



TABLE OF CONTENTS FOR MEETING OF THE BOARD

Board Meeting: 5/10-11/2006
Austin, Texas

	Board/Committee Meetings	Page
<u>WEDNESDAY, MAY 10</u>		
COMMITTEE MEETINGS		
Finance and Planning Committee	9 – 10 a.m.	44
Facilities Planning and Construction Committee	10 – 11 a.m.	147
Health Affairs Committee	11 – 12 p.m.	119
Lunch	12 – 12:30 p.m.	
Student, Faculty, and Staff Campus Life Committee	12:30 – 1 p.m.	180
Academic Affairs Committee	1 – 2:30 p.m.	66
BOARD MEETING		
A. CONVENE	2:30 p.m.	
B. RECESS TO EXECUTIVE SESSION PURSUANT TO TEXAS GOVERNMENT CODE, CHAPTER 551		
1. Consultation with Attorney Regarding Legal Matters or Pending and/or Contemplated Litigation or Settlement Offers – Section 551.071		
a. U. T. System: Discussion and appropriate action regarding intellectual property litigation strategy including ongoing and proposed intellectual property litigation at U. T. Arlington and separate intellectual property litigation at U. T. Austin	2:35 p.m. <i>Mr. Burgdorf</i>	
b. U. T. System: Discussion with counsel concerning pending legal issues	2:50 p.m. <i>Mr. Burgdorf</i>	
2. Deliberations Regarding the Purchase, Exchange, Lease, Sale, or Value of Real Property – Section 551.072		
a. U. T. Medical Branch - Galveston: Discussion and appropriate action regarding authorization and related terms of marketing and sale of the real property and improvements located at 1301 Market Street, Galveston, Galveston County, Texas, with the net sale proceeds to be used to establish an endowed faculty position in support of the institution’s Parkinson’s disease program and to match the Herzog Foundation Challenge Grant at the institution for indigent patients’ pharmaceutical needs	3:05 p.m. <i>President Stobo</i> <i>Ms. Mayne</i>	
(Background materials are on Pages Executive Session 1 - 6. The materials are for use in Executive Session only.)		

WEDNESDAY, MAY 10 (continued)

Board/Committee Meetings

- b. **U. T. Arlington: Discussion and appropriate action concerning negotiations for the sublease of approximately 20,000 square feet of improvements and associated parking located at 1401 Jones Street, Fort Worth, Tarrant County, Texas, from the Board of Directors of Tax Increment Reinvestment Zone Number Three, City of Fort Worth, for The University of Texas at Arlington Fort Worth Higher Education Center**
(Background materials are on Pages Executive Session 7 - 11. The materials are for use in Executive Session only.) 3:20 p.m.
*President Spaniolo
Ms. Mayne
Mr. Kirk Tames*
3. Negotiated Contracts for Prospective Gifts or Donations – Section 551.073
- a. **U. T. Austin: Discussion and appropriate action regarding negotiated gifts involving naming opportunities** 3:30 p.m.
Dr. Safady
- b. **U. T. Health Science Center - Houston: Discussion and appropriate action regarding negotiated gift involving naming opportunity** *Dr. Safady*
4. Personnel Matters Relating to Appointment, Employment, Evaluation, Assignment, Duties, Discipline, or Dismissal of Officers or Employees – Section 551.074 3:50 p.m.
- U. T. System: Consideration of individual personnel matters relating to appointment, employment, evaluation, compensation, assignment, and duties of presidents (academic institutions), U. T. System Administration officers (Executive Vice Chancellors and Vice Chancellors), other officers reporting directly to the Board (Chancellor and Counsel and Secretary, and Director of Audits), and U. T. System employees**
- Evaluation materials for academic presidents (Pages Executive Session 12 - 22)
 - Institutional background trends (Pages Executive Session 23 - 24)
 - Materials on executive compensation from Buck Consultants (Pages Executive Session 25 - 56)
 - Chancellor Yudof's employment agreement (Pages Executive Session 57 - 59)
- The materials are for use in Executive Session only.
- C. RECONVENE IN OPEN SESSION TO CONSIDER ACTION, IF ANY, ON EXECUTIVE SESSION ITEMS 5:20 p.m.
- D. RECESS 5:30 p.m.
approximately

THURSDAY, MAY 11

**Board/Committee Page
Meetings**

COMMITTEE MEETING

Audit, Compliance, and Management Review Committee 8:00 – 9:00 a.m. 38

BOARD MEETING

E. RECONVENE MEETING OF THE BOARD IN OPEN SESSION	9:00 a.m.	
1. U. T. System: Annual Meeting with Officers of the U. T. System Student Advisory Council	9:00 a.m. Report <i>Mr. Chaney</i>	1
F. APPROVAL OF MINUTES	10:00 a.m.	
G. CONSIDER AGENDA ITEMS	10:02 a.m.	
2. U. T. System Board of Regents: Approval of proposed appointments of members to the Board of Directors of The University of Texas Investment Management Company (UTIMCO)	10:03 a.m. Action <i>Chairman Huffines</i>	15
3. U. T. System Board of Regents: Amendment to the Regents' Rules and Regulations, Series 20201, Section 1 (Presidential Selection)	10:10 a.m. Action <i>Chairman Huffines</i> <i>Chancellor Yudof</i>	15
4. U. T. System Board of Regents: Adoption of Regents' Rules and Regulations, Series 40602, related to Organized Research Units [Item may be considered in the Academic Affairs Committee (Item 3 on Page 80) and in the Health Affairs Committee (Item 8 on Page 130.)]	10:15 a.m. Action <i>Dr. Sullivan</i> <i>Dr. Shine</i>	19
5. U. T. System Board of Regents: Amendment to the Regents' Rules and Regulations, Series 31001, Section 2.4 (Honorific Titles)	10:20 a.m. Action <i>Dr. Shine</i>	23
6. U. T. System Board of Regents: Amendments to the Regents' Rules and Regulations, Series 80307, regarding naming policy	10:25 a.m. Action <i>Dr. Safady</i>	23
7. U. T. System Board of Regents: Adoption of Regents' Rules and Regulations, Series 20205, relating to expenditures for travel, entertainment, and housing by the Chancellor and presidents of the U. T. System	10:30 a.m. Action <i>Mr. Burgdorf</i>	31
8. U. T. System: Report on computer security issues	10:40 a.m. Report <i>Chancellor Yudof</i>	36

	Board Meeting	Page
9. U. T. System: Legislative Update and Preparation for the 80th Legislative Session	<i>10:50 a.m.</i> Report <i>Mr. Collins</i>	36
10. U. T. System: Update on development of the U. T. System Strategic Plan	<i>11:00 a.m.</i> Report <i>Dr. Malandra</i>	36
11. U. T. System: Annual Report on research and technology transfer	<i>11:10 a.m.</i> Report <i>Dr. Barnhill</i>	36
12. U. T. System: Report on Borderplex Health Council	<i>11:20 a.m.</i> Report <i>President</i> <i>García</i>	36
H. RECESS FOR MEETINGS OF THE STANDING COMMITTEES AND COMMITTEE REPORTS TO THE BOARD	<i>11:40 a.m.</i>	37
I. RECONVENE AS COMMITTEE OF THE WHOLE	<i>11:55 a.m.</i>	
U. T. System Board of Regents: Presentation of certificate of appreciation to Executive Vice Chancellor for Academic Affairs Teresa A. Sullivan		37
J. ADJOURN	<i>12:00 noon</i> approximately	

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

The U. T. System Student Advisory Council will meet with the Board of Regents to discuss accomplishments of the Council and plans for the future, following their meeting on February 10-11, 2006, wherein they finalized recommendations set forth on Pages 2 – 8. A cumulative listing of Council recommendations and status is set forth on Pages 9 - 14.

AGENDA

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

BACKGROUND INFORMATION

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

Council members scheduled to attend are:

Chair: Mr. Brent Chaney, U. T. Austin, English and Government

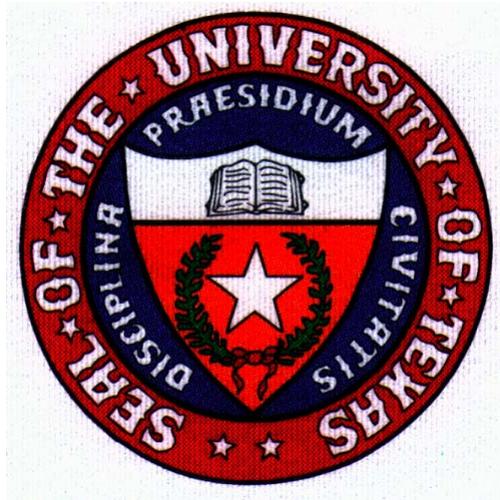
Academic Affairs: Mr. Franco Marquez, U. T. El Paso, Multi-Disciplinary Study

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

Health and Graduate Affairs Committee: Mr. Matthew Ramirez, U. T. Medical Branch - Galveston, Doctor of Medicine

Financial and Legislative Affairs Committee: Mr. Omar Ochoa, U. T. Austin, Business Honors Program

**The University of Texas System
Student Advisory Council**



2005-2006

**Recommendations and Report to the
Board of Regents**

Of

The University of Texas System

May 2006



*Student Advisory Council
Brent Chaney, Chair*

March 30, 2006

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

Dear Chancellor Yudof,

Each year, the UT System Student Advisory Council, consisting of two representatives from each institution, meets to discuss issues of importance to students across the System. These recommendations are researched, discussed, and debated until the most salient, relevant recommendations are forwarded for your review. These recommendations represent the efforts of our 28 members over the past year. We trust that they will receive your earnest attention.

This was an innovative year for the Council. With the assistance of the Office of Academic Affairs and the Office of Technology and Information Services we utilized Sharepoint, an online threaded discussion tool, to keep our discussions going after our face-to-face meetings in Austin. Our recommendations cover a variety of topics categorized into our four major working groups. This year's committees included academic affairs, graduate and health affairs, financial and legislative affairs, and student involvement and campus life.

We continue to support the United to Serve Initiative which will be held on April 23-29, 2006 during the National Volunteer Week and acknowledge the time and effort that your staff gives to coordinate that program.

I would also like to take this opportunity to publicly thank and commend the members of the 2005-2006 University of Texas System Student Advisory Council for their service to the Council and to their fellow students. These recommendations show their dedication and effort to serving their fellow students well, and it has been an honor to serve as their Chair.

Finally, I would like to give a special thanks to Dr. Edward Baldwin. Without his guidance, much of what we have accomplished would not have been possible.

We appreciate the opportunity to present these recommendations on behalf of the 180,000 students in the UT System.

Sincerely,

Brent Chaney, Chair
The University of Texas System Student Advisory Council

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

After careful consideration we, the members of The University of Texas System Student Advisory Council, respectfully recommend the following recommendations to The University of Texas System Board Of Regents. The findings of the Council show that recommendations presented here concern a wide array of students at multiple institutions in The University of Texas System.

Graduate and Health Affairs

Recommendation 1

Require all U. T. System institutions which offer any health care component to institute random drug testing of students participating in patient care and investigate the effectiveness of current anti-drug efforts at our health institutions.

As society has evolved, drug use and abuse has gained a type of casual acceptance among young adults attending our institutions. These same students participate in patient interaction through various endeavors as part of their curriculum. Drug use among this population therefore could have disastrous effects on patient care, the institution and the health care profession.

In 2005 an article in the *New England Journal of Medicine*¹ found drug and alcohol abuse by observed physicians to be the primary behavior leading to Medical Board disciplinary action. This finding is not isolated. The literature contains numerous accounts from across the disciplines which find drug use among medical professionals to be a widespread problem. One cannot assume that this behavior begins only after graduating from health care institutions.

Our goal at the U.T. System is to provide the health care field with the most competent and prepared professionals possible. We recognize that every effort must be taken to ensure that drug use does not influence patient care at our health institutions. If the Board concurs with the Council with respect to this recommendation, the Board could act by taking the following actions:

- a. Initiate random drug testing for students participating in programs whose educational activities bring them into patient contact or whose actions might alter patient care through the administration or formulation of medication.

¹ Papadakis, M. A., et al. (2005). Disciplinary Action by Medical Boards and Prior Behavior in Medical School. *New England Journal of Medicine*, 353, 2673-2682.

- b. Evaluate current and/or develop new curriculum to increase student knowledge of the dangerous and often personally/professionally damaging effects of drug abuse by health care professionals with an emphasis on professional conduct in the Hippocratic tradition.
- c. Evaluate and promote Student Health Service programs available for individuals seeking to relinquish their drug activities, with an emphasis on rehabilitation.
- d. Develop a campus wide educational campaign (e.g. posters/pamphlets) that recognizes the problem of drug abuse among health care professionals and the effects such abuse has on patient trust, patient care and the public's perception of the health care profession.

This recommendation represents the best solution to an alarming drug culture present among students at our campuses and places patient safety as well as professional conduct paramount at these institutions.

Financial and Legislative Affairs

Recommendation 2

Ask all institutions to begin setting tuition locks or guarantees for incoming students based on their academic program's expected time of completion.

With decreasing monetary support from the State of Texas, students and their families are expected to shoulder an increasing amount of the financial burden of their education. Though this may be necessary to maintain a high quality education, the process used to set tuition makes the total cost of education unpredictable. Students know what they will have to pay for their education for a limited time which makes planning work schedules, financial aid, and family contributions difficult. The recent 2 year process of setting tuition is a step in the right direction but the system should strive to make the total cost of education known. Unpredictable tuition has been one of the biggest complaints from parents and students since tuition deregulation.

Students are expected to know how long they will be working on their degree; in return they should know how much it is going to cost to complete their degree. When students gain entry into higher education, i.e. universities, law schools, medical schools, etc., they will benefit from knowing the total cost of their education within a time frame. The time frame will consist of the number of years indicated by each program, depending on the form of higher education. For example, an undergrad program normally consists of four years, medical school four years and law schools three years. Tuition would be fixed or "locked" for the indicated number of years estimated for each program.

Tuition locks can also increase timely graduation. Once the student acquires a “locked” fee he/she will be able to more accurately plan their expenses for pursuing a degree. Unforeseen costs become unpredictable obstacles that potentially delay graduation. The percentage of students graduating in four years may increase once the number of “unpredictable” obstacles for obtaining a higher education is reduced. Being able to plan for education costs increases a student’s ability to plan for timely graduation. Also, a financial incentive to graduate on time is created as students will strongly consider graduating on time to avoid increases in their tuition.

Recommendation 3

Implement standard dates for the tuition setting process at each institution.

Each institution has a tuition setting process that includes a committee consisting of students, faculty and administrators. The involvement of students on these committees has been an important way of including the major stakeholders of the university in the process.

What’s important is that students are given the maximum opportunity to have an impact on the tuition deliberations. The education of the tuition committee has a direct effect on the productivity and quality of its members. Because there are no standard dates in place for when students should appoint new members, receive briefing information or solicit student feedback, it makes it extremely difficult for students to get up to speed on difficult information.

The system should require each institution to work with student leaders to develop a standard calendar. As a minimum, the Board should instruct institutions to provide tuition committees information and an education briefing two weeks before their first meeting. This first meeting should be no later than one month prior to the due date of the recommendation.

Academic Affairs

Recommendation 4

Require an Online Degree Audit Plan Evaluation Tool at each Institution.

While some of the departments in our universities have capable degree plans online, the entire system would benefit from a simple, user friendly, new setup of degree plans. This online program should be constructed in phases that systematically address the needs of the student population. Initially the program should include:

- a. Updated information on the student’s progress (transcript)
- b. Classes needed for completion of their degree
- c. Printable degree plan to speed up advising process

Later phases of this program should contain:

- a. Registration information for those classes (date, time, place and professor)
- b. Financial information regarding tuition and fees to be assessed for that semester

Ultimately, this would be a great tool in improving graduation time and rates because it would take much of the guess work out of registration, advising, and financial predicaments that many of our students face.

Recommendation 5

Require Advising Accountability.

It is our recommendation that all advisors be held accountable for the advice they offer to students in regard to the class offerings and the degree requirements. Students are often frustrated with the process and the information received. This slows the progress of graduation.

For this reason, we urge the system to increase advisors' accountability for assisting the students. Advisors should be required to have an understanding of degree plans so that the quality and accuracy of their advising is the best. Additionally, all advisors should have an audit done every five years so that a record of their performance of helping students graduate is maintained. For faculty advisors, it would serve as a component in tenure and post-tenure evaluations. For staff advisors, it would serve as a component of their job performance evaluations.

Recommendation 6

Develop a Transfer Equivalency Guide that is useable by all UT System Schools.

The University of Texas at Austin offers an online program, The Automated Transfer Equivalency Guide (ATE), which is unheard of at the rest of our institutions. The system is a searchable database of transfer credit evaluations for more than 246,966 courses offered at Texas colleges & universities. It offers an equivalency guide form that allows students to know whether a class taken at another institution will count towards their required classes at UT Austin. All academic institutions would benefit from such a program. Allowing prospective transfer students the ability to see how much of their earned credit hours would be accepted at our institution would further facilitate the steps in attending one of the UT institutions.

Making this program available between our universities would further enhance the appeal of our system to the rest of Texas and beyond.

Student Involvement & Campus Life

Recommendation 7

Create and moderate a network (similar to The University of Texas System Student Advisory Council (UTSSAC) Portal) to facilitate communication within the UT System schools.

As student representatives from our respective schools, we have, through social and formal engagements, shared ideas of what various departments at our home institutions are doing to make the experience of each UT System student successful and memorable. UTSSAC offers the separate institutions an opportunity to share individually what the student government association, Student Affairs, and other organizations at each institution do for different activities. If the student representatives (other than the two UTSSAC members) had an opportunity to contact other UT System students on a regular basis, then students would be able to know ahead of time if a certain plan of action has been successful in the past at another campus. Thus, energy, time, and resources could be saved.

The Council offers the following guidelines it believes are important to be included in the intercampus communication network:

- a. The network should be piloted with the student government group of each institution. Access will be limited to the student government group president and one additional officer.
- b. The network should be closely moderated to avoid misuse of such resource.
- c. Depending on the success of the network, it will be opened up to the various divisions of campus. Each would have a username and pass code, such that Student Activities, Greek Life, Orientation Program, etc. would be allowed to review, post, and respond only to their department.
- d. The Student Regent would have access to the network in order to enhance communication with the rest of the UT Student Leaders.

Student Advisory Council Recommendations Cumulative List/Update

Subject	Recommendation	System Administration Response
<p>The UT System Digital Library (UTsDL) May 12-13, 2004 Board Meeting</p>	<p>Increase support to achieve an extensive list of journals and electronic resources that can be used by both students and faculty; cooperation among the health science centers to maximize access to electronic sources at minimum cost to the System and the individual institutions.</p> <p>Study the feasibility of providing health insurance for all students. The analysis should include the possibility of decreasing premiums and deductibles (in light of increases in membership of healthy persons in the insurance pool), expanding coverage and benefits and improving customer service.</p>	<p>The System continues its support of the digital library. An additional \$1 million dollars was allocated for this effort.</p> <p>Status: Implemented</p>
<p>Health Insurance May 12-13, 2004 Board Meeting</p>	<p>Employee Group Insurance (EGI) has developed an RFP for the Student Health Insurance Program. The Student Advisory Council selected four of its members to participate in a focus group to help articulate plan design changes. Suggestions from the group were incorporated into the current student health insurance plan.</p>	<p>Status: Contracted with Student Resources Mega Insurance</p>
<p>Student Assessment May 12-13, 2004 Board Meeting</p>	<p>Strongly believe in the utility of student learning assessment. The results should be used for improvement, not for punitive purposes. Nor should they be used in any manner that infringes on academic freedom.</p>	<p>Office of Academic Affairs continues to work on student assessment. Continues to explore various tests and testing methods designed to calculate the value that each of our member institutions add to student learning.</p> <p>Status: Implemented and ongoing</p>
<p>Student Engagement May 12-13, 2004 Board Meeting</p>	<p>The National Survey of Student Engagement should be better publicized to students to make them aware of the impact that their participation has in the development for a quality education. The results should be made readily available to students at each institution via the institution's website.</p>	<p>The Office of Academic Affairs continues to participate in the National Survey of Student Engagement. The results of the survey are currently a part of the UT System Accountability and Performance Report and are used by some of our institutions to satisfy state government customer satisfaction requirements.</p> <p>Status: Implemented and ongoing</p>

<p>Tuition Deregulation and Accountability May 12-13, 2004 Board Meeting</p>	<p>Carefully track the flow of money generated by tuition increases and hold the member institutions accountable for the use of the additional revenue.</p>	<p>General Appropriations Act, Rider 59, Report Concerning Designated Tuition, requires the Board annually file a report detailing the uses of designated tuition.</p>
<p>UTServe May 12-13, 2004 Board Meeting</p>	<p>Continued support of the Chancellor and the presidents for the System-wide outreach activity (UTServe). This activity is connected with National Volunteer Week.</p>	<p>Status: Implemented and ongoing The System will continue to support UTServe. Status: Implemented – This year’s event took place the week of April 23 – 29, 2006</p>
<p>Collaborative Academic and Certificate Programs May 11-12, 2005 Board Meeting</p>	<p>Expand Collaborative Academic and Certificate Programs among member institutions of the System.</p>	<p>Currently, there are more than a dozen collaborative academic programs among member institutions of The University of Texas System. These programs are strategically placed and make the best use of the scarce resources available. Status: Implemented and ongoing. A major initiative is underway at UTS to foster these collaborative programs between academic and health-related institutions. Major programs have been already established.</p>
<p>Reserve Copies of Required Course materials May 11-12, 2005 Board Meeting</p>	<p>Amend the Regents’ <i>Rules</i> to require each institution to maintain a standing copy of every course section’s required course materials (including textbooks and packets) to be on reserve in each institution’s respective library.</p>	<p>Since students traditionally have been responsible for providing their own textbooks, UT libraries do not, as a standard practice, stock all textbooks used in campus courses. No budget source is currently available to enable libraries to provide textbooks to students. The initial cost to provide textbooks, in hard copy form, would be substantial. For example, the initial cost is estimated at over \$35 million for UT Austin. Status: Responded to this request. Difficult to implement because of cost restrictions.</p>
<p>NetLibrary Expansion May 11-12, 2005 Board Meeting</p>	<p>Expand the NetLibrary to make available required texts of each section of each course offered at each institution</p>	<p>The use of electronic textbooks, while an innovative teaching tool, has become a complex issue. This recommendation would require all texts for each of the courses at all of the UT institutions be made available through the NetLibrary online service; as a result a System-wide contract would have to be developed and executed with NetLibrary.</p>

		<p>Note however that not all textbooks are available in electronic format. The libraries estimate that only a small percentage of textbooks are currently available in digital format.</p> <p>The recommendation also raises significant issues about what obligations UT institutions would be subject to in order to protect NetLibrary and the eBook authors' copyrights and other intellectual property rights, especially to prevent any infringement of such rights by the students accessing eBooks through the NetLibrary system.</p> <p>Ensuring that all textbooks are available via the NetLibrary system would require UT to devote significant ongoing resources to such an effort.</p> <p>Status: Acknowledged and no action because of significant budget implications.</p>
<p>Community Code of Honor May 11-12, 2005 Board Meeting</p>	<p>Encourage each institution to continue to promote a community code of honor or a code of ethical conduct; and if a code of honor or ethical conduct does not presently exist, to develop and advertise a community code similar to that which was announced by President Faulkner at The University of Texas at Austin in April 2004.</p>	<p>The honor code established at Austin was developed by student initiative and was vetted with faculty and staff of the university. U.T. Austin's honor code seeks to remind the members of their community that civility and integrity have meaning and that there are expectations concerning these virtues. This code is simple and does not set up an elaborate justice system to deal with violations.</p> <p>The presidents of our member institutions were made aware of this recommendation.</p> <p>Status: Acknowledged and recommended to presidents to follow up.</p>

<p>Institutional Compliance Effectiveness</p> <p>May 11-12, 2005 Board Meeting</p>	<p>Ask the Office of the Chancellor to study and report on the effectiveness of the institutional compliance policies to promoting professionalism and ethical conduct within the operations of each System institution, and recommend action to the respective institution when appropriate.</p>	<p>Students currently have a variety of offices to which they can report unethical or illegal conduct that do not rely on hierarchical systems. These offices include the Office of Student Affairs, Institutional Compliance, and Equal Opportunity Office.</p> <ul style="list-style-type: none"> • Generally, the Office of Student Affairs or the Dean of Students is charged by the institution with responsibility for handling student concerns. • However, students could also utilize resources provided by the Institutional Compliance Office. • If the nature of the complaint relates to sexual discrimination, sexual harassment, or sexual misconduct, the Equal Opportunity Office would also be appropriate. <p>Each System institution has an external hotline for reporting instances of suspected noncompliance, and unethical or illegal behavior. Calls are reported to the Institutional Compliance Officer for review and investigation. Hotlines provide a way to report issues anonymously or for other instances where there is discomfort in using the institution's established administrative channels. There are no restrictions regarding who may use the hotlines.</p> <p>Information on services provided by institutional compliance offices is publicized on the institutions' websites and through the use of posters displayed across the campuses.</p> <p>Status: Being implemented. There is a UTS Task Force on institutional compliance.</p>
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<p>Financial Aid May 11-12, 2005 Board Meeting</p>	<p>Conduct a study on the impact of new tuition increases on students that do not qualify for financial aid.</p>	<p>Since the first round of tuition deregulation, System Administration has been keenly aware of the impact of tuition increases on the student's ability to pay.</p> <p>The first of the eight guiding principles set forth during the first tuition setting process was to ensure that a UT education remains affordable. These eight guiding principles remained intact for our most recent tuition increases.</p> <p>For example, institutions have set aside 20 or more percent from designated tuition to help students from all income levels. UT Austin set aside 28 percent from each dollar for additional financial aid to support students from low- and middle-income families.</p> <p>UT San Antonio, UT Permian Basin and UT Tyler instituted other financial assistance programs for middle income students who did not qualify for other aid. UT Dallas, UT El Paso and UT Tyler created campus jobs for students who qualified and were not provided aid.</p> <p>The Office of Academic Affairs continues to do analytical work to make sure students can afford their education.</p> <p>Status: Acknowledged and ongoing.</p>
<p>System Nursing hotline. May 11-12, 2005 Board Meeting</p>	<p>Investigate the feasibility of expanding UT Austin's nursing hotline so that institutions could "opt-in" to the service.</p>	<p>The nursing hotline at UT Austin is staffed by 5 nurses who rotate handling calls. Student fees are used to finance operations. The nurse taking a call from the hotline assesses the situation and decides the appropriate course of action. Those courses of action could be to send the student to a minor emergency clinic, send them to a hospital emergency room, or suggest that the student come in to the campus health facility the next day. Should the need arise; the nurse has access to one of the health center's physicians.</p> <p>Other institutions in the System could adopt the Austin</p>

		<p>model or they could contract with private vendors to provide the service to their students.</p> <p>Status: Acknowledged and recommended to individual campuses.</p>
<p>Mental Health Information May 11-12, 2005 Board Meeting</p>	<p>Require all UT System institutions make information readily available pertaining to mental health. Specifically, this information should include services provided both on and off-campus that relate to psychiatric issues, substance abuse, sexual harassment, rape crisis, women's health, suicide, and sexually transmitted diseases.</p>	<p>Each member institution has already established a mechanism for providing on-campus resources to its students. Some counties and cities have hotline resources for crisis intervention and other mental health conditions. System institutions could publish information about these resources in available University materials – however, much of the information is already available in the various telephone books and on websites.</p> <p>We encourage each institution to review the availability of local resources and consider the best method to make this information available to students.</p> <p>Status: Acknowledged and recommended to individual institutions for follow up.</p>
<p>Dedicated Diversity Issues Administrator May 11-12, 2005 Board Meeting</p>	<p>Ensure the presence of an administrative position at each institution designed to deal with diversity issues and adequate processes for maintaining diversity at each institution.</p>	<p>The University of Texas System has a history of commitment to diversity both at the System and campus level. The Student, Faculty and Staff Campus Life Committee of the Board of Regents monitors the progress made by our institutions. There is much discussion of whether it is better to have a separate office or to charge a high-ranking campus official (e.g. the provost) with the responsibility. Four system institutions (UT Austin, UT San Antonio, UT Permian Basin, and M. D. Anderson) have an office or an individual dedicated to diversity issues. On small campuses, it may be difficult to fund a separate office.</p> <p>Most institutions sponsor multicultural or diversity events every year.</p> <p>Member institutions were made aware of UT Austin's diversity report.</p> <p>Status: Acknowledged and recommended to individual institutions for discussion.</p>

- F. APPROVAL OF MINUTES
- G. CONSIDER AGENDA ITEMS

2. **U. T. System Board of Regents: Approval of proposed appointments of members to the Board of Directors of The University of Texas Investment Management Company (UTIMCO)**

RECOMMENDATION

Chairman Huffines will make recommendations for two appointments to The University of Texas Investment Management Company (UTIMCO) Board of Directors.

BACKGROUND INFORMATION

Section 66.08 of the *Texas Government Code* requires that the U. T. System Board of Regents appoint all members of the Board of Directors of UTIMCO. The positions to be considered are currently held by Mr. Woody L. Hunt and Mr. J. Philip Ferguson.

Mr. Hunt and Mr. Ferguson were appointed for terms expiring on April 1, 2006. The new terms will expire on April 1, 2009.

3. **U. T. System Board of Regents: Amendment to the Regents' Rules and Regulations, Series 20201, Section 1 (Presidential Selection)**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Health Affairs, and the Vice Chancellor and General Counsel that the Regents' *Rules and Regulations*, Series 20201, Section 1 be amended as set forth in congressional style on Pages 16 - 18.

BACKGROUND INFORMATION

The proposed amendments to the Regents' *Rules and Regulations* provide that the Executive Vice Chancellor for Academic Affairs or the Executive Vice Chancellor for Health Affairs serves as Chairman of the Presidential Search Advisory Committee unless the Chairman of the Board of Regents makes another appointment; provide for development of a timetable for the Advisory Committee's work; and encourage consideration of candidates with diverse professional backgrounds and experiences. The proposed amendments are in accordance with the request by Chairman Huffines at the December 2004 meeting for modifications to the presidential search procedures to result in a shorter and more efficient search and selection process.

1. Title

Presidents

2. Rule and Regulation

Sec. 1 Presidential Selection. The Board of Regents selects the president of each institution.

1.1 Advisory Committee. When ~~it is known that~~ there is to be a vacancy in the office of a president ~~of an institution~~, an Advisory Committee shall be established to recommend candidates to the Board. No person who elects to be a candidate for the vacancy may serve on the Advisory Committee. The Executive Vice Chancellor for Health Affairs or the Executive Vice Chancellor for Academic Affairs shall serve as be Chairman of the Advisory Committee unless the Chairman of the Board makes another appointment. ~~In circumstances where the Executive Vice Chancellor may be a candidate for the office, the Chairman of the Advisory Committee shall be appointed by the Chairman of the Board. Including its Chairman, c~~Committee membership is as follows:

- (a) At least one Regent to be appointed by the Chairman of the Board.
- (b) Two presidents from the U. T. System to be appointed by the Chairman of the Board.
- (c) The Executive Vice Chancellor for Academic or Health Affairs.
- (d) Three faculty members from the institution involved. At least two of the members shall have the rank of associate professor or higher. The method of selection for selecting the faculty members shall be determined by the faculty governance of the campus.
- (e) One Dean to be selected by the Deans' Council of the institution involved for academic institutions. At health-related institutions, the member will be the Dean of the Medical School ~~involved~~ or in the absence of that position the member will be a senior representative of the teaching program of the institution selected by the Chairman of the Board.

- (f) One student, in good academic standing, from the institution involved. The method of selection ~~shall is to~~ be determined by the student governance of the campus ~~involved~~ or, if there is no student governance, by the Chairman of the Board. If the institution does not have students, this category of representation shall be omitted.
 - (g) The President of the alumni association of the campus involved. If the institution does not have an active alumni organization, an alumnus of the institution may be selected by the Chairman of the Board.
 - (h) One nonfaculty employee of the institution involved. The method of selection ~~shall to~~ be determined by the staff or employee council of the institution involved. If there is no staff or employee council, selection will be by the Chairman of the Board.
 - (i) At least two representatives of the institution's external constituency who have demonstrated a deep interest in and support of the institution, its programs, and its role in community activities to be appointed by the Chairman of the Board.
- 1.2 Diversity of Members. Campus constituent groups with responsibility for selection of Advisory Committee representatives are expected to consider diversity, particularly as it relates to minority and female representation. Unless there are unusual delays in faculty, staff, or student representative selection that postpone initiation of the committee process, the Chairman of the Board will make his or her appointments to the Advisory Committee after campus selections to maximize the prospect that the total committee composition reflects diversity. The Chairman's appointments to the Advisory Committee will be made following due consideration of input from members of the Board, the institutional leadership, and community leaders ~~related to the Committee composition~~.
- 1.3 Selection Criteria. Selection criteria for the president shall relate to the needs of the individual institution.

- 1.4 Responsibilities of the Committee Chairman. The Committee Chairman shall develop a timetable for the Committee's work, in consultation with the Chairman of the Board, and shall initiate mechanisms to develop an appropriate candidate pool and to seek information on the several candidates.
- 1.5 Responsibilities of the Advisory Committee. The Advisory Committee shall inquire from competent sources as to the candidates' academic, administrative, and business abilities.
- 1.6 Interviews. The Advisory Committee may interview candidates as a part of its selection process. Interviews should be conducted on the basis-keeping in mind that the confidentiality of the process is critical important to its ultimate success.
- 1.7 Recommendation. The Advisory Committee shall submit to the Board, through its Chairman, a ~~recommended~~ list of no more than 10 recommended candidates with no preference indicated. Candidates ~~recommended submitted~~ shall have received a majority vote of the Committee. The Committee shall strive to include candidates with diverse professional backgrounds and experiences.
- 1.8 Finalists. The Board determines which ~~of the~~ candidates will be further interviewed prior to naming a finalist or finalists. If none of the names submitted by the Advisory Committee is satisfactory to the Board of Regents, ~~then~~ the Board in its discretion may either name a new committee or proceed to select a president under such other procedures as in its discretion it may deem proper and appropriate.
- 1.9 Alternate Process. When the Board of Regents has candidate(s) from recent searches at other institutions, from within the U. T. System, and/or of national prominence from outside the U. T. System to advance for consideration, the Chairman of the Board of Regents shall appoint a Special Committee to provide the Board with advice and evaluation consistent with that usually provided by an Advisory Committee. The Special Committee shall be composed as specified above for the Advisory Committee but will not include members of the Board of Regents. ~~The advice of the Special Committee shall be provided to the Board through the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Academic Affairs, or the Chancellor.~~ The Special Committee shall not extend its consideration beyond those candidates referred to it by the Board of Regents without specific concurrence from the Board.

4. **U. T. System Board of Regents: Adoption of Regents' *Rules and Regulations*, Series 40602, related to Organized Research Units**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Health Affairs, and the Vice Chancellor and General Counsel that a new rule, related to support of Organized Research Units as set forth on Pages 20 - 22, be adopted as Regents' *Rules and Regulations*, Series 40602. The proposed Rule may be considered by the Academic Affairs Committee and/or the Health Affairs Committee on May 10, 2006.

BACKGROUND INFORMATION

Since 1996, the Offices of Academic and Health Affairs have maintained a set of informal guidelines to facilitate the development of organized research units within the institutions.

On August 11, 2005, the Board asked that suggested procedures related to the establishment and periodic review of centers, institutes, and similar research units be presented for review at a future meeting. Drafts of this proposed Rule were reviewed by presidents, vice presidents for research, and members of the Faculty Advisory Council.

The proposed Regents' *Rule* specifies the procedures for establishing and reviewing organized research units.

1. Title

Organized Research Units

2. Rule and Regulation

Sec. 1 Functions of an organized research unit. An Organized Research Unit (ORU) is established to provide support for interdisciplinary research that complements the academic goals of departments of instruction and research. These units are typically referenced as institutes, laboratories, or centers. The functions of an ORU are to

- 1.1 Facilitate research and research collaborations;
- 1.2 Disseminate research results through conferences, meetings, and other activities;
- 1.3 Strengthen graduate and undergraduate education by providing students with training opportunities and access to facilities;
- 1.4 Seek extramural research funds; and
- 1.5 Carry out university and public service programs related to the ORU's research expertise.

Sec. 2 Designation of ORUs. Units included as organized research units normally carry one of the designations listed and defined below. Institute, Laboratory, and Center are the most commonly used designations.

- 2.1 Institute. A major unit that coordinates and promotes faculty and student research on a continuing basis over an area so wide that it extends across department, school or college, or campus boundaries. The unit enhances and supports broad-based research efforts. The unit may also engage in public service activities stemming from its research program, within the limits of its stated objectives.
- 2.2 Laboratory. A nondepartmental organization that establishes and maintains facilities for research in several departments, sometimes with the help of full-time research staff appointed in accordance with institutional policy. A laboratory in which substantially all participating faculty members are from the same academic department is a departmental laboratory and not an ORU.

- 2.3 Center. A unit that furthers research in a designated field or a unit engaged primarily in providing research facilities for other units and departments. Centers with anticipated annual budgets of at least \$3,000,000, representing the sum of research grants and contracts managed through the Center's operations as well as institutional and other funding, are in this category.
- 2.4 Non-ORU Center. The term Center may be used for research units not formally constituted as ORUs. Centers with an anticipated annual budget of less than \$3,000,000 may be constituted upon approval of the campus president or designee. The campus shall periodically review non-ORU centers and programs.
- Sec. 3 Procedure for Establishment of ORUs. An ORU is established upon submittal and approval of a proposal by the president and the Executive Vice Chancellor for Academic Affairs or the Executive Vice Chancellor for Health Affairs. The proposal should describe the purpose and benefits of the ORU to the institution, the faculty members and other participants, research and other activity plans, space requirements, and budget needs. If institutional space or funds are committed, confirmation of such commitments from the appropriate institutional representative should be included in the proposal.
- Sec. 4 Named ORU. Proposals to name an ORU for an individual or an entity must comply with the provisions of Regents' *Rules and Regulations*, Series 80307, related to honorific and gift-related namings, and should be submitted to the appropriate Executive Vice Chancellor. The ORU naming will only be maintained as long as the ORU is active.
- Sec. 5 Advisory Committee or Council. Each ORU is headed by a director and will have an advisory committee/council that assists the director in setting the unit's goals and may assist by critically evaluating its effectiveness on a continuing basis. The creation of an advisory committee/council must be approved by the Board of Regents in accordance with Regents' *Rules and Regulations*, Series 60302.
- Sec. 6 Procedures for Review. Periodic review of ORUs is necessary to ensure consistency with institutional goals and priorities and the institution's need to sustain a capacity to innovate. Each ORU should

be reviewed at least every six years. An ad hoc committee shall be formed to assess the ORU's original goals and objectives, its present functioning, recent accomplishments, future plans, adequacy of space and budget allocations, and future prospects to contribute to the institution's vision and mission. The committee's report will be forwarded to the president, who, in consultation with others, will determine whether the ORU should continue, be phased out, or be discontinued. The president shall forward the recommendation and ad hoc committee's report to the Executive Vice Chancellor for Academic Affairs or the Executive Vice Chancellor for Health Affairs.

- Sec. 7 ORU Reviews and Approvals. The periodic reviews and the establishment of institutes, laboratories, and centers must be filed with the Office of Academic Affairs or Health Affairs. Such office will maintain and make available to the Board of Regents an inventory of those organized research units throughout The University of Texas System.

5. **U. T. System Board of Regents: Amendment to the Regents' Rules and Regulations, Series 31001, Section 2.4 (Honorific Titles)**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Health Affairs, and the Vice Chancellor and General Counsel that the Regents' *Rules and Regulations*, Series 31001, Section 2.4, regarding honorific titles, be amended as follows in congressional style:

2.4 Honorific Titles

...

- (b) Distinguished Teaching Professor. Members of an institutional academy of distinguished teachers, approved by the Chancellor, the Executive Vice Chancellor for Academic Affairs, or the Executive Vice Chancellor for Health Affairs, the U. T. Austin Academy of Distinguished Teachers or a similar approved academy may use the honorific title Distinguished Teaching Professor to recognize faculty members who have made significant contributions to education.

....

BACKGROUND INFORMATION

The proposed amendment to the Regents' *Rules and Regulations* clarifies that the use of the title Distinguished Teaching Professor is permissible at all approved academies of distinguished teachers within the U. T. System.

6. **U. T. System Board of Regents: Amendments to the Regents' Rules and Regulations, Series 80307, regarding naming policy**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Vice Chancellor for External Relations, the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Health Affairs, and the Vice Chancellor and General Counsel that the Regents' *Rules and Regulations*, Series 80307, regarding Naming of Facilities, be retitled as Naming Policy and be amended as set forth in congressional style on Pages 25 - 30. The policy will also include a naming approvals chart at Section 9 of the Rule (Pages 28 – 29).

BACKGROUND INFORMATION

Current Regents' *Rules and Regulations*, Series 80307 sets forth the U. T. System's general policy on namings of institutional facilities, programs, and streets. The goal of the proposed revisions to the Regents' *Rules* is to ensure that all namings are carefully considered on a case-by-case basis, in accordance with procedures established by the Office of External Relations. If a U. T. System institution is to honor the name of any individual, corporation, or other organization, it is critical that the activities of such individual, corporation, or organization be in alignment with the mission and purpose of the U. T. System and its institutions. As provided in the proposed revisions, any naming for a corporate entity (defined in the policy as a "corporate or other legal entity") will also include a careful investigation into the corporation's financial and ethical status and confirmation that no conflicts of interest exist.

As proposed in the revised Rule, all namings for streets and prominent facilities or programs would require approval by the Board. All other namings would require approval by the Chancellor, or in certain circumstances, the institutional president. All corporate namings, whether for prominent or less prominent facilities or programs, would require careful consideration at the U. T. System level, to ensure avoidance of any conflicts of interest.

The requirement that all street namings require Board approval has been the historical practice for those namings. Adding the requirement to this Rule formalizes the long-standing policy.

In addition, the proposed revised Rule provides that, rather than require an annual update of facilities identified for naming be provided to the Board, any naming that does not require Board approval must be reported to the Board annually.

1. Title

Naming Policy of Facilities

2. Rule and Regulation

Sec. 1 Naming General. Before proceeding with any naming, institutions must carefully consider all circumstances surrounding the naming, including the overall benefit to the institution and whether displaying the name is and will continue to be a positive reflection on the institution. Any naming of ~~Major Facilities. The naming of buildings; other major facilities, such as wings of buildings, major components of buildings, large auditoria, concert halls, atriums, prominent outdoor spaces, and clinics; and other major entities, such as colleges, schools, academic departments, and major academic centers, programs and institutes of the U. T. System and any of its institutions, whether for an individual or with a functional or historical designation, is the prerogative and responsibility of the Board of Regents and can be initiated by the Board when circumstances warrant. When recommendations for naming of buildings or other major facilities or entities originate at other than the level of the Board, such recommendations~~ Facilities and Programs must undergo a high level of consideration and due diligence to ensure that the name comports with the purpose and mission of the U. T. System and its institutions. No naming shall be permitted for any corporation or individual whose public image, products, or services may conflict with such purpose and mission.

Sec. 2 Naming of Prominent Facilities and Prominent Programs. Each Prominent Naming must be approved by the Board of Regents via the agenda. Recommendations for any Prominent Naming shall be forwarded to the Board of Regents with recommendations of the Chancellor, the Executive Vice Chancellor for Academic or Health Affairs or the Executive Vice Chancellor for Academic Affairs, the Vice Chancellor for External Relations, and the president of an institution, accompanied by reasons for the recommendation, and following campus consultations where appropriate. Recommendations for naming of buildings or major facilities or entities require Board approval via the agenda the institution, according to procedures established by the Office of External Relations.

Sec. ~~23~~ Naming of Less Prominent Facilities. ~~For less prominent facilities such as laboratories, classrooms, seminar rooms, and patient rooms or for less prominent academic centers, programs, and institutes, and Less Prominent Programs. The Board of Regents has delegated naming authority is delegated to each institution for Less Prominent Facilities and Less Prominent Programs to each~~ president based on a set of general guidelines ~~which~~ that are reviewed and approved by the Chancellor. ~~A report of such naming will, except that any Corporate Naming requires approval by the Chancellor and compliance with the procedures set forth below in Section 8, including the requirement for advance consultation. A report of each naming that did not require approval by the Board of Regents shall~~ be included with the annual operating budget submission or updated Capital Improvement Program. The Vice Chancellor for External Relations will make final determinations as to what types of Facilities and Programs may be considered Less Prominent.

Sec. 4 Naming of Streets. The naming of all streets located on campus must be approved by the Board of Regents. Recommendations for any street names shall be forwarded to the Board of Regents with recommendations of the Chancellor, the Executive Vice Chancellor for Academic or Health Affairs, the Vice Chancellor for External Relations, and the president of the institution.

Sec. ~~35~~ Honoric Naming. Under appropriate circumstances, Facilities and ~~other entities may be named to memorialize or otherwise recognize substantial gifts and significant donors or individuals designated by donors. Such designation may be for a single gift, multiple gifts over time, or for a combination of gifts and other contributions. Buildings and other entities may also~~ Programs may be named for individuals who have made exemplary or meritorious contributions to the U. T. System or any of its institutions or society. Any naming in honor of campus administrative officials, faculty, staff, or elected or appointed public officials shall normally occur only after the campus employment or public service has concluded.

~~3.1~~ ~~Defining of Substantial Donation.~~ Sec. 6 Gift-Related Naming. Facilities and Programs may be named under the terms of a negotiated gift agreement to memorialize or otherwise recognize substantial gifts and significant donors or individuals designated by donors. Each institution ~~will~~ shall develop guidelines for what constitutes substantial and significant donations to warrant a gift-related naming. ~~These guidelines may vary from campus to campus and sometimes within a campus dependent upon the nature and~~

~~purpose of the facility or entity or other factors.~~ Institutional donor guidelines ~~are subject to prior administrative review and approval~~ must be approved by the Executive Vice Chancellor for Academic Affairs or ~~the Executive Vice Chancellor for~~ Health Affairs, the Vice Chancellor for External Relations, and the Vice Chancellor and General Counsel for inclusion in the institutional *Handbook of Operating Procedures*. ~~Exceptions to any approved guidelines are subject to the same approval process.~~

~~3.2—Naming at Conclusion of Service. Namings in honor of campus administrative officials, faculty, or staff or elected or appointed public officials shall normally occur only after the campus employment or public service has concluded.~~

| Sec. ~~4~~7 Naming Related to Development Campaign. When ~~the naming of buildings or other major facilities or entities~~ a Prominent Naming is contemplated as part of a ~~special private fund~~ development campaign, that campaign, the proposed naming, and the associated private-fund contributions to be sought shall have prior approval of the institution's president, the Executive Vice Chancellor for Academic Affairs or ~~the Executive Vice Chancellor for~~ Health Affairs, the Vice Chancellor for External Relations, the Chancellor, and the Board of Regents as required in Series 60301 of the Regents' *Rules and Regulations* concerning the development board of an institution.

Sec. 8 Corporate Naming. Each Corporate Naming for Prominent Facilities or Programs must be approved by the Board of Regents. Each Corporate Naming for Less Prominent Facilities or Programs must be approved by the Chancellor.

8.1 Special Considerations. The Office of External Relations must complete a detailed due diligence review, in accordance with policies and procedures established by that office, of the corporation prior to any Corporate Naming. Each Corporate Naming must be analyzed to ensure that there are no conflicts of interest. Certain restrictions may also apply to any proposed naming of a Facility financed with the proceeds of tax-exempt bonds.

~~Sec. 5—Reports. The Chancellor will arrange for the Board of Regents to be informed annually via the budget process or other appropriate forum regarding buildings or other major facilities or entities identified to be named in conjunction with private donations and the appropriate recommended amount of the private-fund contributions to be sought.~~

~~Unexpected naming opportunities not covered in such annual reports will be reviewed and approved by the Chairman of the Board or the Chairman of the Facilities Planning and Construction Committee in advance of negotiation with potential donors. No announcement regarding the proposed naming of a building or major facility or entity is to be made prior to the final approval as required by this Section.~~

8.2 Procedures for Corporate Naming. Before negotiating a possible Corporate Naming, the president shall send a written request, in compliance with procedures established by the Office of External Relations, to the Executive Vice Chancellor for Academic or Health Affairs. Following review and approval in accordance with the procedures set forth herein and in the procedures established by the Office of External Relations, the institution shall negotiate a gift agreement with the corporation, using the Standard Corporate Naming Gift/Licensing Agreement prepared by the Office of General Counsel. Any substantive variations to the standard agreement must be approved by the Office of General Counsel. The Executive Vice Chancellor for Academic or Health Affairs shall have authority to sign such gift agreements after appropriate approval.

~~Sec. 6 Nonhonorific Redesignation. Nonhonorific renaming and redesignation of projects in the Capital Improvement Program (CIP) shall be reviewed and approved by the Associate Vice Chancellor for Facilities Planning and Construction. Such approved re-designations will be included in the amended CIP.~~

Sec. 9 Namings Approvals Chart

	<u>Corporate*</u>	<u>Non-Corporate</u>
<u>Prominent**</u>	<u>Board of Regents</u>	<u>Board of Regents</u>
<u>Less Prominent***</u>	<u>Chancellor</u>	<u>Institutional President</u>

* In addition to the approvals specified in this chart, all requests for corporate naming must be forwarded in writing by the institution's president to the Executive Vice

Chancellor for Academic or Health Affairs (as appropriate), the Vice Chancellor for External Relations, and the Office of General Counsel; must be recommended by the Chancellor; and must otherwise comply with specific guidelines relating to corporate naming.

** In addition to the approvals specified in this chart, all requests for naming for Prominent Facilities and Programs (as defined in Regents' Rule, Series 80307) must be recommended by the Chancellor, the Executive Vice Chancellor for Academic or Health Affairs (as appropriate), and the Vice Chancellor for External Relations and must comply with procedures established by the Office of External Relations. The Vice Chancellor for External Relations, in consultation with the Executive Vice Chancellor for Academic or Health Affairs (as appropriate), makes final determinations as to which Facilities and Programs are considered Prominent.

*** Any naming for Less Prominent Facilities and Programs shall be based on a set of general guidelines that are reviewed and approved by the Chancellor. The Vice Chancellor for External Relations, in consultation with the Executive Vice Chancellor for Academic or Health Affairs (as appropriate), makes final determinations as to which Facilities and Programs are considered Less Prominent.

Sec. 10 Announcements. No institution shall announce the naming of any Facility or Program prior to the final approval required by this Rule.

3. Definitions

None

Facilities - all physical facilities and buildings.

Prominent Facilities - buildings; athletic facilities; other prominent facilities, such as wings of buildings, major components of buildings, large auditoria, concert halls, atriums, prominent outdoor spaces, and clinics.

Less Prominent Facilities - Facilities such as laboratories, classrooms, seminar or meeting rooms, and patient rooms that the Vice Chancellor for External Relations, in consultation with the Executive Vice Chancellor for Academic or Health Affairs, determines are less prominent and therefore not within the category of Prominent Facilities.

Programs - all nonphysical entities.

Prominent Programs - major entities, such as colleges, schools, academic departments, and prominent academic centers, programs and institutes.

Less Prominent Programs - academic centers, programs, and institutes that the Vice Chancellor for External Relations, in consultation with the Executive Vice Chancellor for Academic or Health Affairs, determines are less prominent and therefore not within the category of Prominent Programs.

Corporate Naming - the naming of any Facility or Program after a corporate or other legal entity.

Prominent Naming - the naming of Prominent Facilities or Prominent Programs.

7. **U. T. System Board of Regents: Adoption of Regents' Rules and Regulations, Series 20205, relating to expenditures for travel, entertainment, and housing by the Chancellor and presidents of the U. T. System**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, the Vice Chancellor and General Counsel, the Vice Chancellor for Administration, and the Counsel and Secretary to the Board that a new rule, related to expenditures for travel, entertainment, and housing by the Chancellor and presidents of the U. T. System as set forth on Pages 33 - 35, be adopted as Regents' *Rules and Regulations*, Series 20205.

BACKGROUND INFORMATION

In the performance of their unique roles, the Chancellor and presidents of the U. T. System (or chief administrators), are frequently called upon to travel on behalf of the U. T. System and its institutions; to extend official hospitality to important visitors; and to entertain guests in conjunction with alumni and development activities, campus events, and other official functions. As a public institution, the U. T. System must make the most efficient and effective use of funds entrusted to it by various constituencies when making expenditures for those purposes and must be able to demonstrate compliance with applicable laws and rules. Additionally, the U. T. System must ensure that expenditures support the mission and purpose of the U. T. System and are not made for a private purpose.

The proposed Rule is an effort to recognize the importance of oversight and accountability, transparency, and fiscal responsibility in the expenditure of funds for travel, entertainment, and housing by a chief administrator through the following requirements:

- All foreign travel, excluding travel to Mexico or Canada, must be approved in advance by the Chairman of the Board of Regents for the Chancellor and by the appropriate Executive Vice Chancellor for the presidents.
- Expenditures that exceed \$10,000 for the furnishing, maintenance, or repair of a residence or its grounds owned by the U. T. System must be approved in advance by a committee composed of the Executive Vice Chancellor for Business Affairs, the Vice Chancellor and General Counsel, and the Counsel and Secretary to the Board of Regents.

- Reimbursements to the Chancellor must be reviewed and approved by the Counsel and Secretary to the Board of Regents before payment. Reimbursements to a president of the U. T. System must be reviewed and approved by the institution's chief business officer before payment.
- A chief administrator must request reimbursement for travel, entertainment, or housing expenses within 90 days of the date on which the expense was incurred.
- Chief administrators must file quarterly reports of travel, entertainment, and housing expenses incurred on their behalf or on behalf of their spouses. The Chancellor's report will be reviewed by the Chairman of the Board of Regents and each president's report will be reviewed by the appropriate Executive Vice Chancellor.
- Audits will be performed annually on travel, entertainment, and housing expenses incurred on behalf of chief administrators or their spouses. The results will be shared with the Audit, Compliance, and Management Review Committee of the Board of Regents.

In addition, U. T. System staff will review and propose needed revisions to current U. T. System administrative policies related to travel, business expenses, and other reimbursements.

1. Title

Expenditures for Travel, Entertainment, and Housing by Chief Administrators

2. Rule and Regulation

- Sec. 1 Purpose. The University of Texas System Administration and U. T. System institutions are governed by state law and rules and regulations promulgated under those laws, as well as System-wide and institutional policies and procedures, concerning expenses incurred by officials for travel, entertainment, and housing. While recognizing the unique role of the Chancellor and presidents in representing the U. T. System and its institutions, the Board of Regents also recognizes the importance of oversight and accountability, transparency, and fiscal responsibility. The purpose of this Rule is to prescribe, clarify, and provide uniformity in the approval, review, and audit process for travel, entertainment, and housing expenses incurred by the Chancellor and presidents.
- Sec. 2 Prudent Use of Funds. In the performance of their unique roles, the chief administrators are frequently called upon to travel on behalf of the U. T. System and its institutions, to extend official hospitality to important visitors, and to entertain guests in conjunction with alumni and development activities, campus events, and other official functions. As a public institution, the U. T. System must make the most efficient and effective use of funds entrusted to it by various constituencies when making expenditures for those purposes and must be able to demonstrate compliance with applicable laws and rules. Additionally, the U. T. System must ensure that expenditures support the mission and purpose of the System and that the expenditures are not made for a private purpose.
- Sec. 3 Travel Expenditures. All expenditures for travel by a chief administrator or his or her spouse must be for a business purpose of the U. T. System or the institution and must comply with all laws and policies of the institution and the U. T. System. All foreign travel, excluding travel to Canada or Mexico, must be approved in advance by the Chairman of the Board of Regents for the Chancellor and by the appropriate Executive Vice Chancellor for the presidents.
- Sec. 4 Housing Expenditures. All expenditures that exceed \$10,000 for the furnishing, maintenance, or repair of a residence or its grounds owned by the U. T. System must be approved in advance by a committee

composed of the Executive Vice Chancellor for Business Affairs, the Vice Chancellor and General Counsel, and the Counsel and Secretary to the Board of Regents. Prior approval by the committee is not required for expenditures made on an emergency basis to prevent damage to property.

- Sec. 5 Documentation and Review. Each chief administrator shall comply with all documentation requirements imposed by law and System Administration and institutional policies for travel, entertainment, and housing expenses, including providing detailed receipts and information on the purpose of the expense and the individuals or groups attending the event.
- 5.1 Each chief administrator shall take all necessary and reasonable steps to ensure that all employees follow applicable procedures for expense reimbursement.
- 5.2 Reimbursements to the Chancellor must be reviewed and approved by the Counsel and Secretary to the Board of Regents before payment. Reimbursements to a president of a U. T. System institution must be reviewed and approved by the institution's chief business officer before payment. Evidence of review must be documented in writing.
- Sec. 6 Timeliness of Requests for Reimbursements. A chief administrator must request any reimbursement for travel, entertainment, or housing expenses within 90 days of the date on which the expense was incurred.
- Sec. 7 Reporting. Each chief administrator shall file quarterly reports of travel, entertainment, and housing expenses in a format to be developed by the Executive Vice Chancellor for Business Affairs. The Chancellor shall file the report with the Counsel and Secretary to the Board of Regents for review by the Chairman of the Board of Regents. Each president shall file the report with the appropriate Executive Vice Chancellor. The reports are due not later than the 30th day of January, April, July, and October.
- 7.1 Reporting on Travel, Entertainment, and Housing. The quarterly reports must include each expense that exceeds \$100 and that is reimbursed to the chief administrator during the quarter or directly paid to a vendor on the chief administrator's behalf. (This does not apply to events hosted by a chief administrator for development activities or to honor faculty, staff, or other guests, at which more than 10 individuals are present.) The report must include the payee, the date and amount

of the expense, the type and, if applicable, the location of the event/expense, the participants if any, the business purpose of the expense, and the account to be charged for the expense.

- 7.2 Reporting on Reimbursable Spousal Expenses. The quarterly reports must include each travel, meal, or incidental expense that exceeds \$100 and that is reimbursed to a chief administrator's spouse during the quarter or directly paid to a vendor on the spouse's behalf. The report must include the information specified by Section 7.1 above.

Sec. 8 Audits. Within 90 days after the end of each fiscal year, the System Audit Office shall audit the travel, entertainment, and housing expenses for which the Chancellor or spouse has been reimbursed or that have been directly paid on the Chancellor's or spouse's behalf. Within 90 days after the end of each fiscal year, the office that performs internal audits at each institution shall audit the travel, entertainment, and housing expenses for which the president or spouse has been reimbursed or that have been paid directly to a vendor on the president's or spouse's behalf. The U. T. System Director of Audits shall provide guidance and direction to the institutional auditors as appropriate.

- 8.1 The System Audit Office shall submit the results of the audit to the Chairman of the Board with a copy to the Counsel and Secretary to the Board of Regents. The institutional audit offices shall submit the results of the audit to the System Audit Office with copies to the appropriate Executive Vice Chancellor.

- 8.2 All audits shall be submitted to the Audit, Compliance, and Management Review Committee for review during a quarterly meeting of the Committee.

3. Definitions

Chief Administrator – means the Chancellor and the president of each U. T. System institution.

Entertainment Expenses – includes expenses for meals and events involving others.

Housing Expenses – includes expenses related to any state-owned residence, but does not include the salary supplement described by the Regents' *Rules and Regulations*, Series 20202.

Travel Expenses – includes transportation, lodging, meals, and other expenses incurred in connection with travel, but does not include any meals or other entertainment expenses for others.

8. **U. T. System: Report on computer security issues**

REPORT

Chancellor Yudof will report on computer security issues and outline recommendations for a System-wide action plan and a timetable for implementation.

9. **U. T. System: Legislative Update and Preparation for the 80th Legislative Session**

REPORT

Mr. Steve Collins, Associate Vice Chancellor for Governmental Relations, will update the Board on the status of the Texas Legislative Special Session. He will also update the Board on U. T. System preparations for the 80th Regular Legislative Session, such as the Office of Governmental Relations tracking of interim committees, establishment of the working groups, and the review of the legislative online services to be used during next session.

10. **U. T. System: Update on development of the U. T. System Strategic Plan**

REPORT

Dr. Geri Malandra, Associate Vice Chancellor for Institutional Planning and Accountability, will brief the Board on progress in the development of the U. T. System Strategic Plan, as outlined on Pages 1 - 4 of the Supplemental Materials (Volume 2) of the Agenda Book.

11. **U. T. System: Annual Report on research and technology transfer**

REPORT

Dr. Robert Barnhill, Vice Chancellor for Research and Technology Transfer, will present the first annual report on research and technology transfer for the U. T. System. His PowerPoint presentation is set forth on Pages 5 - 21 of the Supplemental Materials (Volume 2) of the Agenda Book.

12. **U. T. System: Report on Borderplex Health Council**

REPORT

Dr. Juliet García, Chair of the Borderplex Health Council, will report on the progress the Council has made since its founding. A video will also be shown describing the health needs in South Texas including the shortage of nurses and the prevalence of diabetes in the region.

BACKGROUND INFORMATION

The Borderplex Health Council was established to facilitate and promote multi-institutional collaboration in education and research for addressing the health challenges of the border region. The members of this council include U. T. Health Science Center - San Antonio, U. T. Health Science Center - Houston, U. T. Pan American, and U. T. Brownsville.

The Council is comprised of the presidents from each institution and is to meet three times per year. The Council is responsible for prioritizing areas of study and enhancing the educational and biomedical research infrastructure along the South Texas Border Region. The Council will also solicit funding for research from various sources including federal, state, and private foundations. One of the goals is to integrate public health, disease prevention, and population-based studies.

H. RECESS FOR MEETINGS OF THE STANDING COMMITTEES AND COMMITTEE REPORTS TO THE BOARD

The Standing Committees of the Board of Regents of The University of Texas System will meet as set forth below to consider recommendations on those matters on the agenda for each Committee listed in the Agenda Book. At the conclusion of the Standing Committee meetings, the report of each Committee will be formally presented to the Board for consideration and action.

Audit, Compliance, and Management Review Committee: Chairman Estrada
Agenda Book Page 38 , No Items

Finance and Planning Committee: Chairman Rowling
Agenda Book Page 44

Academic Affairs Committee: Chairman Krier
Agenda Book Page 66

Health Affairs Committee: Chairman Clements
Agenda Book Page 119

Facilities Planning and Construction Committee: Chairman Barnhill
Agenda Book Page 147

I. RECONVENE AS COMMITTEE OF THE WHOLE TO CONSIDER AGENDA ITEM

U. T. System Board of Regents: Presentation of certificate of appreciation to Executive Vice Chancellor for Academic Affairs Teresa A. Sullivan

J. ADJOURN



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

Committee Meeting: 5/11/2006
Austin, Texas

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

	Committee Meeting	Board Meeting	Page
A. CONVENE	8:00 a.m. <i>Chairman Estrada</i>		
1. U. T. System: Presentation of certificate of appreciation to Mr. Lawrence Warder	8:00 a.m. Action <i>Chancellor Yudof</i> <i>Mr. Chaffin</i>	Not on Agenda	38
2. U. T. System: Report from State Auditor's Office on results from the federal portion of the Statewide Single Audit Report for the Fiscal Year ended August 31, 2005	8:05 a.m. Report <i>Ms. Carol Smith,</i> <i>Ms. Aggie Rasmusen,</i> <i>State Auditor's Office</i>	Not on Agenda	38
3. U. T. System: Report on Research Compliance Initiatives	8:10 a.m. Report <i>Mr. Chaffin</i> <i>Mr. St. Onge</i>	Not on Agenda	38
4. U. T. System: Report on System-wide Institutional Compliance Activities	8:15 a.m. Report <i>Mr. Chaffin</i> <i>Mr. Givens</i>	Not on Agenda	39
5. U. T. System: Report on the Healthcare Billing Compliance Program	8:18 a.m. Report <i>Mr. Chaffin</i> <i>Mr. Lenhott</i>	Not on Agenda	39
6. U. T. System: Report on System-wide Internal Audit Activity	8:25 a.m. Report <i>Mr. Chaffin</i> <i>Ms. Barrett</i> <i>Mr. Dawson</i>	Not on Agenda	40

Committee Meeting **Board Meeting**

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

Not on
Agenda

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

U. T. System: Discussion with institutional auditors and compliance officers concerning evaluation and duties of individual System and institutional employees involved in internal audit and compliance functions

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

C. ADJOURN

9:00 a.m.

1. **U. T. System: Presentation of certificate of appreciation to Mr. Lawrence Warder**

RECOMMENDATION

Appreciation will be extended to Mr. Lawrence Warder who voluntarily served as the first external member of the Internal Audit and Executive Compliance Committee of the U. T. System Administration. He was appointed by Chancellor Yudof and served on the Committee for two years. Mr. Warder is a retired Global Director, Operations, with Deloitte Consulting. External members were added to the institutional audit committees in keeping with the "Spirit" of Sarbanes-Oxley.

2. **U. T. System: Report from State Auditor's Office on results from the federal portion of the Statewide Single Audit Report for the Fiscal Year ended August 31, 2005**

REPORT

Ms. Carol Smith, Assistant State Auditor, and Ms. Aggie Rasmusen, Project Manager, from the State Auditor's Office will report on the results of the procedures performed at several U. T. System institutions to express an opinion on the federal portion of the statewide single audit for the Fiscal Year ended August 21, 2005. The procedures performed included auditing compliance with the compliance requirements of the U.S. Office of Management and Budget Circular A-133 Compliance Supplement.

Audit procedures were performed at the following institutions:

- U. T. Austin
- U. T. Dallas
- U. T. Pan American
- U. T. San Antonio
- U. T. Medical Branch - Galveston
- U. T. Southwestern Medical Center - Dallas
- U. T. Health Science Center - Houston

3. **U. T. System: Report on Research Compliance Initiatives**

REPORT

Research activities within the U. T. System are governed by federal and state laws and institutional policies and procedures. Noncompliance with these rules and regulations can result in significant penalties to the institution and, in some instances, to the individual researcher. Research compliance programs have been established at each

institution to ensure compliance with grant management, time and effort reporting, protection of human subjects, the welfare of animals, the safe use of recombinant DNA, pathogens and toxins, and to enhance the ethical conduct.

Mr. Charles Chaffin, Chief Audit Executive and System-wide Compliance Officer, and Mr. Richard St. Onge, Assistant Vice Chancellor for Health Affairs, will provide an update on several research compliance initiatives related to time and effort reporting, institutional review board accreditation, biosafety, and compliance audits.

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

REPORT

Mr. Charles Chaffin, Chief Audit Executive and System-wide Compliance Officer, and Mr. David Givens, System-wide Compliance Supervisor, will brief the Audit, Compliance, and Management Review Committee on the second quarter report of the System-wide Compliance Program, set forth on Pages 22 - 25 of the Supplemental Materials (Volume 2) of the Agenda Book. Activity reports are presented to the Audit, Compliance, and Management Review Committee of the Board of Regents on a quarterly basis. The last activity report was sent on April 28, 2006.

Mr. Chaffin will then provide an update on the peer review activities at the institutions.

5. U. T. System: Report on the Healthcare Billing Compliance Program

REPORT

Mr. Charles Chaffin, Chief Audit Executive and System-wide Compliance Officer, and Mr. Dieter Lenhott, Assistant Vice President for Institutional Compliance at U. T. Southwestern Medical Center - Dallas, will provide a PowerPoint presentation on the Healthcare Billing Compliance Program as set forth on Pages 26 - 29 of the Supplemental Materials (Volume 2) of the Agenda Book.

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

REPORT

Mr. Charles Chaffin, Chief Audit Executive, and Ms. Amy Barrett, Assistant Director for Audit, will report on System-wide audit activity for the second quarter of Fiscal Year 2006, including the status of significant audit recommendations.

The first quarter activity report on the Status of Outstanding Significant Recommendations is set forth on Pages 41 - 42. The report shows that satisfactory progress is being made on the implementation of all significant recommendations. Additionally, a list of other audit reports that have been issued by the System-wide audit program follows on Page 43.

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

Additionally, Mr. J. Richard Dawson, Executive Director of Audit, Compliance, and Risk Services at U. T. San Antonio, will present the results of their recent external peer review.

THE UNIVERSITY OF TEXAS SYSTEM
Status of Outstanding Significant Recommendations

Report Date	Institution	Audit	1st Quarter		2nd Quarter		Overall Progress Towards Completion (Note 1)	Ranking Significance
			Ranking	# of Significant Findings	Ranking	# of Significant Findings		
2004-03	UT Austin	Information Security Management		1		1	Satisfactory	C, O
2004-12	UTA	Texas Administrative Code 202 Information Security Compliance		1		1	Satisfactory	C
2004-03	UTB	Contracts and Grants		1		1	Satisfactory	C, O
2004-06	UTB	2003 Financial and Applications Controls Audit of the Financial Aid Office		1		1	Satisfactory	C, O
2004-10	UTB	Physical Plant		3		3	Satisfactory	C, O
2003-12	UTD	Lab and Biological Safety		1		1	Satisfactory	C, O
2004-01	UTEP	Information Technology - General Controls Review		1		1	Satisfactory	O
2005-05	UTEP	Office of the Registrar		2		1	Satisfactory	O
2005-08	UTEP	Texas Success Initiative		1		1	Satisfactory	C, O
2003-09	UTHC-T	Medical Services, Research, and Development Plan Annual Financial Report		1		1	Satisfactory	F, O
2004-04	UTHC-T	Discretionary Funds		1		0	Removed	F, O
2005-04	UTHC-T	Texas Administrative Code 202 Compliance		1		1	Satisfactory	C
2005-11	UTHC-T	IT Security Audit of Meditech and LSS Patient Information Systems		1		1	Satisfactory	C
2005-11	UTHC-T	Hospital and Physician Billing Audit of Patient Registration Processes		1		1	Satisfactory	F, O
2006-01	UTHC-T	Annual Financial Report Audit Fiscal Year Ended August 31, 2005				2	Satisfactory	F, C, O
2004-02	UTHSC-SA	Medical Services, Research, and Development Plan Front-End Billing		3		1	Satisfactory	O
2003-05	UTMB Galveston	Delivery of Operating Room Services		2		2	Satisfactory	O
2003-08	UTMB Galveston	Pharmacy Costs of Goods Sold Review		1		0	Completed	O
2004-02	UTMB Galveston	Compliance Inspection: Account Reconciliation and Segregation of Duties		2		2	Satisfactory	F, O
2004-07	UTMB Galveston	Office of Sponsored Programs (OSP) & Contracts and Grants (C & G)		6		6	Satisfactory	F, C, O
2004-09	UTMB Galveston	Agreed Upon Procedures on Financial Statement Fund Balance		4		2	Satisfactory	F, O
2004-09	UTMB Galveston	Endowment Compliance Program of the Office of University Advancement ("OUA")		1		0	Completed	C, O
2005-03	UTMB Galveston	Compliance Update with the HIPAA Final Security Rule (Institutional)		1		1	Satisfactory	C, O
2005-06	UTMB Galveston	Audit of Department of Neurosciences and Cell Biology Control Self-Assessment		1		0	Completed	C
2005-07	UTMB Galveston	Compliance Update with the HIPAA Final Security Rule (Correctional Managed Care)		3		3	Satisfactory	C, O
2005-08	UTMB Galveston	Audit of Institutional Review Board Human Subjects Protection		2		1	Satisfactory	C, O
2005-12	UTMB Galveston	System-wide Financial Audit				1	Satisfactory	F, C, O
2001-08	UTMDACC	Lotus Notes Environment		1		2	Satisfactory	O
2004-01	UTMDACC	PeopleSoft Payroll		1		1	Satisfactory	O
2005-08	UTPA	Contracts		1		1	Satisfactory	O
2005-09	UTPA	College of Education		1		1	Satisfactory	O

THE UNIVERSITY OF TEXAS SYSTEM
Status of Outstanding Significant Recommendations

Report Date	Institution	Audit	1st Quarter		2nd Quarter		Overall Progress Towards Completion (Note 1)	Targeted Implementation Date	Ranking Significance
			Ranking	# of Significant Findings	Ranking	# of Significant Findings			
2004-03	UTSA	Information Technology Organization and Planning Controls		2		2	Satisfactory	5/31/2006	F, O
2004-09	UTSA	Research Compliance - Time and Effort Reporting		1		1	Satisfactory	9/1/2006	C
2004-11	UTSA	Scholarship Management		1		1	Satisfactory	6/1/2006	O
2004-12	UTSA	Texas Administrative Code 202		1		0	Completed	3/15/2006	O
2005-11	UTSA	Animal Research Audit		1		1	Satisfactory	6/1/2006	O
2006-01	UT Southwestern	Hospital Accounts Payable				4	Satisfactory	7/1/2006	F, O, C
2005-12	UTSYS ADM	System-wide Financial Audit				7	Satisfactory	3/31/2007	F, O
2005-04	UTT	East Texas Rural Fiscal and Physical Outreach Program Grant		1		0	Completed	3/1/2006	C
Totals				54		57			

STATE AUDITOR'S OFFICE AUDITS

2006-02	UT Austin	Federal Portion of the Statewide Single Audit FY 2005				1	Satisfactory	8/31/2006	F, O
2006-02	UT Dallas	Federal Portion of the Statewide Single Audit FY 2005				0	Completed	10/31/2005	C
2004-06	UT Southwestern	Protection of Research Data at Higher Education Institutions		1		1	Satisfactory	8/31/2006	O
2002-09	UTB	A. Financial Review		1		1	Satisfactory	3/31/2007	F
2006-02	UTHSC-H	Federal Portion of the Statewide Single Audit FY 2005				1	Satisfactory	8/31/2006	C
2004-06	UTHSC-SA	Protection of Research Data at Higher Education Institutions		2		2	Satisfactory	8/31/2006	O
2002-11	UTMB Galveston	Security Over Electronic Protected Health Information at Selected Texas Academic Medical Institutions		1		0	Completed	12/31/2005	C
2006-02	UTMB Galveston	Federal Portion of the Statewide Single Audit FY 2005				4	Satisfactory	12/31/2006	F, C, O
2002-11	UTMDACC	Security Over Electronic Protected Health Information at Selected Texas Academic Medical Institutions		1		1	Satisfactory	5/31/2006	C
2005-02	UTMDACC	Federal Portion of the Statewide Single Audit FY 2004		2		4	Satisfactory	9/1/2006	C
2006-02	UTPA	Federal Portion of the Statewide Single Audit FY 2005				0	Completed	1/31/2006	C
2004-02	UTSA	Financial Review		3		3	Satisfactory	12/31/2006	F
2006-02	UTSA	Federal Portion of the Statewide Single Audit FY 2005				0	Completed	1/31/2006	C
2004-06	UTSYS ADM	Protection of Research Data at Higher Education Institutions		1		0	Satisfactory	3/31/2006	O
Totals				12		18			

Color Legend:

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

Note:

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

* OTHER U. T. SYSTEM AUDITS COMPLETED - 12/2005 through 2/2006		
Month Received by System	Institution	Audit
2005-12	UT Austin	Applied Research Laboratories Audit
2005-12	UT Austin	Departmental Reviews Audit
2005-12	UT Austin	Advanced Research Program / Advanced Technology Program Audit
2005-12	UT Pan American	NCAA Financial Aid Compliance
2005-12	UT Pan American	University Scholars Program
2005-12	UT Southwestern	National Pediatric Infectious Diseases Foundation Audit
2005-12	UT Southwestern	Legislative Budget Board Performance Measures Audit
2005-12	UT Southwestern	Community Prevention Intervention Unit Audit
2005-12	UT System Admin	Executive Travel and Entertainment Expense Audit
2005-12	UT System Admin	Office of the Board of Regents Departmental Audit
2005-12	UTHC Tyler	Review of Time and Effort Reporting Principles
2005-12	UTHC Tyler	Family Practice Residency Program Annual Financial Report Audit for Fiscal Year End 8/31/2005
2005-12	UTHC Tyler	Retail Pharmacy Agreed Upon Procedures Audit
2005-12	UTHSC Houston	Report on Internal Medicine Residency Program Fiscal Year 2005 Annual Financial Report
2005-12	UTHSC Houston	Report on Obstetrics and Gynecology Residency Program and Memorial Hermann Hospital Fiscal Year 2005 Annual Financial Report
2005-12	UTHSC Houston	Report on Family Practice Statewide Preceptorship Program Fiscal Years 2004-2005 Annual Financial Reports
2005-12	UTHSC San Antonio	Family Practice Residency Program Audit
2006-1		
2006-1	UT Arlington	Annual Financial Report Audit
2006-1	UT Austin	Dean of Students - Student Organization Bank Audit
2006-1	UT Brownsville	Annual Financial Report Audit
2006-1	UT El Paso	Human Subject Research Audit
2006-1	UT El Paso	Counseling and Guidance Services Audit
2006-1	UT Southwestern	Hospital Charge Entry Audit
2006-1	UT Southwestern	External Financial Audit Support Report
2006-1	UT Southwestern	Home Health Care Audit
2006-1	UT Southwestern	Delegated Purchasing Audit
2006-1	UT Southwestern	University Cash Receipting Audit
2006-1	UT Southwestern	Hospital Accounts Payable Audit
2006-1	UT Southwestern	Faculty Service Plan (FSP) Financial Review Audit
2006-1	UT Southwestern	Family Practice Residency Program and Graduate Medical Education Grants Audit
2006-1	UT System Admin	UTA NCAA Agreed-Upon Procedures FY 2005
2006-1	UT System Admin	UTEP NCAA Agreed-Upon Procedures FY 2005
2006-1	UT System Admin	UTSA NCAA Agreed-Upon Procedures FY 2005
2006-1	UT System Admin	UTPA NCAA Agreed-Upon Procedures FY 2005
2006-1	UT System Admin	Medical Liability Benefit Plan Audit FY 2006
2006-1	UTHC Tyler	Annual Financial Report Audit
2006-1	UTHC Tyler	Automated Peripherals, Inc. (API) System Application Audit
2006-1	UTHSC Houston	Report on Governor's Fraud Initiative
2006-1	UTHSC Houston	Report on Obstetrics and Gynecology Residency Program at LBJ General Hospital Fiscal Year 2005 Annual Financial Report
2006-1	UTHSC Houston	Report on Family Practice Residency Program Fiscal Year 2005 Annual Financial Report
2006-1	UTHSC Houston	Report on Harris County Psychiatric Center (HCPC) Petty Cash
2006-1	UTHSC San Antonio	State Auditor's Office - Information Technology Research Security Follow-up Audit
2006-1	UTHSC San Antonio	Department of Medicine - Financial Audit
2006-2		
2006-2	UT Arlington	Health Services Cash Handling Procedures Review Follow-up
2006-2	UT El Paso	Land and Building Audit
2006-2	UT Pan American	College of Social and Behavioral Sciences Dean's Office
2006-2	UT Pan American	President's Office
2006-2	UT System Admin	Client Participant and Client Management Systems for the Intermediate Term Fund - Consulting Engagement
2006-2	UTHC Tyler	Office of Related Health Sciences Change in Management Audit
2006-2	UTHSC Houston	Follow-up Audit

*** STATE AUDITOR'S OFFICE AUDITS COMPLETED - 12/2005 through 2/2006**

Month Received by System	Institution	Audit
2006-2	UT Austin, UT Dallas, UTHSC Houston, UTMB Galveston, UTPA, UTSA, UT Southwestern	Federal Portion of the Statewide Single Audit FY 2005
2006-2	UTSA	State Comptroller Post Payment Audit



TABLE OF CONTENTS FOR FINANCE AND PLANNING COMMITTEE

Committee Meeting: 5/10/2006

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

Board Meeting: 5/11/2006
Austin, Texas

	Committee Meeting	Board Meeting	Page
Convene	9:00 a.m. <i>Chairman Rowling</i>		
1. U. T. System: Discussion and appropriate action related to approval of <i>Docket No. 126</i>	9:00 a.m. Discussion, Action if needed <i>Dr. Kelley</i>		44
2. U. T. System: Key Financial Indicators Report and Monthly Financial Report	9:10 a.m. Report <i>Dr. Kelley</i>	Not on Agenda	44
3. U. T. System Board of Regents: Approval of annual distributions from the Permanent Health Fund, the Long Term Fund, and the Intermediate Term Fund	9:20 a.m. Action <i>Mr. Boldt</i>	Action	53
4. U. T. System Board of Regents: Investments Report for the quarter ended February 28, 2006, and The University of Texas Investment Management Company (UTIMCO) Performance Summary Report	9:25 a.m. Report <i>Mr. Boldt</i>	Report	54
5. U. T. System: Recommendation to select retirement programs vendors to be effective September 1, 2006	9:35 a.m. Action <i>Ms. Brown</i> <i>Mr. Stewart</i>	Action	62
6. U. T. System Board of Regents: Amendment to the Regents' <i>Rules and Regulations</i>, Series 20204, regarding determining and documenting the reasonableness of compensation	9:40 a.m. Action <i>Dr. Kelley</i>	Action	64
7. U. T. System: Overview of U. T. System energy savings initiatives	9:45 a.m. Report <i>Mr. Aldridge</i>	Not on Agenda	65
Adjourn	10:00 a.m.		

1. **U. T. System: Discussion and appropriate action related to approval of Docket No. 126**

RECOMMENDATION

It is recommended that *Docket No. 126*, beginning on Page Docket - 1, be approved. The Docket is printed on green paper at the back of the Supplemental Materials (Volume 2) of the Agenda Book.

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

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

Dr. Scott C. Kelley, Executive Vice Chancellor for Business Affairs, will discuss the Key Financial Indicators Report, as set forth on Pages 45 - 52, and the March Monthly Financial Report (MFR), as set forth on Pages 30 - 55 of the Supplemental Materials (Volume 2) of the Agenda Book. The reports represent the consolidated and individual operating results of the U. T. System institutions.

REPORT

The Key Financial Indicators Report compares the System-wide results of operations, key revenues and expenses, reserves, and key financial ratios in a graphical presentation from 2002 through March 2006. Ratios requiring balance sheet data are provided for 2002 through 2005.

The MFR is provided as support for the Key Financial Indicators. The MFR includes the detailed numbers behind the System-wide graphs as well as detail for each individual institution as of March 2006.

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THE UNIVERSITY OF TEXAS SYSTEM



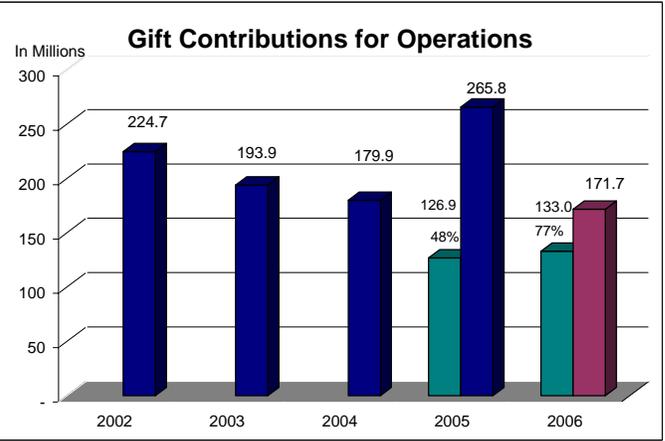
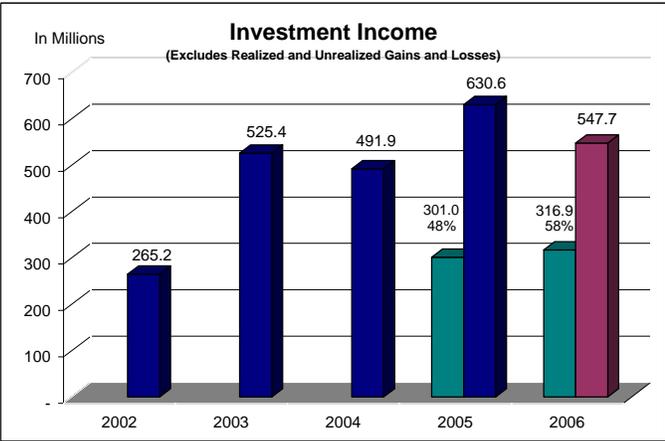
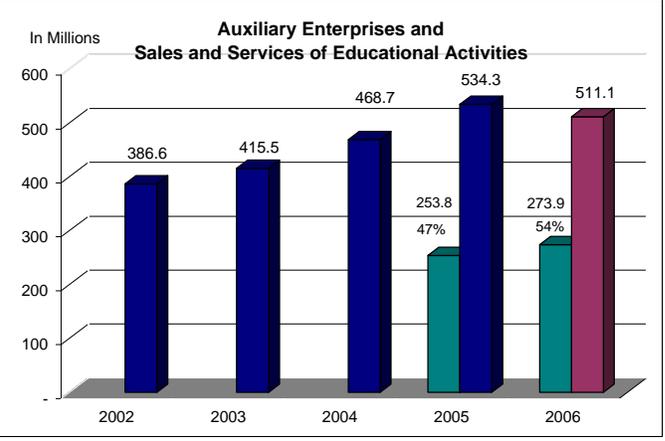
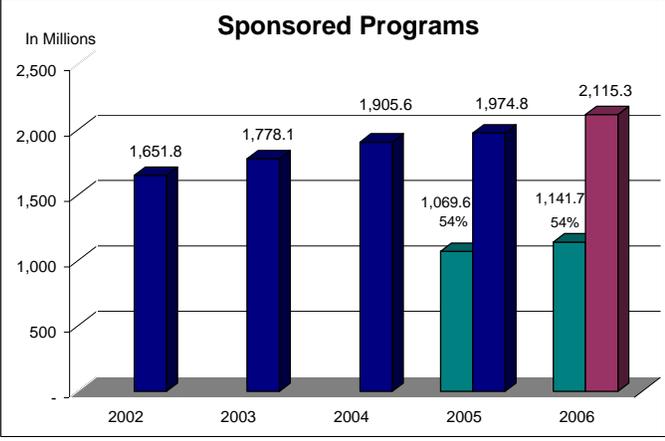
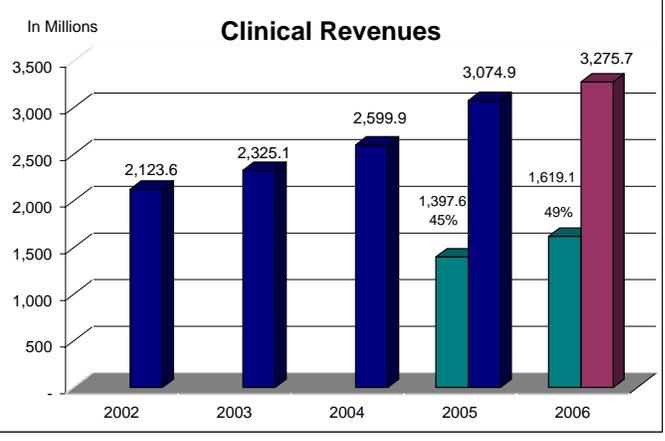
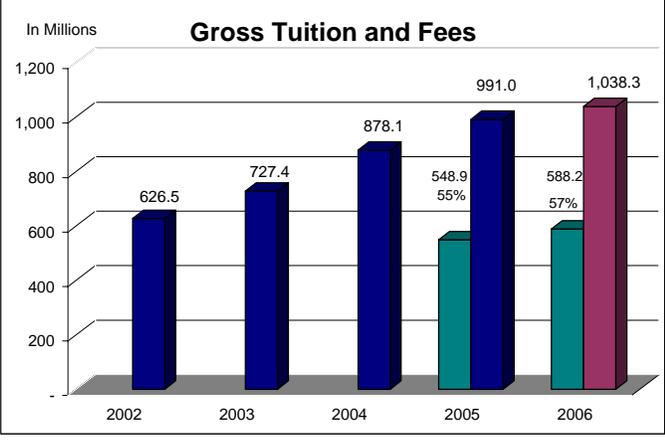
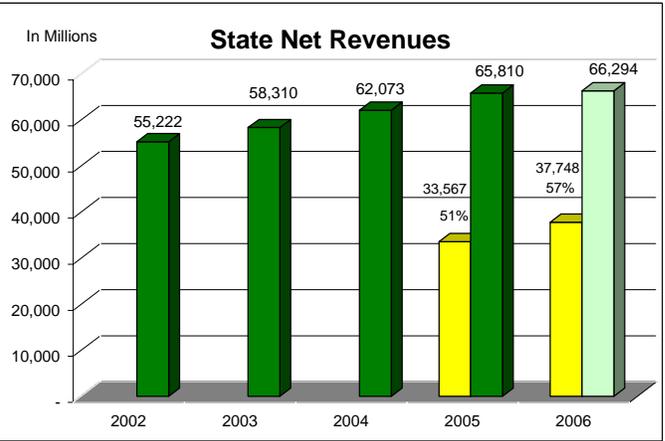
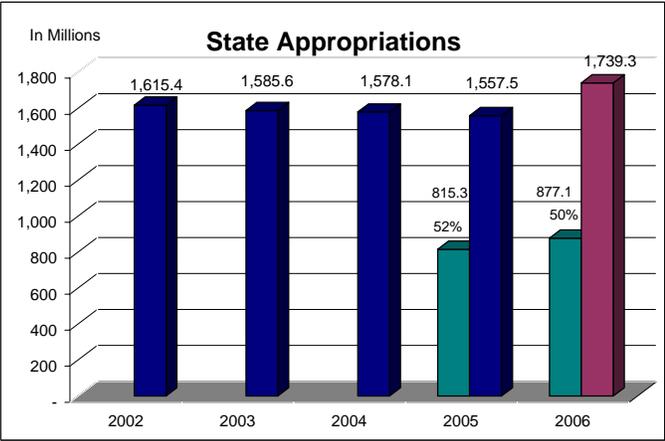
QUARTERLY KEY STRATEGIC INDICATORS REPORT

2ND QUARTER FY 2006

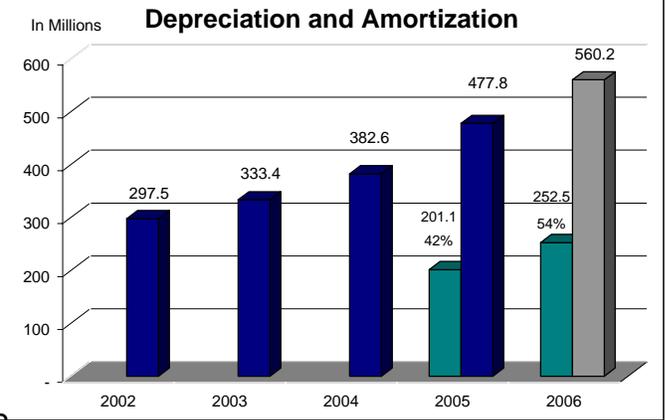
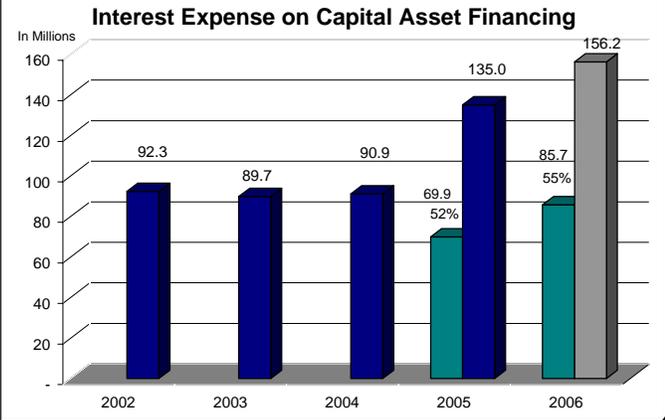
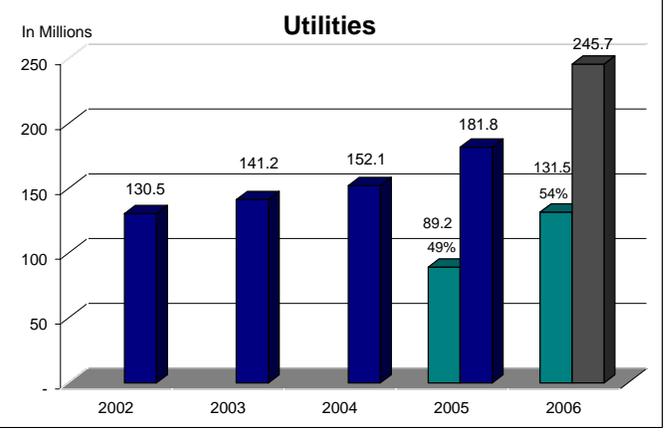
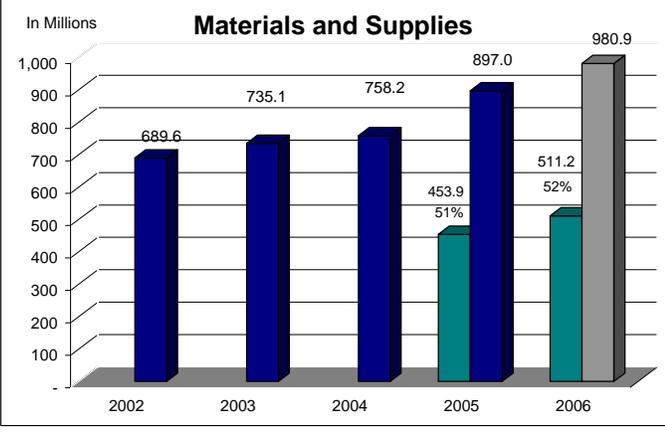
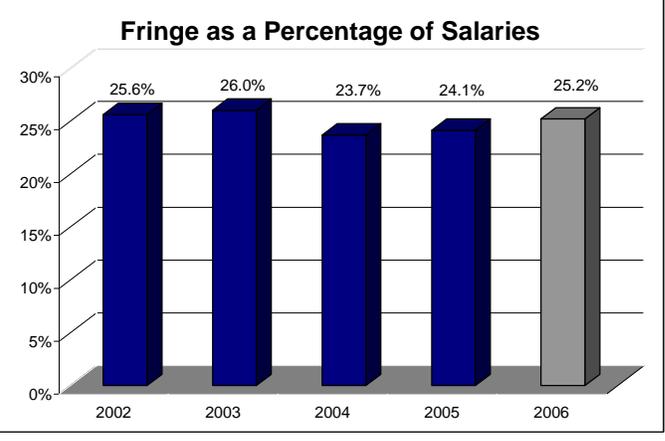
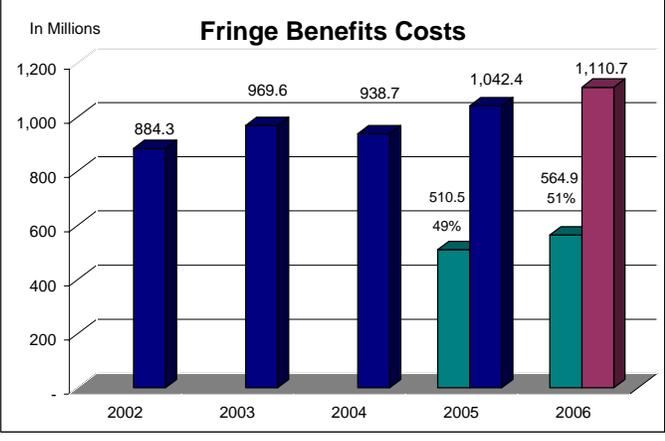
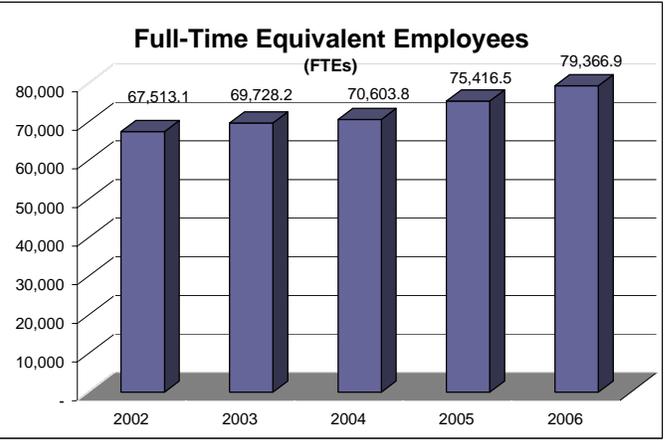
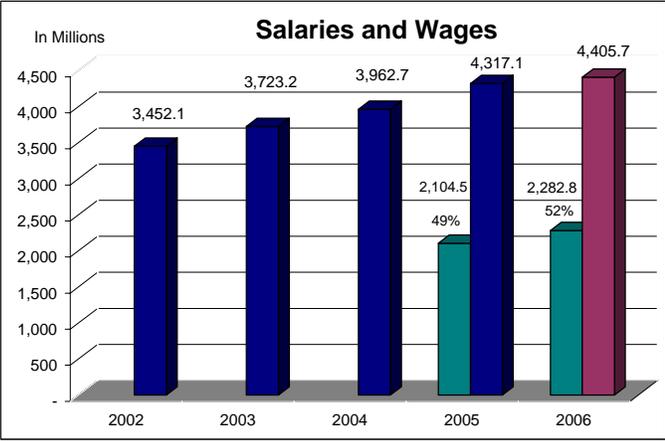
KEY

	Actual 2002 Through 2005 amounts (SOURCE: Annual Financial Reports Fiscal Years 2002, 2003, 2004 and 2005)
	2006 Budget amounts (SOURCE: Operating Budget Summary 2006)
	Projected 2006 amounts (trend based on the average change of the previous four years of data)
	Monthly Financial Report Year to Date amounts for February 2005 and February 2006
	Annual State Net Revenue Collections for 2002, 2003, 2004 and 2005 (SOURCE: Texas Revenue History by Source 1978-2005, State Comptroller's Office)
	Year to Date State Net Revenue Collections for February 2005 and February 2006 (SOURCE: State Comptroller's Office)
	Estimated State Revenue Collections for 2006 (SOURCE: 2006-07 Certification Revenue Estimate, State Comptroller's Office)
	2002, 2003, 2004 and 2005 Annual Average of FTEs, Average of 1st and 2nd Quarter 2006 FTEs (SOURCE: State Auditor's Office Quarterly FTE Report)
	Year to Date margin for March 2006 (SOURCE: Monthly Financial Report for March 2006)
	Projected 2006 (SOURCE: Monthly Financial Report Projections for March 2006)
	Year to Date margin for March 2005 (SOURCE: Monthly Financial Report for March 2006)
	Target Normalized Rates
	Aaa/Aa1 Median (SOURCE: Moody's)
	Aa2 Median (SOURCE: Moody's)
	Fair Facilities Condition Index (5% - 10%)
	Good Facilities Condition Index (Exceeds 10%)

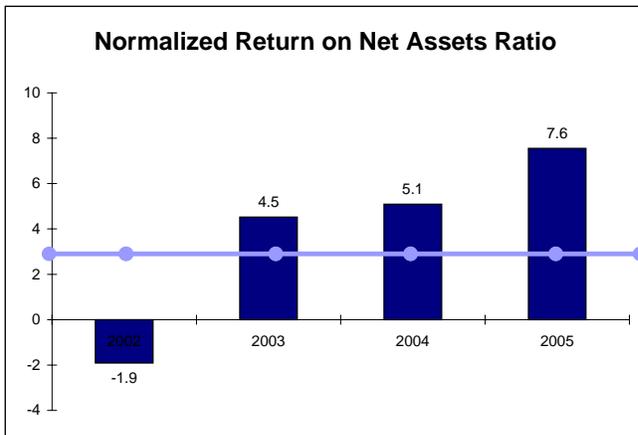
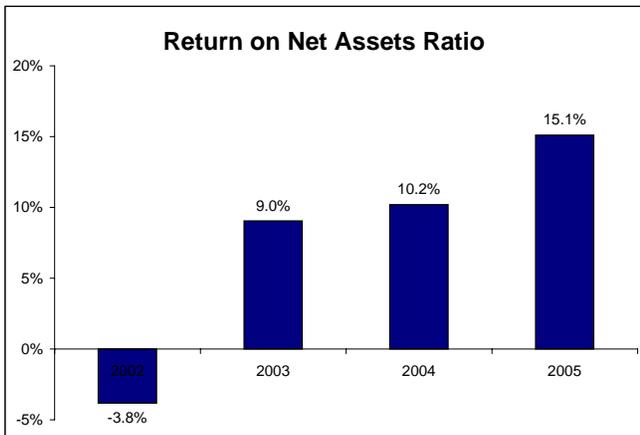
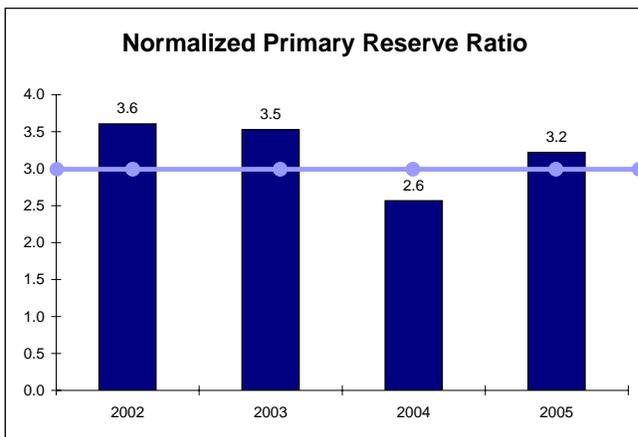
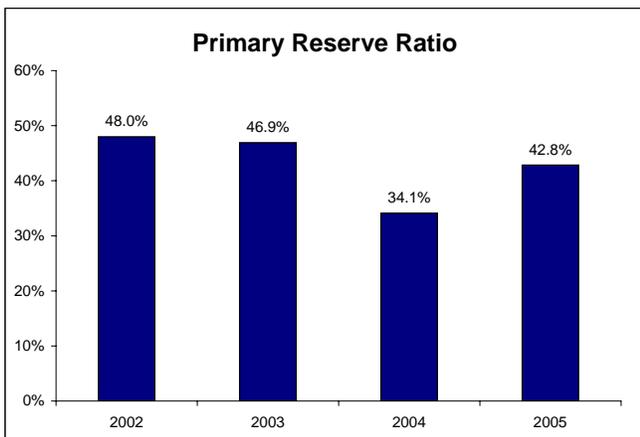
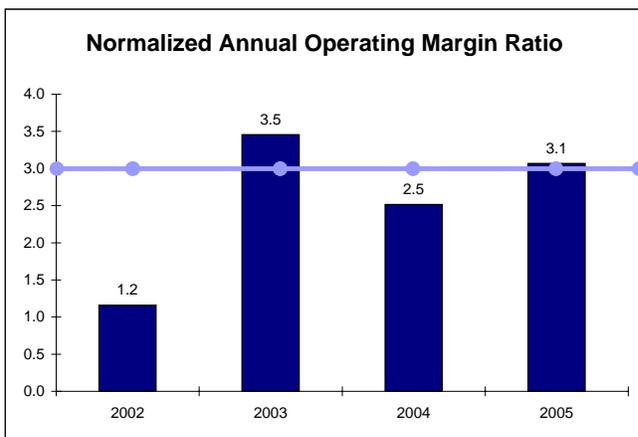
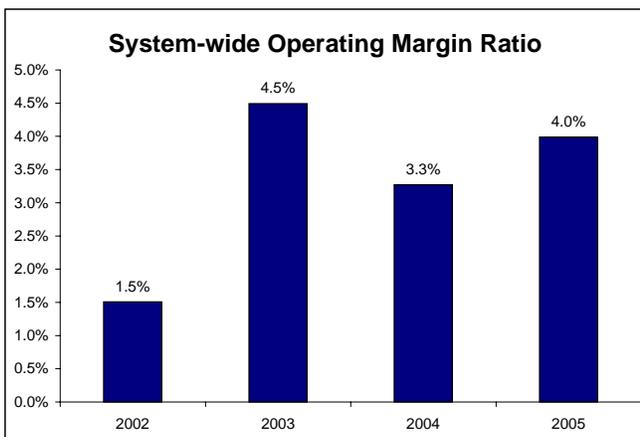
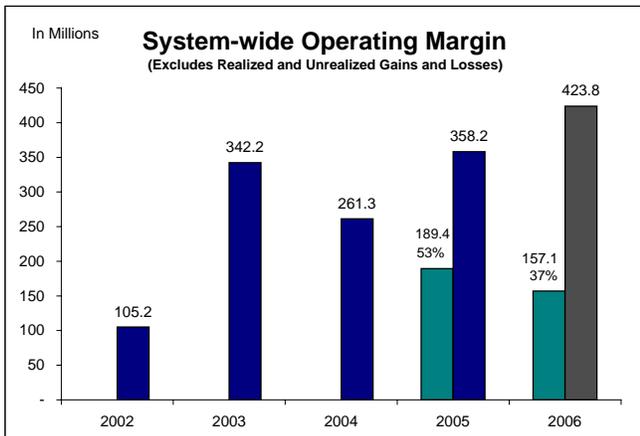
KEY INDICATORS OF REVENUES
ACTUAL 2002 THROUGH 2005
PROJECTED 2006
YEAR TO DATE 2005 AND 2006 FROM FEBRUARY MONTHLY FINANCIAL REPORT



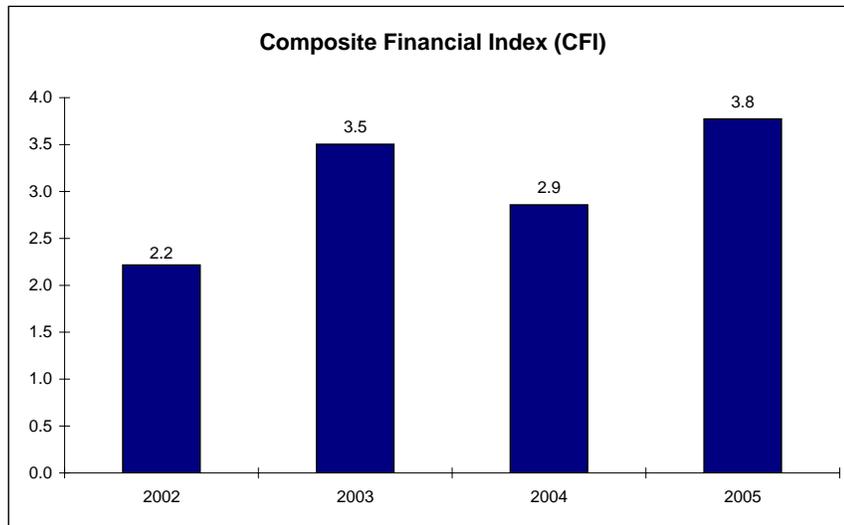
KEY INDICATORS OF EXPENSES
ACTUAL 2002 THROUGH 2005
PROJECTED 2006
YEAR TO DATE 2005 AND 2006 FROM FEBRUARY MONTHLY FINANCIAL REPORT



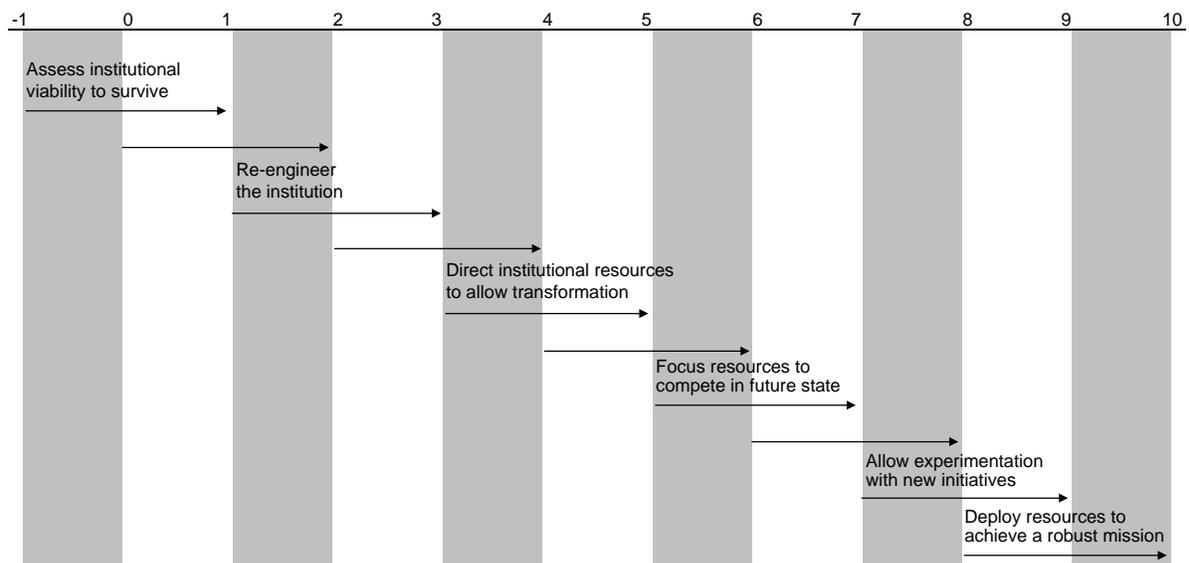
KEY INDICATORS OF RESERVES
ACTUAL 2002 THROUGH 2005
YEAR TO DATE 2005 AND 2006 FROM FEBRUARY MONTHLY FINANCIAL REPORT
PROJECTED 2006



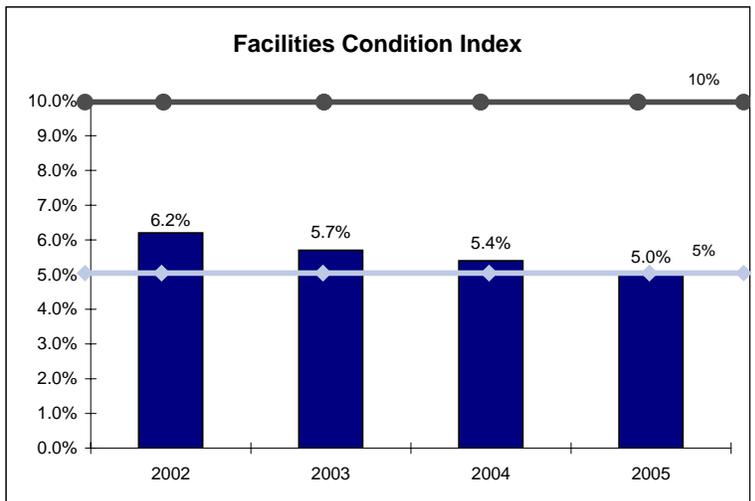
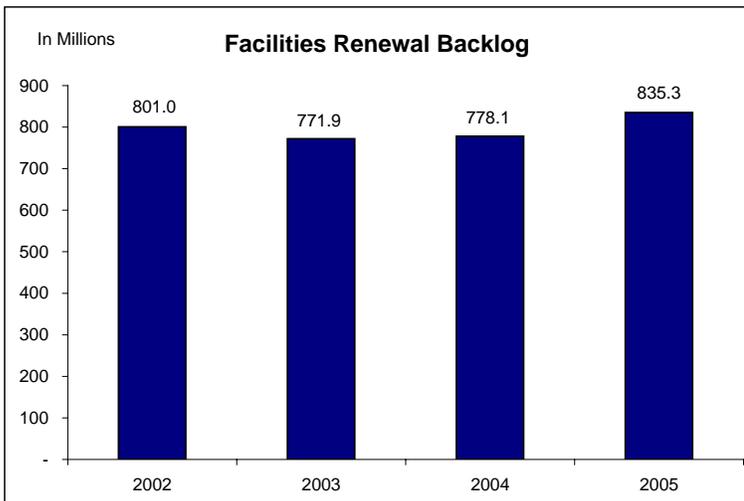
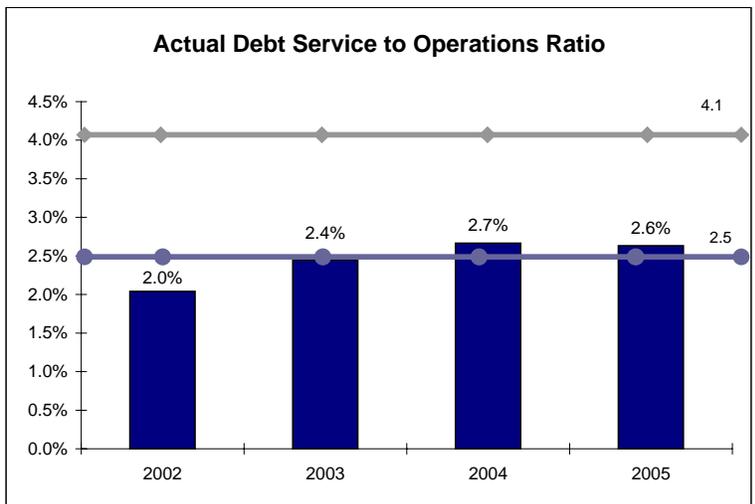
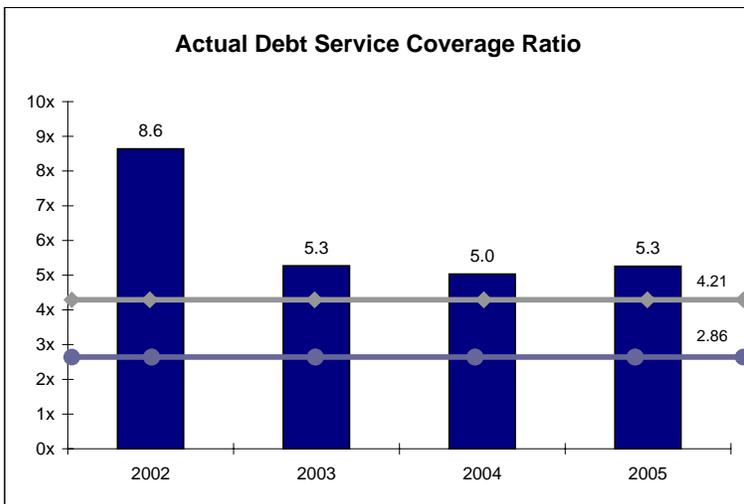
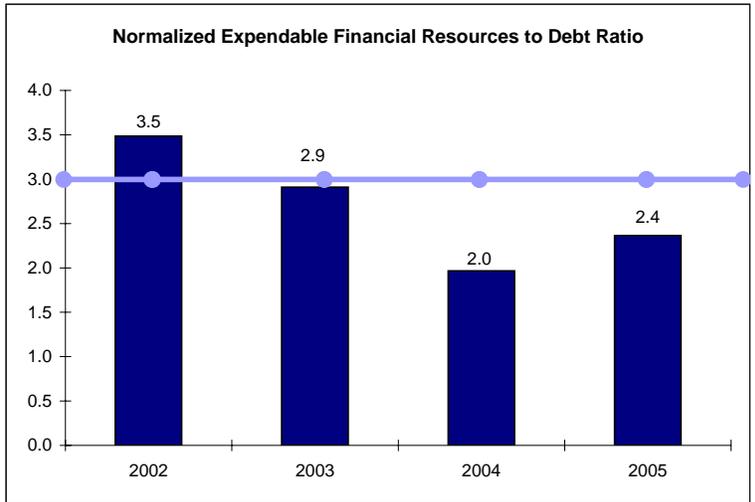
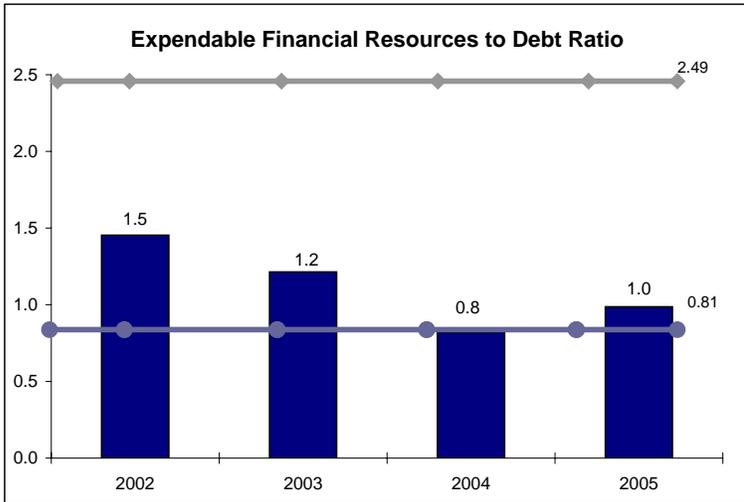
KEY INDICATORS OF FINANCIAL HEALTH 2002 THROUGH 2005



Scale for Charting CFI Performance



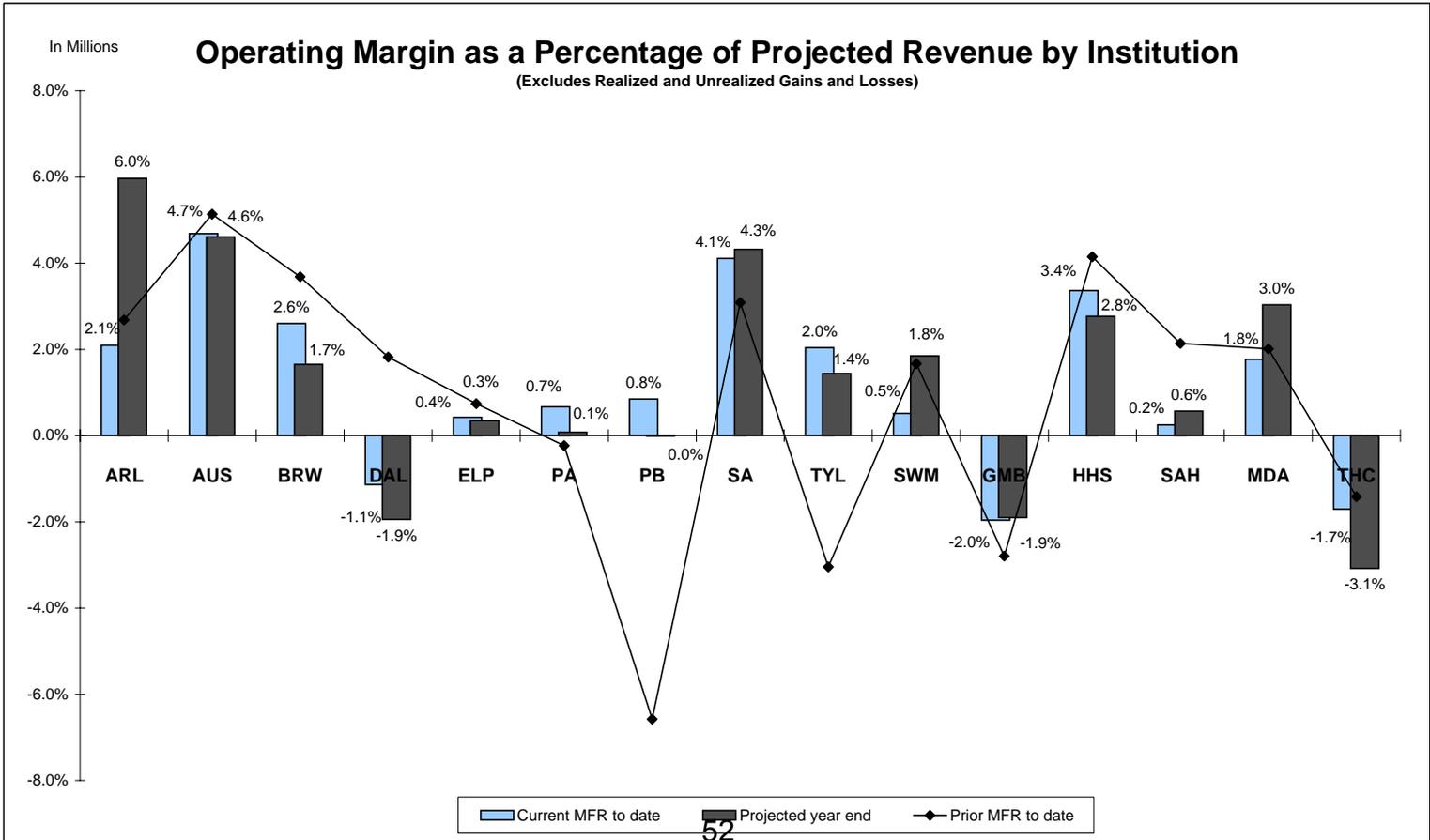
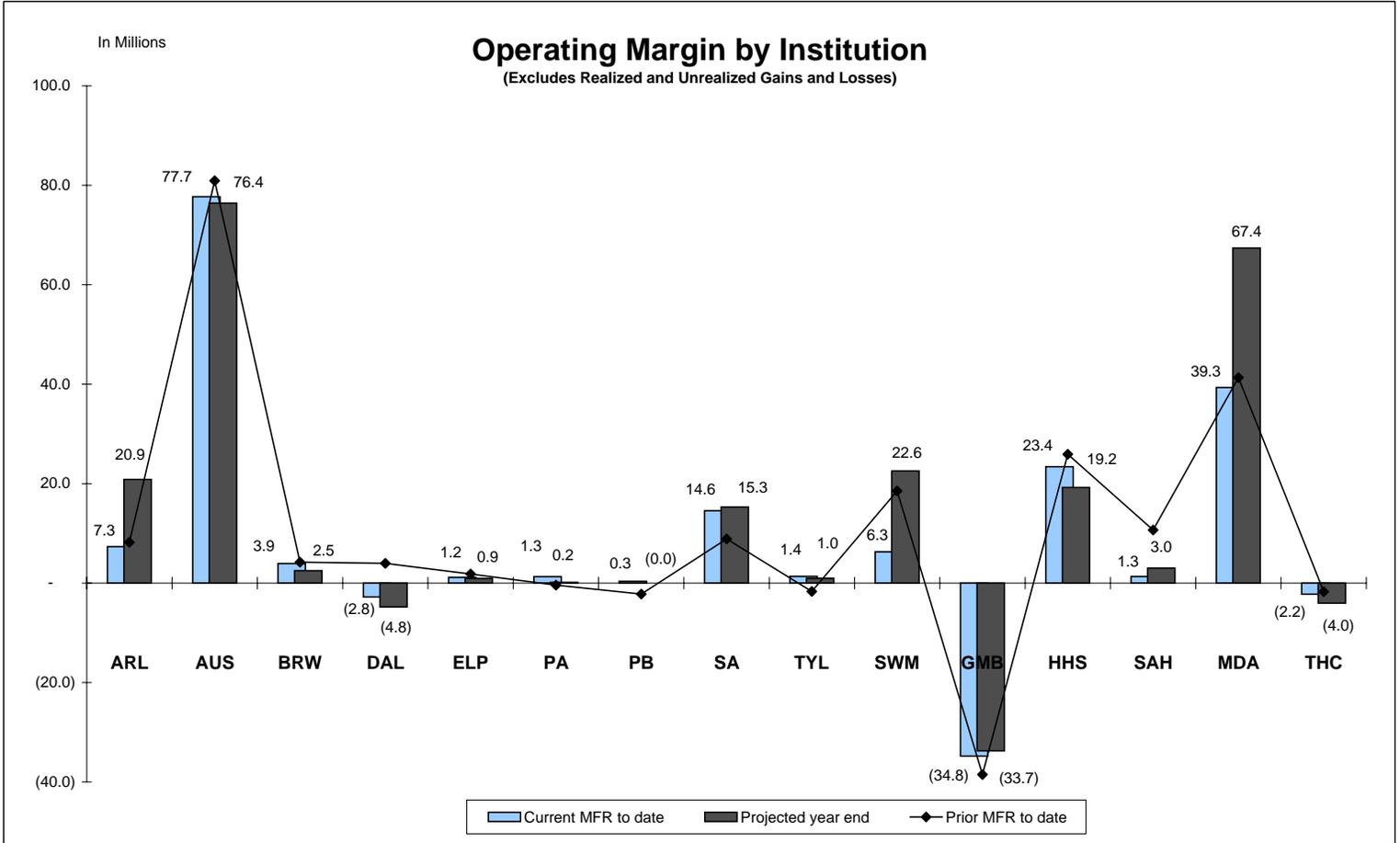
KEY INDICATORS OF CAPITAL NEEDS AND CAPACITY 2002 THROUGH 2005



KEY INDICATORS OF RESERVES

YEAR TO DATE 2005 AND 2006 FROM MARCH MONTHLY FINANCIAL REPORT

PROJECTED 2006 YEAR-END MARGIN



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

RECOMMENDATION

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

- a. the distribution rate for the Permanent Health Fund (PHF) be increased from \$0.0482 per unit to \$0.0496 per unit effective November 30, 2006;
- b. the distribution rate for the U. T. System Long Term Fund (LTF) be increased from \$0.2764 per unit to \$0.2844 per unit effective November 30, 2006; and
- c. the distribution rate for the U. T. System Intermediate Term Fund (ITF) remain at 3.0% per annum for Fiscal Year 2007.

BACKGROUND INFORMATION

The spending policy objectives of the PHF and LTF are to

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

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

The recommended 2.9% increase in the PHF distribution rate of \$0.0482 to \$0.0496 per unit was based on the PHF's Investment Policy Statement to increase the distributions by the average rate of inflation for the trailing 12 quarters. The PHF's distribution rate calculated using the prior 12-quarter average value of the PHF is 4.9%, within the

range of 3.5% to 5.5% set forth in the PHF Investment Policy Statement. The recommended distribution rate of \$0.0496 per unit was approved by the UTIMCO Board on March 30, 2006.

The recommended 2.9% increase in the LTF distribution rate from \$0.2764 to \$0.2844 per unit was based on the LTF's Investment Policy Statement to increase the distributions by the average rate of inflation for the trailing 12 quarters. The LTF's distribution rate calculated using the prior 12-quarter average value of the LTF is 5.0%, within the range of 3.5% to 5.5% set forth in the LTF Investment Policy Statement. The increase in the consumer price index for the prior three years as of November 30, 2005, was 2.9%. The recommended distribution rate of \$0.2844 per unit was approved by the UTIMCO Board on March 30, 2006.

The distribution rate for the ITF was set at 3.0% per annum for the remainder of Fiscal Year 2006 by the UTIMCO Board and the Board of Regents at their January 17, 2006 and February 9, 2006 meetings, respectively. The recommendation for the rate to remain at 3.0% for Fiscal Year 2007 was approved by the UTIMCO Board on March 30, 2006.

4. U. T. System Board of Regents: Investments Report for the quarter ended February 28, 2006, and The University of Texas Investment Management Company (UTIMCO) Performance Summary Report

REPORT

The Investments Report for the quarter ended February 28, 2006, is as set forth on Pages 56 - 61.

Item I on Page 56 reports activity for the Permanent University Fund (PUF) investments. The PUF's net investment return for the quarter end was 4.71% versus its composite benchmark return of 5.43%. The PUF's net asset value increased by \$234.0 million since the beginning of the quarter to \$9,798.6 million. This change in net asset value includes increases due to contributions from PUF land receipts and net investment return and a decrease due to a \$257.3 million distribution to complete the annual distribution from the PUF to the Available University Fund (AUF).

Item II on Page 57 reports activity for the General Endowment Fund (GEF) investments. The GEF's net investment return for the quarter was 4.75% versus its composite benchmark return of 5.43%. The GEF's net asset value increase during the quarter to \$5,228.5 million was made up of a large foundation contribution and investment return, net of a \$105.5 million withdrawal from the Medical Liability Self Insurance Fund to invest in the Intermediate Term Fund.

Item III on Page 58 reports activity for the Intermediate Term Fund (ITF). The ITF was implemented on February 1, 2006. The initial contribution to the ITF was \$2,930.9 million. The decrease to the quarter ending value of \$2,920.0 million was made up of expenses, investment return, and \$7.3 million in distributions based on a 3% per annum distribution rate. During the first month since inception, the net investment return was negative .11% versus the performance benchmark of 0%.

Item IV on Page 59 reports activity for the Short Intermediate Term Fund (SITF). The SITF was fully liquidated on January 31, 2006. All participants reinvested this money into the ITF or Short Term Fund. Total net investment return on the SITF was .66% for the two-month period ended January 31, 2006.

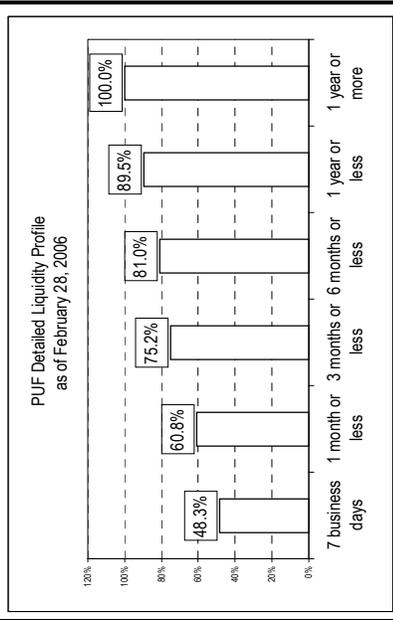
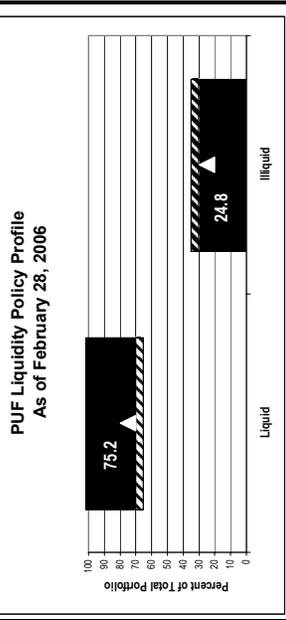
Item V on Page 60 presents book and market value of cash, debt, equity, and other securities held in funds outside of internal investment pools. The large decrease in cash and equivalents and equity securities reflects operating funds withdrawn and invested in the ITF. Total cash and equivalents, consisting primarily of institutional operating funds held in the Dreyfus money market fund, decreased by \$1,339.9 million to \$1,177.9 million during the three months since the last reporting period. Market values for the remaining asset types were debt securities: \$46.4 million versus \$46.2 million at the beginning of the period; equities: \$81.6 million versus \$364.9 million at the beginning of the period; and other investments: \$105.7 million versus \$1.3 million at the beginning of the period.

The February 28, 2006, UTIMCO Performance Summary Report is attached on Page 61.

I. PERMANENT UNIVERSITY FUND Investment Reports for Periods Ended February 28, 2006

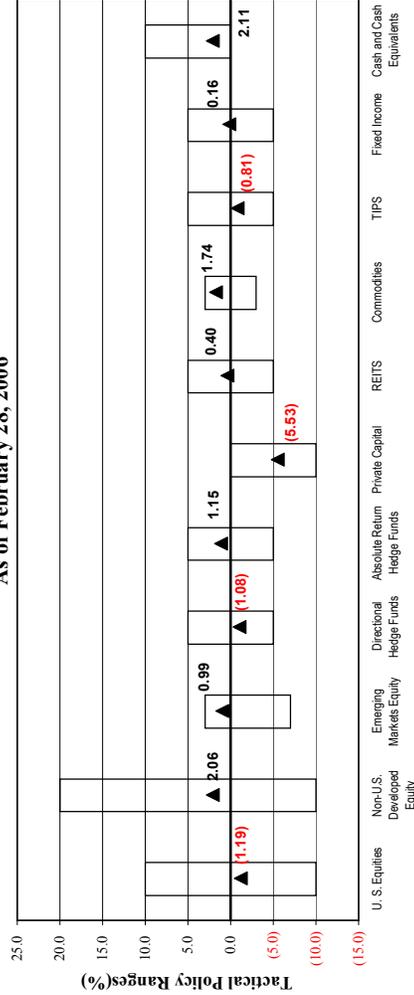
Prepared in accordance with Texas Education Code Sec. 51.0032

Summary of Capital Flows			
	Fiscal Year Ended August 31, 2005	Quarter Ended February 28, 2006	Fiscal Year to Date February 28, 2006
Beginning Net Assets (\$ millions)	\$ 8,087.9	\$ 9,564.6	\$ 9,426.7
PUF Lands Receipts	193.0	47.3	117.4
Investment Return	1,538.0	466.1	649.8
Expenses	(51.0)	(22.1)	(38.0)
Distributions to AUF	(341.2)	(257.3)	(357.3)
Ending Net Assets	\$ 9,426.7	\$ 9,798.6	\$ 9,798.6



	Fiscal Year to Date			
	February 28, 2006	Returns	Policy Benchmark	Value Added
Cash and Cash Equivalents	2.11%	2.00%	1.87%	0.05%
U.S. Equities	18.81%	3.34%	6.56%	-0.65%
Non-U.S. Developed Equities	12.06%	16.94%	15.14%	0.18%
Emerging Markets	7.99%	23.19%	30.09%	-0.45%
Directional Hedge Funds	8.92%	4.42%	4.19%	0.02%
Absolute Return Hedge Funds	16.15%	5.43%	3.21%	0.34%
REITS	5.40%	14.00%	13.06%	0.04%
Commodities	4.74%	-9.86%	-12.54%	-0.33%
TIPS	4.19%	0.22%	-0.09%	0.08%
Fixed Income	10.16%	-0.19%	-0.11%	-0.05%
Total Marketable Securities	90.53%	6.27%	6.99%	-0.42%
Private Capital	9.47%	9.94%	13.32%	-0.62%
Total	100.00%	6.64%	7.93%	-1.29%

Deviations From Policy Targets Within Tactical Policy Ranges As of February 28, 2006

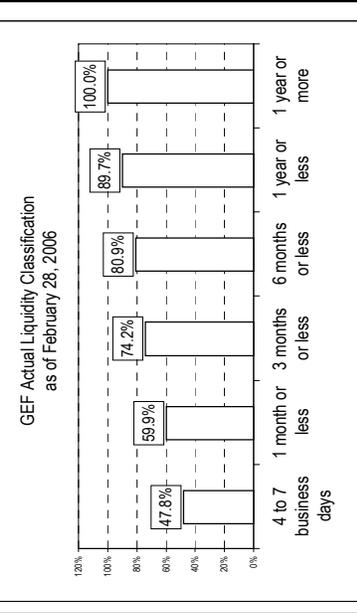
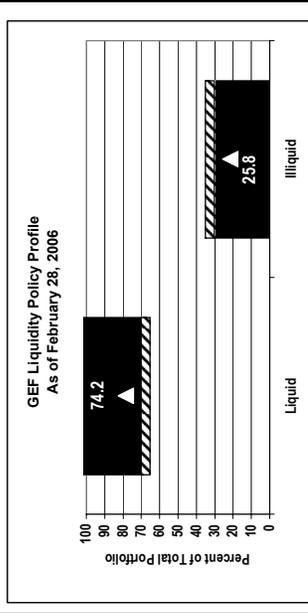


II. GENERAL ENDOWMENT FUND

Investment Reports for Periods Ended February 28, 2006

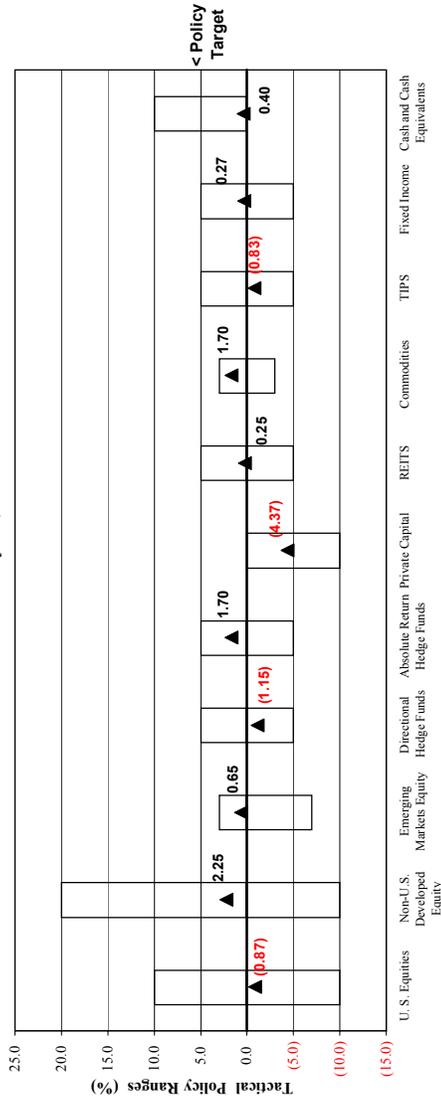
Prepared in accordance with Texas Education Code Sec. 51.0032

Summary of Capital Flows			
	Fiscal Year Ended August 31, 2005	Quarter Ended February 28, 2006	
		February 28, 2006	Fiscal Year to Date February 28, 2006
Beginning Net Assets (\$ millions)	\$ 4,207.6	\$ 4,989.1	\$ 4,926.8
Contributions	139.2	155.2	187.2
Withdrawals	(4.7)	(105.5)	(105.5)
Distributions	(206.4)	(55.6)	(109.5)
Investment Return	814.2	255.8	347.8
Expenses	(23.1)	(10.5)	(18.3)
Ending Net Assets	\$ 4,926.8	\$ 5,228.5	\$ 5,228.5



	Fiscal Year to Date					
	February 28, 2006	Returns	Value Added			
	Portfolio Exposure	Policy Target	Portfolio Benchmark	From Asset Allocation	From Security Selection	Total
Cash and Cash Equivalents	0.40%	0.00%	1.87%	0.04%	0.00%	0.04%
U.S. Equities	19.13%	20.00%	6.56%	-0.04%	-0.60%	-0.64%
Non-U.S. Developed Equities	12.25%	10.00%	15.14%	0.24%	0.15%	0.39%
Emerging Markets	7.65%	7.00%	30.09%	-0.21%	-0.47%	-0.68%
Directional Hedge Funds	8.85%	10.00%	4.19%	0.02%	0.01%	0.03%
Absolute Return Hedge Funds	16.70%	15.00%	5.37%	0.00%	0.33%	0.33%
REITS	5.25%	5.00%	13.06%	-0.01%	0.04%	0.03%
Commodities	4.70%	3.00%	-12.54%	-0.40%	0.09%	-0.31%
TIPS	4.17%	5.00%	0.22%	0.06%	0.02%	0.08%
Fixed Income	10.27%	10.00%	-0.11%	-0.04%	0.02%	-0.02%
Total Marketable Securities	89.37%	85.00%	6.21%	-0.34%	-0.41%	-0.75%
Private Capital	10.63%	15.00%	13.32%	-0.10%	-0.52%	-0.62%
Total	100.00%	100.00%	6.56%	-0.44%	-0.93%	-1.37%

Deviations From Policy Targets Within Tactical Policy Ranges
As of February 28, 2006

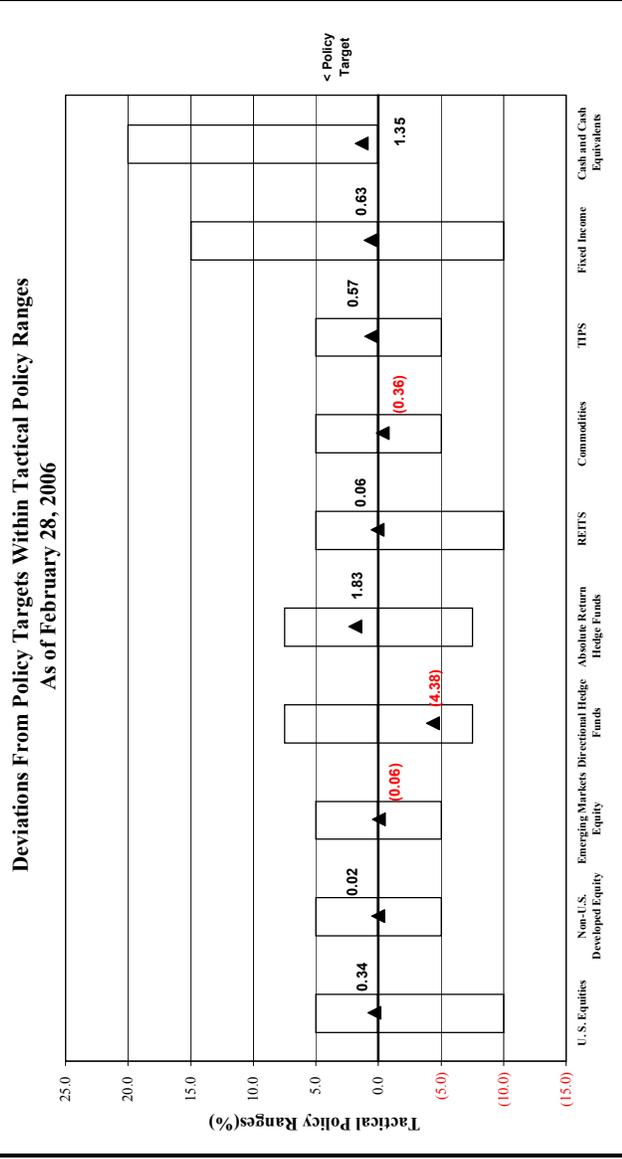
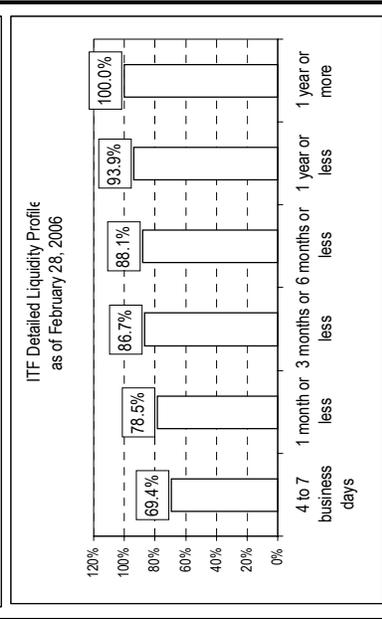
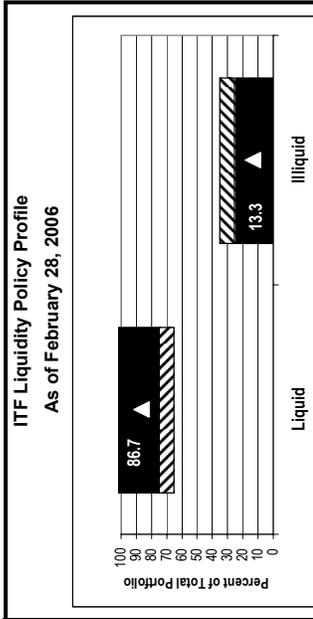


III. INTERMEDIATE TERM FUND Investment Reports for Periods Ended February 28, 2006

Prepared in accordance with Texas Education Code Sec. 51.0032

Summary of Capital Flows	
	Month Ended February 28, 2006
Beginning Net Assets	\$ -
Contributions	2,930.9
Withdrawals	-
Distributions	(7.3)
Investment Return	(3.3)
Expenses	(0.3)
Ending Net Assets	\$ 2,920.0

	Returns					Value Added		
	February 28, 2006	Policy Target	Portfolio	Benchmark	Policy	From Asset Allocation	From Security Selection	Total
Cash and Cash Equivalents	1.35%	0.00%	0.34%	0.33%	0.00%	0.00%	0.00%	0.00%
U.S. Equities	15.34%	15.00%	-0.64%	0.18%	0.00%	0.00%	-0.12%	-0.12%
Non-U.S. Developed Equities	5.02%	5.00%	-0.06%	-0.22%	0.00%	0.00%	0.01%	0.01%
Emerging Markets Equities	4.94%	5.00%	-1.51%	-0.12%	0.00%	0.00%	-0.07%	-0.07%
Directional Hedge Funds	8.12%	12.50%	0.89%	0.56%	-0.04%	0.04%	0.00%	0.00%
Absolute Return Hedge Funds	14.33%	12.50%	0.82%	0.52%	0.02%	0.04%	0.04%	0.06%
REITS	10.06%	10.00%	1.97%	2.19%	0.00%	0.00%	-0.02%	-0.02%
Commodities	4.64%	5.00%	-8.61%	-8.85%	-0.01%	0.01%	0.00%	0.00%
TIPS	10.57%	10.00%	0.39%	-0.05%	0.00%	0.04%	0.04%	0.04%
Fixed Income	25.63%	25.00%	0.28%	0.33%	0.00%	0.00%	-0.01%	-0.01%
Total Marketable Securities	100.00%	100.00%	-0.11%	0.00%	-0.03%	-0.08%	-0.11%	-0.11%



IV. SHORT INTERMEDIATE TERM FUND
Investment Report for Periods Ended February 28, 2006
 Report prepared in accordance with *Texas Education Code Sec. 51.0032*

	(\$ millions)		
	FY04-05 Full Year	1st Qtr	FY05-06 2nd Qtr Year-to-Date
Beginning Net Assets	\$ 1,178.0	\$ 1,222.4	\$ 1,208.5
Net Contributions (Withdrawals)	46.0	(0.5)	(1,208.7)
Investment Return	30.0	(2.6)	7.5
Expenses	(0.5)	(0.1)	(0.10)
Distributions of Income	(31.1)	(10.7)	(7.2)
Ending Net Assets	\$ 1,222.4	\$ 1,208.5	\$ -
Net Asset Value per Unit	9.914	9.805	-
No. of Units (End of Period)	123,305,429	123,251,937	-
Total Net Investment Return	2.48%	-0.20%	0.66% *
			0.45% *

* Fund terminated January 31, 2006. Net Investment Return is for the period ended January 31, 2006.

V. SEPARATELY INVESTED ASSETS
Summary Investment Report at February 28, 2006
 Report prepared in accordance with *Texas Education Code Sec. 51.0032.*

ASSET TYPES	(\$ thousands)														
	FUND TYPE														
	CURRENT PURPOSE DESIGNATED		RESTRICTED		ENDOWMENT & SIMILAR FUNDS		ANNUITY & LIFE INCOME FUNDS		AGENCY FUNDS		OPERATING FUNDS		TOTAL		
BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET
Cash & Equivalents:															
Beginning value 11/30/05	3,179	3,179	6,145	6,145	56,264	56,264	601	601	120,846	120,846	2,330,743	2,330,743	2,517,778	2,517,778	2,517,778
Increase/(Decrease)	1,313	1,313	(3,284)	(3,284)	26,401	26,401	191	191	(118,558)	(118,558)	(1,245,931)	(1,245,931)	(1,339,868)	(1,339,868)	(1,339,868)
Ending value 2/28/06	4,492	4,492	2,861	2,861	82,665	82,665	792	792	2,288	2,288	1,084,812	1,084,812	1,177,910	1,177,910	1,177,910
Debt Securities:															
Beginning value 11/30/05	-	-	263	211	29,850	29,666	16,181	16,322	-	-	-	-	46,294	46,199	46,199
Increase/(Decrease)	-	-	-	1	28	(123)	418	346	-	-	-	-	446	224	224
Ending value 2/28/06	-	-	263	212	29,878	29,543	16,599	16,668	-	-	-	-	46,740	46,423	46,423
Equity Securities:															
Beginning value 11/30/05	27	7,632	1,903	1,631	40,680	47,109	20,379	24,839	-	-	315,787	283,680	378,776	364,891	364,891
Increase/(Decrease)	-	(268)	1,506	1,504	(3,801)	(2,796)	1,198	1,997	-	-	(315,787)	(283,680)	(316,884)	(283,243)	(283,243)
Ending value 2/28/06	27	7,364	3,409	3,135	36,879	44,313	21,577	26,836	-	-	-	-	61,892	81,648	81,648
Other:															
Beginning value 11/30/05	-	-	1,205	1,205	2	2	234	86	-	-	-	-	1,441	1,293	1,293
Increase/(Decrease)	105,487	105,487	(1,066)	(1,066)	(1)	(1)	5	19	-	-	-	-	104,425	104,439	104,439
Ending value 2/28/06	105,487	105,487	139	139	1	1	239	105	-	-	-	-	105,866	105,732	105,732

Details of individual assets by account furnished upon request.

UTIMCO Performance Summary

February 28, 2006

	Net Asset Value 2/28/2006 (in Millions)	Periods Ended February 28, 2006 (Returns for Periods Longer Than One Year are Annualized)										
		One Month	Calendar Year To Date	Three Months	Fiscal Year To Date	Six Months	One Year	Two Years	Three Years	Four Years	Five Years	Ten Years
ENDOWMENT FUNDS												
Permanent University Fund	\$ 9,798.6	(0.06)	2.80	4.71	6.64	6.64	12.70	12.19	18.36	11.31	8.00	9.62
General Endowment Fund		0.04	2.86	4.75	6.56	12.50	12.11	18.55	11.46	8.34	N/A	N/A
Permanent Health Fund	966.0	0.11	2.89	4.75	6.53	12.38	12.02	18.42	11.34	8.21	N/A	N/A
Long Term Fund	4,262.4	0.11	2.89	4.75	6.54	12.39	12.03	18.44	11.37	8.26	10.29	N/A
Separately Invested Funds	326.9	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total Endowment Funds	15,353.9											
OPERATING FUNDS												
Short Term Fund	1,084.8	0.34	0.70	1.05	2.00	3.54	2.53	2.04	1.96	2.30	3.99	N/A
Intermediate Term Fund	2,920.0	(0.11)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total Operating Funds	4,004.8											
Total Investments	\$ 19,358.7											
BENCHMARKS (1)												
Permanent University Fund: Policy Portfolio		0.34	3.67	5.43	7.93	14.60	12.59	15.49	9.31	5.90	10.33	
General Endowment Fund: Policy Portfolio		0.34	3.67	5.43	7.93	14.60	12.59	15.49	9.31	5.94	10.15	
Short Term Fund: 90 Day Treasury Bills Average Yield		0.33	0.64	0.96	1.87	3.38	2.44	2.00	1.92	2.26	3.83	
Intermediate Term Fund: Policy Portfolio		(0.00)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
VALUE ADDED (2)												
Permanent University Fund		(0.40)	(0.86)	(0.72)	(1.29)	(1.89)	(0.41)	2.87	2.00	2.10	(0.71)	
General Endowment Fund		(0.29)	(0.81)	(0.68)	(1.37)	(2.10)	(0.48)	3.06	2.15	2.40	N/A	
Permanent Health Fund		(0.23)	(0.78)	(0.68)	(1.41)	(2.22)	(0.57)	2.93	2.02	2.28	N/A	
Long Term Fund		(0.23)	(0.77)	(0.68)	(1.39)	(2.21)	(0.56)	2.95	2.06	2.32	0.14	
Short Term Fund		0.01	0.06	0.09	0.13	0.16	0.08	0.04	0.04	0.04	0.16	
Intermediate Term Fund		(0.11)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

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

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

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

5. **U. T. System: Recommendation to select retirement programs vendors to be effective September 1, 2006**

RECOMMENDATION

Vice Chancellor Brown and Mr. Dan Stewart, Assistant Vice Chancellor for Employee Services, will make a recommendation to the U. T. System Board of Regents at the Board meeting concerning the selection of certain vendors to provide retirement products and services for the Optional Retirement Program (ORP), The University of Texas System Governmental Retirement Arrangement (UTGRA), UTSaver Tax Sheltered Annuity Program (UTSaver TSA), and UTSaver Deferred Compensation Plan (UTSaver DCP) and to enter into contracts with the U. T. System effective September 1, 2006.

BACKGROUND INFORMATION

The U. T. System currently contracts with eight vendors to provide products and services for the ORP and UTGRA, with six of the eight also offering products and services for the UTSaver DCP. These contracts expire on August 31, 2006.

For the UTSaver TSA product, the U. T. System does not hold contracts with the existing vendors. There are approximately 140 UTSaver TSA vendors and one currently authorized UTGRA vendor receiving employee contributions.

On December 15, 2005, the U. T. System issued a Request for Proposals (RFP) to select a common set of retirement vendors to offer products and services for all U. T. System retirement programs. The RFP was developed with the assistance of an outside consulting firm, Rudd and Wisdom, Inc., and an RFP Advisory Group, which consisted of U. T. System employees with expertise in the areas of finance and benefit plans administration, representatives from the human resource departments of various U. T. System institutions, faculty members, institutional chief business officers, and a representative from The University of Texas Investment Management Company (UTIMCO).

The purpose of the RFP was to competitively and comparatively select retirement vendors by seeking the following core competencies: (1) experience in multivendor higher education markets, (2) ability to provide products and services in all four plan types, (3) overall financial stability, (4) competitively priced products, (5) excellent long-term investment performance history, (6) comprehensive communication and education capabilities, (7) compliance with U. T. System policies and state law, (8) ability to provide investment guidance to all employees, (9) outstanding recordkeeping systems, and (10) state-of-the-art employee service capabilities.

Nine vendors responded:

1. AIG VALIC (currently contracted vendor)
2. Fidelity Investments (currently contracted vendor)
3. FTJ Fund Choice
4. ING Life Insurance and Annuity Company (currently contracted vendor)
5. Lincoln Financial Group (currently contracted vendor)
6. Lincoln Investment Planning
7. MetLife Resources/CitiStreet Associates (currently contracted vendors - merged in January 2006, responded to RFP as MetLife Resources)
8. Security Benefit Life Insurance Company
9. TIAA-CREF (currently contracted vendor)

Of the eight currently contracted vendors, one vendor did not respond.

Through close coordination with Rudd and Wisdom, Inc., U. T. System analyzed all nine proposals submitted and determined that certain vendors provide superior retirement products and services. In accordance with *Texas Administrative Code*, Chapter 25, as promulgated by the Texas Higher Education Coordinating Board (THECB), the U. T. System is proposing to contract with a minimum of four qualified companies, including at least one company that offers 403(b)(1) annuity accounts and one company that offers 403(b)(7) custodial accounts.

Employees will continue to be permitted to contribute to their current vendors or to choose to contribute to one or more of the contracting vendors; however, U. T. System is considering the development of a policy to address whether future contributions should be allowed to continue to the vendors who were not selected or to current vendors that chose not to respond to the RFP.

Through utilizing this competitive bid process, the U. T. System Office of Employee Benefits will achieve substantial decreases in product cost, expansion of investment options, enhancement of investment services to be provided to retirement program participants, improved vendor accountability, and strengthened relationships between U. T. System and the approved vendors.

6. **U. T. System Board of Regents: Amendment to the Regents' *Rules and Regulations*, Series 20204, regarding determining and documenting the reasonableness of compensation**

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Business Affairs that the definition of what constitutes total compensation contained in the Regents' *Rules and Regulations*, Series 20204, regarding determining and documenting the reasonableness of compensation, be amended as set forth below in congressional style:

3. Definitions

...

Total Annual Compensation – includes salaries or wages, ~~employer contributions to Teachers Retirement System of Texas and Optional Retirement Program,~~ practice plan supplements, incentive plan payments, and unpaid deferred compensation, ~~and excludes excluding~~ employer-provided insurance, expense allowances, employer contributions to Teachers Retirement System of Texas and Optional Retirement Program, and other fringe benefits.

BACKGROUND INFORMATION

The proposed amendment to the Regents' *Rules* is necessary to address an accounting and documentation problem not identified when this Regents' *Rules* provision was adopted in July 2005. As U. T. System institutions worked to implement the review requirements, problems were encountered because the elements of total compensation for a U. T. System employee typically do not include employer contributions for retirement programs.

7. U. T. System: Overview of U. T. System energy savings initiatives

REPORT

Mr. Philip R. Aldridge, Associate Vice Chancellor for Finance, will provide an update on energy savings initiatives throughout the U. T. System. The report will address the progress of the Energy Utility Task Force and the U. T. System's response to the Governor's Executive Order RP-49, issued on October 27, 2005, relating to energy conservation by state agencies. Materials relating to this Agenda Item are attached on Pages 56 - 78 of the Supplemental Materials (Volume 2) of the Agenda Book.

The Energy Utility 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 the Board in November 2001. A 2-4% reduction in System-wide energy use per square foot was targeted for Fiscal Year 2003 and was achieved. The estimated reduction in energy usage through Fiscal Year 2005 is 5.2%. A 5-10% reduction in energy usage is targeted for Fiscal Year 2006.



Revised

TABLE OF CONTENTS FOR ACADEMIC AFFAIRS COMMITTEE

Committee Meeting: 5/10/2006

Board Meeting: 5/11/2006
Austin, Texas

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

	Committee Meeting	Board Meeting	Page
Convene	1:00 p.m. <i>Chairman Krier</i>		
1. U. T. System: Reports, graduation rate targets, and goals from academic presidents, Executive Vice Chancellor Sullivan, and Academic Affairs Committee members	1:00 p.m. Report <i>Presidents Dr. Sullivan</i>	Not on Agenda	66
2. U. T. System: Report on FY 2005 post-tenure review	1:17 p.m. Report <i>Dr. Sullivan</i>	Not on Agenda	77
3. U. T. System Board of Regents: Adoption of Regents' Rules and Regulations, Series 40602, related to Organized Research Units	1:20 p.m. Action <i>Dr. Sullivan</i>	Action (Mtg of the Board)	80
4. (Item 4 deferred)			
5. U. T. Austin: Approval of artist selection for statues of Mr. César Chávez and The Honorable Barbara Jordan	1:29 p.m. Action <i>President Powers Dr. Sullivan</i>	Action	84
6. U. T. Dallas: Approval to expand preliminary planning authority for Ph.D. degrees in Translation Studies and in Arts and Technology	1:33 p.m. Action <i>President Daniel Dr. Sullivan</i>	Action	100
7. U. T. San Antonio: Authorization to establish a doctoral program in Marketing within the Ph.D. in Business Administration degree program	1:37 p.m. Action <i>President Romo Dr. Sullivan</i>	Action	101

	Committee Meeting	Board Meeting	Page
8. U. T. San Antonio: Approval to expand preliminary planning authority for a Doctor of Musical Arts in Performance and Pedagogy, Choral Conducting	<i>1:41 p.m.</i> Action <i>President Romo</i> <i>Dr. Sullivan</i>	Action	103
9. U. T. San Antonio: Approval to expand preliminary planning authority for a Ph.D. in Child Development and a Ph.D. in Public Administration and Social Service Professions	<i>1:45 p.m.</i> Action <i>President Romo</i> <i>Dr. Sullivan</i>	Action	104
10. U. T. San Antonio: Approval to expand preliminary planning authority for a M.A. in City/Urban, Community, and Regional Planning and a M.A. in Health and Kinesiology	<i>1:49 p.m.</i> Action <i>President Romo</i> <i>Dr. Sullivan</i>	Action	105
11. U. T. Austin: Computer Sciences Building - Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2006-2007 Capital Budget to include project	<i>1:56 p.m.</i> Action <i>Mr. Dixon</i>	Action	106
12. U. T. Austin: Renovation of John W. Hargis Hall with Visitor Center - Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2006-2007 Capital Budget to include project; appropriation of funds and authorization of expenditure; and resolution regarding parity debt	<i>1:59 p.m.</i> Action <i>Mr. Dixon</i>	Action	107
13. U. T. Austin: Student Activity Center - Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2006-2007 Capital Budget to include project	<i>2:02 p.m.</i> Action <i>Mr. Dixon</i>	Action	109
14. U. T. Austin: Chilling Station Replacement - Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2006-2007 Capital Budget to include project; approval of preliminary project cost; and authorization of institutional management	<i>2:05 p.m.</i> Action <i>Mr. Dixon</i>	Action	110
15. U. T. Dallas: Campus Landscape Enhancement Project - Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2006-2007 Capital Budget to include project; approval of total project cost; and appropriation of funds and authorization of expenditure	<i>2:08 p.m.</i> Action <i>Mr. Dixon</i>	Action	111
16. U. T. El Paso: Basketball Complex - Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2006-2007 Capital Budget to include project; approval of preliminary project cost; and request to name the complex as The Paul Foster and Jeff Stevens Basketball Complex	<i>2:11 p.m.</i> Action <i>Mr. Dixon</i>	Action	112

	Committee Meeting	Board Meeting	Page
17. U. T. Pan American: Authorization to purchase approximately 2.42 acres of unimproved land described as the east 40 feet of Lot 4, Section 273, and the west 40 feet of Lot 3, Section 273, out of the Texas-Mexican Railway Company Survey, Edinburg, Hidalgo County, Texas, from Hidalgo County Irrigation District No. 1, at a purchase price not to exceed the fair market value as established by an independent appraisal, for surface parking and other future campus uses	<i>2:14 p.m.</i> Action <i>President Cárdenas Dr. Sullivan</i>	Action	113
18. U. T. Pan American: Science Building Renovation - Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2006-2007 Capital Budget to include project; approval of total project cost; approval of transfer of funds; and reduction of total project cost for the Education Complex	<i>2:17 p.m.</i> Action <i>Mr. Dixon</i>	Action	117
19. U. T. Brownsville: Discussion of compact priorities	<i>2:20 p.m.</i> Report <i>President García Dr. Sullivan</i>	Not on Agenda	118
20. U. T. Pan American: Discussion of compact priorities	<i>2:25 p.m.</i> Report <i>President Cárdenas Dr. Sullivan</i>	Not on Agenda	118
Adjourn	<i>2:30 p.m.</i>		

1. **U. T. System: Reports, graduation rate targets, and goals from academic presidents, Executive Vice Chancellor Sullivan, and Academic Affairs Committee members**

REPORT

The academic presidents, Executive Vice Chancellor Sullivan, and Academic Affairs Committee members may report briefly on new developments taking place at each campus.

These reports will include discussion of the graduation rate targets to meet or exceed national averages for full-time students (as set out on Pages 67 - 76), changes in institutional policies to maximize graduation rates, and other changes that help increase graduation rates.

Graduation Rates and Targets for First-time, Full-time, Degree-seeking Undergraduates The University of Texas at Arlington

Instructions: Per the U. T. System Board of Regents' resolution approved at the February 2006 meeting, institutions must use a national criterion for developing targets to improve graduation rates. 2015 targets must meet or exceed either the "2000 Carnegie Class Average" or the "All Public 4-year Institution Average". Please submit the completed template for your institution electronically to the Office of Academic Affairs at U. T. System via Pedro Reyes (preyes@utsystem.edu) by April 17, 2006. If you have questions regarding the data presented, please contact Marsha Kelman in Institutional Studies and Policy Analysis (mkelman@utsystem.edu).

Arlington	1997 Entering Cohort				Enter your targets below:	
	2000 Carnegie Class Average	All Public 4-year Institution Average	Accountability Peer Group Average (For information only)	2010 Target	2015 Target	
Four-year Rate	20%	26%	20%	<input type="text" value="26%"/>	<input type="text" value="30%"/>	
Five-year Rate	34%	47%	38%	<input type="text" value="40%"/>	<input type="text" value="44%"/>	
Six-year Rate	37%	53%	46%	<input type="text" value="46%"/>	<input type="text" value="50%"/>	

Explanatory notes (optional):

Notes:

Graduation rates are defined as the cumulative percent of first-time, full-time, degree-seeking students who graduated in four, five and six years. Peer institutions are those provided by each U. T. System institution for the 2005-06 Accountability Report. Under the new version of the Carnegie Classification System, released the week of February 27, 2006, Arlington is grouped in a new category with Dallas and El Paso. Therefore, their information is presented with more similar institutions, rather than with Doctoral Research Extensive institutions.

Source: IPEDS Graduation Rate Survey data

U. T. System
March 10, 2006

Graduation Rates and Targets for First-time, Full-time, Degree-seeking Undergraduates The University of Texas at Austin

Instructions: Per the U. T. System Board of Regents' resolution approved at the February 2006 meeting, institutions must use a national criterion for developing targets to improve graduation rates. 2015 targets must meet or exceed either the "2000 Carnegie Class Average" or the "All Public 4-year Institution Average". Please submit the completed template for your institution electronically to the Office of Academic Affairs at U. T. System via Pedro Reyes (preyes@utsystem.edu) by April 17, 2006. If you have questions regarding the data presented, please contact Marsha Kelman in Institutional Studies and Policy Analysis (mkelman@utsystem.edu).

	Enter your targets below:			
	Austin	2000 Carnegie Class Average	All Public 4-year Institution Average	Accountability Peer Group Average (For information only)
	1997 Entering Cohort			
Four-year Rate	36%	35%	26%	47%
Five-year Rate	64%	58%	47%	71%
Six-year Rate	71%	63%	53%	75%
			2010 Target	2015 Target
			<input style="width: 50px; height: 20px;" type="text" value="55%"/>	<input style="width: 50px; height: 20px;" type="text" value="60%"/>
			<input style="width: 50px; height: 20px;" type="text" value="73%"/>	<input style="width: 50px; height: 20px;" type="text" value="75%"/>
			<input style="width: 50px; height: 20px;" type="text" value="80%"/>	<input style="width: 50px; height: 20px;" type="text" value="85%"/>

Explanatory notes (optional):

The most current graduation rates at U. T. Austin are:

- 4-year graduation rate (2001 entering cohort) 46.9%
- 5-year graduation rate (2000 entering cohort) 70.8%
- 6-year graduation rate (1999 entering cohort) 75.1%

Notes:

Graduation rates are defined as the cumulative percent of first-time, full-time, degree-seeking students who graduated in four, five and six years. Peer institutions are those provided by each U. T. System institution for the 2005-06 Accountability Report.

Source: IPEDS Graduation Rate Survey data

Graduation Rates and Targets for First-time, Full-time, Degree-seeking Undergraduates The University of Texas at Brownsville/TSC

Instructions: Per the U. T. System Board of Regents' resolution approved at the February 2006 meeting, institutions must use a national criterion for developing targets to improve graduation rates. 2015 targets must meet or exceed either the "2000 Carnegie Class Average" or the "All Public 4-year Institution Average". Please submit the completed template for your institution electronically to the Office of Academic Affairs at U. T. System via Pedro Reyes (preyes@utsystem.edu) by April 17, 2006. If you have questions regarding the data presented, please contact Marsha Kelman in Institutional Studies and Policy Analysis (mkelman@utsystem.edu).

	Brownsville/TSC				Enter your targets below:	
	2000 Carnegie Class Average	All Public 4-year Institution Average	Accountability Peer Group Average (For information only)	2010 Target	2015 Target	
	1997 Entering Cohort					
Four-year Rate	n/a	18%	26%	10%	26%	
Five-year Rate	n/a	37%	47%	20%	47%	
Six-year Rate	n/a	44%	53%	25%	53%	

Explanatory notes (optional):

In 1997, there were no UTB first-time, full-time, degree-seeking freshmen.

Notes:

Graduation rates are defined as the cumulative percent of first-time, full-time, degree-seeking students who graduated in four, five and six years.

Peer institutions are those provided by each U. T. System institution for the 2005-06 Accountability Report.

Most students at U. T. Brownsville/TSC matriculate at TSC, so graduation rates cannot be accurately calculated for the campus.

Source: IPEDS Graduation Rate Survey data

U. T. System
March 10, 2006

Graduation Rates and Targets for First-time, Full-time, Degree-seeking Undergraduates
The University of Texas at Dallas

Instructions: Per the U. T. System Board of Regents' resolution approved at the February 2006 meeting, institutions must use a national criterion for developing targets to improve graduation rates. 2015 targets must meet or exceed either the "2000 Carnegie Class Average" or the "All Public 4-year Institution Average". Please submit the completed template for your institution electronically to the Office of Academic Affairs at U. T. System via Pedro Reyes (preyes@utsystem.edu) by April 17, 2006. If you have questions regarding the data presented, please contact Marsha Kelman in Institutional Studies and Policy Analysis (mkelman@utsystem.edu).

Dallas	1997 Entering Cohort			Enter your targets below:	
	2000 Carnegie Class Average	All Public 4-year Institution Average	Accountability Peer Group Average (For information only)	2010 Target	2015 Target
Four-year Rate	32%	20%	43%	<input type="text" value="38%"/>	<input type="text" value="47%"/>
Five-year Rate	52%	40%	62%	<input type="text" value="57%"/>	<input type="text" value="62%"/>
Six-year Rate	57%	46%	67%	<input type="text" value="65%"/>	<input type="text" value="72%"/>

Explanatory notes (optional):

These rates are consistent with the strategic plan for U. T. Dallas, which identifies goals for 5 years (2011) and 10 years (2016)

Notes:

Graduation rates are defined as the cumulative percent of first-time, full-time, degree-seeking students who graduated in four, five and six years. Peer institutions are those provided by each U. T. System institution for the 2005-06 Accountability Report.

Source: IPEDS Graduation Rate Survey data

Graduation Rates and Targets for First-time, Full-time, Degree-seeking Undergraduates The University of Texas at El Paso

Instructions: Per the U. T. System Board of Regents' resolution approved at the February 2006 meeting, institutions must use a national criterion for developing targets to improve graduation rates. 2015 targets must meet or exceed either the "2000 Carnegie Class Average" or the "All Public 4-year Institution Average". Please submit the completed template for your institution electronically to the Office of Academic Affairs at U. T. System via Pedro Reyes (preyes@utsystem.edu) by April 17, 2006. If you have questions regarding the data presented, please contact Marsha Kelman in Institutional Studies and Policy Analysis (mkelman@utsystem.edu).

	1997 Entering Cohort				Enter your targets below:	
	El Paso	2000 Carnegie Class Average	All Public 4-year Institution Average	Accountability Peer Group Average (For information only)	2010 Target	2015 Target
Four-year Rate	2%	20%	26%	20%	<input type="text" value="10%"/>	<input type="text" value="20%"/>
Five-year Rate	15%	40%	47%	40%	<input type="text" value="23%"/>	<input type="text" value="40%"/>
Six-year Rate	26%	46%	53%	44%	<input type="text" value="34%"/>	<input type="text" value="53%"/>

Explanatory notes:

U. T. El Paso's 2015 targets are based on the 2000 Carnegie Class averages for the four-year and five-year rates. The 2015 target for the six-year rate is based on U. T. El Paso's Compact commitment to reach 50% by 2014; the six-year target of 53% for 2015 thus exceeds the Carnegie Class average. U. T. El Paso is confident that these targets are attainable over the next nine years, based on current success in "engaging" students, and strategies that are being implemented to enhance retention and graduation in a context of rising enrollment costs. Nearer term 2010 targets are more conservatively expressed because two of the cohorts to be included have already been enrolled for 1-2 years, and some of the key student success initiatives are just beginning to be implemented. Thus, U. T. El Paso's model projects an accelerated rate of change in U. T. El Paso's graduation rates from 2011-2015, once the set of student success initiatives is fully implemented for all students in each cohort.

Source: IPEDS Graduation Rate Survey data

Graduation Rates and Targets for First-time, Full-time, Degree-seeking Undergraduates The University of Texas - Pan American

Instructions: Per the U. T. System Board of Regents' resolution approved at the February 2006 meeting, institutions must use a national criterion for developing targets to improve graduation rates. 2015 targets must meet or exceed either the "2000 Carnegie Class Average" or the "All Public 4-year Institution Average". Please submit the completed template for your institution electronically to the Office of Academic Affairs at U. T. System via Pedro Reyes (preyes@utsystem.edu) by April 17, 2006. If you have questions regarding the data presented, please contact Marsha Kelman in Institutional Studies and Policy Analysis (mkelman@utsystem.edu).

	Pan American			1997 Entering Cohort			Enter your targets below:		
	2000 Carnegie Class Average	All Public 4-year Institution Average	Accountability Peer Group Average (For information only)	6%	18%	10%	2010 Target	2015 Target	2015 Target
Four-year Rate	6%	18%	10%	18%	26%	10%	<input type="text" value="18%"/>	<input type="text" value="26%"/>	<input type="text" value="26%"/>
Five-year Rate	18%	37%	28%	37%	47%	28%	<input type="text" value="30%"/>	<input type="text" value="47%"/>	<input type="text" value="47%"/>
Six-year Rate	26%	44%	36%	44%	53%	36%	<input type="text" value="35%"/>	<input type="text" value="53%"/>	<input type="text" value="53%"/>

Explanatory notes (optional):

See spreadsheet, below, which demonstrates the impact of U. T. Pan American's graduation rate targets on current and future cohorts of new first-time, full-time, degree-seeking entering U. T. Pan American each fall (including students entering the prior summer directly from high school).

Notes:

Graduation rates are defined as the cumulative percent of first-time, full-time, degree-seeking students who graduated in four, five and six years. Peer institutions are those provided by each U. T. System institution for the 2005-06 Accountability Report.

Source: IPEDS Graduation Rate Survey data

U. T. System
March 10, 2006

Graduation Rate Targets for UT System Board of Regents

The University of Texas - Pan American

	Fall Cohort	Graduation Rates					
		4-Year	5-year	6-Year			
ACTUAL	1999	8.4% FY03	21.3% FY04	29.6% FY05			
	2000	10.4% FY04	22.9% FY05	--			
	2001	9.6% FY05	--	--			
PROJECTED	2002	11.3% FY06	25.7% FY07	32.4% FY08			
	2003	12.9% FY07	27.1% FY08	33.8% FY09			
	2004	14.6% FY08	28.5% FY09	35.0% FY10			
	2005	16.3% FY09	30.0% FY10	38.6% FY11			
	2006	18.0% FY10	33.4% FY11	42.2% FY12			
	2007	19.6% FY11	36.8% FY12	45.8% FY13			
	2008	21.2% FY12	40.2% FY13	49.4% FY14			
	2009	22.8% FY13	43.6% FY14	53.0% FY15			
	2010	24.4% FY14	47.0% FY15	--			
	2011	26.0% FY15	--	--			

Targets: Targets for 2010 and 2015 are in dark boxes. 2015 targets = 1997 national average.

Assumption: Graduation rates will incrementally increase to meet targets.

Source: OIRE extrapolations from actual data to meet targets of President Cardenas.

Office of Institutional Research and Effectiveness, April 2006

**Graduation Rates and Targets for First-time, Full-time, Degree-seeking Undergraduates
The University of Texas of the Permian Basin**

Instructions: Per the U. T. System Board of Regents' resolution approved at the February 2006 meeting, institutions must use a national criterion for developing targets to improve graduation rates. 2015 targets must meet or exceed either the "2000 Carnegie Class Average" or the "All Public 4-year Institution Average". Please submit the completed template for your institution electronically to the Office of Academic Affairs at U. T. System via Pedro Reyes (preyes@utsystem.edu) by April 17, 2006. If you have questions regarding the data presented, please contact Marsha Kelman in Institutional Studies and Policy Analysis (mkelman@utsystem.edu).

	Permian Basin			Enter your targets below:		
	2000 Carnegie Class Average	All Public 4-year Institution Average	Accountability Peer Group Average (For information only)	2010 Target	2015 Target	
	1997 Entering Cohort					
Four-year Rate	15%	26%	13%	<input type="text" value="18%"/>	<input type="text" value="26%"/>	
Five-year Rate	26%	47%	29%	<input type="text" value="35%"/>	<input type="text" value="47%"/>	
Six-year Rate	29%	53%	37%	<input type="text" value="40%"/>	<input type="text" value="53%"/>	

Explanatory notes (optional):

Notes:
Graduation rates are defined as the cumulative percent of first-time, full-time, degree-seeking students who graduated in four, five and six years. Peer institutions are those provided by each U. T. System institution for the 2005-06 Accountability Report.

Graduation Rates and Targets for First-time, Full-time, Degree-seeking Undergraduates The University of Texas at San Antonio

Instructions: Per the U. T. System Board of Regents' resolution approved at the February 2006 meeting, institutions must use a national criterion for developing targets to improve graduation rates. 2015 targets must meet or exceed either the "2000 Carnegie Class Average" or the "All Public 4-year Institution Average". Please submit the completed template for your institution electronically to the Office of Academic Affairs at U. T. System via Pedro Reyes (preyes@utsystem.edu) by April 17, 2006. If you have questions regarding the data presented, please contact Marsha Kelman in Institutional Studies and Policy Analysis (mkelman@utsystem.edu).

	San Antonio			1997 Entering Cohort		Enter your targets below:	
	2000 Carnegie Class Average	All Public 4-year Institution Average	Accountability Peer Group Average (For information only)	2010 Target	2015 Target		
Four-year Rate	6%	18%	14%	<input type="text" value="11%"/>	<input type="text" value="26%"/>		<input type="text" value="26%"/>
Five-year Rate	19%	37%	32%	<input type="text" value="27%"/>	<input type="text" value="47%"/>		<input type="text" value="47%"/>
Six-year Rate	28%	44%	39%	<input type="text" value="37%"/>	<input type="text" value="53%"/>		<input type="text" value="53%"/>

Explanatory notes (optional):

In developing these targets, U. T. San Antonio's initial intermediate targets are modest with greater annual gains reflected in the later years leading up to 2015. This approach allows for policy and program changes implemented based on recommendations brought forward by the Retention and Graduation Taskforce to have an effect on graduation rates.

Notes:

Graduation rates are defined as the cumulative percent of first-time, full-time, degree-seeking students who graduated in four, five and six years. Peer institutions are those provided by each U. T. System institution for the 2005-06 Accountability Report.

Source: IPEDS Graduation Rate Survey data

U. T. System
March 10, 2006

Graduation Rates and Targets for First-time, Full-time, Degree-seeking Undergraduates The University of Texas at Tyler

Instructions: Per the U. T. System Board of Regents' resolution approved at the February 2006 meeting, institutions must use a national criterion for developing targets to improve graduation rates. 2015 targets must meet or exceed either the "2000 Carnegie Class Average" or the "All Public 4-year Institution Average". Please submit the completed template for your institution electronically to the Office of Academic Affairs at U. T. System via Pedro Reyes (preyes@utsystem.edu) by April 17, 2006. If you have questions regarding the data presented, please contact Marsha Kelman in Institutional Studies and Policy Analysis (mkelman@utsystem.edu).

	Enter your targets below:			
	Tyler	2000 Carnegie Class Average	All Public 4-year Institution Average	Accountability Peer Group Average (For information only)
		1997 Entering Cohort		
Four-year Rate	28%	18%	26%	19%
Five-year Rate	39%	37%	47%	36%
Six-year Rate	44%	44%	53%	42%
			2010 Target	2015 Target
			<input style="width: 50px; height: 20px;" type="text" value="26%"/>	<input style="width: 50px; height: 20px;" type="text" value="28%"/>
			<input style="width: 50px; height: 20px;" type="text" value="47%"/>	<input style="width: 50px; height: 20px;" type="text" value="49%"/>
			<input style="width: 50px; height: 20px;" type="text" value="53%"/>	<input style="width: 50px; height: 20px;" type="text" value="55%"/>

Explanatory notes (optional):

Notes:

Graduation rates are defined as the cumulative percent of first-time, full-time, degree-seeking students who graduated in four, five and six years. Peer institutions are those provided by each U. T. System institution for the 2005-06 Accountability Report. U. T. Tyler did not admit freshmen until summer/fall 1998, so their graduation rates are based on the 1998 entering cohort.

Source: IPEDS Graduation Rate Survey data

U. T. System
March 10, 2006

2. **U. T. System: Report on FY 2005 post-tenure review**

REPORT

Executive Vice Chancellor Sullivan will report on the Fiscal Year 2005 post-tenure review for the academic institutions using the attachment on Pages 78 - 79.

**U. T. System Academic Institutions
2004-05 Post-Tenure Review Report**

During Fiscal Year 2005, 375 tenured faculty members at the nine academic institutions were subject to post-tenure review. Three hundred sixty-one (361) of these were actually reviewed; 358 (or 99.2%) were evaluated as Performing Well; none received Needs Additional Support or Marginal evaluations; and 3 (or 0.8%) received Unsatisfactory evaluations. The following summary tables provide additional details of the post-tenure review results for academic year 2004-05.

Summary of Post-Tenure Review Results

	Total Actually Reviewed	Total Performing Well	Total Needs Additional Support or Marginal	Total Unsatisfactory
UT Arlington	57	57		
UT Austin	183	180		3
UT Brownsville	18	18		
UT Dallas	31	31		
UT El Paso	23	23		
UT Pan American	18	18		
UT Permian Basin	5	5		
UT San Antonio	18	18		
UT Tyler	8	8		
Total	361	358	0	3
		99.2%	0.0%	0.8%

Post-Tenure Review Results by Gender

	Actually Reviewed		Performing Well		Needs Additional Support or Marginal		Unsatisfactory	
	Male	Female	Male	Female	Male	Female	Male	Female
UT Arlington	51	6	51	6				
UT Austin	142	41	140	40			2	1
UT Brownsville	9	9	9	9				
UT Dallas	29	2	29	2				
UT El Paso	18	5	18	5				
UT Pan American	9	9	9	9				
UT Permian Basin	4	1	4	1				
UT San Antonio	15	3	15	3				
UT Tyler	5	3	5	3				
Total	282	79	280	78	0	0	2	1

Post-Tenure Review Results by Ethnicity 2004-2005

	Total Actually Reviewed					Performing Well				
	White	Black	Hispanic	Asian	Other	White	Black	Hispanic	Asian	Other
UT Arlington	42		3	12		42		3	12	
UT Austin	165	6	4	5	3	163	6	3	5	3
UT Brownsville	6		11	1		6		11	1	
UT Dallas	29			2		29			2	
UT El Paso	20		3			20		3		
UT Pan American	13		5			13		5		
UT Permian Basin	5					5				
UT San Antonio	15		1	2		15		1	2	
UT Tyler	8					8				
Total	303	6	27	22	3	301	6	26	22	3

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

PRESENT STATUS OF EACH UNSATISFACTORY PERFORMANCE:

UT Austin: The three faculty members with unsatisfactory evaluations have each established a professional development plan as a result of the review process.

NOTES:

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

UT El Paso: Two faculty members scheduled for review retired.

3. **U. T. System Board of Regents: Adoption of Regents' Rules and Regulations, Series 40602, related to Organized Research Units**

See Item 4 on Pages 19 - 22 in Meeting of the Board. This item may also be considered by the Health Affairs Committee and will be considered for Board of Regents' action under Meeting of the Board.

4. **(Item 4 deferred)**

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5. **U. T. Austin: Approval of artist selection for statues of Mr. César Chávez and The Honorable Barbara Jordan**

RECOMMENDATION

It is recommended that the U. T. System Board of Regents approve the selection of artists for two statues to be erected on the U. T. Austin Campus, as follows:

- Mr. Pablo Eduardo for the statue of Mr. César Chávez
- Mr. Kim Crowley for the statue of The Honorable Barbara Jordan.

BACKGROUND INFORMATION

The U. T. System Board of Regents approved a \$2.00 per semester or Summer Session fee on August 7, 2003, for the construction of two statues on the U. T. Austin campus, one of Mr. César Chávez and one of The Honorable Barbara Jordan. These statues had been proposed by U. T. Austin students and a student referendum was passed in Spring 2003 asking the Texas Legislature to authorize the Board of Regents to establish a fee for the statues. This authority is found in *Texas Education Code* Section 54.5135, which became effective on June 20, 2003. Pursuant to the law, the Board of Regents authorized collection of the fee for eight semesters and four Summer Sessions. The funds collected through the fee are to be divided evenly to fund the two statues and any funding excess would go to scholarships in the name of César Chávez or Barbara Jordan as designated in the statute under which the legislature authorized the Regents to collect the fees.

Two institutional committees were appointed to solicit and review artist proposals and to recommend the selection of the sculptor for each. The projected timetable calls for dedication of the César Chávez statue in March 2007, and the Barbara Jordan statue in April 2007.

César Chávez Statue

The César Chávez Statue Advisory Committee (composed predominantly of students), with the help of the Texas Commission on the Arts, conducted a nationwide search for artists specializing in bronze statues. The Committee received 70 applications, and a panel comprised of three jurists from the Texas Commission on the Arts, one student, one faculty member, and the project director selected four semifinalists: Ms. Tina Allen of North Hills, California; Mr. Littleton Alston of Omaha, Nebraska; Mr. Bruce Wolfe of Piedmont, California; and Mr. Pablo Eduardo of Gloucester, Massachusetts. The semifinalists were awarded \$5,000 each to create a maquette that portrayed their concept for the proposed statue. Each semifinalist visited the campus to view the then

proposed statue site and meet with the César Chávez Statue Advisory Committee to discuss ideas for the project. The maquettes were received on August 15, 2005, and were displayed on campus at the Perry-Castañeda Library from October 2005 to March 2006. Members of the University community were given the opportunity to provide feedback via a form available on-site or via email. Information about the semifinalists and photos of their maquettes are on Pages 87 - 92.

The semifinalists presented their conceptual artwork to the César Chávez Statue Advisory Committee members and the jurists from the Texas Commission on the Arts and community feedback was considered. The jurists and Committee unanimously selected Mr. Pablo Eduardo as the recommended finalist. The jurists and Committee believed that Mr. Eduardo's design best captured the strength, leadership, and spirituality of César Chávez. Mr. Eduardo's work references were outstanding and supported his selection as a great artist with superior craftsmanship. The proposed statue will be 8 feet tall, which is consistent with the size of other statues on campus.

The cost for design, fabrication, transportation, installation, and the artist's fee total \$275,000. The cost for site preparation will be determined after a site is selected. The projected fee income for the statue is \$444,864.

Barbara Jordan Statue

The Barbara Jordan Statue Advisory Committee (composed predominantly of students) sent out a nationwide "Call for Artists" in Fall 2004, asking that interested artists with demonstrated experience with life-size sculptures in the bronze medium submit a statement of their qualifications along with other relevant materials. Seventy-five nationally-known artists submitted proposals for the Barbara Jordan statue. The Texas Commission on the Arts facilitated the initial review of the submissions by a panel of select jurists from the arts community and a student representative. The jurists and student representative selected the four most qualified artists based on their past work and current proposals and recommended them to the Barbara Jordan Statue Project Committee for approval. The Committee accepted the jurists' recommendations and selected Mr. Erik Blome of Crystal Lake, Illinois; Mr. Kim Crowley of Santa Fe, New Mexico; Mr. Eddie Dixon of Lubbock, Texas; and Mr. David Newton of Dallas, Texas, as the semifinalists. Each semifinalist visited the campus to view the statue site and other campus statues, and meet with the Barbara Jordan Statue Advisory Committee to discuss ideas for the project. Each finalist was awarded \$5,000 to create a maquette of his proposed statue design. In August 2005, each artist delivered his maquette to campus and submitted a proposed timeline for project completion, proposed budget, and design concept.

The completed maquettes were displayed on campus in the Gregory Gymnasium where students, staff, and faculty as well as members of the Austin community provided feedback on each of the designs. The semifinalists made presentations to the Barbara Jordan Statue Project Committee and jurists from the Texas Commission on the Arts.

Ultimately, the jurists from the Texas Commission on the Arts and the Project Committee selected Mr. Kim Crowley as the recommended finalist for the statue commission.

The jurists and Committee found Mr. Crowley's design to be powerful and unique and one that captured the attention of those who viewed his work. Information obtained from the artist's references supported his selection as an extremely professional and creative artist. The Committee found Mr. Crowley to be both prompt and professional in meeting the deadlines established by the Committee and creative in his response to suggested changes in his work. Biographical information and photos of the artists' maquettes are on Pages 93 - 99.

The total cost for the Barbara Jordan Statue Project is projected to be \$444,864, including design, fabrication, delivery, and installation of the sculpture, site preparation, and related costs. The projected fee income for the statue is \$444,864.

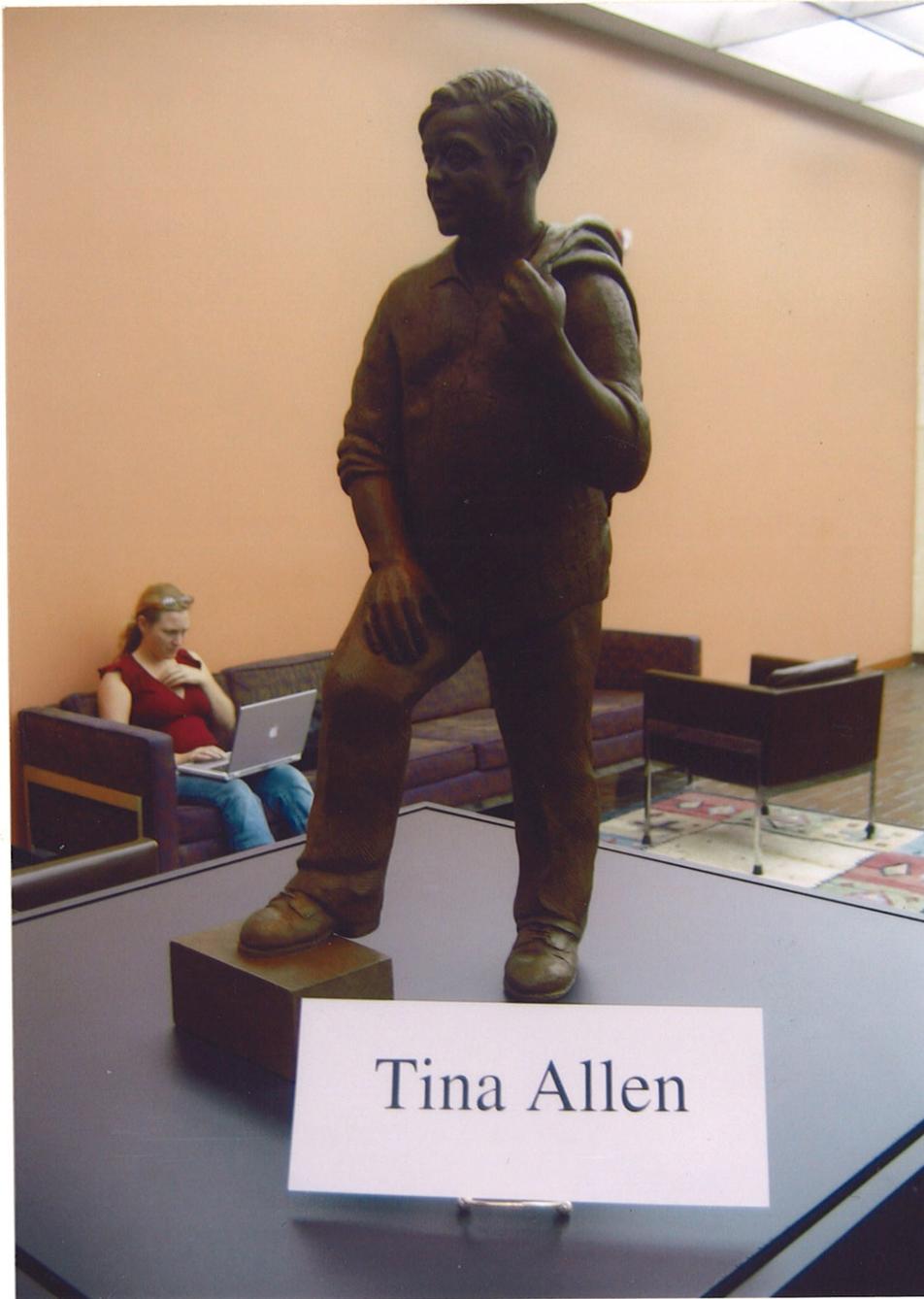
The statue is proposed for the Battle Oaks area between the Texas Union and 24th Street. The figure of Barbara Jordan will be slightly oversized. The statue is visually anchored to the site by a bronze text band that frames both sides and the rear of the piece and is flush with the concrete ground surface. The text, in recessed lettering, reads: "I am not going to sit here and be an idle spectator to the diminution, the subversion, the destruction of the Constitution."

Tina Allen is a classically trained sculptor originally from the West Indies who is now based in Los Angeles, California. She has dedicated her growing body of work to preserving the African American contribution to American life in bronze, and her historic representational works are among the largest depictions of African Americans in the world. Allen's most significant works are of African American heroes. Among them is a sculpture named "The Icon I – Tribute to the African American Man," which she presented to Nelson and Winnie Mandela in 1990. More recent work includes a Sojourner Truth Memorial Statue in Battle Creek, MI, which she unveiled in 1999. Other recent work includes the unveiling of a 12 ft. bronze statue of Dr. Martin Luther King, Jr., on January 20th, 2001, in Clark County, Nevada. Allen graduated with a degree in Visual Arts in New York and the University of South Alabama. She later studied at Pratt Institute in New York, and the University of Venice, Italy.

Littleton Alston grew up in an urban, African American community in Washington, DC. Alston attended Duke Ellington High School for the Arts, which was an important turning point in his life. He received his MFA from the Rinehart School of Sculpture in 1983. Alston is currently an Associate Professor of Sculpture at Creighton University in Omaha, where he has taught all levels of undergraduate sculpture and three-dimensional design since 1990. Some of Alston's most significant projects include: a 9 ft. bronze sculpture of Martin Luther King, Jr., which is displayed in the Martin Luther King, Jr. Memorial Plaza in Omaha, Nebraska; a 4 ft. bronze bust of Columbia Space Shuttle Astronaut, Michael Anderson, in the Creighton University Huxon-Lied Science Building; a 7 ft. bronze sculpture of St. Ignatius, located in the university's campus central mall; and bronze sculptures of a life-size jazz trio located at Dreamland Park in Omaha, Nebraska.

Some of **Pablo Eduardo's** most prominent works are installed in colleges, the Rhode Island State House, and the Republic of Bolivia. In Boston College, Eduardo installed a 15 ft. bronze statue of St. Ignacius of Loyola in 2004. He also made two portrait busts in 2002 for the State of Rhode Island, and a life size bronze and stone angel from Paradise Lost in 2002. In the Republic of Bolivia, Eduardo has made statues for the National Congress, House of Representatives, and Ministry of Foreign Service, which include bronze, stone and silver statues. Eduardo's main sources of education came from Maryland Institute College of Art, in Baltimore, MD, Studio Arts Center International, in Florence Italy, Tufts University, where he received a Bachelor of Fine Arts in 1994. He has also attended the School of the Museum of Fine Arts, in Boston, MA, Tomcyn Atelier, in Evergreen, CO, Skowhegan School of Painting and Sculpture, and the Rhode Island School of Design.

Bruce Wolfe is a native Californian, having resided in Northern California nearly all his life. He is adept in oils and lost-wax bronze and he has received numerous commissions for busts and statues of many notable figures. Some of these include: The Barbara Jordan statue unveiled in November of 2002, in Austin, Texas; a heroic-sized bronze figure of John Baptiste De La Salle in front of Saint Mary's College in California, as well as a 54" and a 41" of St. Anne and St. Mary, and a life-size work of St. Jude. Wolfe recently installed a 1.2 life-size sculpture of John Hannah for the Michigan Statue University campus at the John Hannah Plaza, as a tribute to the University's president of several decades. Wolfe has studied art at San Jose State University and the Art Institute of San Francisco. He has taught figure painting at the Academy of Art in San Francisco, and sculpture painting at the College of Arts and Crafts in Oakland, California.





Littleton Alston



Pablo Eduardo



Bruce Wolfe

Brief Bio of Artist and Info about Other works

Kim Crowley lives in Santa Fe, New Mexico. He earned a Bachelors of Fine Arts in sculpture from the University of Michigan and a Masters of Fine Arts in sculpture from Carnegie Mellon University. Some of his works include: two life-size figures of Alexander Hamilton and Aaron Burr; a portrait figure of John Steinbeck; 40 life-size figures in the Museum of African American History; 13 life-size figures at the Texas State History Museum; and 900 bas-relief portraits of inductees to the College Football Hall of Fame, among others.

Over the past twenty years, Mr. Crowley has been making sculptures that tell a story. The images projected in his other works provide evidence that he renders his figures in a serious rather than a solemn way. Each of his works has an aspect of the ordinary as well as the extraordinary, and it is in finding this balance between these two qualities that each figure acquires its own life beyond the inert material it is composed of.

Erik Blome is from Crystal Lake, Illinois. He earned a Bachelors of Fine Arts from the University of Michigan and a Masters of Fine Arts in sculpture from Boston University. He has also received a Rotary Scholarship and did postgraduate work at the Royal College of Art in London, where he received a postgraduate diploma in sculpture and drawing. Some of his works include: a bronze figure sculpture of George Washington Carver; a bronze bust of the late Supreme Court Justice Thurgood Marshall; a nine and one-half foot tall bronze figure of Dr. Martin Luther King, Jr.; and a life-size bronze figure sculpture of Ms. Rosa Parks seated on a bus seat, among others. Mr. Blome claims that he "has a strong connection to the subject matter having created numerous Civil Rights figures and African-American famous personalities."

Eddie Dixon is from Lubbock, Texas. He received a Bachelors degree in Zoology and Chemistry and a Masters degree in Entomology from Texas Tech University. However, he has become a well-known and successful sculptor. Some of his works include: a sculpture of Eugene Bullard, the first African American ace of World War I; the Buffalo Soldier Monument; and bronze statues housed in public spaces ranging from the Smithsonian Institute to the Pentagon. Mr. Dixon hopes to "depict the tireless years of unwavering commitment and service of [Barbara Jordan] to humanity and her country."

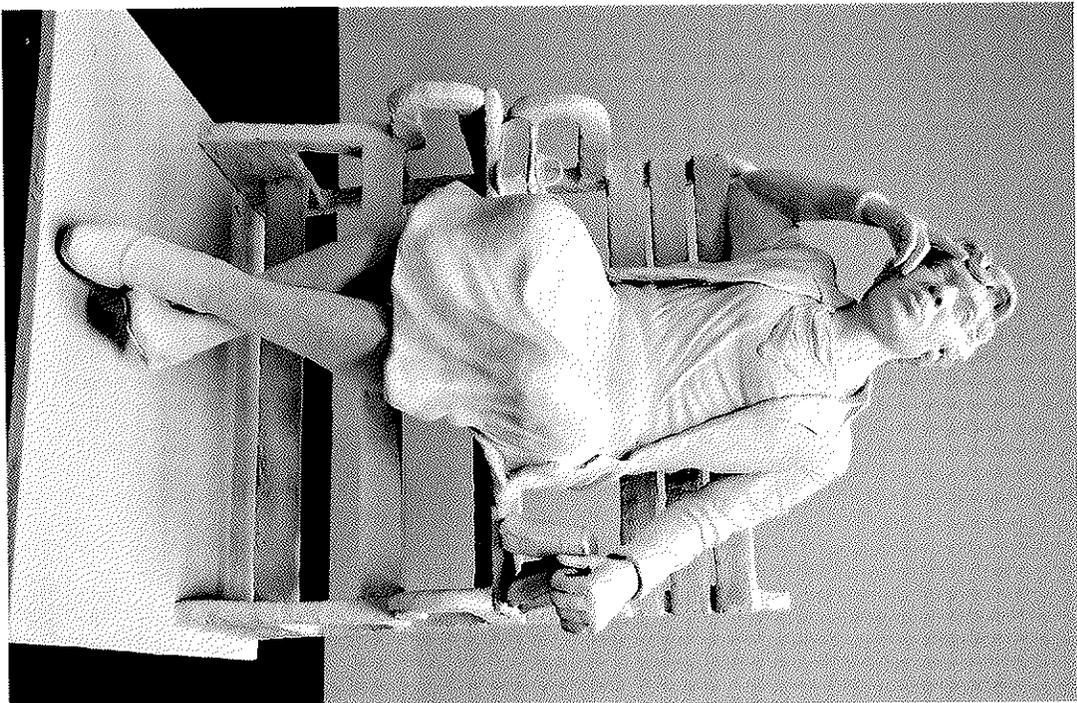
David Newton is from Dallas, Texas. He received a Bachelors of Fine Arts from the College of Creative Studies, a Masters of Fine Arts from The New York Academy of Art, and studied at the Studio Art Center International in Florence, Italy. Some of his works include: the Fantasy Animal Monument in Dallas; five life-size sculptures for the Freedman's Memorial; exterior reliefs for the Dallas World Aquarium; and a monumental bronze angel in Austin, Texas, among others. Mr. Newton feels that "this is a pivotal time in our history when the Black community can for the first time in our nation's history tell our story on a monumental scale in such highly visible public spaces such as the University of Texas."

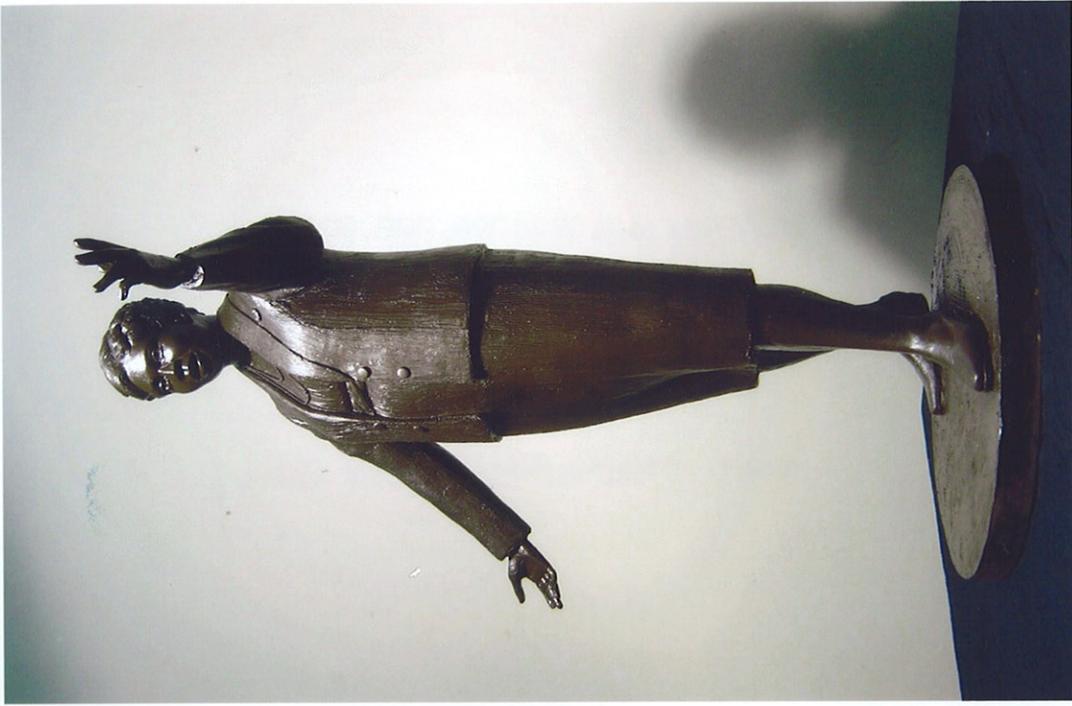


Erik Blome



Eddie Dixon

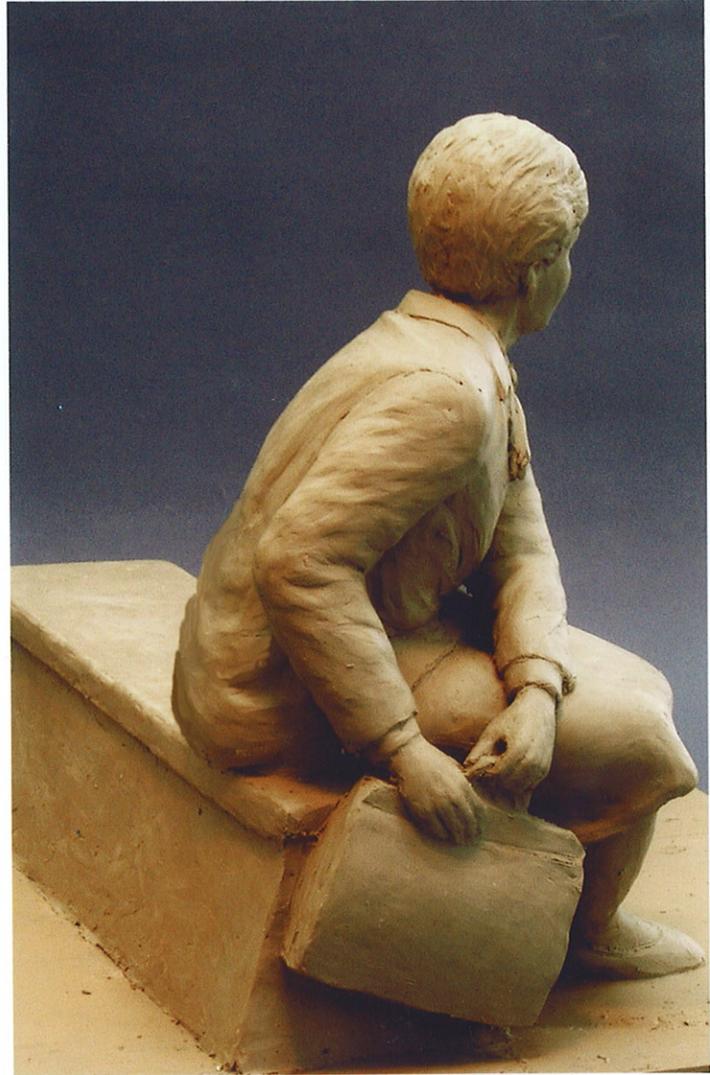
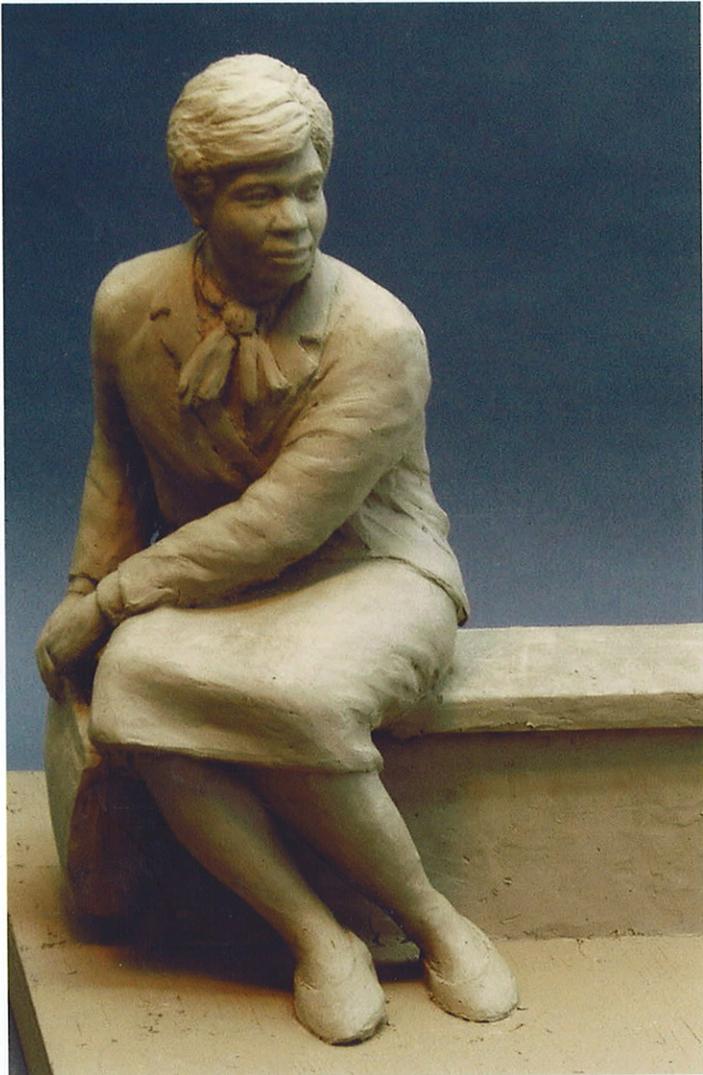
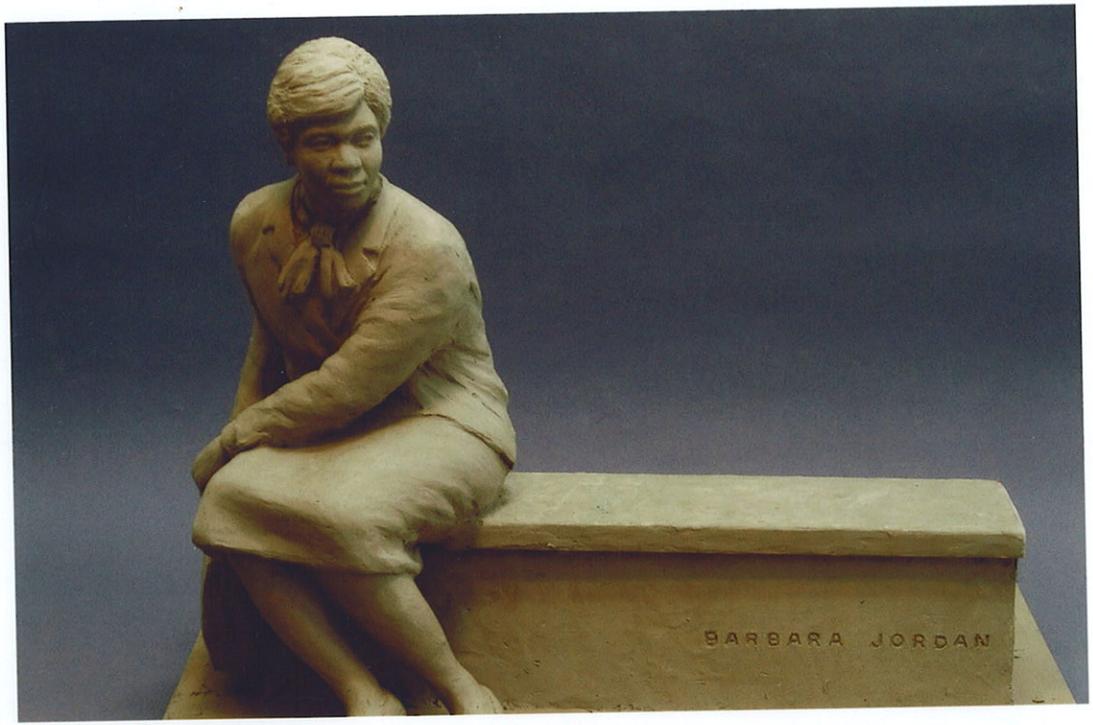


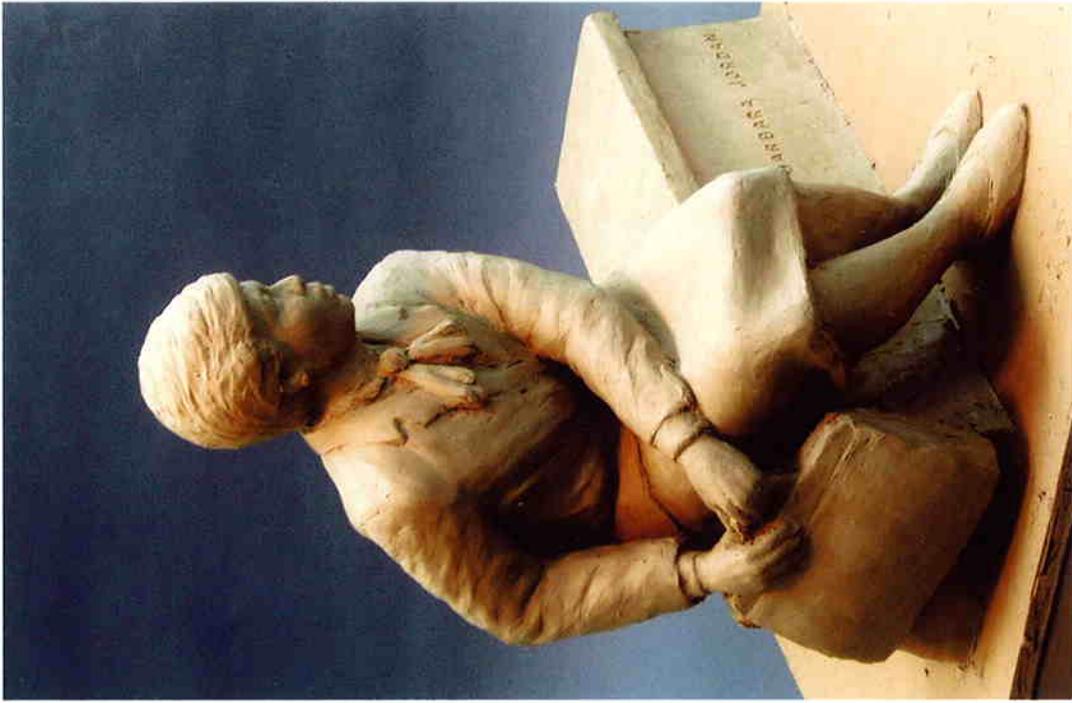


David Newton

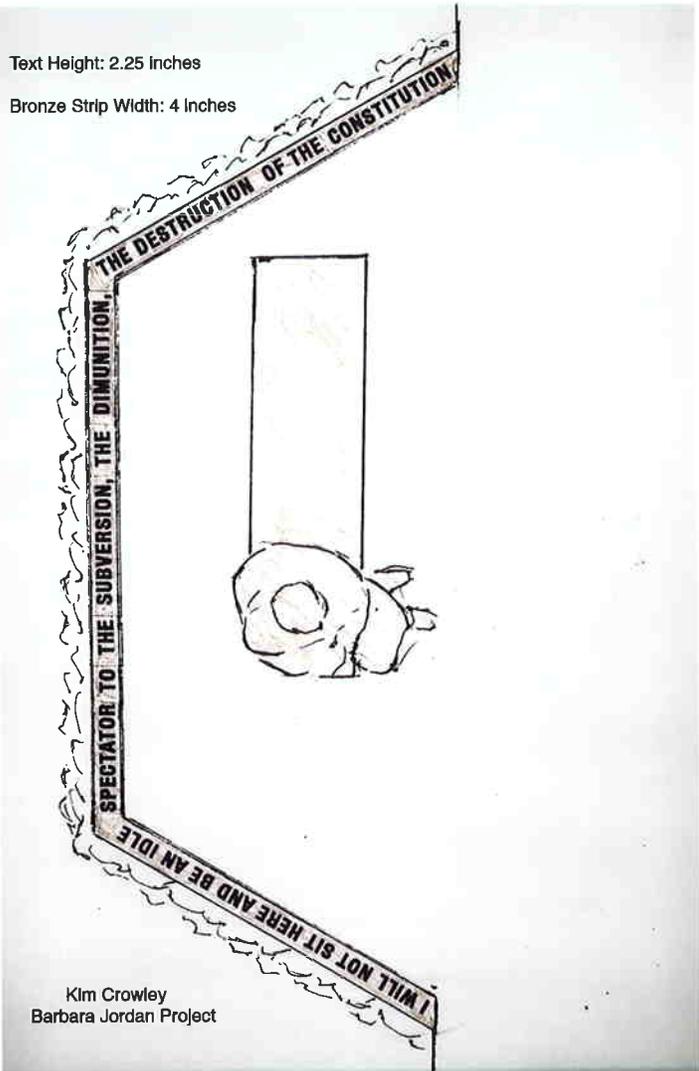


Kim Crowley





Kim Crowley Barbara Jordan Project



Kim Crowley
 Barbara Jordan Project

6. U. T. Dallas: Approval to expand preliminary planning authority for Ph.D. degrees in Translation Studies and in Arts and Technology

RECOMMENDATION

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

- a. expansion of preliminary planning authority for U. T. Dallas to seek a Ph.D. degree in Translation Studies and a Ph.D. degree in Arts and Technology; and
- b. submission of the proposal to the Texas Higher Education Coordinating Board for review and appropriate action.

BACKGROUND INFORMATION

Once preliminary planning authority has been approved, U. T. Dallas will submit a Ph.D. program in Translation Studies for approval by the U. T. System Board of Regents and the Coordinating Board. The Ph.D. program in Translation Studies will be designed to produce a new generation of professionals, scholars, and teachers in the emerging field of Translation Studies. There is an increasing need for translators who bring foreign texts into English and thereby promote translation as a vehicle to improve cross-cultural communication. Furthermore, translation methodologies bring a unique approach to the study of literature and the humanities. In general, there is an increasing call for people in translation, both as translators of international literature and as communicators among languages and cultures. Translation Studies also open new territories of research that provide a deeper understanding of how human beings communicate across cultural and disciplinary borders and how people's views of the world are influenced by their native language.

Should preliminary authority be approved, U. T. Dallas will submit a Ph.D. program in Arts and Technology for U. T. System Board of Regents and Coordinating Board approval. The Ph.D. program in Arts and Technology will be designed to produce a new generation of professionals, scholars, and teachers in an emerging field that is still in the process of definition. The core knowledge of this field draws from the convergence of research in the humanities, the creative and performing arts, visual communications design, engineering, and computer science. As similar programs are initiated throughout Texas and the nation, there will be an immediate and continuing need for faculty members. As new areas of research develop, industry will have a strong and continuing need for graduates whose training combines technical expertise with intellectual agility. The early adoption of a doctoral program in Texas would establish the state as a leader in providing both researchers and educators.

7. **U. T. San Antonio: Authorization to establish a doctoral program in Marketing within the Ph.D. in Business Administration degree program**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Romo that authorization be granted to

- a. establish a doctoral program in Marketing within the Ph.D. degree program in Business Administration at U. T. San Antonio; and
- b. submit the proposal to the Texas Higher Education Coordinating Board for review and appropriate action.

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

BACKGROUND INFORMATION

Program Description

U. T. San Antonio proposes to offer an area of emphasis in Marketing within the established Ph.D. in Business Administration degree program. Currently, the Ph.D. in Business Administration offers students the opportunity to specialize in one of four areas of emphasis: Accounting, Finance, Information Technology, and Organization and Management Studies. The addition of the Marketing area of emphasis is designed to prepare leading professionals in the field of marketing to address shortages of faculty in this field and to produce graduates with the advanced knowledge required to conduct original academic research aimed at solving practical marketing problems.

Students admitted to the program will take 62 semester credit hours of post-Master's coursework. The program requires 46 hours of organized coursework beyond the Master's degree distributed as follows: 18 hours of foundation courses in research methods and statistics, 19 hours of designated electives in the area of marketing, and nine hours of support work, which may include courses outside the field of Business Administration, such as Psychological Measurement or Statistics. The program also requires four hours of supervised research/comprehensive exam and 12 hours of dissertation. The foundation courses are required for all of the areas of emphasis of the Ph.D. in Business Administration degree program.

Need and Student Demand

Projections indicate increased need for marketing Ph.D.s in academic and non-academic positions. In Texas alone, it is estimated that by the Year 2010, there will be a need for approximately 150 additional business faculty in public universities and marketing faculty will represent about 13% of that need. The number of business faculty positions has increased nationwide as well, and there is a shortage of qualified individuals with doctoral training in marketing to take on leadership positions in financial institutions, market research firms, corporations, and units of federal, state, and local governments. There is strong demand from prospective students for the proposed emphasis in marketing. The College of Business awarded 143 undergraduate and 10 graduate degrees in or with a concentration in Marketing during the 2004-05 academic year. A survey of 125 marketing majors found that 1/3 were strongly interested in pursuing a Ph.D. with an emphasis in marketing and 1/4 were strongly interested in pursuing that Ph.D. degree at U. T. San Antonio. In addition to the interest demonstrated by U. T. San Antonio students, the College of Business receives approximately 20 unsolicited external inquiries per year from prospective doctoral students seeking an emphasis in marketing.

Program Quality

The foundation courses required of students enrolled in the Ph.D. in Business Administration with an emphasis in Marketing will be offered by faculty from the College of Business, as has been the case since the implementation of the Ph.D. in Business Administration degree program in Fall 2002. Seven members of the Department of Marketing comprise the core faculty who will contribute to the delivery of the courses that comprise the area of emphasis in Marketing. Three additional tenure-track faculty members will join the department by Fall 2006. All contributing faculty members are active publishing researchers capable of teaching courses and supervising student research in the proposed program. One new nontenured faculty member will be hired to replace the core faculty in undergraduate marketing courses they currently teach. The College of Business has a history of hiring excellent highly-qualified teachers as nontenured faculty to deliver its undergraduate programs. This anticipated hire will free the core faculty for teaching and research supervision related to doctoral students, while maintaining the high quality of the educational experience of undergraduate marketing students.

The College of Business is housed in a state-of-the-art building that is less than eight years old. Existing facilities are more than adequate to support the proposed program. A behavioral laboratory is available for faculty research. The lab consists of 12 individual stations, each with a computer loaded with software designed specifically for data collection. Funds requested for equipment in years one and two will be used to provide networked computers for Ph.D. students. The program will be administered in the College of Business with support from faculty and staff who currently administer the Ph.D. in Business Administration. Thus, current administrative support is adequate.

Program Cost

The cost of operating the program across five years is approximately \$970,800. This includes \$80,000 for faculty salaries, \$864,000 for graduate student support, \$18,500 for library and information technology resources, and \$8,300 for equipment, supplies, and materials. Revenues of \$699,343 from formula funding and the reallocation of \$920,000 in existing university resources are expected to be sufficient to fully fund the program.

8. U. T. San Antonio: Approval to expand preliminary planning authority for a Doctor of Musical Arts in Performance and Pedagogy, Choral Conducting

RECOMMENDATION

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

- a. expansion of degree planning authority for U. T. San Antonio to include a Doctor of Musical Arts (D.M.A.) degree in Performance and Pedagogy, Choral Conducting; and
- b. submission of the proposal to the Texas Higher Education Coordinating Board for review and appropriate action.

BACKGROUND INFORMATION

The objective of the D.M.A. program in Performance and Pedagogy, Choral Conducting will be to attract a large cross-section of students holding degrees in music education, vocal performance, choral conducting, musicology, and perhaps the physical sciences. No doctoral program currently exists that focuses on merging performance and pedagogy in the choral area.

The degree will respond to the ongoing need for fully credentialed choral conductors and will provide a unique and forward-looking approach to the field of choral music direction.

9. **U. T. San Antonio: Approval to expand preliminary planning authority for a Ph.D. in Child Development and a Ph.D. in Public Administration and Social Service Professions**

RECOMMENDATION

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

- a. expansion of preliminary planning authority for U. T. San Antonio to include a Ph.D. degree in Child Development and a Ph.D. degree in Public Administration and Social Service Professions; and
- b. submission of the proposal to the Texas Higher Education Coordinating Board for review and appropriate action.

BACKGROUND INFORMATION

Once preliminary planning authority has been approved, U. T. San Antonio will submit the degree program for approval by the U. T. System Board of Regents and the Coordinating Board. The Ph.D. program in Child Development will help meet the need for doctoral level professionals trained to address the growing need for researchers who address the issues of child health and learning, as well as for individuals responsible for developing educational policies to optimize outcomes in those areas. More than half of the federal research and development funding for colleges and universities comes from the U.S. Department of Health and Human Services, especially the National Institutes of Health (NIH). Strengthening U. T. San Antonio's focus on research addressing health-related issues, broadly defined, will increase its capability to successfully compete for contracts and grants from NIH on other health-focused funding agencies. In addition, the proposed program will address the projected need in Texas for social scientists, as employment opportunities are expected to increase 20.7% in this area between 2002-2012.

Additionally, once preliminary authority has been approved, U. T. San Antonio will submit the degree program for approval by the U. T. System Board of Regents and the Coordinating Board. If approved, the Ph.D. program in Public Administration and Social Service Professions will facilitate collaborations that will yield interdisciplinary approaches to consequential research questions, ensuring their attractiveness to funding agencies. Specifically, the Ph.D. in Public Administration and Social Service Professions would integrate curricula and research across the Departments of Public Administration, Criminal Justice, and Social Work. Of particular interest, the resulting interdisciplinary program would provide education and training directly related to three of the four areas targeted for excellence by the University, namely, health, security, and cross-cultural issues.

10. **U. T. San Antonio: Approval to expand preliminary planning authority for a M.A. in City/Urban, Community, and Regional Planning and a M.A. in Health and Kinesiology**

RECOMMENDATION

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

- a. expansion of degree planning authority for U. T. San Antonio to include a Master of Arts (M.A.) in City/Urban, Community, and Regional Planning and a M.A. in Health and Kinesiology; and
- b. submission of the proposal to the Texas Higher Education Coordinating Board for review and appropriate action.

BACKGROUND INFORMATION

Once planning authority has been approved, U. T. San Antonio will present a M.A. program in City/Urban, Community, and Regional Planning for U. T. System Board of Regents and Coordinating Board approval. That program would complement and strengthen existing graduate programs at U. T. San Antonio in architecture and public administration. Additionally, the proposed degree would complement the M.S. in Architecture with an international practice focus - the only program of its kind in the United States. The proposed degree will afford opportunities for dual-degree programs with architecture, public administration, and criminal justice for students who do not want to major in urban and regional planning but have a secondary interest in it. The program will also support the activities of several centers and institutes at U. T. San Antonio.

Moreover, once preliminary authority has been approved, U. T. San Antonio will submit a M.A. in Health and Kinesiology, which will be used to replace the existing M.A. in Education with concentration in Health and Kinesiology. If approved, the proposed M.A. degree program would increase graduate credit hour production at no additional cost to the University by utilizing existing courses, facilities, and faculty and by attracting new students to U. T. San Antonio.

If approved, the proposed M.A. program will include a core set of courses that all master's degree students will be required to take, as well as specific courses that will build expertise in Health and Kinesiology. These changes will provide the department with a focused initiative to meet the academic needs of students seeking graduate preparation in Health and Kinesiology.

11. U. T. Austin: Computer Sciences Building - Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2006-2007 Capital Budget to include project

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Powers that the U. T. System Board of Regents amend the FY 2006-2011 Capital Improvement Program and the FY 2006-2007 Capital Budget to include the Computer Sciences Building project at The University of Texas at Austin as follows:

Architecturally or Historically Significant: (Note: Item is before the Board; see Item 1 on Page 147.)

Project Delivery Method: Construction Manager at Risk

Substantial Completion Date: June 2010

Total Project Cost:	<u>Source</u> Gifts	<u>Proposed</u> \$67,000,000
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BACKGROUND INFORMATION

The project will construct a new building of approximately 138,500 gross square feet. The new Computer Sciences Building will have five levels plus a basement and a wing will connect to two levels of T. U. Taylor Hall and the Applied Computational Engineering and Sciences (ACES) Building. Demolition of the existing Chilling Station No. 2 will accommodate the new building for Computer Sciences (see Item 14 on Page 110).

The Department of Computer Sciences occupies five different buildings scattered across the U. T. Austin campus. The proposed building will enable the integration of research and educational opportunities.

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

12. U. T. Austin: Renovation of John W. Hargis Hall with Visitor Center - Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2006-2007 Capital Budget to include project; appropriation of funds and authorization of expenditure; and resolution regarding parity debt

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Powers that the U. T. System Board of Regents amend the FY 2006-2011 Capital Improvement Program and the FY 2006-2007 Capital Budget to include the Renovation of John W. Hargis Hall with Visitor Center project at The University of Texas at Austin as follows:

Architecturally or Historically Significant: (Note: Item is before the Board; see Item 1 on Page 147.)

Project Delivery Method: Construction Manager at Risk

Substantial Completion Date: June 2008

Total Project Cost:	<u>Source</u>	<u>Proposed</u>
	Gifts	\$1,000,000
	Revenue Financing System Bond Proceeds	<u>\$2,500,000</u>
		<u>\$3,500,000</u>

- a. approve a total project cost of \$3,500,000 with funding of \$2,500,000 from Revenue Financing System Bond Proceeds and \$1,000,000 from Gifts;
- b. appropriate and authorize expenditure of funds; and
- c. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that
 - parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt;
 - sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System; and

- U. T. Austin, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$2,500,000.

BACKGROUND INFORMATION

Debt Service

The \$2,500,000 in Revenue Financing System debt will be repaid from earned indirect cost funds returned to U. T. Austin by the Legislature. Debt service coverage on the project is expected to average 3.7 times over FY 2006 - FY 2011.

Project Description

The project will renovate John W. Hargis Hall to upgrade the building for life safety and accessibility compliance, add a visitor center, and make improvements to space that houses the Office of Freshman Admissions. The work will include interior renovation of offices, lounges, conference rooms, multimedia rooms, one large public theatre, public space, and the reception area as well as renovation of public restrooms and kitchen. The scope includes remediation of existing building deficiencies including failure at the building envelope to control thermal and moisture infiltration, upgrades to the mechanical, plumbing, electrical, and technology infrastructure, and structural corrections to damage caused by age, moisture, and termite infiltration. In addition, corrections will be made to the building egress system to address fire and life safety issues and accessibility compliance. The Visitor Center will be located adjacent to the Office of Freshman Admissions to more effectively provide information about the University, its history, and its activities. John W. Hargis Hall, located north of the Frank C. Erwin, Jr. Special Events Center at the corner of Martin Luther King, Jr. Boulevard and Red River Street, was named in 1983 for the former special assistant to the president at U. T. Austin.

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

13. U. T. Austin: Student Activity Center - Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2006-2007 Capital Budget to include project

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Powers that the U. T. System Board of Regents amend the FY 2006-2011 Capital Improvement Program and the FY 2006-2007 Capital Budget to include the Student Activity Center project at The University of Texas at Austin as follows:

Project No: 102-248

Architecturally or Historically Significant: (Note: Item is before the Board; see Item 1 on Page 147.)

Project Delivery Method: Construction Manager at Risk

Substantial Completion Date: June 2011

Total Project Cost:	<u>Source</u>	<u>Proposed</u>
	Revenue Financing System Bond Proceeds	\$44,000,000

BACKGROUND INFORMATION

The Student Activity Center will include 125,000 gross square feet to incorporate many aspects of student life including a food court, lounge space, student media, and entertainment venues. The Student Activity Center will be located on the East Mall, close to the Dr. Martin Luther King, Jr., statue, Gregory Gymnasium, and the new Gregory Gymnasium Aquatic Complex. Although the need for more student activity space has been recognized for a number of years, in 2005, students from across campus were successful in moving the project forward as a student referendum. Participants included Student Government, the Texas Union, and Recreational Sports, along with a number of other organizations. Now that the referendum has passed, these student groups are anxious for the project to proceed.

There are over 950 student organizations on campus and space is very limited to accommodate the current needs and the potential growth resulting from a diverse student body.

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

14. U. T. Austin: Chilling Station Replacement - Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2006-2007 Capital Budget to include project; approval of preliminary project cost; and authorization of institutional management

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Powers that the U. T. System Board of Regents amend the FY 2006-2011 Capital Improvement Program and the FY 2006-2007 Capital Budget to include the Chilling Station Replacement project at The University of Texas at Austin as follows:

Project Number: 102-245

Institutionally Managed: Yes No

Architecturally or Historically Significant: (Note: Item is before the Board; see Item 1 on Page 147.)

Project Delivery Method: Construction Manager at Risk

Substantial Completion Date: September 2008

Total Project Cost:	<u>Source</u>	<u>Proposed</u>
	Revenue Financing System Bond Proceeds	\$35,000,000

- a. approve a preliminary project cost of \$35,000,000 with funding from Revenue Financing System Bond Proceeds; and
- b. authorize U. T. Austin to manage the total project budgets, appoint architects, approve facility programs, prepare final plans, and award contracts.

BACKGROUND INFORMATION

Project Description

U. T. Austin is requesting institutional management to construct a new building of approximately 27,000 gross square feet to replace Chilling Station No. 2 that contains equipment approximately 50 years old. The project will also involve building a new cooling tower within the power plant complex to serve the chillers. Chilling Station No. 2 and the related cooling tower will be demolished after this new Chilling Station Replacement is completed. Demolition of the existing Chilling Station No. 2 will accommodate the new building for Computer Sciences (see Item 11 on Page 106).

The cost to demolish Chilling Station No. 2 is included in the Computer Sciences Building project. The project will occupy a site adjacent to the Hal C. Weaver Power Plant complex.

U. T. Austin Facilities Management personnel have the experience and capability to manage all aspects of the work.

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

15. U. T. Dallas: Campus Landscape Enhancement Project - Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2006-2007 Capital Budget to include project; approval of total project cost; and appropriation of funds and authorization of expenditure

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 2006-2011 Capital Improvement Program and the FY 2006-2007 Capital Budget to include the Campus Landscape Enhancement Project at The University of Texas at Dallas as follows:

Architecturally or Historically Significant:

(Note: Item is before the Board; see Item 1 on Page 147.)

Project Delivery Method: Competitive Sealed Proposals

Substantial Completion Date: September 2007

Total Project Cost:	<u>Source</u> Gifts	<u>Proposed</u> \$10,000,000
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- a. approve a total project cost of \$10,000,000 with funding from Gifts; and
- b. appropriate and authorize expenditure of funds.

BACKGROUND INFORMATION

The project will enhance the campus perimeter along the Campbell Road frontage, the University Boulevard entrance, the campus central plaza surrounded by the McDermott Library, the Student Union, the Founders Building, and the Cecil H. and Ida Green Center for the Study of Science and Society. The secondary project elements include enhancement of the north mall and Rutford Avenue, and recommendations regarding parking, vehicular traffic, and placement of future buildings and housing.

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

16. U. T. El Paso: Basketball Complex - Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2006-2007 Capital Budget to include project; approval of preliminary project cost; and request to name the complex as The Paul Foster and Jeff Stevens Basketball Complex

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, the Vice Chancellor for External Relations, and President Natalicio that the U. T. System Board of Regents amend the FY 2006-2011 Capital Improvement Program and the FY 2006-2007 Capital Budget to include the Basketball Complex project at The University of Texas at El Paso as follows:

Architecturally or Historically Significant: (Note: Item is before the Board; see Item 1 on Page 147.)

Project Delivery Method: Construction Manager at Risk

Substantial Completion Date: August 2008

Total Project Cost:	<u>Source</u> Gifts	<u>Proposed</u> \$10,600,000
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- a. approve a preliminary project cost of \$10,600,000 with funding from Gifts; and
- b. request to name the facility as The Paul Foster and Jeff Stevens Basketball Complex.

BACKGROUND INFORMATION

The project will be located adjacent to the Don Haskins Special Events Center. The facility will be used by both the men's and women's basketball programs. The facility will contain three basketball practice courts, locker rooms, a strength and conditioning area, academic support rooms, coaches' offices for both men's and women's programs, and a multiuse room for team functions and donor pregame functions. The new complex may also contain the University Ticket Center that is currently housed in a small building that will be demolished.

Mr. Paul L. Foster and Mr. Jeff A. Stevens have gained excellent reputations for their extraordinary support of educational, civic, and charitable activities in the El Paso region.

Mr. Paul L. Foster is the President, Chief Executive Officer, and a director of Western Refining, Inc. He has more than 25 years of oil industry and marketing experience. Mr. Foster earned a B.B.A. in accounting from Baylor University in 1979. He has been a resident of El Paso since 1991, and has served throughout the local community and state in numerous positions. Mr. Foster serves on the Board of Directors for Bank of the West, the Texas Higher Education Coordinating Board, and the Young President's Organization Inc., El Paso-Juarez Chapter. He is also the Chairman of the Board for the El Paso Regional Economic Development Corporation, and Vice Chairman of the American Red Cross, El Paso Chapter. Mr. Foster is a member of U. T. El Paso University Founders and serves on the Business Advisory Council.

Mr. Jeff A. Stevens joined Western Refining, Inc., in 2000 and serves as Executive Vice President and is also a member of the Board of Directors. He has more than 19 years of oil industry and marketing experience. Mr. Stevens serves the El Paso community as a member of the Sun Bowl Association Board of Directors.

The proposed naming of the Basketball Complex at U. T. El Paso to recognize the generous gift and distinguished contributions of Mr. Paul Foster and Mr. Jeff Stevens is consistent with the Regents' *Rules and Regulations*, Series 80307, relating to naming of facilities. See Items 1 and 2 on Page Docket - 18 related to approval of gifts from Mr. Foster and Mr. Stevens.

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

17. **U. T. Pan American: Authorization to purchase approximately 2.42 acres of unimproved land described as the east 40 feet of Lot 4, Section 273, and the west 40 feet of Lot 3, Section 273, out of the Texas-Mexican Railway Company Survey, Edinburg, Hidalgo County, Texas, from Hidalgo County Irrigation District No. 1, at a purchase price not to exceed the fair market value as established by an independent appraisal, for surface parking and other future campus uses**

RECOMMENDATION

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

- a. purchase approximately 2.42 acres of unimproved land described as the east 40 feet of Lot 4, Section 273, and the west 40 feet of Lot 3, Section 273, out of the Texas-Mexican Railway Company Survey, Edinburg, Hidalgo County, Texas, from Hidalgo County Irrigation District No. 1, at 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 Vice Chancellor for Business Affairs or the Executive Director of Real Estate, for surface parking and other future campus uses; and

- b. authorize the Executive Vice Chancellor for Business Affairs or the Executive Director of Real Estate to execute all documents, instruments, and other agreements, subject to approval of all such documents as to legal form by the Office of General Counsel, and to take all further actions deemed necessary or advisable to carry out the purpose and intent of the foregoing recommendation.

BACKGROUND INFORMATION

The subject property consists of approximately 2.42 acres of land improved with a drainage canal that adjoins and connects the existing U. T. Pan American campus and the 16.42-acre and 18.96-acre tracts that the institution recently acquired in accordance with authorizations from the Board dated August 11, 2005, and January 12, 2006, respectively. The subject property was identified as a critical acquisition in the Campus Master Plan updated by the firm of Good, Fulton & Farrell in January 2005.

The Hidalgo County Irrigation District No. 1 will retain a 15-foot wide drainage easement across the property. Physical Plant Reserves, currently held for future planned capital projects, will be used to fund the purchase, the terms and conditions of which are reflected in the transaction summary below:

Transaction Summary

Institution:	U. T. Pan American
Type of Transaction:	Purchase
Total Area:	Approximately 2.42 acres
Improvements:	None
Location:	The east 40 feet of Lot 4, Section 273, and the west 40 feet of Lot 3, Section 273, out of the Texas-Mexican Railway Company Survey, Edinburg, Hidalgo County, Texas; the property has 80 feet of frontage on Schunior Street; a concrete-lined canal is located in the center of the 80-foot wide tract and extends the length of the parcel (see attached map)

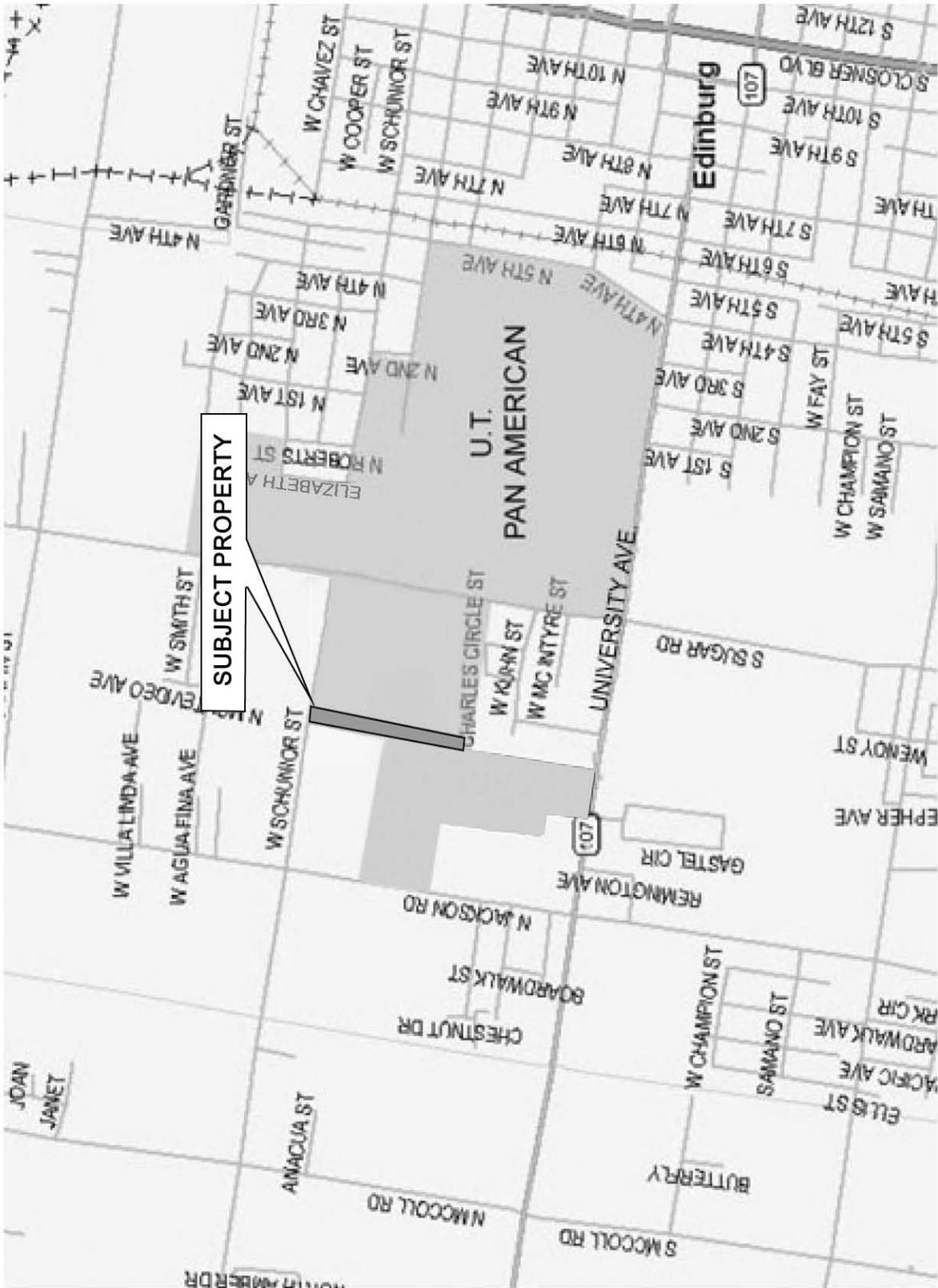
Seller: Hidalgo County Irrigation District No. 1

Purchase Price: Not to exceed fair market value as determined by an independent appraisal

Appraised Value: \$129,195, if the open canal is replaced with buried pipe within an easement; \$115,830, if the canal remains as is and within an easement (Professional Appraisal Services, Inc., September 14, 2005, and March 20, 2006)

Source of Funds: Physical Plant Reserves

Intended Use: Surface parking and other future campus uses



18. U. T. Pan American: Science Building Renovation - Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2006-2007 Capital Budget to include project; approval of total project cost; approval of transfer of funds; and reduction of total project cost for the Education Complex

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Cárdenas that the U. T. System Board of Regents amend the FY 2006-2011 Capital Improvement Program and the FY 2006-2007 Capital Budget to include the Science Building Renovation project at The University of Texas - Pan American as follows:

Architecturally or Historically Significant: Yes No

Project Delivery Method: Competitive Sealed Proposals

Substantial Completion Date: July 2006

Total Project Cost: Education Complex	<u>Source</u> Tuition Revenue Bond Proceeds	<u>Current</u> \$22,000,000	<u>Proposed</u> \$21,015,000
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Total Project Cost: Science Building Renovation	<u>Source</u> Tuition Revenue Bond Proceeds Higher Education Assistance Fund (HEAF)	<u>Proposed</u> \$ 985,000 <u>\$1,010,000</u> \$1,995,000
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- a. approve a total project cost of \$1,995,000 with funding of \$985,000 from Tuition Revenue Bond Proceeds and \$1,010,000 from the Higher Education Assistance Fund (HEAF);
- b. approve the transfer of Tuition Revenue Bond Proceeds in the amount of \$985,000 from the Education Complex project; and
- c. reduce the total project cost from \$22,000,000 to \$21,015,000 for the Education Complex project.

BACKGROUND INFORMATION

Project Description

U. T. Pan American is requesting the transfer of the remaining \$985,000 of Tuition Revenue Bond Proceeds from the completed Education Complex project to allow the finish out of the third floor area of the Science Building. The space will contain four teaching laboratories, two research laboratories, and 24 faculty offices. The use of the

Tuition Revenue Bond Proceeds must be in accordance with the language from *Texas Education Code* Section 55.1732; however, Section 55.1732 (d) provides as follows: Any portion of the proceeds of bonds authorized by this section for one or more specified projects at an institution that is not required for the specified projects may be used to renovate existing structures and facilities at the institution.

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

19. U. T. Brownsville: Discussion of compact priorities

REPORT

President García and Executive Vice Chancellor Sullivan will lead a discussion about compact priorities for The University of Texas at Brownsville as set out in the compact on Pages 97 - 121 in the Supplemental Materials (Volume 2) of the Agenda Book. Dr. García's PowerPoint presentation is on Pages 122 - 126 in the Supplemental Materials (Volume 2) of the Agenda Book.

20. U. T. Pan American: Discussion of compact priorities

REPORT

President Cárdenas and Executive Vice Chancellor Sullivan will lead a discussion about compact priorities for The University of Texas - Pan American as set out in the compact and in the PowerPoint presentation on Pages 127 - 151 and Pages 152 - 164, respectively, in the Supplemental Materials (Volume 2) of the Agenda Book.



TABLE OF CONTENTS FOR HEALTH AFFAIRS COMMITTEE

Committee Meetings: 5/10/2006

Board Meeting: 5/11/2006
Austin, Texas

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

	Committee Meeting	Board Meeting	Page
A. CONVENE JOINT MEETING WITH FACILITIES PLANNING AND CONSTRUCTION COMMITTEE	<i>11:00 a.m.</i> <i>Chairman Barnhill & Clements</i>		
1. U. T. Medical Branch - Galveston: Discussion of long-term plan for clinical activities and Jennie Sealy Hospital Replacement project	Discussion <i>Dr. Shine</i> <i>President Stobo</i> <i>Dr. Kelley</i>	Not on Agenda	119
B. CONVENE MEETING OF HEALTH AFFAIRS COMMITTEE	<i>11:15 a.m.</i> <i>Chairman Clements</i>		
2. U. T. System: Quarterly report on health issues by Executive Vice Chancellor Shine	<i>11:15 a.m.</i> Report <i>Dr. Shine</i>	Not on Agenda	119
3. U. T. Southwestern Medical Center - Dallas: Approval of revisions to U. T. Southwestern Health Systems Bylaws to add a new Article 6 on Affiliated-Physician-Related Committees	<i>11:25 a.m.</i> Action <i>Dr. Shine</i>	Action	119
4. U. T. Medical Branch - Galveston: Authorization to purchase real property and improvements located at 1314 Strand, Galveston, Galveston County, Texas, from Ms. Doris Rodriguez, at fair market value as established by an independent appraisal, for parking and for future programmed development of campus expansion	<i>11:30 a.m.</i> Action <i>President Stobo</i> <i>Ms. Mayne</i>	Action	123
5. U. T. M. D. Anderson Cancer Center: Report on quality improvement and patient safety	<i>11:35 a.m.</i> Report <i>Ms. Sherry Martin</i> <i>Dr. Barbara Summers</i>	Not on Agenda	126

	Committee Meeting	Board Meeting	Page
6. U. T. Health Science Center - San Antonio: Mechanical Electrical Plumbing (MEP) Upgrades, Phase I - Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2006-2007 Capital Budget to include project; approval of total project cost; approval of transfer of funds and authorization of expenditure; authorization of institutional management; and reduction of total project cost for the Children's Cancer Research Institute	<i>11:45 a.m.</i> Action <i>Mr. Dixon</i>	Action	126
7. U. T. System: Report on FY 2005 post-tenure review	<i>11:50 a.m.</i> Report <i>Dr. Shine</i>	Not on Agenda	127
8. U. T. System Board of Regents: Adoption of Regents' <i>Rules and Regulations</i>, Series 40602, related to Organized Research Units	<i>11:53 a.m.</i> Action <i>Dr. Shine</i>	Action (Mtg of the Board)	130
9. U. T. M. D. Anderson Cancer Center: Discussion of U. T. M. D. Anderson Cancer Center's proposed participation in investment as a limited partner in The Madelin Fund, L.P.	<i>11:55 a.m.</i> Discussion <i>Dr. Shine</i>	Not on Agenda	130
C. ADJOURN	<i>12:00 p.m.</i>		

1. **U. T. Medical Branch - Galveston: Discussion of long-term plan for clinical activities and Jennie Sealy Hospital Replacement project**

See Item 15 on Pages 175 - 179 of the Facilities Planning and Construction Committee.

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

REPORT

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

3. **U. T. Southwestern Medical Center - Dallas: Approval of revisions to U. T. Southwestern Health Systems Bylaws to add a new Article 6 on Affiliated-Physician-Related Committees**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs, the Vice Chancellor and General Counsel, and President Wildenthal that the U. T. System Board of Regents approve the addition of Article 6, as set out on Pages 121 - 122, to the U. T. Southwestern Health Systems Bylaws. The Office of General Counsel has given input on the legal aspects of the proposal.

BACKGROUND INFORMATION

Authority to create certified nonprofit health corporations (CNPHCs) at each U. T. System health institution was granted by the Board of Regents on April 14, 1994, with the provision that each corporation adopt model articles of incorporation and model bylaws and submit a business plan for approval. The CNPHCs were designed to provide the health institutions with the necessary capability to react to market demands by ensuring (1) an adequate referral base of patients to meet the medical education needs of the institutions, and (2) the continued fiscal viability of their Medical Services, Research and Development Plans (MSRDP). The CNPHCs were an alternative to licensure as a health maintenance organization that would permit the institutions to accept risk contracts for physician services. CNPHCs are regulated by the Texas Medical Board, pursuant to *Texas Occupations Code* Section 162.001.

U. T. Southwestern Health Systems, a CNPHC, was established in 1994 to enhance revenues of U. T. Southwestern Medical Center - Dallas primarily by establishing health care joint ventures and contracting for delivery of inpatient and outpatient health care services. U. T. Southwestern Health Systems is certified by the Texas Medical Board and is a qualified tax-exempt organization under Section 501(c)(3) of the *Internal Revenue Code* of 1986.

Pursuant to the current Bylaws, the CNPHC has one Member who is the incumbent President of U. T. Southwestern Medical Center - Dallas. A Board of at least three directors, appointed by the Member, currently manages U. T. Southwestern Health Systems. Standing and special committees perform duties assigned by the Board of Directors. The current directors are Kern Wildenthal, M.D., Ph.D.; Willis C. Maddrey, M.D.; John McConnell, M.D.; and Robert Rege, M.D.

Numerous nonsubstantive revisions were made to the Bylaws of U. T. Southwestern Health Systems with approval of the Executive Vice Chancellor for Health Affairs in March 2006. The nonsubstantive changes were made to streamline the governance and operations of the organization.

Article 6 of the Bylaws, attached on Pages 121 - 122, is new and substantive. This addition was compelled by the recent acquisition of the assets and operations of St. Paul University Hospital by U. T. Southwestern Medical Center - Dallas and the desire to encourage community physicians to maintain their admitting privileges at the hospital. To further this goal, U. T. Southwestern Medical Center - Dallas initiated the creation of a physician network that would clinically integrate community physicians with U. T. Southwestern Medical Center - Dallas physicians at the now renamed University Hospital - St. Paul. This network, called U. T. Southwestern Clinically Affiliated Physicians (UTSCAP), will be administered by U. T. Southwestern Health Systems. Upon approval of Article 6, UTSCAP members will be included in managed care contracts negotiated by U. T. Southwestern Health Systems and in quality improvement efforts for University Hospital - St. Paul through a committee structure similar to that currently afforded to U. T. Southwestern Medical Center - Dallas physicians. The private physicians will pay a membership fee to UTSCAP in return for UTSCAP benefits.

ARTICLE 6.
AFFILIATED-PHYSICIAN-RELATED COMMITTEES

6.1 Affiliated-Physician-Related Committees

(a) Managed Care Committee. The Managed Care Committee shall approve managed care contracts for UT Southwestern Clinically Affiliated Physicians (“UTSCAP”), and make recommendations to the Board as appropriate. The Chairman of the Managed Care Committee shall be approved by the Medical Director of UTSCAP.

(b) Quality Improvement Committee. The Quality Improvement Committee is responsible for evaluating ongoing measurements of clinical care to assess the effectiveness of care delivered and to evaluate and develop preventative measures. In addition, it is charged with planning and implementing improvements related to clinical quality. The Committee reviews and approves Clinical Practice Guidelines. The Committee makes recommendations for improvement and reports to the UTSHS Board of Directors. The Chairman of the Quality Improvement Committee shall be approved by the Medical Director of UTSCAP. The Committee shall be comprised of physician members representative of multiple areas of practice. The Quality Improvement Committee shall have two subcommittees, the Credentialing Committee and the Utilization Management Committee. Other subcommittees may be appointed as the Quality Improvement Committee determines are necessary.

(i) Credentialing Committee: The Credentialing Committee shall develop policies for credentialing and recredentialing practitioners, and review and approve providers for participation within the provisions of the Credentialing Policies. This Committee has final authority for all credentialing and recredentialing decisions, and for termination of participating practitioners and providers, and shall make recommendations to the Quality Improvement Committee for other disciplinary action as appropriate. The Chairman of the Credentialing Committee shall be approved by the Medical Director of UTSCAP.

(ii) Utilization Management Committee. The Utilization Management (UM) Committee shall be chaired by a physician approved by the Chairman of the Board with the approval of the Medical Director of UTSCAP. Six committee members shall be appointed by the Chairman of the Board and approved by the Medical Director of the Clinically Affiliated Physicians. The Utilization Management Program is designed to ensure that patients receive access to timely, appropriate and affordable quality care and services. Key aspects of service addressed in the UM Program are medical necessity, appropriateness, availability, and accessibility. The Utilization Management Committee is charged with annual review and implementation of the UM Program, regular review of UM data, and implementation of corrective actions whenever indicated.

6.2 Special Committees. The Board may designate one or more special committees to perform such duties that are not inconsistent with the Articles of Incorporation or these Bylaws as shall be assigned by the Board. Each special committee shall consist of two (2) or more persons appointed by the chairman of the board, with the approval of the Board, who may, but need not be, directors of the Corporation. A special committee shall limit its activities to those for which it is designated and shall have no power to act except as specifically conferred by the Board. A special committee shall stand dissolved upon the completion of the duties assigned. All special committees shall operate in an advisory capacity to the Board, unless given specific authority to act by the Board.

6.3 Quorum and Voting. A majority of the members of a committee shall constitute a quorum for the transaction of business at any meeting of the committee and the act of a majority of those present and voting at meeting of the committee where such quorum is established shall be the act of the committee. Attendance or voting by proxy shall not be permitted.

6.4 Meetings and Notices. Meetings of a committee may be called by the chairman of the Board or the chairman of the committee. Each committee shall meet as often as is necessary to perform its duties. Notice may be given at any time and in any manner reasonably designed to inform the committee members of the time and place of the meetings. Meetings of Committees may be held via telephone or email when practicable. Each committee shall keep minutes of its proceedings.

6.5 Resignations and Removals. Any member of a committee may resign at any time by giving notice to the chairman of the committee or the secretary of the Corporation. Unless otherwise specified in the notice, such resignation shall take effect upon receipt. The acceptance of such resignation shall not be necessary to make it effective. The Board may remove a member of any committee at any time with or without being required to state a cause for removal.

6.6 Vacancies. A vacancy on a committee shall be filled for the unexpired portion of the term in the same manner in which an original appointment to such committee is made.

4. **U. T. Medical Branch - Galveston: Authorization to purchase real property and improvements located at 1314 Strand, Galveston, Galveston County, Texas, from Ms. Doris Rodriguez, at fair market value as established by an independent appraisal, for parking and for future programmed development of campus expansion**

RECOMMENDATION

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

- a. purchase the real property and improvements located at 1314 Strand, Galveston, Galveston County, Texas, from Ms. Doris Rodriguez for \$95,000, 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 Vice Chancellor for Business Affairs or the Executive Director of Real Estate, for parking and for future programmed development of campus expansion; and
- b. authorize the Executive Vice Chancellor for Business Affairs or 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

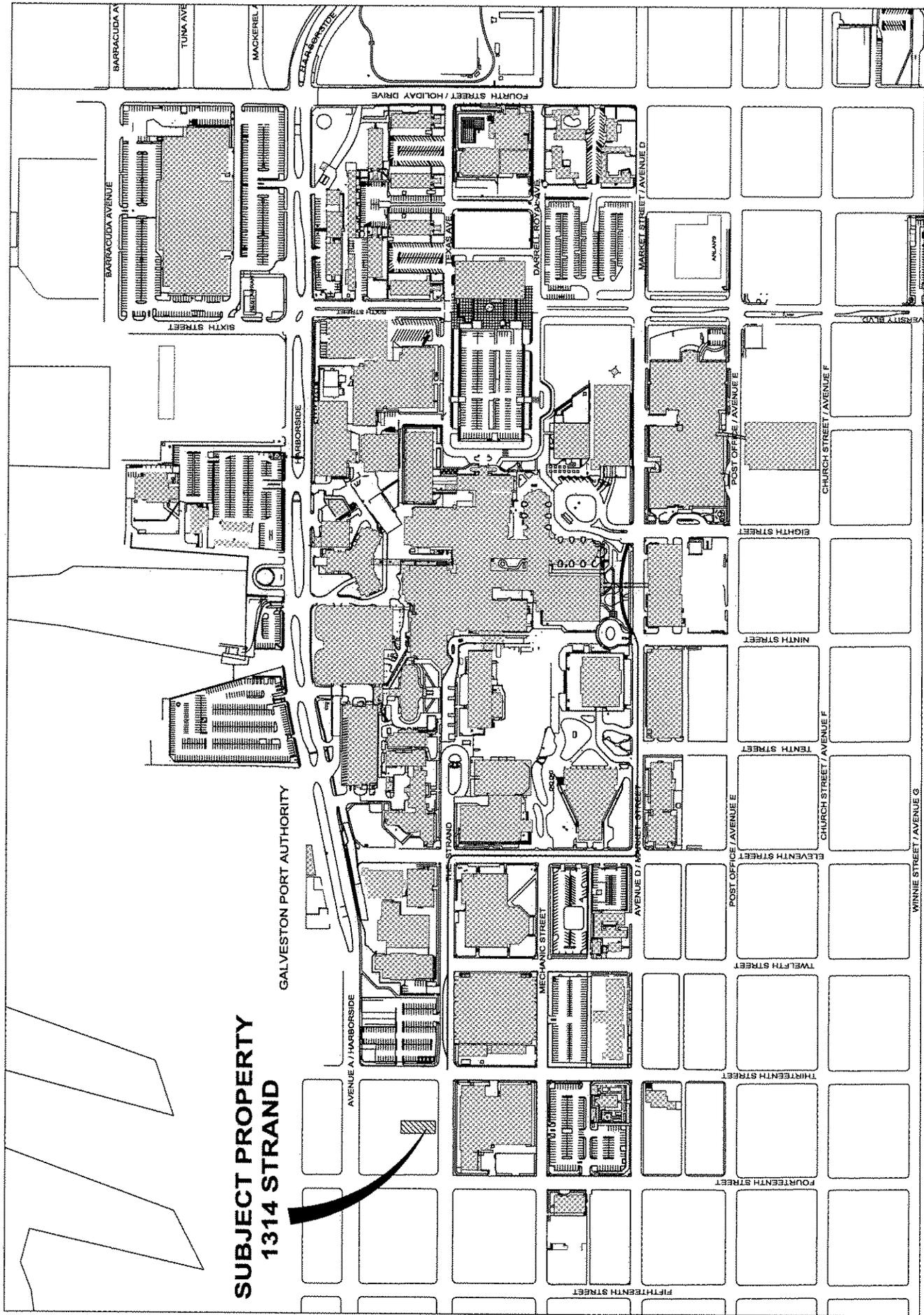
U. T. Medical Branch - Galveston desires to purchase the subject property and improvements, consisting of a 1,963-square foot frame house on a 5,160-square foot lot, for \$95,000, the value established by an independent appraisal. The property is across the street from the institution's materials management warehouse and Facilities Operations and Management offices, and will be used for parking and for future programmed development of campus expansion.

Previously, U. T. Medical Branch - Galveston sought and obtained Board approval for acquisition of properties contiguous to the campus, including the geographical area bounded by 13th and 14th Streets and Strand and Harborside, within which area the subject property is located. On December 2, 1993, the Board of Regents authorized the acquisition of several parcels of real property located within the same city block and several nearby blocks, and on November 13, 1996, the Board authorized the acquisition of additional properties near the subject property.

To fund the purchase, U. T. Medical Branch - Galveston will use institutional funds. The terms and conditions of the purchase are reflected in the transaction summary below:

Transaction Summary

Institution:	U. T. Medical Branch - Galveston
Type of Transaction:	Purchase
Total Area:	5,160-square foot residential lot
Improvements:	1,963-square foot frame house
Location:	1314 Strand, Galveston, Galveston County, Texas; see attached map
Seller:	Ms. Doris Rodriguez
Purchase Price:	\$95,000
Appraised Value:	\$95,000 (Bay Area Real Property Appraisers & Consultants, Inc., January 25, 2006)
Source of Funds:	Institutional Funds
Intended Use:	Immediate use for parking; long-term use for programmed development of campus expansion



**SUBJECT PROPERTY
1314 STRAND**

UTMB CAMPUS

LEGEND
 UTMB BUILDING

5. **U. T. M. D. Anderson Cancer Center: Report on quality improvement and patient safety**

REPORT

Sharon Martin, M.Ed., MT (ASCP) SC, Vice President for Quality Management at U. T. M. D. Anderson Cancer Center and the 2005 and 2006 Chancellor's Health Fellow in Quality of Care and Patient Safety, will outline some of the patient safety efforts underway at U. T. M. D. Anderson Cancer Center and the positive outcomes as a result of these programs using the PowerPoint presentation on Pages 165 - 176 in the Supplemental Materials (Volume 2) of the Agenda Book.

6. **U. T. Health Science Center - San Antonio: Mechanical Electrical Plumbing (MEP) Upgrades, Phase I - Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2006-2007 Capital Budget to include project; approval of total project cost; approval of transfer of funds and authorization of expenditure; authorization of institutional management; and reduction of total project cost for the Children's Cancer Research Institute**

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and President Cigarroa that the U. T. System Board of Regents amend the FY 2006-2011 Capital Improvement Program and the FY 2006-2007 Capital Budget to include the Mechanical Electrical Plumbing (MEP) Upgrades, Phase I project at The University of Texas Health Science Center at San Antonio as follows:

Project No.: 402-249

Architecturally or Historically Significant: Yes No

Institutionally Managed: Yes No

Project Delivery Method: Competitive Sealed Proposals

Substantial Completion Date: July 2006

Total Project Cost: Children's Cancer Research Institute	<u>Source</u> Revenue Financing System Bond Proceeds	<u>Current</u> \$49,500,000	<u>Proposed</u> \$47,507,972
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Total Project Cost: MEP Upgrades, Phase I	<u>Source</u> Revenue Financing System Bond Proceeds	<u>Proposed</u> \$1,992,028
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- a. approve a total project cost of \$1,992,028 with funding from Revenue Financing System Bond Proceeds;
- b. approve the transfer of Revenue Financing System Bond Proceeds in the amount of \$1,992,028 from the Children's Cancer Research Institute project and authorize expenditure;
- c. authorize U. T. Health Science Center - San Antonio to manage the total project budgets, appoint architects, approve facility programs, prepare final plans, and award contracts; and
- d. reduce the total project cost from \$49,500,000 to \$47,507,972 for the Children's Cancer Research Institute project.

BACKGROUND INFORMATION

Project Description

U. T. Health Science Center - San Antonio is requesting the transfer of the remaining appropriated funding of \$1,992,028 from Revenue Financing System Bond Proceeds from the completed Children's Cancer Research Institute project to provide for mechanical, electrical, and plumbing upgrades to the existing Medical School and Dental School located on the main campus.

U. T. Health Science Center - San Antonio Facilities Management personnel have the experience and capability to manage all aspects of the work.

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

7. U. T. System: Report on FY 2005 post-tenure review

REPORT

Executive Vice Chancellor Shine will report on the Fiscal Year 2005 post-tenure review using the attachment on Pages 128 - 129.

**U. T. System Health Institutions
2004-2005 Post-Tenure Review Report**

During Fiscal Year 2005, 239 tenured faculty members at the five health institutions with tenured faculty were subject to post-tenure review. Of the 239 faculty members subject to review, 230 (or 96.2%) were evaluated as Performing Well; 6 (or 2.5%) received Needs Additional Support or Marginal evaluations; and 3 (or 1.3%) received Unsatisfactory evaluations.

The following summary tables provide additional details of the post-tenure review results for academic year 2004-05.

Summary of Post-Tenure Review Results

	Total Subject to Review	Total Performing Well		Total Needs Additional Support or Marginal		Total Unsatisfactory	
		Male	Female	Male	Female	Male	Female
UT SWMC-Dallas	37		36		1		0
UTMB-Galveston	50		50		0		0
UT HSC-Houston	42		36		5		1
UT HSC-San Antonio	65		65		0		0
UT MDACC *	45		43		0		2
Total	239		230		6		3
			96.2%		2.5%		1.3%

Post-Tenure Review Results by Gender

	Subject to Review		Performing Well		Needs Additional Support or Marginal		Unsatisfactory	
	Male	Female	Male	Female	Male	Female	Male	Female
							Male	Female
UT SWMC-Dallas	28	9	27	9	1	0	0	0
UTMB-Galveston	41	9	41	9				
UT HSC-Houston	30	12	26	10	3	2	1	0
UT HSC-San Antonio	44	21	44	21				
UT MDACC *	36	9	34	9			2	
Total	179	60	172	58	4	2	3	0

* UTMDACC offers "term tenure."

Post-Tenure Review Results by Ethnicity

	Total Subject to Review					Performing Well				
	White	Black	Hispanic	Asian	Other	White	Black	Hispanic	Asian	Other
UT SWMC-Dallas	31	0	0	6	0	30	0	0	6	0
UTMB-Galveston	42	1	2	5	0	42	1	2	5	0
UT HSC-Houston	38	2	0	2	0	32	2	0	2	0
UT HSC-San Antonio	57	1	3	3	1	57	1	3	3	1
UT MDACC	36	0	3	6	0	35	0	3	5	0
Total	204	4	8	22	1	196	4	8	21	1

	Needs Additional Support or Marginal					Unsatisfactory				
	White	Black	Hispanic	Asian	Other	White	Black	Hispanic	Asian	Other
UT SWMC-Dallas	1	0	0	0	0					
UTMB-Galveston										
UT HSC-Houston	5	0	0	0	0	1	0	0	0	0
UT HSC-San Antonio										
UT MDACC						1	0	0	1	0
Total	6	0	0	0	0	2	0	0	1	0

8. **U. T. System Board of Regents: Adoption of Regents' Rules and Regulations, Series 40602, related to Organized Research Units**

See Item 4 on Pages 19 - 22 in Meeting of the Board. This item may also be considered by the Academic Affairs Committee and will be considered for Board of Regents' action under Meeting of the Board.

9. **U. T. M. D. Anderson Cancer Center: Discussion of U. T. M. D. Anderson Cancer Center's proposed participation in investment as a limited partner in The Madelin Fund, L.P.**

DISCUSSION

The purpose of this discussion is to propose participation by U. T. M. D. Anderson Cancer Center in an investment as a limited partner in The Madelin Fund, L.P., focused on cancer therapeutics in accordance with the term sheet on Pages 133 - 146. The Office of General Counsel has given input on the legal aspects of the proposal.

BACKGROUND INFORMATION

Over the course of the previous eight years, U. T. M. D. Anderson Cancer Center has expended substantial effort and resources to advance the environment at or near its main campus to promote technology advancement and commercialization. This is a critical part of the institution's mission to eradicate cancer, as its efforts are aimed at accelerating the process of developing novel inventions in the cancer treatment and prevention arena into products that will benefit cancer patients and the public at-large.

Efforts in this regard have included the nationwide search and retention of Dr. Chris Capelli, Vice President for Technology Commercialization, and the development of the U. T. Research Park in conjunction with U. T. System and U. T. Health Science Center - Houston. Additional accomplishments have included securing funding for development of infrastructure in the U. T. Research Park, as well as creating public/private partnerships through the use of the State of Texas Enterprise Fund and contributions from healthcare industry partners, such as General Electric Medical Systems.

Additionally, under the direction of Dr. Capelli, U. T. M. D. Anderson Cancer Center has created an Active Venture Development Program, which is aimed at taking novel inventions of U. T. M. D. Anderson Cancer Center and coupling them with inventions from other universities to develop beneficial products in the cancer care and prevention market.

In conjunction with the activity in the Active Venture Development Program, U. T. M. D. Anderson Cancer Center has recently been approached by a group of principals who have proposed the formation of The Madelin Fund, L.P., that will be aimed at providing privately negotiated venture capital investment in companies operating in the oncology and oncology-related healthcare sectors including, but not limited to, cancer prevention, diagnostics, therapeutics, medical devices, post-treatment cancer care opportunities, and such disease states that are representative of abnormal cell growth and proliferation.

As reflected in the attached term sheet, it is envisioned that U. T. M. D. Anderson Cancer Center would be a special limited partner with a capital commitment of 10% of the total capital commitments not to exceed \$5 million. The fund would be managed by a general partner made up of four principals whose background information is provided briefly below:

Edward Fagin, Esq.
Principal of the Fund's General Partner
Attorney and Investment banker
Raised over \$350 million in capital in past 25 years for various entities

Robin Smith, M.D., M.B.A.
Principal of the Fund's General Partner
Senior advisor and investor to both publicly traded and privately held companies with a focus on healthcare companies
Executive roles in a number of healthcare companies
M.D. from Yale, M.B.A. from Wharton

Cynthia Ekberg Tsai
Principal of the Fund's General Partner
Founder and General Partner in MassTech Ventures
Chairman of Maxim Pharmaceuticals

Fred H. Mermelstein, Ph.D.
Principal of the Fund's General Partner
Founder of several biotechnology companies
Executive of a number of biotechnology and pharmaceutical companies
Venture capitalist with Paramount Capital Investments, LLC and Orion Biomedical GP, LLC
Financial advisor to the Emerging Industries Fund, a development initiative administered on behalf of the City by the New York City Economic Development Corporation
Ph.D. in Pharmacology and Toxicology from Rutgers University and the University of Medicine and Dentistry of New Jersey-Robert Wood Johnson Medical School

As structured, U. T. M. D. Anderson Cancer Center's investment in the fund would only come about in the event that the fund were able to raise an initial capital amount

of \$22.5 million. Upon raising \$22.5 million, U. T. M. D. Anderson Cancer Center would then contribute \$2.5 million for its 10% position. Thereafter, capital will be raised up to a maximum of \$50 million for a total value of the fund, and \$5 million for the maximum contribution on the part of U. T. M. D. Anderson Cancer Center. U. T. M. D. Anderson Cancer Center would match every \$9 raised with \$1 of its own investment to maintain its 10% position.

As a limited partner, U. T. M. D. Anderson Cancer Center would not be required to make any further investment in the fund above the maximum amount of \$5 million. U. T. M. D. Anderson Cancer Center would share in the gains and profits of the fund commensurate with its percentage position. It would also receive a minority of the carried interest for its role as a special limited partner. U. T. M. D. Anderson Cancer Center would not participate in the investment decisions of the fund, as that would be the role of the general partner.

The fund would not be limited to investment opportunities involving U. T. M. D. Anderson Cancer Center inventions. The fund would be focused on cancer therapeutics and oncology-related products as described above. It is anticipated that inventions from other universities would be evaluated for potential investment opportunities through the U. T. M. D. Anderson Cancer Center Active Venture Development Program with the opportunity to enhance those inventions with scientific contributions from U. T. M. D. Anderson Cancer Center, or by coupling those inventions with U. T. M. D. Anderson Cancer Center inventions to advance both inventions toward a marketable product. The scientific feasibility and diligence services provided by U. T. M. D. Anderson Cancer Center would be on a fee-for-service basis pursuant to a separate contract.

It is the intention of U. T. M. D. Anderson Cancer Center to use unrestricted gift funds to provide the capital necessary for this investment. U. T. M. D. Anderson Cancer Center has determined that such funds may be legally invested as proposed. Further, U. T. M. D. Anderson Cancer Center's investment in the fund has been requested by the general partner to show support and commitment to the effort on the part of U. T. M. D. Anderson Cancer Center.

Over the course of the previous eight years as U. T. M. D. Anderson Cancer Center has advanced its technology development and commercialization program, it has become apparent to the institution that investment capital needed to fund the companies necessary to develop inventions into products is not readily available in the Houston market. This opportunity provides a unique chance to accelerate the process of raising interest in the capital markets necessary for the development of new products. The fund's organizers believe that the other 90% capital the general partners will raise for this fund will come largely from investors on both the east and west coasts of the United States, with some investors from overseas, such as the Asian market. That type of participation will undoubtedly create a higher level of interest in other capital markets as investment in new technology companies tends to be through a syndicated process of multiple venture capital funds.

SUMMARY OF PRINCIPAL TERMS

THE MADELIN FUND, L.P.

A Fund Investing in Cancer Related Opportunities Emanating from The University of Texas M. D. Anderson Cancer Center and Other Institutions, Entities and Individuals

The following is a summary of the principal terms of the offering of limited partnership interests in The Madelin, Fund, L.P. (the “**Fund**”), a Delaware limited partnership. This summary is qualified in its entirety by reference to this Memorandum and the Limited Partnership Agreement of the Fund (the “**Partnership Agreement**”), a copy of which will be provided to each prospective investor upon request. To the extent that a conflict exists between this document and the Partnership Agreement, the Partnership Agreement shall control.

- The Fund:** The Madelin Fund, L.P., a Delaware limited partnership.
- Investment Objective:** The Fund’s objective is to achieve investment returns primarily in the form of capital gains by making privately negotiated venture capital investments in companies operating in the oncology and oncology related healthcare sectors, including but not limited to cancer prevention, diagnostics, therapeutics, medical devices, post-treatment cancer care opportunities, and such disease states that are representative of abnormal cell growth and proliferation. The Fund will have a relationship with The University of Texas M. D. Anderson Cancer Center (UTMDACC) described below under “Special Limited Partner and Relationship with The University of Texas M. D. Anderson Cancer Center.”
- General Partner:** The General Partner of the Fund will be Madelin Investment Partners, L.P., a Delaware limited partnership. Edward A. Fagin, Cynthia Ekberg Tsai, Fred Mermelstein, Ph.D. and Robin Smith, M.D., M.B.A. (each a “**Principal**”) will be owners of the General Partner and _____, LLC, the general partner of the General Partner.
- Manager:** The Fund will engage Madelin Management, LLC (the “**Manager**”), an affiliate of the General Partner, to provide various investment advisory services to the Fund. The Manager will sub-contract with UTMDACC to provide certain advisory services, including deal sourcing, scientific or feasibility due diligence and technology validation.
- Special Limited Partner and Relationship with The University of Texas M. D. Anderson Cancer Center:** The Fund has formed an alliance with UTMDACC and its Active Venture Development Program to enhance the Fund’s ability to identify, evaluate and launch ventures based on technologies and services originating either with UTMDACC or

from institutions, entities and individuals unaffiliated with UTMDACC. The General Partner expects that the Fund's alliance with UTMDACC will provide the Fund with enhanced deal flow, assistance in assessing opportunities, and access to opportunities incubated within the UTMDACC Active Venture Development Program. UTMDACC's capital commitment to the Fund will be equal to 10% of the total capital commitments, not to exceed \$5 million, and UTMDACC will receive 20% of the carried interest of the Fund as a Special Limited Partner in addition to its proportionate interest as a Limited Partner. UTMDACC will use its best efforts to show the Fund all legally available investment opportunities emanating from UTMDACC which are within the scope of the Fund's investment objectives. UTMDACC will have the right to participate as an observer in all meetings of the Principals of the General Partner relating to investment decisions except where considerations of confidentiality and/or conflict of interest make such participation inappropriate or prohibited.

Offering:

The securities being offered are limited partnership interests ("**Interests**"). The Fund is seeking total capital commitments ("**Commitments**") of \$50 million. Commitments in excess of or less than this amount may be accepted at the discretion of the General Partner. Commitments in excess of \$50 million shall not affect UTMDACC's maximum total commitment of \$5 million. Investors that subscribe for interests will become limited partners of the Fund (the "**Limited Partners**" and, together with the General Partner and Special Limited Partner, the "**Partners**").

Minimum Investment:

The minimum Commitment for a Limited Partner will be \$500,000 for individuals and \$1,000,000 for institutions, although the General Partner reserves the right to waive these minimums. The General Partner may, in its discretion, decline to accept any subscriptions that are tendered.

Closings:

An initial closing of the Fund (the "**Initial Closing**") will be held upon the acceptance of subscriptions for Commitments aggregating at least \$25 million inclusive of UTMDACC's 10% commitment and not until such commitments are obtained. The General Partner, in its discretion, may admit additional Limited Partners to the Fund or allow existing Partners to increase their Commitments at subsequent closings (each a "**Subsequent Closing**") held at its discretion until the date of the first anniversary of the Initial Closing (such first anniversary referred to hereafter as the "**Final Closing Date**"). All Partners, regardless of the closings at which they are admitted to the

Fund, will share in every Fund investment and expense pro rata in accordance with their respective subscriptions.

Each Limited Partner admitted at any Subsequent Closing (or which increases its Commitment after the date of the Initial Closing) will be required to pay to the Fund an amount (the “**Later Closing Amount**”) equal to the sum of: (a) an amount equal to the same percentage of its Commitment that has been contributed by the other Limited Partners; plus (b) an amount of interest accruing at a per annum rate equal to 8% on the amount of such prior capital contributions from the dates when such prior capital contributions would have been required to be drawn down through the date of such Subsequent Closing (the “**Interest Component**”). The amount referred to in (a) above will be distributed to the Partners that participated in the prior capital contributions pro rata in accordance with each such Partner’s capital contributions, provided that amounts representing the Management Fee (as defined below) and the Interest Component thereon shall be paid to the Manager. Amounts so distributed in respect of prior capital contributions will be available to be redrawn by the General Partner in the same manner and to the same extent as unfunded Commitments. Interest Components paid as provided above will be distributed to the Partners that participated in prior capital contributions in amounts reflecting the timing and amounts of those prior capital contributions and will not be treated as capital contributions to the Fund.

Term: Ten years from the Final Closing Date, subject to extension by the General Partner for up to three additional one-year periods.

Investment Period: The Partners will have no obligation to make additional capital contributions to fund new investments after the third anniversary of the date of the Initial Closing (the “**Investment Period**”); provided, however, that the General Partner may extend the Investment Period for a one-year period in its discretion; and provided, further, that after the end of the Investment Period the Partners will have a continuing obligation to make contributions to finance then existing commitments and complete investments in transactions which were in process at the close of the Investment Period, follow-on investments and to pay Fund Expenses (as defined below), liabilities and obligations, including management fees. Nothing in this section entitled “Investment Period” shall serve to increase UTMDACC’s maximum total Commitment of \$5 million.

Key Persons:

If more than two of the Principals cease to remain actively involved in the affairs and activities of the Fund, the General Partner shall promptly notify the Limited Partners and shall not make any new investments (except for follow-on investments or investments pursuant to a then existing legally binding agreement) without the approval of the Advisory Committee (as defined below). Such suspension shall continue until the General Partner presents a management plan that is approved by the Advisory Committee or a majority in interest of the Limited Partners.

Capital Calls:

Upon admission to the Fund at the Initial Closing each Partner will be required to contribute to the Fund an amount equal to 50% of such Partner's Commitment. Thereafter, following the use of the initial contributions for investments, organizational, offering and other Fund expenses and the maintenance of reserves, capital calls generally will be made as necessary to fund investments, meet expenses and liabilities of the Fund, or to establish and maintain cash reserves for such purposes as the General Partner deems necessary and appropriate, with not less than ten business days' prior written notice.

Any amounts returned to the Partners either (i) as a return of Commitments called in anticipation of an unconsummated Fund investment or (ii) as repayment of a Bridge Financing (as defined in "Bridge Financing" below) made by the Fund will be available for future Fund investments and expenses.

Reinvestment:

In addition to the foregoing, the General Partner may retain and reinvest otherwise distributable proceeds or subject all or a portion of such proceeds to a subsequent drawdown in order to enable the Fund to invest 100% of Commitments in portfolio investments.

Distributions:

The Fund intends to distribute available cash (net of reserves for permitted reinvestment, Fund Expenses or withholdings) on a timely basis and to make in-kind distributions of publicly traded securities as soon as those companies have reached an appropriate level of development. Distributions prior to termination may be made in the form of cash or freely traded securities. Upon liquidation, distributions also may consist of restricted securities or property.

Distributions shall be made in the following amounts and order of priority:

(i) First, 100% to the Partners until each Partner has received distributions equal to their aggregate capital contributions; and

(ii) Thereafter, (a) 20% to the General Partner and Special Limited Partner and (b) 80% to the Partners (the distributions paid to the General Partner and Special Limited Partner under clause (a) are referred to as distributions of “**Carried Interest**”).

The General Partner and Special Limited Partner may elect in their sole and absolute discretion not to receive all or any portion of any Carried Interest distributions that would otherwise be made to them. Any such distribution shall be, in the General Partner and Special Limited Partner’s sole discretion, either retained by the Fund on the General Partner and Special Limited Partner’s behalf or distributed to the Limited Partners. To the extent that the General Partner and Special Limited Partner elect not to receive any Carried Interest distribution, subsequent distributions shall be made to the General Partner and Special Limited Partner until they have received the amount of Carried Interest distributions they would then have been entitled to receive without such election; provided that no interest shall accrue on or be paid to the General Partner and Special Limited Partner with respect to any such deferred Carried Interest distributions.

The Fund may make cash distributions to the General Partner and the Special Limited Partner in an amount sufficient to pay the General Partner’s and the Special Limited Partner (or their respective owners’) income taxes on income allocated for tax purposes to the General Partner and the Special Limited Partner.

Valuation of In-Kind Distributions:

Distributions of freely tradable securities will be valued at the average closing trade prices for the ten business days immediately preceding distribution if closing trade prices generally are reported, and otherwise at the average closing bid prices for the ten business days immediately preceding distribution. Distributions of in-kind of assets other than freely tradable securities will be valued by the General Partner, taking all factors it deems relevant into account, subject to an objection procedure where a majority of the Limited Partners may object to the General Partner’s valuation and request a new valuation. If the General Partner and a majority of the Limited Partners

cannot agree on a valuation, an independent chartered financial analyst will determine the valuation. Valuations determined in the above manner shall be binding on the Partners for all purposes, including determination of Carried Interest distributions to the General Partner and Special Limited Partner.

Clawback:

If, after the Fund has made its final liquidating distribution, the General Partner and Special Limited Partner have received aggregate distributions with respect to their Carried Interest in excess of 20% of the Fund's cumulative net profits, the General Partner and Special Limited Partner will return to the Fund the amount of that excess, net of tax distributions made to the General Partner and Special Limited Partner that are attributable to their Carried Interest (calculated in accordance with the Fund's Partnership Agreement).

Bridge Financing:

The Fund may provide interim financing ("**Bridge Financing**") in order to facilitate a portfolio investment. A Bridge Financing recouped within one year following the date of the closing of such financing may be retained by the Fund for reinvestment or used to pay Fund expenses or it may be returned to the Partners and added to unfunded Commitments that will be subject to recall by the Fund. During such one-year period, a Bridge Financing will be treated as a short-term investment and will not be subject to the carried interest provisions outlined in "Distributions" above.

A Bridge Financing not recouped within one year will be treated as a permanent investment in the portfolio company. Hence, after such one-year period, interest earned will not be treated as short-term interest income, and the Bridge Financing will be subject to the carried interest provisions outlined in "Distributions" above.

Management Fee:

A management fee for management and administrative services (the "**Management Fee**") will be payable by the Fund, quarterly in advance, to the Manager and will commence as of the Initial Closing. Until the first calendar year after the end of the Investment Period, the Management Fee will equal 2.5% per annum of the Fund's aggregate Commitments. Thereafter, the Management Fee will be reduced by 10% per year, but in no event shall be less than 1.5% of the Fund's aggregate Commitments.

Pursuant to the Manager's sub-advisory agreement with UTMDACC, the Manager will pay UTMDACC compensation in respect of the due diligence and other services to be provided by UTMDACC. In no event shall such services constitute

management and/or administrative services. Such compensation generally shall be in an amount up to 20% of the annual Management Fee as set forth in the attached Schedule A.

All transaction fees and break-up fees paid to the General Partner or Manager in any fiscal year by the Fund's portfolio companies will be used to reduce the Management Fee arising in the following fiscal year. All other remuneration paid to the General Partner or Manager by the Fund's portfolio companies, including director's fees, consulting fees, advisory fees or other similar remuneration, will not be offset against the Management Fee. In addition, any reimbursement of the Manager or its respective employees or affiliates for out-of-pocket expenses incurred on behalf of a portfolio company or for compensation for services as an employee or officer of a portfolio company will not be offset against the Management Fee.

The Management Fee will commence as of the Initial Closing Date based on total Commitments, regardless of when a Limited Partner is actually admitted.

Organizational and Offering Expenses:

The Fund will bear all reasonable organizational expenses of the Fund, the General Partner and the Manager, and all reasonable expenses (including fees and expenses of placement agents) incurred in connection with the offering of the Interests.

General Partner's and Manager's Expenses:

Each of the General Partner and Manager will be responsible for its normal operating expenses, including salaries and employee benefits, office expenses, office and equipment rental and bookkeeping.

Fund Expenses:

In addition to the Management Fee, to the extent the following fees, costs and expenses are not paid by portfolio companies or others, the Fund will pay and be responsible for all of its other expenses, including but not limited to: all fees, costs and expenses of and incidental to the holding, developing, negotiating, structuring, making and disposing of portfolio investments (whether or not consummated); the cost of the preparation of the annual audit, financial and tax reports to Partners, and other reports to and communications with Partners; fees and expenses of tax advisers, attorneys, accountants, auditors and consultants; all routine administrative expenses; litigation-related expenses; costs and expenses associated with meetings of the Limited Partners and of the Advisory Committee and Scientific Advisory Board of the Fund; all other legal fees, costs and expenses incident to the Fund, its formation, its management and activities; interest and

other expenses relating to any Fund indebtedness; insurance premiums; fees incurred by the Fund for special advisory or consulting services; brokerage commissions, custodial expenses, securities filing fees and other investment costs; any taxes, fees or other governmental charges levied against the Fund; expenses of liquidating the Fund, including without limitation any legal, accounting, advisory, financing and consulting costs and expenses in connection therewith and all extraordinary fees, costs and expenses (all of the foregoing, “**Fund Expenses**”).

Advisory Committee:

The Fund will have an Advisory Committee consisting of at least three persons chosen by the General Partner from Limited Partners or persons associated with the Limited Partners, including one person from or associated with UTMDACC (the “**Advisory Committee**”). The Advisory Committee will provide such advice and counsel as is requested by the General Partner in connection with potential conflicts of interest, portfolio valuation and other Fund matters. The Fund will reimburse each Advisory Committee member for reasonable out-of-pocket expenses.

Scientific Advisory Board:

The General Partner, with the assistance of UTMDACC, will form a Scientific Advisory Board of leading professionals from UTMDACC and other leading institutions to advise the Fund on matters relating to investment strategy, deal sourcing, due diligence and validation and related matters.

Indemnification:

The Fund will indemnify and hold harmless the General Partner, the Manager, the Special Limited Partner and any of their affiliates, shareholders, partners, officers, directors, employees, or agents, and any members of the Investment Committee (“**Indemnitees**”) for any and all claims, liabilities, losses, damages, costs and expenses incurred by such Indemnitee or to which such Indemnitee may be subject by reason of its activities on behalf of the Fund or in furtherance of the interest of the Fund or otherwise arising out of or in connection with the Fund and its portfolio companies and as otherwise provided for in the Partnership Agreement (including activities of any Indemnitees that relate to the offer or sale of Interests in the Fund in reliance on any representations or warranties made by any Limited Partner), except that this indemnity shall not apply to losses that are found by a court of competent jurisdiction or an arbitrator or arbitration panel to have resulted from such Indemnitee’s own fraud, wilful misconduct, gross negligence or wilful and material breach of the Partnership Agreement. Limited Partners will be obligated

to return amounts distributed to them to fund indemnity obligations (without regard to their Commitments), subject to certain limitations described in the Partnership Agreement. Members of the Advisory Committee will also be entitled to indemnification from the Fund as provided in the Partnership Agreement.

The Indemnitees also have the benefit of exculpation provisions similar to the foregoing as set forth in the Partnership Agreement. The Fund may agree to indemnify and exculpate certain finders and advisers engaged in connection with the placement of interests in the Fund to the maximum extent permitted by law.

**Transferability of Interests;
Withdrawal:**

A Limited Partner may not sell, assign or transfer its Interest except under certain limited circumstances and with the prior written consent of the General Partner. Withdrawals of capital are not permitted except under certain limited circumstances to comply with certain laws or regulations applicable to a Limited Partner.

Investment Guidelines:

The General Partner will not, without the prior approval of the Advisory Committee, (a) invest more than 20% of the Fund's total Commitments in the securities of any single issuer, (b) make open-market purchases of publicly-traded securities at a cost in excess of 10% of the Fund's total Commitments, (c) invest in any pooled investment vehicle requiring the payment of additional management fees or carried interest, or (d) invest initially in a portfolio company of any other investment vehicle managed by affiliates of the General Partner.

The Fund may borrow money only on a short-term basis pending drawdowns of Commitments, not to exceed at any time 10% of the Fund's total committed capital.

**Co-Investment
Opportunities:**

In the event that, after the General Partner determines the amount that the Fund should invest in a portfolio investment, and after taking into account any joint investment relationships, deal sourcing and strategic reasons to allocate any opportunity to invest additional amounts in such portfolio investment to third parties, there is still an opportunity to invest additional sums in such portfolio investment (any such additional amount being a "**Co-Investment Opportunity**"), then the General Partner shall offer a portion of such Co-Investment Opportunity to any Limited Partners that, at the time of their admission to the Fund, elected in writing with the General Partner to receive such offers. Each such Limited Partner will be entitled (but not

obligated) to invest outside the Fund in such Co-Investment Opportunities in an amount equal to the amount of such Co-Investment Opportunity multiplied by a fraction, the numerator of which is such Limited Partner's Commitment and the denominator of which is the aggregate Commitments of all Partners. All or any part of any remaining Co-Investment Opportunity may be offered by the General Partner in its sole discretion to any other person or persons (including, without limitation, any third parties, Limited Partners of the Fund, the General Partner or any of the Principals or their affiliates). The General Partner and its affiliates may establish an investment vehicle in connection with the making of co-investments.

Defaults by Limited Partners:

The Partnership Agreement will provide that any Limited Partner which defaults with respect to any payment of its Commitment when due shall be subject to various consequences specified therein, including the imposition of an interest charge, punitive dilution of its interest, set-off against or withholding of distributions payable to such Partner, the sale of its Interest, a loss of future participation in Fund profits and the cancellation of its remaining Commitment. A defaulting Limited Partner shall remain liable to the Fund, the General Partner and the Manager for its share of Fund Expenses, including the Management Fee, through the remaining life of the Fund. A default by any one Partner will not relieve any other Partner from its obligations to fund a capital call. The General Partner may require each non-defaulting Limited Partner to make an additional capital contribution in respect of such portfolio investment equal to its pro rata share of the defaulted capital contribution; provided that no Limited Partner will be required to fund amounts in excess of its unfunded Commitment. Any additional capital contributions made by a non-defaulting Limited Partner will reduce the unfunded Commitment of such Limited Partner.

Other Activities:

Without the consent of a majority in interest of the Limited Partners, neither the General Partner nor any affiliate will organize another investment fund with investment objectives substantially similar to those of the Fund until the earliest of (i) the date on which 75% of the Fund's total Commitments have been expended, invested or reserved for follow-on investments in existing portfolio companies or reserved for reasonably anticipated expenses of the Fund, (ii) the end of the Investment Period, and (iii) the dissolution of the Fund.

Reports:	The General Partner will use commercially reasonable efforts to provide the Limited Partners, within 90 days of the conclusion of each fiscal year, with (i) an annual audited report and (ii) annual tax information necessary for completion of their income tax returns. The General Partner will use commercially reasonable efforts to provide the Limited Partners, within 60 days of the conclusion of each of the first three fiscal quarters, with unaudited quarterly financial statements. Limited Partners will keep such reports and all other Fund information strictly confidential.
Potential Parallel Investment Vehicle:	The Fund is intended to comply with the Investment Company Act of 1940 (the “ Investment Company Act ”) by virtue of either Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act. The General Partner may organize separate parallel partnerships to address any legal, tax or regulatory concerns of particular investors. If such parallel partnerships are established, such partnerships and the Fund will operate in parallel, participate proportionately in all investment opportunities and share proportionately in all investment expenses.
Employee Benefit Plan Regulations:	The General Partner intends to conduct the operations of the Fund so that it will be an appropriate investment for employee benefit plans subject to the Employee Retirement Income Security Act of 1974, as amended (“ ERISA ”). In particular, the General Partner will use commercially reasonable efforts to ensure that the Fund will not be deemed to hold the “plan assets” of such employee benefit plans under the plan asset regulations promulgated by the Department of Labor. The fiduciary of each prospective plan investor must independently determine that the Fund is an appropriate investment for such plan, taking into account the fiduciary’s obligations under ERISA and the facts and circumstances of each investing plan.
Tax-Exempt Investors:	The Fund will use commercially reasonable efforts to avoid causing any tax-exempt Limited Partner to realize “unrelated business taxable income.”
Confidentiality:	The Limited Partners will be required to give an undertaking that they shall not, and shall make reasonable efforts to ensure that every person connected or associated with such Limited Partner shall not, disclose to any person, firm or corporation, or use to the detriment of the Fund, the General Partner or the Manager, any confidential information which may have come to its knowledge as a result of being a Limited Partner in the Fund and concerning the affairs of the Fund, the General Partner, the

Manager, the Special Limited Partner, any of the Limited Partners or concerning any actual or proposed investment by the Fund, unless required to do so by law or by the regulations of any relevant stock exchange or other regulatory authority which has jurisdiction over it.

Amendments; Entire Agreement:

The Partnership Agreement may be amended from time to time with the written consent of the General Partner and a majority in interest of the Limited Partners, except that no amendment may increase any Limited Partner's Commitment, reduce its share of the Fund's distributions, income or gains or increase such Limited Partner's share of losses or change the amendment provisions in a manner adverse to such Limited Partner, without the consent of such Limited Partner nor may any amendment change the percentage of interests of Limited Partners required for any consent without the approval of the percentage of such interests that would be required for the consent in question. Notwithstanding the foregoing, the General Partner may amend the Partnership Agreement without the consent of the Limited Partners in connection with a subsequent closing so long as the amendment does not adversely affect the rights and obligations of any existing Limited Partner as a whole in any material respect and the amendment is not objected to by Limited Partners representing 20% or more of the Fund's Commitments.

The Fund or the General Partner, without any further act, approval or vote of any Partner, may enter into side letters or other writings with individual Limited Partners which have the effect of establishing rights under, or altering or supplementing, the terms of the Partnership Agreement in regards to such Limited Partner, and only such Limited Partner. Any rights established, or any terms of the Partnership Agreement altered or supplemented, in a side letter with a Limited Partner shall govern solely with respect to such Limited Partner and only such Limited Partner (but not any of such Limited Partner's assignees or transferees unless so specified in such side letter) notwithstanding any other provision of the Partnership Agreement.

Legal Counsel:

Fulbright & Jaworski L.L.P. will act as counsel to the Fund.

Execution:

Execution of this document as provided below represents the intent but no obligations of the parties.

The Madelin Fund, L.P. By and Through

Date

Leon Leach
Executive Vice President
The University of Texas M. D. Anderson Cancer Center

Date

SCHEDULE A

Percentage of Management
Fee Payable to M.D.
Anderson Services Corp.

Size of Fund



TABLE OF CONTENTS FOR FACILITIES PLANNING AND CONSTRUCTION COMMITTEE

Committee Meeting: 5/10/2006

Board Meeting: 5/11/2006
Austin, Texas

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

	Committee Meeting	Board Meeting	Page
A. Convene	<i>10:00 a.m.</i> <i>Chairman Barnhill</i>		
1. U. T. System: Consideration of possible designation of projects as architecturally or historically significant	<i>10:00 a.m.</i> Action <i>Mr. Dixon</i>	Action	147
<ul style="list-style-type: none"> • U. T. Austin Chilling Station Replacement • U. T. Austin Computer Sciences Building • U. T. Austin Renovation of John W. Hargis Hall with Visitor Center • U. T. Austin Student Activity Center • U. T. Dallas Campus Landscape Enhancement Project • U. T. El Paso Basketball Complex 			
2. U. T. Arlington: Student Activities Building Renovation and Expansion - Phase I - Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2006-2007 Capital Budget to increase total project cost; approval of design development; approval of evaluation of alternative energy economic feasibility; appropriation of funds and authorization of expenditure; and resolution regarding parity debt	<i>10:04 a.m.</i> Action <i>Mr. Dixon</i>	Action	155
3. U. T. Austin: Performing Arts Center Infrastructure Upgrades Phase I and II - Request for approval of design development and approval of evaluation of alternative energy economic feasibility	<i>10:08 a.m.</i> Action <i>Mr. Dixon</i>	Action	157
4. U. T. Austin: Renovations to UFCU Disch-Falk Field - Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2006-2007 Capital Budget to increase total project cost; approval of design development; approval of evaluation of alternative energy economic feasibility; appropriation of funds and authorization of expenditure; and resolution regarding parity debt	<i>10:12 a.m.</i> Action <i>Mr. Dixon</i>	Action	158

	Committee Meeting	Board Meeting	Page
5. U. T. Health Science Center – San Antonio: Cyclotron Addition - Request for approval of design development; approval of evaluation of alternative energy economic feasibility; and appropriation of funds and authorization of expenditure	<i>10:16 a.m.</i> Action <i>Mr. Dixon</i>	Action	160
6. U. T. Health Science Center - Houston: Expansion of RAHC Public Health Satellite - Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2006-2007 Capital Budget to decrease total project cost; approval of design development plans; approval of evaluation of alternative energy economic feasibility; approval to revise funding sources; appropriation of funds and authorization of expenditure; and authorization of institutional management	<i>10:20 a.m.</i> Action <i>Mr. Dixon</i>	Action	162
7. U. T. M. D. Anderson Cancer Center: Braeswood Parking Garage - Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2006-2007 Capital Budget to increase total project cost; approval of design development; approval of evaluation of alternative energy economic feasibility; appropriation of funds and authorization of expenditure; and resolution regarding parity debt	<i>10:24 a.m.</i> Action <i>Mr. Dixon</i>	Action	163
8. U. T. Arlington: Energy Performance Contract - Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2006-2007 Capital Budget to increase total project cost; appropriation of funds and authorization of expenditure; and resolution regarding parity debt	<i>10:27 a.m.</i> Action <i>Mr. Dixon</i>	Action	166
9. U. T. Austin: Applied Research Lab Expansion - Phase II - Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2006-2007 Capital Budget to increase total project cost and appropriation of funds and authorization of expenditure	<i>10:31 a.m.</i> Action <i>Mr. Dixon</i>	Action	167
10. U. T. Austin: Nueces Garage - Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2006-2007 Capital Budget to reduce total project cost and redesignate project as the San Antonio Garage Additional Parking Levels	<i>10:34 a.m.</i> Action <i>Mr. Dixon</i>	Action	168
11. U. T. Southwestern Medical Center - Dallas: Laboratory Research and Support Building (formerly Biosafety Level Three Laboratory) - Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2006-2007 Capital Budget to increase total project cost; appropriation of funds and authorization of expenditure; and resolution regarding parity debt	<i>10:37 a.m.</i> Action <i>Mr. Dixon</i>	Action	169
12. U. T. M. D. Anderson Cancer Center: Bastrop Research and Education Building (Phase I of the Bastrop Facility Strategic Plan) - Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2006-2007 Capital Budget to increase total project cost; revise funding sources; and appropriation of funds and authorization of expenditure	<i>10:40 a.m.</i> Action <i>Mr. Dixon</i>	Action	171

	Committee Meeting	Board Meeting	Page
13. U. T. M. D. Anderson Cancer Center: South Campus Vivarium Facility - Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2006-2007 Capital Budget to increase total project cost and appropriation of funds and authorization of expenditure	<i>10:43 a.m.</i> Action <i>Mr. Dixon</i>	Action	172
14. U. T. Austin: Request to Name the Visitors' Center at McDonald Observatory as the Frank N. Bash Visitors' Center at McDonald Observatory	<i>10:45 a.m.</i> Action <i>Mr. Dixon</i>	Action	174
B. CONVENE JOINT MEETING WITH HEALTH AFFAIRS COMMITTEE	<i>11:00 a.m.</i> <i>Chairman Barnhill & Chairman Clements</i>		
15. U. T. Medical Branch - Galveston: Discussion of long-term plan for clinical activities and Jennie Sealy Hospital Replacement project	<i>11:00 a.m.</i> Action <i>Dr. Shine</i> <i>President Stobo</i> <i>Dr. Kelley</i>	Action	175
C. ADJOURN JOINT MEETING	<i>11:15 a.m.</i>		

1. **U. T. System: Consideration of possible designation of projects as architecturally or historically significant**

- U. T. Austin Chilling Station Replacement
- U. T. Austin Computer Sciences Building
- U. T. Austin Renovation of John W. Hargis Hall with Visitor Center
- U. T. Austin Student Activity Center
- U. T. Dallas Campus Landscape Enhancement Project
- U. T. El Paso Basketball Complex

RECOMMENDATION

It is recommended that the Committee review the following projects scheduled for architectural selection to determine if any should be designated as architecturally or historically significant. Regents' *Rules and Regulations*, Series 80302, requires that proposed projects be reviewed to determine if any are of special interest because of proposed building site, historical or cultural significance, proposed use, or other unique characteristics. For projects of special interest, the Facilities Planning and Construction Committee will select the architect.

U. T. Austin

Chilling Station Replacement (See Page 149 and Item 14 on Page 110 in the Academic Affairs Committee)

Proposed Project Cost: \$35,000,000

Anticipated Delivery Method: Construction Manager at Risk

Computer Sciences Building (See Page 150 and Item 11 on Page 106 in the Academic Affairs Committee)

Proposed Project Cost: \$67,000,000

Anticipated Delivery Method: Construction Manager at Risk

Renovation of John W. Hargis Hall with Visitor Center (See Page 151 and Item 12 on Page 107 in the Academic Affairs Committee)

Proposed Project Cost: \$3,500,000

Anticipated Delivery Method: Construction Manager at Risk

Student Activity Center (See Page 152 and Item 13 on Page 109 in the Academic Affairs Committee)

Proposed Project Cost: \$44,000,000

Anticipated Delivery Method: Construction Manager at Risk

U. T. Dallas

Campus Landscape Enhancement (See Page 153 and Item 15 on Page 111 in the Academic Affairs Committee)

Proposed Project Cost: \$10,000,000

Anticipated Delivery Method: Competitive Sealed Proposals

U. T. El Paso

Basketball Complex (See Page 154 and Item 16 on Page 112 in the Academic Affairs Committee, and Items 1 and 2 on Page Docket - 18)

Proposed Project Cost: \$10,600,000

Anticipated Delivery Method: Construction Manager at Risk

Chilling Station Replacement U. T. Austin

Project Description. The new modern and energy efficient Chilling Station Replacement is being requested for addition to the FY 2006-2011 Capital Improvement Program at a total project cost of \$35,000,000 (See Item 14 on Page 110). This project will construct a new building of approximately 27,000 gross square feet to replace Chilling Station No. 2 containing equipment around 50 years old. The project will also involve building a new cooling tower, within the power plant complex, to serve the chillers. Chilling Station No. 2 and related cooling tower will be demolished after this new Chilling Station Replacement is completed. Demolition of the existing Chilling Station No. 2 will accommodate the new building for Computer Sciences. The cost to demolish Chilling Station No. 2 is included in the Computer Sciences Building project.

Proposed Site. The project will occupy a site adjacent to the Hal C. Weaver Power Plant Annex currently occupied in part by an addition on the east end of T. U. Taylor Hall, containing two antiquated auditorium classrooms. The new cooling tower supporting the new chilling station will replace an existing wooden cooling tower, around 30 years old, in the power plant yard between the Power Plant Annex building and PPL (Hal C. Weaver Power Plant), both part of the power plant complex.

Age. The proposed new building is a new facility that will replace Chilling Station No. 2, built in 1930.

Current/Past Use of the Building, and Compliance with the Campus Master Plan. Design guidelines in the Campus Master Plan will dictate the appearance of the new building, plus its connection to the adjacent existing Power Plant. The current use of Chilling Station No. 2 is to provide chilled water to cool the campus. The current system provides 7,500 tons of cooling and the new system will provide 10,000 tons of cooling, plus equipment intended to improve the power plant efficiency. The additional capacity is needed to support campus growth and cooling needs. Demolition of the existing building structure will allow the construction of a new building to support the Department of Computer Sciences.

Other Relevant Information. The proposed site lies south of the Power Plant Annex, just to the east of T. U. Taylor Hall.

Computer Sciences Building U. T. Austin

Project Description. The Computer Sciences Building is being requested for addition to the FY 2006-2011 Capital Improvement Program at a total project cost of \$67,000,000 (See Item 11 on Page 106). This project will construct a new building of approximately 138,500 gross square feet.

Proposed Site. A site adjacent to existing buildings housing the Department of Computer Sciences space and currently occupied by Chilling Station No. 2 will become available when the existing chilling station is replaced in a separate project by a modern, energy-efficient chilling station adjacent to the existing Power Plant Annex. The new Computer Sciences Building will connect to T. U. Taylor Hall and the Applied Computational Engineering and Sciences Building.

Age. The proposed new building is a new facility.

Current/Past Use of the Building, and Compliance with the Campus Master Plan. Design guidelines in the Campus Master Plan will dictate the appearance and height of the new building plus its connection to the adjacent existing buildings. The current use of T. U. Taylor Hall is academic space to support the Department of Computer Sciences.

Other Relevant Information. The proposed site lies just north of the E. P. Schoch Building and the East Mall.

Renovation of John W. Hargis Hall with Visitor Center U. T. Austin

Project Description. The Renovation of John W. Hargis Hall with Visitor Center is being requested for addition to the FY 2006-2011 Capital Improvement Program at a Total Project Cost of \$3,500,000 (See Item 12 on Page 107). This project will renovate John W. Hargis Hall to upgrade the building for life safety and accessibility compliance while also adding a visitor center and making improvements to space that houses Freshman Admissions.

Proposed Site. John W. Hargis Hall is located just north of the Frank C. Erwin Special Events Center, at the corner of Martin Luther King, Jr. Boulevard and Red River Street.

Age. John W. Hargis Hall was built in 1888.

Current/Past Use of the Building, and Compliance with the Campus Master Plan. The proposed project does not envision making any substantial change to the exterior appearance of the building.

Other Relevant Information. Formerly Building H of the Little Campus property (now the Heman Sweatt Campus); renamed in 1983 for former special assistant to the president of the University.

Student Activity Center U. T. Austin

Project Description: The Student Activity Center is being requested for addition to the FY 2006-2011 Capital Improvement Program at a Total Project Cost of \$44,000,000 (See Item 13 on Page 109). This project will construct a new building of approximately 125,000 gross square feet.

Proposed Site: The Student Activity Center will be constructed on an existing parking lot, located on the East Mall near the Dr. Martin Luther King, Jr., statue, Gregory Gymnasium, and the new Gregory Gymnasium Aquatic Complex. This location will place the new facility in the geographic center of the core campus. The Campus Master Plan recognized the value of this central location and recommended the parking lot north of Gregory Gymnasium as a prime site for a future building.

Age: The proposed building is a new facility.

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

The Campus Master Plan recognized the value of this central location and recommended the parking lot north of Gregory Gymnasium as a prime site for a future building. Recommendations in the Campus Master Plan will guide the appearance and height of the new building.

Other Relevant Information: A thorough Feasibility Study looked at several possible sites and revealed the proposed site as the prime location for the Student Activity Center.

Campus Landscape Enhancement Project U. T. Dallas

Project Description. The Campus Landscape Enhancement Project will be in the FY 2006-2011 Capital Improvement Program at a Total Project Cost of \$10,000,000 as a repair and rehabilitation project (See Item 15 on Page 111). This project will enhance the campus perimeter along Campbell Road frontage, the University Boulevard entrance, the campus central plaza surrounded by the McDermott Library, the Student Union, the Founders Building and the Cecil H. and Ida Green Center for the Study of Science and Society, and the secondary project elements such as the north mall and Rutford Avenue. This project will also provide recommendations regarding parking, vehicular traffic, and placement of future buildings and housing.

Proposed Site. This project involves the entire U. T. Dallas campus.

Age. Not Applicable.

Current/Past Use of the Project, Compliance with the Campus Master Plan. This project is in keeping with the U. T. Dallas Campus Master Plan 2003 update which calls for enhancing the open space and landscaping and developing visibility to the community on all sides.

Other Relevant Information. U. T. Dallas is using the competitive sealed proposal for project delivery and is issuing Requests for Qualifications for the Landscape Architect selection.

**Basketball Complex
U. T. El Paso**

Project Description: The Basketball Complex is being requested for addition to the FY 2006-2011 Capital Improvement Program at a Total Project Cost of \$10,600,000 (See Item 16 on Page 112). This project will construct a new building of approximately 41,000 gross square feet.

Proposed Site: The Basketball Complex will be constructed adjacent to the Don Haskins Special Events Center. This location currently has a small building of 2,006 gross square feet which houses the University Ticket Center. This small building was previously a gas station and was acquired by the University in 1977. This small building is not historically significant.

Age: The proposed building is a new facility.

Current/Past Use of the Building, and Compliance with the Campus Master Plan: The Campus Master Plan indicates that development of this site should be in support of activities related to the Don Haskins Special Events Center. This project is therefore in compliance with the Master Plan.

Other Relevant Information: None.

2. **U. T. Arlington: Student Activities Building Renovation and Expansion - Phase I - Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2006-2007 Capital Budget to increase total project cost; approval of design development; approval of evaluation of alternative energy economic feasibility; appropriation of funds and authorization of expenditure; and resolution regarding parity debt**

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 Student Activities Building Renovation and Expansion - Phase I project at The University of Texas at Arlington as follows:

Project Number: 301-226

Architecturally or Historically Significant: Yes No

Project Delivery Method: Construction Manager at Risk

Substantial Completion Date: January 2008

Total Project Cost:	<u>Source</u>	<u>Current</u>	<u>Proposed</u>
	Revenue Financing System Bond Proceeds	\$16,370,005	\$30,000,000

- a. increase total project cost;
- b. approve design development plans;
- c. approval of evaluation of alternative energy economic feasibility;
- d. appropriate funds and authorize expenditure of funds; and
- e. 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 \$13,629,995.

BACKGROUND INFORMATION

Debt Service

The total \$30,000,000 in Revenue Financing System debt will be repaid from net revenues generated from campus recreation fees. Average annual debt service on the project is estimated at \$2.1 million. The institution's debt service coverage with the inclusion of this project is expected to be at least 2.5 times and average 2.8 times over FY 2006 - FY 2011.

Previous Board Action

On August 11, 2005, the repair and rehabilitation project was included in the CIP with a preliminary project cost of \$16,370,005 with funding appropriated from Revenue Financing System Bond Proceeds.

Project Description

This project will add 83,000 gross square feet of new space to the existing Activities Building and renovate 102,000 gross square feet of existing space. The project scope will renovate the entrances, existing locker rooms, existing basketball courts, and auditorium. The project scope will add 19,000 gross square feet for a weight and fitness space, a 1/7 mile fitness track, two courts to the existing two basketball courts, a student social area, a learning computer area, and training and office spaces to accommodate the needs of the Campus Recreation programs.

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

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

3. U. T. Austin: Performing Arts Center Infrastructure Upgrades Phase I and II - Request for approval of design development and approval of evaluation of alternative energy economic feasibility

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Powers that the U. T. System Board of Regents approve the recommendations for the Performing Arts Center Infrastructure Upgrades Phase I and II project at The University of Texas at Austin as follows:

Project Number: 102-159

Architecturally or Historically Significant: Yes No

Project Delivery Method: Design/Build

Substantial Completion Date: September 2008

Total Project Cost:	<u>Source</u>	<u>Current</u>
	Revenue Financing System Bond Proceeds	\$14,200,000
	Unexpended Plant Funds	\$ 500,000
		<u>\$14,700,000</u>

- a. approve design development plans for the exterior appearance of the south elevation of the building resulting from the entry lobby/atrium expansion; and
- b. approve the evaluation of alternative energy economic feasibility.

BACKGROUND INFORMATION

Previous Board Actions

On November 13, 2002, the Phase I project was included in the Capital Improvement Program (CIP) with a preliminary project cost of \$400,000 for Programming only with funding from Designated Tuition. Boora Architects was selected for the repair and renovation project for fire and life safety upgrades to the facility. On August 8, 2003, the Phase II project was included in the CIP with a preliminary project cost of \$7,600,000 with funding from Revenue Financing System Bond Proceeds. With the adoption of the CIP on August 11, 2005, Phase I and Phase II of the project were combined in the CIP and the total project cost increased to \$14,700,000 to include additional renovation work and program enhancement work as described in the program document as opportunities for enhanced egress, accessibility, and performing art center support spaces. The total project cost is funded with \$14,200,000 from Revenue Financing System Bond Proceeds and \$500,000 from Unexpended Plant Funds. Under the

proposal, the lobby/atrium was expanded and, as a result, the south facade was changed and enhanced. Because of the proposed change to the exterior appearance, this project is back before the Board of Regents for review and approval.

Project Description

The project is a repair and rehabilitation project consisting of fire and life safety upgrades for the exit path, the fire protection, the mechanical system, and exposed finishes.

Renovation work will include changes to the exterior appearance of the south elevation of the building lobby/atrium at all levels.

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.

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

4. **U. T. Austin: Renovations to UFCU Disch-Falk Field - Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2006-2007 Capital Budget to increase total project cost; approval of design development; approval of evaluation of alternative energy economic feasibility; appropriation of funds and authorization of expenditure; and resolution regarding parity debt**

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Powers that the U. T. System Board of Regents approve the recommendations for the Renovations to UFCU Disch-Falk Field project at The University of Texas at Austin as follows:

Project Number: 102-225

Architecturally or Historically Significant: Yes No

Project Delivery Method: Construction Manager at Risk

Substantial Completion Date: February 2008

Total Project Cost:	<u>Source</u>	<u>Current</u>	<u>Proposed</u>
	Revenue Financing System Bond Proceeds	\$11,000,000	\$14,000,000
	Gifts	<u>\$ 7,000,000</u>	<u>\$ 7,000,000</u>
		\$18,000,000	\$21,000,000

- a. increase total project cost;
- b. approve design development plans;
- c. approval of evaluation of alternative energy economic feasibility;
- d. appropriate funds and authorize expenditure of funds; and
- e. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that
 - parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt;
 - sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System; and
 - U. T. Austin, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$3,000,000.

BACKGROUND INFORMATION

Debt Service

The \$14,000,000 in total Revenue Financing System debt will be repaid from net revenues generated from ticket sales. Average annual debt service on the project is estimated at \$1.2 million. The institution's debt service coverage with the inclusion of this project is expected to be at least 1.02 times and average 1.08 times over FY 2008 - FY 2010.

Previous Board Actions

On August 11, 2005, the project was included in the CIP with a preliminary project cost of \$18,000,000 with funding of \$11,000,000 from Revenue Financing System Bond

Proceeds and \$7,000,000 from Gifts. On October 12, 2005, the Board approved the name change from Disch-Falk Field to the UFCU Disch-Falk Field.

Project Description

This project includes abatement of existing asbestos-containing materials and lead-based paint; renovations and expansion to the seating areas, the press box, player development areas, and public concourses and plazas; renovations and upgrades to concessions and restrooms; renovations to the ticket office; replacement of the field lighting system; a new facade; upgrades to the sound system; a new spectator club area; and new spectator suites. The proposed increase in the total project cost will provide additional improvements to player development areas, accessibility, and fire and life safety elements.

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

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

5. **U. T. Health Science Center - San Antonio: Cyclotron Addition - Request for approval of design development; approval of evaluation of alternative energy economic feasibility; and appropriation of funds and authorization of expenditure**

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and President Cigarroa that the U. T. System Board of Regents approve the recommendations for the Cyclotron Addition project at The University of Texas Health Science Center at San Antonio as follows:

Architecturally or Historically Significant:

Yes No

Project Delivery Method: Construction Manager at Risk

Substantial Completion Date: January 2007

Total Project Cost:	<u>Source</u>	<u>Current</u>
	Gifts	\$1,600,000
	Library, Equipment, Repair and Rehabilitation	\$ 500,000
	Unexpended Plant Funds	<u>\$ 900,000</u>
		\$3,000,000

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

BACKGROUND INFORMATION

Previous Board Action

On November 10, 2005, the project was included in the Capital Improvement Program (CIP) with a preliminary project cost of \$3,000,000 with funding of \$1,600,000 from Gifts, \$900,000 from Unexpended Plant Funds, and \$500,000 from Library, Equipment, Repair and Rehabilitation (LERR).

Project Description

This project will add approximately 3,000 gross square feet to the Robert F. McDermott Clinical Science Building. Recently, Dr. Peter Fox, Director of the Research Imaging Center (RIC), was successful in recruiting a renowned scientist who requires a state-of-the-art dual beam, negative ion cyclotron. The RIC is used to study basic mechanisms of cognition, learning, development, and aging in animal models for human diseases. One of the RIC's most heavily used resources is the cyclotron. The cyclotron is now a 13 year old single-beam system producing radiotracers that are used for imaging. The purchase of a new cyclotron and associated radio-synthetic equipment will approximately triple the production capacity of the present cyclotron and support radiopharmaceutical research.

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

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

6. U. T. Health Science Center - Houston: Expansion of RAHC Public Health Satellite - Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2006-2007 Capital Budget to decrease total project cost; approval of design development plans; approval of evaluation of alternative energy economic feasibility; approval to revise funding sources; appropriation of funds and authorization of expenditure; and authorization of institutional management

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and President Willerson that the U. T. System Board of Regents approve the recommendations for the Expansion of RAHC (Regional Academic Health Center) Public Health Satellite project at The University of Texas Health Science Center at Houston as follows:

Project Number: 701-250
Institutionally Managed: Yes No
Architecturally or Historically Significant: Yes No

Project Delivery Method: Design/Build
Substantial Completion Date: February 2007

Total Project Cost:	<u>Source</u>	<u>Current</u>	<u>Proposed</u>
	Grants	\$3,000,000	
	Unexpended Plant Funds	\$1,000,000	
		\$4,000,000	
	Library, Equipment, Repair and Rehabilitation		\$3,000,000

- a. decrease total project cost;
- b. approve design development plans;
- c. approve the evaluation of alternative energy economic feasibility;
- d. revise funding sources;
- e. appropriate funds and authorize expenditure of funds; and
- f. authorize U. T. Health Science Center - Houston to manage the total project budgets, appoint architects, approve facility programs, prepare final plans, and award contracts.

BACKGROUND INFORMATION

Previous Board Action

On August 7, 2003, the project was included in the Capital Improvement Program (CIP) with a preliminary project cost of \$4,000,000 with funding of \$3,000,000 from Grants and \$1,000,000 from Unexpended Plant Funds.

Project Description

U. T. Health Science Center - Houston is requesting institutional management for the project. The scope of the project will be revised and the funding sources will be revised from \$3,000,000 from Grants and \$1,000,000 from Unexpended Plant Funds to \$3,000,000 from Library, Equipment, Repair and Rehabilitation (LERR). The project completes approximately 7,600 gross square feet of shell space already existing in the building and creates 4,500 gross square feet of new space in the corner area adjoining the two wings of the existing building. This addition will be used for BSL-3 laboratory space on the second floor, and community outreach and population-based research on the first floor.

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

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

U. T. Health Science Center - Houston Facilities Management personnel have the experience and capability to manage all aspects of the work.

7. **U. T. M. D. Anderson Cancer Center: Braeswood Parking Garage - Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2006-2007 Capital Budget to increase total project cost; approval of design development; approval of evaluation of alternative energy economic feasibility; appropriation of funds and authorization of expenditure; and resolution regarding parity debt**

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and President Mendelsohn that the

U. T. System Board of Regents approve the recommendations for the Braeswood Parking Garage project at The University of Texas M. D. Anderson Cancer Center as follows:

Project Number: 703-252
Institutionally Managed: Yes No
Architecturally or Historically Significant: Yes No

Project Delivery Method: Design/Build
Substantial Completion Date: August 2007

Total Project Cost:	<u>Source</u>	<u>Current</u>	<u>Proposed</u>
	Revenue Financing System Bond Proceeds	\$20,000,000	\$35,000,000
	Hospital Revenues	\$ 6,000,000	\$ 8,500,000
		<u>\$26,000,000</u>	<u>\$43,500,000</u>

- a. increase total project cost;
- b. approve design development plans;
- c. approval of evaluation of alternative energy economic feasibility;
- d. appropriate funds and authorize expenditure of funds; and
- e. 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. M. D. Anderson Cancer Center, 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 \$35,000,000.

BACKGROUND INFORMATION

Debt Service

The \$35,000,000 in Revenue Financing System debt will be repaid from net revenues generated from parking fees. Average annual debt service on the project is estimated at \$3.2 million. Assuming U. T. M. D. Anderson Cancer Center owns the whole project, debt service coverage on the project is expected to be at least 0.64 times and average 1.96 times over FY 2009 - FY 2038.

Previous Board Action

On August 7, 2003, the project was included in the CIP with a preliminary project cost of \$26,000,000 with funding of \$20,000,000 from Revenue Financing System Bond Proceeds and \$6,000,000 from Hospital Revenues.

Project Description

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

The Braeswood Parking Garage will be used to accommodate parking needs for the Faculty Center Tower, Jesse H. Jones Rotary House International, and future valet requirements. Existing parking facilities and current prioritization leave a main campus shortfall of parking spaces. U. T. M. D. Anderson Cancer Center requires significantly more parking spaces to correct the shortfall and support upcoming facilities such as the Faculty Center Tower. The Braeswood Parking Garage will be designed to accommodate up to 2,400 vehicles. In addition to the design and construction of the parking garage, the revised total project cost includes design services only for a future pedestrian bridge connecting the parking garage to the main campus facilities.

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

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

8. U. T. Arlington: Energy Performance Contract - Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2006-2007 Capital Budget to increase total project cost; appropriation of funds and authorization of expenditure; and resolution regarding parity debt

RECOMMENDATION

The Chancellor concurs with the 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 Energy Performance Contract project at U. T. Arlington as follows:

Project Number: 301-228
Institutionally Managed: Yes No
Architecturally or Historically Significant: Yes No
Project Delivery Method: Performance Contract

Substantial Completion Date: August 2007

Total Project Cost:	<u>Source</u>	<u>Current</u>	<u>Proposed</u>
	Revenue Financing System Bond Proceeds	\$15,000,000	\$18,000,000

- a. increase the total project cost;
- b. appropriate additional funding of \$3,000,000 from Revenue Financing System Bond Proceeds and authorize expenditure; and
- c. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that
 - parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt;
 - sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System; and
 - U. T. 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 \$3,000,000.

BACKGROUND INFORMATION

Debt Service

The incremental \$3,000,000 in Revenue Financing System debt will be repaid from energy cost savings. The institution's debt service coverage is expected to average 2.98 times over FY 2006 - FY 2011.

Previous Board Action

On August 11, 2005, the repair and rehabilitation project was included in the CIP with a preliminary project cost of \$15,000,000 with funding appropriated from Revenue Financing System Bond Proceeds.

Project Description

U. T. Arlington has been working closely with Siemens Buildings Technologies, Inc. and Carter & Burgess, Inc. engineering firms to determine the most attractive energy cost reduction measures to incorporate into the project. Buildings have been surveyed for electrical, HVAC, water, passive, and renewable energy measures and annual dollar savings have been reported. The study has resulted in the acceptance of 18 energy cost reduction measures, thus the increase in the total project cost.

9. **U. T. Austin: Applied Research Lab Expansion - Phase II - Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2006-2007 Capital Budget to increase total project cost and appropriation of funds and authorization of expenditure**

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Powers that the U. T. System Board of Regents approve the recommendations for the Applied Research Lab Expansion - Phase II project at The University of Texas at Austin as follows:

Project Number: 102-080

Architecturally or Historically Significant: Yes No

Project Delivery Method: Design/Build

Substantial Completion Date: April 2007

Total Project Cost:	<u>Source</u>	<u>Current</u>	<u>Proposed</u>
	Grants	\$3,000,000	\$3,500,000

- a. increase the total project cost; and
- b. appropriate additional funds and authorize expenditure of funds.

BACKGROUND INFORMATION

Previous Board Action

On August 8, 2001, the project was included in the Capital Improvement Program (CIP) with a preliminary project cost of \$2,500,000 with funding from Grants. On February 9, 2006, the Board approved the design development plans, increased the total project cost to \$3,000,000, and funding was appropriated from Grants.

Project Description

This project will provide increased research space for the Applied Research Lab by adding approximately 17,000 gross square feet to the existing McKinney Wing at the J. J. Pickle Research Campus with additional administrative offices and technical work spaces. The increase in total project cost will allow for the project scope and increases in costs and fees.

10. U. T. Austin: Nueces Garage - Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2006-2007 Capital Budget to reduce total project cost and redesignate project as the San Antonio Garage Additional Parking Levels

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Powers that the U. T. System Board of Regents approve the recommendations for the Nueces Garage project at The University of Texas at Austin as follows:

Project Number: 102-246
Architecturally or Historically Significant: Yes No
Project Delivery Method: Design/Build
Substantial Completion Date: February 2008

Total Project Cost:	<u>Source</u>	<u>Current</u>	<u>Proposed</u>
	Revenue Financing System Bond Proceeds	\$20,500,000	\$8,500,000

- a. reduce the total project cost; and
- b. redesignate project as San Antonio Garage Additional Parking Levels.

BACKGROUND INFORMATION

Previous Board Action

On August 7, 2003, the project was included in the CIP with a preliminary project cost of \$20,500,000 with funding from Revenue Financing System Bond Proceeds.

Project Description

A new parking garage on Nueces Street has been planned for years, but a joint effort with a property owner never materialized and U. T. Austin has no vacant land west of campus on which to build a new garage. The top of the existing San Antonio Garage offers the best immediate solution to the shortage of parking to serve the west side of campus. Two additional levels of parking will be constructed to add 400 new parking spaces to the San Antonio Garage.

- 11. U. T. Southwestern Medical Center - Dallas: Laboratory Research and Support Building (formerly Biosafety Level Three Laboratory) - Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2006-2007 Capital Budget to increase total project cost; appropriation of funds and authorization of expenditure; and resolution regarding parity debt**

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and President Wildenthal that the U. T. System Board of Regents approve the recommendations for the Laboratory Research and Support Building [formerly Biosafety Level Three (BSL-3) Laboratory] project at U. T. Southwestern Medical Center - Dallas as follows:

Project Number: 303-203

Architecturally or Historically Significant: Yes No

Project Delivery Method: Construction Manager at Risk

Substantial Completion Date: December 2007

Total Project Cost:	<u>Source</u>	<u>Current</u>	<u>Proposed</u>
	Revenue Financing System Bond Proceeds	\$25,000,000	\$36,600,000

- a. increase the total project cost;
- b. appropriate additional funding of \$11,600,000 from Revenue Financing System Bond Proceeds and authorize expenditure; and

- c. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that
- parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt;
 - sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System; and
 - U. T. Southwestern Medical Center - 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 \$11,600,000.

BACKGROUND INFORMATION

Debt Service

The \$36,600,000 total debt service in Revenue Financing System debt will be repaid from indirect cost recovery revenues. Annual debt service on the project is estimated at \$16.6 million. Debt service coverage on the project is expected to be at least 0.91 times and average 1.35 times over the first 10 years of operation (FY 2006 - FY 2015).

Previous Board Actions

On August 7, 2003, the project was included in the CIP with a preliminary project cost of \$9,600,000 with funding of \$7,200,000 from Grants and \$2,400,000 from Unexpended Plant Funds. On May 12, 2005, the Board approved the design development plans and increased the total project cost to \$25,000,000 with revised funding appropriated from Revenue Financing System Bond Proceeds.

Project Description

The facility will be a four-story building containing approximately 76,111 gross square feet. Two floors will serve as pathogen-free vivarium facilities for animal holding, procedures, laboratories, cage washing and autoclave, and associated material handling and storage. The increase in total project cost is to finish out the shell space in the remaining two floors. The need to complete the space is based on recruitment plans for department chairs and expansion of the vivarium.

12. U. T. M. D. Anderson Cancer Center: Bastrop Research and Education Building (Phase I of the Bastrop Facility Strategic Plan) - Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2006-2007 Capital Budget to increase total project cost; revise funding sources; and appropriation of funds and authorization of expenditure

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and President Mendelsohn that the U. T. System Board of Regents approve the recommendations for the Bastrop Research and Education Building (Phase I of the Bastrop Facility Strategic Plan) project at The University of Texas M. D. Anderson Cancer Center as follows:

Project Number: 703-195

Architecturally or Historically Significant: Yes No

Project Delivery Method: Construction Manager at Risk

Substantial Completion Date: January 2007

Total Project Cost:	<u>Source</u>	<u>Current</u>	<u>Proposed</u>
	Revenue Financing System Bond Proceeds	\$10,000,000	
	Hospital Revenues (Phase I)	\$ 7,000,000	\$26,000,000
	Grants (Phase I)	\$ 4,000,000	\$ 4,000,000
		<u>\$21,000,000</u>	<u>\$30,000,000</u>

- a. increase total project cost;
- b. revise funding sources; and
- c. appropriate funds and authorize expenditure of \$19,000,000 from Hospital Revenues.

BACKGROUND INFORMATION

Previous Board Actions

On August 7, 2003, the project was included in the Capital Improvement Program (CIP) with a preliminary project cost of \$9,000,000 with funding from Hospital Revenues. With the adoption of the FY 2006-2011 CIP on August 11, 2005, the project was included in the CIP with a preliminary project cost of \$21,000,000 with funding of \$10,000,000 from Revenue Financing System Bond Proceeds, \$7,000,000 from Hospital Revenues, and \$4,000,000 from Grants. On November 10, 2005, the Board approved the Bastrop Research and Education Building (BREB) (Phase I) design development plans and appropriated \$7,000,000 from Hospital Revenues and \$4,000,000 from Grants.

Project Description

The scope of the project has been increased to build out previous portions of the building not relating to the core functions. U. T. M. D. Anderson Cancer Center is requesting a revision to the funding sources for the second stage of the BREB at a combined total project cost of \$30,000,000, inclusive of both stages. The project consists of a building of approximately 34,000 gross square feet to provide basic research laboratories, education space, primate research laboratories, pathology support, and various site and infrastructure upgrades. The building will be consistent with the low rise/low profile theme of the Bastrop campus and will contain a combination of laboratories and offices and conference and teaching spaces.

The recruitment of Christian Abee, D.V.M., to the Bastrop campus has created a need to house his owl monkey and squirrel monkey colonies. Dr. Abee had already secured a National Institutes of Health (NIH) grant at his previous position with the University of South Alabama. This grant is currently being transferred to U. T. M. D. Anderson Cancer Center. Combining the scope of the NIH grant with the BREB and the previously scheduled pathology renovation for this campus revealed that efficiencies could be gained by combining these programs into one building. The BREB will support institutional objectives for accommodating vivarium and office space needs, and increasing research, education, and support space with the construction of this new facility.

13. U. T. M. D. Anderson Cancer Center: South Campus Vivarium Facility - Amendment of the FY 2006-2011 Capital Improvement Program and the FY 2006-2007 Capital Budget to increase total project cost and appropriation of funds and authorization of expenditure

RECOMMENDATION

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

Project Number: NA
Institutionally Managed: Yes No
Architecturally or Historically Significant: Yes No
Project Delivery Method: Construction Manager at Risk

Substantial Completion Date: July 2007

Total Project Cost:	<u>Source</u> Hospital Revenues	<u>Current</u> \$25,000,000	<u>Proposed</u> \$45,000,000
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- a. increase the total project cost; and
- b. appropriate funds and authorize expenditure of \$20,000,000 from Hospital Revenues.

BACKGROUND INFORMATION

Previous Board Action

On August 11, 2005, the project was included in the Capital Improvement Program (CIP) with a preliminary project cost of \$25,000,000 with funding from Hospital Revenues. On November 10, 2005, the Board approved the design development plans and appropriated \$25,000,000 from Hospital Revenues.

Project Description

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

U. T. M. D. Anderson Cancer Center continues to develop the South Campus area with increasing numbers of researchers being located at the South Campus and new buildings being constructed. Adequate and convenient access to animals has become critical. To address this need, this project is a redevelopment of the existing Physical Plant Building. Upon completion, the existing Physical Plant Building will include animal holding, procedure, and attendant support functions.

The South Campus Vivarium was originally conceived as a five phase expansion of the existing Vivarium within the Smith Research Building. The existing Smith Research Building Vivarium is currently at over 95% capacity. With the recent completion of the South Campus Research Building Two and the impending construction of the Center for Advanced Biomedical Imaging Research Building, the forecasted requirements for research animals on South Campus now exceed the animal capacity originally planned for Phase I. U. T. M. D. Anderson Cancer Center needs to move forward now with Phases II through V to provide adequate animal housing on the South Campus. Phases II through V allow for additional animal housing and support infrastructure, required mechanical equipment, and office space for additional staff.

14. **U. T. Austin: Request to Name the Visitors' Center at McDonald Observatory as the Frank N. Bash Visitors' Center at McDonald Observatory**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Vice Chancellor for External Relations, and President Powers that the U. T. System Board of Regents approve the naming of the Visitors' Center at McDonald Observatory as the Frank N. Bash Visitors' Center at McDonald Observatory to recognize the significant contributions and commitment of Dr. Frank N. Bash to McDonald Observatory.

BACKGROUND INFORMATION

The Visitors' Center is the astronomical public education outreach office for the McDonald Observatory. The Center, completed in 2002, hosts over 130,000 visitors per year, offering educational displays and programming of the Texas Astronomy Education Center, daily tours of the research facilities, and solar viewing programs as well as “star parties” for nighttime viewing.

Dr. Frank N. Bash has dedicated a significant part of his professional career to the development of McDonald Observatory as a premier site for professional astronomers and casual observers alike. Dr. Bash began teaching in the Astronomy Department at U. T. Austin as a Faculty Associate in 1967, and in 1981 he became a Professor. He served as Chairman of the Astronomy Department from 1982 to 1986. Dr. Bash served from 1989-2003 as Director of McDonald Observatory, one the world's foremost astronomical research institutions. He was a pioneer in public outreach and informal science education.

As Director of McDonald Observatory, Dr. Bash led the effort for design, funding, and construction of The William P. Hobby - Robert E. Eberly Spectroscopic Survey Telescope, which has the largest primary mirror in the world. He also led the effort to expand the public outreach programs of McDonald Observatory through construction of the Observatory's Visitors' Center, development of the Texas Astronomy Education Center, and *StarDate* radio, which reaches millions of people each day in English, Spanish, and German.

A gift of \$2 million was made in 1999 by Mr. William C. Nowlin, Jr., and Mrs. Bettye H. Nowlin, of Austin, Texas, which completed the funding needed for construction of the Visitors' Center. At the time of the gift, Mr. and Mrs. Nowlin expressed their desire that the Visitors' Center building be named in honor of Dr. Bash. Since U. T. System rules prohibit naming a facility for an active faculty member, the request was delayed. Dr. Bash retired as Director of McDonald Observatory in 2003, and he will retire from his faculty position in May 2006.

The proposed naming is consistent with the Regents' *Rules and Regulations*, Series 80307, relating to the naming of facilities because of the significant contributions to U. T. Austin by Dr. Bash.

15. **U. T. Medical Branch - Galveston: Discussion of long-term plan for clinical activities and Jennie Sealy Hospital Replacement project**

PURPOSE

During a joint meeting with the Board's Health Affairs Committee, President Stobo will discuss the long-term plan for clinical activities at U. T. Medical Branch - Galveston, including the proposed Jennie Sealy Hospital Replacement project, using the materials attached on Pages 177 - 179.

BACKGROUND INFORMATION

The Jennie Sealy Hospital, owned by the Sealy & Smith Foundation, is leased and operated by U. T. Medical Branch - Galveston. The facility is 40 years old and approaching the end of its useful life. The Foundation wishes to contribute \$100 million to replace the Hospital (which is estimated to be a \$250 million project) and has proposed a mechanism for effecting the development of that replacement facility. This project was included in the Capital Improvement Program (CIP) at the August 11, 2005 Board meeting with a preliminary project cost of \$250 million with funding of \$100 million from Revenue Financing System Bond Proceeds and \$150 million from Gifts.

Discussions are ongoing with the Sealy & Smith Foundation concerning the Jennie Sealy Hospital Replacement financing, structure, and execution. The development of a replacement facility is subject to a State law requiring the Sealy & Smith Foundation to retain title to the Jennie Sealy Hospital, and for U. T. Medical Branch - Galveston to lease and operate the hospital.

The proposed structure of the development includes the following elements and issues:

- The Foundation will manage the design and construction of the Jennie Sealy Hospital Replacement building shell and a completed clinical support building.
- The Foundation will provide approximately \$85 million to build the Jennie Sealy Hospital Replacement building shell and \$15 million to build the clinical support building.
- U. T. System Administration and U. T. Medical Branch - Galveston will manage the design and construction of the proposed \$150 million build-out of the Jennie Sealy Hospital Replacement building.

- The Foundation will give adequate assurances that it will provide a fully finished and weather tight building exterior, finished connections to existing adjacent buildings, and necessary site work to complete the connections to existing parking and pedestrian ways for the Jennie Sealy Hospital Replacement building.
- U. T. System Administration will provide design review and project construction quality assurance inspection.
- The Board of Regents will review the architectural design and location of the Jennie Sealy Hospital Replacement building and the clinical support building, and the lease of the Jennie Sealy Hospital Replacement building.
- Ownership of the Jennie Sealy Hospital Replacement building and the clinical support building will be retained by the Foundation, while U. T. Medical Branch - Galveston will lease and operate both buildings, consistent with State law.
- The Foundation is expected to issue debt to fund its \$100 million contribution.
- Real property may need to be sold or exchanged with the Foundation so that property underlying the proposed structures would belong to the Foundation.

Facilities Plan for the Clinical Enterprise

BACKGROUND

- U. T. M. B. has a long tradition of serving all patients, with a special emphasis on underserved populations including the uninsured, Medicaid and the incarcerated.
- Historically, U. T. M. B. has also provided services to a steady population of patients with other 3rd party payor sources including the commercially insured (Medicare, Medicaid, Texas Department of Criminal Justice).
- However, U. T. M. B. has become heavily reliant on clinical revenue from governmental sources which represents over 80% of the U. T.M. B. Hospitals and Clinic's revenue. Approximately 15 - 20% of our patients have commercial insurance.
- We believe it is important for the clinical enterprise to increase the volume of patients seen and proportion of patients who have favorable reimbursement (Medicare, commercial insurance).
- To do this, U. T. M. B. needs two new facilities: an ambulatory care facility located off the island in League City (Victory Lakes) and a specialty care tower on the main campus to replace dated operating rooms, labor and delivery suites and intensive care units.

PLAN

- U. T. M. B.'s long-term plan for clinical activities includes volume growth that must be targeted and designed in a way that attracts patients with 3rd party payor sources which includes:
 - First class facilities
 - Strategically located
 - Cost effective
 - High quality

- Commitment to service excellence
- Consistent with market needs
- Partnership with other providers in the community
- The Jeanie Sealy Replacement Hospital (Replacement Hospital), along with the Victory Lakes Specialty Care and Diagnostic Center (Victory Lakes), are the cornerstones of the necessary facility upgrades.
- The Replacement Hospital will provide easy access to a state-of-the-art, high quality, patient centered environment.
- Victory Lakes, strategically located in high growth areas on the Mainland, will act as the primary referral source of new patients requiring specialty services to the Galveston main campus.
- As with the Replacement Hospital, Victory Lakes is being designed with service excellence, efficiency, quality, safety and patient satisfaction in the forefront. The facility will house several of U. T. M. B.'s programs of excellence (gastroenterology, women's and children's services, senior care).
- In addition to growth as a means to achieve financial excellence, U. T. M. B. has hired Navigant Consulting to review in detail U. T. M. B.'s existing operations.
- U. T. M. B.'s goal for the Navigant engagement is to improve U. T. M. B.'s existing margins by \$50-70 million per year through revenue enhancements and cost reductions.
- The goals for our clinical enterprise are complex:
 - Increase the volume of outpatients seen (by approximately 30%) by increasing productivity among existing faculty (this will be facilitated by the new compensation plan implemented in the School of Medicine).

- Change the population of inpatients with the Replacement Hospital (new specialty tower) resulting in fewer inpatients with a higher severity of illness (e.g. transplants) and better reimbursement.
- Change our payor mix with an increase in Medicare, a decrease in Medicaid, and an increase in commercial insurance (presently 15-20% to 20-25%). This percentage change in commercial patients is achievable and will have the anticipated financial impact only if accompanied by the previously mentioned increase in volume.



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

Committee Meeting: 5/10/2006
Austin, Texas

Judith L. Craven, M.D., Chairman
John W. Barnhill, Jr.
Rita C. Clements
Robert A. Estrada
Colleen McHugh
Ms. Ann Tate, Chair, Employee Advisory Council
Dr. Barry Norling, Chair, Faculty Advisory Council
Mr. Brent Chaney, Chair, Student Advisory Council

	Committee Meeting	Board Meeting	Page
Convene	12:30 p.m. <i>Regent McHugh</i>		
U. T. System: Report on expansion of digital library and new research resources	Report <i>Dr. Fred Heath</i> <i>Dr. Sullivan</i>	Not on Agenda	180
Adjourn	1:00 p.m.		

U. T. System: Report on expansion of digital library and new research resources

REPORT

Dr. Fred M. Heath, Vice Provost and Director of University of Texas Libraries, and Dr. Teresa Sullivan, Executive Vice Chancellor for Academic Affairs, will discuss the expansion and the new research resources of the U. T. System Digital Library Shared Collection and the benefits it brings to all U. T. System institutions. A PowerPoint presentation is attached on Pages 177 - 185 of the Supplemental Materials (Volume 2) of the Agenda Book.