filed by former foster children who believe they were improperly denied an employment preference.

**1. Title**

Employment Preferences for Former Foster Children

**2. Rule and Regulation**

Sec. 1 Preference in Employment. As authorized in Chapter 672 of the *Texas Government Code*, an individual 25 years of age or younger who was under the permanent managing conservatorship of the Department of Family and Protective Services on the day preceding the individual's 18th birthday is entitled to a preference in State employment over other applicants for the same position who do not have greater qualifications.

Sec. 2 Complaint Regarding Employment Decision. Chapter 672 of the *Texas Government Code* provides that a former foster child entitled to an employment preference who is aggrieved by a decision of a State agency or institution relating to hiring or to retention of the individual in the event of a workforce reduction may appeal the decision by filing a complaint with the governing body of the agency.

Sec. 3 Delegation. The Board delegates to the Chief Administrative Officer of each U. T. System institution the authority to review all such written complaints and to respond within 15 business days of receipt. The Chief Administrative Officer shall review complaints promptly and may render a different employment decision if it is determined that the employment preference was not applied. The decision of the Chief Administrative Officer shall be final.

**3. Definitions**

Chief Administrative Officer – The Chancellor of the U. T. System and the Presidents of each of the institutions of the U. T. System.

**4. Relevant Federal and State Statutes**

*Texas Government Code*, Chapter 672 – Employment Preference for Former Foster Children

7. **U. T. System Board of Regents: Rescindment of Regents' Rules and Regulations, Rule 50401, regarding State law concerning the immunization of students against hepatitis B**

RECOMMENDATION

It is recommended that Regents' *Rules and Regulations*, Rule 50401, as set forth on Page 11, regarding the immunization of students against hepatitis B, be rescinded. Texas law requires that students enrolled in a course of study that involves potential exposure to human or animal blood or bodily fluids receive the hepatitis B vaccine or provide proof of immunity to the virus. As the law can be implemented in the absence of a Regents' Rule, it is recommended that Rule 50401 be rescinded.

The General Counsel to the Board is authorized by Regents' *Rules and Regulations*, Rule 10201, to editorially amend the Regents' *Rules and Regulations* to keep the *Rules* current and correct. The Board is asked to take action to rescind Rule 50401 so that it is clear that the immunization requirement is not being rescinded and that compliance with State law still requires immunization of certain students against hepatitis B.

BACKGROUND INFORMATION

In accordance with previous versions of *Texas Education Code* Section 51.933 and *Texas Administrative Code* Title 25, Part 1, Section 97.64, Regents' *Rules and Regulations*, Rule 50401 requires all students enrolled in health-related courses that involve direct patient contact in medical or direct care facilities to receive a complete series of hepatitis B vaccine prior to the start of direct patient care or to show serologic confirmation of immunity to hepatitis B.

The 81st Texas Legislature passed SB 291, which amends Section 51.933 of the *Texas Education Code*. Section 51.933 now provides that a rule adopted by the Texas Health and Human Services Commission requiring a hepatitis B vaccination for students may apply only to students enrolled at an institution of higher education in a course of study that involves potential exposure to human or animal blood or bodily fluids. Further, *Texas Administrative Code* Title 25, Part 1, Section 97.64 was also recently amended and is in compliance with the new statutory language of Section 51.933.

The requirements of *Texas Education Code* Section 51.933 and *Texas Administrative Code* Title 25, Part 1, Section 97.64 can be implemented in the absence of Rule 50401.

**1. Title**

Immunization of Students Against Hepatitis B

**2. Rule and Regulation**

Sec. 1 Legislative Requirement. Pursuant to *Texas Education Code Section 51.933(b)* the Texas Board of Health may require immunizations against diseases for students at any institution of higher education who are pursuing a course of study in a human or animal health profession. Texas Department of Health Administrative Rules, found in the *Texas Administrative Code Title 25, Part 1, Section 97.64* requires all students enrolled in health-related courses which will involve direct patient contact in medical or direct care facilities to receive a complete series of hepatitis B vaccine prior to the start of direct patient care or show serologic confirmation of immunity to hepatitis B virus.

**3. Definitions**

None

**4. Relevant Federal and State Statutes**

*Texas Education Code Section 51.933(b)* – Immunization Requirements

*Texas Administrative Code Title 25, Part 1, Section 97.64* – Required Vaccinations for Students Enrolled in Health-related and Veterinary Courses in Institutions of Higher Education

8. **U. T. System: Authorization for the Chancellor to submit Report Concerning Designated Tuition**

**RECOMMENDATION**

It is requested that the Board of Regents grant authority to the Chancellor to submit on its behalf the "Report Concerning Designated Tuition" as required by the General Appropriations Act, Senate Bill 1, Article III, Section 50 to the Lieutenant Governor, Speaker of the House, Chair of the Senate Finance Committee, Chair of the House Appropriations Committee, and members of the Legislative Oversight Committee on Higher Education.

**BACKGROUND INFORMATION**

A Report Concerning Designated Tuition is to be filed not later than January 1, 2010, by the governing board of each public institution of higher education that charges students designated tuition under Section 54.0513, *Texas Education Code*. The Report consists of two principal sections. For selected years, the first section identifies the amount of designated tuition collected, the purposes for which it was spent, the amount spent for each purpose, the amounts set aside for resident undergraduate and graduate student assistance as required by Sections 56.011 and 56.012 of the *Texas Education Code*, and how those amounts are allocated among various types of student assistance. For specific semesters, the second section of the Report includes the total academic cost for resident undergraduates enrolled for 15 semester credit hours as derived from actual fee bills.

Completion of the Report requires certain financial information contained in the pending annual financial report and therefore the Report is not able to be completed in time for approval at this meeting. Upon completion, a copy of the Report will be filed with the Board Office.

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

**REPORT**

Vice Chancellor McDowell will present the annual Research and Technology Transfer accountability report following a PowerPoint presentation set forth on Pages 13 - 36.



# Research and Technology Transfer Accountability Report

Vice Chancellor Keith McDowell, Ph.D.

Board of Regents' Meeting

November 2009



THE UNIVERSITY of TEXAS SYSTEM  
*Nine Universities. Six Health Institutions. Unlimited Possibilities.*

# OVERVIEW

- RESEARCH
  - Research Expenditures
  - Market Share
  - Major Initiatives
  - National Rankings
  - Members of the National Academies
- TECHNOLOGY TRANSFER
  - Texas Ignition Fund
  - Comparison of Technology Transfer Activities
  - Texas Emerging Technology Fund
- RESEARCH & TECHNOLOGY TRANSFER INITIATIVES

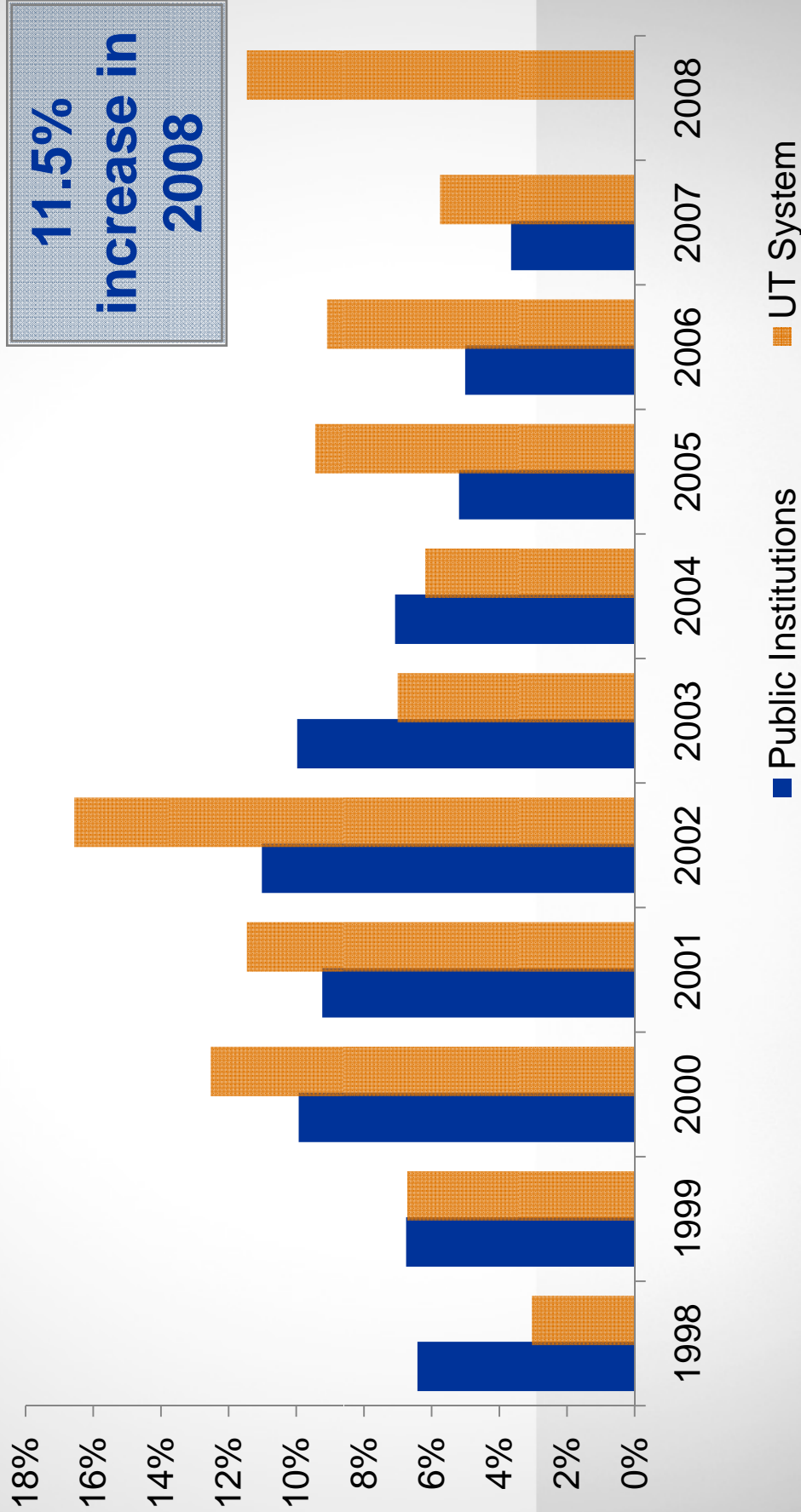


# RESEARCH



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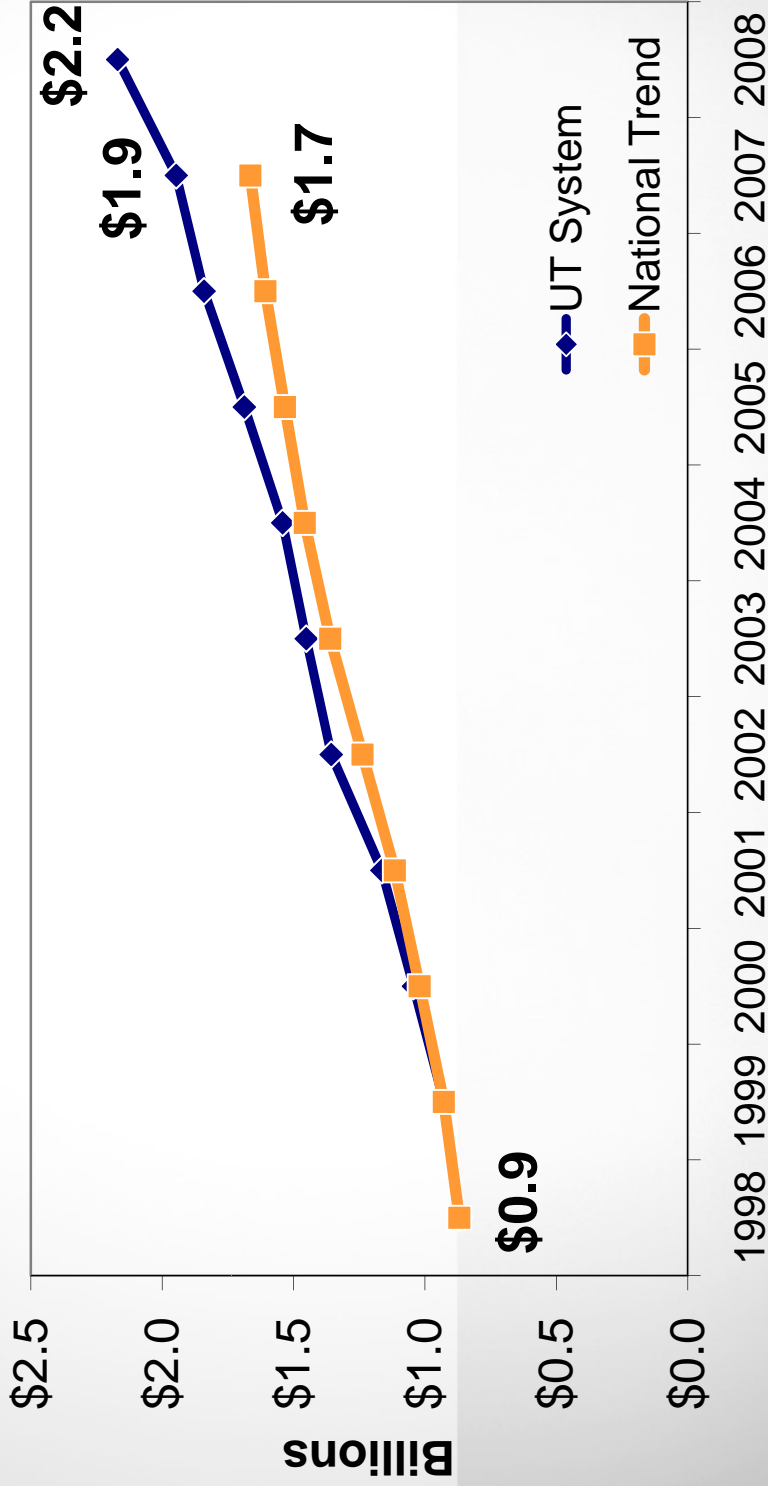
# YEARLY GROWTH IN R&D EXPENDITURES



Source: Public Institutions = National Science Foundation, Survey of Research and Development Expenditures at Universities and Colleges. U. T. System Institutions = The Texas Higher Education Coordinating Board Survey of Research Expenditures.

# TOTAL RESEARCH EXPENDITURES OUTPACE THE NATIONAL AVERAGE

RESEARCH EXPENDITURES  
U. T. SYSTEM AND TREND FOR U.S. PUBLIC INSTITUTIONS

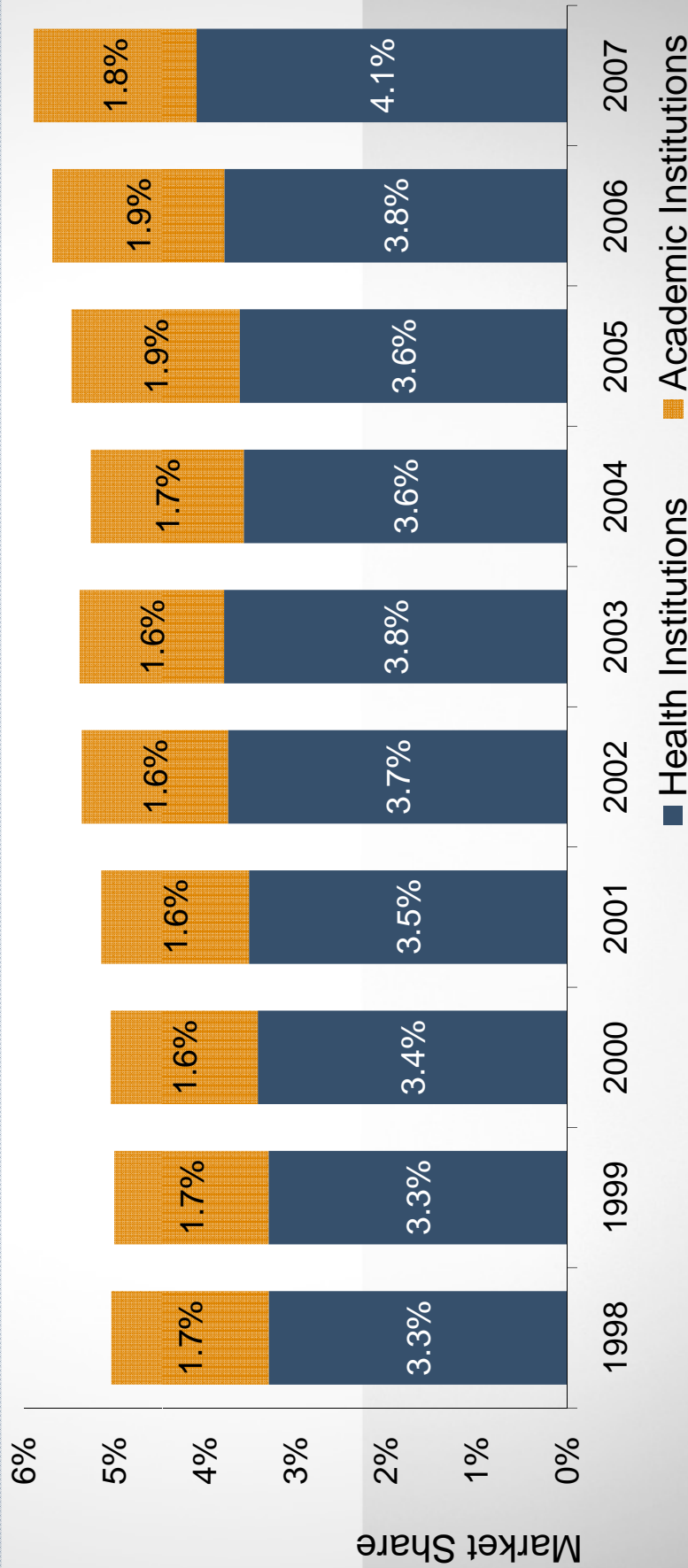


17%  
higher  
than the  
national  
average  
FY 2007

Note. The national trend is computed using equal starting points in 1998 and adding the average percentage increase in research expenditures for all U.S. public universities and colleges each year (NSF). The U. T. System line reflects actual data (THECB).

# MARKET SHARE: TOTAL U.S. PUBLIC INSTITUTION RESEARCH EXPENDITURES

**U. T. System's Total Market Share FY 2007:  
5.9%**



Source: National Science Foundation, Survey of Research and Development Expenditures at Universities and Colleges.



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## SOLVING “GRAND CHALLENGES” WITH SANDIA NATIONAL LABORATORIES

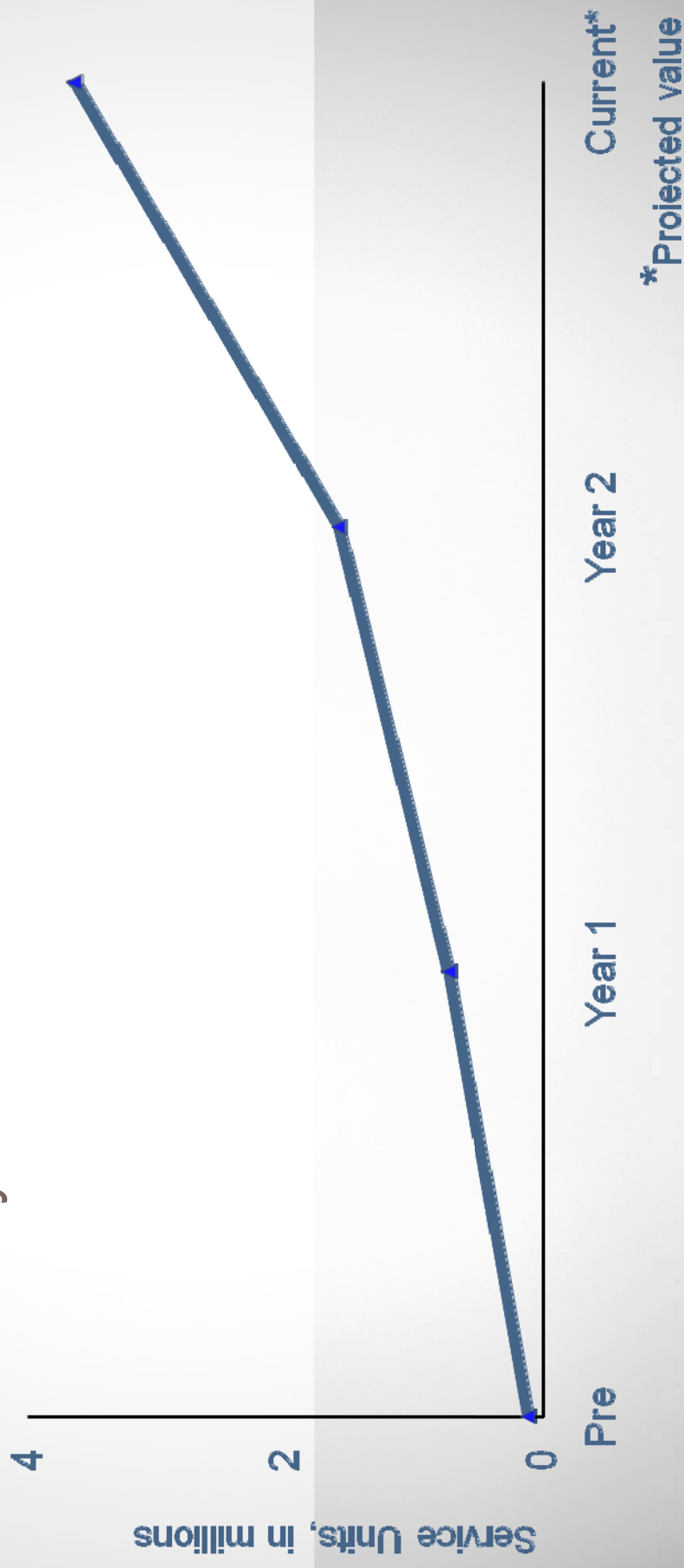
- Outcomes of \$1.875 million investment in partnerships
  - \$30.5 million for two Energy Frontier Research Centers at U. T. Austin, funded by the Department of Energy
  - \$40 million in external funding for the National Initiative for Modeling and Simulation



# TEXAS ADVANCED COMPUTING CENTER

2006: \$3 million by U. T. System Board of Regents

2009: Utilization by U. T. System researchers doubles each year





## CANCER PREVENTION & RESEARCH INSTITUTE OF TEXAS

- Organized U. T. System research infrastructure working groups
- Teamed with other Texas university systems and research entities:
  - Intellectual property terms
  - Proof-of-concept funding program
  - Research superiority recruitment program
- Provide input into the formation of grants administration process (i.e., indirect costs, matching)
- Serve as a liaison to U. T. institutions



# NATIONAL RANKINGS: SCIENCE & ENGINEERING RESEARCH EXPENDITURES 2004-2008

## Academic Institutions

Institution	Public Institutions (N = 394)		Public & Private Institutions (N = 680)	
	Change 04-08	2008 Rank	Change 04-08	2008 Rank
U. T. Arlington	28	133	45	181
U. T. Austin	2	21	6	30
U. T. Brownsville	--	241	--	330
U. T. Dallas	22	116	34	161
U. T. El Paso	24	125	36	173
U. T. Pan American	9	238	19	327
U. T. Permian Basin	--	279	--	404
U. T. San Antonio	23	148	34	203
U. T. Tyler	--	264	--	368

Note. Source: WebCASPAR database, National Science Foundation, Survey of Research and Development Expenditures at Universities and Colleges, accessed 10/19/09.



**THE UNIVERSITY of TEXAS SYSTEM**  
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# NATIONAL RANKINGS: SCIENCE & ENGINEERING RESEARCH EXPENDITURES 2004-2008

## Health Institutions

Institution	Public Institutions (N = 394)		Public & Private Institutions (N = 680)	
	Change 04-08	2008 Rank	Change 04-08	2008 Rank
U. T. Southwestern Medical Center – Dallas	2	26	0	42
U. T. Medical Branch – Galveston	(6)	68	(7)	98
U. T. Health Science Center – Houston	7	62	8	90
U. T. Health Science Center – San Antonio	10	60	14	86
U. T. M. D. Anderson Cancer Center	7	15	13	22

Note. Parentheses indicate a decline in ranked position (to a higher number). Source: WebCASPAr database, National Science Foundation, Survey of Research and Development Expenditures at Universities and Colleges, accessed 10/19/09.



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# RESEARCH CAPACITY: NATIONAL ACADEMIES MEMBERS

Institution	NAS Members (Peer Average)	NAE Members (Peer Average)	IOM Members (Peer Average)	Total Members
U. T. Austin	15 (32)	48 (20)	--	63
U. T. Dallas	1 (4)	2 (7)	--	3
UTSWMC	17 (31)	--	19 (23)	36
UTMB	-- (10)	--	4 (12)	4
UTHSCH	2 (20)	--	5 (13)	7
UTHSCSA	-- (8)	--	5 (7)	5
UTMDA	-- (6)	--	3 (8)	3
<b>U. T. System</b>	<b>35</b>	<b>50</b>	<b>36</b>	<b>121</b>

Source: U. T. System Accountability and Performance Report, 2009; peer comparisons: awards membership directories, accessed 7/09.  
 NAS: National Academy of Sciences; NAE: National Academy of Engineering; IOM: Institute of Medicine



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# TECHNOLOGY TRANSFER

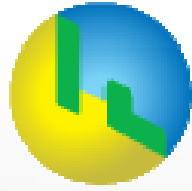


# TEXAS IGNITION FUND SUPPORTS EARLY STAGE DEVELOPMENT

- TIF Annual Report (March 2009)
- 37 awards made
  - \$1.6 million awarded to 11 institutions
  - 89 proposals received
- \$393,000 for current funding round

# TEXAS IGNITION FUND RESULTS

Five start-up companies with  
two more in formation



**Organic Fuels**



*Lone Star Advanced Technology*

**ZT Solar**

**XANAPATH**  
Advanced Cellular Profiling



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# TEXAS NATIONAL COMPARISONS

<b>FY 2006</b>	<b>Texas Rank among States</b>	<b>Number/ \$</b>
U.S. patents filed	10	354
U.S. patents issued	4	190
Licenses/options executed	3	277
Start-up companies formed	9	19
Licensing revenue	8	\$47.6 million
Research expenditures	4	\$2.6 billion

Source: Data from Association of University Technology Managers (AUTM); state calculations by the State Science & Technology Institute. AUTM FY 2006 data includes only UT Austin, UTSWMC, UTMB, UTHSCH, UTMACC, Baylor, Rice, TAMU, SMU, and UNTHSC.



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# U. T. SYSTEM - STATE COMPARISON

FY 2008	U. T. System Total	% of Texas Total
Invention disclosures	716	72%
U.S. patents filed	368	58%
U.S. patents issued	99	73%
Licenses/options executed	194	76%
Start-up companies formed	25	81%
Licensing revenue	\$37.2 million	72%
Research expenditures	\$2.2 billion	78%

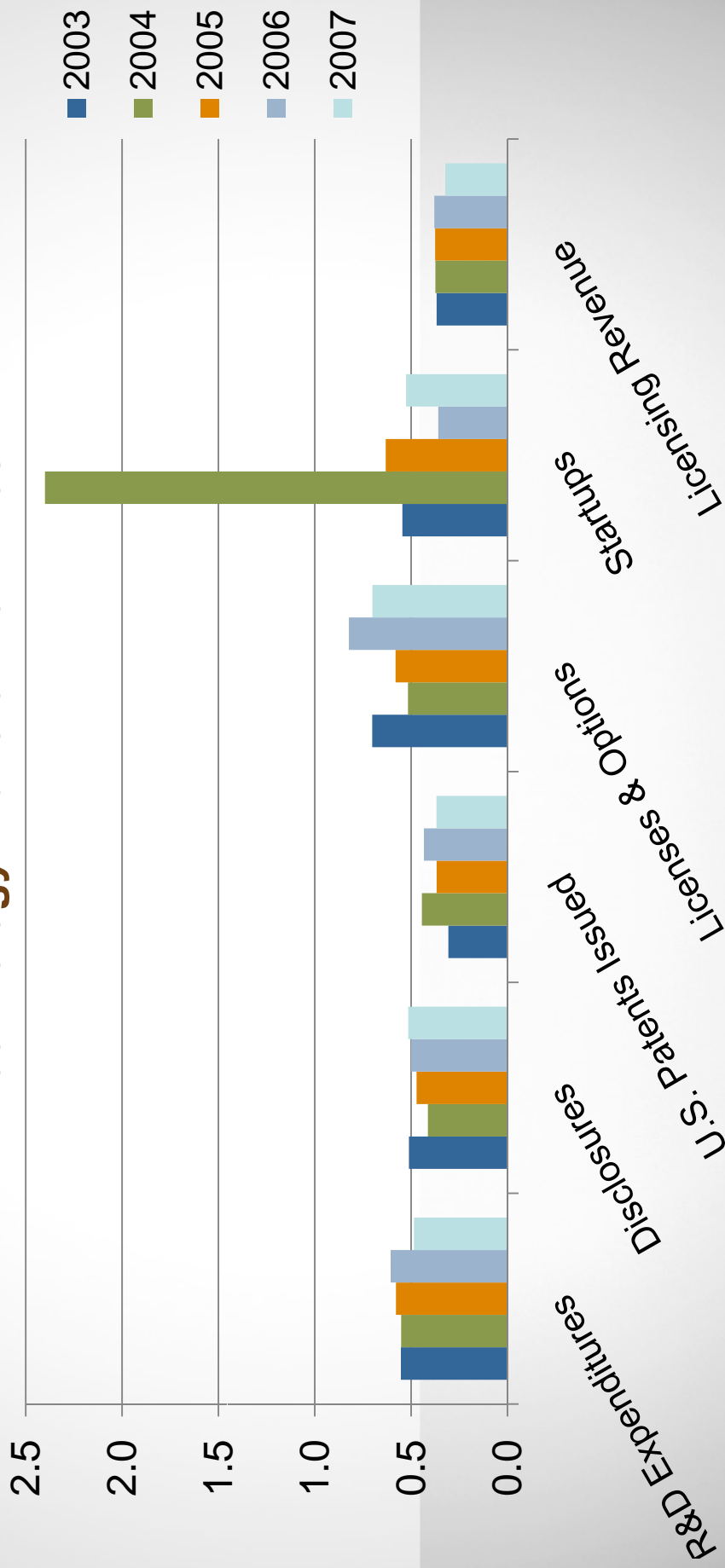
Source: The Texas Higher Education Coordinating Board Technology Development and Transfer Survey, FY 2007 and FY 2008. The report includes all Texas public universities and health-related institutions.



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# UNIVERSITY OF CALIFORNIA SYSTEM COMPARISON

## Ratio of U. T. System to U. C. System Technology Transfer Activities

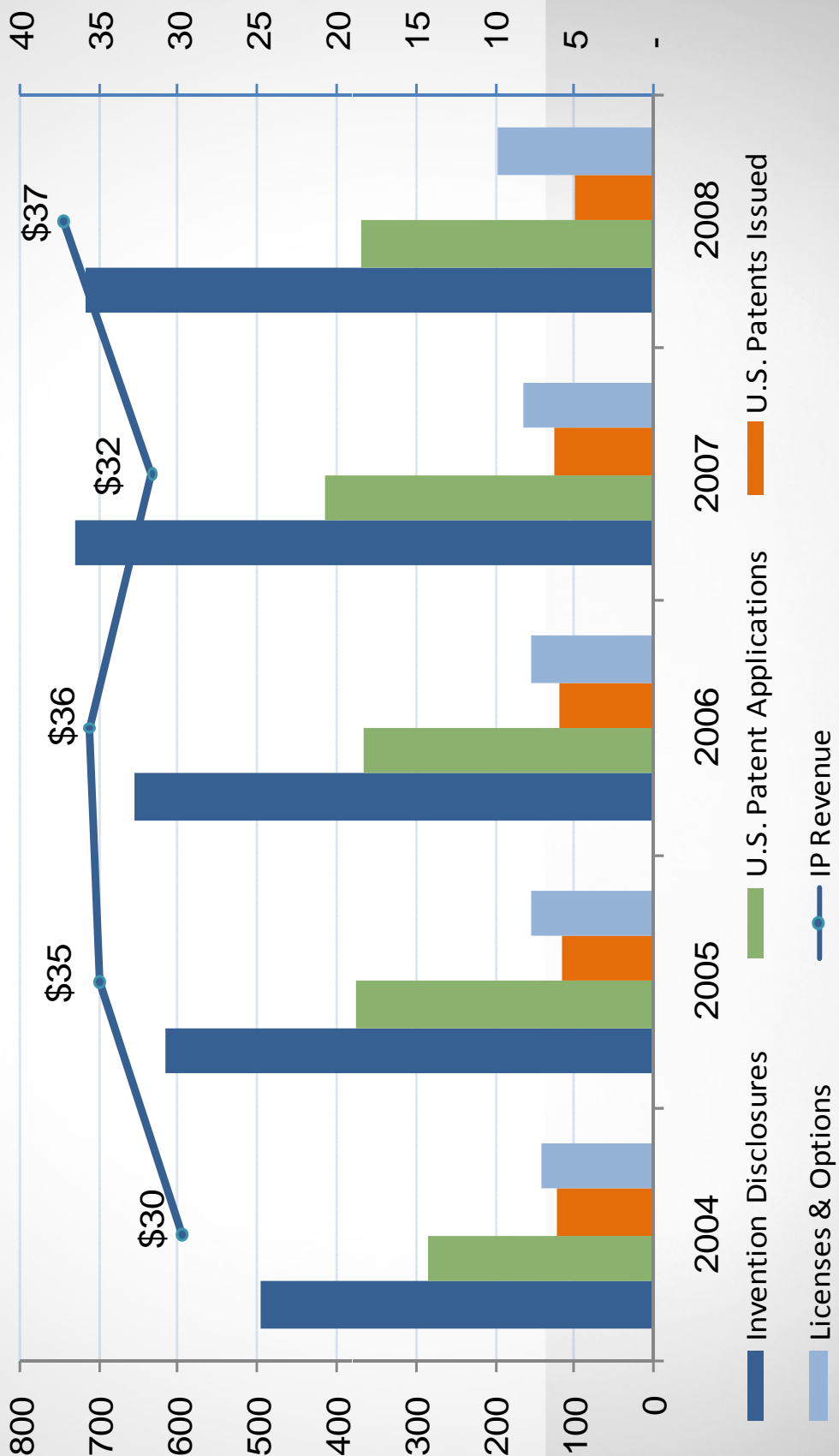


Source: AUTM STATT Data Warehouse, accessed 7/10/09.



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# INCREASES IN TECHNOLOGY TRANSFER ACTIVITY



Source: The Texas Higher Education Coordinating Board Technology Development and Transfer Survey.



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# TECHNOLOGY TRANSFER ACTIVITY

	2004	2005	2006	2007	2008	TOTAL
Invention disclosures	494	615	655	727	716	3,207
U.S. patent applications	282	374	364	412	368	1,800
U.S. patents issued	120	114	117	122	99	572
Licenses/Options executed	141	154	186	162	194	837
Start-up companies formed	12	12	14	20	25	83
IP revenue (millions)	\$29.7	\$34.9	\$35.6	\$31.6	\$37.2	\$168.9

# TEXAS EMERGING TECHNOLOGY FUND AWARDS

## Received 69% of 106 awards granted

Program	Awards Benefiting U. T. System Institutions		Total All TETF Awards		% Awards Benefiting U. T. System Institutions
	\$ (millions)	#	\$ (millions)	#	
Research Superiority	\$30.3	7	\$62.2	15	47%
Commercialization	\$62.9	58	\$81.6	78	74%
Research Matching	\$25.8	8	\$84.9	13	62%
<b>Total</b>	<b>\$119.0</b>	<b>73</b>	<b>\$228.7</b>	<b>106</b>	<b>69%</b>

Source: Texas Governor's Office, as of 7/7/09; only includes awards with signed contracts



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# EXAMPLE: EMERGING TECHNOLOGY FUND RESEARCH SUPERIORITY AWARDS TO THE U. T. SYSTEM



Thomas Caskey, MD, FACP  
UTHSCH



Brent L. Iverson, Ph.D.  
U. T. Austin

## Texas Therapeutics Institute

- \$6 million to create a therapeutic molecule pipeline in Texas
- Matched with over \$16 million, including \$3 million in STARS
- Strong partnership between U. T. Austin, UTHSCH, and UTMDACC



Garth Powis, D.Phil.  
UTMDACC



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# OFFICE OF RESEARCH & TECHNOLOGY TRANSFER INITIATIVES

## • **Key research administration initiatives**

- Research Assurance Plan
- Export Controls
- Time and Effort Reporting
- Institutional Review Board (IRB) Taskforce
- Institutional Biosafety Committee (IBC) Conference

## • **Key commercialization initiatives**

- Commercialization Workshop (January 2009)
- Outreach Campaign
  - World's Best Technology Showcase
  - National Council of Entrepreneurial Tech Transfer (NCET2)  
(Conference Co-host December 2009)



# OFFICE OF RESEARCH AND TECHNOLOGY TRANSFER

## PROMOTING A CULTURE OF INNOVATION AND ENTREPRENEURSHIP





10. **U. T. System: Report on activities of the Office of Federal Relations in Washington, D.C.**

REPORT

Vice Chancellor Shute will report on the activities of the U. T. System Office of Federal Relations in Washington, D.C., following a presentation set forth on Pages 38 - 54.

# The Office of Federal Relations

**William Shute – Vice Chancellor for Federal Relations**  
**November, 2009**



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Board of Regents'  
Meeting



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## The Office of Federal Relations

- Provides analyses of federal policies
- Assists with federal research projects, grants, and contracts
- Manages the Archer Fellowship Program



University of Texas System

http://www.utsystem.edu/ofr/WashingtonUpdate.htm

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#### Federal Relations

- Mission Statement
- Vice Chancellor
- Contact Information

#### Washington Update

- Reports
- Appropriations Timeline
- Policy for Contacting Federal Officials
- Grant Opportunities
- Recent Legislative Activity
- Resources
- Archer Center



October 2, 2009

**Washington Update is a legislative briefing prepared by Office of Federal Relations (OFR) staff to track progress on federal policies relevant to the University of Texas System component institutions and their employees. Use the table of contents below to navigate between topics.**

#### In this issue:

##### Currently in Washington Top Stories

- Appropriations
- Health Care
- Laboratory Security

##### Education

- Student Loan Reform
- State Department Exchange Visitors Program

##### Science & Technology

- Cyber Security
- SBIR Extension
- Climate Change Legislation

##### Recovery Act

- Solicitations

##### Recently Introduced Legislation

[Previous Updates](#)

### Currently in Washington

Congressional activity this week follows the same paradigm that has persisted through much of the fall session. Both the House and Senate remain focused on passing spending bills for the upcoming fiscal year, while the relevant committees in both chambers continue debate over health care overall legislation. The House has passed all 12 appropriations bills, while in the Senate 6 bills have yet to be voted on (Defense, Commerce/Justice/Science, Military/VA, State/Foreign Ops, Financial Services, Labor/HHS/Education). This week the Senate will first consider the FY10 Defense



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## Analysis of Federal Policy

- Coordinate policy concerns and solutions with Board of Regents, System administration, and the Chancellor
- Solicit / receive policy concerns from Presidents and campus administrators
- Develop Beltway strategy
- Enlist System administration and institution personnel as appropriate



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## Policy Issues

- Healthcare Reform
- COMPETES Act / STEM Issues
- Higher Education Act
- Patent Reform
- Laboratory Safety
- Taxes
- Immigration / Visa Issues



## Federal Research

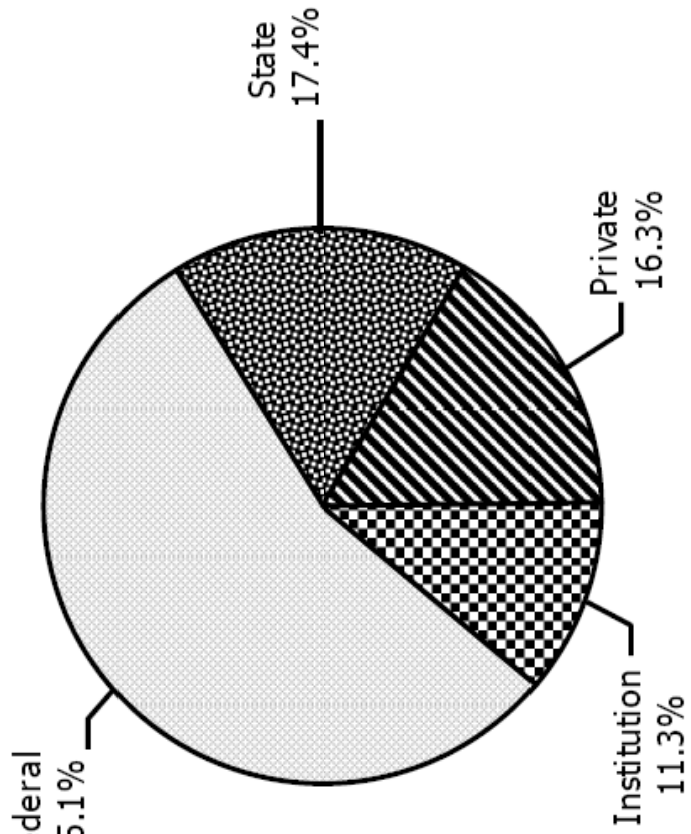
- Identifies research opportunities for campus investigators
- Facilitates meetings between campus researchers and federal program managers
- Manages annual Appropriations process



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# Federal Research

## Sources of Expenditures for Research and Development at Texas Institutions of Higher Education, FY 2008



RESEARCH EXPENDITURES  
Texas Public Universities and Health-Related Institutions  
September 1, 2007 – August 31, 2008

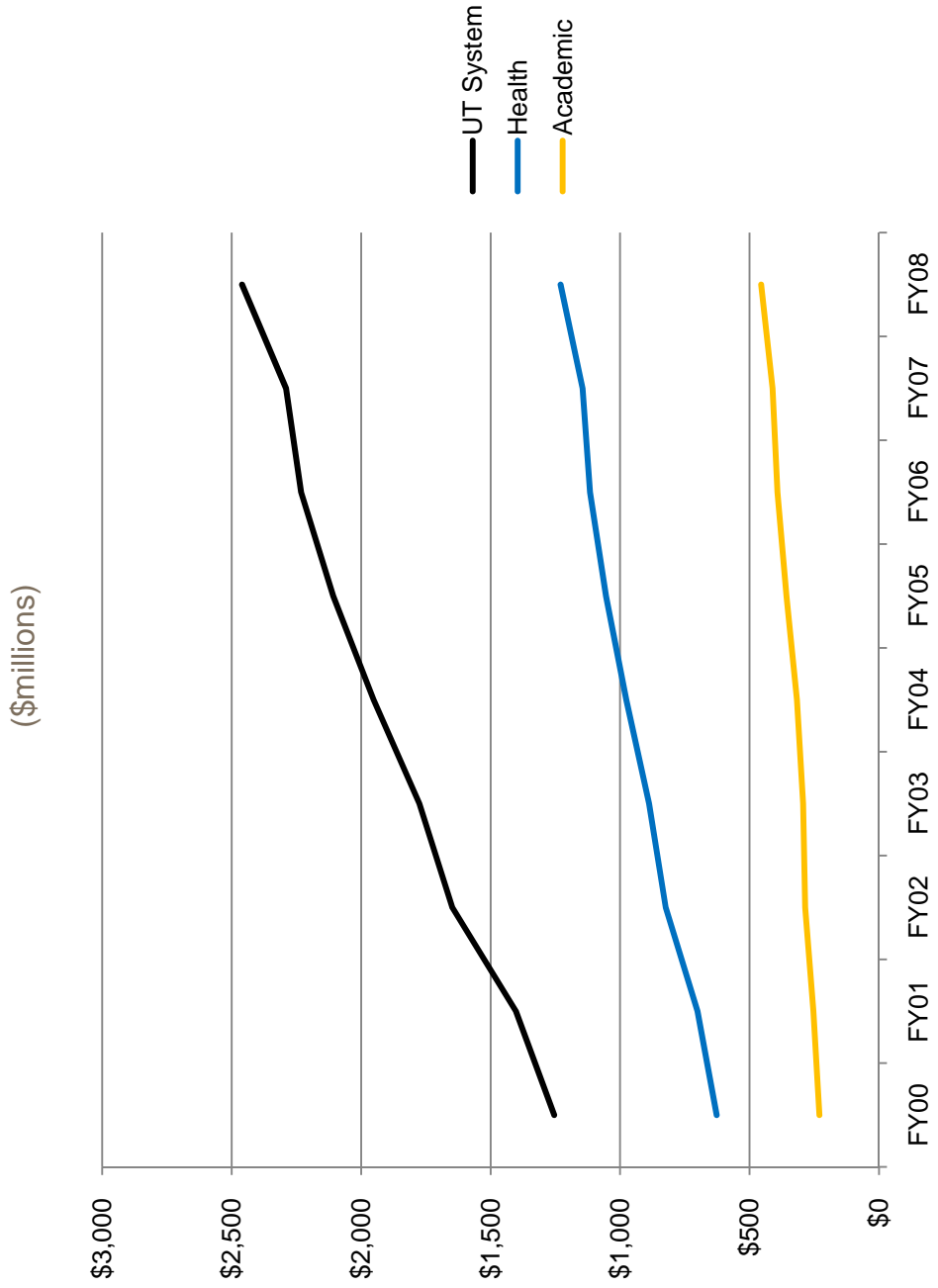
Texas Higher Education Coordinating Board June 2009





# Federal Research Trends

## Federal Research Expenditures FY2000 – FY2008





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## Recovery Act Funding

- Higher Ed Association Task Force
- Shovel-Ready Projects
- Coburn Amendment
- Notices to Presidents, Vice Presidents of Research, and Researchers
- State Stabilization Funds v. Agency Grants



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# Recovery Act Funding cont.

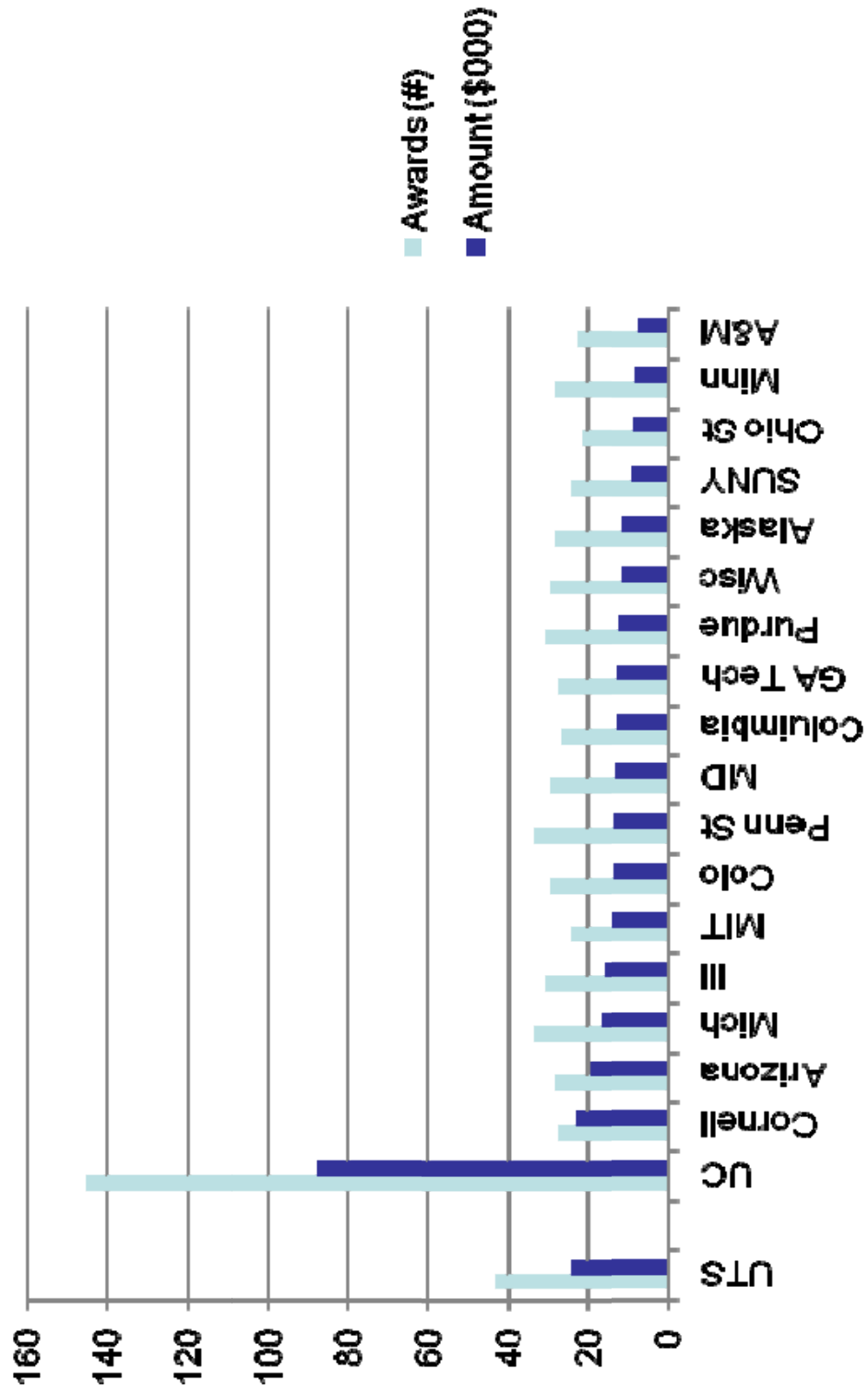
Recovery Act Funds for Federal Research (as of February 20, 2009)

	Workforce Training	Titles VII and VIII	Research Facility Construction	Shared Instrumentation	Comparative Effectiveness	Health IT
<b>Health</b>		\$250M	\$1B	\$300M	\$1.1B	\$2B
<b>NSF</b>	Research and Related Activities	Major Research Instrumentation	Research Equipment and Facilities Construction	Academic Facilities Modernization	Education and Human Resources	Math and Science Partnerships
	\$2.5B	\$300M	\$400M	\$200M	\$100M	\$60M
<b>NASA</b>	Science	Aeronautics	Cross Agency	Exploration		Defense
	\$400M	\$150M	\$50 M	\$400M		Renewable Energy Research
	Tier 1 Earth science climate research	aviation safety, environmental impact, and Next Gen Air Transpo System	restore hurricane-damaged NASA facilities			\$300M
<b>Energy</b>		Office of Science (\$1.6B)				
	Climate	High-Energy Physics	Nuclear Physics	Fusion Energy		
					Sequestration	Fossil Fuel Research
					\$20M	\$3.4B
						Biomass Program
						Smart Grid
						ARPA-E Energy Efficiency
						\$4.5B
						\$400M
<b>NIST</b>	Scientific and Technical Research and Services	Academic Research Facility Construction		NOAA	Habitat and Fisheries Restoration	Climate Modeling
					\$400M	\$170M
<b>NIH</b>	Meritorious research grants will be the main recipients of the research funds. During FY08, there were about 14,000 RO1 research project grant applications that could not be funded. These will be reviewed for possibilities of two-year awards. There is a possibility that some new proposal will be considered, but it is likely that the bulk of RO1s funded from ARRA money will go to proposals that have already been reviewed.	Some current grants will receive supplemental funds, including some supplements that may be made according to themes, such as equipment and training. The supplements will be awarded following existing procedures for supplemental grants.				The NIH will issue a new request for applications (likely in the next week or two) to make grants for meritorious, innovative work which will advance science in a meaningful way and can be accomplished in two years. The Challenge Grants will seek to serve priorities of the ICs and cross-cutting research. Funding for each grant is estimated at \$500,000 per year for two years.



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# ARRA Grants





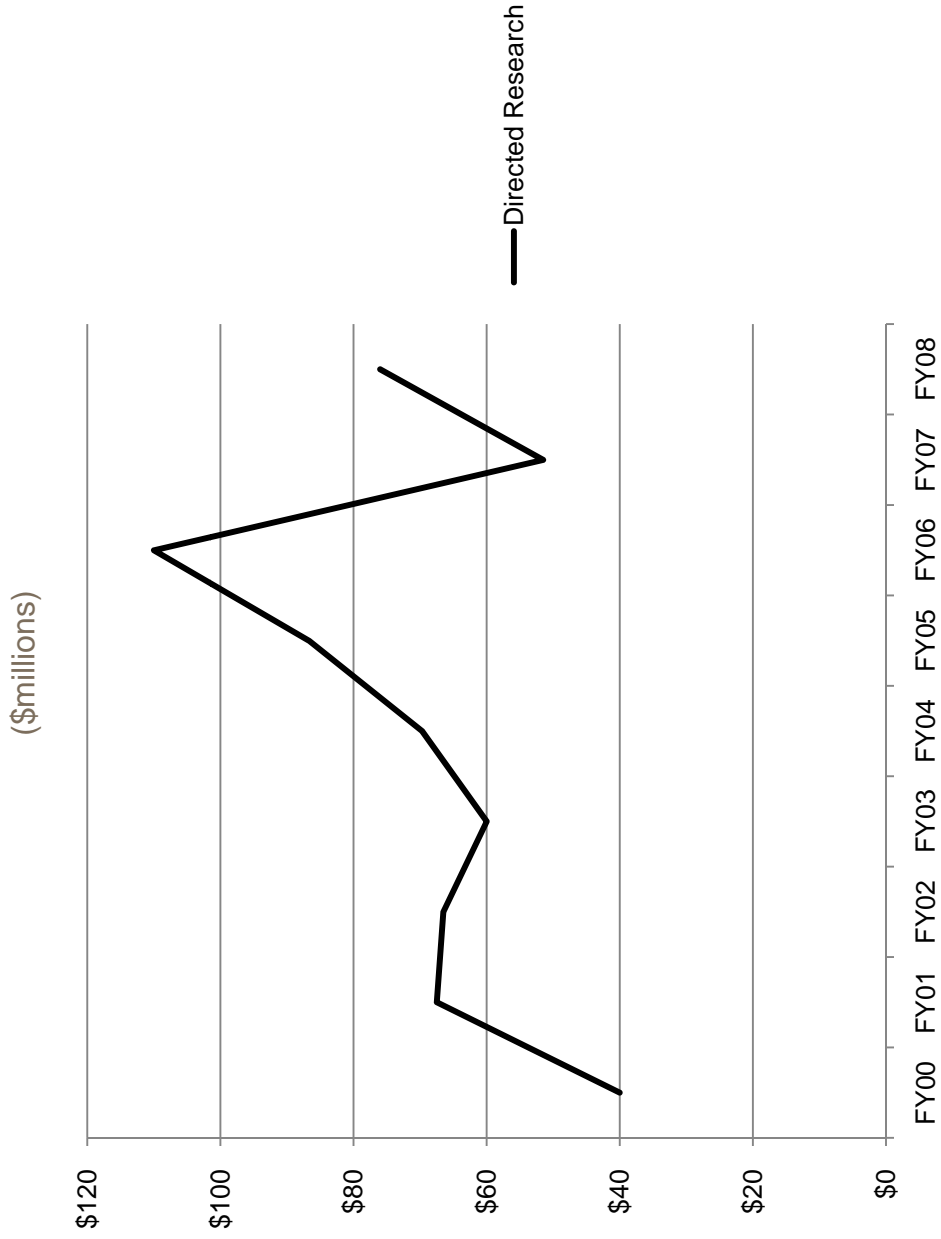
# Congressionally Supported Research

- If there is no federal program funding available
- Unique research
- Short-term, “jump start” funding needed
- Time-sensitive / results can be shown in one or two years



# Congressionally Supported Research Trends

## Congressionally Supported Research Expenditures



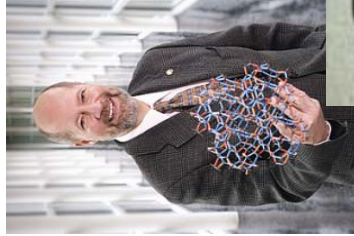


## Agency Grants

- Daily notifications from key agencies
- Information gathered from agency meetings
- Disseminated to Vice Presidents of Research and designated campus contacts
- Grants Conferences on campus



# Supported Projects







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# The Archer Center



THE ARCHERCENTER

THE UNIVERSITY OF TEXAS SYSTEM IN WASHINGTON, D.C.

- ★ News & Highlights
- ★ About Us
- ★ Our Programs
- ★ Current Fellows
- ★ Prospective Fellows
- ★ Our Alumni
- ★ Our Supporters

"The Archer Program gave me the greatest semester of my life."

Chris Alnatt  
 Archer Fellow, Spring 2005

**Donate Online!**

The Archer Center is a self-supporting center that strives to enable students from across the State of Texas to take advantage of opportunities in Washington, D.C.

Giving to The Archer Center helps students from all UT System campuses pursue their goals.

[Click here to learn how to donate.](#)

**News and Highlights**

**11/20/2009** Archer Fellow Scholarship Reception at Bauer House in Austin, TX. [Click here to learn more and for ticket information.](#)

**9/8/2009** The 2010-2011 Archer Fellow Application is now available online. [Click here for more info.](#)

**9/1/2009** The Fall 2009 Archer Fellows arrive in Washington, D.C. [Click here to view their photos and biographies.](#)

**Important Links**

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The Archer Center "Where Texas meets the world." The University of Texas System 1901 Pennsylvania Avenue, NW, Suite 700 Washington, D.C. 20006 phone 202.955.9091 fax 202.955.9039 email [archer@utsystem.edu](mailto:archer@utsystem.edu)



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# The Archer Center Impact



**“The internship, classes, and city all met my expectations; it was how I would change that I never expected.”**

Kate Lummus – U. T. Austin  
Archer Fellow, Spring 2005





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

**Committee Meeting:** 11/11/2009

R. Steven Hicks, *Chairman*  
Paul Foster  
Janiece Longoria  
Robert L. Stillwell

**Board Meeting:** 11/12/2009  
Austin, Texas

	<b>Committee Meeting</b>	<b>Board Meeting</b>	<b>Page</b>
<b>A. CONVENE</b>	4:00 p.m. <i>Chairman Hicks</i>		
1. <b>U. T. System: Report on the Medical Billing Compliance work plan for Fiscal Year 2010</b>	4:00 p.m. <b>Report</b> <i>Mr. Plutko</i> <i>Dr. Wolf</i>	Not on Agenda	<b>55</b>
2. <b>U. T. System: Report on the U. T. Systemwide Compliance Academy</b>	4:10 p.m. <b>Report</b> <i>Mr. Plutko</i>	Not on Agenda	<b>64</b>
3. <b>U. T. System Board of Regents: Report on results of the audits of funds managed by The University of Texas Investment Management Company (UTIMCO)</b>	4:20 p.m. <b>Report</b> <i>Mr. Tom Wagner,</i> <i>Deloitte &amp; Touche</i>	Not on Agenda	<b>70</b>
4. <b>U. T. System Board of Regents: Approval of the U. T. Systemwide Annual Internal Audit Plan for Fiscal Year 2010</b>	4:28 p.m. <b>Action</b> <i>Mr. Chaffin</i>	<b>Action</b>	<b>70</b>
5. <b>U. T. System: Report on the Systemwide internal audit activities, including the preliminary results of the Presidential travel, entertainment, and housing expense audits and audits of financial controls at the institutional police departments; and Internal Audit Department reports for U. T. Health Science Center – San Antonio and U. T. El Paso</b>	4:30 p.m. <b>Report</b> <i>Ms. Carla Cashio,</i> <i>U. T. Health Science Center – San Antonio</i> <i>Mr. William Peters,</i> <i>U. T. El Paso</i> <i>Mr. Chaffin</i>	Not on Agenda	<b>74</b>
6. <b>U. T. System: Report on the progress and preliminary results of the audits of the Fiscal Year 2009 U. T. System Administration and institutional Annual Financial Reports</b>	4:37 p.m. <b>Report</b> <i>Mr. Chaffin</i>	Not on Agenda	<b>104</b>

**Committee  
Meeting**

**B. RECESS TO EXECUTIVE SESSION PURSUANT  
TO TEXAS GOVERNMENT CODE, CHAPTER 551**

**Personnel matters relating to appointment,  
employment, evaluation, assignment, duties,  
discipline, or dismissal of officers or employees -  
Section 551.074**

Discussion with institutional auditors and compliance  
officers concerning evaluation and duties of individual  
System Administration and institutional employees  
involved in internal audit and compliance functions

**C. RECONVENE IN OPEN SESSION TO CONSIDER  
ACTION, IF ANY, ON EXECUTIVE SESSION ITEM  
AND TO ADJOURN**

*4:40 p.m.*

**Report**

*Mr. Plutko*

*Ms. Carla Cashio,*

*U. T. Health Science*

*Center – San Antonio*

*Mr. William Peters,*

*U. T. El Paso*

*Mr. Chaffin*

*5:00 p.m.*

1. **U. T. System: Report on the Medical Billing Compliance work plan for Fiscal Year 2010**

REPORT

Mr. Lawrence Plutko, Systemwide Compliance Officer, and Dr. CJ Wolf, Assistant Systemwide Compliance Officer, will report on the Medical Billing Compliance Advisory Committee work plan for Fiscal Year 2010 set forth on Page 56.

Dr. Wolf's PowerPoint presentation is on Pages 57 - 63.

**THE UNIVERSITY OF TEXAS SYSTEM  
MEDICAL BILLING COMPLIANCE ADVISORY COMMITTEE  
FY 2010 WORK PLAN**

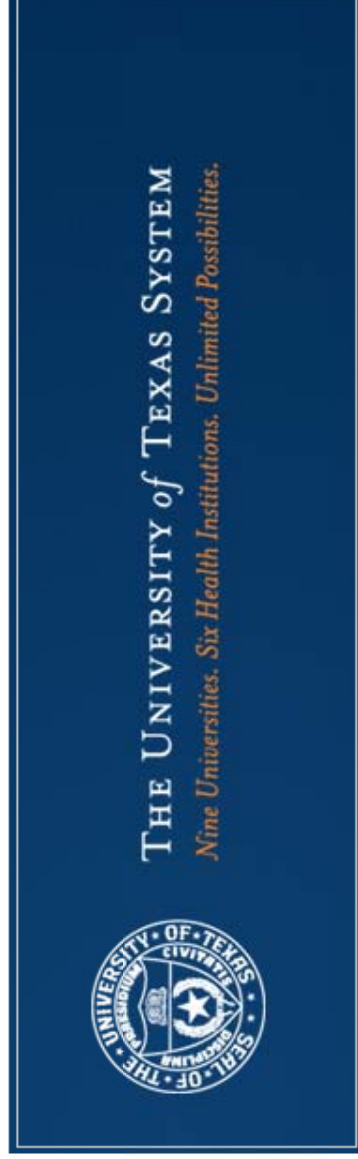
<u>PLAN OBJECTIVES</u>	<u>AUTHORITATIVE GUIDANCE</u>
<p><b>I. RECOVERY AUDIT CONTRACTOR (RAC) READINESS</b></p> <ul style="list-style-type: none"> <li>• Study and make recommendations regarding best practices and procedures for preparation and response to recovery auditor activity.</li> <li>• Develop a readiness checklist and implement steps at each institution.</li> <li>• Collaborate and develop a mechanism of communicating recovery audit requests and actions.</li> </ul>	<ul style="list-style-type: none"> <li>• RAC demonstration project report</li> <li>• Centers for Medicare and Medicaid Services (CMS)</li> <li>• American and Texas Hospital Associations</li> <li>• Connolly Healthcare (RAC for Texas)</li> <li>• Medicare Prescription Drug, Improvement and Modernization Act (MMA, 2003)</li> <li>• Tax Relief and Health Care Act (2006)</li> <li>• Medicaid Integrity Contractors</li> </ul>
<p><b>II. DATA ANALYTIC PROGRAMS</b></p> <ul style="list-style-type: none"> <li>• Develop a strategy to analyze high risk billing areas through data analytic techniques.</li> <li>• Perform analytic billing reviews of the five areas of concern shared by the Part B TrailBlazer Medical Director.</li> <li>• Elicit feedback on other high risk areas from additional payors such as Medicare Part A and Medicaid and develop strategies to address these areas.</li> </ul>	<ul style="list-style-type: none"> <li>• TrailBlazer Medical Directors (Part A and B)</li> <li>• Medicaid Medical Director</li> <li>• Office of the Inspector General (OIG) Work Plan</li> <li>• CMS Division of Data Analysis</li> <li>• Medicare Program Integrity Manual Ch. 2 – Data Analysis</li> </ul>
<p><b>III. CLINICAL TRIAL BILLING</b></p> <ul style="list-style-type: none"> <li>• Study and make recommendations on best practices.</li> <li>• Conduct effectiveness reviews at each institution.</li> </ul>	<ul style="list-style-type: none"> <li>• National Coverage Determination (NCD) for Routine Costs in Clinical Trials (310.1)</li> <li>• Association of Academic Health Centers</li> <li>• Centers for Medicare and Medicaid Services</li> </ul>
<p><b>IV. CONTINUING EDUCATION</b></p> <ul style="list-style-type: none"> <li>• Schedule and hold at least four webinar/seminars on billing compliance topics.</li> <li>• Seek approval for continuing educational units (CEU) for all sessions.</li> </ul>	<ul style="list-style-type: none"> <li>• Consensus of committee members</li> <li>• OIG Work Plan</li> <li>• OIG Compliance Guidance Documents</li> </ul>
<p><b>V. MDaudit™ Software</b></p> <ul style="list-style-type: none"> <li>• Promulgate Office of Health Affairs guiding principles for use of MDaudit Physician and MDaudit Hospital.</li> <li>• Conduct effectiveness reviews of institutional use of MDaudit Physician.</li> <li>• Continue as a development partner in MDaudit Hospital and analyze usefulness of the product for UT institutions responsible for hospital billing.</li> </ul>	<ul style="list-style-type: none"> <li>• OIG Compliance Guidance for Physician Practices and Hospital Guidance</li> <li>• Hayes Management Consulting</li> <li>• Office of Health Affairs Guiding Principles</li> </ul>

# Medical Billing Compliance

**CJ Wolf, MD**

**Assistant Systemwide Compliance Officer**

**November 2009**



Board of Regents'  
Meeting  
Audit, Compliance, and  
Management Review  
Committee



## Medical Billing Compliance Advisory Committee

- Medical Billing Compliance Advisory Committee (MBCAC) is chartered by the Systemwide Executive Compliance Committee
- MBCAC Membership:
  - Compliance Officer or designee from each of the six health institutions
  - Member from UT System Office of Health Affairs
  - Member from UT Systemwide Compliance Office





## Expectations

The MBCAC is expected to:

- Research and adopt best billing compliance practices
- Seek consistency for billing compliance across UT System
- Exhibit national leadership in billing compliance
- Develop and implement an annual work plan
- Provide timely educational events
- Convene committee at least quarterly



## FY 2010 Annual Work Plan

- I. Recovery Audit Contractor Readiness
- II. Data Analytic Programs
- III. Clinical Trial Billing
- IV. Continuing Education
- V. MDaudit Software



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## Data Analytic Programs

- Akin to “Finding the needle in the haystack”
- Focusing on areas of highest risk
- Example:
  - Presentation given by Medicare medical director to the MBCAC
  - Five areas of greatest concern (Ambulance, Wound Care, Drugs, Coronary Artery CT Angiography and Facet Joint Injections)
  - Committee developed data analytic approach for reviewing these specific issues



## Continuing Education

“The proper education and training of corporate officers, managers, employees, physicians and other health care professionals, and the continual retraining of current personnel at all levels, are significant elements of an effective compliance program.”

Office of the Inspector General  
U.S. Dept. of Health and Human Services



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## Continuing Education

- Pre-approved continuing education units from the American Academy of Professional Coders
- MBCAC sponsors between 6-8 events per year
- Systemwide Compliance Office offers certification courses as well as specialty specific training (e.g., Interventional Radiology)
- Facilitation of monthly coding tutorials offered by MD Anderson to other institutions

2. **U. T. System: Report on the U. T. Systemwide Compliance Academy**

REPORT

Mr. Lawrence Plutko, Systemwide Compliance Officer, will report on the U. T. Systemwide Compliance Academy following the presentation set forth on Pages 65 - 69.

# The University of Texas Systemwide Compliance Academy

Mr. Larry Plutko, Systemwide Compliance Officer  
November 2009



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Board of Regents'  
Meeting  
Audit, Compliance, and  
Management Review  
Committee



# U.T. Systemwide Compliance Academy



The Systemwide Compliance Academy provides online webinars to:

- Serve as an education and communication vehicle to discuss current and emerging compliance-related issues and trends;
- Facilitate the sharing of compliance best practices among compliance, legal, audit, risk management, and other institutional stakeholders;
- Provide professional development opportunities through high quality continuing education webinars on emerging topics.





# U.T. Systemwide Compliance Academy

Systemwide Compliance Academy webinar topics  
have included:



- Research Conflicts of Interest
- The Jaime Schanbaum Act, HB 4189
- The Essentials of Export Controls: Part One
- The Essentials of Export Controls: Part Two
- Amended False Claims Act



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# U.T. Systemwide Compliance Academy

## Webinar announcement and registration

 <p>THE UNIVERSITY OF TEXAS SYSTEM          SYSTEMWIDE COMPLIANCE ACADEMY          PROVIDING COMPLIANCE LEADERSHIP AND GUIDANCE TO THE UNIVERSITY OF TEXAS SYSTEM</p>	<p>The topics to be reviewed during this session will include a concise overview of the basic regulations (Export Administration Regulations, International Traffic in Arms Regulations, and the Office of Foreign Asset Control); the differences between EAR and ITAR; key export control issues and how these issues affect universities; how to determine the need for a license; sanctions for noncompliance; and export control management plans.</p> <p>Learning Objectives:</p> <ul style="list-style-type: none"> <li>• Participants will be able to describe the differences between EAR and ITAR</li> <li>• Participants will be able to formulate questions to ask and steps to be take in the license determination process</li> <li>• Participants will be able to develop an export control management plan.</li> </ul> <p><b>Next Academy Session:</b> Export Controls (Part 2)—Export Controls Committee Update</p>	<p>Title: Export Controls (Part 1)          - The Essentials of Export Controls</p> <p>Date: September 9, 2009          Time: 9:30 - 11:00am CST</p> <p><b>Click on the link below to register</b></p> <p><b>REGISTER NOW</b></p> <p><b>Who Should Attend:</b></p> <ul style="list-style-type: none"> <li>• Compliance Officers</li> <li>• Research Administrators</li> <li>• Legal Affairs</li> </ul>
<p><b>About the Presenters:</b></p> <p><b>Key Ellis</b>, Export Controls Officer, Office of Sponsored Projects, UT-Austin          Ms. Ellis is the Export Controls Officer and an empowered official for UT Austin and is the point of contact for all export control issues. She provides training in this area and oversees the procedures put in place to ensure the University's compliance with federal export control regulations. She has been a workshop faculty member and a presenter on export controls at NCURA national and regional meetings, webinars and online chats, and has also been an invited speaker at other professional meetings and conferences.</p> <p><b>Marianne Rinaldo Woods</b>, Senior Associate Vice President for Research Administration, UTSA          Dr. Woods is responsible for all aspects of research administration including the Office of Sponsored Programs (pre and post award), the Office of Research Integrity and Compliance, the Office of Contracts and Industrial Agreements, the Office of Laboratory Science and Facilities, and the Office of Commercialization Initiative and Innovation. She is also responsible for development and implementation of university-wide policies and procedures ranging from export controls to intellectual property.</p>		
<p>For more information on the UT Systemwide Compliance Academy, please visit <a href="http://www.utssystem.edu/compliance/SWCAcademy.html">http://www.utssystem.edu/compliance/SWCAcademy.html</a></p>		
 <p>THE UNIVERSITY OF TEXAS SYSTEM  <i>Nine Universities. Six Health Institutions. Unlimited Possibilities.</i></p> <p>Systemwide Compliance Office          702 Colorado Street, CLB 6 - Austin, TX 78702          Tel: 512-579-5096 Fax: 512-579-5065</p>		



## U.T. Systemwide Compliance Academy

### Future Systemwide Compliance Academy webinar

topics will discuss:

- Information Security: Cloud Computing
- Organizational Ethics
- HIPAA HITECH Act Revisions
- Clinical Research Billing
- Conducting Compliance Investigations
- NCAA Compliance

3. **U. T. System Board of Regents: Report on results of the audits of funds managed by The University of Texas Investment Management Company (UTIMCO)**

REPORT

Mr. Tom Wagner, Deloitte & Touche, LLP, will report on the results of the financial statement audits of the Permanent University Fund (PUF), General Endowment Fund (GEF), Permanent Health Fund (PHF), Long Term Fund (LTF), and Intermediate Term Fund (ITF). These funds are managed by The University of Texas Investment Management Company (UTIMCO).

The Deloitte & Touche report was mailed separately to all Regents in advance of the meeting and is available upon request.

BACKGROUND INFORMATION

Fiduciary responsibility for the PUF, GEF, PHF, LTF, and ITF (the Funds) rests with the U. T. System Board of Regents (Board). *Texas Education Code* Section 66.08(f) requires that the U. T. System provide for an annual financial audit of the PUF, if the PUF is within the scope of funds managed by an external management corporation.

On July 11, 2007, the Board authorized U. T. System staff to negotiate and enter into an auditing services contract with Deloitte & Touche, LLP, to perform a financial audit of the Funds managed by UTIMCO for the fiscal year ended August 31, 2007, with the option to renew for four additional one-year terms. The Board renewed the contract with Deloitte & Touche, LLP, for the first time on February 7, 2008, and the second time on February 11, 2009, to perform the audit of the funds managed by UTIMCO for the fiscal year ended August 31, 2009.

4. **U. T. System Board of Regents: Approval of the U. T. Systemwide Annual Internal Audit Plan for Fiscal Year 2010**

RECOMMENDATION

Mr. Charles Chaffin, Chief Audit Executive, recommends approval of the proposed Fiscal Year 2010 U. T. Systemwide Annual Internal Audit Plan (Plan). Development of the Plan is based on risk assessments performed at each institution. Implementation of the Plan will be coordinated with the institutional auditors.

The Plan executive summary is on Pages 72 - 73. The full Plan was mailed to all Regents on September 25, 2009, and is available upon request.

## BACKGROUND INFORMATION

Institutional audit plans, compiled by the internal audit departments after input and guidance from the System Audit Office, the Offices of Academic or Health Affairs, and the institution's Management and institutional Internal Audit Committee, were submitted to the respective institutional Internal Audit Committee and institutional president for review and comments. Additionally, the institutional audit plans were presented and discussed at the System Administration Internal Audit Committee meeting held on September 8, 2009. Also, the Chief Audit Executive provided feedback by conducting audit hearings with each institution.

After the review process, each institutional Internal Audit Committee formally approved its institution's audit plan.

**The University of Texas System  
Systemwide Internal Audit Program  
Fiscal Year 2010 Annual Audit Plan  
Executive Summary**

**Executive Summary**

The University of Texas (UT) Systemwide fiscal year (FY) 2010 Internal Audit Plan (FY 2010 Audit Plan) is a blueprint of the internal audit activities that will be performed by the internal audit function throughout the System in FY 2010.

The process of preparing the audit plans is risk based and ensures that areas/activities specific to each institution with the greatest risk are identified to be audited. Individual annual audit plans were prepared at UT System Administration and each institution in July and August. The System Audit Office, Offices of Academic or Health Affairs, and the institution's management and Audit Committee provided input and guidance on the audit plans. Additionally, the Chief Audit Executive provided direction to the internal audit directors both prior to the preparation of the audit plans and through formal feedback through "audit hearings" with each institution.

The institutional annual audit plans were reviewed for the possibility of assurance work done by external entities during the audit year, such as the State Auditor's Office (SAO), external audit firms, federal auditors, etc. Where appropriate, other assurance work was relied upon to reduce the internal audit resources needed.

After the review process, each institutional Audit Committee formally approved its institution's annual audit plan. At the November 2009 meeting, the FY 2010 Audit Plan will be presented to the Audit, Compliance, and Management Review Committee for review and consideration for approval.

The efforts of the internal audit function continue to focus on adding value. Examples of value-added auditing includes: Systemwide financial audit, patient revenue and patient charge capture audits, construction audits, information technology audits, audits of research administration, and consulting projects and special investigations at the request of management.

The FY 2010 Audit Plan addresses the risks of The University of Texas System by allocating the use of internal audit resources as follows:

<b>Audit Areas</b>	<b>Audit Hours</b>	<b>Percent of Audit Hours</b>
Financial	24,428	20%
Operational	30,395	24%
Compliance	16,445	13%
Information Technology	21,850	17%
Follow-up	5,240	4%
Projects	27,443	22%
<b>Total</b>	<b>125,801</b>	<b>100%</b>

**The University of Texas System  
Systemwide Internal Audit Program  
Fiscal Year 2010 Annual Audit Plan  
Executive Summary**

**FY 2010 Total Budgeted Priority Audit Plan Hours by Institution:**

	Financial	Operational	Compliance	Information Technology	Follow-up	Projects	Total*
<b>U. T. System Administration</b>	5,230	5,925	1,800	2,350	900	1,800	18,005
<b>Large Institutions:</b>							
U. T. Austin	2,350	2,050	1,700	3,775	400	3,950	14,225
U. T. Southwestern	2,450	3,300	2,550	1,650	500	4,060	14,510
U. T. Medical Branch at Galveston	1,180	1,325	560	1,700	250	1,830	6,845
U. T. Health Science Center - Houston	1,715	1,790	1,395	1,350	300	1,500	8,050
U. T. Health Science Center - San Antonio	1,200	1,700	480	1,200	600	2,300	7,480
U. T. M. D. Anderson Cancer Center	1,380	4,050	1,425	2,420	500	3,305	13,080
Subtotal	10,275	14,215	8,110	12,095	2,550	16,945	64,190
<b>Mid-size Institutions:</b>							
U. T. Arlington	1,140	1,100	1,380	740	200	1,100	5,660
U. T. Brownsville	680	750	620	550	300	800	3,700
U. T. Dallas	760	1,820	630	1,020	110	690	5,030
U. T. El Paso	1,550	2,550	850	1,700	450	1,690	8,790
U. T. Pan American	1,265	1,050	875	1,125	150	1,175	5,640
U. T. San Antonio	1,590	1,070	1,020	980	300	1,820	6,780
Subtotal	6,985	8,340	5,375	6,115	1,510	7,275	35,600
<b>Small Institutions:</b>							
U. T. Permian Basin	580	780	230	250	60	300	2,200
U. T. Tyler	460	660	340	590	60	458	2,568
U. T. Health Science Center - Tyler	898	475	590	450	160	665	3,238
Subtotal	1,938	1,915	1,160	1,290	280	1,423	8,006
<b>TOTAL</b>	<b>24,428</b>	<b>30,395</b>	<b>16,445</b>	<b>21,850</b>	<b>5,240</b>	<b>27,443</b>	<b>125,801</b>
<b>Percentage of Total</b>	<b>20%</b>	<b>24%</b>	<b>13%</b>	<b>17%</b>	<b>4%</b>	<b>22%</b>	<b>100%</b>

\* "Total" reflects total hours budgeted for priority audits/projects (subject to approval by the Audit, Compliance, and Management Review Committee), which represents approximately 80 - 85% of total budgeted hours for the FY 2010 Systemwide Annual Audit Plan.

5. **U. T. System: Report on the Systemwide internal audit activities, including the preliminary results of the Presidential travel, entertainment, and housing expense audits and audits of financial controls at the institutional police departments; and Internal Audit Department reports for U. T. Health Science Center – San Antonio and U. T. El Paso**

### REPORT

Ms. Carla Cashio, Assistant Vice President for Internal Audit and Consulting Services, U. T. Health Science Center – San Antonio, will report on internal audit's role in consulting activities following the presentation set forth on Pages 75 - 84.

Mr. William Peters, Director of Auditing and Consulting Services, U. T. El Paso, will discuss the importance of information technology auditing. His presentation is on Pages 85 - 93.

Mr. Charles Chaffin, Chief Audit Executive, will report on the progress and preliminary results of the Presidential travel, entertainment, and housing expense audits conducted at each of the institutions and at U. T. System Administration. Mr. Chaffin will also present the final results of the financial controls audits of the institutional police departments.

Next, Mr. Chaffin will present the annual report of the Systemwide Internal Audit Program for Fiscal Year 2009. The Report is set forth on Pages 94 - 100. Institutional internal audit activity reports are presented to the Audit, Compliance, and Management Review Committee of the Board of Regents on an annual basis. The last activity report was sent on October 23, 2009.

Additionally, Mr. Chaffin will report on the implementation status of significant audit recommendations. The fourth quarter activity report on the Implementation Status of Outstanding Significant Findings/Recommendations is set forth on Pages 101 - 102. Satisfactory progress is being made on the implementation of all significant recommendations. Additionally, a list of other audit reports issued by the Systemwide audit program follows on Page 103.

### BACKGROUND INFORMATION

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





# **University of Texas Health Science Center at San Antonio**



## **Ms. Carla Cashio, Assistant Vice President Internal Audit and Consulting Services**

Audit, Compliance, and Management Review Committee

November 2009

# Internal Audit Committee



Internal members	Internal members	External members	External members
Dr. William Henrich, President	Mr. Michael Black, Senior Executive Vice President/Chief Operating Officer	Mr. Pat Frost, President, Frost Bank, Committee Chair	Dr. Frank Ledford, Former President Southwest Foundation for Biomedical Research
Dr. Brian Herman, Vice President for Research	Mr. Harry S. Lynch, Executive Vice President/Chief Financial Officer	Ms. Cindy L. Jorgensen, Chief Financial Officer, Southwest Business Corporation	Ms. Mary Beth Williamson, Former University Health System Board of Managers
Dr. Glenn Halfff, Acting Dean, School of Medicine	Dr. Kenneth Kalkwarf, Dean, Dental School		
Dr. Marilyn Harrington, Dean, School of Health Professions	Mr. Jerome A. York, Vice President/Chief Information Officer		
Dr. Thomas Mayes, President/Chief Executive Officer, UT Medicine			

Committee meets quarterly with last meeting held Oct. 26, 2009

# Internal Audit Department Staffing



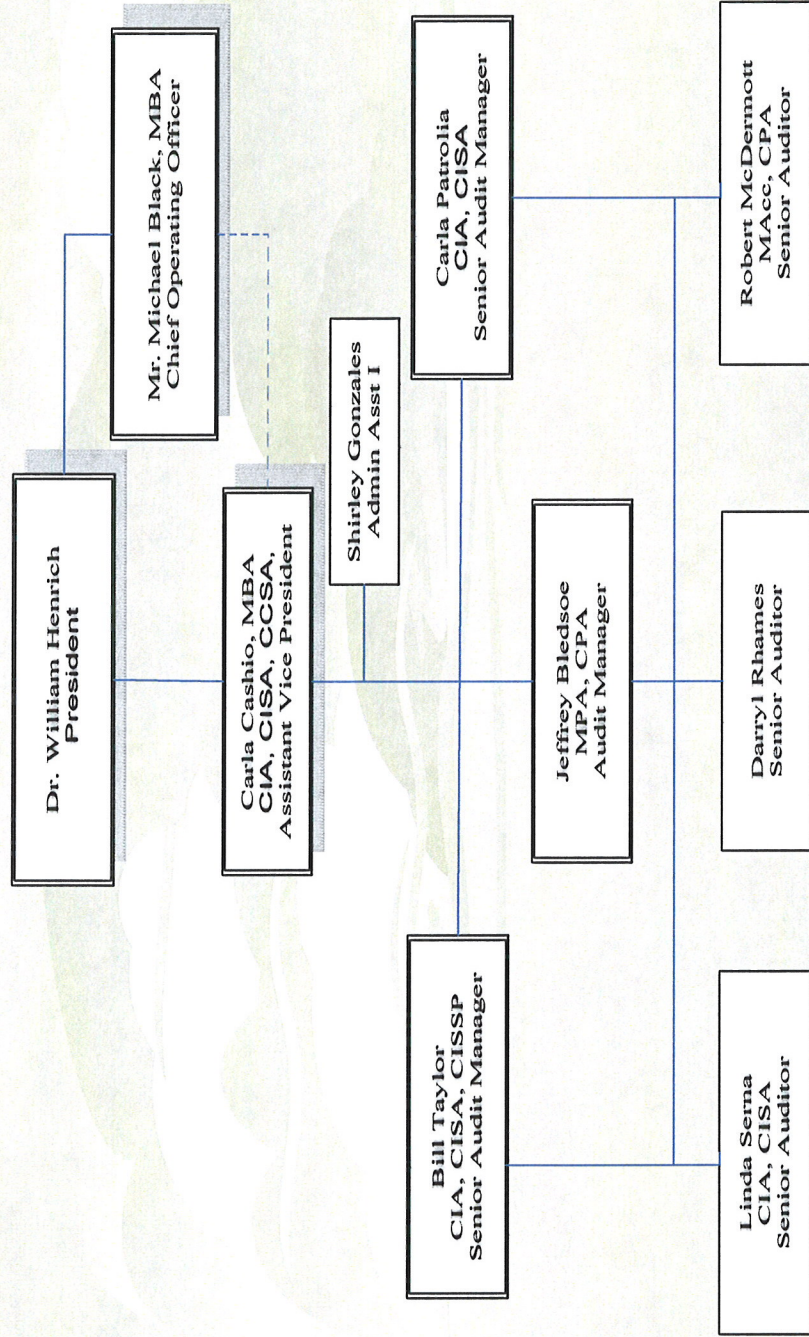
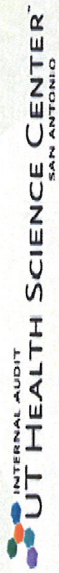
- **Department composition:**

Title	Number of positions
Assistant Vice President	1
Senior Managers	2
Manager	1
Senior Auditors	3
Administrative Assistant	1

- **Audit reports issued:**

Year	Number issued
2008	13
2009	17

# Internal Audit Reporting Structure



10/01/09

# High Risk Areas to be Audited in FY 2010



- 83% of the internal audit activities to be performed in 2010 are mapped to high risk areas identified in the following categories:

Category	Percentage of Plan
Financial	16%
Operational	23%
Compliance	14%
Information Technology	16%
Projects & Consulting	31%

# Quality Assurance Review (QAR)

- **Most recent QAR issued in October 2008**
- **Internal audit actions to address deficiencies:**
  - Changed audit scope to include consulting
  - Designed and implemented competency profile
    - Assessed staff against profile
    - Prepared development plans and mapped to profile
  - Redesigning all position descriptions
    - Recruited Senior Manager

# Internal Audit Methodology



- **Audit approach is consultative based**
  - Good controls are everyone's responsibility
- **Report design change**
  - Streamlined reporting format
  - Repeat issues are noted in reports
  - Report issuance via electronic means
- **Audit committee reporting design change**
- **Consulting practices**
  - Internal audit management assists management with control questions and/or business process improvement recommendations
  - Business process owners remain responsible for design and implementation
- **Performance profile for staff**
  - Provides for expectation setting and development discussions

## Consulting Services

- Consulting services are advisory in nature, and are generally performed at the specific request of an engagement client. The nature and scope of the consulting engagement are subject to agreement with the engagement client. When performing consulting services the internal auditor will maintain objectivity and not assume management responsibility.



# Services Offered

- *Management advisory* services to the institution
- Internal control *awareness* training (upon request)
- *Verification* of financial data
- *Evaluation* of procedures and controls
- Review of internal operational and *financial controls* designed to safeguard resources and ensure compliance with laws and regulations
- Participation in manual and automated system design as an *advisor* upon internal controls
- *Investigation* of reported fraud, embezzlement, theft, waste, etc., and recommendation of controls to prevent or detect such occurrences
- *Review* of all operational areas for their stewardship of resources and compliance with established policies and procedures

# Consulting Successes



- **Scholarship disbursement process efficiency**
- **Business continuity process**
  - Consulting on oversight team



# **The University of Texas at El Paso**

## **Mr. William Peters, Director Office of Auditing and Consulting Services**

**U. T. System Board of Regents' Meeting  
Audit, Compliance, and Management Review Committee  
November 2009**



The University of Texas at El Paso

## Internal Audit Reporting Structure

- Director of Auditing and Consulting Services reports functionally to the president and audit committee
- Director of Auditing and Consulting Services reports administratively to the executive vice president



The University of Texas at El Paso

## Internal Audit Committee

- Dr. Diana Natalicio, President and Chair
- Dr. Richard Jarvis, Provost/Vice President (VP) for Academic Affairs
- Dr. Stephen Riter, VP for Information Resources and Planning
- Dr. Roberto Osegueda, VP for Research
- Dr. Richard Padilla, VP for Student Affairs
- Ms. Cynthia Villa, VP for Business Affairs
- Mr. Ricardo Adauto III, Executive VP
- Mr. Edward Escudero, CPA, External Member
- The committee meets quarterly with last meeting held October 12, 2009



The University of Texas at El Paso

## Internal Audit Department

- Mr. William A. Peters, CPA, CIA, Director
  - Vacant, Assistant Director
  - Ms. Lori Wertz, CPA, Auditor III
  - Mr. Lorenzo Canales, CGAP, Auditor III
  - Mr. Miguel Hernandez, CISA, CISSP, CEH, CEPT, Information Technology Auditor
  - Ms. Myrna Naylor, CPA, Auditor II
  - Ms. Sharon Delgado, MAcc, Auditor II
  - Ms. Courtney Rios, CIA, CGAP, Auditor II
  - Ms. Margarita Villanueva, MBA, Auditor I
  - Ms. Alicia Gonzalez, Administrative Assistant II
- 
- Internal Audit issues an average of 23 reports per year



The University of Texas at El Paso

## High Risk Areas to be Audited in Fiscal Year 2010

### Institutional High Risk Areas

- Student Health Services
- Digital Research Data
- Red Flag Rules
- Bio-safety Level 3 Lab Oversight

### Compliance High Risk Areas

- Effort Reporting
- NCAA Compliance

### Information Technology High Risk Areas

- Transmission Security/Data Encryption
- System/Application Security Plan



The University of Texas at El Paso

## Internal Audit External Quality Assurance Review

Most recent quality assurance review (QAR) was performed in June 2008

- Found to “generally conform” with the Institute of Internal Auditing Standards, Code of Ethics, Government Auditing Standards and Texas Internal Audit Act
- Areas identified for further improvement
  - Revise organization chart to reflect functional and administrative reporting relationships
  - Establish a plan for addressing staff retention within the office
  - Implement project management tools that reduce audit cycle time and complete engagements more timely and within budget
  - Work with Audit Committee to establish an agreed upon time for management to review an audit report and provide written responses to audit recommendations
  - Continue to explore viable cost effective means of obtaining continuing professional education (CPE) for the staff that will meet the requirements of Government Auditing Standards

A follow-up QAR will be scheduled for the summer of 2010





The University of Texas at El Paso

# Information Technology Auditing

## Background

No information technology (IT) audits performed for one year due to lack of IT auditor and staff with IT expertise. Factors:

- The IT audit pool in El Paso is very small
- The salary for an IT auditor was not competitive with the market



The University of Texas at El Paso

## Information Technology Auditing (cont.)

### Importance of IT auditing

Since then, we hired an IT Auditor and now provide in-house training to internal audit staff. In addition:

- 12 of the 23 (52%) audits completed in FY 2009 included some IT auditing
- Audits resulted in 33 audit findings in 17 IT risk areas
- Some findings were deemed significant and implementation of corrections were required immediately
- Able to address significant risks not known last year since there was no IT auditing



The University of Texas at El Paso

## Information Technology Auditing (cont.)

### **The Problem**

- A need for IT auditing capabilities in an environment of increasing significant financial, operational, and compliance risks with a limited number of skilled auditors to fill the need

### **Possible Solutions**

- A curriculum that provides the skill sets needed to become fully functioning IT auditors
- IT training to internal auditors trained in other disciplines to enable them to effectively perform IT auditing
- Ensure that IT audit skills are appropriately reflected in compensation levels

**The University of Texas System  
Systemwide Internal Audit Program  
Annual Report Summary  
Fiscal Year Ended August 31, 2009**

**Program Executive Summary**

The University of Texas (UT) System has established Internal Audit Programs at each of the 15 institutions and UT System Administration. The Internal Auditor provides independent, objective assurance, and consulting services designed to add value and improve UT's operations. Additionally, the Internal Auditor is responsible for providing executive management with information about the adequacy and effectiveness of the institution's system of internal administrative and accounting controls and the quality of operating performance when compared with established standards.

Overall, the Internal Audit Programs accomplished the majority of their approved annual audit plans. Some of the audit hours budgeted were transferred, reallocated, cancelled or carried forward to fiscal year (FY) 2010 for various reasons, including limited time and staff resources, special requests from management and internal audit committee, or investigative matters that emerged during the year. These changes were communicated to the executive management and/or the institutional internal audit committees.

During FY 2009, the Systemwide Internal Audit Program conducted for the second time an internal audit of the institutional, UT System Administration, and UT System Consolidated Annual Financial Report (AFR) for FY 2008. This audit provided assurance to the UT System Board of Regents that the financial statements, Systemwide, were free from any material misstatements while also providing the individual institutions valuable recommendations to enhance internal controls over financial reporting.

Additionally in FY 2009, the Internal Audit Programs at the academic and health institutions performed audits of their police departments, which provided valuable recommendations in the areas of expenditures, citations, and inventory to executive management at the institutions.

At the 2009 Association of College and University Auditor's (ACUA) annual national conference, Mr. Michael Peppers, Chief Audit Executive at UT M. D. Anderson Cancer Center, was selected to receive ACUA's "Professional Contributions Award." This award is only presented periodically and is in recognition of sustained outstanding contributions to the practice of internal auditing in higher education. Mr. Peppers is a frequent speaker on auditing topics, has over twenty years of higher education auditing experience, and has held many leadership positions in professional internal auditing organizations, currently including a second term serving on the Institute of Internal Auditors (IIA) Internal Audit Standards Board.

In general, the Internal Audit Programs experienced limited staff turnover during FY 2009. However, at the director level, a new internal audit director was hired at UT Health Science Center at San Antonio in the second quarter of FY 2009.

Among the Internal Audit Programs Systemwide, approximately 75% of staff members hold one or more professional certifications, including the Certified Public Accountant, Certified Internal Auditor, and Certified Information Systems Auditor designations.

**The University of Texas System  
Systemwide Internal Audit Program  
Annual Report Summary  
Fiscal Year Ended August 31, 2009**

Mr. Charles G. Chaffin, Chief Audit Executive, is responsible for apprising the Chancellor and Board of Regents of the status and activities of the institutional Internal Audit Programs.

### **Significant Accomplishments**

During FY 2009, the Internal Audit Programs provided numerous value-added services to the institutions, managed successful collaborative activities, supplied support to external organizations, made contributions to the internal auditing profession, managed student internship opportunities, and continued to enhance the established Internal Audit Programs through Quality Assurance Reviews.

- **Value-added Services** – The Internal Audit Programs worked to ensure audits and projects added value and addressed the needs and concerns of executive management. Audits and projects included the internal audit of the AFR, audits in specialized areas, special investigations requested by executive management, and reviews of information systems and security as well as other core business operations.
  - *Internal Audit of the UT System AFR* – Coordinated and overseen by the System Audit Office, the Internal Audit Programs effectively conducted the second internal audit of the System Administration and institutional AFR and the UT System Consolidated AFR for FY 2008. The auditors performed risk-based procedures on the financial statement information and controls over the financial reporting process. Overall, the audit resulted in no material adjustments to the financial statements; however, two Systemwide recommendations were made in the areas of segregation of duties and reconciliation of accounts and access controls over the accounting system used by six of the academic institutions and System Administration. Additionally, System Administration and each institution issued an individual report to its executive management with specific internal control related recommendations, as applicable.
  - *Police Department Audits* – In response to several concerns which arose during police department inspections performed by the UT System Office of the Director of the Police, the Internal Audit Programs at the academic and health institutions performed audits of the financial controls of its police departments. These audits identified several issues in the areas of expenditures, citations, and inventory and provided effective recommendations that are in the process of implementation across the institutions.
  - *Cash Handling and Management Audits* – Several of the Internal Audit Programs, including System Administration, performed an audit of cash handling and management processes and compliance with the related Systemwide policy. These audits resulted in recommendations to improve controls over petty cash and the cash collections process (including reconciliation of revenue), increase centralized oversight, ensure appropriate employees attend applicable training, and centralize accounts receivable.

**The University of Texas System  
Systemwide Internal Audit Program  
Annual Report Summary  
Fiscal Year Ended August 31, 2009**

- *Special Projects and Investigations* – Several of the institutional and the UT System Administration Internal Audit Programs performed complex and sensitive audits at the request of executive management to assist in fraud investigations, address media allegations, and follow up on compliance hotline calls.
- **Collaborative Activities**
  - *Exchange Program* – The Internal Audit Programs have continued the success of the exchange program in which staff with audit expertise in a particular area provided on-site assistance to another institution conducting an audit in that area. The program included several information technology exchange efforts in FY 2009 and continues in FY 2010.
  - *Performance Metrics* – A working group, made up of several Internal Audit Directors from both academic and health institutions, developed a model framework of performance metrics to consistently evaluate Systemwide internal audit activity on an annual basis in four areas of focus: Internal Audit Committees, Audit Clients, Staff Resources and Competencies, and Internal Audit Processes. These performance metrics, including the specific tools that will be used to measure them, were approved by the UT System Administration Internal Audit Committee and will be put in practice in early FY 2010 to measure the FY 2009 internal audit performance in these four major areas.
- **External Support** – Internal Audit Programs provided audit assistance to various external organizations, including performance of audit procedures as part of the external financial statements audit of the funds managed by The University of Texas Investment Management Company (UTIMCO) and the Southern Association of Colleges and Schools (SACS) accreditation process, aid to the Office of the Inspector General on various audits, support to the State Auditor’s Office in conducting their OMB A-133 Single Audit and State of Texas Comprehensive AFR Audit, and assistance to the State Comptroller of Public Accounts in conducting their post payment audits at UT institutions.
- **Professional Contributions**
  - *Professional Organizations* – Throughout the year, numerous members of the Internal Audit Programs have made presentations at national and regional conferences including the Annual Fraud Summit and those sponsored by the Association of College and University Auditors (ACUA) and the Association of Healthcare Internal Auditors (AHIA). Many of our Internal Audit Directors have held various officer and board member positions and actively participated in professional organizations, such as ACUA, AHIA, the Texas Association of College and University Auditors (TACUA), the Healthcare Financial Management Association (HFMA), the Information Systems Audit and Control Association (ISACA), the Association of Certified Fraud Examiners (ACFE), the Texas Society of Certified Public Accountants (CPAs), Institute of Internal Auditors (IIA) Internal Audit Standards Board, and local chapters of the IIA.

**The University of Texas System  
Systemwide Internal Audit Program  
Annual Report Summary  
Fiscal Year Ended August 31, 2009**

- *Certifications* – The Internal Audit Programs Systemwide had several employees pass all or part of internal audit related certification exams, including Certified Internal Auditor, Certified Public Accountant, Certified Information Systems Auditor, Certified Fraud Examiner, and Certified Government Audit Professional.
- *Training* – Some of the Internal Audit Programs provided internal audit related training in subjects, such as account reconciliations, segregation of duties, and internal controls to institutional leadership and other groups within their institutions.
- **Quality Assurance Reviews** – Quality Assurance Reviews (QARs) ensure the Internal Audit Programs are conducting their work in compliance with IIAs’ *International Standards for the Professional Practice of Internal Auditing* (Standards). QARs are performed by audit professionals independent of the institution. QARs were completed of the Internal Audit Programs at UT Arlington, UT Brownsville, UT Permian Basin, UT San Antonio, UT Tyler, UT Southwestern, and UT Health Science Center at Tyler. These Internal Audit Programs, with the exception of UT Permian Basin, were found to “generally conform” (the highest rating) with the Standards and have implemented or are in the process of implementing recommendations to improve efficiency and operations. While found to be making good faith efforts, UT Permian Basin was rated “partially conform” with Standards and had fallen short of achieving some major objectives. Additionally, a follow-up QAR, in which the implementation status of recommendations made in the previous QAR are reviewed, was completed at UT Austin. Several of the Internal Audit Directors also participated as team members in QARs of other institutions, including University of Houston, Texas A&M System, Texas Tech System, and University of Colorado System.
- **Internship Opportunities** – Many of the Internal Audit Programs utilized student interns from their campuses and local high schools to assist in conducting fieldwork on various audits to provide the students with real-world experience while also increasing their own staff supervisory and project management skills. These students have gone on to be offered positions with the UT Internal Audit Programs as well as with outside companies and government agencies.

### **Internal Audit Committee**

Each institution and UT System Administration has an internal audit committee consisting of executive management, including the President and Chancellor, respectively. They also include at least one external member with several institutions having more than one external member and some institutions having the external member serve as committee chair. In general, the committees meet quarterly to provide guidance and direction to the internal audit function and allow direct communication between the internal audit director and senior management. On a periodic basis, the internal audit committees are surveyed to obtain further feedback. Annually, the internal audit committee members from each of the institutions will now also participate in a Systemwide survey as part of the performance metrics.

**The University of Texas System  
Systemwide Internal Audit Program  
Annual Report Summary  
Fiscal Year Ended August 31, 2009**

**Internal Audit Clients**

As part of the continuous internal quality assurance process, the Internal Audit Programs administer client surveys at the conclusion of each audit project to obtain feedback on the quality of services provided. Key personnel involved in the audit are requested to complete a survey. While each Internal Audit Program distributes a unique set of questions, they are on the general topics of professionalism, performance, results and reporting, and value added with a comments section. Overall, the Internal Audit Programs received responses in the top two ratings with positive remarks. Annually, the internal audit clients audited during the fiscal year at each of the institutions will now also participate in a Systemwide survey as part of the performance metrics.

**Systemwide Internal Audit Program Processes/Activities**

The following summarizes the consolidated activities of the institutional and UT System Administration Internal Audit Programs compared to the approved audit plan for FY 2009:

Audit Area	Priority Budget Hours	Actual Hours	Percent Completion
Financial	26,385	33,813	128%
Operational	38,404	37,476	98%
Compliance	20,085	20,197	101%
Information Technology	18,220	14,567	80%
Follow-up	5,186	5,448	105%
Projects	23,495	40,051	170%
<b>Total</b>	<u>131,775</u>	<u>151,552</u>	<u>115%</u>

Most of the Internal Audit Programs accomplished the majority of their approved annual audit plans. Some of the audit hours budgeted were transferred, reallocated, cancelled or carried forward to FY 2010 for various reasons, including limited resources and special management requests or investigative matters that emerged during the year. These changes were communicated to the executive management and/or the institutional internal audit committees.

See **Appendix A** for total approved priority budget hours versus actual hours by audit area and institution for FY 2009.



**The University of Texas System  
Systemwide Internal Audit Program  
Annual Report Summary  
Fiscal Year Ended August 31, 2009**

**Systemwide Internal Audit Program Staffing Statistics:**

• **Positions:**

Total Number Budgeted:	118.9
Average Total Number Filled:	112.1
Average Years Experience:	13.1

• **Certifications/Training:**

Number of Certified Public Accountants:	47
Number of Certified Internal Auditors:	60
Number of Certified Information Systems Auditors:	22
Other Certifications*:	41
Average Percentage of Staff with a certification:	75%

Average Annual Training Hours per Auditor:	52.6
--	------

**\*Other Certifications include:**

Certified Government Auditing Professional  
Certified Fraud Examiner  
Certification in Control Self-Assessment  
Certified Information Systems Security Professional  
Certified Ethical Hacker  
Certified Expert Penetration Tester  
Certified Security Manager  
Certified Healthcare Financial Professional  
Certified Information Security Manager  
Doctor of Jurisprudence/Texas State Bar Licensure

**The University of Texas System  
Systemwide Internal Audit Program  
Annual Report Summary  
Fiscal Year Ended August 31, 2009**

**Appendix A  
FY 2009 Systemwide Audit Plan Status**

	Financial	Operational	Compliance	Information Technology	Follow-up	Projects	Total Actual Hours (NOTE 1)	Total Priority Budget Hours (NOTE 2)	Percent Completion (NOTE 3)
<b>U. T. System Administration</b>	7,029	6,687	1,846	946	870	3,119	20,496	18,205	113%
<b>Large Institutions:</b>									
U. T. Austin	1,893	3,240	1,919	1,784	289	6,315	15,439	16,540	93%
U. T. Southwestern	5,071	4,933	2,140	1,570	213	4,823	18,749	15,510	121%
U. T. Medical Branch at Galveston	1,460	1,272	525	1,457	517	2,849	8,080	7,490 *	108%
U. T. HSC - Houston	1,992	753	1,514	1,824	367	3,187	9,636	7,204	134%
U. T. HSC - San Antonio	2,018	1,021	1,627	454	524	3,501	9,145	7,300	125%
U. T. MDA Cancer Center	2,899	6,225	1,936	2,010	791	3,336	17,197	17,768	97%
Subtotal	15,332	17,444	9,660	9,098	2,701	24,011	78,245	71,812	109%
<b>Mid-size Institutions:</b>									
U. T. Arlington	1,467	915	1,835	1,125	308	2,120	7,769	6,130	127%
U. T. Brownsville	860	945	688	261	183	1,479	4,415	4,030	110%
U. T. Dallas	1,653	1,986	1,181	389	133	1,896	7,237	4,520	160%
U. T. El Paso	2,939	3,624	1,591	889	694	1,288	11,025	8,756	126%
U. T. Pan American	1,173	972	1,154	144	14	1,977	5,434	5,110	106%
U. T. San Antonio	1,451	1,488	1,643	1,712	332	2,071	8,697	6,264	139%
Subtotal	9,542	9,929	8,091	4,520	1,664	10,831	44,576	34,810	128%
<b>Small Institutions:</b>									
U. T. Permian Basin	462	1,613	-	-	41	608	2,724	1,250	218%
U. T. Tyler	574	767	409	3	55	642	2,450	2,668	92%
U. T. HSC - Tyler	874	1,036	192	-	118	840	3,060	3,030	101%
Subtotal	1,910	3,416	601	3	214	2,090	8,234	6,948	119%
<b>TOTAL</b>	<b>33,813</b>	<b>37,476</b>	<b>20,197</b>	<b>14,567</b>	<b>5,448</b>	<b>40,051</b>	<b>151,552</b>	<b>131,775</b>	<b>115%</b>
<b>Percentage of Total</b>	<b>22%</b>	<b>25%</b>	<b>13%</b>	<b>10%</b>	<b>4%</b>	<b>26%</b>	<b>100%</b>		

**NOTE 1:**

"Total Actual Hours" reflect total actual hours spent during the 12 months of fiscal year 2009 to complete the annual audit plan.

**NOTE 2:**

"Total Priority Budget Hours" reflect budgeted hours approved by ACMR for priority projects, which represents approximately 80 - 85% of the total budgeted hours for the fiscal year 2009 annual audit plan.

**NOTE 3:**

"Percent Completion" may be greater than 100% due to "Total Actual Hours" including both priority and non-priority project hours and/or over-estimation of vacant positions during the year.

\* Total Priority Budget Hours for U. T. Medical Branch at Galveston was reduced from the original plan of 11,805 hours to 7,490 hours due to the impact on operations as a result of Hurricane Ike. The revised Total Priority Budget was approved by the ACMR at the February 11, 2009 meeting.

**THE UNIVERSITY OF TEXAS SYSTEM**  
**Implementation Status of Outstanding Significant Findings/Recommendations**

Report Date	Institution	Audit	3rd Quarter 2009		4th Quarter 2009		Targeted Implementation Date	Overall Progress Towards Completion (Note)
			Ranking	# of Significant Findings	Ranking	# of Significant Findings		
2007-06	UTARL	Implementation Progress of UTS163: Guidance on Effort Reporting Policies		1		1	10/31/2009	Satisfactory
2008-01	UTARL	Systems Security Audit		1		1	12/31/2009	Satisfactory
2007-06	UTAJUS	UTS163: Guidance on Effort Reporting Policies		1		1	4/30/2010	Satisfactory
2008-08	UTB	UTS165: Protecting the Confidentiality and Integrity of Digital Research Data Follow Up		2		1	12/31/2009	Satisfactory
2009-02	UTB	2008 Physical Plant Audit		1		1	12/4/2009	Satisfactory
2009-02	UTB	Fiscal Year 2008 Student Fees Audit		1		1	1/31/2010	Satisfactory
2009-02	UTB	2008 Special Request - International Technology Education Commerce Campus Lease Agreements		3		3	10/31/2009	Satisfactory
2007-01	UTD	Annual Financial Report Audit		1		1	11/6/2009	Satisfactory
2009-07	UTD	Unix				1	12/31/2009	Satisfactory
2007-02	UTEP	Campus-wide Information Technology Applications		3		2	11/30/2009	Satisfactory
2007-11	UTEP	Decentralized Server Security		4		1	11/30/2009	Satisfactory
2008-05	UTEP	University Residence Life-Miner Village		1		1	12/31/2009	Satisfactory
2009-05	UTEP	Faculty Visas		1		0	5/31/2009	Implemented
2009-05	UTEP	Office of International Programs				0	6/22/2009	Implemented
2009-08	UTEP	Graduate School				0	5/8/2009	Implemented
2008-01	UTPA	Confidentiality of Social Security Numbers		1		1	9/30/2009	Satisfactory
2008-12	UTPA	Fiscal Year 2008 Annual Financial Report		1		1	11/30/2009	Satisfactory
2008-08	UTPB	UTS163: Guidance on Effort Reporting Policies		1		0	8/31/2009	Implemented
2008-08	UTPB	Annual Financial Report Audit Fiscal Year 2007		1		1	10/31/2009	Satisfactory
2008-12	UTPB	Annual Financial Report Audit Fiscal Year 2008		4		3	10/31/2009	Satisfactory
2009-03	UTSA	Banner User Access (Security)		1		1	12/31/2010	Satisfactory
2008-09	UTSA	Information Technology Change Management Audit		1		1	11/30/2009	Satisfactory
2008-09	UTT	State and Federal Grant Awards Fiscal Year 2008		1		1	8/31/2009*	Satisfactory
2008-11	UTT	Annual Financial Report for the Year Ended August 31, 2008		1		1	8/31/2009*	Satisfactory
2008-12	UTT	Enrollment Management Department		3		3	12/31/2009	Satisfactory
2009-03	UTT	College of Business and Technology - Office of Dean and Assistant Dean		3		3	12/31/2009	Satisfactory
2009-04	UTT	Audit of Cash Handling Procedures		2		2	12/31/2009	Satisfactory
2009-06	UTT	Human Resource Development and Technology				4	7/31/2009*	Satisfactory
2009-08	UTT	University Police Department				1	12/31/2009	Satisfactory
2008-05	UTMB - Galveston	Information Systems Change Management Process		2		2	8/31/2010	Satisfactory
2008-05	UTMB - Galveston	Information Security Action Plan		2		2	2/28/2010	Satisfactory
2008-08	UTMB - Galveston	Data Retention and Records Management		3		3	11/30/2009	Satisfactory
2008-11	UTMB - Galveston	Remote Vendor Access		1		0	7/31/2009	Implemented
2009-05	UTMB - Galveston	Decentralized Information Technology Operations Security Process Review		1		0	8/31/2009	Implemented
2009-02	UTHSC - Houston	Medical Service, Research, and Development (MSRDP) Plan		1		1	11/30/2009	Satisfactory
2008-10	UTHSC - San Antonio	Texas Administrative Code Section 202 - Information Security Program		1		0	8/31/2009	Implemented
2009-07	UTHSC - San Antonio	Cash Handling/Participant Reimbursement Accounts Audit				3	5/31/2010	Satisfactory
2009-08	UTHSC - San Antonio	Change in Management - Police Audit				2	10/1/2009	Satisfactory
2001-08	UTMDACC - Houston	Lotus Notes Environment		1		1	5/31/2009*	Satisfactory
2007-06	UTMDACC - Houston	Conflict of Interest		1		1	11/30/2009	Satisfactory
2007-09	UTMDACC - Houston	Maintenance and Security of Biological Research Materials		1		1	8/31/2009*	Satisfactory
2007-10	UTMDACC - Houston	Research Compliance Design Review		1		1	11/30/2009	Satisfactory
2008-05	UTMDACC - Houston	Clinical Trial Research		1		1	2/28/2010	Satisfactory

**THE UNIVERSITY OF TEXAS SYSTEM**  
**Implementation Status of Outstanding Significant Findings/Recommendations**

Report Date	Institution	Audit	3rd Quarter 2009		4th Quarter 2009		Targeted Implementation Date	Overall Progress Towards Completion (Note)
			Ranking	# of Significant Findings	Ranking	# of Significant Findings		
2008-05	UTMDACC - Houston	Advance Beneficiary Notice Implementation Review		1		0	5/31/2009	Implemented
2009-03	UTMDACC - Houston	Spirit of Sarbanes-Oxley		1		1	8/31/2009	Satisfactory
2009-03	UTMDACC - Houston	Wireless and Firewall Remote Access Security Assessment		4		4	8/31/2012	Satisfactory
2009-03	UTMDACC - Houston	A Review of Patient History Oracle Database Security		3		0	5/31/2009	Implemented
2009-03	UTMDACC - Houston	A Review of Patch Management		1		1	11/30/2009	Satisfactory
2009-03	UTMDACC - Houston	A Review of Performance and Capacity Monitoring		4		4	8/31/2009 *	Satisfactory
2009-05	UTMDACC - Houston	Business Continuity Plan Review				1	2/28/2010	Satisfactory
2005-04	UTHSC - Tyler	Texas Administrative Code 202 Compliance Audit		1		0	8/31/2009	Implemented
2005-12	UTSYS ADM	System - wide Financial Audit Fiscal Year 2005		1		1	9/1/2010	Satisfactory
2006-06	UTSYS ADM	UTMCO Institutional Investment and Compliance Audits		1		1	12/31/2009	Satisfactory
2008-08	UTSYS ADM	FileNet Audit		1		1	10/15/2009	Satisfactory
2008-12	UTSYS ADM	Consolidated Annual Financial Report Fiscal Year 2008		1		1	10/31/2009	Satisfactory
2009-03	UTSYS ADM	UT Federation Operating Practices and Procedures		1		1	12/31/2009	Satisfactory
Totals				<u>76</u>		<u>72</u>		

**STATE AUDITOR'S OFFICE AUDITS**

2007-03	UTPB	Federal Portion of the Statewide Single Audit Report for the Year Ended August 31, 2006		1		0	8/31/2009	Implemented
2009-03	UTPB	Federal Portion of the Statewide Single Audit Report for the Year Ended August 31, 2008		3		1	9/30/2009	Satisfactory
2009-02	UTHSC - San Antonio	Financial Portion of the Statewide Single Audit Report for the Year Ended August 31, 2008		1		1	10/31/2009	Satisfactory
2009-08	UTSWMC - Dallas	Campus Security Emergency Management Plans				4	12/31/2009	Satisfactory
2007-05	UTSYS ADM	Charity Care at Health-Related Institutions		1		1	10/31/2010	Satisfactory
Totals				<u>6</u>		<u>7</u>		

**Color Legend:**

- Either a new significant finding for which corrective action will be taken in the subsequent quarter or a previous significant finding for which no/limited progress was made towards implementation.
- Significant finding for which substantial progress towards implementation was made during the quarter that the significant finding was first reported.
- Significant finding for which substantial progress towards implementation was made during the quarter.
- Significant finding was appropriately implemented during the quarter and will no longer be tracked.

**Note:**

- Implemented** - The Internal Audit Director deems the significant finding has been appropriately addressed/resolved and should no longer be tracked.
- Satisfactory** - The Internal Audit Director deems that the significant finding is in the process of being addressed in a timely and appropriate manner.
- Unsatisfactory** - The Internal Audit Director deems that the significant finding is not being addressed in a timely and appropriate manner.

\* Recommendation deemed to be implemented per management and awaiting verification and validation by internal audit.

**OTHER U. T. SYSTEM AUDIT REPORTS RECEIVED BY SYSTEM AUDIT 6/2009 THROUGH 8/2009**

<b>Institution</b>	<b>Audit</b>
UTARL	Change in Management Audit of Linguistics & Teaching English to Speakers of Other Languages
UTARL	Review of Police Department Operations – Special Request
UTARL	NCAA Eligibility Compliance Audit
UTAUS	Anti-Fraud Program Review
UTAUS	Information Technology Systems Change Management
UTAUS	Applied Research Laboratories - Export Controls
UTAUS	Student Organization Bank Activities
UTAUS	Export Controls
UTAUS	Cash Management and Cash Handling Policy Audit
UTAUS	The University of Texas at Austin Police Department Audit
UTAUS	Texas Union
UTAUS	Texas Student Media
UTB	Fiscal Year 2009 Special Request Audit of Campus Police
UTD	Vice President for Enrollment Change in Management Audit
UTD	Athletics
UTEP	Information Technology Physical Security
UTEP	Animal Research Program Audit
UTEP	Clery Act Report Audit
UTEP	UTS 166 Cash Management and Cash Handling
UTEP	Texas Administrative Code 202: Phase I
UTEP	Police Department Financial Audit
UTEP	University College, Professional and Public Programs
UTPA	Police Department
UTPA	Endowment Management & Administrative Fee Assessment
UTPA	Cash Management/Cash Handling
UTPA	Procurement
UTPA	Office of International Programs
UTPB	Programs Assisting Students Study Office
UTPB	Police Department
UTPB	Vice President for Student Services
UTSA	Police Department Audit
UTSA	Animal Research
UTTY	Continuous Auditing - Procurement Card
UTTY	Graduate/Undergraduate Programs - Monitoring Plans
UTSMC - Dallas	University Hospitals - Charge Entry
UTSMC - Dallas	University Hospitals - Outpatient Imaging Services
UTSMC - Dallas	Telecommunications
UTSMC - Dallas	UTS 155 Policies & Procedures Regarding Medical Service, Research, and Development (MSRDP) Plan Business Operations
UTMB - Galveston	Institutional Firewalls and Peer-to-Peer
UTMB - Galveston	Police Department Internal Controls Audit
UTMB - Galveston	Correctional Managed Care Length of Stay Benchmark Analysis
UTMB - Galveston	Department of Legal Affairs Change in Management
UTHSC - Houston	Texas Administrative Code 202 Audit
UTHSC - Houston	University of Texas Police Department Financial Controls
UTHSC - Houston	Follow-up on Open Recommendations
UTHSC - San Antonio	Family Practice Residency Program Audit Fiscal Year 2008
UTHSC - San Antonio	Division of Geriatric, Gerontology and Palliative Med.
UTHSC - San Antonio	Family Practice Residency: HSCSA
UTHSC - San Antonio	Family Practice Residency: RAHC
UTHSC - San Antonio	Cash Handling Audit - UTS 166
UTMDACC - Houston	Medical Records Audit Process
UTMDACC - Houston	Human Resources
UTMDACC - Houston	University of Texas Police Department Financial Controls
UTMDACC - Houston	Trainee and Alumni Affairs - I-9 Compliance
UTMDACC - Houston	myMDAnderson Security Assessment and Internet Services Risk Assessment
UTMDACC - Houston	Texas Administrative Code 202
UTMDACC - Houston	CARE Application Security Assessment
UTHSC - Tyler	Petty Cash and Change Funds (UTS 166) Audit
UTHSC - Tyler	Research Enterprise Audit
UTHSC - Tyler	Police Department Audit
UTSYS ADM	Office of Employee Benefits Dependant Eligibility
UTSYS ADM	Office of Employee Benefits Employee Assistance Program
UTSYS ADM	Campus Security and Emergency Preparedness Plan
UTSYS ADM	Office of Administration Departmental Audit
UTSYS ADM	University of Texas Investment Management Company Permanent University Fund Audit
UTSYS ADM	Office of Facilities Planning and Construction Customer Survey Audit
UTSYS ADM	University of Texas Health Science Center San Antonio President Change in Management
UTSYS ADM	Institutional Studies and Policy Analysis Departmental Audit
UTSYS ADM	Cash Handling Audit - UTS 166
UTSYS ADM	System Administration Information Technology Follow-up
UTSYS ADM	System Administration Follow - up
UTSYS ADM	University of Texas Pan American Change in Management
UTSYS ADM	Approach Oil and Gas

**STATE AUDITOR'S OFFICE AUDIT REPORTS RELEASED 6/2009 THROUGH 8/2009**

<b>Institution</b>	<b>Audit</b>
UTMB - Galveston, UTHSC - Houston, UTHSC - San Antonio, UTMDACC - Houston, UTHSC - Tyler,	Campus Safety and Emergency Preparedness at Texas Health-related Institutions
UTSMC - Dallas	Accreditation Review Fiscal Year 2008

6. **U. T. System: Report on the progress and preliminary results of the audits of the Fiscal Year 2009 U. T. System Administration and institutional Annual Financial Reports**

REPORT

Mr. Charles Chaffin, Chief Audit Executive, will report on the progress and preliminary results of the audits of the Fiscal Year 2009 U. T. System Administration and institutional Annual Financial Reports being performed by institutional and U. T. System Administration internal audit.

BACKGROUND INFORMATION

The U. T. System Audit Office prepared a plan to oversee and coordinate the internal audit of the Fiscal Year 2009 U. T. System Administration and institutional Annual Financial Reports. The System Audit Office and each institutional internal audit department will express an opinion on their institution's individual Annual Financial Report, including the Balance Sheet, the Statement of Revenues, Expenses, and Changes in Net Assets, and related footnote information. In addition, the auditors will express an opinion on certain key internal controls over the financial statement information.

The internal audits of the Annual Financial Reports are performed at the request of the U. T. System Board of Regents (Board) for the benefit of the Board, U. T. System Administration management, and U. T. System institution management only and are not intended to provide assurance for any purpose to readers of the report outside of U. T. System.



## TABLE OF CONTENTS FOR FINANCE AND PLANNING COMMITTEE

**Committee Meeting:** 11/11/2009

*Paul Foster, Chairman  
Printice L. Gary  
Wm. Eugene Powell  
Robert L. Stillwell*

**Board Meeting:** 11/12/2009  
Austin, Texas

	<b>Committee Meeting</b>	<b>Board Meeting</b>	<b>Page</b>
<b>Convene</b>	<i>1:00 p.m. Chairman Foster</i>		
<b>1. U. T. System: Discussion and appropriate action related to approval of <i>Docket No. 140</i></b>	<i>1:00 p.m. Discussion Dr. Kelley</i>	<b>Action</b>	<b>105</b>
<b>2. U. T. System: Key Financial Indicators Report</b>	<i>1:05 p.m. Report Dr. Kelley</i>	Not on Agenda	<b>105</b>
<b>3. U. T. System Board of Regents: The University of Texas Investment Management Company (UTIMCO) Performance Summary Report and Investment Reports for the fiscal year and quarter ended August 31, 2009</b>	<i>1:20 p.m. Report Mr. Zimmerman</i>	<b>Report</b>	<b>114</b>
<b>4. U. T. System: Overview of U. T. System debt programs</b>	<i>1:35 p.m. Report Mr. Aldridge</i>	Not on Agenda	<b>120</b>
<b>Adjourn</b>	<i>2:00 p.m.</i>		

1. **U. T. System: Discussion and appropriate action related to approval of Docket No. 140**

**RECOMMENDATION**

It is recommended that *Docket No. 140* be approved. The Docket is on green paper behind the Docket tab.

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: Key Financial Indicators Report**

**REPORT**

Dr. Scott C. Kelley, Executive Vice Chancellor for Business Affairs, will discuss the Key Financial Indicators Report, as set forth on Pages 106 - 113 that follow. The report represents the consolidated and individual operating results of the U. T. System institutions.

The Key Financial Indicators Report compares the Systemwide results of operations, key revenues and expenses, reserves, and key financial ratios in a graphical presentation from Fiscal Year 2005 through July 2009. Ratios requiring balance sheet data are provided for Fiscal Year 2004 through Fiscal Year 2008.



















# THE UNIVERSITY OF TEXAS SYSTEM



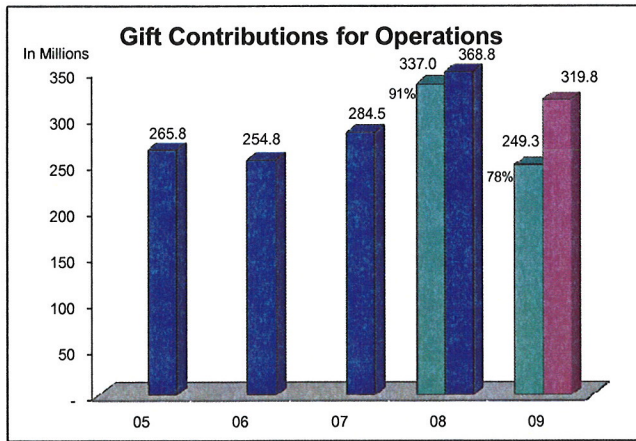
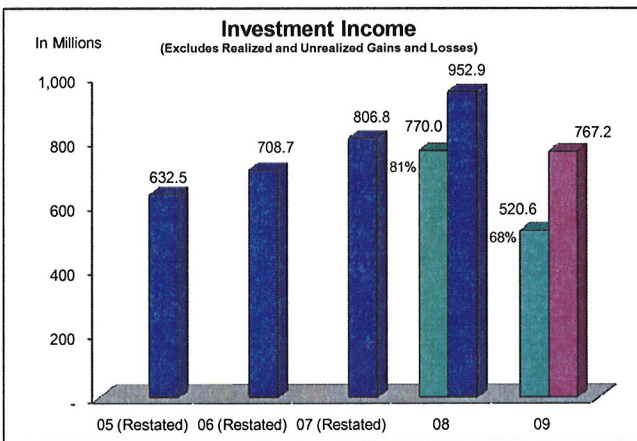
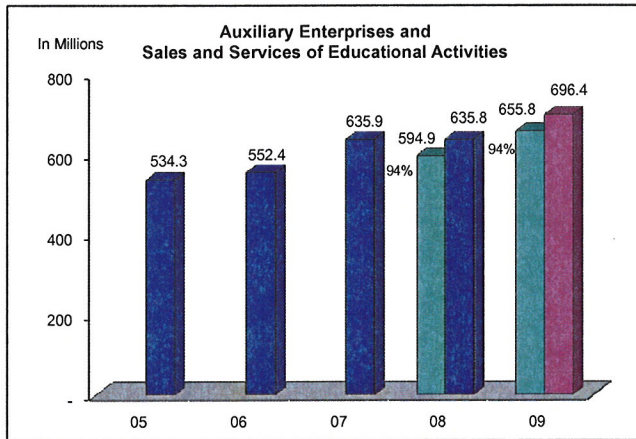
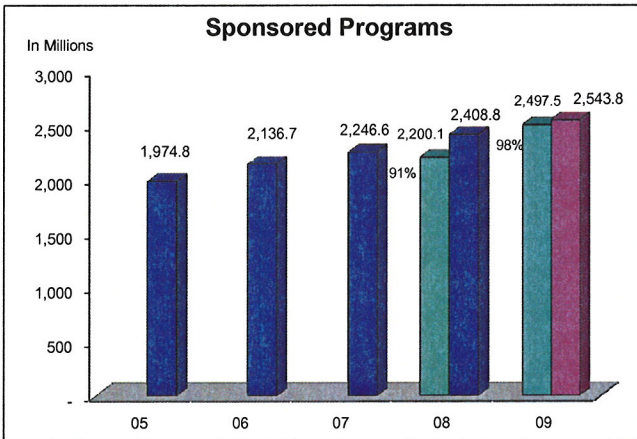
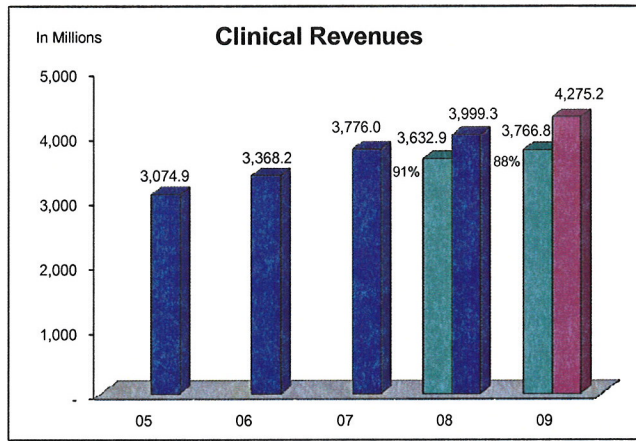
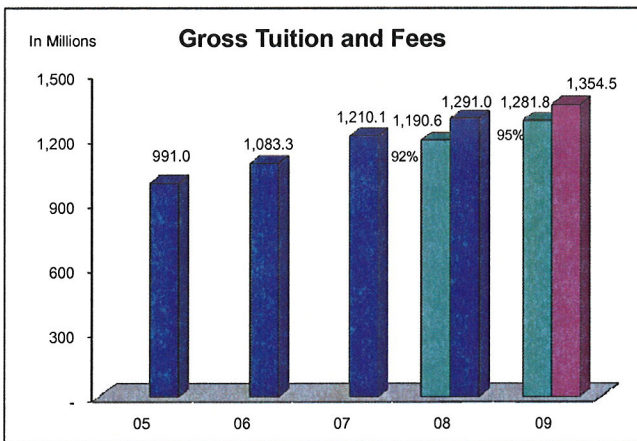
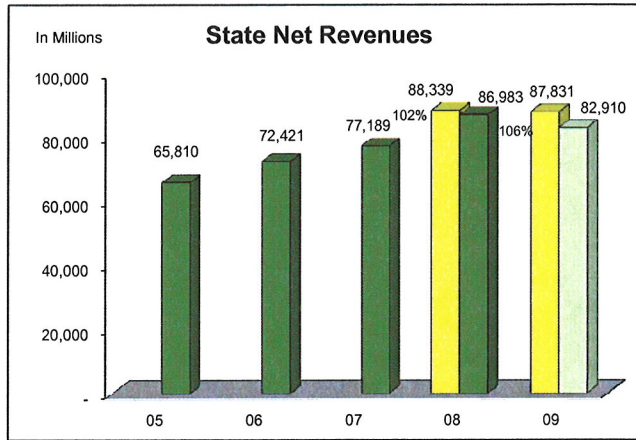
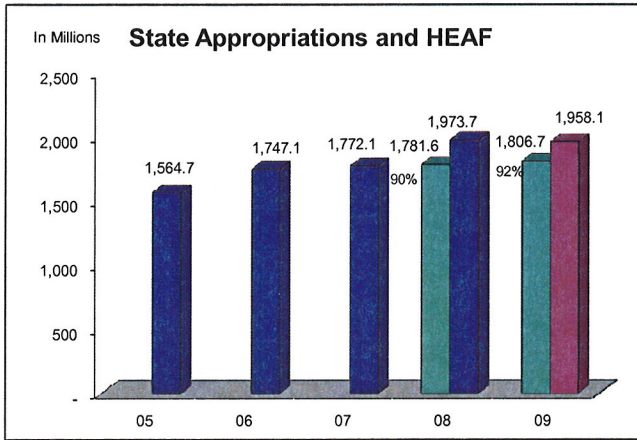
## KEY FINANCIAL INDICATORS REPORT

**JULY 2009**

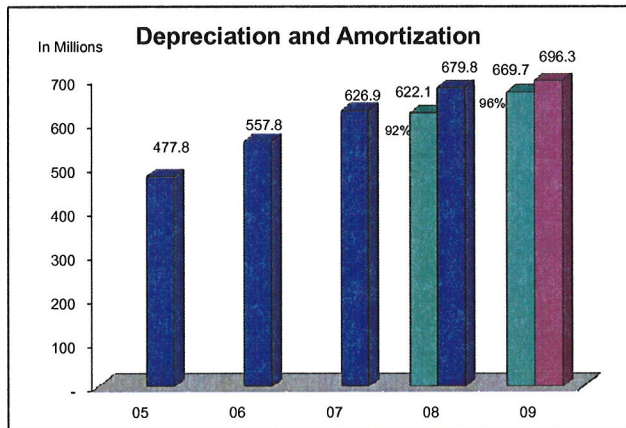
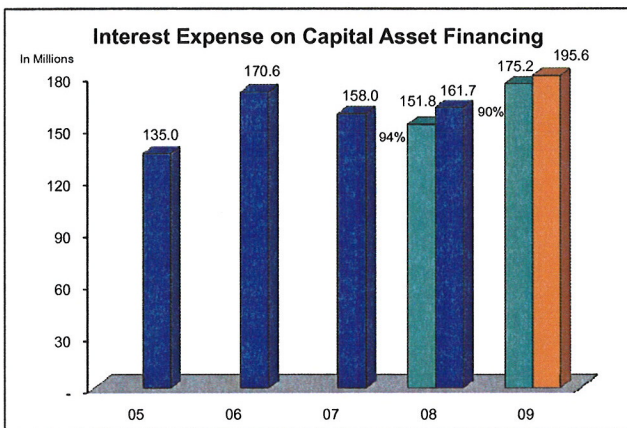
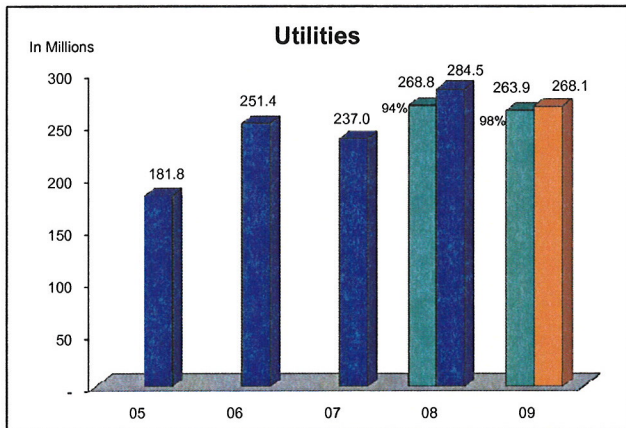
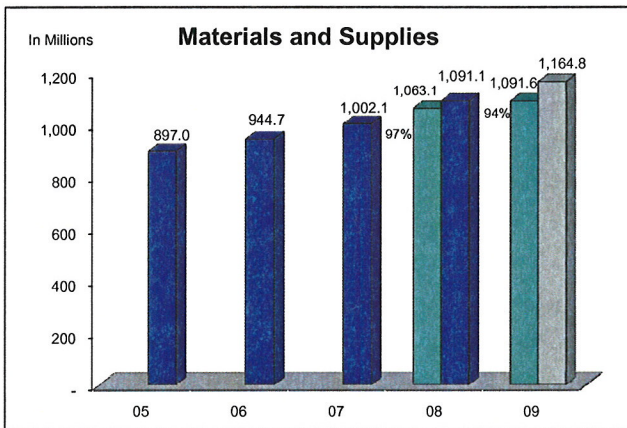
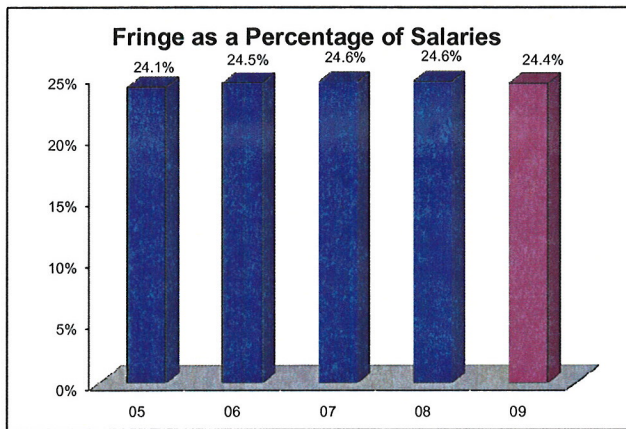
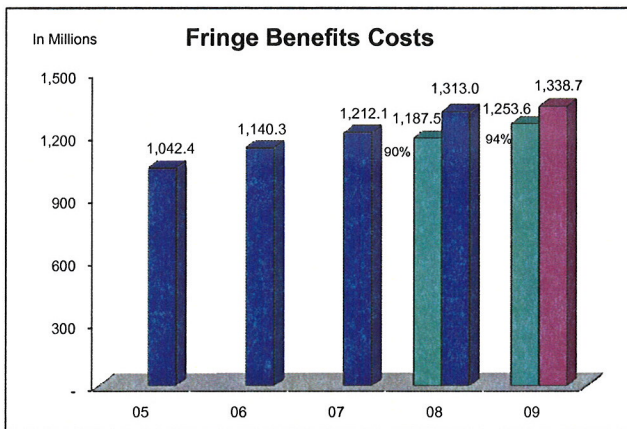
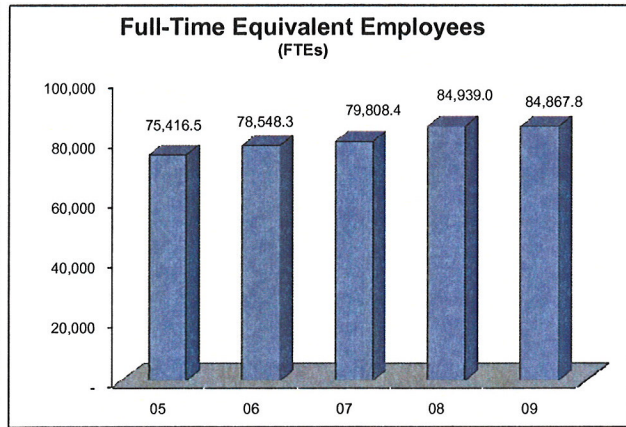
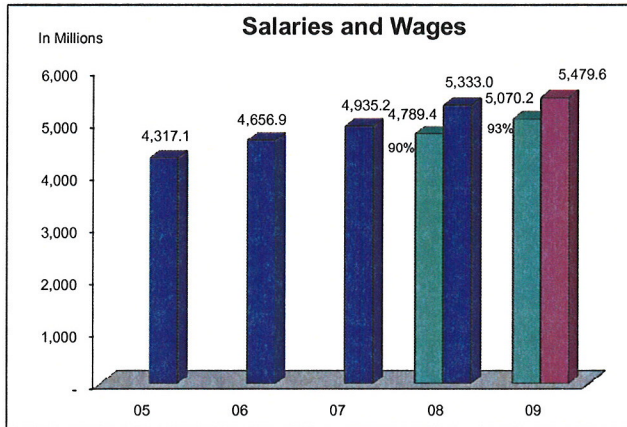
## KEY

	<b>Actual Annual Amounts</b> (SOURCE: Annual Financial Reports)
	<b>Budget amounts</b> (SOURCE: Operating Budget Summary)
	<b>Projected Amounts based on the average change of the previous three years of data</b>
	<b>Monthly Financial Report Year-to-Date Amounts</b>
	<b>Annual State Net Revenue Collections</b> (SOURCE: Texas Revenue History by Source and Texas Net Revenue by Source, State Comptroller's Office)
	<b>Year-to-Date State Net Revenue Collections</b> (SOURCE: State Comptroller's Office)
	<b>Estimated State Revenue Collections</b> (SOURCE: Biennial Revenue Estimate, State Comptroller's Office)
	<b>Annual and Quarterly Average of FTEs</b> (SOURCE: State Auditor's Office Quarterly FTE Report)
	<b>Year-to-Date Margin</b> (SOURCE: Monthly Financial Report)
	<b>Projected Amounts from current month projections</b>
	<b>Year-to-Date Margin</b> (SOURCE: Monthly Financial Report)
	<b>Target Normalized Rates</b>
	<b>Aaa/Aa1 Median</b> (SOURCE: Moody's)
	<b>A2 Median</b> (SOURCE: Moody's)
	<b>Good Facilities Condition Index (Below 5%)</b>
	<b>Fair Facilities Condition Index (5% - 10%)</b>

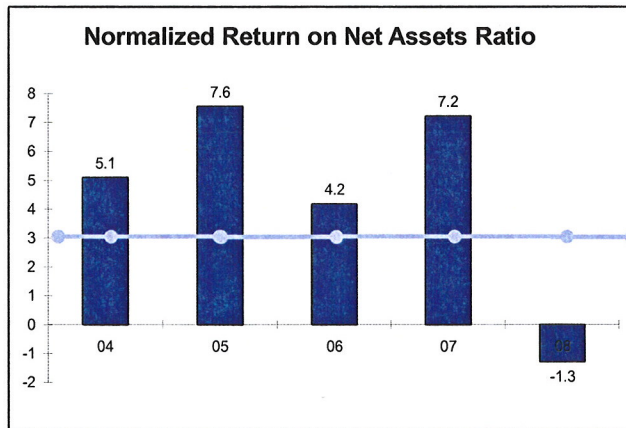
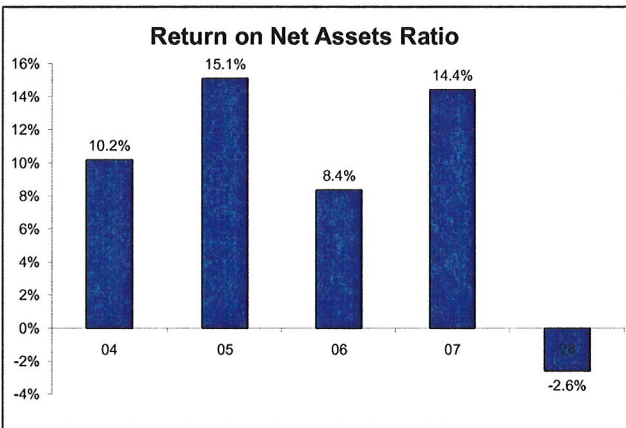
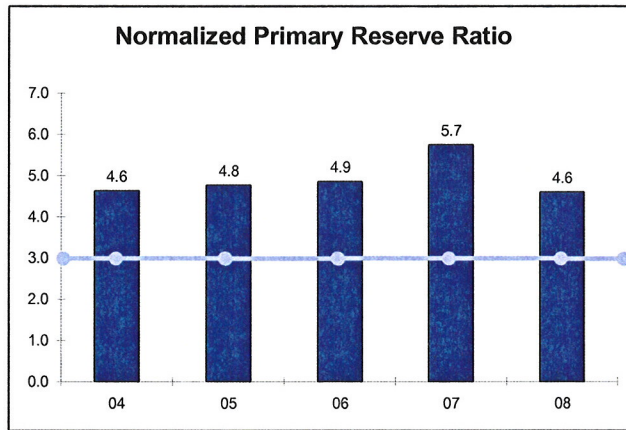
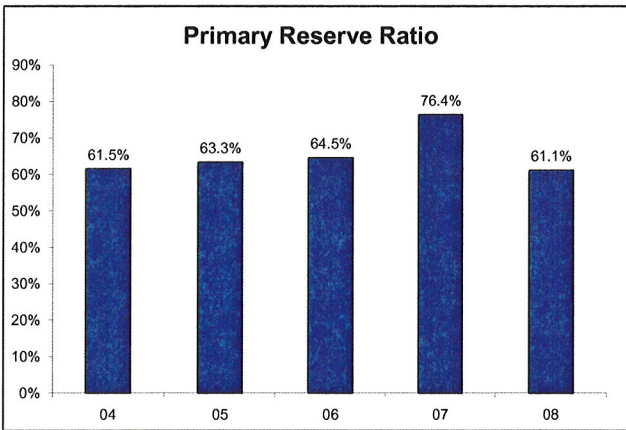
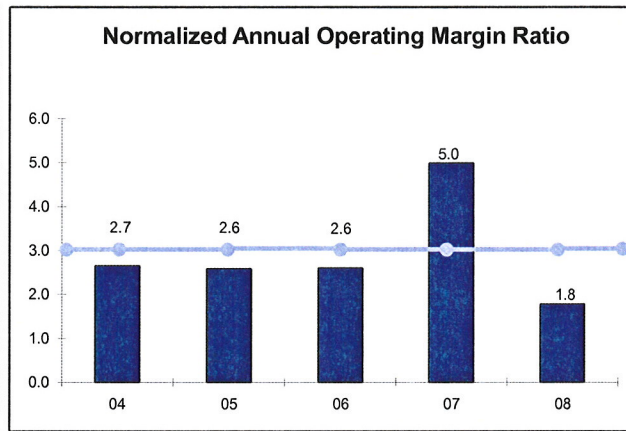
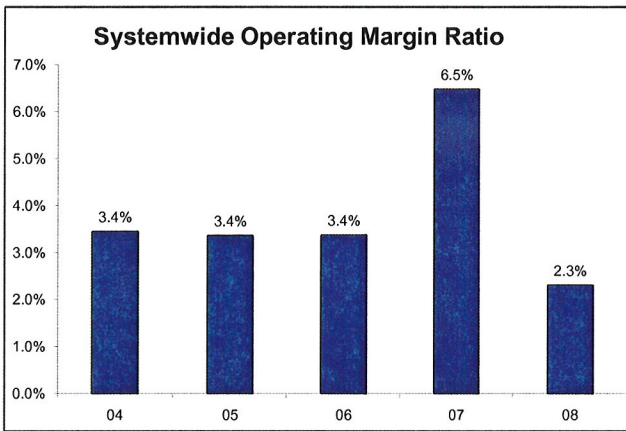
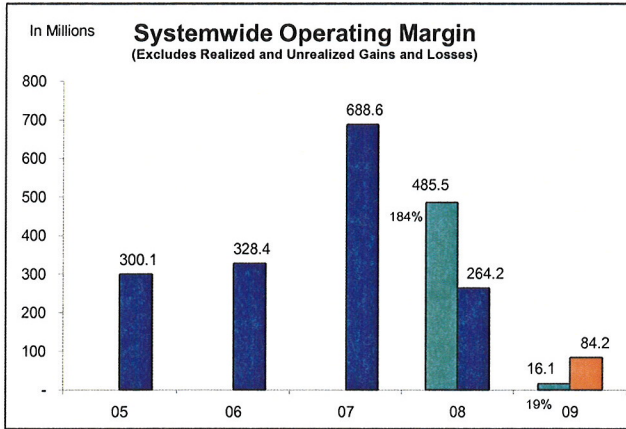
**KEY INDICATORS OF REVENUES  
ACTUAL 2005 THROUGH 2008  
PROJECTED 2009  
YEAR-TO-DATE 2008 AND 2009 FROM JULY MONTHLY FINANCIAL REPORT**



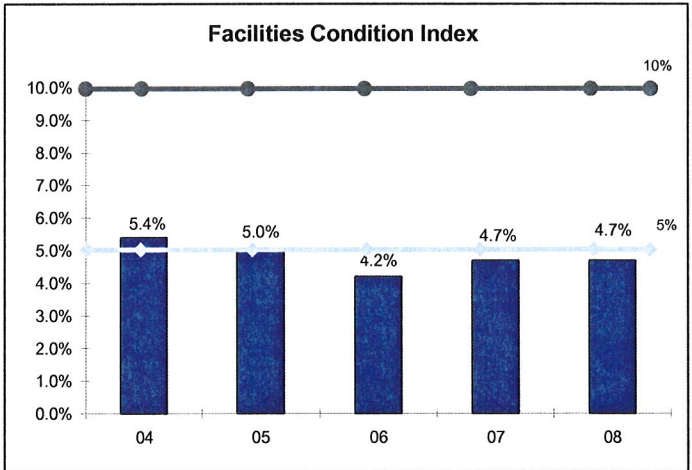
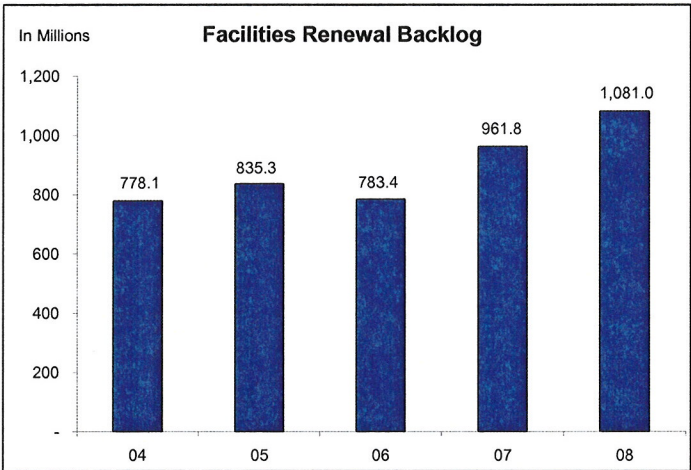
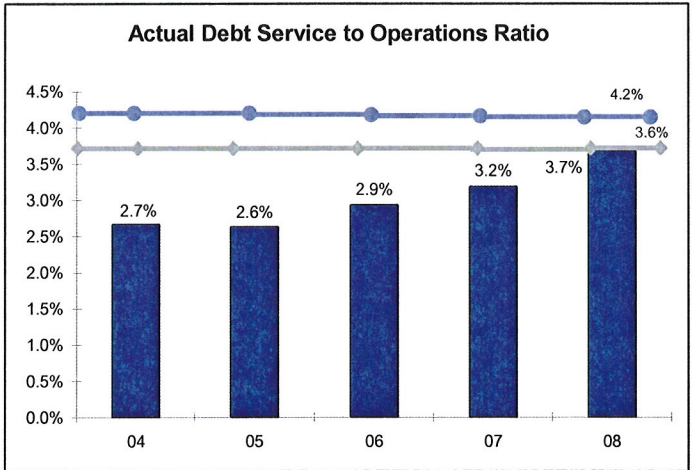
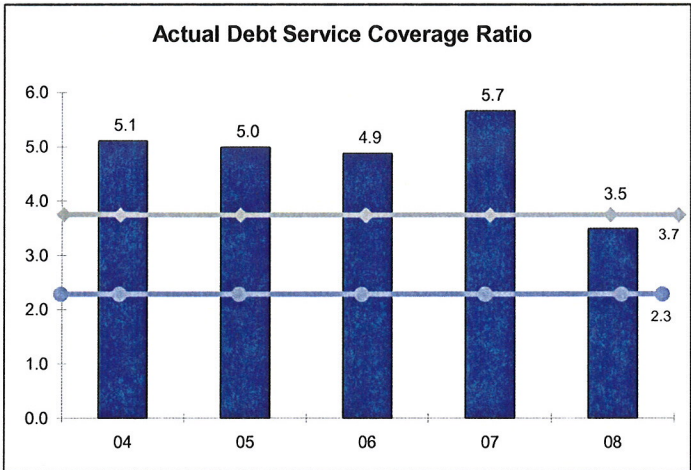
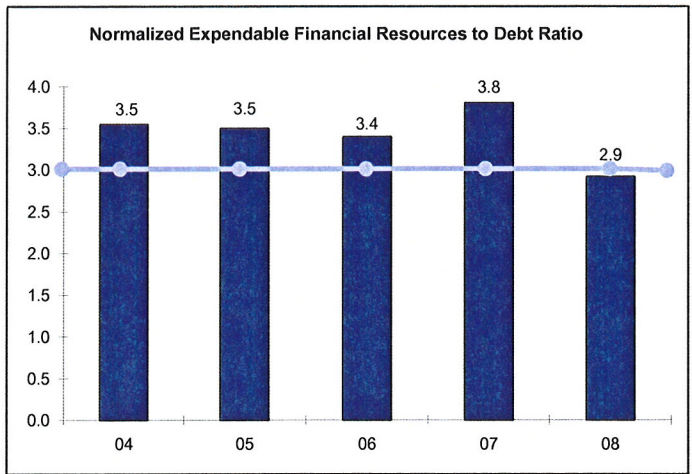
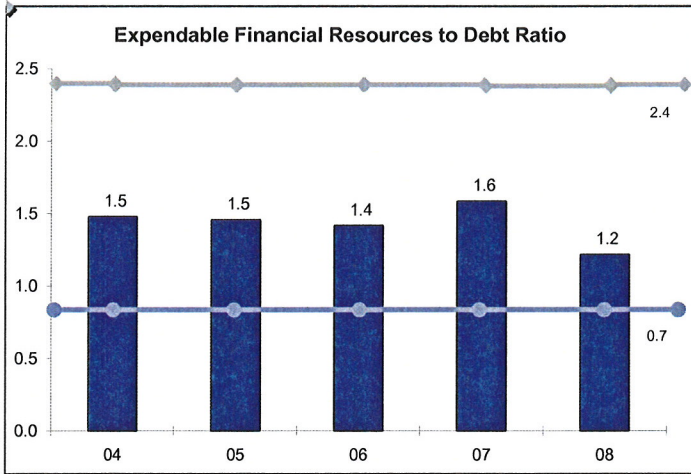
**KEY INDICATORS OF EXPENSES  
ACTUAL 2005 THROUGH 2008  
PROJECTED 2009  
YEAR-TO-DATE 2008 AND 2009 FROM JULY MONTHLY FINANCIAL REPORT**



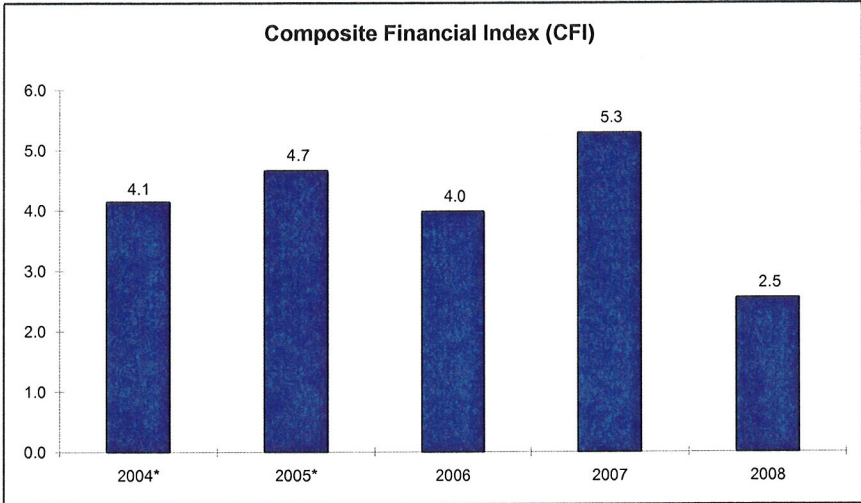
**KEY INDICATORS OF RESERVES**  
**ACTUAL 2004 THROUGH 2008**  
**PROJECTED 2009**  
**YEAR-TO-DATE 2008 AND 2009 FROM JULY MONTHLY FINANCIAL REPORT**



# KEY INDICATORS OF CAPITAL NEEDS AND CAPACITY 2004 THROUGH 2008

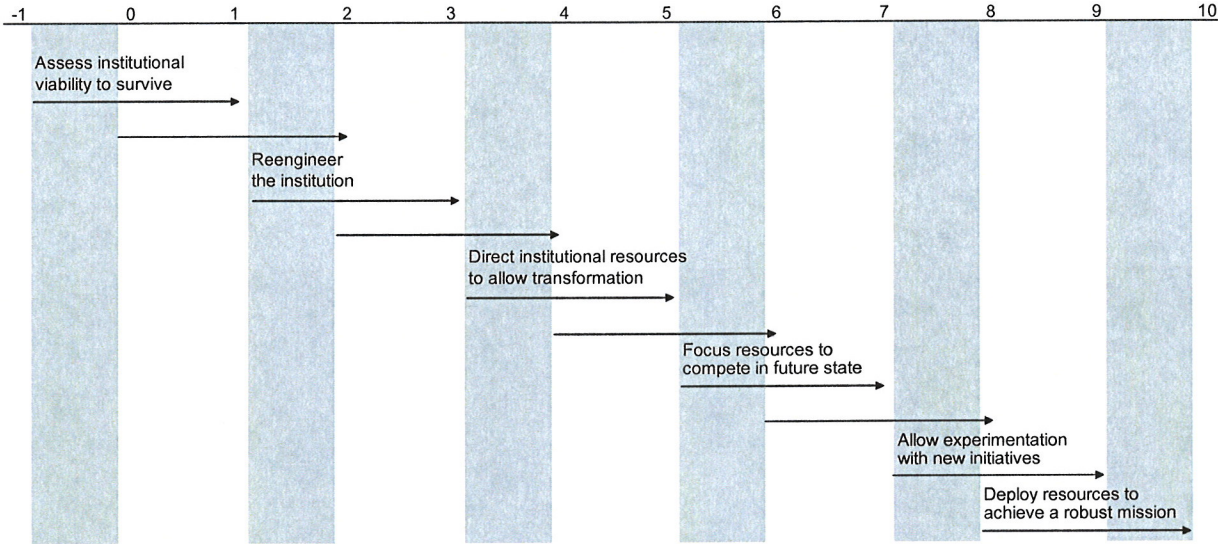


# KEY INDICATORS OF FINANCIAL HEALTH 2004 THROUGH 2008



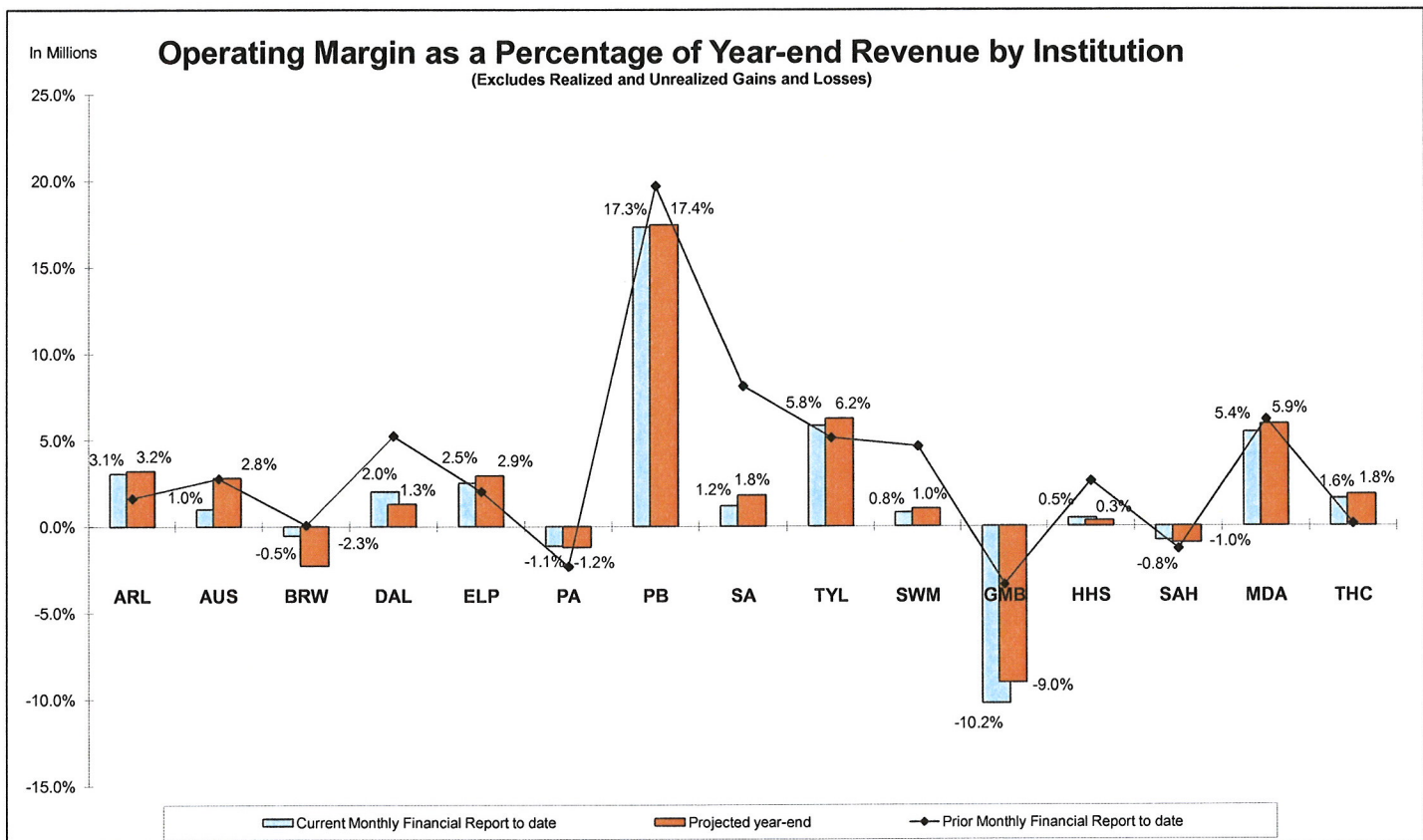
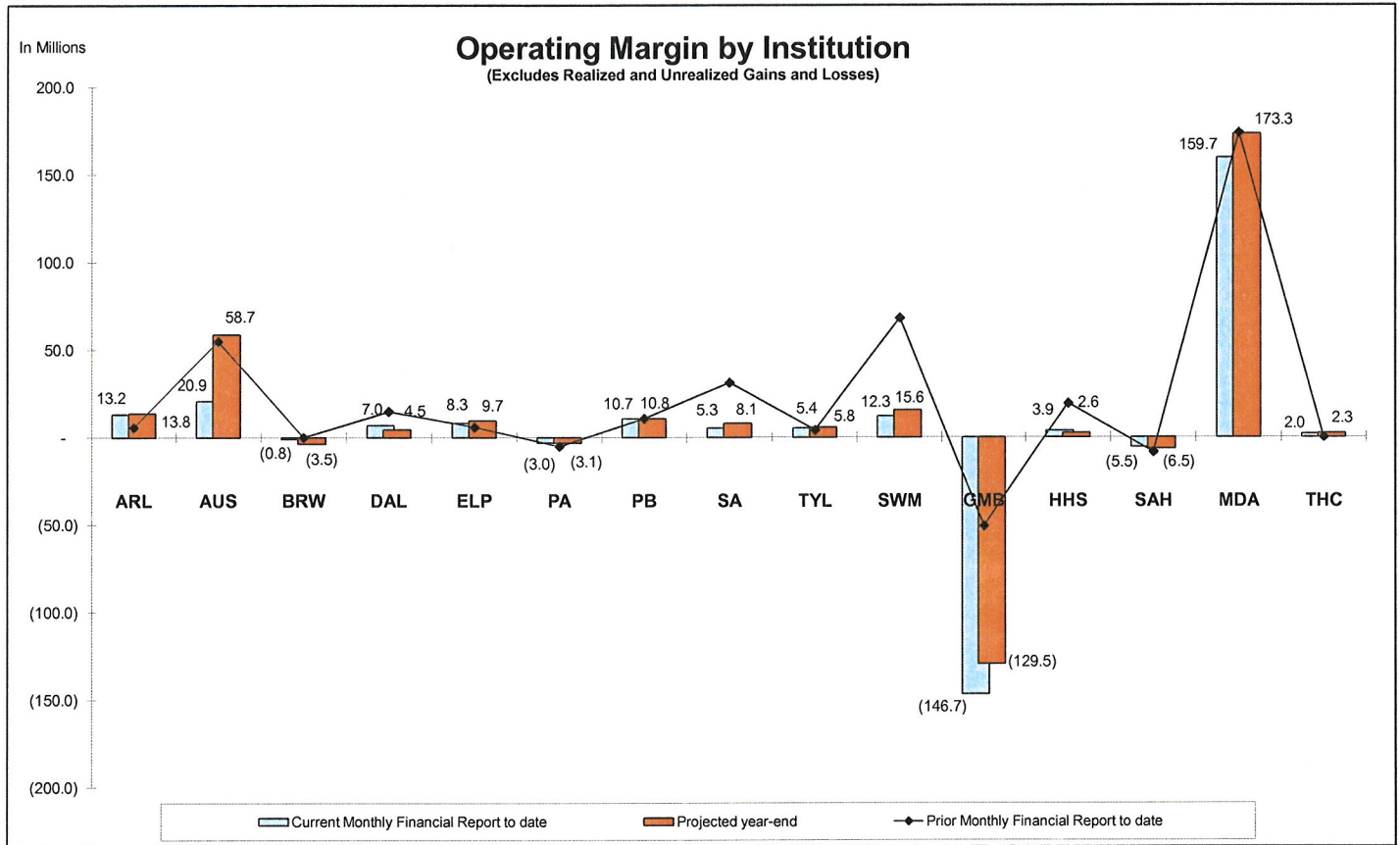
\*Restated to reflect appreciation on endowments as restricted expendable net assets as a result of the 2006 external audit

### Scale for Charting CFI Performance



# KEY INDICATORS OF RESERVES

## YEAR-TO-DATE 2008 AND 2009 FROM JULY MONTHLY FINANCIAL REPORT PROJECTED 2009 YEAR-END MARGIN





3. **U. T. System Board of Regents: The University of Texas Investment Management Company (UTIMCO) Performance Summary Report and Investment Reports for the fiscal year and quarter ended August 31, 2009**

REPORT

The August 31, 2009 UTIMCO Performance Summary Report is attached on Page 115.

The Investment Reports for the fiscal year and quarter ended August 31, 2009, are set forth on Pages 116 – 119.

Item I on Page 116 reports activity for the Permanent University Fund (PUF) investments. The PUF's net investment return for the fiscal year was negative 12.98% versus its composite benchmark return of negative 15.42%. The PUF's net asset value decreased by \$1,686 million since the beginning of the fiscal year to \$9,674 million. This change in net asset value includes contributions from PUF Land receipts, decreases due to net investment return, and the annual distribution to the Available University Fund (AUF) of \$531 million.

Item II on Page 117 reports activity for the General Endowment Fund (GEF) investments. The GEF's net investment return for the fiscal year was negative 13.22% versus its composite benchmark return of negative 15.42%. The GEF's net asset value decreased during the fiscal year to \$5,359 million.

Item III on Page 118 reports activity for the Intermediate Term Fund (ITF). The ITF's net investment return for the fiscal year was negative 7.07% versus its composite benchmark return of negative 7.56%. The net asset value decreased during the fiscal year to \$3,572 million due to net investment return of negative \$278 million and net distributions of \$98 million. The decrease in net asset value was offset by \$73 million net contributions.

For all funds, all exposures were within their asset class and investment type ranges and liquidity was within policy.

Item IV on Page 119 presents book and market values of cash, debt, equity, and other securities held in funds outside of internal investment pools. Total cash and equivalents, consisting primarily of institutional operating funds held in the Dreyfus money market fund, increased by \$320 million to \$1,848 million during the three months since the last reporting period. Market values for the remaining asset types were debt securities: \$25 million versus \$29 million at the beginning of the period; equities: \$38 million versus \$40 million at the beginning of the period; and other investments: \$4 million versus \$4 million at the beginning of the period.

# UTIMCO Performance Summary

August 31, 2009

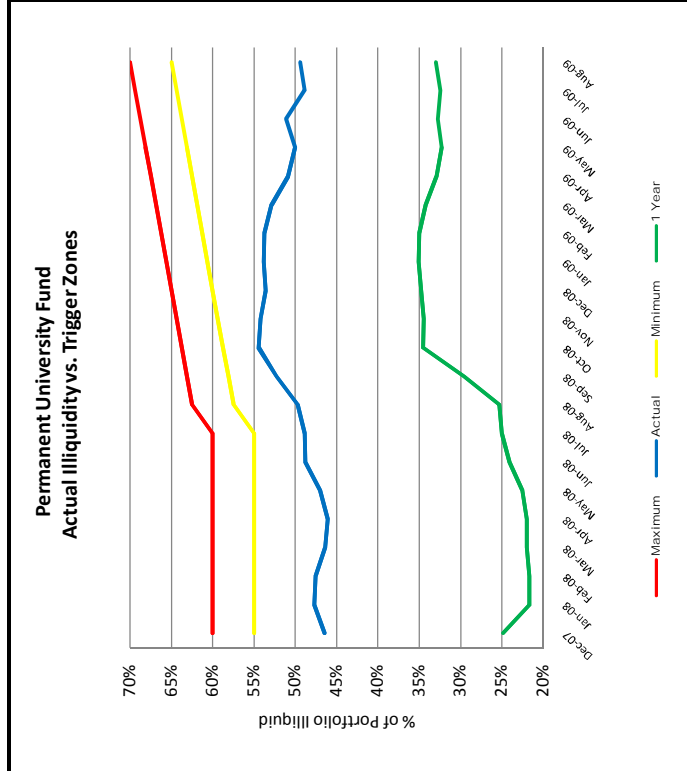
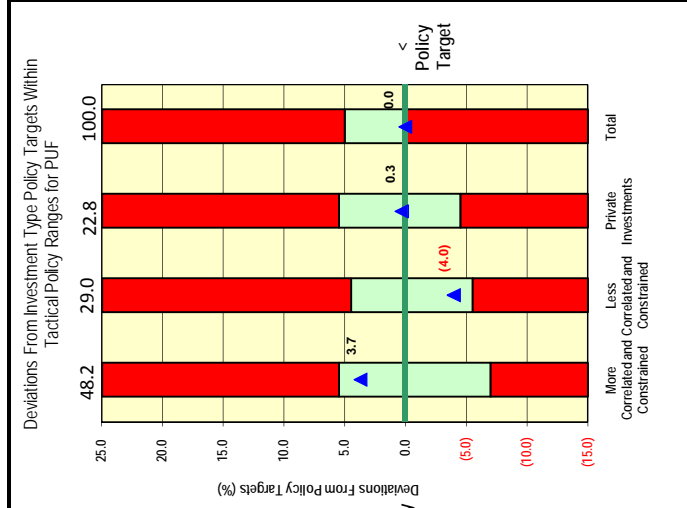
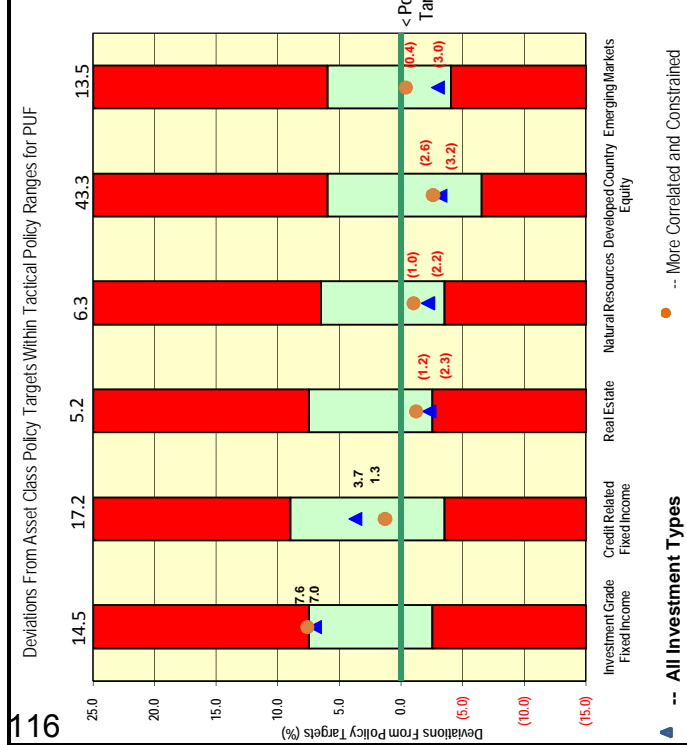
		Net Asset Value 8/31/2009 (in Millions)	Periods Ended August 31, 2009 (Returns for Periods Longer Than One Year are Annualized)																	
			Short Term			Year to Date		Historic Returns												
			1 Mo	3 Mos	Calendar	Fiscal	1 Yr	3 Yrs	5 Yrs	10 Yrs										
<b>ENDOWMENT FUNDS</b>																				
	Permanent University Fund	\$ 9,674	2.04%	6.83%	11.29%	(12.98%)	(12.98%)	(1.00%)	5.08%	(13.22)	(13.22)	(13.22)	(13.27)	(13.27)	(13.27)	(13.27)	(13.27)	(13.27)	(13.27)	(13.27)
	General Endowment Fund		2.04	6.85	11.20	(13.22)	(13.22)	(0.85)	5.17	(13.22)	(13.22)	(13.27)	(13.27)	(13.27)	(13.27)	(13.27)	(13.27)	(13.27)	(13.27)	(13.27)
	Permanent Health Fund	842	2.02	6.74	11.11	(13.27)	(13.27)	(0.92)	5.09	(13.27)	(13.27)	(13.27)	(13.27)	(13.27)	(13.27)	(13.27)	(13.27)	(13.27)	(13.27)	(13.27)
	Long Term Fund	4,517	2.01	6.74	11.11	(13.27)	(13.27)	(0.92)	5.09	(13.27)	(13.27)	(13.27)	(13.27)	(13.27)	(13.27)	(13.27)	(13.27)	(13.27)	(13.27)	(13.27)
	Separately Invested Funds	128	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	<b>Total Endowment Funds</b>	<b>15,161</b>																		
<b>OPERATING FUNDS</b>																				
	Short Term Fund	1,787	0.03	0.11	0.45	1.21	(7.07)	3.51	3.52	1.21	(7.07)	3.51	3.52	1.21	(7.07)	3.51	3.52	1.21	(7.07)	3.51
	Intermediate Term Fund	3,572	2.13	7.20	14.91	(7.07)	(7.07)	0.69	N/A	(7.07)	(7.07)	0.69	N/A	(7.07)	(7.07)	0.69	N/A	(7.07)	(7.07)	0.69
	<b>Total Operating Funds</b>	<b>5,359</b>																		
	<b>Total Investments</b>	<b>\$ 20,520</b>																		
<b>VALUE ADDED (Percent)</b>																				
	Permanent University Fund		0.70%	2.06%	2.06%	2.44%	2.44%	2.13%	1.77%	2.44%	2.44%	2.13%	1.77%	2.44%	2.44%	2.13%	1.77%	2.44%	2.44%	2.13%
	General Endowment Fund		0.70	2.08	1.97	2.20	2.20	2.28	1.86	2.20	2.20	2.28	1.86	2.20	2.20	2.28	1.86	2.20	2.20	2.28
	Short Term Fund		0.01	0.06	0.31	0.55	0.55	0.55	0.39	0.55	0.55	0.55	0.39	0.55	0.55	0.55	0.39	0.55	0.55	0.55
	Intermediate Term Fund		(0.39)	(0.15)	0.18	0.49	0.49	2.00	N/A	0.49	0.49	2.00	N/A	0.49	0.49	2.00	N/A	0.49	0.49	2.00
<b>VALUE ADDED (\$ IN MILLIONS)</b>																				
	Permanent University Fund	\$ 66	66	\$ 187	\$ 180	\$ 273	\$ 273	\$ 617	\$ 810	\$ 273	\$ 273	\$ 617	\$ 810	\$ 273	\$ 273	\$ 617	\$ 810	\$ 273	\$ 273	\$ 617
	General Endowment Fund	37	37	106	97	139	139	370	468	139	139	370	468	139	139	370	468	139	139	370
	Intermediate Term Fund	(14)	(14)	(5)	5	18	18	204	N/A	18	18	204	N/A	18	18	204	N/A	18	18	204
	<b>Total Value Added</b>	<b>\$ 89</b>	<b>89</b>	<b>\$ 288</b>	<b>\$ 282</b>	<b>\$ 430</b>	<b>\$ 430</b>	<b>\$ 1,191</b>	<b>\$ 1,278</b>	<b>\$ 430</b>	<b>\$ 430</b>	<b>\$ 1,191</b>	<b>\$ 1,278</b>	<b>\$ 430</b>	<b>\$ 430</b>	<b>\$ 1,191</b>	<b>\$ 1,278</b>	<b>\$ 430</b>	<b>\$ 430</b>	<b>\$ 1,191</b>

Footnotes available upon request.

**I. PERMANENT UNIVERSITY FUND**  
**Investment Reports for Periods Ended August 31, 2009**  
 Prepared in accordance with *Texas Education Code Sec. 51.0032*

<u>Summary of Capital Flows</u>			
	Fiscal Year Ended August 31, 2008	Quarter Ended August 31, 2009	Fiscal Year Ended August 31, 2009
Beginning Net Assets	\$ 11,742.8	\$ 9,143.8	\$ 11,359.5
PUF Lands Receipts	457.7	54.4	340.0
Investment Return (Net of Expenses)	(392.1)	608.4	(1,494.7)
Distributions to AUF	(448.9)	(132.7)	(530.9)
Ending Net Assets	\$ 11,359.5	\$ 9,673.9	\$ 9,673.9

	Fiscal Year to Date				
	Returns	Value Added			
Portfolio	Policy Benchmark	From Asset Allocation	From Security Selection	Total	
<b>More Correlated and Constrained:</b>					
Investment Grade	5.31%	8.52%	0.62%	-0.25%	0.37%
Credit-Related	4.83%	7.02%	-0.15%	0.04%	-0.11%
Real Estate	-19.54%	-23.06%	-0.26%	0.25%	-0.01%
Natural Resources	-34.22%	-29.47%	0.00%	-0.23%	-0.23%
Developed Country	-20.41%	-17.21%	0.34%	-0.69%	-0.35%
Emerging Markets	-18.36%	-9.95%	0.14%	-0.92%	-0.78%
<b>Total More Correlated and Constrained</b>	<b>-15.19%</b>	<b>-12.07%</b>	<b>0.69%</b>	<b>-1.80%</b>	<b>-1.11%</b>
<b>Less Correlated and Constrained</b>	<b>-7.92%</b>	<b>-13.42%</b>	<b>0.11%</b>	<b>1.58%</b>	<b>1.69%</b>
<b>Private Investments</b>	<b>-15.00%</b>	<b>-22.27%</b>	<b>0.09%</b>	<b>1.77%</b>	<b>1.86%</b>
<b>Total</b>	<b>-12.98%</b>	<b>-15.42%</b>	<b>0.89%</b>	<b>1.55%</b>	<b>2.44%</b>

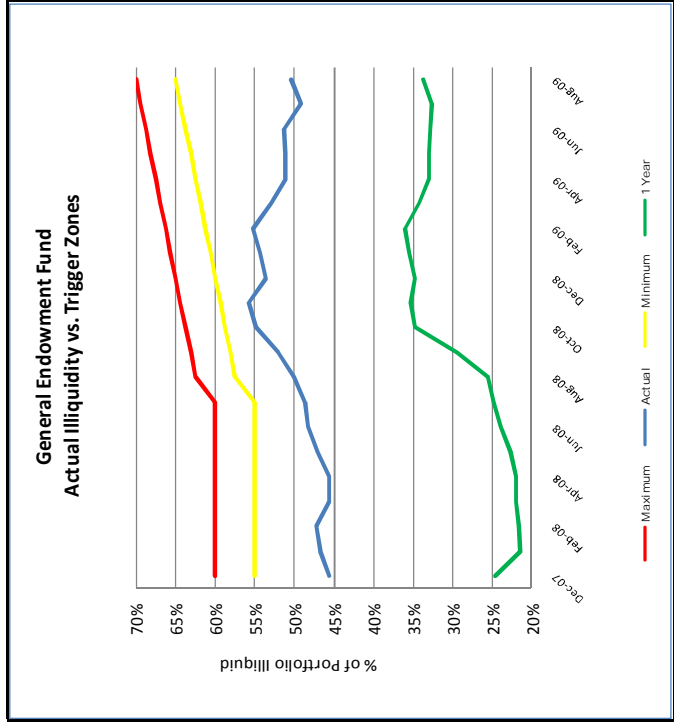
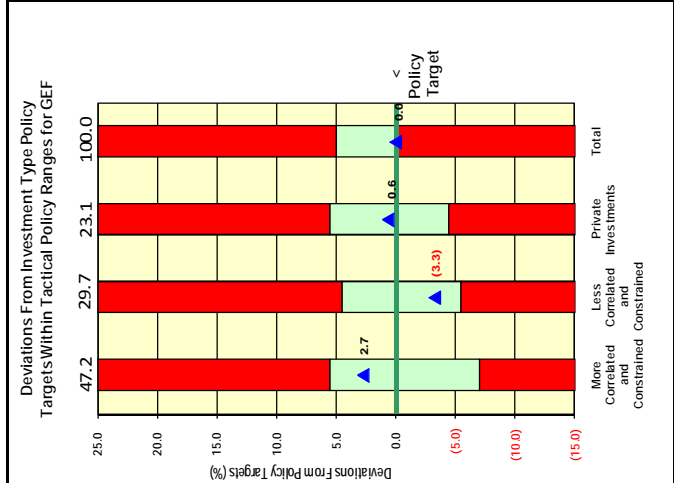
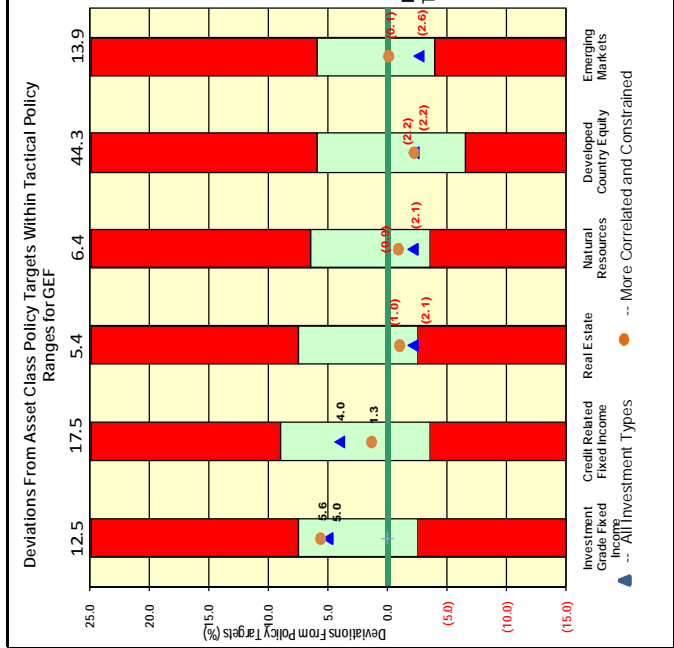


## II. GENERAL ENDOWMENT FUND Investment Reports for Periods Ended August 31, 2009

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, 2008	August 31, 2009	August 31, 2009
Beginning Net Assets	\$ 6,433	\$ 5,066	\$ 6,310
Contributions	358	24	185
Withdrawals	(20)	(5)	(11)
Distributions	(259)	(71)	(279)
Investment Return (Net of Expenses)	(202)	345	(846)
Ending Net Assets	\$ 6,310	\$ 5,359	\$ 5,359

	Fiscal Year to Date				
	Returns	Value Added			
Portfolio	Policy Benchmark	From Asset Allocation	From Security Selection	Total	
<b>More Correlated and Constrained:</b>					
Investment Grade	5.32%	8.52%	0.45%	-0.25%	0.20%
Credit-Related	4.69%	7.02%	-0.16%	0.04%	-0.12%
Real Estate	-19.68%	-23.06%	-0.26%	0.23%	-0.03%
Natural Resources	-33.40%	-29.47%	0.00%	-0.18%	-0.18%
Developed Country	-20.85%	-17.21%	0.32%	-0.78%	-0.46%
Emerging Markets	-18.32%	-9.95%	0.10%	-0.90%	-0.80%
<b>Total More Correlated and Constrained</b>	<b>-15.86%</b>	<b>-12.07%</b>	<b>0.45%</b>	<b>-1.84%</b>	<b>-1.39%</b>
<b>Less Correlated and Constrained</b>	<b>-7.92%</b>	<b>-13.42%</b>	<b>0.15%</b>	<b>1.56%</b>	<b>1.71%</b>
<b>Private Investments</b>	<b>-14.97%</b>	<b>-22.27%</b>	<b>0.09%</b>	<b>1.79%</b>	<b>1.88%</b>
<b>Total</b>	<b>-13.22%</b>	<b>-15.42%</b>	<b>0.69%</b>	<b>1.51%</b>	<b>2.20%</b>



### III. INTERMEDIATE TERM FUND

#### Investment Reports for Periods Ended August 31, 2009

Prepared in accordance with Texas Education Code Sec. 51.0032

Summary of Capital Flows			
(\$ millions)	Fiscal Year Ended August 31, 2008	Quarter Ended August 31, 2009	Fiscal Year Ended August 31, 2009
Beginning Net Assets	\$ 3,721	\$ 3,365	\$ 3,875
Contributions	1,639	13	251
Withdrawals	(1,335)	(20)	(178)
Distributions	(119)	(26)	(98)
Investment Return (Net of Expenses)	(31)	240	(278)
Ending Net Assets	\$ 3,875	\$ 3,572	\$ 3,572

	Fiscal Year to Date			
	Returns	Value Added		
	Portfolio	From Asset Allocation	From Security Selection	Total
<b>More Correlated and Constrained:</b>				
Investment Grade	7.00%	0.26%	-0.56%	-0.30%
Credit-Related	3.55%	-0.28%	-0.01%	-0.29%
Real Estate	-19.56%	-0.54%	0.43%	-0.11%
Natural Resources	-30.35%	0.05%	0.00%	0.05%
Developed Country	-16.02%	-0.16%	0.21%	0.05%
Emerging Markets	-18.78%	0.19%	-0.50%	-0.31%
<b>Total More Correlated and Constrained</b>	<b>-6.96%</b>	<b>-0.48%</b>	<b>-0.43%</b>	<b>-0.91%</b>
<b>Less Correlated and Constrained</b>	<b>-7.97%</b>	<b>-13.42%</b>	<b>1.37%</b>	<b>1.40%</b>
<b>Private Investments</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
<b>Total</b>	<b>-7.07%</b>	<b>-7.56%</b>	<b>0.94%</b>	<b>0.49%</b>

Returns		Value Added	
Portfolio	Policy Benchmark	From Asset Allocation	From Security Selection
7.00%	8.52%	0.26%	-0.56%
3.55%	7.02%	-0.28%	-0.01%
-19.56%	-23.06%	-0.54%	0.43%
-30.35%	-29.47%	0.05%	0.00%
-16.02%	-17.21%	-0.16%	0.21%
-18.78%	-9.95%	0.19%	-0.50%
<b>-6.96%</b>	<b>-5.89%</b>	<b>-0.48%</b>	<b>-0.43%</b>
<b>-7.97%</b>	<b>-13.42%</b>	<b>0.03%</b>	<b>1.37%</b>
<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
<b>-7.07%</b>	<b>-7.56%</b>	<b>-0.45%</b>	<b>0.94%</b>
<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
<b>-7.07%</b>	<b>-7.56%</b>	<b>-0.45%</b>	<b>0.94%</b>
<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
<b>-7.07%</b>	<b>-7.56%</b>	<b>-0.45%</b>	<b>0.94%</b>
<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
<b>-7.07%</b>	<b>-7.56%</b>	<b>-0.45%</b>	<b>0.94%</b>
<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
<b>-7.07%</b>	<b>-7.56%</b>	<b>-0.45%</b>	<b>0.94%</b>
<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
<b>-7.07%</b>	<b>-7.56%</b>	<b>-0.45%</b>	<b>0.94%</b>
<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
<b>-7.07%</b>	<b>-7.56%</b>	<b>-0.45%</b>	<b>0.94%</b>
<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
<b>-7.07%</b>	<b>-7.56%</b>	<b>-0.45%</b>	<b>0.94%</b>
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**IV. SEPARATELY INVESTED ASSETS**  
**Summary Investment Report at August 31, 2009**  
 Report prepared in accordance with Texas Education Code Sec. 51.0032

ASSET TYPES	FUND TYPE																									
	CURRENT PURPOSE DESIGNATED				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	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET		
<b>Cash &amp; Equivalents:</b>																										
Beginning value 05/31/09	11	1,763	1,763	24,914	24,914	1,241	1,241	2,296	2,296	2,296	2,296	30,225	30,225	1,497,582	1,497,582	1,497,582	1,497,582	1,497,582	1,497,582	1,497,582	1,497,582	1,527,807	1,527,807	320,291	320,291	
Increase/(Decrease)	(11)	8,932	8,932	21,913	21,913	(80)	(80)	(288)	(288)	(288)	(288)	30,466	30,466	289,825	289,825	289,825	289,825	289,825	289,825	289,825	289,825	320,291	320,291	320,291	320,291	
Ending value 08/31/09	-	10,695	10,695	46,827	46,827	1,161	1,161	2,008	2,008	2,008	2,008	60,691	60,691	1,787,407	1,787,407	1,787,407	1,787,407	1,787,407	1,787,407	1,787,407	1,848,098	1,848,098	1,848,098	1,848,098		
<b>Debt Securities:</b>																										
Beginning value 05/31/09	-	265	261	12,420	13,233	15,806	15,646	-	-	-	-	28,491	29,140	-	-	-	-	-	-	-	-	28,491	29,140	(4,298)	24,842	
Increase/(Decrease)	-	-	1	63	329	(4,979)	(4,628)	-	-	-	-	(4,916)	(4,298)	-	-	-	-	-	-	-	-	(4,916)	(4,298)	(4,298)	24,842	
Ending value 08/31/09	-	265	262	12,483	13,562	10,827	11,018	-	-	-	-	23,575	24,842	-	-	-	-	-	-	-	-	23,575	24,842	-	24,842	
<b>Equity Securities:</b>																										
Beginning value 05/31/09	17	2,972	1,499	26,468	21,656	18,879	14,373	-	-	-	-	46,863	40,483	-	-	-	-	-	-	-	-	46,863	40,483	(5,294)	(2,413)	
Increase/(Decrease)	-	(1,229)	(1,166)	884	3,047	(5,012)	(3,050)	-	-	-	-	(5,294)	(2,413)	-	-	-	-	-	-	-	-	(5,294)	(2,413)	(5,294)	(2,413)	
Ending value 08/31/09	17	1,743	333	27,352	24,703	13,867	11,323	-	-	-	-	41,569	38,070	-	-	-	-	-	-	-	-	41,569	38,070	41,569	38,070	
<b>Other:</b>																										
Beginning value 05/31/09	-	178	178	1,655	1,655	337	134	2,010	2,010	2,010	2,010	4,180	3,977	-	-	-	-	-	-	-	-	4,180	3,977	4,180	3,977	
Increase/(Decrease)	-	3,035	3,035	(1,650)	(1,650)	16	-	(884)	(884)	(884)	(884)	517	501	-	-	-	-	-	-	-	-	517	501	517	501	
Ending value 08/31/09	-	3,213	3,213	5	5	353	134	1,126	1,126	1,126	1,126	4,697	4,478	-	-	-	-	-	-	-	-	4,697	4,478	4,697	4,478	
<b>Total Assets:</b>																										
Beginning value 05/31/09	28	2,983	3,705	65,457	61,458	36,263	31,394	4,306	4,306	4,306	4,306	109,759	103,825	1,497,582	1,497,582	1,497,582	1,497,582	1,497,582	1,497,582	1,497,582	1,497,582	1,607,341	1,601,407	310,598	314,081	
Increase/(Decrease)	(11)	(1,240)	10,801	21,210	23,639	(10,055)	(7,758)	(1,172)	(1,172)	(1,172)	(1,172)	20,773	24,256	289,825	289,825	289,825	289,825	289,825	289,825	289,825	289,825	310,598	310,598	310,598	314,081	
Ending value 08/31/09	17	1,743	14,506	86,667	85,097	26,208	23,636	3,134	3,134	3,134	3,134	130,532	128,081	1,787,407	1,787,407	1,787,407	1,787,407	1,787,407	1,787,407	1,787,407	1,917,939	1,917,939	1,917,939	1,915,488		

Details of individual assets by account furnished upon request.

4. **U. T. System: Overview of U. T. System debt programs**

REPORT

Mr. Philip Aldridge, Vice Chancellor for Finance and Business Development, will provide an update on the status of the U. T. System debt programs using a PowerPoint presentation on Pages 121 – 143a.

# Overview of U. T. System Debt Programs

Philip Aldridge, Vice Chancellor for Finance and  
Business Development  
November 2009



THE UNIVERSITY OF TEXAS SYSTEM  
*Nine Universities. Six Health Institutions. Unlimited Possibilities.*

Board of Regents'  
Meeting  
Finance & Planning  
Committee





# Table of Contents

- 1. Debt Programs**
  - Revenue Financing System (RFS), Tuition Revenue Bonds (TRB) and Permanent University Fund (PUF)
  - Approvals
  - Debt outstanding
  - CIP
- 2. Debt Capacity**
  - Revenue Financing System
  - Institutional Debt Capacity
  - Permanent University Fund
  - Value of the Aaa rating
- 3. Debt Management**
  - Team
  - Strategies



# Summary of U. T. System Debt Programs

- The U. T. System is authorized to issue debt under two primary programs:
  - The Revenue Financing System (RFS)
  - The Permanent University Fund (PUF)
- All debt is issued centrally by the Office of Finance on behalf of U. T. System institutions and System Administration
- All debt issued in name of U. T. System Board of Regents, which approves:
  - All projects greater than \$4 million and/or any debt-financed project
  - Final Design and Development, including funding sources
  - The issuance of debt
- The Texas Higher Education Coordinating Board approves capital projects and funding sources. The Texas Bond Review Board and Texas Attorney General's office reviews and approves bond issuances



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# Revenue Financing System

- The RFS is a cost-effective debt program secured by a Systemwide pledge of all legally available revenues for debt issued on behalf of all 15 institutions and System Administration
- RFS debt is currently rated Aaa, AAA, and AAA by Moody's, Standard & Poor's, and Fitch, respectively
- As of November 1, 2009, there was \$4.76 billion of RFS debt outstanding, including \$976 million of Tuition Revenue Bonds



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# Tuition Revenue Bonds

- TRBs are specifically authorized by the Legislature in Chapter 55 of the *Texas Education Code*
- TRBs are issued under the RFS program and are secured by the same pledge of legally available revenues of the U. T. System
- While not a legal obligation, the State of Texas has been reimbursing higher education institutions for TRB debt service since 1971
- Despite the name, TRB debt service is not directly related to tuition, and an institution need not have tuition revenue to receive TRBs



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# Permanent University Fund Financing Program

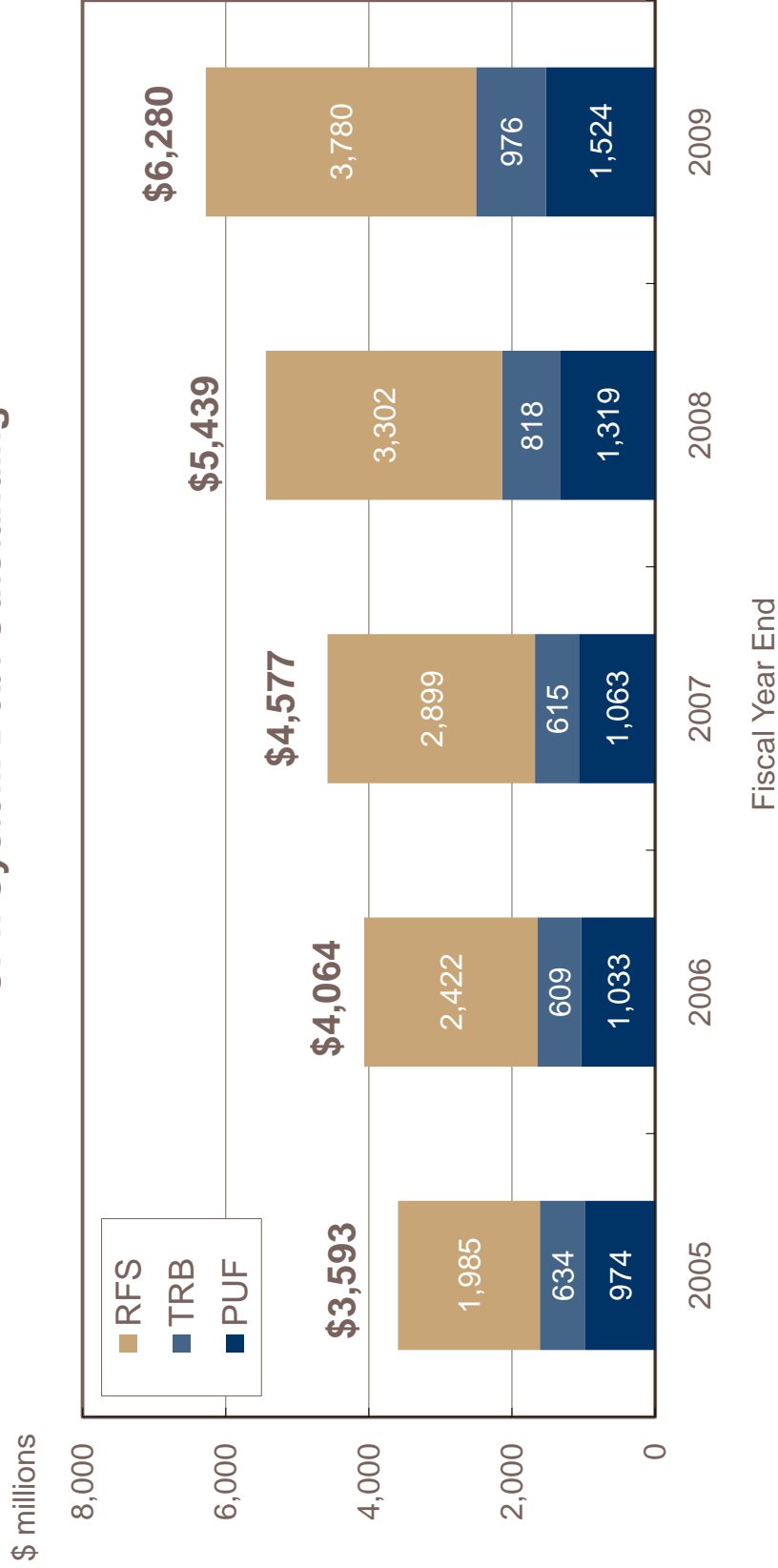
- The PUF debt program is used to fund projects at 13 of the 15 U. T. System institutions and System Administration. PUF debt is secured by distributions from the PUF to the Available University Fund (AUF)
- Per the Texas Constitution, PUF debt cannot be used for student housing, intercollegiate athletics, or auxiliary enterprises
- PUF debt is rated Aaa, AAA, and AAA by Moody's, Standard & Poor's, and Fitch, respectively
- As of November 1, 2009, \$1.52 billion of PUF debt was outstanding



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# U. T. System Debt Outstanding has Grown 75% in Four Years

## U. T. System Debt Outstanding

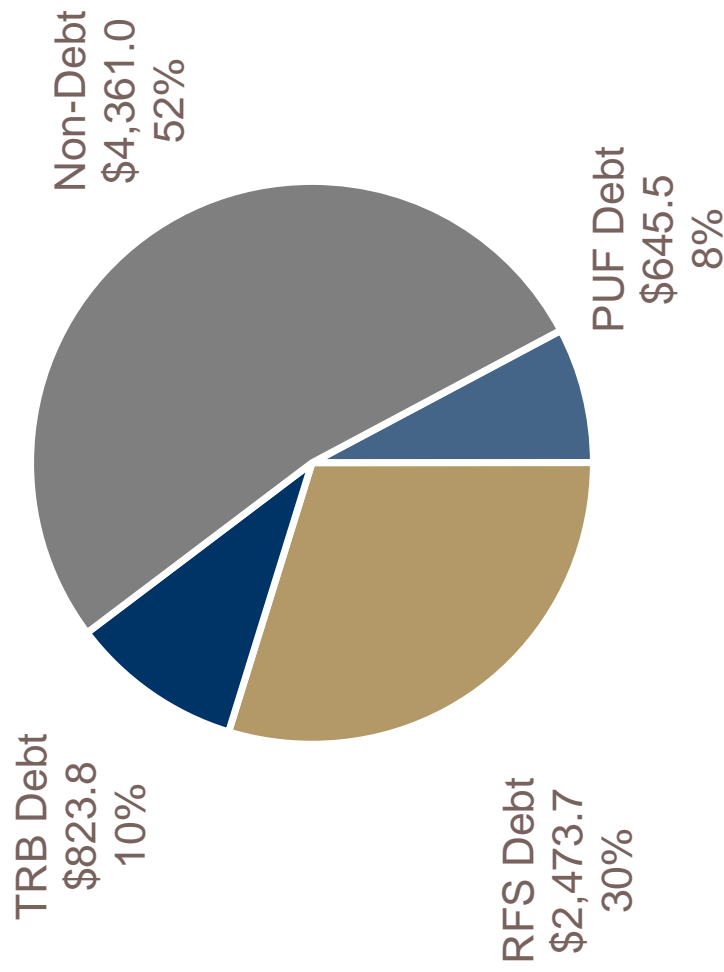




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# Capital Improvement Program by Funding Source

\$8.3 billion CIP as of August 2009

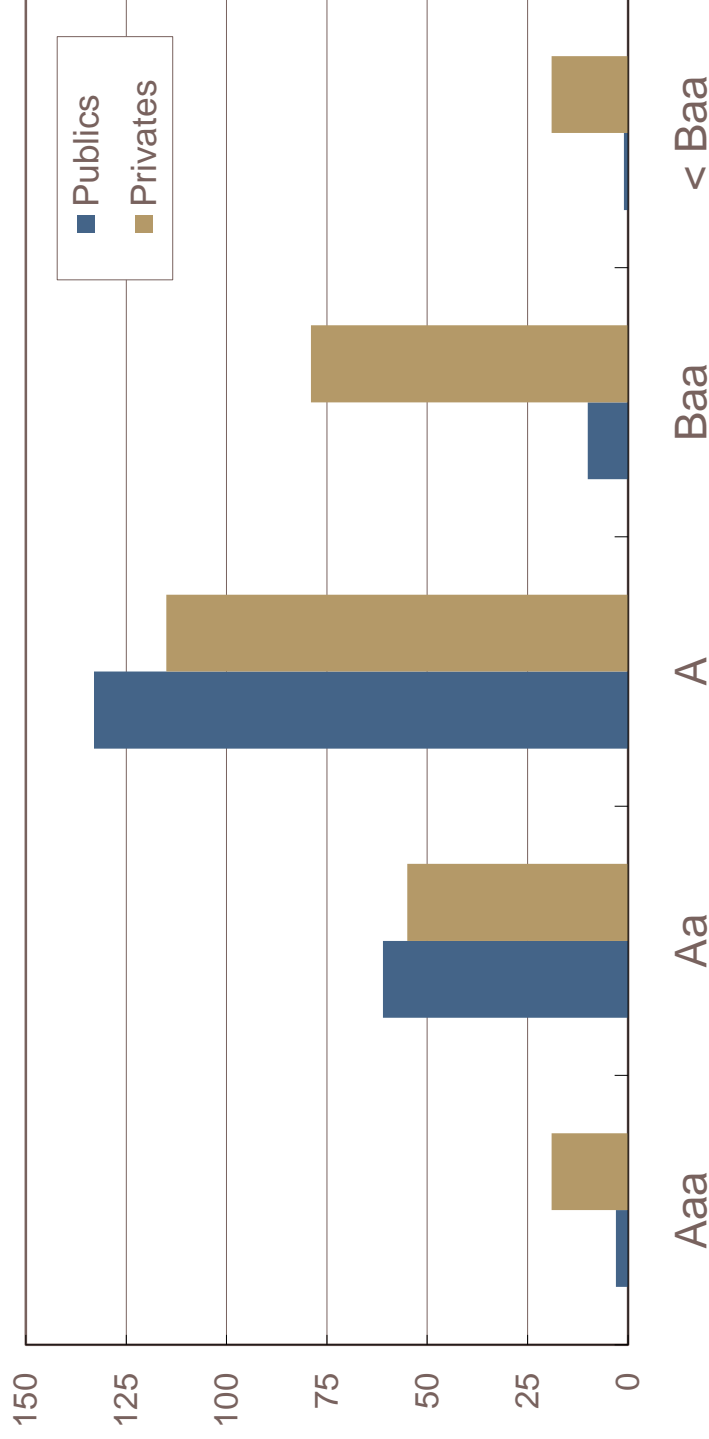




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# Distribution of Moody's Higher Education Ratings

- Only three public higher education issuers are rated Aaa by Moody's: U. T. System, University of Michigan, and University of Virginia



SOURCE: Moody's FY08 Public College & University Medians (pub. July 2009) and Moody's.com





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# U. T. System Credit Strengths

- The U. T. System's credit profile is supported by a number of key factors:
  - Strong Balance Sheet with more than \$37 billion of assets
  - \$24 billion of net assets (i.e., book equity)
  - Substantial liquidity to support variable rate debt programs
  - Diversified revenue sources
  - Growing enrollment and research funding
  - Strong private sector support
  - Strong management team (per rating agencies)
  - Industry leading disclosure practices



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# Rating Agency Commentary

## “SOPHISTICATED DEBT ADMINISTRATION SUPPORTS PUF DEBT PROGRAM”

“Moody’s believes that The University of Texas System’s sophisticated debt management strategies enhance bondholder security...a dedicated debt and treasury staff oversees the System’s debt program for both the PUF debt and for the System’s Revenue Financing System debt. This staff actively monitors the University’s debt portfolio and strategy, including the constitutional and financial limitations of the PUF and AUF as well as the use of derivative instruments.”



Moody's Investors Service

**NEW ISSUE: MOODY'S ASSIGNS Aaa RATING TO THE UNIVERSITY OF TEXAS SYSTEM'S \$250 MILLION OF PERMANENT UNIVERSITY FUND TAXABLE BONDS, SERIES 2009A; OUTLOOK REMAINS STABLE**

Global Credit Research - 03 Sep 2009

### SYSTEM WILL HAVE \$2.0 BILLION OF PUF DEBT OUTSTANDING, INCLUDING COMMERCIAL PAPER PROGRAM AT FULL SIZE

Board of Regents of The Univ. of Texas Sys.  
 Higher Education  
 TX

Moody's Rating	RATING
<b>ISSUE</b>	Permanent University Fund Taxable Bonds, Series 2009A Aaa
<b>Sale Amount</b>	\$250,000,000
<b>Expected Sale Date</b>	09/09/09
<b>Rating Description</b>	Public University Revenue

#### Opinion

NEW YORK, Sep 3, 2009 -- Moody's Investors Service has assigned a Aaa rating to The University of Texas System's \$250.0 million of Permanent University Fund (PUF) taxable Bonds, Series 2009A. The bonds will be issued in the fixed rate mode. The bonds are expected to be issued as "Build America Bonds" for purposes of the American Recovery and Reinvestment Act of 2009 and the System expects to receive a cash subsidy from the United States Treasury equal to 35% of the interest payable on the bonds on each interest payment date. Subsidy payments are not pledged to bondholders, but are a lawfully available source to pay debt service. At this time, we have affirmed the ratings on the System's outstanding PUF debt, as outlined at the end of this report. The outlook on the PUF long-term debt rating is stable.

**USE OF PROCEEDS:** Bond proceeds will be used to refund all \$250 million of outstanding PUF Taxable Commercial Paper Notes and to pay costs of issuance.

**LEGAL SECURITY:** Lien on the System's interest in the Available University Fund (AUF), which consists primarily of distributions from the Permanent University Fund. The lien securing the PUF bonds is superior to the lien that secures the System's PUF commercial paper (CP) and flexible rate notes, which are authorized at a combined amount of \$900 million. The Texas Constitution requires the Board of Regents to distribute from the PUF to the AUF amounts sufficient to pay debt service on all PUF debt, which ultimately provides coverage of the obligations under both liens from the full PUF corpus. The Permanent University Fund is a constitutionally established endowment fund for the benefit of both The University of Texas System (Aaa revenue bond rating) and The Texas A&M University System (Aa1 revenue bond rating). The University of Texas System receives two-thirds of the distributions derived from the fund, which flows into the AUF and is then available to pay debt service. The Texas A&M University System receives one-third of the distributions, which it pledges to its own issuance of Permanent University Fund debt. After payment of debt service on bonds secured by each System's interest in the Fund, the remaining income is available to fund academic excellence programs at certain institutions and System administrative costs. The System is able to use any lawfully available source to pay debt service.

**DEBT-RELATED DERIVATIVE INSTRUMENTS:** The System actively uses derivative instruments to hedge interest rate risk on its variable rate demand bonds. Three interest rate swap agreements with a combined notional amount of \$685.0 million are now in place to hedge the interest rates on certain of the System's PUF bond series. For all swaps, the System and each counterparty may terminate the swap if the rating of the other party falls below investment grade and all the System's counterparties must post collateral under certain circumstances. The System is not required to post collateral at any time and has the right of optional termination. Two floating-to-fixed swaps totalling \$400.9 million hedge the PUF Series 2008A bonds and are split evenly between Morgan Stanley Capital Services (rated A2/P-1) and Royal Bank of Canada



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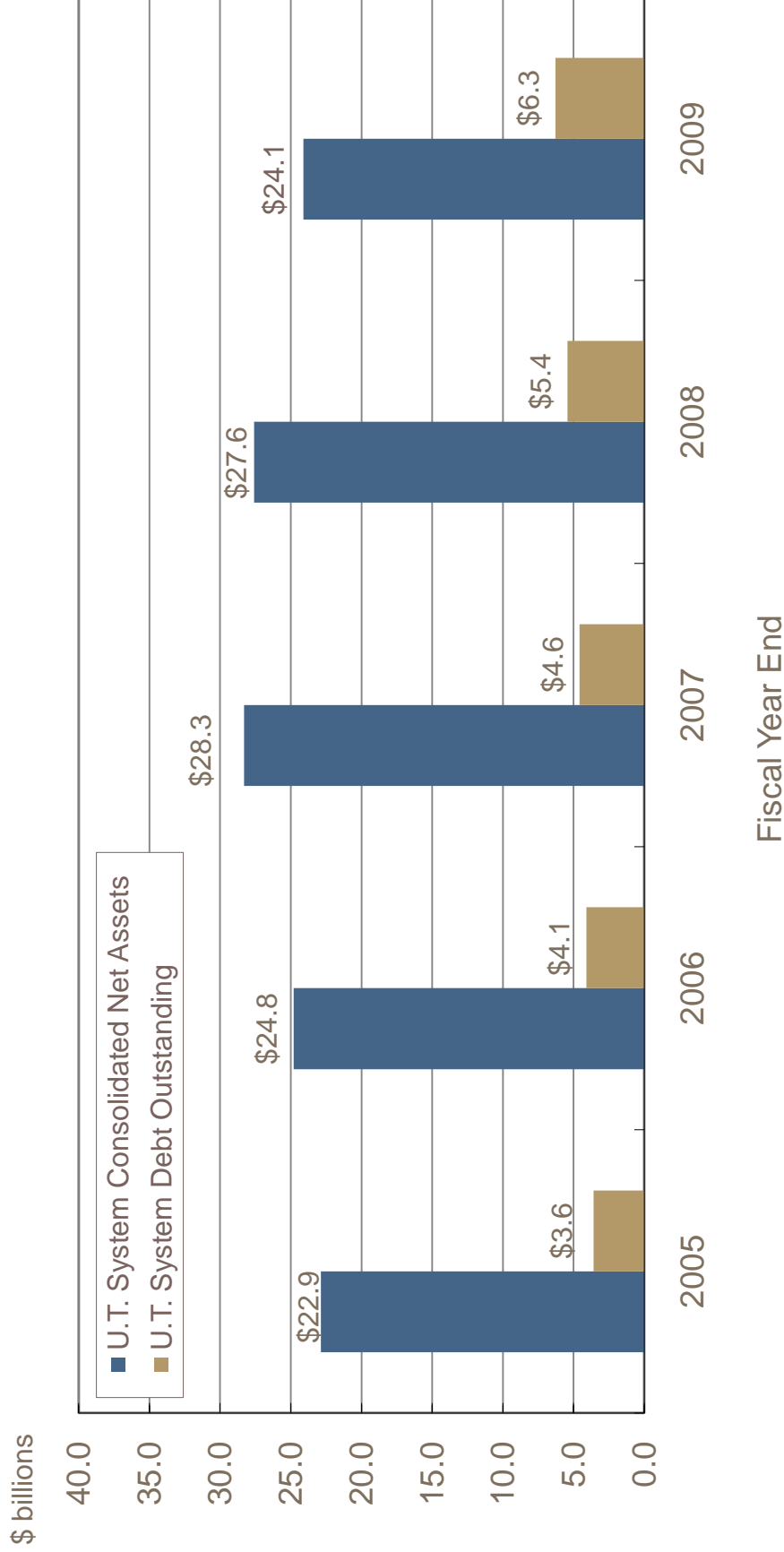
# Industry Leading Disclosure Practices

- The U. T. System is recognized as a leader in bond disclosure
  - In-depth official statements and annual disclosure documents
  - Highly transparent investment operation
  - Detailed liquidity information published quarterly
  - Monthly financial statements available
  - Vast amounts of additional information available online (Board minutes, State reports, UTIMCO information, etc.)



# Net Assets Far Exceed Debt

## Growth in Net Assets vs. Debt Outstanding





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# U. T. System Credit Challenges

- For many years, the U. T. System's credit profile was supported by variables that were not sustainable, such as:
  - Strong investment gains
  - Low interest rates
  - High oil and gas prices
- The rating agencies have cited more specific challenges for the System:
  - Large scale capital program and associated borrowing needs
  - Increasing concentration of assets in health care businesses
  - Relatively complex operations requiring skillful management
  - Ongoing need for sophisticated investment management and oversight, given a complex investment portfolio



# Value of the Aaa Rating

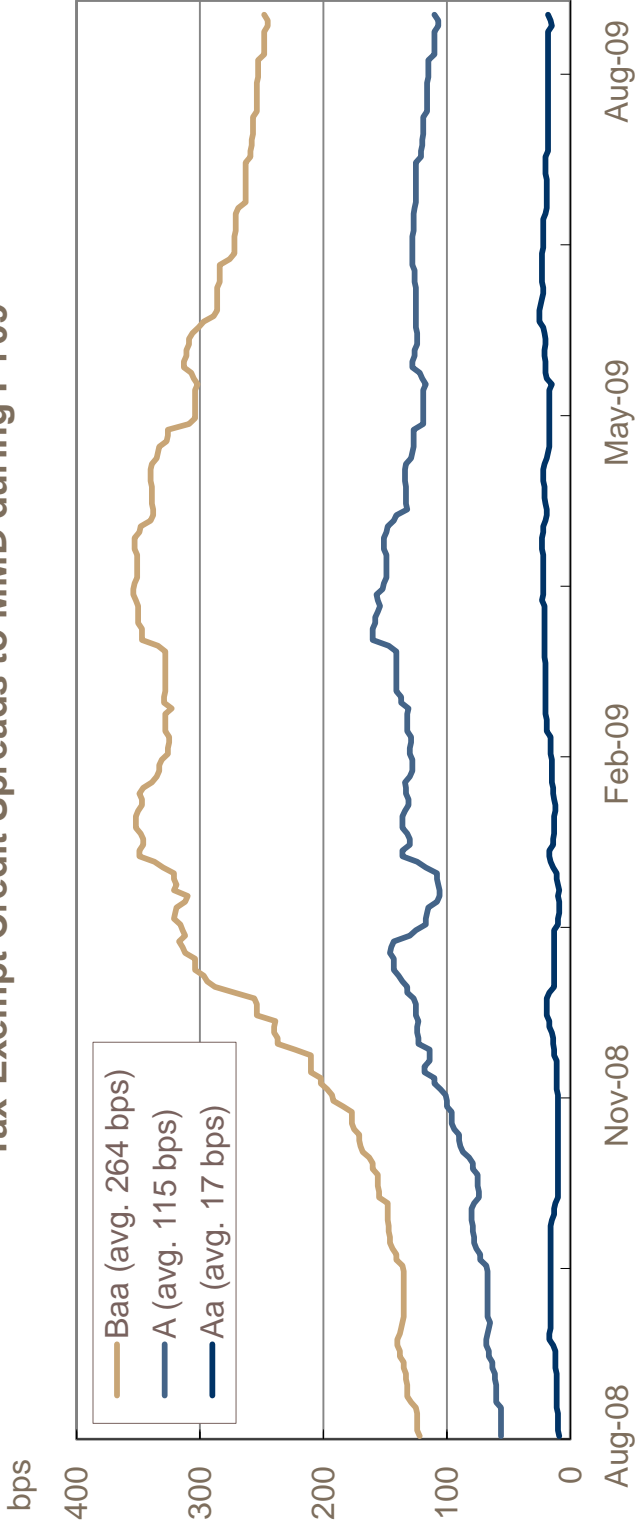
- Lower cost of debt
  - Benefit of Aaa relative to Aa has historically averaged 0.10%
  - U. T. System could save \$3 million per year (\$90 million over 30 years) by pricing \$3.9 billion of current CIP debt at Aaa levels vs. Aa levels
- Lower volatility during market turmoil
  - Inherent value in “natural” Aaa vs. enhanced Aaa
  - Flight to quality seen during FY09 amid dismantling of bond insurance
- Value of self-liquidity
  - Bank liquidity is expensive – recent indications in 75-85 bps range
  - UTIMCO provides liquidity to support floating rate debt at no cost
- Better terms on contracts
  - One-way swap collateral – U. T. System does not post
  - Substantially similar documents among counterparties



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# Low Cost of Debt Attributable to Aaa Credit Rating

Tax-Exempt Credit Spreads to MMD during FY09



- MMD: Municipal Market Data, benchmark “AAA” municipal bond curve
- Higher rating → tighter spread → lower volatility amid market turmoil



# RFS Debt Capacity

- The Master Resolution establishing the Revenue Financing System requires that before any RFS debt is issued, the Board make a determination (aka “Finding of Fact”) that:
  - The Board will have sufficient “Pledged Revenues” to meet all financial obligations relating to the Revenue Financing System, and;
  - The Members (i.e., institutions) on whose behalf the debt is issued possess the financial capacity to satisfy their direct obligations





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# RFS Institutional Debt Capacity

- Debt capacity is largely determined by an institution's ability to meet at least two of the following three standards:
  - Debt Service Coverage ratio of at least 1.8 times
  - Debt Service-to-Operations (Debt Burden) ratio less than 5.0%
  - Expendable Resources-to-Debt ratio of at least 0.8 times
- The minimum institutional standards approximate a low-investment grade credit rating consistent with Texas universities such as Midwestern State University, Stephen F. Austin State University, and Texas State Technical College System
- Based on forecasted ratios, U. T. Brownsville, U. T. El Paso, U. T. Permian Basin, U. T. San Antonio, and U. T. Tyler have little or no additional RFS debt capacity



# PUF Debt Capacity

- The amount of PUF debt that can be issued by the Board is limited by the Texas Constitution to 20% of the book value of the PUF
- As of October 1, 2009, the Board had \$11.3 million of unused and uncommitted PUF debt capacity

## PUF Debt Capacity Analysis as of: **October 1, 2009**

PUF Book Value:	\$	9,482,254,443
20% of PUF Book Value:		1,896,450,889
PUF Debt Outstanding:		(1,524,235,000)
PUF Authorized-but-Unissued:		(360,918,581)
Remaining PUF Capacity:	\$	11,297,308

- The Board's AUF Spending Policy guidelines require that:
  - PUF debt service coverage ratio must not be less than 1.5 times
  - Forecasted end-of-year AUF balances must not be less than \$30 million



# U. T. System Debt Team

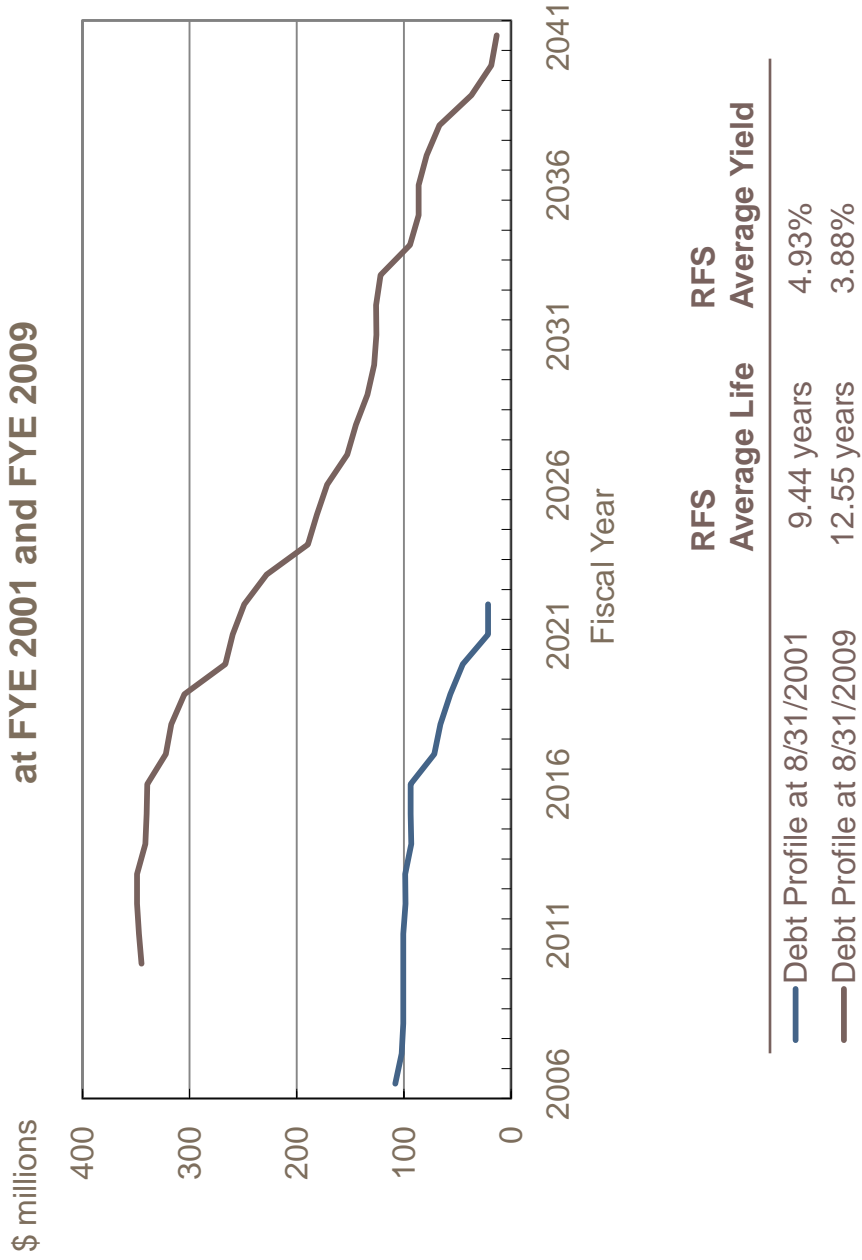
- The Office of Finance has three full-time dedicated debt staff
- The Office of Finance works with various outside professionals on each transaction:
  - External bond and tax counsel
  - Investment banks (bond underwriters)
  - Underwriters' counsel
  - Credit rating agencies
  - Paying agent, escrow agent, verification agent, etc.
- The Office of Finance does not utilize a financial advisor
- The Office of Finance does not utilize an arbitrage consultant



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# Extending the Average Life (RFS Debt)

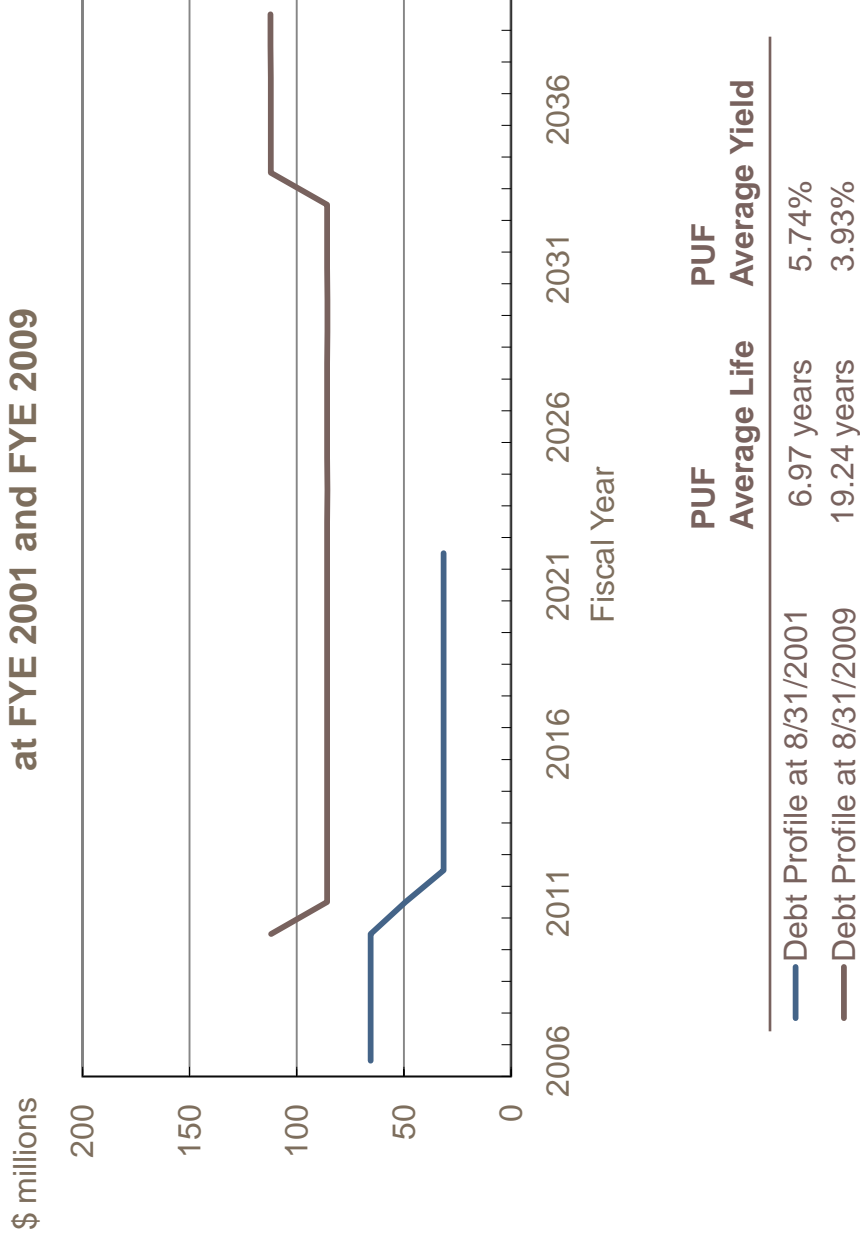
RFS/TRB Bond Debt Service Profile  
 at FYE 2001 and FYE 2009





# Extending the Average Life (PUF Debt)

PUF Bond Debt Service Profile  
 at FYE 2001 and FYE 2009





# U. T. System is a Low-cost Issuer in Texas

## Average Cost of Issuance per Bond (\$1,000)

	FY 2009 The University of Texas System <sup>1</sup> (\$/bond)	FY 2009 All Texas Bond Issuers <sup>2</sup> (\$/bond)	FY 2008 All Texas Cities <sup>3</sup> (\$/bond)	FY 2008 All Texas Counties <sup>3</sup> (\$/bond)	FY 2008 All Texas School Districts <sup>3</sup> (\$/bond)	FY 2008 All Texas Community/ Jr. Coll. <sup>3</sup> (\$/bond)
Underwriter's Spread	\$4.85	\$5.26	\$10.29	\$10.08	\$9.04	\$8.13
Other Issuance Costs:						
Bond Counsel	0.41	1.17				
Financial Advisor	0.00	1.24				
Rating Agencies	0.33	0.69				
Printing	0.01	0.07				
Other	0.16	0.94				
Subtotal	0.91	4.11	14.20	8.77	8.54	5.44
<b>Total Cost per Bond</b>	<b>\$5.76</b>	<b>\$9.37</b>	<b>\$24.49</b>	<b>\$18.85</b>	<b>\$17.58</b>	<b>\$13.57</b>
Average Issue Size	\$258 million	\$171 million	\$20 million	\$36 million	\$30 million	\$35 million

<sup>1</sup>Represents U.T. System TRB 2008A and RFS 2009D, both traditional fixed-rate bond issues.

<sup>2</sup>Source: Texas Bond Review Board FY 2009 Annual Report.

<sup>3</sup>Source: Texas Bond Review Board FY 2008 Local Government Report.



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# Strategic Themes for Debt Programs

- Continued strong demand for debt
  - Accommodate growth
  - Maintain credit quality
- Still relatively low interest rates
  - Capitalize on “Build America Bond” interest subsidy to further lower cost of debt
  - Continue to extend the average life of the debt portfolio
- Taking care of the fundamentals
  - Retain good people
  - Effectively manage large swap portfolio consistent with policy
  - Continue to drive down debt issuance costs


THE UNIVERSITY OF TEXAS SYSTEM ADMINISTRATION  
DOCKET NO. 140

October 26, 2009

TO MEMBERS OF THE FINANCE AND PLANNING COMMITTEE:

The Docket for The University of Texas System Administration and the Dockets recommended by the respective presidents and prepared by the institutions listed below are submitted for discussion and appropriate action regarding approval of the Docket at the meeting of the U. T. System Board of Regents on November 12, 2009. The Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Health Affairs, the Vice Chancellor and General Counsel, and I concur in these recommendations.

<u>Institutions</u>	<u>Pages</u>
The University of Texas System Administration	Docket 1 - 7
The University of Texas at Arlington	Docket 8
The University of Texas at Austin	Docket 9 - 14
The University of Texas at Brownsville	Docket 15
The University of Texas at Dallas	Docket 16 - 18
The University of Texas at El Paso	Docket 19
The University of Texas – Pan American	Docket 20 - 22
The University of Texas at San Antonio	Docket 23 - 26
The University of Texas at Tyler	Docket 27
The University of Texas Southwestern Medical Center at Dallas	Docket 28 - 29
The University of Texas Medical Branch at Galveston	Docket 30 - 35
The University of Texas Health Science Center at Houston	Docket 36 - 40
The University of Texas Health Science Center at San Antonio	Docket 41
The University of Texas M. D. Anderson Cancer Center	Docket 42 - 46
The University of Texas Health Science Center at Tyler	Docket 47 - 48

  
Francisco G. Cigarroa  
Chancellor

xc: Other Members of  
the Board



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## U. T. SYSTEM ADMINISTRATION

### CONTRACTS

The following contracts have been administratively approved by the Executive Vice Chancellor for Business Affairs and are recommended for approval by the U. T. System Board of Regents:

#### GENERAL CONTRACTS

##### FUNDS COMING IN

1. Agency: Lake Austin Family Dental, PLLC  
Funds: \$1,289,778  
Period: July 1, 2011 through June 30, 2031  
Description: Lease of a 2,000 square foot building on 0.154 acres at 2504 Lake Austin Boulevard, Austin, Texas. The lease is for an initial term of 10 years with two 5-year renewal options, subject to U. T. System's consent. Lake Austin Family Dental is currently subleasing the property from the current tenant, Heidi's German Bakery, Pastry Shop, Etc., Inc.; the sublease expires on June 30, 2011, and this new lease commences at that time. Lake Austin Family Dental has agreed to spend a minimum of \$275,000 on renovations and improvements to the property. In accordance with Rule 70301 of the Regents' *Rules and Regulations*, this property is managed by the U. T. System Real Estate Office. All revenue generated by the property benefits U. T. Austin.

##### FUNDS GOING OUT

2. Agency: Stericycle, Inc.  
Funds: Expected to exceed \$1,000,000 annual based on services provided  
Period: September 1, 2009 through August 31, 2010 with the possibility of four contract extensions  
Description: Stericycle, Inc. will provide medical and biological waste disposal services to U. T. System institutions on a non-exclusive basis.

**CONTRACTS (CONTINUED)**

**GENERAL CONTRACTS (CONTINUED)**

**FUNDS GOING OUT (CONTINUED)**

3. Agency: Bryan I.S.D.  
Funds: \$4,420,532  
Period: July 1, 2009 through June 30, 2012  
Description: Develop and implement goals for The University of Texas System Teacher Incentive Fund Program, a project funded through a federal Teacher Incentive Fund grant to improve student achievement in high need schools through a comprehensive strategy aimed at rewarding teachers and principals for effectiveness with performance-based differentiated compensation, recruiting and retaining high quality teachers and principals. Represents years three through five of a five-year contract. Years one and two were approved by the Board November 2008.
4. Agency: Lancaster I.S.D.  
Funds: \$3,168,856  
Period: July 1, 2008 through June 30, 2012  
Description: Develop and implement goals for The University of Texas System Teacher Incentive Fund Program, a project funded through a federal Teacher Incentive Fund grant to improve student achievement in high need schools through a comprehensive strategy aimed at rewarding teachers and principals for effectiveness with performance-based differentiated compensation, recruiting and retaining high quality teachers and principals. Represents years two through five of a five-year contract. The Institute for Public School Initiatives did not docket prior year contracts until funds spent approached the threshold requiring Board approval.

## CONTRACTS (CONTINUED)

### GENERAL CONTRACTS (CONTINUED)

#### FUNDS GOING OUT (CONTINUED)

5. Agency: Lytle I.S.D.  
Funds: \$2,125,017  
Period: July 1, 2008 through June 30, 2012  
Description: Develop and implement goals for The University of Texas System Teacher Incentive Fund Program, a project funded through a federal Teacher Incentive Fund grant to improve student achievement in high need schools through a comprehensive strategy aimed at rewarding teachers and principals for effectiveness with performance-based differentiated compensation, recruiting and retaining high quality teachers and principals. Represents years two through five of a five-year contract. The Institute for Public School Initiatives did not docket prior year contracts until funds spent approached the threshold requiring Board approval.
6. Agency: Manor I.S.D.  
Funds: \$1,667,807  
Period: July 1, 2008 through June 30, 2012  
Description: Develop and implement goals for The University of Texas System Teacher Incentive Fund Program, a project funded through a federal Teacher Incentive Fund grant to improve student achievement in high need schools through a comprehensive strategy aimed at rewarding teachers and principals for effectiveness with performance-based differentiated compensation, recruiting and retaining high quality teachers and principals. Represents years two through five of a five-year contract. The Institute for Public School Initiatives did not docket prior year contracts until funds spent approached the threshold requiring Board approval.

**CONTRACTS (CONTINUED)**

**GENERAL CONTRACTS (CONTINUED)**

**FUNDS GOING OUT (CONTINUED)**

7. Agency: Richardson I.S.D.  
Funds \$2,464,919  
Period: July 1, 2008 through June 30, 2012  
Description: Develop and implement goals for The University of Texas System Teacher Incentive Fund Program, a project funded through a federal Teacher Incentive Fund grant to improve student achievement in high need schools through a comprehensive strategy aimed at rewarding teachers and principals for effectiveness with performance-based differentiated compensation, recruiting and retaining high quality teachers and principals. Represents years two through five of a five-year contract. The Institute for Public School Initiatives did not docket prior year contracts until funds spent approached the threshold requiring Board approval.
8. Agency: Blackboard Inc.  
Funds \$1,342,827  
Period: September 1, 2009 through August 31, 2010 with the possibility of three contract extensions  
Description: Blackboard is the chosen UT TeleCampus provider for a course management system, which is used to deliver all online courses. Since contracted in 2002, annual contract extensions have been exercised. Total value of the contract is now approaching the \$1,000,000 threshold requiring Board approval.

**AMENDMENTS TO THE 2009-10 BUDGET**

**TRANSFERS OF FUNDS**

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

<u>Description</u>	<u>\$ Amount</u>	<u>RBC #</u>
LIBRARY, EQUIPMENT, REPAIR AND REHABILITATION (LERR)		
1. Amount of Transfer:	1,968,000	136

From: Unallocated LERR Funds

To: Unexpended Plant Funds

Transfer needed for waterproofing the Ashbel Smith Hall plaza and planters. The 25-year life expectancy for waterproofing has been exceeded and major leaks with potential structural issues must be addressed. Previously identified structural repairs and needed waterproofing for other U. T. System Complex parking garages will also be completed.

2. Amount of Transfer:	35,000	137
------------------------	--------	-----

From: Unallocated LERR Funds

To: Unexpended Plant Funds

Transfer needed for purchase and installation of security gates in the Colorado Building Garage No. 5 to secure the garage in the evenings.



**AMENDMENTS TO THE 2009-10 BUDGET (CONTINUED)**

**TRANSFERS OF FUNDS (CONTINUED)**

<u>Description</u>	<u>\$ Amount</u>	<u>RBC #</u>
AVAILABLE UNIVERSITY FUND		
3. Amount of Transfer:	50,000	138
From: Unallocated Available University Funds		
To: Unexpended Plant Funds		
Transfer needed to fund additional exterior repairs to the Claudia Taylor Johnson Building identified during recent exterior maintenance repairs.		
4. Amount of Transfer:	85,000	139
From: Unallocated Available University Funds		
To: Unexpended Plant Funds		
Transfer needed to fund upgrades to the navigation system hardware and software to include a Wide Area Augmentation System for the U. T. System King Air 350 as required by Federal Aviation Administration standards.		
DESIGNATED FUNDS		
5. Amount of Transfer:	2,220,000	140
From: Unemployment Compensation Income		
To: Unemployment Compensation Benefits		
Transfer needed to fund second quarter unemployment compensation reimbursement from existing income balances as a result of unanticipated unemployment compensation claims expenses resulting from a Reduction in Force at U. T. Medical Branch – Galveston following the devastation of Hurricane Ike. This caused expenditures to exceed the original budget amount of \$4,000,000 and created the need for a one-time budget transfer of \$2,200,000. The Unemployment Compensation Insurance self-insured fund will replenish these funds over the next three years as future actuarially determined rates factor in the claim experience from Fiscal Year 2009.		

## REAL ESTATE REPORT

### THE UNIVERSITY OF TEXAS SYSTEM SEPARATELY INVESTED ASSETS Managed by U. T. System

Summary Report at August 31, 2009

	FUND TYPE							
	Current Purpose Restricted		Endowment & Similar Funds		Annuity & Life Income Funds		TOTAL	
	Book	Market	Book	Market	Book	Market	Book	Market
<b>Land &amp; Buildings:</b>								
Ending Value 5/31/09	\$ 3,613,237	\$ 27,055,058	\$ 103,994,396	\$ 317,608,775	\$ 1,843,260	\$ 3,446,892	\$ 109,450,893	\$ 348,110,725
Increase or Decrease	170,001	2,246,906	(6,000)	(34,651,514)	-	537,8	164,001	(31,866,715)
Ending Value 08/31/09	\$ 3,783,238	\$ 29,301,964	\$ 103,988,396	\$ 282,957,261	\$ 1,843,260	\$ 3,984,785	\$ 109,614,894	\$ 316,244,010
<b>Other Real Estate:</b>								
Ending Value 05/31/09	\$ 73,833	\$ 73,833	\$ 156,841	\$ 156,841	\$ -	\$ -	\$ 230,674	\$ 230,674
Increase or Decrease	(1,387)	(1,387)	(3,013)	(3,013)	-	-	(4,400)	(4,400)
Ending Value 08/31/09	\$ 72,446	\$ 72,446	\$ 153,828	\$ 153,828	\$ -	\$ -	\$ 226,274	\$ 226,274

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

Details of individual assets by account furnished on request.

Note: Surface estates are managed by the U. T. System Real Estate Office. Mineral estates are managed by U. T. System University Lands – West Texas Operations. The royalty interests received from the Estate of John A. Jackson for the John A. and Katherine G. Jackson Endowed Fund in Geosciences are managed by the U. T. Austin Geology Foundation, with the assistance of the Bureau of Economic Geology.

**U. T. ARLINGTON**

**AMENDMENTS TO THE 2009-10 BUDGET**

**TRANSFER OF FUNDS**

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

<u>Description</u>	<u>\$ Amount</u>	<u>RBC #</u>
LIBRARY, EQUIPMENT, REPAIR AND REHABILITATION ALLOCATION (LERR) Obstetrics and Gynecology		
1. Amount of Transfer:	12,900	3334

From: Library, Equipment, Repair and Rehabilitation project for Nedderman and Fine Arts roof replacement

To: University Hall roof repair and replacement

Transfer surplus funds from a previously approved LERR project for Nedderman and Fine Arts roof replacement to a new project to address an emergency roof repair and replacement on University Hall.

**AMENDMENTS TO THE 2008-09 BUDGET**

**TENURE APPOINTMENTS**

**NEW APPOINTMENTS WITH TENURE, AWARD OF TENURE,  
AND EMERITUS APPOINTMENTS**

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
COLLEGE OF SCIENCE Earth and Environmental Science Dean of Science and Professor					
2. Pamela E. Jansma (T)	8/15-8/31	100	12	210,000	3155
	8/15-8/31	WOS	09	157,500	

## U. T. AUSTIN

### CONTRACTS

The following contracts have been administratively approved by the President or his delegate and the Executive Vice Chancellor for Academic Affairs and are recommended for approval by the U. T. System Board of Regents:

#### GENERAL CONTRACTS

##### FUNDS COMING IN

1. Agency: NIKE USA, Inc.  
Funds: Minimum of \$1,221,020  
Period: July 1, 2009 through June 30, 2014  
Description: NIKE USA, Inc. will be the official provider of athletic footwear, apparel, and uniforms for University Interscholastic League (UIL) staff and representatives and provide marketing support for championship events. NIKE will provide cash compensation (minimum of \$1,221,020) and NIKE products (minimum of \$50,000) to UIL championship events during the term of the agreement.
  
2. Agency: Texas Education Agency  
Funds: \$2,000,000  
Period: September 1, 2009 through August 31, 2011  
Description: Texas Education Agency will provide funding in consideration of University Interscholastic League's (UIL) designation as the lead agency in developing, implementing, and enforcing a random steroid testing program for UIL member high school athletes in Texas, as mandated in Senate Bill 8 of the 80<sup>th</sup> Texas Legislature, Regular Session. UIL of U. T. Austin will continue administering the random steroid testing program for UIL member high school athletes in Texas.

## CONTRACTS (CONTINUED)

### GENERAL CONTRACTS (CONTINUED)

#### FUNDS COMING IN (CONTINUED)

3. Agency: IMG Communications, Inc.  
Funds: U. T. Austin estimates that the amendment of the existing contract will result in \$119,000,000 of additional revenue  
Period: July 1, 2005 through June 30, 2022  
Description: Third amendment to existing contract between U. T. Austin and IMG Communications, Inc. (formerly known as Host Communications, Inc.) for IMG to provide 1) certain radio and television broadcasts related to its intercollegiate athletics program; 2) for the production, sale, and distribution of programs and certain printed materials; 3) for certain corporate sponsorships; and 4) for other ancillary and marketing activities. The third amendment extends the agreement an additional seven years and revises certain other terms and conditions that will result in increased revenue and benefits to U. T. Austin. For the rights and privileges granted, IMG will pay an annual rights fee of \$310,000. From the sales and marketing of the rights and licenses belonging to U. T. Austin, IMG shall remit an adjusted gross revenue royalty based on a percentage of the aggregate gross revenue collected by IMG pursuant to the aggregate gross revenue schedules detailed in the amendment.

#### FUND GOING OUT

4. Agency: National Center for Drug Free Sports, Inc.  
Funds: \$1,800,400  
Period: September 1, 2009 through August 31, 2011  
Description: Drug testing through statewide random steroid testing for Texas high school student athletes in Texas, as mandated in Senate Bill 8 of the 80<sup>th</sup> Texas Legislature, Regular Session.

**CONTRACTS (CONTINUED)**

**GENERAL CONTRACTS (CONTINUED)**

**FUNDS GOING OUT (CONTINUED)**

5. Agency: Cincinnati Bell Technology Solutions, Inc.  
Funds: \$11,000,000  
Period: Effective upon receipt of federal broadband stimulus grant funds  
Description: U. T. Austin has applied for American Recovery and Reinvestment Act grants from the federal Broadband USA stimulus grant program. The purpose of the grant is to improve the rural broadband network in Texas. This is a coordinated project involving Texas A&M University, dozens of municipalities, and rural electric cooperatives, as well as the Lower Colorado River Authority and USFon, a nonprofit telecommunications carrier. Under this purchase agreement with Cincinnati Bell Technology Solutions, Inc. (CBTS), U. T. Austin will purchase all of CBTS' telecommunication assets located in Texas, including a dark fiber indefeasible right to use the agreement for the exclusive use of 68 strands of fiber on a 302-mile Houston-Austin-San Antonio route, as well as six long-haul telecommunications conduits on the same route, and all conduits owned by CBTS in El Paso. This acquisition will serve the long-term broadband needs of U. T. Austin at an economical price as well as allowing U. T. Austin to participate in the stimulus program to bring broadband service to underserved rural communities in Texas. No acquisition will be made unless U. T. Austin is awarded the Broadband USA grant, and then only to the extent the grant funding allows.

**AMENDMENTS TO THE 2009-10 BUDGET**

**TENURE APPOINTMENTS**

**NEW APPOINTMENTS WITH TENURE, AWARD OF TENURE,  
AND EMERITUS APPOINTMENTS**

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

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
<b>COLLEGE OF EDUCATION</b>					
Curriculum and Instruction					
1. Elaine L. Danielson					3219
From: Associate Professor (T)		100	09	62,098	
To: Associate Professor Emeritus	9/1-5/31			0	
<p>Dr. Danielson was granted emeritus status effective September 1, 2006. Approval was effective June 1, 2006 but the title change was not submitted for docket approval at that time. The honorary title designation is being submitted now for formal approval with the request that the emeritus title be shown as effective on June 1, 2006, as intended.</p>					
<b>SCHOOL OF LAW</b>					
Thomas Shelton Maxey Professorship and Professor					
2. Ronen Avraham (T)	9/1-5/31	100	09	247,500	3214
	9/1-5/31	SUPLT	09	5,000	
Bernard J. Ward Centennial Professorship and Professor					
3. Abraham L. Wickelgren (T)	9/1-5/31	100	09	202,500	3215
	9/1-5/31	SUPLT	09	5,000	
Charles I. Francis Professorship in Law and Professor					
4. Robert M. Chesney (T)	9/1-5/31	100	09	172,500	3216
	9/1-5/31	SUPLT	09	5,000	

**AMENDMENTS TO THE 2009-10 BUDGET (CONTINUED)**

**TENURE APPOINTMENTS (CONTINUED)**

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
<b>SCHOOL OF LAW (Continued)</b>					
Harry M. Reasoner Regents Chair in Law and Professor					
5. David E. Adelman (T)	9/1-5/31	100	09	161,250	3217
	9/1-5/31	SUPLT	09	5,000	
<b>COLLEGE OF NATURAL SCIENCES</b>					
Biological Sciences/Molecular Genetics					
6. Paul J. Szaniszlo					3221
From: Professor (T)		100	09	106,872	
To: Professor Emeritus	9/1-5/31			0	
Biological Sciences/Neurobiology					
7. Jeanne M. Lagowski					3213
From: Professor (T)		100	09	123,264	
To: Professor Emeritus	9/1-5/31			0	
<b>LBJ SCHOOL OF PUBLIC AFFAIRS</b>					
Tom Slick Memorial Trust Professorship and Professor					
8. Ethan B. Kapstein (T)	9/1-5/31	66	09	145,785	3218
	9/1-5/31	34	09	145,785	



## AMENDMENTS TO THE 2008-09 BUDGET

### TRANSFERS OF FUNDS

<u>Description</u>	<u>\$ Amount</u>	<u>RBC #</u>
GENERAL REVENUE APPROPRIATION		
U. T. Austin - State General Revenue		
9. Amount of Transfer:	9,902,630	3178

From: HB 4586, Section 59 Hold Harmless

To: State General Revenue

To record supplemental appropriation funding as per HB 4586, Section 59 which U. T. Austin has budgeted for expenditure in Fiscal Years 2010 and 2011. This is a routine required action to transfer funds to general revenue to be spent appropriately.

#### SERVICE DEPARTMENTS

University Printing Services

10. Amount of Transfer:	650,000	3171
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From: Operating Income

To: Plant Operations

Transfer needed to purchase supplies to complete year end orders. The matching income will follow as the majority of University Printing Services business transactions occur in July and August of each fiscal year.

#### AUXILIARY SERVICES

Frank C. Erwin, Jr. Special Events Center

11. Amount of Transfer:	1,000,000	3167
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From: Frank C. Erwin, Jr. Special Events Center - Operating Income

To: Frank C. Erwin, Jr. Special Events Center - Other Expenses

Temporary budget transfer needed to provide spending authority for the Frank C. Erwin, Jr. Special Events Center expense account through the end of Fiscal Year 2009. Payments to the producers of the Jamie Foxx concert and the Ringling Bros. and Barnum and Bailey Circus will be offset by ticket proceeds from the Host Communications Advertising Signage contract and the Sodexo Food and Beverage annual settlement. These proceeds will be recorded before the end of the fiscal year, resulting in a positive ending balance.

**U. T. BROWNSVILLE**  
**AMENDMENTS TO THE 2009-10 BUDGET**

**TENURE APPOINTMENTS**

**NEW APPOINTMENTS WITH TENURE, AWARD OF TENURE,  
AND EMERITUS APPOINTMENTS**

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

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
<b>OFFICE OF THE PROVOST</b>					
Provost and Professor					
1. Alan F. J. Artibise (T)	10/22-8/31	100	12	230,000	3290
<b>COLLEGE OF SCIENCE,  MATHEMATICS AND TECHNOLOGY</b>					
Dean and Professor					
2. Mikhail M. Bouniev (T)	9/1-8/31	100	12	145,000	3270

## **U. T. DALLAS**

### **CONTRACTS**

The following contract has been administratively approved by the President or his delegate and the Executive Vice Chancellor for Academic Affairs and is recommended for approval by the U. T. System Board of Regents:

#### **GENERAL CONTRACTS**

##### **FUNDS GOING OUT**

1. Agency: Ciber, Inc.  
Funds: \$2,567,000  
Period: July 1, 2009 through June 30, 2011  
Description: Contractor will implement Oracle PeopleSoft HCM/Finance 9.0 at U. T. Dallas and provide other related, necessary, and appropriate services.

## AMENDMENTS TO THE 2009-10 BUDGET

### TENURE APPOINTMENTS

#### NEW APPOINTMENTS WITH TENURE, AWARD OF TENURE, AND EMERITUS APPOINTMENTS

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

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
BEHAVIORAL AND BRAIN SCIENCES AND ERIK JONSSON SCHOOL OF ENGINEERING AND COMPUTER SCIENCE Bioengineering Associate Professor					
1. Robert L. Rennaker (T)	9/1-5/31	100	09	98,000	3248
SCHOOL OF NATURAL SCIENCES AND MATHEMATICS Molecular and Cell Biology Professor					
2. Michael Q. Zhang (T)	9/1-5/31	100	09	202,500	3260
Mathematics Professor and Program Head					
3. Wieslaw Z. Krawcewicz (T)	9/1-5/31	100	09	135,000	3261

**AMENDMENTS TO THE 2008-09 BUDGET**

**TENURE APPOINTMENTS**

**NEW APPOINTMENTS WITH TENURE, AWARD OF TENURE,  
AND EMERITUS APPOINTMENTS**

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
ERIK JONSSON SCHOOL OF ENGINEERING AND COMPUTER SCIENCE Mechanical Engineering Professor and Program Head					
4. Mario O. Rotea (T)	8/1-8/31	100	09	175,000	3182
ECONOMIC, POLITICAL, AND POLICY SCIENCES Econometrics Professor					
5. Donggyu Su (T)	7/1-8/31	100	09	180,000	3183

U. T. EL PASO

AMENDMENTS TO THE 2009-10 BUDGET

TENURE APPOINTMENTS

NEW APPOINTMENTS WITH TENURE, AWARD OF TENURE,  
AND EMERITUS APPOINTMENTS

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

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
COLLEGE OF HEALTH SCIENCE Health Sciences Associate Professor					
1. Timothy N. Tansey (T)	9/1-5/31	100	09	72,500	3243

AMENDMENTS TO THE 2008-09 BUDGET

TENURE APPOINTMENTS

NEW APPOINTMENTS WITH TENURE, AWARD OF TENURE,  
AND EMERITUS APPOINTMENTS

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
COLLEGE OF SCIENCE Mathematical Science Professor					
2. Maria C. Mariani (T)	7/1-8/31	100	09	120,000	3242

**U. T. PAN AMERICAN**  
**AMENDMENTS TO THE 2009-10 BUDGET**

**TENURE APPOINTMENTS**

**NEW APPOINTMENTS WITH TENURE, AWARD OF TENURE,  
AND EMERITUS APPOINTMENTS**

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

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
<b>ARTS AND HUMANITIES</b>					
Professor					
1. Russel Skowronek (T)	9/1-5/31	100	09	90,000	3251
Art Department					
2. Nancy Moyer					3239
From: Professor (T)		100	09	72,745	
To: Professor Emeritus	9/1-5/31			0	
3. Frank Manuella					3237
From: Professor (T)		100	09	73,854	
To: Professor Emeritus	9/1-5/31			0	
4. Wilbert Raymond Martin					3238
From: Professor (T)		100	09	64,602	
To: Professor Emeritus	9/1-5/31			0	
5. Edward E. Nichols					3240
From: Professor (T)		100	09	76,470	
To: Professor Emeritus	9/1-5/31			0	

**AMENDMENTS TO THE 2009-10 BUDGET (CONTINUED)**

**TENURE APPOINTMENTS (CONTINUED)**

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
<b>COLLEGE OF HEALTH SCIENCES AND HUMAN SERVICES</b>					
Rehabilitation Department					
Professor and Chair					
6. Jerome M. Fischer (T)	9/1-5/31	100	09	85,000	3250
Nursing Department					
7. Barbara Tucker					3241
From: Professor (T)		100	09	72,107	
To: Professor Emeritus	9/1-5/31			0	
<b>COLLEGE OF SCIENCE AND ENGINEERING</b>					
Manufacturing Engineering					
Professor					
8. James Paul Ignizio (T)	9/1-5/31	100	09	155,000	3252
<b>COLLEGE OF SOCIAL AND BEHAVIOR SCIENCES</b>					
Psychology and Anthropology					
9. Mark Glazer					3236
From: Professor (T)		100	09	85,482	
To: Professor Emeritus	9/1-5/31			0	



**AMENDMENTS TO THE 2009-10 BUDGET (CONTINUED)**

**TRANSFERS OF FUNDS**

<u>Description</u>	<u>\$ Amount</u>	<u>RBC #</u>
BANNER PROJECT AND TECHNICAL SUPPORT		
10. Amount of Transfer:	1,237,306	3253
From: Designated Tuition		
To: Unexpended Plant Funds		
Transfer needed for the student information system implementation project.		

**AMENDMENTS TO THE 2008-09 BUDGET**

**TRANSFERS OF FUNDS**

<u>Description</u>	<u>\$ Amount</u>	<u>RBC #</u>
EDINBURG PROFESSIONAL PLAZA		
11. Amount of Transfer:	2,800,000	3307
From: Designated Tuition		
To: Unexpended Plant Funds Building Alterations and Maintenance		
Transfer needed to cover the estimated cost of acquiring, renovating, and furnishing the building on South Sugar Road, Edinburg Professional Plaza, in which U. T. Pan American will have a condominium interest.		

## U. T. SAN ANTONIO

### CONTRACTS

#### GENERAL CONTRACTS

The following contracts have been administratively approved by the President or his delegate and the Executive Vice Chancellor for Academic Affairs and are recommended for approval by the U. T. System Board of Regents:

#### FUNDS GOING OUT

1. Agency: 4350 LOCKHILL SELMA, LLC, a Texas limited liability company  
Funds: \$2,350,000 for the initial 66-month term; and market rate for the 5-year renewal option period  
Period: December 1, 2009 through June 1, 2015 and renewal option period – through May 31, 2020  
Description: Lease of 11,168 square feet of space in an office building located near the U. T. San Antonio main campus to house the Center of Infrastructure Assurance and Security (CIAS) for an initial 66-month term with a 5-year renewal option. CIAS is a grant-funded Center. Permitted uses include office and educational space.

#### FOREIGN CONTRACTS

2. Agency: The Confucius Institute Headquarters of China  
Funds: Established annually based on the budget needed to support and maintain the operations of the Institute  
Period: Effective upon signing of the Agreement for a period of five years, or until the Confucius Institute ceases to exist, whichever is sooner.  
Description: The Confucius Institute Headquarters of China agrees to establish a Confucius Institute at U. T. San Antonio in cooperation with the University of International Business and Economics, Beijing, China.

## AMENDMENTS TO THE 2009-10 BUDGET

### TRANSFERS OF FUNDS

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

<u>Description</u>	<u>\$ Amount</u>	<u>RBC #</u>
FACILITIES PROJECTS		
Sombrilla Project		
1. Amount of Transfer:	2,599,074	3220
From: Project Reserves		
To: Sombrilla Rehabilitation Project		

Transfer needed to fund the Sombrilla project. The Sombrilla project is the refurbishment of the signature plaza at the Main Campus by replacing all of the original pyramid skylights. This project will restore the Sombrilla to its iconic status that once served as the symbol of the University and as the hub of student activity.

## AMENDMENTS TO THE 2008-09 BUDGET

### TRANSFERS OF FUNDS

<u>Description</u>	<u>\$ Amount</u>	<u>RBC #</u>
AUXILIARY ADMINISTRATION		
Wayfinding		
2. Amount of Transfer:	750,000	3180
From: Auxiliary Administration		
To: Renovations		

Transfer needed for wayfinding implementation: (1) schematic design and construction drawings; (2) gateways; (3) vehicular signage, and (4) partial pedestrian signage.

**AMENDMENTS TO THE 2008-09 BUDGET (CONTINUED)**

**TRANSFERS OF FUNDS (CONTINUED)**

<u>Description</u>	<u>\$ Amount</u>	<u>RBC #</u>
<b>AUXILIARY ADMINISTRATION</b>		
University Center Renovation		
3. Amount of Transfer:	1,143,900	3193
From: Parking Services	1,000,000	
Food Services Retail Operations	143,900	
To: University Center Renovation, Repair and Rehabilitation		
<p>Project encompasses the design, demolition, renovation, and construction of Chili's Too at the University Center and costs include construction and hardware expenditures.</p>		
<b>FACILITIES PROJECTS</b>		
Sculpture and Ceramics Addition		
4. Amount of Transfer:	920,861	3188
From: Project Reserve		
To: Sculpture and Ceramics Building Addition		
<p>This transfer is needed to fund the estimated total project costs of design and construction of a new building for the Sculpture and Ceramics Departments. The new building will be approximately 12,000 square feet and include graduate studios, sculpture and ceramics work rooms, and offices.</p>		
<b>LIBRARY RENOVATIONS</b>		
Library		
5. Amount of Transfer	2,409,900	3212
From: Library Resource Fee		
To: Library Renovations		
<p>Renovation of the 4<sup>th</sup> floor, John Peace Library Building.</p>		

## NEW AWARD OF TENURE

The following personnel actions involving new award of tenure have been administratively approved by the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the 2010 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>College of Education and Human Development</b>		
Educational Leadership and Policy Studies		
Amaury Nora	New Hire	Professor (T)
<b>College of Liberal and Fine Arts</b>		
Anthropology		
Jerry K. Jacka	New Hire	Associate Professor (T)
Joanna E. Lambert	New Hire	Professor (T)
Psychology		
Rebecca J. Weston	New Hire	Associate Professor (T)
Sociology		
Xiaohe Xu	New Hire	Professor (T)
College of Science		
Chemistry		
Banglin Chen	New Hire	Associate Professor (T)

U. T. TYLER

AMENDMENTS TO THE 2009-10 BUDGET

TENURE APPOINTMENTS

NEW APPOINTMENTS WITH TENURE, AWARD OF TENURE,  
AND EMERITUS APPOINTMENTS

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

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
COLLEGE OF ARTS AND SCIENCES					
History					
1. Vincent Falzone					3245
From: Professor (T)		100	09	80,649	
To: Professor Emeritus	9/1-5/31			0	
COLLEGE OF ARTS AND SCIENCES					
Mathematics					
2. A. Richard Mitchell					3246
From: Professor (T)		100	09	76,100	
To: Professor Emeritus	9/1-5/31			0	
COLLEGE OF ARTS AND SCIENCES					
Communication					
3. Roger Conaway					3247
From: Professor (T)		100	09	70,499	
To: Professor Emeritus	9/1-5/31			0	

## U. T. SOUTHWESTERN MEDICAL CENTER – DALLAS

### CONTRACTS

The following contracts have been administratively approved by the President or his delegate and the Executive Vice Chancellor for Health Affairs and are recommended for approval by the U. T. System Board of Regents:

#### GENERAL CONTRACTS

##### FUNDS COMING IN

1. Agency: Dallas County Hospital District  
Funds: \$1,092,913  
Period: July 1, 2009 through June 30, 2010  
Description: To provide reimbursement for cost of patient care services provided by U. T. Southwestern Medical Center – Dallas residents and fellows.
  
2. Agency: Dallas County Indigent Care Corporation  
Funds: \$151,696,778  
Period: October 1, 2009 through September 30, 2010  
Description: To provide physicians and other health care professionals to Parkland Health and Hospital System.

##### FUNDS GOING OUT

3. Agency: Waste Management  
Funds: \$1,832,168  
Period: November 1, 2009 through August 31, 2014  
Description: To provide campus-wide waste management services.
  
4. Agency: Dallas County Hospital District  
d/b/a Parkland Health and Hospital System  
Funds: \$1,274,787  
Period: October 1, 2009 through September 30, 2010  
Description: To provide clinical, administrative, and medical director services to Dallas County Hospital District/Parkland Health and Hospital System. This agreement will also provide billing, oversight, and supervision for midlevels in the Parkland Midwifery Program.

**AMENDMENTS TO THE 2008-09 BUDGET**

**TENURE APPOINTMENTS**

**NEW APPOINTMENTS WITH TENURE, AWARD OF TENURE,  
AND EMERITUS APPOINTMENTS**

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

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
SCHOOL OF MEDICINE					
Surgery					
1. Robert Clyde Eberhart					3198
From: Surgery Adjunct Professor (T)		50	12	106,000	
To: Surgery Professor Emeritus	9/1-8/31			0	



## U. T. MEDICAL BRANCH – GALVESTON

### CONTRACTS

The following contracts have been administratively approved by the President or his delegate and the Executive Vice Chancellor for Health Affairs and are recommended for approval by the U. T. System Board of Regents:

#### GENERAL CONTRACTS

##### FUNDS COMING IN

1. Agency: Brazoria County, Texas  
Funds: \$4,623,974  
Period: October 1, 2009 through September 30, 2011  
Description: Fifth amendment for U. T. Medical Branch – Galveston to continue providing primary care services and hospital services at the Brazoria County Jail.
2. Agency: ValueOptions of Texas, Inc.  
Funds: \$1,803,900  
Period: September 1, 2009 through August 31, 2010  
Description: Seventh amendment for U. T. Medical Branch – Galveston to continue providing administration of uniform assessment, primary care medical screening services, care coordination of clinical sub-specialty services, and clinical pharmacy services to indigent members of the NorthSTAR program.
3. Agency: Texas Department of Criminal Justice  
Funds: \$1,100,000  
Period: September 1, 2009 through August 31, 2011  
Description: U. T. Medical Branch – Galveston to provide meals to assigned offenders and staff while at the Galveston Hospital.
4. Agency: Correctional Managed Health Care Committee  
Funds: \$734,077,688  
Period: September 1, 2009 through August 31, 2011  
Description: U. T. Medical Branch – Galveston to provide health care to offenders on behalf of the Texas Department of Criminal Justice.

**CONTRACTS (CONTINUED)**

**GENERAL CONTRACTS (CONTINUED)**

**FUNDS COMING IN (CONTINUED)**

5. Agency: Department of Assistive and Rehabilitative Services  
Division for Early Childhood Intervention (ECI)  
Services  
Funds: \$1,434,333  
Period: September 1, 2009 through August 31, 2010  
Description: Amendment to extend the agreement for an additional  
year to provide a program of early childhood  
intervention services for children with developmental  
delay and respite services for families of children  
enrolled in ECI comprehensive services.

**FUNDS GOING OUT**

6. Agency: MFR, P.C.  
Funds: \$8,000,000  
Period: December 1, 2009 through November 10, 2014  
Description: Contractor will assist U. T. Medical Branch –  
Galveston with Federal Emergency Management  
Agency related accounting and project management  
activities for Hurricane Ike reimbursements.

**AMENDMENTS TO THE 2009-10 BUDGET**

**TENURE APPOINTMENTS**

**NEW APPOINTMENTS WITH TENURE, AWARD OF TENURE,  
AND EMERITUS APPOINTMENTS**

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

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
<b>ACADEMIC ENTERPRISE</b>					
Biochemistry and Molecular Biology					
1. David Wayne Bolen					3192
From: Professor (T)		100	12	147,972	
To: Professor Emeritus	9/1-8/31			0	
Biochemistry and Molecular Biology					
2. Lee-Nien Lillian Chan					3191
From: Professor (T)		100	12	140,800	
To: Professor Emeritus	9/1-8/31			0	
Biochemistry and Molecular Biology					
Internal Medicine - Administration					
3. Edward I. Bradbridge Thompson					3194
From: Professor (T)		50	12	92,259	
To: Professor Emeritus	9/1-8/31			0	
Internal Medicine – Infectious Disease					
Professor					
4. Philip Keiser (T)	9/1-8/31	100	12	194,000	3184

**AMENDMENTS TO THE 2009-10 BUDGET (CONTINUED)**

**APPOINTMENTS AND PROMOTIONS (CONTINUED)**

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
<b>ACADEMIC ENTERPRISE (Continued)</b>					
Microbiology and Immunology					
5. Teh-sheng Chan (T)					3209
From: Professor (T)		100	12	114,330	
To: Professor Emeritus	9/1-8/31			0	
Neurology					
Neuroscience & Cell Biology					
Professor					
6. George R. Jackson (T)	9/1-8/31	100	12	190,000	3185
Pathology					
7. Landon C. Stout, Jr.					3195
From: Professor		100	12	111,872	
To: Professor Emeritus	9/1-8/31			0	
<b>ACADEMIC ENTERPRISE AND INSTITUTIONAL SUPPORT</b>					
Surgery - Urology					
IS Leadership					
8. Michael M. Warren					3200
From: Clinical Professor (T) EMR Project Liaison		50	12	182,500	
To: Ashbel Smith Professor Emeritus	8/15-8/31			0	

## NEW AWARD OF TENURE

The following personnel actions involving new award of tenure have been administratively approved by the Executive Vice Chancellor for Health Affairs. The personnel actions have been included in the 2010 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations*, Rule 31007.

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>School of Medicine</b>		
Anesthesiology Rakesh Vadhera	Professor	Professor (T)
Internal Medicine Yong-Fang Kuo	Associate Professor	Associate Professor (T)
Ronald G. Tilton	Professor	Professor (T)
Bernard Karnath	Associate Professor	Associate Professor (T)
Microbiology and Immunology Alfredo Torres	Assistant Professor	Associate Professor (T)
Neurology Robert Glen Smith	Associate Professor	Professor (T)
Neuroscience and Cell Biology Gracie Vargas	Assistant Professor	Associate Professor (T)
Pathology Suimin Qiu	Assistant Professor	Associate Professor (T)
Jianli Dong	Assistant Professor	Associate Professor (T)
Pediatrics Antonella Casola	Associate Professor	Associate Professor (T)
Richard Pyles	Associate Professor	Associate Professor (T)
Surgery Kathleen O'Connor	Associate Professor	Associate Professor (T)

## OTHER MATTERS

### APPROVAL OF DUAL POSITIONS OF HONOR, TRUST, OR PROFIT

The following item has been approved by the Executive Vice Chancellor for Health Affairs in accordance with the Regents' *Rules and Regulations*, Rule 30103 and is submitted for approval by the U. T. System Board of Regents. It has been determined that the holding of this office or position is of benefit to the State of Texas and The University of Texas and there is no conflict between holding this position and the appointment Mr. Moore with The University of Texas Medical Branch at Galveston. By approval of this item, the Board is also asked to find that holding this position is of benefit to the State of Texas and The University of Texas and there is no conflict between the position and the University.

- |               |   |
|---------------|---|
| Name:         | Richard S. Moore  |
| Title:        | Interim Vice President of Finance, U. T. Medical Branch – Galveston Austin Programs   |
| Position:     | Board member, Texas Department of Information Resources   |
| Period:       | September 10, 2009 through February 1, 2015   |
| Compensation: | None  |
| Description:  | Governor Perry has appointed Mr. Moore to the Board of the Texas Department of Information Resources. The Texas Department of Information Resources is responsible for the effective planning, implementation, and management of a statewide technology infrastructure that supports agency business operations and is also responsible for a cooperative contracts program that enables government entities to efficiently pool their purchasing power to drive down costs. Mr. Moore retired from U. T. Medical Branch – Galveston in 2007, returning at various times to assist the U. T. Medical Branch – Galveston since Hurricane Ike in various interim roles. |

## U. T. HEALTH SCIENCE CENTER – HOUSTON

### CONTRACTS

The following contract has been administratively approved by the President or his delegate and the Executive Vice Chancellor for Health Affairs and is recommended for approval by the U. T. System Board of Regents:

#### GENERAL CONTRACTS

##### FUNDS COMING IN

1. Agency: PST Services, Inc.  
Funds: \$1,000,848, based on monthly rental payments of \$41,702  
Period: September 1, 2009 through August 31, 2011  
Description: Extension of lease of administrative office space at 1851 Crosspoint, Houston, Texas, covering 30,804 square feet of rentable space.

## OTHER FISCAL ITEMS

### EMPLOYMENT AGREEMENTS

The following extension has been awarded, has been approved by the Chancellor, and is recommended for approval by the U. T. System Board of Regents. Such employment under this extension is subject to the Regents' *Rules and Regulations*, Rules 10501 and 20201 and *Texas Education Code*, Section 51.948.

1. Item: President

Description: Extension of agreement with Lawrence Kaiser, M.D., President of The University of Texas Health Science Center at Houston where U. T. Health Science Center – Houston compensates Dr. Kaiser for reasonable commuting costs incurred by him and his spouse including airfare, accommodations, and meals associated with transition and temporary housing costs until July 31, 2010.



## FEES AND MISCELLANEOUS CHARGES

### PARKING AND TRAFFIC ENFORCEMENT FEES

Approval is recommended for the following parking permit fees to be effective beginning November 1, 2009. The proposed fees are consistent with the applicable statutory requirements under Section 51.202 of the *Texas Education Code* and have been administratively approved by the Executive Vice Chancellor for Health Affairs.

<u>Monthly Fees</u>	<u>Current Rates \$</u>	<u>Proposed Rates \$</u>	<u>Percent Increase</u>
<u>University Center Tower Garage</u>			
<u>7000 Fannin, Houston, Texas</u>			
Faculty/Staff (payroll deduction)	74.80	77.04	2.99
Faculty/Staff	79.80	82.04	2.81
Student	74.80	77.04	2.99
Faculty/Staff - Reserved (payroll deduction)	110.00	115.50	5.00
Faculty/Staff - Reserved	115.00	120.50	4.78
Faculty/Staff -Reserved 2 <sup>nd</sup> level (payroll deduction)	105.00	110.25	5.00
Faculty/Staff - Reserved 2 <sup>nd</sup> level	110.00	115.25	4.77
Motorcycle	30.00	31.50	5.00
Motorcycle Non-UT	32.48	36.50	12.38
Non-Tenant Contract	102.50	105.58	3.00
Non-Tenant Contract - Reserved	115.00	121.90	6.00
Non-Tenant Contract - Reserved 2 <sup>nd</sup> level	110.00	115.50	5.00
<u>Recreation Center Lot</u>			
<u>7779 Knight Road, Houston, Texas</u>			
Staff (payroll deduction)	20.00	21.00	5.00
Staff	25.00	26.25	5.00

**FEES AND MISCELLANEOUS CHARGES (CONTINUED)**

**PARKING AND TRAFFIC ENFORCEMENT FEES (CONTINUED)**

<u>Monthly Fees</u>	<u>Current Rates \$</u>	<u>Proposed Rates \$</u>	<u>Percent Increase</u>
<u>UT Professional Building Garage</u>			
<u>6414 Fannin, Houston, Texas</u>			
Faculty/Staff (payroll deduction)	133.94	137.96	3.00
Faculty/Staff	133.94	142.96	6.73
Non-UT	145.00	154.35	6.45
Faculty/Staff Basement (payroll deduction)	133.94	147.96	10.47
Faculty/Staff Basement	133.94	152.96	14.20
Non-UT Basement	145.00	164.35	13.34
MHHS Night	70.00	72.10	3.00
MHHS Weekend	30.00	31.00	3.33
Motorcycle Non-UT	32.48	38.97	19.98
Motorcycle (payroll deduction)	30.00	31.00	3.33
Motorcycle UT	30.00	36.00	20.00
<u>South Campus Lot</u>			
<u>7779 Knight Road, Houston, Texas</u>			
	55.00	58.30	6.00
<u>Operations Center Building</u>			
<u>Surface Lots</u>			
<u>1851 Crosspoint, Houston, Texas</u>			
OCB A	37.00	38.28	3.46
OCB A (payroll deduction)	32.00	33.28	4.00
OCB A (Non-UT)	37.00	41.44	12.00
OCB B	32.00	33.08	3.37
OCB B (payroll deduction)	27.00	28.08	4.00
OCB B (Non-UT)	32.00	35.81	11.91
OCB C	21.00	21.64	3.05
OCB C (payroll deduction)	16.00	16.64	4.00
OCB C (Non-UT)	21.00	23.64	12.57
<u>Mental Sciences Institute Surface Lots</u>			
<u>1300 Moursund, Houston, Texas</u>			
Faculty/Staff	77.00	81.62	6.00
Faculty/Staff (payroll deduction)	72.00	76.32	6.00

**FEEES AND MISCELLANEOUS CHARGES (CONTINUED)**

**PARKING AND TRAFFIC ENFORCEMENT FEES (CONTINUED)**

<u>Monthly Fees</u>	<u>Current Rates \$</u>	<u>Proposed Rates \$</u>	<u>Percent Increase</u>
School of Nursing/School of Public Health Surface Lots <u>1200 Hermann Pressler, Houston, Texas</u>			
Faculty/Staff	115.00	128.06	11.36
Faculty/Staff (payroll deduction)	110.00	113.30	3.00

Note: Non-UT permit holders pay the payroll deduction amount plus 8.25% tax.

## U. T. HEALTH SCIENCE CENTER – SAN ANTONIO

### CONTRACTS

The following contract has been administratively approved by the President or his delegate and the Executive Vice Chancellor for Health Affairs and is recommended for approval by the U. T. System Board of Regents:

#### GENERAL CONTRACTS

##### FUNDS COMING IN

1. Agency: Coca-Cola Enterprises, Inc., DBA San Antonio Coca-Cola Bottling Company, a Delaware corporation  
Funds: \$255,000  
Period: January 1, 2010 through August 31, 2013  
Description: Coca-Cola Enterprises, Inc., DBA San Antonio Coca-Cola Bottling Company, a Delaware corporation, agrees to furnish and service beverage vending machines on all campus locations. *Texas Government Code*, Section 2203.005(a) requires all vending machine agreements to be approved by the Board.

## U. T. M. D. ANDERSON CANCER CENTER

### CONTRACTS

The following contracts have been administratively approved by the President or his delegate and the Executive Vice Chancellor for Health Affairs and are recommended for approval by the U. T. System Board of Regents:

#### GENERAL CONTRACTS

##### FUNDS GOING OUT

- Agency: Cactus Builders

Funds: Costs for projects selected for this vendor are based on the pre-pricing information in the RS Means Building Construction Cost Data Book adjusted with a negotiated, local co-efficient. It is now anticipated that total costs under the agreement will exceed \$2,500,000, although the maximum amount is indeterminable at this time.

Period: The initial term of the contract is June 1, 2008 through May 31, 2010. Agreement may be renewed for two additional 2-year periods.

Description: A job order contracting agreement. Vendor will act as a general contractor to provide general and specific construction services for renovation projects on a per-project basis. Vendor will provide all material, labor, equipment, and services necessary for completion of the project. Services are on a non-exclusive, indefinite quantity basis, and there is no minimum amount of work required.

## CONTRACTS (CONTINUED)

### GENERAL CONTRACTS (CONTINUED)

#### FUNDS GOING OUT (CONTINUED)

2. Agency: Gossen Livingston Associates, Inc.  
Funds: Costs for projects selected for this vendor are based on negotiated hourly labor rates for various skill levels. It is now anticipated that total costs under the agreement will exceed \$2,500,000, although the maximum amount is indeterminable at this time.
- Period: The initial term of the contract was January 1, 2007 through December 31, 2007. Two additional 12-month renewals have been utilized, and the current renewal period ends December 31, 2009. The agreement may be renewed for two additional 12-month periods.
- Description: Vendor will provide miscellaneous architectural and technical support services for renovations, repair and minor construction projects of limited scope on a per-project basis. Services are on a non-exclusive, indefinite quantity basis, and there is no minimum amount of work required.
3. Agency: Jacobs Engineering Group, Inc.  
Funds: Costs for projects selected for this vendor are based on negotiated hourly labor rates for various skill levels. It is now anticipated that total costs under the agreement will exceed \$2,500,000, although the maximum amount is indeterminable at this time.
- Period: The initial term of the contract was July 27, 2007 through July 26, 2008. Two additional 12-month renewals have been utilized, and the current renewal period ends July 26, 2010. The agreement may be renewed for two additional 12-month periods.
- Description: Vendor will provide various project management services on a per-project basis. Services are on a non-exclusive, indefinite quantity basis, and there is no minimum amount of work required.

## CONTRACTS (CONTINUED)

### GENERAL CONTRACTS (CONTINUED)

#### FUNDS GOING OUT (CONTINUED)

4. Agency: J. T. Vaughn Construction Company, Inc.  
Funds: Costs for projects selected for this vendor are based on the pre-pricing information in the RS Means Building Construction Cost Data Book adjusted with a negotiated, local co-efficient. It is now anticipated that total costs under the agreement will exceed \$2,500,000, although the maximum amount is indeterminable at this time.
- Period: The initial term of the contract is June 1, 2008 through May 31, 2010. The agreement may be renewed for two additional 2-year periods.
- Description: A job order contracting agreement. Vendor will act as a general contractor to provide general and specific construction services for renovation projects on a per-project basis. Vendor will provide all material, labor, equipment, and services necessary for completion of the project. Services are on a non-exclusive, indefinite quantity basis, and there is no minimum amount of work required.
5. Agency: The Trevino Group, Inc.  
Funds: Costs for projects selected for this vendor are based on the pre-pricing information in the RS Means Building Construction Cost Data Book adjusted with a negotiated, local co-efficient. It is now anticipated that total costs under the agreement will exceed \$2,500,000, although the maximum amount is indeterminable at this time.
- Period: The initial term of the contract is June 1, 2008 through May 31, 2010. The agreement may be renewed for two additional 2-year periods.
- Description: A job order contracting agreement. Vendor will act as a general contractor to provide general and specific construction services for renovation projects on a per-project basis. Vendor will provide all material, labor, equipment, and services necessary for completion of the project. Services are on a non-exclusive, indefinite quantity basis, and there is no minimum amount of work required.

**AMENDMENTS TO THE 2009-10 BUDGET**

**TENURE APPOINTMENTS**

**NEW APPOINTMENTS WITH TENURE, AWARD OF TENURE,  
AND EMERITUS APPOINTMENTS**

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

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
<b>MEDICAL STAFF</b>					
Clinical Cancer Prevention Chair					
1. Powell Brown (T)	9/21-8/31	100	12	325,000	3202
Laboratory Medicine Chair					
2. Elizabeth Wagar (T)	1/1-8/31	100	12	340,000	3203
Gastroenterology, Hepatology, and Nutrition Chair					
3. Lopa Mishra (T)	1/1-8/31	100	12	320,000	3204
Pathology Associate Professor					
4. Yun Gong (T)	9/1-8/31	100	12	198,716	3205
Head and Neck Surgery Associate Professor					
5. Floyd Holsinger (T)	9/1-8/31	100	12	283,000	3206
Genitourinary Medical Oncology Associate Professor					
6. Eric Jonasch (T)	9/1-8/31	100	12	188,464	3208
<b>RESEARCH</b>					
Neuro-Oncology Associate Professor					
7. Zhimin Lu (T)	9/1-8/31	100	12	107,746	3207



**AMENDMENTS TO THE 2008-09 BUDGET**

**TENURE APPOINTMENTS**

**NEW APPOINTMENTS WITH TENURE, AWARD OF TENURE,  
AND EMERITUS APPOINTMENTS**

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
MEDICAL STAFF Experimental Radiation Oncology Chair					
8. Junjie Chen (T)	7/1-8/31	100	12	310,000	3201

## U. T. HEALTH SCIENCE CENTER – TYLER

### CONTRACTS

The following contracts have been administratively approved by the President or his delegate and the Executive Vice Chancellor for Health Affairs and are recommended for approval by the U. T. System Board of Regents:

#### GENERAL CONTRACTS

##### FUNDS COMING IN

1. Agency: Custom Food Group, L.P.  
Funds: \$50,000  
Period: September 1, 2008 through August 31, 2010  
Description: Installation and operation of vending machines on the campus. *Texas Government Code*, Section 2203.005(a) requires all vending machine agreements to be approved by the Board.

##### FUNDS GOING OUT

2. Agency: Crothall Clinical Equipment Services, Inc.  
Funds: \$3,931,765  
Period: May 8, 2009 through May 7, 2010 is the initial term, with four additional one-year term options  
Description: Provide U. T. Health Science Center – Tyler with a comprehensive program of biomedical and imaging equipment services, including maintenance, repair, and parts services.

**AMENDMENTS TO THE 2009-10 BUDGET**

**EMERITUS APPOINTMENTS**

**NEW APPOINTMENTS WITH TENURE, AWARD OF TENURE,  
AND EMERITUS APPOINTMENTS**

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

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
RESEARCH					
Biochemistry					
Professor					
1. Barry Starcher					3310
From: Professor		100	12	129,576	
To: Professor Emeritus	9/1-8/31			0	



## TABLE OF CONTENTS FOR ACADEMIC AFFAIRS COMMITTEE

Committee Meeting: 11/11/2009

Janiece Longoria, *Chairman*  
Paul Foster  
Colleen McHugh  
Robert L. Stillwell

Board Meeting: 11/12/2009  
Austin, Texas

	<b>Committee Meeting</b>	<b>Board Meeting</b>	<b>Page</b>
<b>Convene</b>	<i>10:00 a.m.</i> <i>Chairman</i> <i>Longoria</i>		
<b>1. U. T. Austin: Authorization to lease approximately five acres out of Survey No. 632 and the William Little Survey in Port Aransas, Nueces County, Texas, together with all improvements, to the Port Aransas Independent School District for the operation and maintenance of athletic facilities; and finding of public purpose</b>	<i>10:00 a.m.</i> <b>Action</b> <i>President Powers</i> <i>Ms. Mayne</i>	<b>Action</b>	<b>144</b>
<b>2. U. T. Tyler: Authorization to purchase real property and improvements located at 2611 Old Omen Road, Tyler, Smith County, Texas, from the Estate of Ruth G. Thompson for a purchase price not to exceed the fair market value as established by an independent appraisal for campus expansion needs and initial use as office space for sponsored research projects</b>	<i>10:03 a.m.</i> <b>Action</b> <i>President Mabry</i> <i>Ms. Mayne</i>	<b>Action</b>	<b>148</b>
<b>3. U. T. Austin: Authorization for additional use of the Mike A. Myers Stadium and Soccer Field by Austin Aztex FC soccer organization to hold the Austin Cup soccer tournaments</b>	<i>10:06 a.m.</i> <b>Action</b> <i>President Powers</i> <i>Dr. Prior</i>	<b>Action</b>	<b>151</b>
<b>4. U. T. Austin: Authorization to establish M.A. and Ph.D. degree programs in Religious Studies</b>	<i>10:11 a.m.</i> <b>Action</b> <i>President Powers</i> <i>Dr. Prior</i>	<b>Action</b>	<b>152</b>
<b>5. U. T. Brownsville: Report on Satisfactory Academic Progress Policy</b>	<i>10:16 a.m.</i> <b>Report</b> <i>President García</i>	Not on Agenda	<b>153</b>

	<b>Committee Meeting</b>	<b>Board Meeting</b>	<b>Page</b>
<b>6. U. T. System: Discussions on academic leadership matters related to distance education</b>	<i>10:30 a.m.</i> <b>Discussion</b> <i>Dr. Prior</i>	Not on Agenda	<b>158</b>
<b>Adjourn</b>	<i>11:30 a.m.</i>		

1. **U. T. Austin: Authorization to lease approximately five acres out of Survey No. 632 and the William Little Survey in Port Aransas, Nueces County, Texas, together with all improvements, to the Port Aransas Independent School District for the operation and maintenance of athletic facilities; and finding of public purpose**

### RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Powers that authorization be granted by the U. T. System Board of Regents, on behalf of U. T. Austin, to

- a. lease approximately five acres out of Survey No. 632 and the William Little Survey in Port Aransas, Nueces County, Texas, together with all improvements, to the Port Aransas Independent School District (PAISD) for the operation and maintenance of athletic facilities;
- b. determine that the lease of the land to the PAISD for the stated reason serves a public purpose appropriate to the function of U. T. Austin, and that the consideration to the U. T. System and U. T. Austin for the lease of the land is adequate; and
- c. authorize the Executive Director of Real Estate to execute the lease and 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 recommendations.

### BACKGROUND INFORMATION

The University of Texas Marine Science Institute (MSI), formally founded in 1941, is a department in the College of Natural Sciences at U. T. Austin. The MSI campus is located in Port Aransas, Texas, and includes an 83,000 square foot central complex of office, classroom, lab, workshop, and library space, a 10,000 square foot wet lab, 9,500 square feet of student apartments, and other facilities on approximately 72 acres. There are currently approximately 114 faculty and staff members, 30 graduate students, and 25 part-time undergraduate students. The student apartments house approximately 30 graduate students and their families.

The MSI facilities house a game room that is funded by the Graduate Student Association's allocation of a recreational sports fee paid by the students of MSI to U. T. Austin. The MSI does not have athletic facilities. Rather MSI staff, faculty, and students have access to PAISD's track and adjacent facilities in exchange for a

lease to PAISD of the land on which the track is located. The proposed lease of five acres to PAISD would be the third time the subject property has been leased to PAISD for use as athletic facilities. The five-acre tract is immediately adjacent to the PAISD gymnasium and its softball and tennis complex. MSI students, faculty, and staff are permitted to use those facilities at no cost.

In 1987, PAISD constructed an all-weather athletic track on the five acres at a cost of \$120,000. In 2008, PAISD paid \$33,100 to resurface the track and added lighting. The 1996 lease expired in August 2008.

U. T. Austin and PAISD desire to enter into a new lease of the five-acre tract. The new lease will be for a 20-year term. PAISD will be required to maintain and insure the property. Only track, field, and other athletic activities will be permitted on the leased premises; MSI faculty, staff, and students will continue to be permitted to use the facilities, as well as the adjacent PAISD sports complex, at no cost. Either party will be allowed to terminate the lease with one year notice to the other party. The rental rate is proposed to be a nominal \$200 for the 20-year term, in recognition of the mission-related purpose of the lease.

The Attorney General of the State of Texas has advised in Opinion No. MW-373 (1981) that, for the use of university property without cash rental payments to comply with the Texas Constitution, three requirements must be met: (1) the use of the property must serve a public purpose, appropriate to the function of the university; (2) adequate consideration must be received by the university; and (3) the university must maintain controls over the user's activity to ensure that the public purpose is achieved.

U. T. Austin has concluded that leasing this five-acre parcel to PAISD serves mission-related functions benefiting the institution. The ability of MSI faculty, staff, and students to use PAISD athletic facilities relieves U. T. Austin of the need to provide and maintain such facilities and services. Additionally, the lease enables U. T. Austin to retain the land for future use, while avoiding the costs of maintaining and operating it at the current time.

A transaction summary and map follow.

#### Transaction Summary

Institution:	U. T. Austin
Type of Transaction:	Lease
Total Area:	Approximately five acres
Location:	Port Aransas, Nueces County, Texas (see map on Page 147)

Tenant: Port Aransas Independent School District

Rental Rate: \$200 for the entire 20-year term

Term: 20 years; either party may terminate the lease with one year notice

Permitted Use: Track, field and other athletic activities by PAISD students, MSI faculty, staff, and students, and the general public





2. **U. T. Tyler: Authorization to purchase real property and improvements located at 2611 Old Omen Road, Tyler, Smith County, Texas, from the Estate of Ruth G. Thompson for a purchase price not to exceed the fair market value as established by an independent appraisal for campus expansion needs and initial use as office space for sponsored research projects**

### RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Mabry that authorization be granted by the U. T. System Board of Regents, on behalf of U. T. Tyler, to

- a. purchase the real property and improvements located at 2611 Old Omen Road, Tyler, Smith County, Texas, from the Estate of Ruth G. Thompson for a purchase price not to exceed the fair market value as established by an independent appraisal, 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 campus expansion needs and initial use as office space for sponsored research projects; 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

U. T. Tyler desires to purchase the subject property and improvements, consisting of a 1,660 square foot house on a 10,492 square foot lot, for a price not to exceed the fair market value as established by an independent appraisal. The property is located adjacent to a former single family residence at 3620 Varsity Drive, which was purchased by U. T. Tyler on March 31, 2006, having been approved by the Board of Regents on February 9, 2006. That property is currently used as office space for sponsored research projects. The subject improvements will initially be used also for office space for sponsored research projects.

To fund the purchase, U. T. Tyler will use unrestricted fund balances. The terms and conditions of the purchase are reflected in the transaction summary on the following page.

Transaction Summary

Institution: U. T. Tyler

Type of Transaction: Purchase

Total Area: 10,492 square foot residential lot

Improvements: 1,660 square foot brick veneer house

Location: 2611 Old Omen Road, Tyler, Smith County, Texas; see map on following page

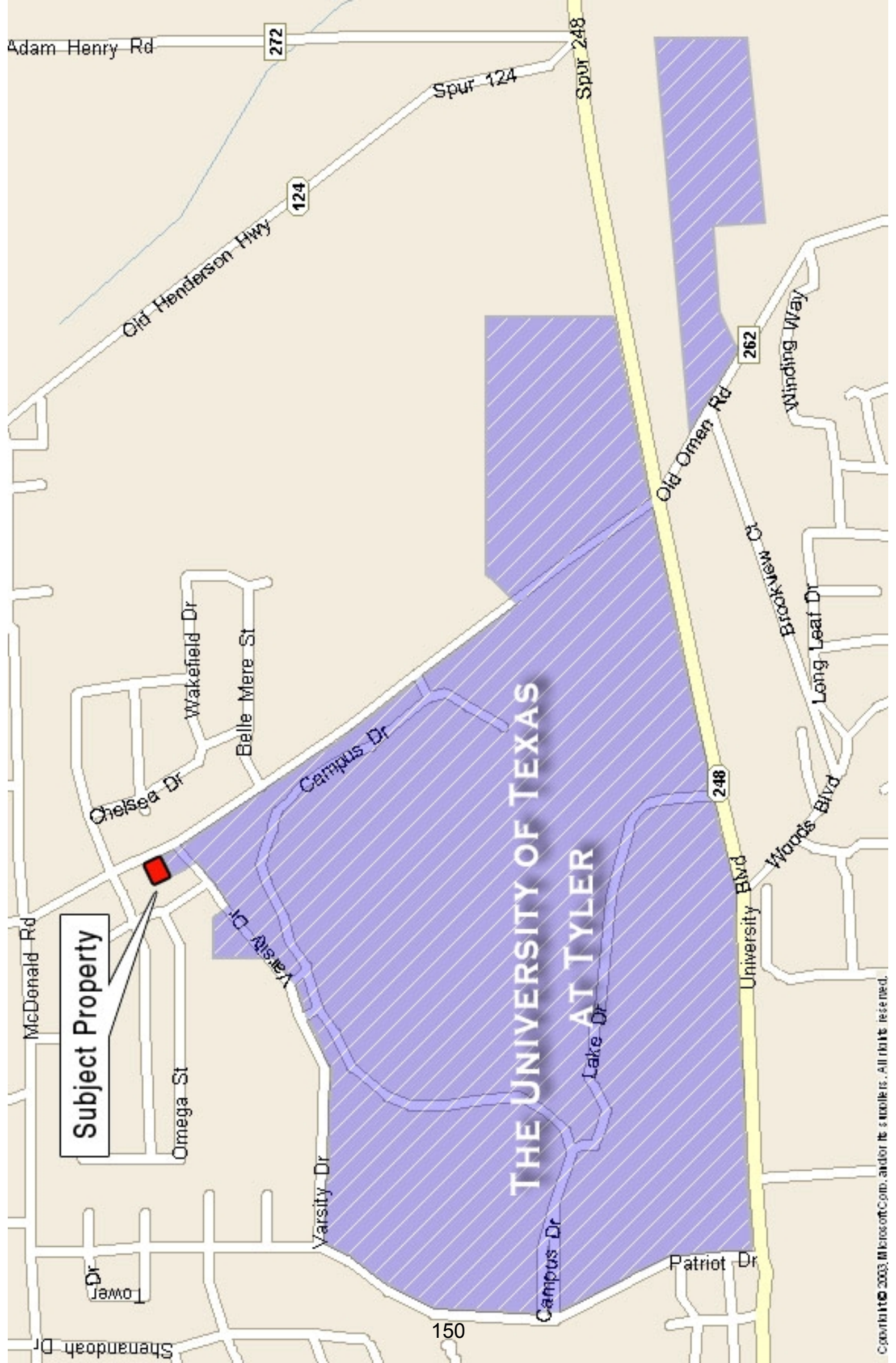
Seller: Estate of Ruth G. Thompson

Purchase Price: To be determined

Appraised Value: \$120,000 (Thompson Appraisal Service, Inc., September 17, 2009)  
\$126,200 (Smith County Appraisal District, 2009)

Source of Funds: Unrestricted fund balances

Intended Use: Campus expansion needs and initial use as office space for sponsored research projects



**Subject Property**

THE UNIVERSITY OF TEXAS  
AT TYLER

3. **U. T. Austin: Authorization for additional use of the Mike A. Myers Stadium and Soccer Field by the Austin Aztex FC soccer organization to hold the Austin Cup soccer tournaments**

**RECOMMENDATION**

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Powers that the U. T. System Board of Regents authorize an exception to the Regents' *Rules and Regulations*, Rule 80104 regarding Use of Facilities, to allow the Austin Aztex FC soccer organization to use the Mike A. Myers Stadium and Soccer Field to hold the Austin Cup soccer tournaments for three additional years.

**BACKGROUND INFORMATION**

On February 12, 2009, the Board of Regents gave approval to the U. T. Austin Departments of Intercollegiate Athletics to work with the Austin Aztex FC soccer organization to hold an Austin Cup soccer tournament in July 2009. The agreement reached with the Austin Aztex FC soccer organization provides for two similar events to be presented within the next three years upon availability of the Stadium and upon mutual agreement of both parties. For the tournaments, Austin Aztex FC is required to supply two internationally-recognized professional soccer teams to be the only teams competing in the tournaments. The events would be held at the Myers Stadium.

The Austin Aztex FC soccer organization is not a registered organization authorized under Regents' Rule 80104 to reserve and use a facility owned by a U. T. System institution. Thus, permission is needed from the Board of Regents to authorize the use of the Myers Stadium as proposed for these events.

National Collegiate Athletic Association (NCAA) bylaws on amateurism prescribe certain types of income that member institutions may receive from professional sports organizations and the uses of that income. The Office of General Counsel has determined that the proposed arrangements are permissible under applicable NCAA rules.

4. **U. T. Austin: Authorization to establish M.A. and Ph.D. degree programs in Religious Studies**

**RECOMMENDATION**

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

- a. establish M.A. and Ph.D. degrees in Religious Studies at U. T. Austin;
- b. submit the proposal to the Texas Higher Education Coordinating Board for review and appropriate action; and
- c. authorize the Executive Vice Chancellor for Academic Affairs to certify on behalf of the Board of Regents that relevant Coordinating Board criteria for approval by the Commissioner of Higher Education have been met.

**BACKGROUND INFORMATION**

**Program Description**

U. T. Austin proposes a graduate degree program in Religious Studies that will offer both the M.A. and Ph.D. degrees. The M.A. degree will require the completion of at least 30 semester credit hours, and the Ph.D. will require the completion of at least 42 semester credit hours, including hours counted toward the M.A. and in addition to hours required for the dissertation. The program will be administered by the Department of Religious Studies in the College of Liberal Arts and by the Graduate School. It will incorporate courses and expertise from the graduate programs in Anthropology, Asian Studies, Classics, History, and Middle Eastern Studies.

The objective of the graduate program in Religious Studies is to train specialists for careers in teaching and/or scholarly research. The training is focused on the analysis of religion, the sophisticated knowledge of different cultures, and social and historical contexts. The anticipated date for enrolling the first students is Fall 2010.

**Need and Student Demand**

The proposed graduate program in Religious Studies will be the only graduate program in this field at a public university in the State of Texas and in the region. Existing programs at private universities in Texas do not offer the comprehensive historical and geographical range of studies that U. T. Austin resources allow. The number of Religious Studies majors has increased 22% nationally over the last decade. At U. T.

Austin, the number of majors has grown from 23 to 88 between 2001 and 2008, and in the last academic year (2007-2008), 2,776 students enrolled in Religious Studies classes at U. T. Austin. Existing graduate programs nationwide accept no more than 15% of their applicants. The large number of queries (over 50 in the last year) received by the Department of Religious Studies about a graduate program and the number of excellent undergraduates sent to graduate programs out-of-state suggest a healthy demand for a new graduate program.

### Program Quality

U. T. Austin and the Department of Religious Studies are highly qualified to offer the proposed graduate degree program. The faculty in the Department of Religious Studies have earned national and international reputations for quality research and participation in the professional activities of the discipline. The department has five current faculty members who have previously chaired Religious Studies departments at other institutions around the country. U. T. Austin's course offerings and its strong and extensive research facilities provide unique resources for the study of religion and its linguistic, historical, and cultural contexts.

### Program Cost

Resources and faculty at U. T. Austin are currently in place to support the graduate program in Religious Studies. Resources currently expended for graduate-level courses in other areas will be used for cross-listed graduate-level courses in Religious Studies that will support multiple programs. In addition, new faculty lines already approved for the Department of Religious Studies will supply additional capacity for both the undergraduate and graduate programs. The five-year cost of the new program is anticipated to be \$3,114,215, of which the bulk (\$3,039,215) is for personnel. Because of the design of this new program, \$2,466,218 can be covered through reallocated funds, and for years three, four, and five, \$647,997 will be generated by formula funding. No new funding is being requested.

## **5. U. T. Brownsville: Report on Satisfactory Academic Progress Policy**

### REPORT

President García will update the Board on the implementation and success of the Satisfactory Academic Progress Policy established by U. T. Brownsville to increase student retention and graduation rates. This policy allows advisors to monitor students' academic progress, making sure that students maintain an adequate grade point average and get timely academic advising. This policy has increased faculty action to make sure that students are informed about potential academic challenges before the challenges become problems. President García's PowerPoint presentation is on Pages 154 - 157.

# Satisfactory Academic Progress Report

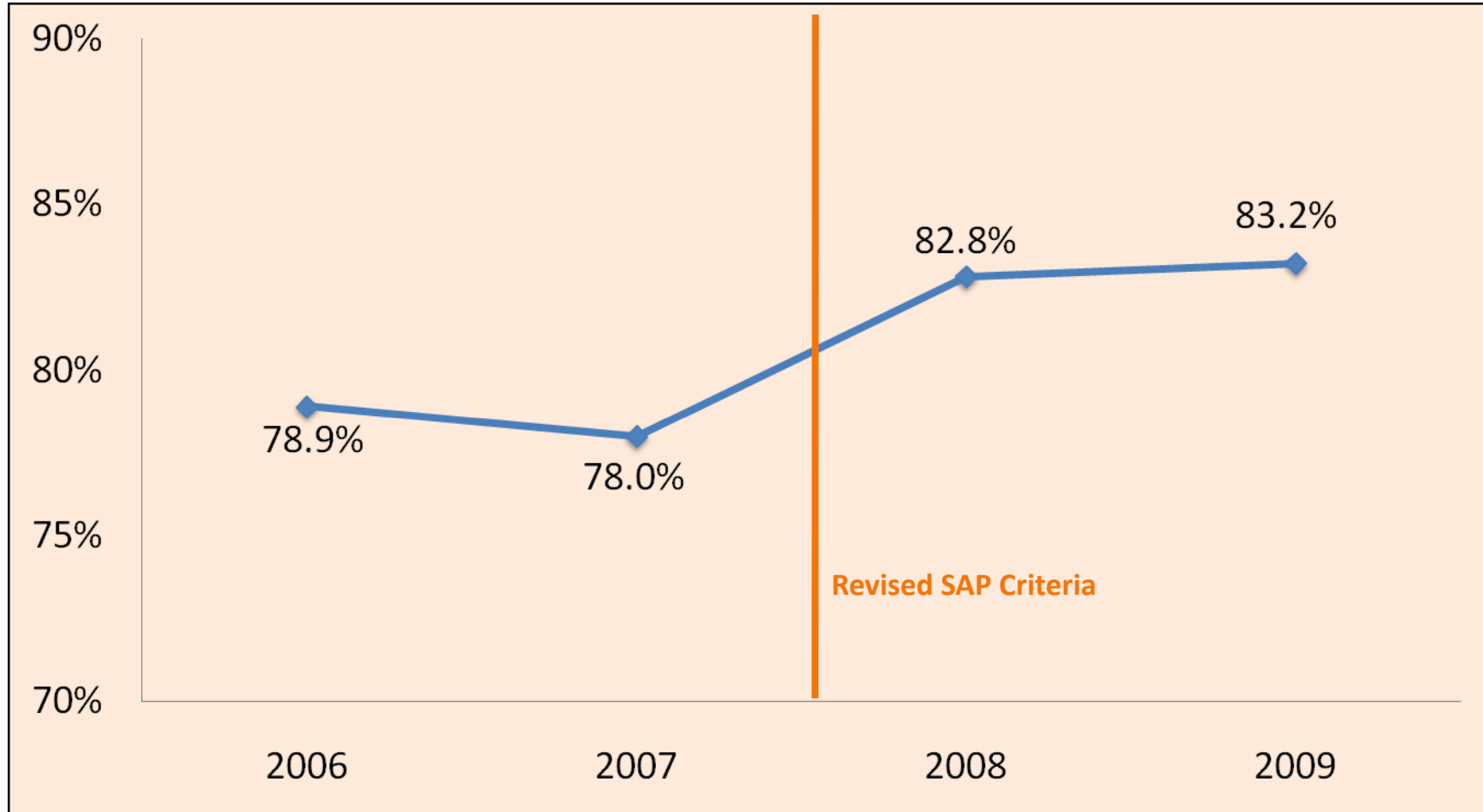


The University of Texas at Brownsville and Texas Southmost College  
The University of Texas System Board of Regents' Meeting  
Academic Affairs Committee  
November 2009



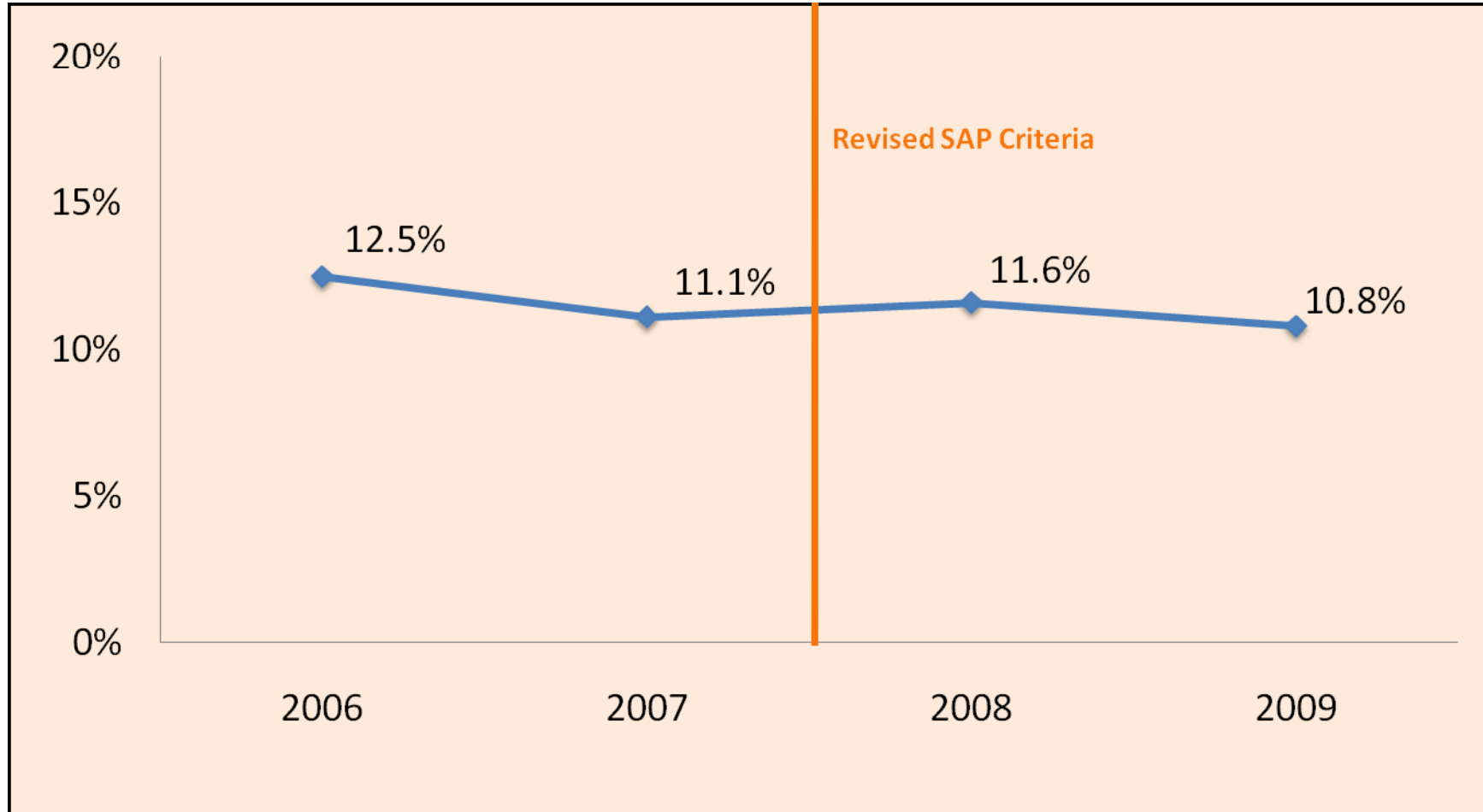


## Undergraduate Credit Hours Passed Spring Semesters 2006-2009



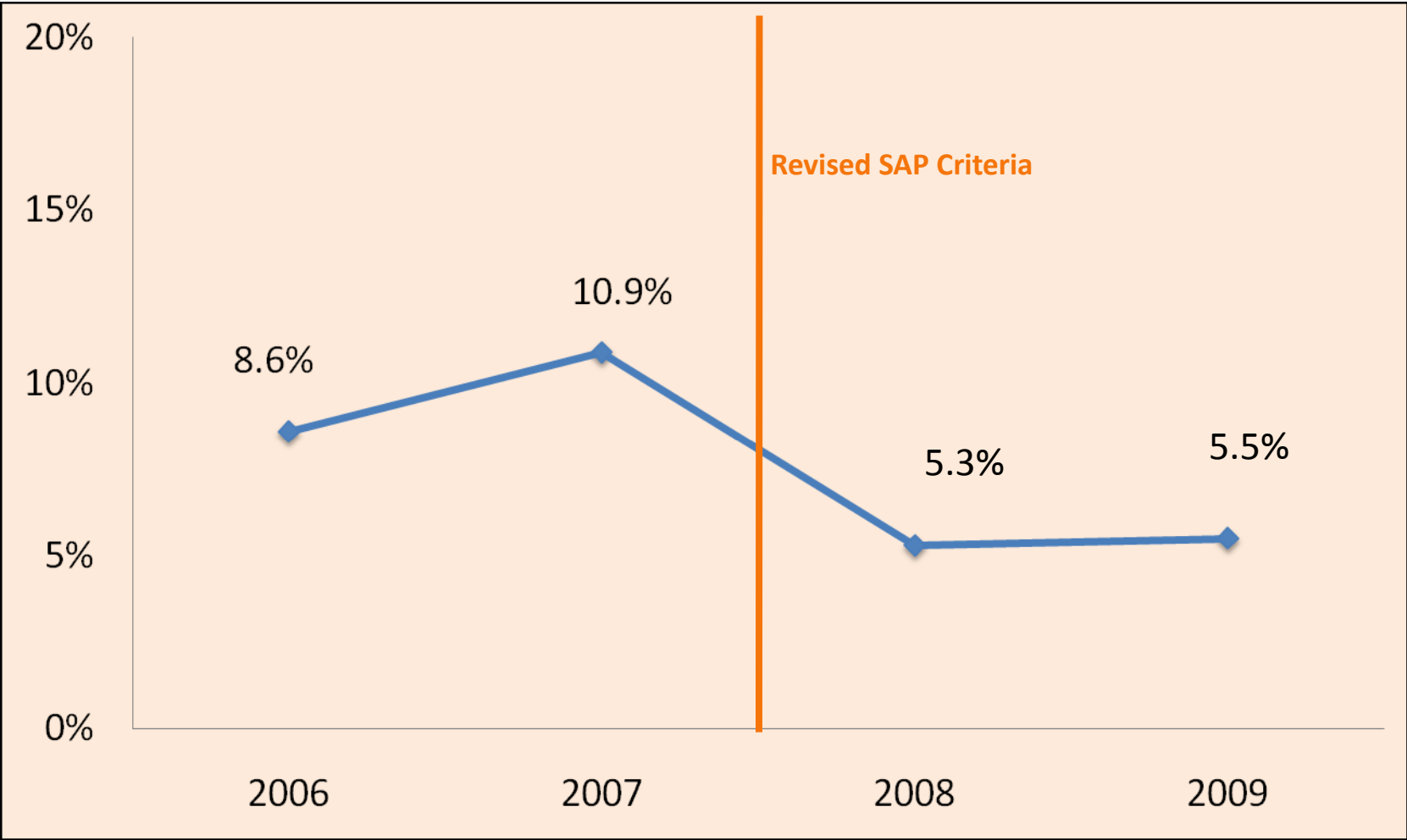
**Satisfactory Academic Progress (SAP) Criteria: 2.0 GPA and 70% completion SCHs**

## Undergraduate Credit Hours Failed Spring Semesters 2006-2009



**SAP Criteria: 2.0 GPA and 70% completion SCHs**

# Undergraduate Credit Hours Withdrawn Spring Semesters 2006-2009



**SAP Criteria: 2.0 GPA and 70% completion SCHs**

6. **U. T. System: Discussions on academic leadership matters related to distance education**

DISCUSSION

Executive Vice Chancellor Prior will lead a presidential discussion and engagement with the Board of Regents on topics relating to distance education.



## TABLE OF CONTENTS FOR HEALTH AFFAIRS COMMITTEE

Committee Meetings: 11/11/2009 and 11/12/2009

*Colleen McHugh, Chairman*  
*James D. Dannenbaum*  
*Janiece Longoria*  
*Wm. Eugene Powell*

**Board Meeting:** 11/12/2009  
Austin, Texas

**Wednesday, November 11, 2009**

	<b>Committee Meeting</b>	<b>Board Meeting</b>	<b>Page</b>
<b>A. CONVENE MEETING OF THE HEALTH AFFAIRS COMMITTEE</b>	<i>3:00 p.m.</i> <i>Chairman</i> <i>McHugh</i>		
1. <b>U. T. System Board of Regents: Authorization to enter into amended and restated license agreements between the U. T. System Board of Regents and M. D. Anderson Physicians Network and between the U. T. System Board of Regents and M. D. Anderson Services Corporation relating to the use of certain trademarks of U. T. M. D. Anderson Cancer Center</b>	<i>3:00 p.m.</i> <b>Action</b> <i>Dr. Shine</i> <i>Mr. Burgdorf</i>	<b>Action</b>	<b>159</b>
2. <b>U. T. M. D. Anderson Cancer Center: Discussion and appropriate action regarding the sale of U. T. M. D. Anderson Cancer Center's interest in P.E.T.Net Houston, LLC, to PETNET Solutions, a wholly-owned subsidiary of Siemens Medical Solutions USA, Inc., for a negotiated price based on the fair market value to be determined by an independent business valuation expert</b>	<i>3:10 p.m.</i> <b>Action</b> <i>Dr. Shine</i>	<b>Action</b>	<b>185</b>
3. <b>U. T. System: Discussion of federal health care legislation and its impact on the U. T. System health institutions</b>	<i>3:25 p.m.</i> <b>Discussion</b> <i>Dr. Shine</i>	Not on Agenda	<b>186</b>
4. <b>U. T. System: Quarterly report on health matters, including a report on the U. T. System Health Services Working Group, established to facilitate discussion of anticipated changes in health care, and recent conferences</b>	<i>3:40 p.m.</i> <b>Report</b> <i>Dr. Shine</i>	Not on Agenda	<b>186</b>
<b>B. ADJOURN MEETING OF THE HEALTH AFFAIRS COMMITTEE</b>	<i>4:00 p.m.</i>		

\* \* \* \* \*

**Thursday, November 12, 2009**

**Committee  
Meeting**

**C. CONVENE SPECIAL MEETING OF THE HEALTH AFFAIRS  
COMMITTEE**

*8:00 a.m.  
Chairman McHugh  
Dr. Shine*

**U. T. System: Report on efforts and activities related to  
patient safety and clinical effectiveness at U. T. System  
health institutions**

**Report**

*Sherry Martin, M.Ed., MT (ASCP) SC,  
former professor at U. T. M. D.  
Anderson Cancer Center and current  
Health Care Quality Manager, Martin  
Consultants*

*Eric J. Thomas, M.D., M.P.H.,  
Associate Professor of General  
Internal Medicine, U. T. Health  
Science Center – Houston*

**D. ADJOURN SPECIAL MEETING**

*9:30 a.m.*

1. **U. T. System Board of Regents: Authorization to enter into amended and restated license agreements between the U. T. System Board of Regents and M. D. Anderson Physicians Network and between the U. T. System Board of Regents and M. D. Anderson Services Corporation relating to the use of certain trademarks of U. T. M. D. Anderson Cancer Center**

### RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and the Vice Chancellor and General Counsel that the U. T. System Board of Regents enter into First Amended and Restated License Agreements between the U. T. System Board of Regents and M. D. Anderson Physicians Network (Physicians Network) as set forth on Pages 161 - 171 and between the U. T. System Board of Regents and M. D. Anderson Services Corporation (Services Corporation) as set forth on Pages 172 - 184 to allow the continued use of certain trademarks of U. T. M. D. Anderson Cancer Center for certain business activities, to clarify the terms and conditions of such use, and to ensure the collaboration of all parties in such business activities.

### BACKGROUND INFORMATION

Physicians Network and Services Corporation are Texas nonprofit corporations organized under Section 501(c)(3) of the *Internal Revenue Code* in support of U. T. M. D. Anderson Cancer Center pursuant to previous approval of the U. T. System Board of Regents.

Physicians Network and Services Corporation are used by U. T. M. D. Anderson Cancer Center to carry out certain business activities of U. T. M. D. Anderson Cancer Center, such as development and delivery of an array of oncology-related services and programs to third parties throughout the world in conjunction with and in furtherance of U. T. M. D. Anderson Cancer Center's mission, programs, and services.

The U. T. System Board of Regents owns and controls all U. T. M. D. Anderson Cancer Center trade and service marks.

The U. T. System Board of Regents and Services Corporation originally entered into a license agreement effective March 1, 1990.

The U. T. System Board of Regents and Physicians Network originally entered into a license agreement effective in 1994, and amended in 1996.

The new license agreements update, clarify, and enhance the original license agreements and include the following principal terms:

- Nonexclusive licenses of U. T. M. D. Anderson Cancer Center marks to Physicians Network and to Services Corporation
- Quality assurance and prior notice provisions for new business activities
- Use of marks within Texas only in association with the name The University of Texas
- Consultation with the U. T. System Vice Chancellor and General Counsel 90 days prior to any public announcement of a new business venture
- Termination provisions for defaults under the agreements
- Indemnity in favor of the U. T. System Board of Regents



**FIRST AMENDED AND RESTATED LICENSE AGREEMENT  
BETWEEN  
BOARD OF REGENTS AND  
M. D. ANDERSON PHYSICIANS NETWORK**

This First Amended and Restated License Agreement (“AGREEMENT”) is entered into effective as of the \_\_\_\_ day of \_\_\_\_\_, 2009 (hereinafter referred to as the “EFFECTIVE DATE”), between the parties hereto, who agree as follows in consideration of the mutual promises contained herein:

1. PARTIES

- 1.1 The Board of Regents of The University of Texas System (hereinafter referred to as “BOARD OF REGENTS”) has its principal office at 201 West 7<sup>th</sup> Street, Austin, Texas, 78701.
- 1.2 M. D. Anderson Physicians Network, a Texas corporation (hereinafter referred to as “LICENSEE”) has a principal place of business at 7505 S. Main, Suite 500, Houston, Texas 77030.
- 1.3 BOARD OF REGENTS and LICENSEE are parties to this AGREEMENT.

2. BACKGROUND

- 2.1 The BOARD OF REGENTS is the governing body of The University of Texas System (“UT SYSTEM”).
- 2.2 The University of Texas M. D. Anderson Cancer Center (“UTMDACC”) is an institution of higher education within UT SYSTEM, an agency of the State of Texas, and a comprehensive cancer treatment, research, and prevention facility.
- 2.3 LICENSEE is a Texas nonprofit corporation that was organized, pursuant to the approval of BOARD OF REGENTS, as an organization described in Section 501(c)(3) of the *Internal Revenue Code* as a supporting organization to UTMDACC. LICENSEE is governed by a board of directors that is appointed by the President of UTMDACC.
- 2.4 LICENSEE develops and delivers an array of oncology-related services and programs to third parties throughout the world in conjunction with and in furtherance of UTMDACC’s mission, programs, and services.
- 2.5 For the use and benefit of UTMDACC, BOARD OF REGENTS owns and controls the licensing of certain trademarks and service marks used by UTMDACC that have acquired public recognition and goodwill through the use of such marks.

- 2.6 The parties entered into a License Agreement effective in 1994 (the “ORIGINAL LICENSE AGREEMENT”), which was amended by the parties in 1996, pursuant to which BOARD OF REGENTS granted to LICENSEE a nonexclusive license to use such marks.
- 2.7 The parties desire to further amend and restate the ORIGINAL LICENSE AGREEMENT in order to clarify and extend LICENSEE’s rights to use such marks. Accordingly, the parties are entering into this AGREEMENT.

### 3. DEFINITIONS

- 3.1 AFFILIATION means a contractual affiliation between LICENSEE and another entity (other than UTMDACC) pursuant to which LICENSEE provides certain LICENSED SERVICES to such entity. AFFILIATE shall mean the entity with whom LICENSEE has an AFFILIATION.
- 3.2 LICENSED MARK(S) mean the mark(s) listed in Attachment A, including common law rights, as well as any applications for registration that may be filed by BOARD OF REGENTS or registrations that may be issued to BOARD OF REGENTS covering such mark(s), whether state or federal.
- 3.3 LICENSED SERVICES mean those services specified in Attachment B hereto in connection with which any of the LICENSED MARK(S) are used.
- 3.4 LICENSED TERRITORY means the area described in Attachment C.
- 3.5 TERM means the effective period of this AGREEMENT, which shall commence on the EFFECTIVE DATE and which shall terminate on the tenth (10<sup>th</sup>) anniversary of the EFFECTIVE DATE unless (i) earlier terminated in accordance with the terms of this AGREEMENT or (ii) extended by mutual written agreement of the parties.
- 3.6 QUALITY means an acceptable level of quality to, in the sole judgment of, BOARD OF REGENTS.

### 4. LICENSE GRANT

- 4.1 Subject to and in accordance with the terms and conditions of this AGREEMENT, BOARD OF REGENTS grants to LICENSEE the nonexclusive right and license to utilize the LICENSED MARK(S) in the LICENSED TERRITORY during the TERM.
- 4.2 LICENSEE shall use the LICENSED MARK(S) (a) solely in connection with the LICENSED SERVICES of QUALITY; and (b) with advertising and promotional materials in conjunction with the provision of LICENSED SERVICES.

- 4.3 LICENSEE may use, and subject to the notice provisions of Section 4.6, LICENSEE may permit an AFFILIATE to use, the LICENSED MARK(S) in conjunction with LICENSED SERVICES that LICENSEE provides to such AFFILIATE. Any such use of the LICENSED MARK(S) by LICENSEE or an AFFILIATE pursuant to an AFFILIATION shall be in accordance with the terms and conditions of this AGREEMENT. Any such use of the LICENSED MARK(S) by the AFFILIATE pursuant to this Section 4.3 shall not require a sublicense agreement between LICENSEE and the AFFILIATE but shall be subject to prior review and approval by LICENSEE.
- 4.4 In any use of the LICENSED MARK(S), the LICENSEE may combine the LICENSED MARK(S) with the name of an AFFILIATE (if applicable), a geographic location, and/or a description of the type of LICENSED SERVICES that shall be provided.
- 4.5 LICENSEE shall include the modifier “The University of Texas” with any use of the LICENSED MARK “M. D. Anderson” with respect to activities that are conducted in the State of Texas. LICENSEE shall not include the modifier “The University of Texas” with any use of the LICENSED MARK “M. D. Anderson” with respect to activities that are conducted outside the State of Texas. Notwithstanding the foregoing and subject to the notice provisions of Section 4.6, the parties may agree in writing to waive the requirements of this Section 4.5 with respect to specific programs and/or specific AFFILIATIONS, and any such waiver shall not require an amendment to this AGREEMENT.
- 4.6 LICENSEE shall notify the Vice Chancellor and General Counsel and the Executive Vice Chancellor for Health Affairs of UT SYSTEM of any potential or new AFFILIATION that will include any use of the LICENSED MARK(S) at least ninety (90) days prior to any public announcement of such AFFILIATION. Any such notice shall be kept confidential by BOARD OF REGENTS and UT SYSTEM until such public announcement.

## 5. DEFAULT, TERMINATION

- 5.1 In the event that LICENSEE becomes insolvent, makes any assignment for the benefit of creditors, is subject to any bankruptcy or receivership proceedings, or fails to comply with any of its obligations under this AGREEMENT (including but not limited to its obligations under Section 8.1), BOARD OF REGENTS may serve on LICENSEE a notice of default specifying the nature of the default. If the default is not cured within thirty (30) days from service of the notice of default, this AGREEMENT shall automatically terminate upon service by BOARD OF REGENTS of a formal notice of termination.

- 5.2 LICENSEE may terminate this AGREEMENT without cause upon at least thirty (30) days written notice to BOARD OF REGENTS, which termination shall be effective at the end of such notice period or upon such later date that shall be specified in the termination notice.
- 5.3 Upon expiration or termination of this AGREEMENT, all rights granted to LICENSEE hereunder shall cease, and LICENSEE will refrain from further use of the LICENSED MARK(S), or any mark or name reasonably deemed to be similar to the LICENSED MARK(S), in connection with the provision of or promotion of LICENSED SERVICES. LICENSEE acknowledges that failure to comply with this provision will result in immediate and irreparable harm affording injunctive relief and any and all other appropriate relief to the BOARD OF REGENTS.
- 5.4 Upon expiration or termination of this AGREEMENT, LICENSEE shall not operate its business in any manner which would falsely suggest to the public that this AGREEMENT is still in force or that any relationship exists between LICENSEE and BOARD OF REGENTS.
- 5.5 Notwithstanding the foregoing, upon expiration or earlier termination of this AGREEMENT, LICENSEE shall be permitted to continue to use the LICENSED MARK(S) in accordance with the terms of this AGREEMENT through the expiration or earlier termination of each AFFILIATION then in effect, provided that LICENSEE shall be prohibited from renewing or extending any such AFFILIATION.

6. SUBLICENSES

LICENSEE shall have the right to grant a sublicense under this AGREEMENT only with the prior written approval of BOARD OF REGENTS, and only under terms at least as restrictive as those of this AGREEMENT.

7. GOODWILL IN LICENSED MARK(S)

LICENSEE agrees that the essence of this AGREEMENT is founded on the goodwill associated with the LICENSED MARK(S) and the value of that goodwill in the minds of the consuming public. LICENSEE agrees that it is critical that such goodwill be protected and enhanced and, toward this end, LICENSEE shall not during the TERM or thereafter:

- (a) attack the title or any rights in or to the LICENSED MARK(S);
- (b) apply to register or maintain any application or registration of the LICENSED MARK(S) or any other mark confusingly similar thereto in any jurisdiction, domestic or foreign;
- (c) use any colorable imitation of any of the LICENSED MARK(S), or any variant form (including variant design forms, logos, colors, or typestyles) of the LICENSED MARK(S) not specifically approved by BOARD OF REGENTS;

- (d) misuse the LICENSED MARK(S);
- (e) take any action that would bring the LICENSED MARK(S) into public disrepute;
- (f) use the LICENSED MARK(S), or any mark or name confusingly similar thereto, in its corporate or trade name without approval of BOARD OF REGENTS, provided however that the use of the LICENSED MARK “M. D. Anderson Physicians Network” as the corporate name of LICENSEE is approved; or
- (g) take any action that would tend to destroy or diminish the goodwill in the LICENSED MARK(S).

8. QUALITY CONTROL

- 8.1 All LICENSED SERVICES shall be QUALITY services. LICENSEE acknowledges that if LICENSED SERVICES were of inferior quality, the substantial goodwill in LICENSED MARK(S) would be impaired. Accordingly, LICENSEE agrees that all LICENSED SERVICES shall be QUALITY services. In particular, LICENSEE shall maintain a standard of quality with respect to its LICENSED SERVICES that is consistent with the standards approved and applied by UTMDACC.
- 8.2 All advertising and promotional material bearing the LICENSED MARK(S) shall comply with the terms of this AGREEMENT.

9. INDEMNITY/HOLD HARMLESS

- 9.1 LICENSEE agrees that it is wholly responsible for all services provided by it, including all LICENSED SERVICES, and that BOARD OF REGENTS shall have no liability for any services, including any LICENSED SERVICE, provided by LICENSEE to any AFFILIATE or the sublicensee of LICENSEE. LICENSEE indemnifies and holds harmless BOARD OF REGENTS and the officers, employees, and agents thereof, from any claims, demands, causes of action, and damages, including reasonable attorney’s fees, caused or arising out of LICENSEE’S provision of LICENSED SERVICES.
- 9.2 INDEMNITY. To the extent authorized by the Constitution and the laws of the State of Texas, the BOARD OF REGENTS indemnifies and holds harmless LICENSEE and the officers, employees, and agents, thereof, from any claims, demands, causes of action, and damages, including reasonable attorneys’ fees, based solely on an alleged infringement by LICENSEE of the claimant’s trademark or trade name directly resulting from the use by LICENSEE of LICENSED MARK(S). Notwithstanding the foregoing, nothing herein shall be construed to be a waiver of the sovereign immunity of BOARD OF REGENTS. The indemnity contained in this Section 9.2 shall not apply to any AFFILIATE, and no AFFILIATE shall be entitled to rely on such indemnity.

10. NOTICES

All notices or demands required to be made or permitted under this AGREEMENT shall be in writing and shall be given by personal delivery, overnight delivery, or United States mail, first class postage prepaid, certified, or registered mail, return receipt requested, addressed as follows:

If to LICENSEE:

M. D. Anderson Physicians Network  
7505 South Main Street  
Suite 500  
Houston, Texas 77030  
Facsimile: (713)794-5025  
Attn: President and Chief Executive Officer

If to BOARD OF REGENTS:

The University of Texas System Board of Regents  
Office of Vice Chancellor and General Counsel  
201 West 7<sup>th</sup> Street, 6<sup>th</sup> Floor  
Austin, Texas 78701  
Facsimile: (512)499-4523

All notices will be effective and will be deemed delivered (i) if by personal delivery, delivery service, or courier, or facsimile, on the date of delivery and (ii) if by mail, three (3) days after deposit in the mail. Either party may change their mailing address by written notice to the other.

11. STATUS OF PARTIES

This AGREEMENT is not intended to create, and shall not be interpreted or construed as creating, a partnership, joint venture, agency, employment, master and servant, or similar relationship between BOARD OF REGENTS and LICENSEE or any sublicensee, and no representation to the contrary shall be binding upon LICENSEE or BOARD OF REGENTS.

12. BINDING EFFECT

This AGREEMENT shall be binding upon and inure to the benefit of BOARD OF REGENTS and LICENSEE and their respective successors, assigns, executors, heirs, and personal representatives.

13. LAW GOVERNING

This AGREEMENT shall for all purposes be governed by and interpreted and enforced in accordance with the laws of the State of Texas. LICENSEE hereby agrees that any action arising out of this AGREEMENT shall be litigated under the laws of the State of Texas in a court of competent jurisdiction in Travis County, Texas. LICENSEE hereby agrees to submit to the jurisdiction of the courts of the State of Texas and to use reasonable effort to obtain each sublicensee's consent to submit to the jurisdiction of the courts of the State of Texas or such other dispute resolution processes that are acceptable to UTMDACC and are in accordance with allowances under the rules of the BOARD OF REGENTS, and that service of process by certified mail, return receipt requested, shall be sufficient to confer in personam jurisdiction over LICENSEE or any sublicensee. LICENSEE agrees that the terms of this paragraph shall be part of any sublicense.

14. MISCELLANEOUS

14.1 The provisions of this AGREEMENT are severable, and if any provision shall be held illegal, invalid, or unenforceable, such holding shall not affect the legality, validity, or enforceability of any other provision. Any such illegal, invalid, or unenforceable provision shall be deemed stricken herefrom as if it had never been contained herein, but all other provisions shall continue in full force and effect.

14.2 As used herein, the term LICENSEE shall include the plural as well as the singular, the masculine and feminine genders, and corporations, partnerships, and other business entities as well as individuals.

14.3 This AGREEMENT contains the entire agreement between the parties with respect to the LICENSED MARK(S) and supersedes any prior agreements between the parties, written or oral, with respect to such LICENSED MARK(S). Specifically, this AGREEMENT is intended to amend and restate in its entirety the terms, conditions, and provisions of the ORIGINAL LICENSE AGREEMENT as of the EFFECTIVE DATE. Notwithstanding anything to the contrary herein, any past use of any form of the LICENSED MARK(S) by LICENSEE is hereby ratified, approved, and confirmed.

14.4 This AGREEMENT may not be amended, modified, or rescinded except by a written agreement executed by BOARD OF REGENTS and LICENSEE.

14.5 This AGREEMENT may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same instrument.

EXECUTED BY BOARD OF REGENTS and LICENSEE effective as of the day and year first above written, in duplicate copies, each of which shall be deemed an original.

BOARD OF REGENTS:

LICENSEE:

THE BOARD OF REGENTS OF  
THE UNIVERSITY OF TEXAS SYSTEM

M. D. ANDERSON PHYSICIANS NETWORK

By: \_\_\_\_\_

By: \_\_\_\_\_

William A. Hyslop

Title:

Title: President and Chief Executive Officer

Date Signed: \_\_\_\_\_

Date Signed: \_\_\_\_\_

Approved as to Form:

\_\_\_\_\_  
The University of Texas System  
Office of General Counsel



ATTACHMENT A

LICENSED MARK(S) ARE:

M. D. Anderson

M. D. Anderson Physicians Network

## ATTACHMENT B

### LICENSED SERVICES ARE:

In accordance with LICENSEE's purposes and emphases on the clinical, educational, and scientific aspects of cancer care, the following services may be provided by LICENSEE in connection with the LICENSED MARK(S) listed in Attachment A:

1. Cancer care services provided in Surgery, Medicine, Radiotherapy, Diagnostic Imaging, Laboratory Medicine, Pathology, Pediatrics, Cancer Prevention, Nursing, and Pharmacy;
2. Cancer research services;
3. Cancer education services; and
4. Services that support the delivery of cancer care services, cancer research services, and/or cancer education services by another entity.

ATTACHMENT C

LICENSED TERRITORY IS:

LICENSED TERRITORY means all countries of the world except as otherwise prohibited by federal statute or regulation.

**FIRST AMENDED AND RESTATED LICENSE AGREEMENT  
BETWEEN  
BOARD OF REGENTS AND  
M. D. ANDERSON SERVICES CORPORATION**

This First Amended and Restated License Agreement (“AGREEMENT”) is entered into effective as of the \_\_\_\_ day of \_\_\_\_\_, 2009 (hereinafter referred to as the “EFFECTIVE DATE”), between the parties hereto, who agree as follows in consideration of the mutual promises contained herein:

1. PARTIES

- 1.1 The Board of Regents of The University of Texas System (hereinafter referred to as “BOARD OF REGENTS”) has its principal office at 201 West 7<sup>th</sup> Street, Austin, Texas, 78701.
- 1.2 M. D. Anderson Services Corporation, a Texas corporation formerly known as M. D. Anderson Outreach Corporation (hereinafter referred to as “LICENSEE”) has a principal place of business at 7505 S. Main, Suite 500, Houston, Texas 77030.
- 1.3 BOARD OF REGENTS and LICENSEE are parties to this AGREEMENT.

2. BACKGROUND

- 2.1 The BOARD OF REGENTS is the governing body of The University of Texas System (“UT SYSTEM”).
- 2.2 The University of Texas M. D. Anderson Cancer Center (“UTMDACC”) is an institution of higher education within UT SYSTEM, an agency of the State of Texas, and a comprehensive cancer treatment, research, and prevention facility.
- 2.3 LICENSEE is a Texas nonprofit corporation that was organized, pursuant to the approval of BOARD OF REGENTS, as an organization described in Section 501(c)(3) of the *Internal Revenue Code* as a supporting organization to UTMDACC. LICENSEE is governed by a board of directors that is appointed by the President of UTMDACC and BOARD OF REGENTS.
- 2.4 LICENSEE develops and delivers an array of oncology-related services and programs to third parties throughout the world in conjunction with and in furtherance of UTMDACC’s mission, programs, and services.
- 2.5 For the use and benefit of UTMDACC, BOARD OF REGENTS owns and controls the licensing of certain trademarks and service marks used by UTMDACC that have acquired public recognition and goodwill through the use of such marks.

- 2.6 The parties entered into a License Agreement effective the 1<sup>st</sup> day of March, 1990 (the “ORIGINAL LICENSE AGREEMENT”), pursuant to which BOARD OF REGENTS granted to LICENSEE a nonexclusive license to use certain marks.
- 2.7 The parties entered into another License Agreement effective the 1<sup>st</sup> day of January, 1996 (the “1996 LICENSE AGREEMENT”), which was subsequently amended by the parties, pursuant to which BOARD OF REGENTS granted to LICENSEE a nonexclusive license to use certain marks.
- 2.8 The parties desire that the terms and conditions for LICENSEE’s ongoing use of the marks be set forth in a single agreement between the parties that clarifies and extends LICENSEE’s rights to use such marks. Accordingly, by entering this AGREEMENT, the parties intend to substitute this AGREEMENT for the ORIGINAL LICENSE AGREEMENT and the 1996 LICENSE AGREEMENT, as amended. Further, the parties desire that the ORIGINAL LICENSE AGREEMENT and the 1996 LICENSE AGREEMENT shall terminate as of the EFFECTIVE DATE, upon the terms and conditions hereinafter set forth.

### 3. DEFINITIONS

- 3.1 AFFILIATION means a contractual affiliation between LICENSEE and another entity (other than UTMDACC) pursuant to which LICENSEE provides certain LICENSED SERVICES to such entity. AFFILIATE shall mean the entity with whom LICENSEE has an AFFILIATION.
- 3.2 LICENSED MARK(S) mean the mark(s) listed in Attachment A, including common law rights, as well as any applications for registration that may be filed by BOARD OF REGENTS or registrations that may be issued to BOARD OF REGENTS covering such mark(s), whether state or federal.
- 3.3 LICENSED SERVICES mean those services specified in Attachment B hereto in connection with which any of the LICENSED MARK(S) are used.
- 3.4 LICENSED TERRITORY means the area described in Attachment C.
- 3.5 TERM means the effective period of this AGREEMENT, which shall commence on the EFFECTIVE DATE and which shall terminate on the tenth (10<sup>th</sup>) anniversary of the EFFECTIVE DATE unless (i) earlier terminated in accordance with the terms of this AGREEMENT or (ii) extended by mutual written agreement of the parties.
- 3.6 QUALITY means an acceptable level of quality to, in the sole judgment of, BOARD OF REGENTS.

4. LICENSE GRANT

- 4.1 Subject to and in accordance with the terms and conditions of this AGREEMENT, BOARD OF REGENTS grants to LICENSEE the nonexclusive right and license to utilize the LICENSED MARK(S) in the LICENSED TERRITORY during the TERM.
- 4.2 LICENSEE shall use the LICENSED MARK(S) (a) solely in connection with the LICENSED SERVICES of QUALITY; and (b) with advertising and promotional materials in conjunction with the provision of LICENSED SERVICES.
- 4.3 LICENSEE may use, and subject to the notice provisions of Section 4.6, LICENSEE may permit an AFFILIATE to use, the LICENSED MARK(S) in conjunction with LICENSED SERVICES that LICENSEE provides to such AFFILIATE. Any such use of the LICENSED MARK(S) by LICENSEE or an AFFILIATE pursuant to an AFFILIATION shall be in accordance with the terms and conditions of this AGREEMENT. Any such use of the LICENSED MARK(S) by the AFFILIATE pursuant to this Section 4.3 shall not require a sublicense agreement between LICENSEE and the AFFILIATE but shall be subject to prior review and approval by LICENSEE.
- 4.4 In any use of the LICENSED MARK(S), the LICENSEE may combine the LICENSED MARK(S) with the name of an AFFILIATE (if applicable), a geographic location, and/or a description of the type of LICENSED SERVICES that shall be provided.
- 4.5 LICENSEE shall include the modifier “The University of Texas” with any use of the LICENSED MARK “M. D. Anderson” with respect to activities that are conducted in the State of Texas. LICENSEE shall not include the modifier “The University of Texas” with any use of the LICENSED MARK “M. D. Anderson” with respect to activities that are conducted outside the State of Texas. Notwithstanding the foregoing and subject to the notice provisions of Section 4.6, the parties may agree in writing to waive the requirements of this Section 4.5 with respect to specific programs and/or specific AFFILIATIONS, and any such waiver shall not require an amendment to this AGREEMENT.
- 4.6 LICENSEE shall notify the Vice Chancellor and General Counsel and the Executive Vice Chancellor for Health Affairs of UT SYSTEM of any potential or new AFFILIATION that will include any use of the LICENSED MARK(S) at least ninety (90) days prior to any public announcement of such AFFILIATION. Any such notice shall be kept confidential by BOARD OF REGENTS and UT SYSTEM until such public announcement.

5. DEFAULT, TERMINATION

- 5.1 In the event that LICENSEE becomes insolvent, makes any assignment for the benefit of creditors, is subject to any bankruptcy or receivership proceedings, or fails to comply with any of its obligations under this AGREEMENT (including but not limited to its obligations under Section 8.1), BOARD OF REGENTS may serve on LICENSEE a notice of default specifying the nature of the default. If the default is not cured within thirty (30) days from service of the notice of default, this AGREEMENT shall automatically terminate upon service by BOARD OF REGENTS of a formal notice of termination.
- 5.2 LICENSEE may terminate this AGREEMENT without cause upon at least thirty (30) days written notice to BOARD OF REGENTS, which termination shall be effective at the end of such notice period or upon such later date that shall be specified in the termination notice.
- 5.3 Upon expiration or termination of this AGREEMENT, all rights granted to LICENSEE hereunder shall cease, and LICENSEE will refrain from further use of the LICENSED MARK(S), or any mark or name reasonably deemed to be similar to the LICENSED MARK(S), in connection with the provision of or promotion of LICENSED SERVICES. LICENSEE acknowledges that failure to comply with this provision will result in immediate and irreparable harm affording injunctive relief and any and all other appropriate relief to the BOARD OF REGENTS.
- 5.4 Upon expiration or termination of this AGREEMENT, LICENSEE shall not operate its business in any manner which would falsely suggest to the public that this AGREEMENT is still in force or that any relationship exists between LICENSEE and BOARD OF REGENTS.
- 5.5 Notwithstanding the foregoing, upon expiration or earlier termination of this AGREEMENT, LICENSEE shall be permitted to continue to use the LICENSED MARK(S) in accordance with the terms of this AGREEMENT through the expiration or earlier termination of each AFFILIATION then in effect, provided that LICENSEE shall be prohibited from renewing or extending any such AFFILIATION.

6. SUBLICENSES

- 6.1 LICENSEE shall have the right to grant a sublicense under this AGREEMENT only with the prior written approval of BOARD OF REGENTS, and only under terms at least as restrictive as those of this AGREEMENT.

6.2 BOARD OF REGENTS hereby approves and authorizes LICENSEE to amend and/or terminate the sublicense agreements described on Attachment D as necessary, and/or if such sublicense agreements should no longer be required, pursuant to the terms and conditions of this AGREEMENT.

7. GOODWILL IN LICENSED MARK(S)

LICENSEE agrees that the essence of this AGREEMENT is founded on the goodwill associated with the LICENSED MARK(S) and the value of that goodwill in the minds of the consuming public. LICENSEE agrees that it is critical that such goodwill be protected and enhanced and, toward this end, LICENSEE shall not during the TERM or thereafter:

- (a) attack the title or any rights in or to the LICENSED MARK(S);
- (b) apply to register or maintain any application or registration of the LICENSED MARK(S) or any other mark confusingly similar thereto in any jurisdiction, domestic or foreign;
- (c) use any colorable imitation of any of the LICENSED MARK(S), or any variant form (including variant design forms, logos, colors, or typestyles) of the LICENSED MARK(S) not specifically approved by BOARD OF REGENTS;
- (d) misuse the LICENSED MARK(S);
- (e) take any action that would bring the LICENSED MARK(S) into public disrepute;
- (f) use the LICENSED MARK(S), or any mark or name confusingly similar thereto, in its corporate or trade name without approval of BOARD OF REGENTS, provided however that the use of the LICENSED MARK "M. D. Anderson Services Corporation" as the corporate name of LICENSEE is approved; or
- (g) take any action that would tend to destroy or diminish the goodwill in the LICENSED MARK(S).

8. QUALITY CONTROL

8.1 All LICENSED SERVICES shall be QUALITY services. LICENSEE acknowledges that if LICENSED SERVICES were of inferior quality, the substantial goodwill in LICENSED MARK(S) would be impaired. Accordingly, LICENSEE agrees that all LICENSED SERVICES shall be QUALITY services. In particular, LICENSEE shall maintain a standard of quality with respect to its LICENSED SERVICES that is consistent with the standards approved and applied by UTMDACC.

8.2 All advertising and promotional material bearing the LICENSED MARK(S) shall comply with the terms of this AGREEMENT.

9. INDEMNITY/HOLD HARMLESS

9.1 LICENSEE agrees that it is wholly responsible for all services provided by it, including all LICENSED SERVICES, and that BOARD OF REGENTS shall have no liability for any services, including any LICENSED SERVICE, provided by



LICENSEE to any AFFILIATE or the sublicensee of LICENSEE. LICENSEE indemnifies and holds harmless BOARD OF REGENTS and the officers, employees, and agents thereof, from any claims, demands, causes of action, and damages, including reasonable attorney's fees, caused or arising out of LICENSEE'S provision of LICENSED SERVICES.

9.2 INDEMNITY. To the extent authorized by the Constitution and the laws of the State of Texas, the BOARD OF REGENTS indemnifies and holds harmless LICENSEE and the officers, employees, and agents, thereof, from any claims, demands, causes of action, and damages, including reasonable attorneys' fees, based solely on an alleged infringement by LICENSEE of the claimant's trademark or trade name directly resulting from the use by LICENSEE of LICENSED MARK(S). Notwithstanding the foregoing, nothing herein shall be construed to be a waiver of the sovereign immunity of BOARD OF REGENTS. The indemnity contained in this Section 9.2 shall not apply to any AFFILIATE, and no AFFILIATE shall be entitled to rely on such indemnity.

10. NOTICES

All notices or demands required to be made or permitted under this AGREEMENT shall be in writing and shall be given by personal delivery, overnight delivery, or United States mail, first class postage prepaid, certified, or registered mail, return receipt requested, addressed as follows:

If to LICENSEE:

M. D. Anderson Services Corporation  
7505 South Main Street  
Suite 500  
Houston, Texas 77030  
Facsimile: (713)794-5025  
Attn: President and Chief Executive Officer

If to BOARD OF REGENTS:

The University of Texas System Board of Regents  
Office of Vice Chancellor and General Counsel  
201 West 7<sup>th</sup> Street, 6<sup>th</sup> Floor  
Austin, Texas 78701  
Facsimile: (512)499-4523

All notices will be effective and will be deemed delivered (i) if by personal delivery, delivery service, or courier, or facsimile, on the date of delivery and (ii) if by mail, three (3) days after deposit in the mail. Either party may change their mailing address by written notice to the other.

11. STATUS OF PARTIES

This AGREEMENT is not intended to create, and shall not be interpreted or construed as creating, a partnership, joint venture, agency, employment, master and servant, or similar relationship between BOARD OF REGENTS and LICENSEE or any sublicensee, and no representation to the contrary shall be binding upon LICENSEE or BOARD OF REGENTS.

12. BINDING EFFECT

This AGREEMENT shall be binding upon and inure to the benefit of BOARD OF REGENTS and LICENSEE and their respective successors, assigns, executors, heirs, and personal representatives.

13. LAW GOVERNING

This AGREEMENT shall for all purposes be governed by and interpreted and enforced in accordance with the laws of the State of Texas. LICENSEE hereby agrees that any action arising out of this AGREEMENT shall be litigated under the laws of the State of Texas in a court of competent jurisdiction in Travis County, Texas. LICENSEE hereby agrees to submit to the jurisdiction of the courts of the State of Texas and to use reasonable effort to obtain each sublicensee's consent to submit to the jurisdiction of the courts of the State of Texas or such other dispute resolution processes that are acceptable to UTMDACC and are in accordance with allowances under the rules of the BOARD OF REGENTS, and that service of process by certified mail, return receipt requested, shall be sufficient to confer in personam jurisdiction over LICENSEE or any sublicensee. LICENSEE agrees that the terms of this paragraph shall be part of any sublicense.

14. MISCELLANEOUS

14.1 The provisions of this AGREEMENT are severable, and if any provision shall be held illegal, invalid, or unenforceable, such holding shall not affect the legality, validity, or enforceability of any other provision. Any such illegal, invalid, or unenforceable provision shall be deemed stricken herefrom as if it had never been contained herein, but all other provisions shall continue in full force and effect.

14.2 As used herein, the term LICENSEE shall include the plural as well as the singular, the masculine and feminine genders, and corporations, partnerships, and other business entities as well as individuals.

- 14.3 This AGREEMENT contains the entire agreement between the parties with respect to the LICENSED MARK(S) and supersedes any prior agreements between the parties, written or oral, with respect to such LICENSED MARK(S). Specifically, this AGREEMENT constitutes a novation insofar as it shall be a substitute for both the ORIGINAL SUBLICENSE AGREEMENT and the 1996 SUBLICENSE AGREEMENT, as amended. LICENSEE and BOARD OF REGENTS hereby agree that each of the ORIGINAL SUBLICENSE AGREEMENT and the 1996 SUBLICENSE AGREEMENT, as amended, shall terminate automatically and without action by the parties as of the EFFECTIVE DATE hereof. Pursuant to such terminations, no party shall have any further obligations under the ORIGINAL SUBLICENSE AGREEMENT and/or the 1996 SUBLICENSE AGREEMENT. Notwithstanding anything to the contrary herein, any past use of any form of the LICENSED MARK(S) by LICENSEE is hereby ratified, approved, and confirmed.
- 14.4 This AGREEMENT may not be amended, modified, or rescinded except by a written agreement executed by BOARD OF REGENTS and LICENSEE.
- 14.5 This AGREEMENT may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same instrument.

EXECUTED BY BOARD OF REGENTS and LICENSEE effective as of the day and year first above written, in duplicate copies, each of which shall be deemed an original.

BOARD OF REGENTS:

LICENSEE:

THE BOARD OF REGENTS OF  
THE UNIVERSITY OF TEXAS SYSTEM

M. D. ANDERSON SERVICES CORPORATION

By: \_\_\_\_\_

By: \_\_\_\_\_

William A. Hyslop

Title:

Title: President and Chief Executive Officer

Date Signed: \_\_\_\_\_

Date Signed: \_\_\_\_\_

Approved as to Form:

\_\_\_\_\_  
The University of Texas System  
Office of General Counsel

ATTACHMENT A

LICENSED MARK(S) ARE:

M. D. Anderson

M. D. Anderson Services Corporation

M. D. Anderson International

M. D. Anderson Outreach

## ATTACHMENT B

### LICENSED SERVICES ARE:

In accordance with LICENSEE's purposes and emphases on the clinical, educational, and scientific aspects of cancer care, the following services may be provided by LICENSEE in connection with the LICENSED MARK(S) listed in Attachment A:

1. Cancer care services provided in Surgery, Medicine, Radiotherapy, Diagnostic Imaging, Laboratory Medicine, Pathology, Pediatrics, Cancer Prevention, Nursing, and Pharmacy;
2. Cancer research services;
3. Cancer education services; and
4. Services that support the delivery of cancer care services, cancer research services, and/or cancer education services by another entity.

ATTACHMENT C

LICENSED TERRITORY IS:

LICENSED TERRITORY means all countries of the world except as otherwise prohibited by federal statute or regulation.

## ATTACHMENT D

### SUBLICENSE AGREEMENTS

1. Sublicense Agreement by and among LICENSEE, Orlando Regional Healthcare System, Inc., and Orlando Cancer Center, Inc.
2. Sublicense Agreement by and between LICENSEE and MDA Holding, Spain, S.A.



2. **U. T. M. D. Anderson Cancer Center: Discussion and appropriate action regarding the sale of U. T. M. D. Anderson Cancer Center's interest in P.E.T.Net Houston, LLC, to PETNET Solutions, a wholly-owned subsidiary of Siemens Medical Solutions USA, Inc., for a negotiated price based on the fair market value to be determined by an independent business valuation expert**

### RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs, the Vice Chancellor and General Counsel, and President Mendelsohn that the U. T. System Board of Regents discuss and take appropriate action related to

- a. negotiation of the sale of U. T. M. D. Anderson Cancer Center's interest in P.E.T.Net Houston, LLC, to PETNET Solutions, a wholly-owned subsidiary of Siemens Medical Solutions USA, Inc., for a negotiated price based on the fair market value to be determined by an independent business valuation expert; and
- b. authorization for the President of U. T. M. D. Anderson Cancer Center or his delegate to execute all documents, instruments, and other agreements, subject to approval by the U. T. System 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

U. T. M. D. Anderson Cancer Center owns a 49% interest in P.E.T.Net Houston, LLC, a Texas limited liability company that is a radiopharmaceutical manufacturer operating out of a facility leased from U. T. M. D. Anderson Cancer Center on the institution's Mid-Campus. M. D. Anderson cofounded P.E.T.Net Houston, LLC, in March 2002 with P.E.T.Net Pharmaceuticals, Inc. (subsequently acquired by Siemens Medical Solutions USA, Inc., and now operating as PETNET Solutions), as a means of securing a cyclotron on campus to service its need for radiopharmaceuticals used in patient care and research. PETNET Solutions owns the remaining 51% interest in P.E.T.Net Houston, LLC, and has managed and operated P.E.T.Net Houston since its inception.

Siemens Medical Solutions USA, Inc., currently has a global initiative to reduce the number of its worldwide affiliates, which presents the opportunity for M. D. Anderson to cash out its interest in P.E.T.Net Houston, LLC, and realize a substantial return on its original investment. M. D. Anderson desires to sell its interest in P.E.T.Net Houston, LLC, to PETNET Solutions to simplify the institution's relationships with the radiopharmaceutical companies.

According to the terms of the initial agreement establishing P.E.T.Net, the sale of the institution's interest in the limited liability company P.E.T.Net is subject to the consent of PETNET Solutions. The sale price will be based on the fair market value of the institution's interest as determined by an independent business valuation expert. P.E.T.Net Houston, LLC, will continue to lease its facility on M. D. Anderson's campus and to supply the institution with radiopharmaceuticals.

3. **U. T. System: Discussion of federal health care legislation and its impact on the U. T. System health institutions**

DISCUSSION

Executive Vice Chancellor Shine will lead a discussion of federal health care legislation and its impact on the U. T. System health institutions.

4. **U. T. System: Quarterly report on health matters, including a report on the U. T. System Health Services Working Group, established to facilitate discussion of anticipated changes in health care, and recent conferences**

REPORT

Executive Vice Chancellor Shine will report on health matters of interest to the U. T. System, including a report on the U. T. System Health Services Working Group and recent conferences held October 1 and 15, 2009. This is a quarterly update to the Health Affairs Committee of the U. T. System Board of Regents.

The U. T. System Health Services Working Group is comprised of representatives from the six U. T. System health institutions and the Chancellor's Health Fellows, and was established to facilitate discussion of anticipated changes in health care.



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FOR  
FACILITIES PLANNING AND CONSTRUCTION  
COMMITTEE**

**Committee Meeting:** 11/11/2009

**Board Meeting:** 11/12/2009  
Austin, Texas

*Printice L. Gary, Chairman  
James D. Dannenbaum  
R. Steven Hicks  
Wm. Eugene Powell*

	<b>Committee Meeting</b>	<b>Board Meeting</b>	<b>Page</b>
<b>Convene</b>	<i>2:00 p.m. Chairman Gary</i>		
<b>Report</b>			
1. <b>U. T. System: Fiscal Year 2009 Energy Utility Task Force Report</b>	<i>2:00 p.m. <b>Report</b> Mr. O'Donnell</i>	Not on Agenda	<b>187</b>
<b><u>Additions to the Capital Improvement Program</u></b>			
2. <b>U. T. Dallas: Renovation of 17217 Waterview Parkway - Amendment of the FY 2010-2015 Capital Improvement Program to include project; approval of total project cost; authorization of institutional management; appropriation of funds; and resolution regarding parity debt (Final Board approval)</b>	<i>2:08 p.m. <b>Action</b> Mr. O'Donnell</i>	<b>Action</b>	<b>187</b>
3. <b>U. T. Dallas: Shell Space and Infrastructure Build-out Projects - Amendment of the FY 2010-2015 Capital Improvement Program to include project; approval of total project cost; authorization of institutional management; appropriation of funds; and resolution regarding parity debt (Final Board approval)</b>	<i>2:12 p.m. <b>Action</b> Mr. O'Donnell</i>	<b>Action</b>	<b>189</b>
4. <b>U. T. Dallas: Student Housing Living/Learning Center, Phase II - Amendment of the FY 2010-2015 Capital Improvement Program to include project (Preliminary Board approval)</b>	<i>2:16 p.m. <b>Action</b> Mr. O'Donnell</i>	<b>Action</b>	<b>191</b>
5. <b>U. T. El Paso: University Parking Garage II - Amendment of the FY 2010-2015 Capital Improvement Program to include project (Preliminary Board approval)</b>	<i>2:21 p.m. <b>Action</b> Mr. O'Donnell</i>	<b>Action</b>	<b>192</b>

	<b>Committee Meeting</b>	<b>Board Meeting</b>	<b>Page</b>
6. <b>U. T. Permian Basin: Residence Hall - Amendment of the FY 2010-2015 Capital Improvement Program to include project (Preliminary Board approval)</b>	2:26 p.m. <b>Action</b> <i>Mr. O'Donnell</i>	<b>Action</b>	<b>193</b>
7. <b>U. T. Health Science Center – Houston: Library, Equipment, Repair and Rehabilitation (LERR10) - University Center Tower Isolation Switch - Amendment of the FY 2010-2015 Capital Improvement Program to include project; approval of total project cost; approval to reallocate approved funding; and authorization of expenditure (Final Board approval)</b>	2:32 p.m. <b>Action</b> <i>Mr. O'Donnell</i>	<b>Action</b>	<b>194</b>
<b><u>Modification to the Capital Improvement Program</u></b>			
8. <b>U. T. Southwestern Medical Center – Dallas: Clinical Campus Phase 2: Amendment of the FY 2010-2015 Capital Improvement Program to increase the total project cost; revise the funding sources; appropriation of partial funding for relocation and demolition work; and redesignate as the New University Hospital (Preliminary Board approval)</b>	2:39 p.m. <b>Action</b> <i>Mr. O'Donnell</i>	<b>Action</b>	<b>196</b>
<b><u>Design Development Approvals</u></b>			
9. <b>U. T. Arlington: Special Events Center - Amendment of the FY 2010-2015 Capital Improvement Program to increase the total project cost; approval of design development; approval to revise the funding sources; appropriation of funds and authorization of expenditure; approval of evaluation of alternative energy economic feasibility; and resolution regarding parity debt (Final Board approval)</b>	2:45 p.m. <b>Action</b> <i>Mr. O'Donnell</i>	<b>Action</b>	<b>198</b>
10. <b>U. T. Dallas: Campus Services and Bookstore Building - Amendment of the FY 2010-2015 Capital Improvement Program to increase the total project cost; approval to revise the funding sources; approval of design development; appropriation of funds and authorization of expenditure; approval of evaluation of alternative energy economic feasibility; and resolution regarding parity debt (Final Board approval)</b>	2:52 p.m. <b>Action</b> <i>Mr. O'Donnell</i>	<b>Action</b>	<b>201</b>
<b>Adjourn</b>	3:00 p.m.		

1. **U. T. System: Fiscal Year 2009 Energy Utility Task Force Report**

REPORT

Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction, will provide the annual report on the progress of the Energy Utility Task Force for Fiscal Year 2009. The Task Force was created in February 2001 to evaluate and recommend strategies for U. T. System institutions to reduce energy consumption, better manage commodity price risk, and leverage their purchasing power to reduce energy costs.

Initial recommendations and energy consumption reduction goals were presented to, and previously endorsed by, the Board in November 2001 and a 10%-15% reduction in energy usage was targeted for Fiscal Year 2011. The estimated reduction in energy usage for Fiscal Year 2009 from baseline levels is 16.60%. Since Fiscal Year 2001, reductions in energy consumption per square foot by U. T. System institutions have resulted in cumulative savings of \$141,803,960.

2. **U. T. Dallas: Renovation of 17217 Waterview Parkway - Amendment of the FY 2010-2015 Capital Improvement Program to include project; approval of total project cost; authorization of institutional management; appropriation of funds; and resolution regarding parity debt (Final Board approval)**

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Daniel that the U. T. System Board of Regents amend the FY 2010-2015 Capital Improvement Program (CIP) to include the Renovation of 17217 Waterview Parkway project at The University of Texas at Dallas as follows:

<b>Project No.:</b>	302-557	
<b>Institutionally Managed:</b>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	
<b>Project Delivery Method:</b>	Competitive Sealed Proposals	
<b>Substantial Completion Date:</b>	July 2010	
<b>Total Project Cost:</b>	<u>Source</u>	<u>Proposed</u>
	Revenue Financing System Bond Proceeds	\$5,500,000

- a. approve a total project cost of \$5,500,000 with funding from Revenue Financing System Bond Proceeds;
- b. authorize U. T. Dallas to manage the total project budgets, appoint architects, approve facility programs, prepare final plans, and award contracts;

- c. appropriate funds; and
- d. 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. Dallas, 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 \$5,500,000.

## BACKGROUND INFORMATION

### Debt Service

The \$5,500,000 in Revenue Financing System debt will be repaid from institutional funds. Annual debt service on the \$5,500,000 Revenue Financing System debt is expected to be \$480,000. The institution's debt service coverage is expected to be at least 1.3 times and average 2.1 times over FY 2010-2015.

### Project Description

The proposed project involves renovation of interior space of an existing office building approved for purchase by the Board of Regents on July 9, 2009. The facility consists of approximately 93,060 gross square feet of office and light manufacturing space. This building will be renovated to accommodate various campus departments in conjunction with program growth and dislocation due to new construction and major renovations. The building will also house administrative and academic units to maximize the availability of square footage for classrooms and faculty offices in the core of the U. T. Dallas campus. This renovation is needed to bring the building into compliance with current codes/standards and to modify the existing space to meet the needs of the prospective tenants.

The proposed repair and rehabilitation project has been approved by U. T. System staff and meets the criteria for inclusion in the CIP. Design development plans and authorization of expenditure of funding will be approved by the President at a later date.

It has been determined that this project would best be managed by the U. T. Dallas Facility Management personnel who have the experience and capability to manage all aspects of the work.

**3. U. T. Dallas: Shell Space and Infrastructure Build-out Projects - Amendment of the FY 2010-2015 Capital Improvement Program to include project; approval of total project cost; authorization of institutional management; appropriation of funds; and resolution regarding parity debt (Final Board approval)**

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Daniel that the U. T. System Board of Regents amend the FY 2010-2015 Capital Improvement Program (CIP) to include the Shell Space and Infrastructure Build-out Projects at The University of Texas at Dallas as follows:

<b>Project No.:</b>	302-558	
<b>Institutionally Managed:</b>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	
<b>Project Delivery Method:</b>	Competitive Sealed Proposals	
<b>Substantial Completion Date:</b>	July 2010	
<b>Total Project Cost:</b>	<u>Source</u>	<u>Proposed</u>
	Revenue Financing System Bond Proceeds	\$5,500,000

- a. approve a total project cost of \$5,500,000 with funding from Revenue Financing System Bond Proceeds;
- b. authorize U. T. Dallas to manage the total project budgets, appoint architects, approve facility programs, prepare final plans, and award contracts;
- c. appropriate funds; and
- d. 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. Dallas, 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 \$5,500,000.

## BACKGROUND INFORMATION

### Debt Service

The \$5,500,000 in Revenue Financing System debt will be repaid from institutional funds. Annual debt service on the \$5,500,000 Revenue Financing System debt is expected to be \$480,000. The institution's debt service coverage is expected to be at least 1.3 times and average 2.1 times over FY 2010-2015.

### Project Description

The proposed project consists of several shell space build-out projects in the Natural Science and Engineering Research Laboratory (NSERL) including neuroscience laboratory space, material science laboratory space, and bioengineering laboratory shell space. The project also involves build-out of the mechanical engineering machine shop in the Waterview Science and Technology Center. Some campus infrastructure improvements associated with academic programs are included in the project.

As U. T. Dallas continues to increase the amount of sponsored research, additional laboratory space is needed as soon as possible. This project will complete the build-out of all available space in the NSERL research facility and provide machine shop space for the new mechanical engineering program.

The proposed repair and rehabilitation project has been approved by U. T. System staff and meets the criteria for inclusion in the CIP. Design development plans and authorization of expenditure of funding will be approved by the President at a later date. It has been determined that this project would best be managed by the U. T. Dallas Facility Management personnel who have the experience and capability to manage all aspects of the work.



**4. U. T. Dallas: Student Housing Living/Learning Center, Phase II - Amendment of the FY 2010-2015 Capital Improvement Program to include project (Preliminary Board approval)**

**RECOMMENDATION**

The Chancellor concurs with the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Daniel that the U. T. System Board of Regents amend the FY 2010-2015 Capital Improvement Program (CIP) to include the Student Housing Living/Learning Center, Phase II project at The University of Texas at Dallas as follows:

<b>Project No.:</b>	302-556				
<b>Project Delivery Method:</b>	Construction Manager at Risk				
<b>Substantial Completion Date:</b>	June 2012				
<b>Total Project Cost:</b>	<table><thead><tr><th><u>Source</u></th><th><u>Proposed</u></th></tr></thead><tbody><tr><td>Revenue Financing System Bond Proceeds</td><td>\$31,000,000</td></tr></tbody></table>	<u>Source</u>	<u>Proposed</u>	Revenue Financing System Bond Proceeds	\$31,000,000
<u>Source</u>	<u>Proposed</u>				
Revenue Financing System Bond Proceeds	\$31,000,000				
<b>Investment Metric:</b>	This Residence Hall will directly support the University's Strategic Plan Imperative of adding 5,000 full-time equivalent students by 2017, creating a total student population of 21,000.				

**BACKGROUND INFORMATION**

The new student housing will contain approximately 150,000 gross square feet to house 400 students as well as classrooms, gathering spaces, and offices to support living and learning communities. These beds will be reserved for use by incoming freshman students. The project will also include parking, connector roads, and outdoor recreational facilities.

The Student Housing Living/Learning Center, Phase I filled quickly, and all current student housing is operating close to 100% occupancy with 40 students on the waiting list.

This proposed project has been approved by U. T. System staff and meets the criteria for inclusion in the CIP. Approval of design development plans and authorization of expenditure of funding will be presented to the Board for approval at a later date.

**5. U. T. El Paso: University Parking Garage II - Amendment of the FY 2010-2015 Capital Improvement Program to include project (Preliminary Board approval)**

**RECOMMENDATION**

The Chancellor concurs with the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Natalicio that the U. T. System Board of Regents amend the FY 2010-2015 Capital Improvement Program (CIP) to include the University Parking Garage II project at The University of Texas at El Paso as follows:

<b>Project No.:</b>	201-553		
<b>Project Delivery Method:</b>	Design/Build		
<b>Substantial Completion Date:</b>	July 2011		
<b>Total Project Cost:</b>	<u>Source</u>	<u>Proposed</u>	
	Revenue Financing System Bond Proceeds	\$ 5,000,000	
	Unexpended Plant Funds	<u>\$ 7,000,000</u>	
		\$12,000,000	
<b>Investment Metrics:</b>	By 2011		
	<ul style="list-style-type: none"><li>• Increase in University parking capacity in a developing area of campus</li><li>• Ease campus arterial traffic congestion on Schuster Avenue and related parking lots</li></ul>		

**BACKGROUND INFORMATION**

The proposed parking garage will consist of a new multistory facility containing approximately 770 parking spaces. Two sites are being considered adjacent to Schuster Avenue for the project.

With the addition of the new School of Nursing and the Chemistry and Computer Science Building to the southeast quadrant of the campus, the demand for additional parking in that area has increased considerably.

This proposed project has been approved by U. T. System staff and meets the criteria for inclusion in the CIP. Approval of design development plans and authorization of expenditure of funding will be presented to the Board for approval at a later date.

**6. U. T. Permian Basin: Residence Hall - Amendment of the FY 2010-2015 Capital Improvement Program to include project (Preliminary Board approval)**

**RECOMMENDATION**

The Chancellor concurs with the 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 2010-2015 Capital Improvement Program (CIP) to include the Residence Hall project at The University of Texas of the Permian Basin as follows:

<b>Project No.:</b>	501-555				
<b>Project Delivery Method:</b>	Construction Manager at Risk				
<b>Substantial Completion Date:</b>	July 2012				
<b>Total Project Cost:</b>	<table><tr><td><u>Source</u></td><td><u>Proposed</u></td></tr><tr><td>Revenue Financing System Bond Proceeds</td><td>\$26,500,000</td></tr></table>	<u>Source</u>	<u>Proposed</u>	Revenue Financing System Bond Proceeds	\$26,500,000
<u>Source</u>	<u>Proposed</u>				
Revenue Financing System Bond Proceeds	\$26,500,000				

**Investment Metrics:**

- Percent occupancy equal to other campus housing by three years after opening
- Student first year retention at or above the campus average first year retention by three years after opening
- Student annual satisfaction survey results at or above other campus housing by two years after opening

**BACKGROUND INFORMATION**

The proposed Residence Hall to be located adjacent to the Student Multipurpose Center will provide 300 beds and student support service areas. The dormitory will feature four students per room. The students would each have their own bedroom with a lavatory and share a common living area. Other amenities would include multipurpose lobbies, study rooms, a mail room, a laundry room, and a media room. Outdoor amenities may include a sand volleyball court and outdoor grill area. The project will be completed in two phases. The first phase to be completed in Fall 2012 will include approximately 150 beds and a new parking lot. The second phase will be completed by Fall 2013.

All of the existing housing on campus consists of apartment style units with students housed in a two bedroom unit with a shared bath, living room, and full kitchen. There are also some efficiency unit apartments with a full kitchen/living room with a single bedroom/bath. This new Residence Hall will provide incoming freshmen and other students a choice of apartment or dormitory housing on campus. Current student housing consisting of 560 beds is operating at 100% occupancy with 40 students on the waiting list.

This proposed project has been approved by U. T. System staff and meets the criteria for inclusion in the CIP. Approval of design development plans and authorization of expenditure of funding will be presented to the Board for approval at a later date.

**7. U. T. Health Science Center – Houston: Library, Equipment, Repair and Rehabilitation (LERR10) - University Center Tower Isolation Switch - Amendment of the FY 2010-2015 Capital Improvement Program to include project; approval of total project cost; approval to reallocate approved funding; and authorization of expenditure (Final Board approval)**

**RECOMMENDATION**

The Chancellor concurs with the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and President Kaiser that the U. T. System Board of Regents amend the FY 2010-2015 Capital Improvement Program (CIP) to include the LERR10 - University Center Tower Isolation Switch project at The University of Texas Health Science Center at Houston as follows:

**Project No.:** 701-554  
**Institutionally Managed:** Yes  No   
**Project Delivery Method:** Competitive Sealed Proposals  
**Substantial Completion Date:** August 2010

<b>Project No.: 701-445</b>	<u>Source</u>	<u>Current</u>	<u>Proposed</u>
<b>LERR09-University Center Tower Emergency Generator Replacement Systems</b>	Permanent University Fund Bond Proceeds	\$1,200,000	\$1,043,325
<b>Total Project Cost:</b>			

<b>Project No.: 701-446</b>	<u>Source</u>	<u>Current</u>	<u>Proposed</u>
<b>LERR09-Dental Branch Building Emergency Generator Replacement Systems</b>	Permanent University Fund Bond Proceeds	\$ 600,000	\$ 474,675
<b>Total Project Cost:</b>			

<b>Project No.: 701-552</b>	<u>Source</u>	<u>Proposed</u>
<b>LERR10-University Center Tower Isolation Switch</b>	Permanent University Fund Bond Proceeds	\$ 282,000
<b>Total Project Cost:</b>		

- a. approve a total project cost of \$282,000 with funding from Permanent University Fund (PUF) Bond Proceeds Library, Equipment, Repair and Rehabilitation (LERR);

- b. approve the reallocation from PUF Bond Proceeds in the amount of \$156,675 from the LERR09 - University Center Tower Emergency Generator Replacement Systems project and \$125,325 from the LERR09 - Dental Branch Building Emergency Generator Replacement Systems project; and
- c. authorize expenditure of funds.

### BACKGROUND INFORMATION

#### Previous Board Actions

On August 14, 2008, the LERR09 - University Center Tower Emergency Generator Replacement Systems project was included in the CIP with a total project cost of \$1,200,000 with funding from PUF LERR and institutional management.

On August 14, 2008, the LERR09 - Dental Branch Building Emergency Generator Replacement Systems project was included in the CIP with a total project cost of \$600,000 with funding from PUF LERR and institutional management.

On August 20, 2009, the Board approved the Request for Budget Change via the Docket to transfer the amount of \$282,000 from the two previously approved LERR projects for emergency generators to a new project to address a high voltage electrical switch that serves the University Center Tower.

#### Project Description

This request is to create a new LERR10 project from surplus funds of the existing LERR09 - University Center Tower Emergency Generator Replacement Systems project and the LERR09 - Dental Branch Building Emergency Generator Replacement Systems project. The LERR funds from both projects are available for transfer and will be used for project design in preparation for executing the project in the near future.

Each building in the Texas Medical Center (TMC) area is fed by underground high voltage cables. The high voltage electrical cables connecting University Center Tower (UCT) also serve multiple buildings in the TMC area. This isolation switch project will isolate UCT from other buildings in the TMC to minimize the impact on other TMC institutions of a high water incident at UCT.

**8. U. T. Southwestern Medical Center – Dallas: Clinical Campus Phase 2: Amendment of the FY 2010-2015 Capital Improvement Program to increase the total project cost; revise the funding sources; appropriation of partial funding for relocation and demolition work; and redesignate as the New University Hospital (Preliminary Board approval)**

**RECOMMENDATION**

The Chancellor concurs with the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and President Podolsky that the U. T. System Board of Regents approve the recommendations for the Clinical Campus Phase 2 project at The University of Texas Southwestern Medical Center at Dallas as follows:

**Institutionally Managed:** Yes  No   
**Project No.:** 303-366  
**Project Delivery Method:** Construction Manager at Risk  
**Substantial Completion Date:** April 2015

<b>Total Project Cost:</b>	<u>Source</u>	<u>Current</u>	<u>Proposed</u>
	Unexpended Plant Funds	\$ 80,000,000	
	Interest on Local Funds	\$ 50,000,000	
	Medical Services Research and Development Plan	\$ 80,000,000	
	Revenue Financing System Bond Proceeds	\$ 50,000,000	\$400,000,000
	Gifts	<u>\$100,000,000</u>	<u>\$200,000,000</u>
	Designated Funds		<u>\$200,000,000</u>
		\$360,000,000	\$800,000,000

- a. amend the FY 2010-2015 Capital Improvement Program (CIP) to increase the total project cost from \$360,000,000 to \$800,000,000;
- b. revise the funding from \$80,000,000 from Unexpended Plant Funds, \$50,000,000 from Interest on Local Funds, \$80,000,000 from Medical Services Research and Development Plan (MSRDP), \$50,000,000 from Revenue Financing System Bond Proceeds, and \$100,000,000 from Gifts to \$400,000,000 from Revenue Financing System Bond Proceeds, \$200,000,000 from Gifts, and \$200,000,000 from Designated Funds;
- c. appropriate partial funding of \$48,000,000 from Designated Funds for relocation and demolition work; and
- d. redesignate the project as the New University Hospital.

## BACKGROUND INFORMATION

### Previous Board Action

On August 23, 2007, the project was included in the CIP with a total project cost of \$360,000,000 with funding of \$80,000,000 from Unexpended Plant Funds, \$50,000,000 from Interest on Local Funds, \$80,000,000 from MSRDP, \$50,000,000 from Revenue Financing System Bond Proceeds, and \$100,000,000 from Gifts.

### Project Description

The original project was anticipated to be a 224-bed addition to St. Paul University Hospital. During the programming of the project it became evident that the scale, location, and cost would need to be changed to serve the current needs of the institution and patients. The traffic congestion at this site and continued use of the older sections of St. Paul University Hospital, including lack of teaching space, patient flow issues, and the disruption caused by construction activity over many years, were of particular concern. In addition, the site would not allow later expansion to accommodate future relocation of clinical programs at Zale Lipshy University Hospital when that facility eventually needs to be replaced. This request is to redesignate the project as the New University Hospital.

The New University Hospital is planned to be a 424-bed facility that will replace the existing St. Paul University Hospital. The hospital will be a full service tertiary hospital that will provide needed patient care, clinical trials, and medical education. The hospital will provide for an additional 6,500 admissions between Fiscal Years 2016 and 2020. To support the hospital, a new central utility plant will be constructed along with a parking garage, utilities, and streets. The hospital will be located on a site known as the West Campus which is directly northwest of the existing St. Paul University Hospital. After the new hospital is complete, the existing hospital site will be converted to other clinical and faculty uses.

Prior to beginning the hospital construction, the occupants of three existing buildings will need to be relocated and those buildings demolished. So that the construction of the New University Hospital is not delayed, U. T. Southwestern Medical Center – Dallas is requesting approval to proceed with the relocation and demolition work. The total cost for this portion of the work is estimated to be \$48,000,000 with funding from Designated Funds.

This proposed project has been approved by U. T. System staff and meets the criteria for inclusion in the CIP. Approval of design development plans and authorization of expenditure of funding will be presented to the Board at a later date.

**9. U. T. Arlington: Special Events Center - Amendment of the FY 2010-2015 Capital Improvement Program to increase the total project cost; approval of design development; approval to revise the funding sources; appropriation of funds and authorization of expenditure; approval of evaluation of alternative energy economic feasibility; and resolution regarding parity debt (Final Board approval)**

**RECOMMENDATION**

The Chancellor concurs with the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Spaniolo that the U. T. System Board of Regents approve the recommendations for the Special Events Center project at The University of Texas at Arlington as follows:

<b>Project No.:</b>	301-397		
<b>Project Delivery Method:</b>	Construction Manager at Risk		
<b>Substantial Completion Date:</b>	January 2012		
<b>Total Project Cost:</b>	<u>Source</u>	<u>Current</u>	<u>Proposed</u>
	Revenue Financing System Bond Proceeds	\$28,000,000	\$68,000,000
	Gifts	\$10,000,000	
	Unexpended Plant Funds	<u>\$35,000,000</u>	<u>\$10,000,000</u>
		\$73,000,000	\$78,000,000

- Investment Metrics:** By 2012:
- Host approximately 41 athletic events and 25 other U. T. Arlington related activities
  - Host approximately 60 non-university events that will address the campus community and general public's interest
  - Accommodate commencement exercises, convocation ceremonies, student orientations, and Maverick Preview Days
  - Provide a facility capable of seating 6,500 people
  - Earn over \$1.0 million during the first year of operations from non-University event bookings, generating 30% net revenue
  - Lease a minimum of 20% of bookable facility time to non-University entities to drive income generation and support student recruitment and community involvement
  -

- a. amend the FY 2010-2015 Capital Improvement Program to increase the total project cost from \$73,000,000 to \$78,000,000;
- b. approve design development plans;
- c. revise the funding sources from \$28,000,000 from Revenue Financing System Bond Proceeds, \$10,000,000 from Gifts, and \$35,000,000 from Unexpended Plant Funds to \$68,000,000 from Revenue Financing System Bond Proceeds and \$10,000,000 from Unexpended Plant Funds;



- 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. Arlington, 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 \$68,000,000.

## BACKGROUND INFORMATION

### Debt Service

The \$68,000,000 in aggregate Revenue Financing System debt will be repaid from institutional funds. Annual debt service on the \$68,000,000 Revenue Financing System debt is expected to be \$4,700,000. The institution's debt service coverage is expected to be at least 2.0 times and average 2.8 times over FY 2010-2015.

### Previous Board Action

On February 12, 2009, the project was included in the CIP with a total project cost of \$73,000,000 with funding of \$28,000,000 from Revenue Financing System Bond Proceeds, \$10,000,000 from Gifts, and \$35,000,000 from Unexpended Plant Funds.

### Project Description

The Special Events Center (SEC) will include approximately 218,000 gross square feet (GSF) to house a multipurpose, state-of-the-art facility for U. T. Arlington athletics, graduation ceremonies, convocation celebrations, concerts, and distinguished lecture series, as well as many community events. The SEC will also include large meeting rooms and suites ideal for hosting special functions, events, and meetings. For U. T. Arlington athletics, the SEC will include an athletic floor for both the men's and women's

basketball teams and the women's volleyball team. It will include practice courts, offices, locker rooms, training facilities, a film and media center, lounge areas, and academic spaces for the student athletes. The facility will be able to accommodate small and large events equally well to serve the academic and administrative departments. The increase in the total project cost is due to a proposed increase of approximately 20,000 GSF to include larger mechanical rooms, larger service corridors, and an increase in the amount of storage space in the building.

The SEC will be located on the east side of the campus in close proximity to the University Center for the convenience of the campus community. The site will be between Pecan and Center Streets and south of West Second Street. This site has an additional benefit of being located adjacent to the recent enhancement and upgrades of Center Street as a pedestrian parkway and green space by the City of Arlington. The SEC's site landscaping is designed to blend into the City's Trail System to make a strong statement in regard to the stature of the University.

### Basis of Design

The planned building life expectancy includes the following elements:

- Enclosure: 50-75 years
- Building Systems: 25-30 years
- Interior Construction: 15-20 years

The exterior appearance and finish are consistent with existing buildings. The mechanical and electrical building systems are designed with sufficient flexibility and space for future capacity to allow for changes without significant disruption to ongoing activities. The interior appearance and finish are consistent with existing campus buildings.

*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 an 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.

**10. U. T. Dallas: Campus Services and Bookstore Building - Amendment of the FY 2010-2015 Capital Improvement Program to increase the total project cost; approval to revise the funding sources; approval of design development; appropriation of funds and authorization of expenditure; approval of evaluation of alternative energy economic feasibility; and resolution regarding parity debt (Final Board approval)**

**RECOMMENDATION**

The Chancellor concurs with the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Daniel that the U. T. System Board of Regents approve the recommendations for the Campus Services and Bookstore Building project at The University of Texas at Dallas as follows:

<b>Project No.:</b>	302-485		
<b>Project Delivery Method:</b>	Competitive Sealed Proposals		
<b>Substantial Completion Date:</b>	November 2010		
<b>Total Project Cost:</b>	<u>Source</u>	<u>Current</u>	<u>Proposed</u>
	Revenue Financing System Bond Proceeds	\$6,250,000	\$8,250,000
	Unexpended Plant Funds	<u>\$3,000,000</u>	<u>\$1,200,000</u>
		\$9,250,000	\$9,450,000

- Investment Metrics:** By 2010:
- Support the University's Strategic Plan Imperative of adding 5,000 full-time equivalent students
  - Strengthen the relationship to the surrounding community by creating another venue which will attract community members to the campus

- a. amend the FY 2010-2015 Capital Improvement Program to increase the total project cost from \$9,250,000 to \$9,450,000;
- b. revise the funding from \$6,250,000 from Revenue Financing System Bond Proceeds and \$3,000,000 from Unexpended Plant Funds to \$8,250,000 from Revenue Financing System Bond Proceeds and \$1,200,000 from Unexpended Plant Funds;
- c. approve design development plans;
- 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. Dallas, 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 \$8,250,000.

## BACKGROUND INFORMATION

### Debt Service

The \$8,250,000 in aggregate Revenue Financing System debt will be repaid from institutional funds. Annual debt service on the \$8,250,000 Revenue Financing System debt is expected to be \$720,000. The institution's debt service coverage is expected to be at least 1.3 times and average 2.1 times over FY 2010-2015.

### Previous Board Action

On May 14, 2009, the project was included in the CIP with a total project cost of \$9,250,000 with funding of \$6,250,000 from Revenue Financing System Bond Proceeds and \$3,000,000 from Unexpended Plant Funds.

### Project Description

The Campus Services and Bookstore Building will be a two-story structure housing a vendor-operated retail bookstore facility, a campus visitor center, and other campus services, including a copy center, technology store, and coffee shop. It will be developed in a manner to attract both campus and community customers. Its location adjacent to the existing Student Activity Center will be a focal point on University property. The new building will include exterior features such as attractive parking, an outdoor trellis, and a connector road. The site of the new building, in the heart of campus at the intersection of Drive A and Rutford Avenue, was selected due to the high level of student traffic through the area as well as its accessibility for community visitors. The increase to the total project cost is to complete the shell space for the bookstore.

The \$9,450,000 total project cost includes built-out campus services space, exterior features, a built-out atrium, and shelled bookstore space. The build-out of the shelled bookstore space is expected to be completed by a bookstore operator to be selected through a Request for Proposals process to manage and operate the future bookstore.

Funding of \$1,000,000 of Unexpended Plant Funds is expected to be repaid by vendor contract commissions. The current economic environment provides for the issuance of low-cost debt allowing U. T. Dallas to conserve its current cash position.

### Basis of Design

The planned building life expectancy includes the following elements:

- Enclosure: 50-75 years
- Building Systems: 25-30 years
- Interior Construction: 15-20 years

The exterior appearance and finish are consistent with existing buildings. The mechanical and electrical building systems are designed with sufficient flexibility and space for future capacity to allow for changes without significant disruption to ongoing activities.

The interior appearance and finish are consistent with existing campus buildings. *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 an 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.



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FOR  
STUDENT, FACULTY, AND STAFF CAMPUS LIFE  
COMMITTEE**

**Committee Meeting:** 11/12/2009  
Austin, Texas

*James D. Dannenbaum, Chairman*  
*Printice L. Gary*  
*R. Steven Hicks*  
*Robert L. Stillwell*  
*Joel Helmke, Chair, Employee Advisory Council*  
*Dan Formanowicz, Chair, Faculty Advisory Council*  
*Bradley Carpenter, Chair, Student Advisory Council*

	<b>Committee Meeting</b>	<b>Page</b>
<b>Convene</b>	9:30 a.m. <i>Chairman Dannenbaum</i>	
<b>U. T. System: Annual Meeting with Officers of the U. T. System Employee Advisory Council</b>	9:35 a.m. <b>Report</b> <i>Mr. Joel Helmke,</i> <i>U. T. M. D. Anderson</i> <i>Cancer Center</i> <i>Mr. Michael Swindle,</i> <i>U. T. Permian Basin</i> <i>Ms. Danielle Fournier,</i> <i>U. T. Austin</i>	<b>204</b>
<b>Adjourn</b>	10:30 a.m.	

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

REPORT

Representatives of the U. T. System Employee Advisory Council will meet with the Board to discuss the Council's past year activities and plans for the future according to the following agenda.

Council members scheduled to attend are:

**Chair:** Mr. Joel Helmke, U. T. M. D. Anderson Cancer Center

**Past Chair:** Mr. Michael Swindle, U. T. Permian Basin

**Vice Chair:** Ms. Danielle Fournier, U. T. Austin

**Secretary:** Mr. Randolph Scott, U. T. Health Science Center – Houston

**Historian:** Ms. Olga Garcia, U. T. Brownsville

AGENDA

1. Introductions
2. Chairperson's report
  - Accomplishments of the past year and plans for the new fiscal year
  - Update of the Council's successful programs and practices, including best practices shared among the U. T. System institutions as set forth on Pages 205 - 207.

BACKGROUND INFORMATION

The U. T. System Employee Advisory Council was established in August 2000 to provide a vehicle for communication and to facilitate the flow of ideas and information among employees, the Board of Regents, the institutions, and the Executive Officers of U. T. System Administration. The U. T. System Employee Advisory Council functions to define, analyze, and make recommendations on employee issues to appropriate groups and individuals.

**THE UNIVERSITY OF TEXAS SYSTEM  
EMPLOYEE ADVISORY COUNCIL  
REPORT  
TO THE BOARD OF REGENTS  
THE UNIVERSITY OF TEXAS SYSTEM**

The University of Texas System Employee Advisory Council (EAC) is aware of the current economic climate and remains mindful of costs associated with any proposed changes to institution operations. While we continue to champion programs that increase opportunities for employees to continue their education, better their physical and mental well-being, and improve overall morale at the institutions, a primary focus of the EAC this past year has been to share “Best Practices” among U. T. institutions. EAC members are encouraged to work with leadership teams at their institutions to develop programs that make sense locally. We do not ask for U. T. System funded mandates at this time. The following are examples of successful programs that have been shared as best practices and have resulted in positive changes.

We thank the U. T. System and the Board of Regents for their continued support of the EAC and the opportunity to represent staff members from our diverse institutions.

**Best Practices**

*Best Practices 1 – Health & Wellness*

The EAC continues to be advocates of Health and Wellness programs at U. T. institutions. Since the EAC’s visit to U. T. Medical Branch - Galveston in 2004, EAC members began strong support of wellness initiatives. From 2004 forward, the Health & Wellness Committee has researched and promoted health and wellness activities across the U. T. System. In an effort to expand established and successful wellness programs, the EAC partnered with U. T. System to develop effective communication practices to promote programs currently in place, support the implementation of newly developed wellness programs at institutions with no programs, and support the creation of a Systemwide Wellness Program Coordinator position at U. T. System Administration.

As a notable wellness initiative, the UT SELECT medical plan offers free colonoscopies to plan participants. Wellness initiatives such as these are very important to the well-being of our employees. The EAC is very appreciative and recognizes the effort the U. T. System has demonstrated in keeping insurance costs and premiums as low as possible.



This has been accomplished, while at the same time, new and important programs such as this have been introduced.

### *Best Practices 2 – Information Sharing*

The Best Practice document created in FY 2002 - 2003 by the EAC (<http://www.utsystem.edu/eac/BestPractices.htm>) provides a snapshot of programs in practice at each of the institutions. This document is a lasting example of EAC efforts to research and share examples of worthy programs.

#### *Staff Council*

The importance of staff councils to each of our institutions was a topic the EAC brought before the Board of Regents last year. Today, 13 institutions and U. T. System Administration have established staff councils. It is the EAC's hope that U. T. M. D. Anderson Cancer Center and U. T. Southwestern Medical Center - Dallas will soon adopt the staff council model.

#### *Staff Ombudsman*

U. T. Dallas has laid the groundwork for a staff Ombudsman program. Through EAC discussions, the U. T. Austin Staff Council has become interested in this issue and is now reviewing the U. T. Dallas experience. The EAC will continue to review the Ombudsman process as future interest develops.

#### *Tuition Reimbursement / Scholarships*

The EAC continues to support efforts to provide educational opportunities to employees. The development of tuition assistance/reimbursement programs at all institutions continues to be a long-term goal for the EAC.

#### *Electronic Communication*

U. T. Pan American's implementation of "Kiosks on Campus," which provides public web access for its campus community, has prompted U. T. Austin to seek better communication methods and access for the entire campus community. This is significant for the staff members who would not traditionally have regular electronic communication access (i.e., facilities and custodial services employees). U. T. Austin has implemented a similar plan.

### *Online Job Search Tool*

In continued awareness of economic constraints, the EAC will encourage better sharing of resources across the entire U. T. System. An online job search tool, which currently cross-references position openings at five institutions, is a notable example of how shared information and resources could improve operations and reduce the cost of redundancies in operations.

### *Job Placing Assistance*

The EAC appreciates and firmly supports the efforts by the U. T. System Administration in promoting displaced U. T. Medical Branch - Galveston employees in positions throughout the U. T. System. This is an excellent example of how existing resources can address complex Systemwide situations.