

MATERIAL SUPPORTING THE AGENDA

VOLUME XLVIIa

This volume contains the Material Supporting the Agenda furnished to each member of the Board of Regents prior to the meetings held on:

September 3, 1999
November 10-11, 1999
January 5, 2000
January 14, 2000
February 9-10, 2000

The material is divided according to the standing committees and the meetings that were held and is color coded as follows:

White paper - for documentation of all items that were presented before the deadline date.

Blue paper - Executive Session

Yellow paper – for documentation of items submitted after the deadline date for inclusion in the Agenda (late items) and distributed to members of the Board of Regents prior to the meeting.

Material distributed at the meeting as additional documentation is not included in the bound volume. If the Executive Secretary was furnished a copy, then that material goes into the appropriate subject file.



Material Supporting the Agenda
of the
Board of Regents
The University of Texas System

Meeting No. 925

November 10-11, 1999

Dallas, Texas

BOARD OF REGENTS
OF
THE UNIVERSITY OF TEXAS SYSTEM

CALENDAR

Date: **Wednesday, November 10, 1999**

Time: 1:00 p.m.
Place: Obelisk Room B (second level), Wyndham Anatole Hotel
2201 Stemmons Freeway, Dallas, Texas
Purpose: Convene in Open Session to Discuss the Capital Improvement Program per the Agenda and Recess

See Page 2, Items A - B

Date: **Thursday, November 11, 1999**

Time: 8:30 a.m.
Place: Room NB2.100A, Simmons Biomedical Research Building
The University of Texas Southwestern Medical Center at Dallas,
6000 Harry Hines Boulevard, Dallas
Purpose: Reconvene in Open Session to Immediately Recess to Executive Session

See Page 3, Item C

Time: 9:30 a.m. approximately or upon conclusion of the Executive Session
Place: Room NB2.100A, Simmons Biomedical Research Building
Purpose: Reconvene in Open Session

See Page 4, Items D - E

Time: 10:00 a.m. approximately
Place: Room NB2.402/2.403
Purpose: Move Rooms to Continue in Open Session Until Lunch

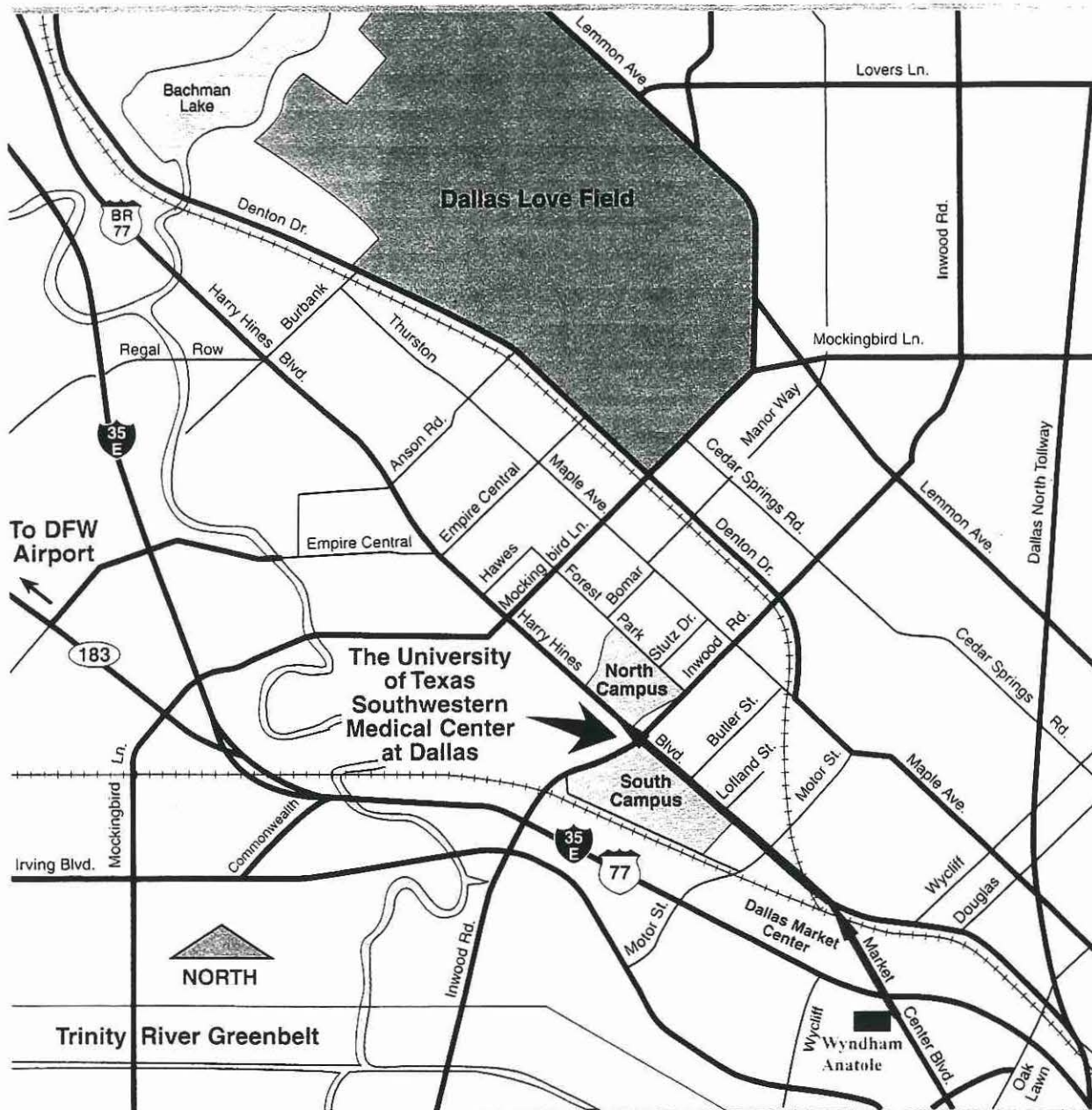
See Pages 4 - 123, Items F - N

Time: 12:30 p.m. approximately
Place: Room NB2.402/2.403
Purpose: Reconvene in Open Session to Discuss the Chancellor Search, Recess for Executive Session if necessary, and Continue Until Completion of Business

See Page 123, Items O - Q

Telephone Numbers

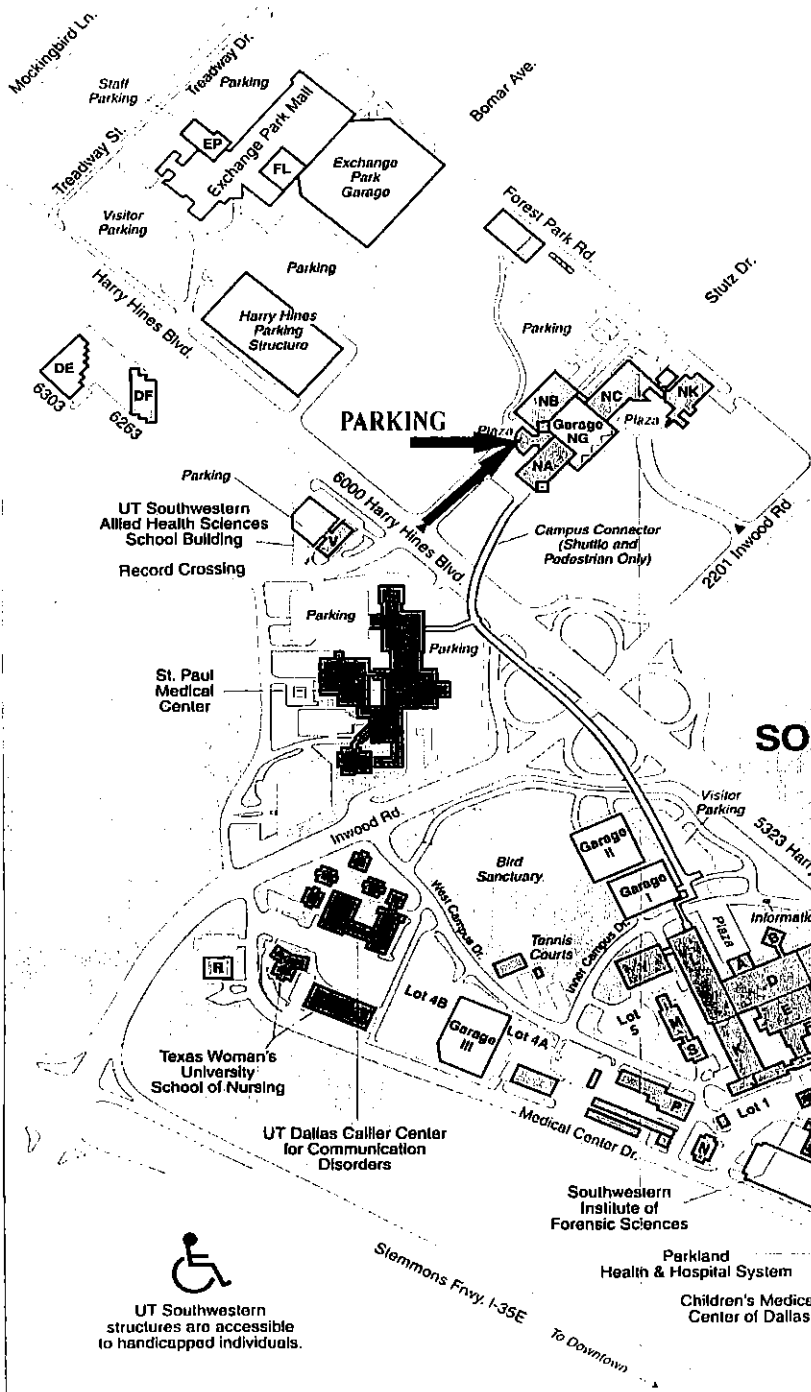
U. T. Southwestern Medical Center - Dallas (for calls during the Thursday meeting) (214) 648-1677
Wyndham Anatole Hotel, 2201 Stemmons Freeway (214) 748-1200




Directions from the Wyndham Anatole Hotel to North Campus:

- ~ From the hotel, turn left (east) onto Market Center Blvd.
- ~ Continue east, under I-35E, on Market Center Blvd. until you come to Harry Hines Blvd.
- ~ Turn left (north) onto Harry Hines Blvd.
- ~ Continue north to 6000 Harry Hines Blvd. (See Map B)
- ~ Make a right onto the drive entering North Campus and proceed to the Simmons Plaza

MAP A




SOUTHWESTERN
 THE UNIVERSITY OF TEXAS
SOUTHWESTERN MEDICAL CENTER
 AT DALLAS

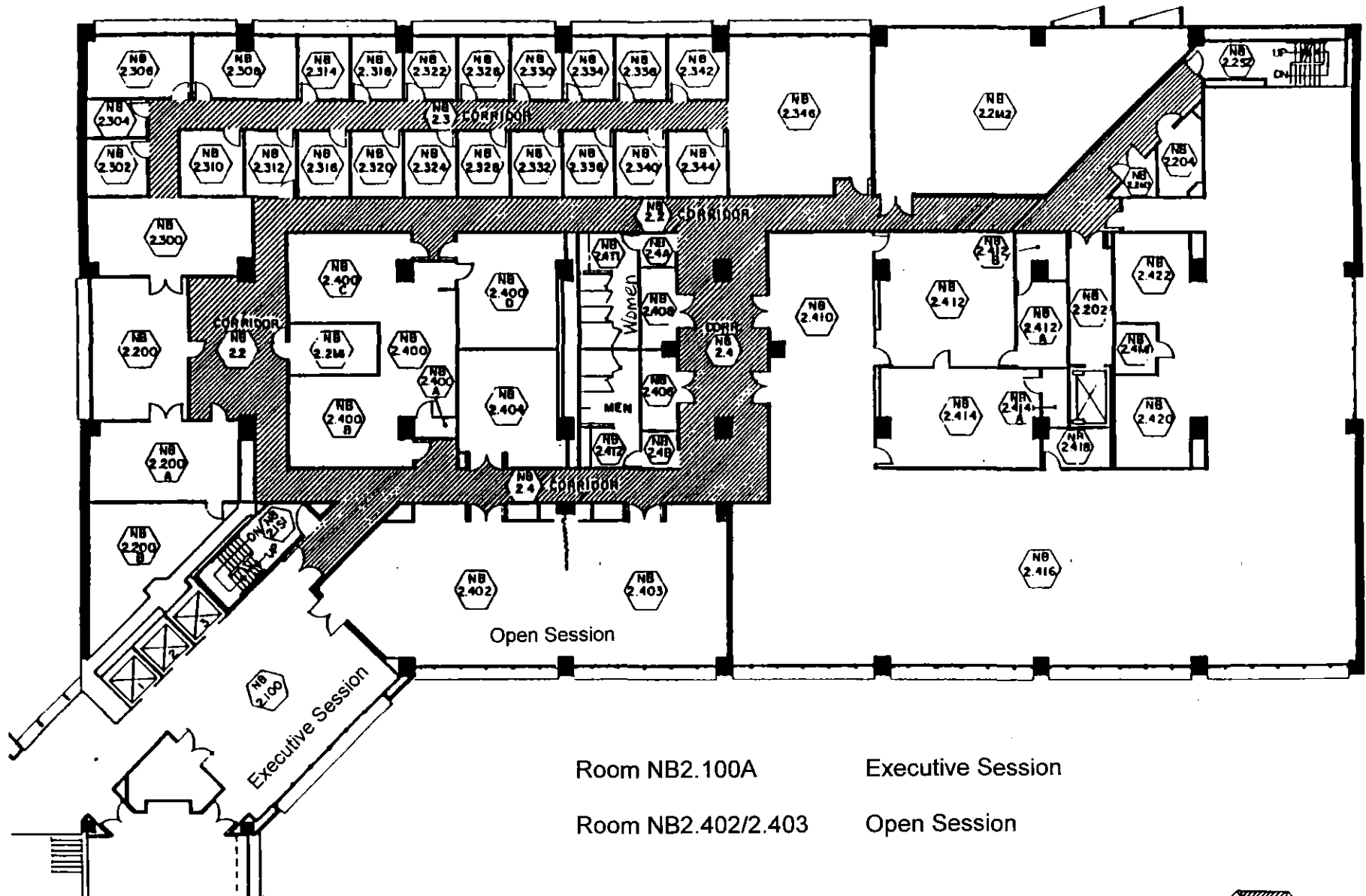
NORTH CAMPUS

SOUTH CAMPUS

- NORTH CAMPUS**
- DE Clinical Services Building I
 - DF Clinical Services Building II
 - EP Exchange Park
 - FL American General Building
 - NA Hamon Biomedical Research Building
 - NB Simmons Biomedical Research Building
 - NC Seay Biomedical Building
 - NG Parking Garage
 - NK Mary Nell and Ralph B. Rogers
Magnetic Resonance Center
 - V UT Southwestern Allied Health
Sciences School Building

- SOUTH CAMPUS**
- A Visitor Information Center
 - B Eugene McDermott Academic
Administration Building
 - C Tom and Lula Gooch Auditorium
(Cafeteria below)
 - CS Charles Cameron Sprague Clinical Science Building
 - D Eugene McDermott Plaza (Lecture Halls below)
 - E Fred E. Florence Bioinformation Center
 - F Edward H. Cary Building
 - G Karl Hoblitzelle Clinical Science Building
 - H Dan Danciger Research Building
 - J Harry S. Moss Clinical Science Building
 - K Philip R. Jonsson Basic Science Research Building
 - L Cecil H. and Ida Green Science Building
 - M Skillern Student Union Building
 - N Bioinstrumentation
 - P Physical Plant
 - R Transplant Services Building
 - S Police Station, Mail Room
 - U James W. Aston Ambulatory Care Center
 - X Service Building, Harry Hines Boulevard
at Market Center Boulevard
 - Y Cecil H. and Ida Green
Biomedical Research Building

MAP B



Room NB2.100A

Executive Session

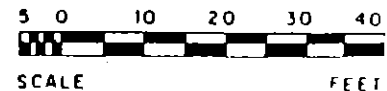
Room NB2.402/2.403

Open Session

LEVEL 2

BUILDING "NB"

SIMMONS BIOMEDICAL RESEARCH BLDG.



Executive Session of the Board

BOARD OF REGENTS
EXECUTIVE SESSION
Pursuant to Texas Government Code
Chapter 551, Sections 551.071 and 551.074

Date: November 11, 1999

Time: 1) 8:30 a.m. Room NB2.100A, Simmons
Biomedical Research Building, The
University of Texas Southwestern
Medical Center at Dallas

2) 1:00 p.m. approximately
if necessary Room NB2.402/2.403, Simmons
Biomedical Research Building

1. Consultation with Attorney Regarding Pending and/or Contemplated Litigation or Settlement Offers - Section 551.071
 - a. U. T. Southwestern Medical Center - Dallas: Proposed Settlement of Medical Liability Litigation
 - b. U. T. Medical Branch - Galveston: Proposed Settlement of Medical Liability Litigation
 - c. U. T. Health Science Center - San Antonio: Proposed Settlement of Medical Liability Litigation

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

Meeting of the Board

AGENDA FOR MEETING
OF
BOARD OF REGENTS
OF
THE UNIVERSITY OF TEXAS SYSTEM

Date: **Wednesday, November 10, 1999**

Time: 1:00 p.m.

Place: Obelisk Room B (second level), Wyndham Anatole Hotel
2201 Stemmons Freeway, Dallas, Texas

- A. CALL TO ORDER
- B. CONVENE IN OPEN SESSION TO DISCUSS THE FISCAL
YEAR 2000 - 2005 CAPITAL IMPROVEMENT PROGRAM

AGENDA FOR MEETING
OF
BOARD OF REGENTS
OF
THE UNIVERSITY OF TEXAS SYSTEM

Date: Thursday, November 11, 1999

Executive Session

8:30 a.m.

Room NB2.100A, Simmons Biomedical Research Building,
The University of Texas Southwestern Medical Center at Dallas

Open Session

9:30 a.m. approximately

Room NB2.100A

10:00 a.m. approximately

Room NB2.402/2.403

- C. RECONVENE IN OPEN SESSION TO IMMEDIATELY RECESS TO EXECUTIVE SESSION (TEXAS GOVERNMENT CODE, CHAPTER 551)
1. Consultation with Attorney Regarding Pending and/or Contemplated Litigation or Settlement Offers - Section 551.071
 - a. U. T. Southwestern Medical Center - Dallas:
Proposed Settlement of Medical Liability Litigation
 - b. U. T. Medical Branch - Galveston: Proposed
Settlement of Medical Liability Litigation
 - c. U. T. Health Science Center - San Antonio:
Proposed Settlement of Medical Liability Litigation
 2. Personnel Matters Relating to Appointment, Employment, Evaluation, Assignment, Duties, Discipline, or Dismissal of Officers or Employees - Section 551.074

- D. RECONVENE IN OPEN SESSION
- E. WELCOME BY PRESIDENT WILDENTHAL
- F. APPROVAL OF MINUTES OF REGULAR MEETING HELD
AUGUST 12, 1999, AND SPECIAL MEETING HELD SEPTEMBER 3, 1999
- G. CONSIDERATION OF ACTION ON EXECUTIVE SESSION MATTERS
(ITEM C)
- H. SPECIAL ITEM
- 1. U. T. System: Report of Summary of Gift Acceptance and Related
Administrative Actions Conforming to Board Policy for June 1, 1999
Through August 31, 1999.--

(See Pages 5 - 9.)

ACCEPTANCE OF GIFTS HELD BY BOARD

June 1, 1999 Through August 31, 1999

# ALL ITEMS	COMPONENT INSTITUTION	ASSET TYPES							MATCHING FUNDS	TOTAL VALUE
		CASH	SECURITIES	REAL ESTATE	PLEDGES	OTHER	TRANSEERS			
2	U. T. System	\$ 10,000	\$ -	\$ 49,366	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,000 *
6	U. T. Arlington	\$ 128,907	\$ -	\$ -	\$ -	\$ -	\$ 200,000	\$ -	\$ -	\$ 328,907
40	U. T. Austin	\$ 3,705,017	\$ 3,820,757	\$ 223,692	\$ 1,002,650	\$ 200,000	\$ 52,253	\$ -	\$ -	\$ 9,004,369
22	U. T. El Paso	\$ 522,193	\$ 380,684	\$ -	\$ 169,000	\$ -	\$ -	\$ -	\$ -	\$ 1,071,878
1	U. T. Brownsville	\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,000
8	U. T. Permian Basin	\$ 5,500	\$ -	\$ -	\$ 14,500	\$ -	\$ -	\$ -	\$ -	\$ 20,000
8	U. T. San Antonio	\$ 182,133	\$ 88,361	\$ -	\$ 5,000	\$ -	\$ -	\$ -	\$ -	\$ 275,494
16	U. T. SWMC-Dallas	\$ 42,420	\$ -	\$ -	\$ 142,000	\$ -	\$ 49,200	\$ 2,184,700	\$ -	\$ 233,620 *
13	U. T. M.B.-Galveston	\$ 1,053,700	\$ -	\$ -	\$ -	\$ -	\$ 805,000	\$ -	\$ -	\$ 1,058,700 *
5	UTHSC-Houston	\$ 147,000	\$ -	\$ -	\$ 133,000	\$ -	\$ 125,000	\$ -	\$ -	\$ 280,000 *
2	UTHSC-San Antonio	\$ 20,000	\$ -	\$ -	\$ -	\$ -	\$ 100,000	\$ -	\$ -	\$ 120,000
9	UTMDACC	\$ 244,198	\$ 292,327	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 536,525
1	UTHC-Tyler	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
133	TOTAL	\$ 6,111,068	\$ 4,582,129	\$ 273,058	\$ 1,466,150	\$ 200,000	\$ 1,331,453	\$ 2,184,700	\$ -	\$ 12,989,492

* Not included in total: U. T. System - \$49,366 of previously accepted gifts;
 U. T. SWMC-Dallas - \$2,184,700 of Board-held matching funds;
 U. T. M.B.-Galveston - \$800,000 transfer of endowment funds;
 UTHSC-Houston - \$125,000 transfer of endowment funds.

NOTE: Compiled by Office of Development and External Relations

CLASSIFICATION OF GIFTS AND OTHER ACTIONS

June 1, 1999 Through August 31, 1999

<u>COMPONENT INSTITUTION</u>	<u>ENDOWMENTS</u>	<u>CHARITABLE REMAINDER TRUSTS</u>	<u>POOLED INCOME FUND</u>	<u>REMAINDER INTERESTS</u>	<u>HELD IN TRUST BY OTHERS</u>	<u>CURRENT PURPOSE</u>	<u>OTHER</u>
U. T. System	2	---	---	---	---	---	---
U. T. Arlington	6	---	---	---	---	---	---
U. T. Austin	37	1	---	---	---	2	---
U. T. El Paso	21	---	---	---	1	---	---
U. T. Brownsville	1	---	---	---	---	---	---
U. T. Permian Basin	8	---	---	---	---	---	---
U. T. San Antonio	8	---	---	---	---	---	---
U. T. SWMC-Dallas	8	---	---	---	13	---	---
U. T. M.B.-Galveston	13	---	---	---	---	---	---
UTHSC-Houston	5	---	---	---	---	---	---
UTHSC-San Antonio	2	---	---	---	---	---	---
UTMDACC	3	---	---	---	2	4	---
UTHC-Tyler	1	---	---	---	---	---	---
TOTAL	115	1	0	0	16	6	0

PURPOSES OF GIFTS HELD BY BOARD AND OTHERS

June 1, 1999 Through August 31, 1999

COMPONENT INSTITUTION	ENDOWMENT								CURRENT PURPOSE	OTHER PURPOSE
	DIST. CHAIR	CHAIR	DIST. PROF'SHIP	PROF'SHIP	FACULTY FELLOWSHIP	GRADUATE FELLOWSHIP	SCHOLARSHIP	OTHER		
U. T. System	---	---	---	---	---	---	---	2	---	---
U. T. Arlington	---	---	---	---	---	---	4	2	---	---
U. T. Austin	---	4	---	2	---	6	9	6	2	---
U. T. El Paso	---	---	2	1	---	---	6	2	---	1
U. T. Brownsville	---	---	---	---	---	---	1	---	---	---
U. T. Permian Basin	---	---	---	---	---	---	2	---	---	---
U. T. San Antonio	---	---	---	---	---	---	7	1	---	---
U. T. SWMC-Dallas	1	3	---	2	---	---	1	8	---	---
U. T. M.B.-Galveston	1	---	---	---	---	---	3	3	---	---
UTHSC-Houston	---	---	1	---	---	---	2	1	---	---
UTHSC-San Antonio	---	---	---	1	---	---	---	1	---	---
UTMDACC	---	---	---	---	---	---	---	2	4	2
UTHC-Tyler	---	---	---	---	---	---	---	---	---	---
TOTAL	2	7	3	6	0	6	35	28	6	3

Total purposes may not equal the total number of items because some items pertain to multiple purposes.

OTHER ADMINISTRATIVE ACTIONS

June 1, 1999 Through August 31, 1999

<u>COMPONENT INSTITUTION</u>	<u>ESTABLISH ENDOWMENT</u>	<u>REDESIGNATE ENDOWMENT LEVEL</u>	<u>OTHER REDESIGNATION</u>	<u>DISSOLVE ENDOWMENT</u>	<u>APPROVE/ALLOCATE MATCHING</u>	<u>ACCEPT TRUSTEESHIP</u>	<u>OTHER</u>
U. T. System	2	---	---	---	---	---	---
U. T. Arlington	6	---	---	---	---	---	---
U. T. Austin	24	---	10	---	---	---	1
U. T. El Paso	11	1	9	1	---	---	---
U. T. Brownsville	1	---	---	---	---	---	---
U. T. Permian Basin	2	---	6	---	---	---	---
U. T. San Antonio	8	---	---	---	---	---	---
U. T. SWMC-Dallas	13	3	---	---	7	---	---
U. T. M.B.-Galveston	7	---	3	3	---	---	---
UTHSC-Houston	4	---	1	---	---	---	---
UTHSC-San Antonio	2	---	---	---	---	---	---
UTMDACC	2	1	1	---	---	---	---
UTHC-Tyler	---	---	1	---	---	---	---
TOTAL	82	5	31	4	7	0	1

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COMPARATIVE SUMMARY OF GIFTS ACCEPTED VIA THE OFFICIAL ADMINISTRATIVE PROCESS

June 1, 1999 Through August 31, 1999

COMPONENT INSTITUTION	FY 1998 FULL YEAR	FISCAL YEAR 1999			FULL YEAR
		9/1/98 - 11/30/98	12/1/98 - 2/28/99	3/1/99 - 5/31/99	
U. T. System	\$ -	\$ 60,000	\$ 25,000	\$ -	\$ 95,000
U. T. Arlington	\$ 1,633,567	\$ 31,386	\$ 187,148	\$ 65,000	\$ 612,441
U. T. Austin	\$ 16,888,581	\$ 1,166,167	\$ 3,098,064	\$ 4,399,929	\$ 17,668,529
U. T. Dallas	\$ 411,126	\$ 1,000,000	\$ 60,674	\$ -	\$ 1,060,674
U. T. El Paso	\$ 4,064,288	\$ 1,597,047	\$ 291,094	\$ 220,683	\$ 3,180,702
U. T. Pan American	\$ 1,142,022	\$ -	\$ 60,674	\$ -	\$ 60,674
U. T. Brownsville	\$ 10,000	\$ -	\$ 60,674	\$ -	\$ 110,674
U. T. Permian Basin	\$ 272,770	\$ 10,000	\$ 120,674	\$ 60,000	\$ 210,674
U. T. San Antonio	\$ 236,907	\$ 53,600	\$ 326,674	\$ 25,000	\$ 680,768
U. T. Tyler	\$ 554,169	\$ -	\$ 220,749	\$ 40,000	\$ 260,749
U. T. SWMC-Dallas	\$ 35,511,381	\$ 2,342,000	\$ 4,559,867	\$ 666,600	\$ 7,802,087
U. T. M.B.-Galveston	\$ 4,135,559	\$ 164,293	\$ 2,573,483	\$ 3,767,256	\$ 7,563,732
UTHSC-Houston	\$ 5,595,404	\$ 2,259,623	\$ 160,674	\$ 286,917	\$ 2,987,214
UTHSC-San Antonio	\$ 2,330,175	\$ 1,000,000	\$ 76,846	\$ 178,396	\$ 1,375,242
UTMDACC	\$ 13,780,273	\$ 162,831	\$ 4,358,790	\$ 2,272,709	\$ 7,330,854
UTHC-Tyler	\$ 476,000	\$ 602,933	\$ 650,000	\$ 41,445	\$ 1,294,378
Multi-Component	\$ -	\$ -	\$ 170,000	\$ -	\$ 170,000
TOTAL	\$ 87,042,222	\$ 10,449,881	\$ 17,001,083	\$ 12,023,935	\$ 52,464,391

6

I. MATTERS RELATED TO THE UNIVERSITY OF TEXAS INVESTMENT MANAGEMENT COMPANY (UTIMCO)

1. U. T. System: Report on Investments for the Fiscal Year Ended August 31, 1999.--

RECOMMENDATION

Pages 12 - 16 contain the Summary Reports on Investments for the year ended August 31, 1999.

Item a on Page 12 presents the summary report for Permanent University Fund (PUF) Investments. PUF Investments began the year with a market value of \$6.5 billion. During the year, contributions of mineral income from PUF Lands equaled \$54.3 million, down 31.7% versus receipts for the prior fiscal year. In addition, total investment return was \$1,158.1 million of which \$263.9 million was income return distributed to the Available University Fund (AUF) and \$894.2 million was price return. PUF market value ended the year at \$7.5 billion.

Year-end asset allocation was 68.4% broadly defined equities and 31.6% fixed income versus an unconstrained neutral allocation of 80% equities and 20% fixed income. Within equities, year-end allocation was 46.6% U. S. large and mid cap stocks, 4.4% U. S. small cap stocks, 6.8% non-U. S. equities and 10.6% alternative equities.

The PUF's accrued investment income of \$263.9 million increased by a nominal rate of 1.5% versus \$260.0 million for the prior fiscal year and decreased by .8% on an inflation adjusted basis. Distributed investment income for the year of \$263.9 million was \$12.6 million over budget and \$3.9 million over investment income earned during the prior year.

PUF investment income continued to suffer from declining interest rates and the resulting negative reinvestment spreads. The reinvestment spread on maturing and redeemed bonds during the year was a negative 3.09% as bonds ran off at an average yield of 8.85% and were replaced by bonds yielding 5.76%. As of year-end, the distributable book yield on the \$2.3 billion fixed income portfolio declined to 7.60% versus 7.75% 12 months ago.

Total investment return for the year was 17.9%. The fixed income portfolio posted a total return of (1.0%) for the year versus .8% for the Lehman Aggregate Bond Index. Equities, as an asset class, posted higher relative returns with the S&P 500 Index and Russell 3000 Index posting returns of 39.8% and 38.5%, respectively. The PUF's equity portfolios (including non-U. S. portfolios) produced a lower return of 30.6%. Finally, alternative equities produced a 21.1% return for the year.

Item b on Page 13 reports summary activity for the Permanent Health Fund (PHF). This was funded on August 30, 1999, with contributions in the amount of \$890 million. The PHF was 100% invested in a AAA rated money market fund for the final two days of the fiscal year.

Item c on Page 14 reports summary activity for the Long Term Fund (LTF). During the year, net contributions totaled \$85.0 million representing a 5.6% increase over the prior fiscal year. Investment return was \$482.5 million. Distributions to the 5,080 endowment and other accounts underlying the LTF totaled \$101.5 million: an increase of 11.7% versus the prior year. The Fund's market value closed the year at \$2.6 billion.

Asset allocation at year-end was 21.0% fixed income and 79.0% broadly defined equities. Within equities, U. S. small cap and non-U. S. equities were slightly overweighted at 10.8% and 16.1%, respectively, of total assets. U. S. large and mid cap equities were also overweighted at 32.6% while alternative equities were underweighted at 19.5% versus a neutral weighting of 25%. Total investment return for the year was 22.1% versus the neutral policy portfolio return of 24.3%.

Item d on Page 15 presents summary activity for the Short/Intermediate Term Fund. During the year, the Fund received net contributions of \$13.2 million. It earned \$53.4 million in total return and incurred expenses of \$500 thousand. Distributions to the U. T. System component institutions equaled \$106.3 million, resulting in a year-end Fund value of \$1.8 billion versus \$1.8 billion at the beginning of the year. Total return on the Fund was 2.9% for the year versus the Fund's performance benchmark of 3.7%.

Item e on Page 16 presents book and market value of cash, fixed income, equity and other securities held in funds outside of internal investment pools. Total cash and equivalents, consisting primarily of component operating funds held in the Dreyfus money market fund, decreased by \$46 million to \$796 million during the final quarter. Asset values for the remaining asset classes were fixed income securities: \$66 million versus \$66 million at previous quarter-end; equities: \$60 million versus \$51 million at previous quarter-end; and other investments of \$21 million versus \$7 million at previous quarter-end.

a. PERMANENT UNIVERSITY FUND

Summary Investment Report at August 31, 1999.--

PERMANENT UNIVERSITY FUND (1)
INVESTMENT SUMMARY REPORT
(\$ millions)

	FY97-98	FY98-99				Full Year
	Full Year	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	
Beginning Market Value	6,368.3	6,517.1	7,188.9	7,202.1	7,437.0	6,517.1
PUF Lands Receipts (2)	79.5	15.1	11.2	11.3	16.7	54.3
Investment Income (3)	260.0	65.5	63.7	68.5	66.2	263.9
Investment Income Distributed	(260.0)	(65.5)	(63.7)	(68.5)	(66.2)	(263.9)
Realized Gains	467.6	113.4	117.0	110.9	106.4	447.7
Change in Unrealized Gains	(398.3)	543.3	(115.0)	112.7	(94.5)	446.5
Ending Market Value	6,517.1	7,188.9	7,202.1	7,437.0	7,465.6	7,465.6
AUF income:						
Investment Income	260.0	65.5	63.7	68.5	66.2	263.9
Surface Income	6.6	2.3	2.2	0.8	4.2	9.5
Total	266.6	67.8	65.9	69.3	70.4	273.4

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

(1) Excludes PUF Lands mineral and surface interests with estimated August 31, 1999 values of \$558.8 million and \$156.3 million, respectively.

(2) As of August 31, 1999: 1,273,368 acres under lease; 520,487 producing acres; 3,370 active leases; and 2,048 producing leases.

(3) Investment income includes amortization of discount and premium bonds in accordance with statutory requirements.

b. PERMANENT HEALTH FUND

Summary Investment Report at August 31, 1999.--

PERMANENT HEALTH FUND
INVESTMENT SUMMARY REPORT
(\$ millions)

	<u>FY98-99</u> <u>Full Year</u>
Beginning Net Assets	-
Contributions (1)	890.0
Investment Return	0.3
Ending Net Assets	<u>890.3</u>
Net Asset Value per Unit	1.000284
No. of Units (End of Period)	890,000,000

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

(1) Funded 8/30/99

c. LONG TERM FUND

Summary Investment Report at August 31, 1999.--

LONG TERM FUND
SUMMARY REPORT
(\$ millions)

	FY97-98	FY98-99				Full Year
	Full Year	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	
Beginning Net Assets	2,125.0	2,147.7	2,390.2	2,425.4	2,538.2	2,147.7
Net Contributions	80.5	31.6	17.1	26.1	10.2	85.0
Investment Return (1)	42.6	237.2	44.9	114.0	86.4	482.5
Receipt of Funds from System for UTIMCO Fee	2.0	0.6	0.5	0.5	0.6	2.2
Expenses	(7.2)	(1.6)	(1.9)	(2.2)	(2.6)	(8.3)
Distributions (Payout)	(90.9)	(25.1)	(25.2)	(25.5)	(25.7)	(101.5)
Distribution of Gain on Participant Withdrawals	(4.3)	(0.2)	(0.2)	(0.1)	(4.8)	(5.3)
Ending Net Assets	2,147.7	2,390.2	2,425.4	2,538.2	2,602.3	2,602.3
Net Asset Value per Unit	4.568	5.010	5.048	5.227	5.347	5.347
No. of Units (End of Period)	470,190,284	477,070,872	480,447,414	485,586,789	486,701,841	486,701,841
Distribution Rate per Unit	0.195	0.0525	0.0525	0.0525	0.0525	0.2100

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

(1) Investment return for FY 97-98 was adjusted downward \$.1 million from previous report to correct rounding difference between other annual reports.

d. SHORT/INTERMEDIATE TERM FUND

Summary Investment Report at August 31, 1999.--

**SHORT/INTERMEDIATE TERM FUND
SUMMARY REPORT
(\$ millions)**

	FY97-98	FY98-99				
	Full Year	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Full Year
Beginning Net Assets	1,631.4	1,809.6	1,845.9	1,838.3	1,831.3	1,809.6
Contributions (Net of Withdrawals)	126.9	29.8	18.7	9.5	(44.8)	13.2
Investment Return	152.8	32.5	-	10.8	10.1	53.4
Expenses	(0.5)	(0.1)	(0.1)	(0.1)	(0.2)	(0.5)
Distributions of Income	(101.0)	(25.9)	(26.2)	(27.2)	(27.0)	(106.3)
Ending Net Assets	1,809.6	1,845.9	1,838.3	1,831.3	1,769.4	1,769.4

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

e. SEPARATELY INVESTED ASSETS

Summary Investment Report at August 31, 1999.--

**SEPARATELY INVESTED ASSETS
SUMMARY REPORT
(\$ thousands)**

ASSET TYPES	FUND TYPE													
	CURRENT PURPOSE				ENDOWMENT & SIMILAR FUNDS		ANNUITY & LIFE INCOME FUNDS		AGENCY FUNDS		OPERATING FUNDS		TOTAL	
	DESIGNATED		RESTRICTED		BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET
Cash & Equivalents:														
Beginning value 6/1/99	3,723	3,723	1,566	1,566	18,850	18,850	400	400	37	37	817,369	817,369	841,945	841,945
Increase/(Decrease)	89	89	727	727	5,788	5,788	17	17	(34)	(34)	(52,859)	(52,859)	(46,272)	(46,272)
Ending value 8/31/99	3,812	3,812	2,293	2,293	24,638	24,638	417	417	3	3	764,510	764,510	795,673	795,673
Debt Securities:														
Beginning value 6/1/99	-	-	7	5	57,008	57,123	8,177	8,531	-	-	-	-	65,192	65,659
Increase/(Decrease)	-	-	-	-	(2,671)	(4,039)	(105)	(308)	-	-	5,045	4,958	2,269	611
Ending value 8/31/99	-	-	7	5	54,337	53,084	8,072	8,223	-	-	5,045	4,958	67,461	66,270
Equity Securities:														
Beginning value 6/1/99	42	3,336	1,898	2,025	24,100	38,170	6,855	7,398	-	-	250	246	33,145	51,175
Increase/(Decrease)	-	1,878	527	534	(3,299)	(2,144)	49	222	-	-	7,766	7,850	5,043	8,340
Ending value 8/31/99	42	5,214	2,425	2,559	20,801	36,026	6,904	7,620	-	-	8,016	8,096	38,188	59,515
Other:														
Beginning value 6/1/99	-	-	22	22	658	658	5,894	6,255	-	-	-	-	6,574	6,935
Increase/(Decrease)	14,150	14,150	301	301	(159)	(159)	(44)	126	-	-	-	-	14,248	14,418
Ending value 8/31/99	14,150	14,150	323	323	499	499	5,850	6,381	-	-	-	-	20,822	21,353

Report prepared in accordance with Sec. 51.0032 of the Texas Education Code.
Details of individual assets by account furnished upon request.

2. Permanent University Fund: Report on Investments for the Fiscal Year Ended August 31, 1999.--

RECOMMENDATION

Under separate cover to be distributed at the November meeting of the U. T. Board of Regents, The University of Texas Investment Management Company (UTIMCO) presents a report on Permanent University Fund Investments for the fiscal year ended August 31, 1999. The report includes the annual audited financial statements, summarized investment transactions and balances for the fiscal year ended August 31, 1999.

Section 66.05 of the Texas Education Code requires that the report be approved by the U. T. Board of Regents prior to its distribution to the Governor, members of the Legislature, and other State Officials.

3. U. T. Board of Regents: Proposed Amendments to Permanent Health Fund and Long Term Fund Investment Policy Statements with UTIMCO.--

RECOMMENDATION

The Board of Directors of The University of Texas Investment Management Company (UTIMCO) recommends that the U. T. Board of Regents approve the amendments to the Permanent Health Fund (PHF) and Long Term Fund (LTF) Investment Policy Statements as set forth below in congressional style:

Asset Allocation
Add Paragraph E.

- E. Inflation Hedging Assets – generally consist of assets with a higher correlation of returns with inflation than other eligible asset classes. They include direct real estate, REITs, oil and gas interests, commodities,

inflation-linked bonds, timberland and other hard assets. These investments may be held through limited partnership, other commingled funds or as direct ownership interests.

Asset Allocation Policy
Second Paragraph

The long-term asset allocation policy for the Fund must recognize that the 5.5% real return objective requires a high allocation to broadly defined equities, including domestic, international stocks, ~~and~~ alternative equity investments, and inflation hedging assets of 68% to 90%. The allocation to fixed income investments should therefore not exceed 32% of the Fund.

Investment Guidelines

Alternative Investments and Inflation Hedging Assets

Investments in alternative assets and inflation hedging assets may be made through management contracts with unaffiliated organizations (including but not limited to limited partnerships, trusts, and joint ventures) so long as such organizations:

- A. possess specialized investment skills
- B. possess full investment discretion subject to the management agreement
- C. are managed by principals with a demonstrated record of accomplishment and performance in the investment strategy being undertaken
- D. align the interests of the investor group with the management as closely as possible
- E. charge fees and performance compensation which do not exceed prevailing industry norms at the time the terms are negotiated.

Investments in alternative nonmarketable assets and inflation hedging assets also may be made directly by UTIMCO in co-investment transactions sponsored by and invested in by a management firm or partnership in which the Fund has invested prior to the co-investment or in transactions sponsored by investment firms well known to UTIMCO management, provided that such direct investments shall not

exceed 25% of the market value of the alternative nonmarketable assets portfolio or the inflation hedging assets portfolio at the time of the direct investment.

Effective Date

The effective date of this policy shall be November 11 [~~August 30~~], 1999.

BACKGROUND INFORMATION

The Investment Policy Statements for the endowment funds state that UTIMCO shall establish specific allocations and ranges for eligible asset classes within the broad guidelines contained in the Investment Policy Statements and report them to the U. T. Board of Regents. The asset allocation and ranges (see Exhibit A on Page 20) underlying the endowment Investment Policy Statements are based originally on a study performed by an endowment consultant in late 1995. These original asset allocations have been revised periodically with the last revision occurring in October of 1997. The new asset allocations are the culmination of a five-month process involving an updated asset allocation study and certain refinements by UTIMCO management to improve the expected return to risk ratio. The new asset allocation proposes three changes from the current policy:

First, a reduction in U. S. equity neutral exposure from 40% to 32.5% or specifically 25% for U. S. large/mid cap and 7.5% for U. S. small cap;

Second, a rebalancing of the 25% neutral exposure to alternative investments, increasing marketable investments such as hedge, distressed debt and absolute return funds from 7% to 10% and reducing nonmarketables, i.e., buyouts and venture capital from 18% to 15%; and

Third, creation of an inflation hedging asset class with a neutral exposure equal to 7.5% of fund assets.

The amendments to the PHF and LTF Investment Policy Statements recommended above relate primarily to the creation of the separate inflation hedging asset class for the endowment funds. These Statements and underlying asset allocation were reviewed and approved by the UTIMCO Board of Directors at its meeting on September 22, 1999.

EXHIBIT A

ENDOWMENT

NEUTRAL ALLOCATIONS, EXPECTED RETURN AND RISK,
RANGES, AND PERFORMANCE OBJECTIVES

<u>Conventional Equities</u>	<u>Expected Return</u>	<u>Expected Risk</u>	<u>Neutral Allocation</u>	<u>Range</u>	<u>Benchmark Return</u>
U.S. Stocks	9.25%	18.50%	25.0%	10%-40%	S&P 500 Index
U.S. Small Cap Stocks	10.25%	21.25%	7.5%	5%-15%	Russell 2000 Index
				15%-55%	
Global ex-U.S. Stocks	9.75%	20.75%	12.0%	5%-20%	FT Actuaries World (ex-US)
Emerging Markets Equity	13.00%	30.00%	3.0%	0%-10%	MSCI-Emerging Mkts. Free
			47.5%	5%-30%	
				35%-80%	
<u>Alternative Equities</u>					
<u>Marketable</u>					
Absolute Return	7.75%	9.25%	3.0%	2.5%-10%	
Equity Hedge Funds	8.00%	14.00%	7.0%	2.5%-15%	
			10.0%	5%-15%	91-Day T-Bills +7%
<u>Non-Marketable</u>					
Venture Capital	14.25%	15.75%	7.5%	2.5%-10%	
Private Equity	12.25%	9.50%	7.5%	2.5%-15%	
			15.0%	5%-20%	17.00%
<u>Inflation Hedging</u>					
Commodities (GSCI)	8.75%	19.25%	2.5%	0.0%-10%	
Oil and Gas	11.00%	27.00%	0.0%	0.0%-10%	
Real Estate	9.00%	14.50%	5.0%	0.0%-10%	
TIPS	6.50%	2.50%	0.0%	0.0%-10%	
Timberland	8.50%	9.25%	0.0%	0.0%-10%	
			7.5%	5%-15%	33% (GSCI - 100 bps)/67% NCREIF
<u>Fixed Income</u>					
<u>Deflation Hedging</u>					
High Yield Bonds	8.50%	13.25%	0.0%	0%-7%	Lehman Brothers Aggregate
Global ex U.S. Bonds	6.50%	13.00%	5.0%	0%-5%	Salomon Non-U.S. WGBI Unh.
U.S. Bonds	6.25%	9.25%	15.0%	13%-25%	Lehman Brothers Aggregate
Cash	3.75%	3.50%	0.0%	13%-32%	91 day T-Bills Ave. Yield
			20.0%	13%-35%	
			100.0%		
Expected Nominal Return			9.35%		
Expected Risk			10.44%		
Return/Risk Ratio			0.90		

The rebalancing of Fund assets to achieve the neutral allocations shall be subject to the funding of alternative investments.

Risk is defined in annualized standard deviation terms.

4. U. T. Board of Regents: Request for Approval of Permanent University Fund (PUF) Investment Policy Statement and PUF Distribution for the Fiscal Year Ending August 31, 2000.--

RECOMMENDATION

The Board of Directors of The University of Texas Investment Management Company (UTIMCO) recommends, subject to the passage of Proposition 17 amending the Texas Constitution on November 2, 1999, that the U. T. Board of Regents approve:

- a. The Investment Policy Statement for the Permanent University Fund (PUF) as set out on Pages 23 - 38
- b. A PUF distribution to the Available University Fund (AUF) of \$285,923,022 for the fiscal year ending August 31, 2000.

BACKGROUND INFORMATION

Proposition 17 redefines the AUF to include distributions made from PUF total investment return. These distributions are to be determined by the U. T. Board of Regents in a manner that attempts to: a) provide the AUF with a stable and predictable stream of distributions over time and b) maintain the purchasing power of both PUF investments and AUF distributions. Proposition 17 limits the discretion of the U. T. Board to determine the amount of PUF distributions in any given year by stipulating that annual distributions may not: a) exceed 7% of the average market value of PUF investments (as determined by the U. T. Board) and b) increase year to year if the purchasing power of PUF investments has not been preserved over rolling ten-year periods, except as necessary to pay annual debt service on PUF bonds.

The passage of Proposition 17 would allow the U. T. Board of Regents to manage and invest the PUF in the same manner as the U. T. Board manages and invests the other major endowment fund groups under its fiduciary control, namely the Permanent Health Fund (PHF) and the Long Term Fund (LTF). Consequently, UTIMCO recommends the adoption of a new PUF Investment Policy Statement that is identical (except for conforming changes) to the Investment Policy Statements for the PHF and LTF proposed under Item 3 on Page 17. The proposed PUF Investment Policy Statement was reviewed and approved by the UTIMCO Board at its meeting on September 22, 1999.

The Board of Directors of UTIMCO also recommends that the distribution from the PUF to the AUF for the fiscal year ending August 31, 2000, be set at \$285,923,022. The spending formula under the proposed PUF Investment Policy Statement is identical to the spending policies for both the PHF and LTF. After setting an initial distribution equal to 4.5% of the average market value of PUF assets for the trailing twelve fiscal quarters ended February 28, 1999, the proposed Policy increases distributions from the PUF at the average rate of inflation for the trailing twelve fiscal quarters subject to a distribution range of 3.5% to 5.5% of the average market value of PUF assets for the trailing twelve fiscal quarters.

The proposed distribution of \$285,923,022 satisfies both limitations under Proposition 17. The distribution rate of 4.5% of the average market value of PUF investments for the trailing twelve fiscal quarters ended February 28, 1999, is below the 7% maximum distribution rate. In addition, purchasing power (investment return less investment expenses, inflation and distributions) of PUF investments for the ten-year period ended August 31, 1998, was preserved since it increased during this period by an average annual rate of 2.67%. The proposed PUF distribution for the fiscal year ending August 31, 2000, represents a 13.7% increase over the budgeted distribution of \$251,300,000 and an 8.3% increase over the actual distribution of \$263,914,794 for the fiscal year ended August 31, 1999. The proposed PUF distribution was reviewed and approved by the UTIMCO Board at its meeting on September 22, 1999.

**THE UNIVERSITY OF TEXAS SYSTEM
PERMANENT UNIVERSITY FUND
INVESTMENT POLICY STATEMENT**

Purpose

The Permanent University Fund (the "Fund") is a public endowment contributing to the support of institutions of The University of Texas System (other than The University of Texas-Pan American and The University of Texas at Brownsville) and institutions of The Texas A&M University System (other than Texas A&M University-Corpus Christi, Texas A&M International University, Texas A&M University-Kingsville, West Texas A&M University, Texas A&M University-Commerce, Texas A&M University-Texarkana, and Baylor College of Dentistry).

Fund Organization

The Permanent University Fund was established in the Texas Constitution of 1876 through the appropriation of land grants previously given to The University of Texas at Austin plus one million acres. The land grants to the Permanent University Fund were completed in 1883 with the contribution of an additional one million acres of land. Today, the Permanent University Fund contains 2,109,190 acres of land (the "PUF Lands") located in 24 counties primarily in West Texas.

The 2.1 million acres comprising the PUF Lands produce two streams of income: a) mineral income, primarily in the form of oil and gas royalties and b) surface income, in the form of surface leases and easements. Under the Texas Constitution, mineral income, as a non-renewable source of income, remains a non-distributable part of PUF corpus, and is invested in securities. Surface income, as a renewable source of income, is distributed to the Available University Fund (the "AUF"), as received.

The Constitution prohibits the distribution and expenditure of mineral income contributed to the Fund [~~and the realized and unrealized gains earned from Fund investments~~]. The Constitution also requires that all surface income and investment distributions paid [~~the distribution of all PUF investment income~~] to the AUF [~~to~~] be expended for certain authorized purposes.

The expenditure of [~~PUF income distributed to~~] the AUF is subject to a prescribed order of priority:

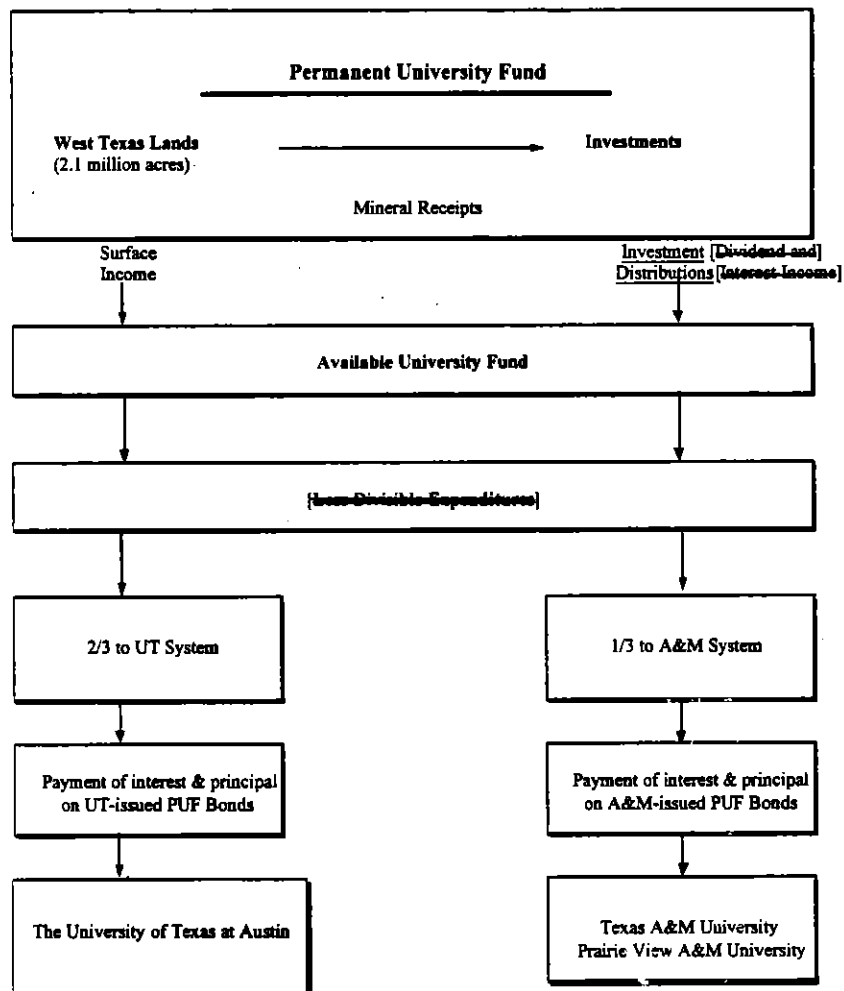
First, [~~expenses incurred in the administration of PUF Lands and Investments. Resolutions adopted by the U. T. Board of Regents (the "U. T. Board") require that administrative expenses of the PUF be restricted to a minimum consistent with prudent business judgment. Second,~~] following a 2/3rds and 1/3rd allocation of AUF receipts [~~distributed PUF income (net of administrative expenses)~~] to the U. T. System and Texas A&M University System,

respectively, expenditures for debt service on PUF bonds. Article VII of the Texas Constitution authorizes the U. T. Board and the Texas A&M University System (the "TAMUS Board") to issue bonds payable from their respective interests in AUF receipts [~~distributed PUF income~~] to finance permanent improvements and to refinance outstanding PUF obligations. The Constitution limits the amount of bonds and notes secured by each System's interest in divisible PUF income to 20% and 10% of the book value of PUF investment securities, respectively. Bond resolutions adopted by both Boards also prohibit the issuance of additional PUF parity obligations unless the projected interest in AUF receipts [~~PUF net income~~] for each System covers projected debt service at least 1.5 times.

Second [~~Third~~], expenditures to fund a) excellence programs specifically at U. T. Austin, Texas A&M University and Prairie View A&M University and b) the administration of the university systems.

The payment [distribution] of surface income and investment distributions [expenditures] from the PUF to the AUF and the associated expenditures is depicted below in Exhibit 1:

Exhibit 1



Fund Management

Article VII of the Texas Constitution assigns fiduciary responsibility for managing and investing the Fund to the U. T. Board. Article VII authorizes the U. T. Board, subject to procedures and restrictions it establishes, to invest the Fund in any kind of investments and in amounts it considers appropriate, provided that it adheres to the prudent person investment standard. This standard provides [requires] that the U. T. Board, in making investments, may acquire, exchange sell, supervise, manage, or retain, through procedures and subject to restrictions it establishes and in amounts it considers appropriate, any kind of investment that prudent investors, exercising reasonable care, skill, and caution, would acquire or retain in light of the purposes, terms, distribution requirements, and other circumstances of the fund then prevailing, taking into consideration the investment of all the assets of the fund rather than a single investment ~~[shall exercise the judgment and care under the circumstances then prevailing which persons of ordinary prudence, discretion and intelligence exercise in the management of their own affairs, not in regard to speculation but in regard to the permanent disposition of their funds, considering the probable income therefrom as well as the probable safety of their capital].~~

Ultimate fiduciary responsibility for the Fund rests with the Board. Section 66.08 of the Texas Education Code authorizes the U. T. Board to delegate to its committees, officers or employees of the U. T. System and other agents the authority to act for the U. T. Board in investment of the PUF. The Fund shall be managed through The University of Texas Investment Management Company ("UTIMCO") which shall a) recommend investment policy for the Fund, b) determine specific asset allocation targets, ranges and performance benchmarks consistent with Fund objectives, and c) monitor Fund performance against Fund objectives. UTIMCO shall invest the Fund's assets in conformity with investment policy.

Unaffiliated investment managers may be hired by UTIMCO to improve the Fund's return and risk characteristics. Such managers shall have complete investment discretion unless restricted by the terms of their management contracts. Managers shall be monitored for performance and adherence to investment disciplines.

Fund Administration

UTIMCO shall employ an administrative staff to ensure that all transaction and accounting records are complete and prepared on a timely basis. Internal controls shall be emphasized so as to provide for responsible separation of duties and adequacy of an audit trail. Custody of Fund assets shall comply with applicable law and be structured so as to provide essential safekeeping and trading efficiency.

Fund Investment Objectives

The primary investment objective shall be to preserve the purchasing power of Fund assets and annual distributions by earning an average annual total return after inflation of 5.5% over rolling ten-year periods or longer. The Fund's success in meeting its objectives depends

upon its ability to generate high returns in periods of low inflation that will offset lower returns generated in years when the capital markets underperform the rate of inflation.

The secondary fund objective is to generate a fund return in excess of the Policy Portfolio benchmark over rolling five-year periods or longer. The Policy Portfolio benchmark will be established by UTIMCO and will be comprised of a blend of asset class indices weighted to reflect Fund asset allocation policy targets.

~~[The U. T. Board recognizes that achievement of Fund investment objectives is substantially hindered by the inability to make distributions on a total return basis and current distribution rates in excess of long-term equilibrium levels.]~~

Asset Allocation

Asset allocation is the primary determinant of the volatility of investment return and, subject to the asset allocation ranges specified herein is the responsibility of UTIMCO. Specific asset allocation targets may be changed from time to time based on the economic and investment outlook.

Fund assets shall be allocated among the following broad asset classes based upon their individual return/risk characteristics and relationships to other asset classes:

- A. Cash Equivalents - are highly reliable in protecting the purchasing power of current income streams but historically have not provided a reliable return in excess of inflation. Cash equivalents provide good liquidity under both deflation and inflation conditions.
- B. Fixed Income Investments - offer the best protection for hedging against the threat of deflation by providing a dependable and predictable source of Fund income. Such bonds should be high quality, and intermediate to long-term maturity with reasonable call protection in order to ensure the generation of current income and preservation of nominal capital even during periods of severe economic contraction.
- C. Equities - provide both current income and growth of income, but their principal purpose is to provide appreciation of the Fund. Historically, returns for equities have been higher than for bonds over all extended periods. As such, equities represent the best chance of preserving the purchasing power of the Fund.
- D. Alternative Investments - generally consist of alternative marketable investments and alternative nonmarketable investments.

- Alternative Marketable Investments -
These investments are broadly defined to include hedge funds, arbitrage and special situation funds, high yield bonds, distressed debt, market neutral, [~~commodities~~] and other non-traditional investment strategies whose underlying securities are traded on public exchanges or are otherwise readily marketable. Alternative marketable investments may be made directly by UTIMCO or through partnerships. If these investments are made through partnerships they offer faster drawdown of committed capital and earlier realization potential than alternative nonmarketable investments. Alternative marketable investments made through partnerships will generally provide investors with liquidity at least annually.

- Alternative Nonmarketable Investments -
Alternative Nonmarketable investments shall be expected to earn superior equity type returns over extended periods. The advantages of alternative nonmarketable investments are that they enhance long-term returns through investment in inefficient, complex markets. They offer reduced volatility of Fund asset values through their characteristics of low correlation with listed equities and fixed income instruments. The disadvantages of this asset class are that they may be illiquid, require higher and more complex fees, and are frequently dependent on the quality of external managers. In addition, they possess a limited return history versus traditional stocks and bonds. The risk of alternative nonmarketable investments shall be controlled with extensive due diligence and diversification. These investments are held either through limited partnership or as direct ownership interests. They include special equity, mezzanine venture capital, [~~oil and gas, real estate~~] and other investments that are privately held and which are not registered for sale on public exchanges. In partnership form, these investments require a commitment of capital for extended periods of time with no liquidity.

- E. Inflation Hedging Assets - generally consist of assets with a higher correlation of returns with inflation than other eligible asset classes. They include direct real estate, REITs, oil and gas interests, commodities, inflation-linked bonds, timberland and other hard assets. These investments may be held through limited partnership, other commingled funds or as direct ownership interests.

Asset Allocation Policy

The asset allocation policy and ranges herein recognize that the Fund's return/risk profile can be enhanced by diversifying the Fund's investments across different types of assets whose

returns are not closely correlated. The targets and ranges seek to protect the Fund against both routine illiquidity in normal markets and extraordinary illiquidity during a period of extended deflation.

The long-term asset allocation policy for the Fund must recognize that the 5.5% real return objective requires a high allocation to broadly defined equities, including domestic, international stocks, ~~and~~ alternative equity investments, and inflation hedging assets of 68% to 90% ~~[50% to 90%]~~. The allocation to deflation hedging Fixed Income should therefore not exceed 32% ~~[50%]~~ of the Fund.

The Board delegates authority to UTIMCO to establish specific neutral asset allocations and ranges within the broad policy guidelines described above. UTIMCO may establish specific asset allocation targets and ranges for large and small capitalization U. S. stocks, established and emerging market international stocks, marketable and non-marketable alternative equity investments, and other asset classes as well as the specific performance objectives for each asset class. Specific asset allocation policies shall be decided by UTIMCO and reported to the U. T. Board.

Performance Measurement

The investment performance of the Fund will be measured by an unaffiliated organization, with recognized expertise in this field and reporting responsibility to the UTIMCO Board, and compared against the stated investment benchmarks of the Fund. Such measurement will occur at least annually, and evaluate the results of the total Fund, major classes of investment assets, and individual portfolios.

Investment Guidelines

The Fund must be invested at all times in strict compliance with applicable law. ~~[The primary and constant standard for making investment decisions is the "Prudent Person Rule."]~~

Investment guidelines include the following:

General

- Investment guidelines for index and other commingled funds managed externally shall be governed by the terms and conditions of the Investment Management Contract.
- All investments will be U. S. dollar denominated assets unless held by an internal or external portfolio manager with discretion to invest in foreign currency denominated securities.

- Investment policies of any unaffiliated liquid investment fund must be reviewed and approved by the chief investment officer prior to investment of Fund assets in such liquid investment fund.
- No securities may be purchased or held which would jeopardize the Fund's tax-exempt status.
- No investment strategy or program may purchase securities on margin or use leverage unless specifically authorized by the UTIMCO Board.
- No investment strategy or program employing short sales may be made unless specifically authorized by the UTIMCO Board.
- The Fund may utilize Derivative Securities with the approval of the UTIMCO Board to a) simulate the purchase or sale of an underlying market index while retaining a cash balance for fund management purposes; b) facilitate trading; c) reduce transaction costs; d) seek higher investment returns when a Derivative Security is priced more attractively than the underlying security; e) index or to hedge risks associated with Fund investments; or f) adjust the market exposure of the asset allocation, including long and short strategies; provided that: i) no leverage is employed in the implementation of such Derivative purchases or sales; ii) no more than 5% of Fund assets are required as an initial margin deposit for such contracts; iii) the Fund's investments in warrants shall not exceed more than 5% of the Fund's net assets or 2% with respect to warrants not listed on the New York or American Stock Exchanges. Notwithstanding the above, leverage strategies are permissible within the alternative equities investment class with the approval of the UTIMCO Board, if the investment strategy is uncorrelated to the Fund as a whole, the manager has demonstrated skill in the strategy, and the strategy implements systematic risk control techniques, value at risk measures, and pre-defined risk parameters.
- Such Derivative Securities shall be defined to be those instruments whose value is derived, in whole or part, from the value of any one or more underlying assets, or index of assets (such as stocks, bonds, commodities, interest rates, and currencies) and evidenced by forward, futures, swap, cap, floor, option, and other applicable contracts.

UTIMCO shall attempt to minimize the risk of an imperfect correlation between the change in market value of the securities held by the Fund and the prices of Derivative Security investments by investing in only those contracts whose behavior is expected to resemble that of the Fund's underlying securities. UTIMCO also shall attempt to minimize the risk of an illiquid secondary market for a Derivative Security contract and the resulting inability to close a position prior to its maturity date by entering into such transactions on an exchange with an active and liquid secondary market. The net market value of exposure of Derivative Securities purchased or sold over the

counter may not represent more than 15% of the net assets of the Fund.

In the event that there are no Derivative Securities traded on a particular market index such as MSCI EAFE, the Fund may utilize a composite of other Derivative Security contracts to simulate the performance of such index. UTIMCO shall attempt to reduce any tracking error from the low correlation of the selected Derivative Securities with its index by investing in contracts whose behavior is expected to resemble that of the underlying securities.

UTIMCO shall minimize the risk that a party will default on its payment obligation under a Derivative Security agreement by entering into agreements that mark to market no less frequently than monthly and where the counterparty is an investment grade credit. UTIMCO also shall attempt to mitigate the risk that the Fund will not be able to meet its obligation to the counterparty by investing the Fund in the specific asset for which it is obligated to pay a return or by holding adequate short-term investments.

The Fund may be invested in foreign currency forward and foreign currency futures contracts in order to maintain the same currency exposure as its respective index or to protect against anticipated adverse changes in exchange rates among foreign currencies and between foreign currencies and the U. S. dollar.

Cash and Cash Equivalents

Holdings of cash and cash equivalents may include internal short term pooled investment funds managed by UTIMCO.

- Unaffiliated liquid investment funds as approved by the chief investment officer.
- Deposits of the Texas State Treasury.
- Commercial paper must be rated in the two highest quality classes by Moody's Investors Service, Inc. (P1 or P2) or Standard & Poor's Corporation (A1 or A2).
- Negotiable certificates of deposit must be with a bank that is associated with a holding company meeting the commercial paper rating criteria specified above or that has a certificate of deposit rating of 1 or better by Duff & Phelps.
- Bankers' Acceptances must be guaranteed by an accepting bank with a minimum certificate of deposit rating of 1 by Duff & Phelps.
- Repurchase Agreements and Reverse Repurchase Agreements must be transacted with a dealer that is approved by UTIMCO and selected by the Federal Reserve

Bank as a Primary Dealer in U. S. Treasury securities and rated A-1 or P-1 or the equivalent.

- [•] - Each approved counterparty shall execute the Standard Public Securities Association (PSA) Master Repurchase Agreement with UTIMCO.
- [•] - Eligible Collateral Securities for Repurchase Agreements are limited to U. S. Treasury securities and U. S. Government Agency securities with a maturity of not more than 10 years.
- [•] - The maturity for a Repurchase Agreement may be from one day to two weeks.
- [•] - The value of all collateral shall be maintained at 102% of the notional value of the Repurchase Agreement, valued daily.
- [•] - All collateral shall be delivered to the PUF custodian bank. Tri-party collateral arrangements are not permitted.
- The aggregate amount of Repurchase Agreements with maturities greater than seven calendar days may not exceed 10% of the Fund's fixed income assets.
- Overnight Repurchase Agreements may not exceed 25% of the Fund's fixed income assets.
- Mortgage Backed Securities (MBS) Dollar Rolls shall be executed as matched book transactions in the same manner as Reverse Repurchase Agreements above. As above, the rules for trading MBS Dollar Rolls shall follow the Public Securities Association standard industry terms.

Fixed Income

Domestic Fixed Income

Holdings of domestic fixed income securities shall be limited to those securities a) issued by or fully guaranteed by the U. S. Treasury, U. S. Government-Sponsored Enterprises, or U. S. Government Agencies, and b) issued by corporations and municipalities. Within this overall limitation:

- Permissible securities for investment include the components of the Lehman Brothers Aggregate Bond Index (LBAGG): investment grade government and corporate securities, agency mortgage pass-through securities, and asset-backed securities. These sectors are divided into more specific sub-indices 1) Government: Treasury and Agency; 2) Corporate: Industrial, Finance, Utility, and Yankee; 3) Mortgage-backed

securities: GNMA, FHLMC, and FNMA; and 4) Asset-backed securities. In addition to the permissible securities listed above, the following securities shall be permissible: a) floating rate securities with periodic coupon changes in market rates issued by the same entities that are included in the LBAGG as issuers of fixed rate securities; b) medium term notes issued by investment grade corporations; c) zero coupon bonds and stripped Treasury and Agency securities created from coupon securities; and d) structured notes issued by LBAGG qualified entities.

- U.S. Domestic Bonds must be rated investment grade, Baa3 or better by Moody's Investors Services, BBB- by Standard & Poor's Corporation, or an equivalent rating by a nationally recognized rating agency at the time of acquisition.
- Not more than 5% of the market value of domestic fixed income securities may be invested in corporate and municipal bonds of a single issuer provided that such bonds, at the time of purchase, are rated, not less than Baa3 or BBB-, or the equivalent, by any two nationally-recognized rating services, such as Moody's Investors Service, Standard & Poor's Corporation, or Fitch Investors Service.

Non-U.S. Fixed Income

- Not more than 35% of the Fund's fixed income portfolio may be invested in non-U. S. dollar bonds. Not more than 15% of the Fund's fixed income portfolio may be invested in bonds denominated in any one currency.
- Non-dollar bond investments shall be restricted to bonds rated equivalent to the same credit standard as the U.S. Fixed Income Portfolio.
- Not more than 7.5% of the Fund's fixed income portfolio may be invested in Emerging Market debt.
- International currency exposure may be hedged or unhedged at UTIMCO's discretion or delegated by UTIMCO to an external investment manager.
- ~~• Not less than 50% of the market value of domestic fixed income securities shall be invested in direct obligations of the U. S. Treasury, U. S. government agencies, and U. S. government sponsored entities.~~
- ~~Not more than 5% of the market value of domestic fixed income securities may be invested in corporate and municipal bonds of a single issuer provided that such bonds, at the time of purchase are rated, not less than Baa3 or BBB-, or the equivalent, by any two nationally-recognized rating services, such as Moody's Investors Service, Standard & Poor's Corporation, or Fitch Investors Service.~~

- ~~The weighted average maturity of the domestic fixed income portfolio shall be not less than ten years unless approved in advance by the UTIMCO Board.~~

~~These guidelines shall not require the sale of any fixed income investments prior to their scheduled maturities unless the credit quality of the fixed income portfolio shall decline below Aa2.]~~

Equities

The Fund shall:

- A. hold no more than 25% of its equity securities in any one industry or industries (as defined by the standard industry classification code and supplemented by other reliable data sources) at market
- B. hold no more than 5% of its equity securities in the securities of one corporation at cost unless authorized by the chief investment officer.

Alternative Investments and Inflation Hedging Assets

Investments in alternative assets and inflation hedging assets may be made through management contracts with unaffiliated organizations (including but not limited to limited partnerships, trusts, and joint ventures) so long as such organizations:

- A. possess specialized investment skills
- B. possess full investment discretion subject to the management agreement
- C. are managed by principals with a demonstrated record of accomplishment and performance in the investment strategy being undertaken
- D. align the interests of the investor group with the management as closely as possible
- E. charge fees and performance compensation which do not exceed prevailing industry norms at the time the terms are negotiated.

Investments in alternative nonmarketable assets and inflation hedging assets also may be made directly by UTIMCO in co-investment transactions sponsored by and invested in by a management firm or partnership in which the Fund has invested prior to the co-investment or

in transactions sponsored by investment firms well-known to UTIMCO management, provided that such direct investments shall not exceed 25% of the market value of the alternative nonmarketable assets portfolio or the inflation hedging assets portfolio at the time of the direct investment.

Members of UTIMCO management, with the approval of the UTIMCO Board, may serve as directors of companies in which UTIMCO has directly invested Fund assets. In such event, any and all compensation paid to UTIMCO management for their services as directors shall be endorsed over to UTIMCO and applied against UTIMCO management fees. Furthermore, UTIMCO Board approval of UTIMCO management's service as a director of an investee company shall be conditioned upon the extension of UTIMCO's Directors and Officers Insurance Policy coverage to UTIMCO management's service as a director of an investee company.

Fund Distributions

The Fund shall balance the needs and interests of present beneficiaries with those of the future. Fund spending policy objectives shall be to:

- A. provide a predictable, stable stream of distributions over time
- B. ensure that the inflation adjusted value of distributions is maintained over the long-term
- C. ensure that the inflation adjusted value of Fund assets after distributions is maintained over the long-term.

The goal is for the Fund's average spending rate over time not to exceed the Fund's average annual investment return after inflation in order to preserve the purchasing power of Fund distributions and underlying assets.

The Texas Constitution states that "The amount of any distributions to the available university fund shall be determined by the board of regents of The University of Texas System in a manner intended to provide the available university fund with a stable and predictable stream of annual distributions and to maintain over time the purchasing power of permanent university fund investments and annual distributions to the available university fund. The amount distributed to the available university fund in a fiscal year must be not less than the amount needed to pay the principal and interest due and owing in that fiscal year on bonds and notes issued under this section. If the purchasing power of permanent university fund investments for any rolling 10-year period is not preserved, the board may not increase annual distributions to the available university fund until the purchasing power of the permanent university fund investments is restored, except as necessary to pay the principal and interest due and owing on bonds and notes issued under this section. An annual distribution made by the board to the available university fund during any fiscal year may not exceed an amount equal to seven percent of the average net fair market value of permanent

university fund investment assets as determined by the board, except as necessary to pay any principal and interest due and owing on bonds issued under this section. The expenses of managing permanent university fund land and investments shall be paid by the permanent university fund". [~~requires that all dividends, interest and other income earned from Fund investments be distributed to the AUF. At the same time, the Constitution prohibits the distribution of mineral income contributed to the Fund and any realized and unrealized gains earned on such contributions.~~]

~~[UTIMCO shall be responsible for the establishment of the Fund's asset allocation so as to produce an annual income distribution that balances the needs of current beneficiaries with those of future beneficiaries. The Board explicitly recognizes that the generation of income under the Constitutional provisions governing the Fund is highly dependent upon the level of interest rates over which the UTIMCO Board has no control. It also recognizes that the distribution rate as a percentage of the Fund's assets is above average and that the maintenance of current levels of distributed income reduces the UTIMCO Board's ability to grow income over time.]~~

UTIMCO shall be responsible for establishing the Fund's distribution for any given year. Unless otherwise established by UTIMCO and approved by the Board or prohibited by the constitution, fund distributions shall be based on the following criteria:

The annual unit distribution amount shall be adjusted annually based on the following formula:

- A. Increase the prior year's distribution by the average inflation rate (C.P.I.) for the previous twelve quarters.
- B. If the inflationary increase in Step A. results in a distribution rate below 3.5% (computed by taking the proposed distribution amount per unit divided by the previous twelve quarter average market value price per unit), the UTIMCO Board, at its sole discretion, may grant an increase in the distribution amount as long as such increase does not result in a distribution rate of more than 5.5%.
- C. If the distribution rate exceeds 5.5% (computed by taking the proposed distribution amount per unit divided by the previous twelve quarter average market value price per unit), the UTIMCO Board, with the U. T. Board's approval, may reduce the annual distribution amount.

Notwithstanding any of the foregoing provisions, the U. T. Board of Regents may approve a distribution amount that, in its judgment, would be more appropriate than the rate calculated by the policy provisions.

Distributions from the Fund to the AUF may be quarterly or annually at the sole discretion of UTIMCO Management.

Fund Accounting

The fiscal year of the Fund shall begin on September 1st and end on August 31st. Market value of the Fund shall be maintained on an accrual basis in compliance with Financial Accounting Standards Board Statements, Government Accounting Standards Board Statements, industry guidelines, and state statutes, whichever is applicable. Significant asset write-offs or write-downs shall be approved by the chief investment officer and reported to the UTIMCO Board.

Valuation of Assets

As of the close of business on the last business day of each month, UTIMCO shall determine the fair market value of all Fund net assets. Such valuation of Fund assets shall be based on the bank trust custody agreement in effect at the date of valuation. Valuation of alternative assets shall be determined in accordance with the UTIMCO Valuation Criteria for Alternative Assets.

The fair market value of the Fund's net assets shall include all related receivables and payables of the Fund on the valuation. Such valuation shall be final and conclusive.

Securities Lending

The Fund may participate in a securities lending contract with a bank or nonbank security lending agent for either short-term or long-term purposes of realizing additional income. Loans of securities by the Fund shall be collateralized by cash, letters of credit or securities issued or guaranteed by the U. S. Government or its agencies. The collateral will equal at least 100% of the current market value of the loaned securities. The contract shall state acceptable collateral for securities loaned, duties of the borrower, delivery of loaned securities and collateral, acceptable investment of collateral and indemnification provisions. The contract may include other provisions as appropriate. The securities lending program will be evaluated from time to time as deemed necessary by the UTIMCO Board. Monthly reports issued by the agent shall be reviewed by UTIMCO to insure compliance with contract provisions.

Investor Responsibility

As a shareholder, the Fund has the right to a voice in corporate affairs consistent with those of any shareholder. These include the right and obligation to vote proxies in a manner consistent with the unique role and mission of higher education as well as for the economic benefit of the Fund. Notwithstanding the above, the UTIMCO Board shall discharge its fiduciary duties with respect to the Fund solely in the interest of Fund unitholders and shall not invest the Fund so as to achieve temporal benefits for any purpose including use of its economic power to advance social or political purposes.

Amendment of Policy Statement

The Board of Regents reserves the right to amend the Investment Policy Statement as it deems necessary or advisable.

Effective Date

The effective date of this policy shall be January 1, 2000 [~~August 12, 1999~~].

EXHIBIT A

ENDOWMENT

NEUTRAL ALLOCATIONS, EXPECTED RETURN AND RISK,
RANGES, AND PERFORMANCE OBJECTIVES

<u>Conventional Equities</u>	<u>Expected Return</u>	<u>Expected Risk</u>	<u>Neutral Allocation</u>	<u>Range</u>	<u>Benchmark Return</u>
U.S. Stocks	9.25%	18.50%	25.0%	10%-40%	S&P 500 Index
U.S. Small Cap Stocks	10.25%	21.25%	7.5%	5%-15%	Russell 2000 Index
				15%-55%	
Global ex-U.S. Stocks	9.75%	20.75%	12.0%	5%-20%	FT Actuaries World (ex-US)
Emerging Markets Equity	13.00%	30.00%	3.0%	0%-10%	MSCI-Emerging Mkts. Free
			47.5%	5%-30%	
				35%-80%	
<u>Alternative Equities</u>					
<u>Marketable</u>					
Absolute Return	7.75%	9.25%	3.0%	2.5%-10%	
Equity Hedge Funds	8.00%	14.00%	7.0%	2.5%-15%	
			10.0%	5%-15%	91-Day T-Bills +7%
<u>Non-Marketable</u>					
Venture Capital	14.25%	15.75%	7.5%	2.5%-10%	
Private Equity	12.25%	9.50%	7.5%	2.5%-15%	
			15.0%	5%-20%	17.00%
<u>Inflation Hedging</u>					
Commodities (GSCI)	8.75%	19.25%	2.5%	0.0%-10%	
Oil and Gas	11.00%	27.00%	0.0%	0.0%-10%	
Real Estate	9.00%	14.50%	5.0%	0.0%-10%	
TIPS	6.50%	2.50%	0.0%	0.0%-10%	
Timberland	8.50%	9.25%	0.0%	0.0%-10%	
			7.5%	5%-15%	33% (GSCI - 100 bps)/67% NCREIF
<u>Fixed Income</u>					
<u>Deflation Hedging</u>					
High Yield Bonds	8.50%	13.25%	0.0%	0%-7%	Lehman Brothers Aggregate
Global ex U.S. Bonds	6.50%	13.00%	5.0%	0%-5%	Salomon Non-U.S. WGBI Unh.
U.S. Bonds	6.25%	9.25%	15.0%	13%-25%	Lehman Brothers Aggregate
Cash	3.75%	3.50%	0.0%	13%-32%	91 day T-Bills Ave. Yield
			20.0%	13%-35%	
			100.0%		
Expected Nominal Return			9.35%		
Expected Risk			10.44%		
Return/Risk Ratio			0.90		

The rebalancing of Fund assets to achieve the neutral allocations shall be subject to the funding of alternative investments.

Risk is defined in annualized standard deviation terms.

5. U. T. Board of Regents: Proposed Amendment to Article III (Board of Directors) of the Bylaws of UTIMCO.--

RECOMMENDATION

The Board of Directors of The University of Texas Investment Management Company (UTIMCO) recommends that the U. T. Board of Regents add Section 5A to Article III (Board of Directors) of the UTIMCO Bylaws as set forth below in congressional style:

Section 5A. Nominations; Nominating Committee. Upon the occurrence of a vacancy in the office of Director, the Board of Directors shall submit to the Board of Regents the name of a nominee to fill such vacancy. The nominee so submitted shall be selected by the Board of Directors from a list of names compiled by the Chairman of the Board. Prior to selection of the nominee, a nominating committee shall screen the individuals on the list and recommend to the Board a nominee to fill such vacancy. The Chairman of the Board shall appoint three members of the Board to serve as the nominating committee and shall designate the chairman of the committee.

BACKGROUND INFORMATION

Section 66.08 of the Texas Education Code requires that the U. T. Board of Regents approve the Bylaws of UTIMCO and all amendments to those Bylaws. The addition of Section 5A to Article III is recommended to document formally the process by which a prospective non-U. T. Regent candidate for membership on the UTIMCO Board of Directors is selected and recommended for approval to the U. T. Board of Regents. The UTIMCO Board of Directors approved the addition of Section 5A to Article III of the UTIMCO's Bylaws, as presented above, at its meeting on September 22, 1999. All recommendations for Directors will be consistent with Section 66.08 of the Texas Education Code.

J. 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 Material Supporting the Agenda. At the conclusion of each Standing Committee meeting, the report of that Committee will be formally presented to the Board for consideration and action.

Executive Committee: Chairman Evans
Vice-Chairman Loeffler, Vice-Chairman Clements
MSA Page 41

Business Affairs and Audit Committee: Chairman Riter
Regent Hunt, Regent Oxford
MSA Page 42

Academic Affairs Committee: Chairman Miller
Regent Hunt, Regent Oxford, Regent Romero
MSA Page 70

Health Affairs Committee: Chairman Loeffler
Regent Clements, Regent Oxford, Regent Sanchez
MSA Page 76

Facilities Planning and Construction Committee:
Chairman Clements, Regent Riter, Regent Romero, Regent Sanchez
MSA Page 87

Executive Committee

EXECUTIVE COMMITTEE
Committee Chairman Evans

Date: November 11, 1999

Time: Following the Reconvening of the Board of Regents at
approximately 9:30 a.m.

Place: Room NB2.402/2.403, Simmons Biomedical Research Building,
The University of Texas Southwestern Medical Center at Dallas

There are no items to be considered by the Executive Committee for
this meeting.

Business Affairs & Audit Committee

BUSINESS AFFAIRS AND AUDIT COMMITTEE
Committee Chairman Riter

Date: November 11, 1999

Time: Following the Meeting of the Executive Committee

Place: Room NB2.402/2.403, Simmons Biomedical Research Building,
The University of Texas Southwestern Medical Center at Dallas

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INFORMATIONAL REPORTS

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3.	U. T. System: Progress Report for Fiscal Year 1999 on the Historically Underutilized Business (HUB) Program	69

1. U. T. System: Recommendation to Approve Chancellor's Docket No. 99.--

RECOMMENDATION

It is recommended that Chancellor's Docket No. 99 be approved.

It is requested that the committee confirm that authority to execute contracts, documents, or instruments approved therein has been delegated to the officer or official executing same.

2. U. T. Board of Regents: Proposed Amendments to the Regents' Rules and Regulations, Part Two, Chapter V, Section 3 (Employee Training, Education, and Development).--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Academic Affairs, and the Vice Chancellor and General Counsel that the Regents' Rules and Regulations, Part Two, Chapter V, Section 3, relating to employee training, education, and development, be amended as set forth below in congressional style:

Sec. 3. Employee Training, Education, and Development.

- 3.1 The State Employees Training Act, Texas Government Code, Sections 656.041 et seq. recognizes that programs for the training and education of state administrators and employees materially aid effective state administration and requires each State agency to adopt rules governing such programs, subject

to written approval of the Governor of the State of Texas. The Director of the Office of Human Resources, as delegated by the Executive Vice Chancellor for Business Affairs, is responsible for promulgating the necessary policies and procedures for implementation of the State Employees Training Act, consistent with the guidelines [~~already~~] approved by the Governor [~~and the Regents' Rules and Regulations~~].

3.2 ~~The Board of Regents requires [Through implementation of the State Employees Training Act, the U. T. System encourages] the establishment of policies which promote training programs of [that will greatly] benefit to employees. [In addition, the use of various types of training programs will be designed to encourage the initiative of all employees and stimulate and motivate less productive employees. Organized training programs will, moreover, help identify employees who exercise their initiative and demonstrate high levels of performance and also identify areas where employees need assistance in adapting to change and adopting change and improved procedures and programs.]~~

3.3 Policies implemented must be consistent with provisions of the State Employees Training Act, as follows:

3.31 The U. T. System Administration and component institutions will not extend funds under these provisions without the interest of the U. T. System Administration and component institutions being given first consideration.

3.32 If an employee does not perform the regular duties of the job for three or more months, a written agreement complying with the provisions of institutional policy will be executed between the employee and the U. T. System Administration or the component institution as required by State law.

3.33 Should an employee fail to honor the provisions of the agreement, the U. T. System Administration or the component institution will be reimbursed for all costs associated with the training period, including any amounts of the employee's salary not accounted for as paid vacation or compensatory leave.

3.34 The U. T. System Administration and component institutions will report annually to the Legislative Budget Board detailing the amount of money expended in the preceding fiscal year for training subject to the Act.

It is further recommended that current Subsections 3.3 through 3.9 of the Regents' Rules and Regulations, Part Two, Chapter V, Section 3 be deleted in their entirety.

BACKGROUND INFORMATION

The proposed amended language to the Regents' Rules and Regulations, Part Two, Chapter V, Section 3 is intended to comply with provisions of Senate Bill 223, enacted by the 76th Texas Legislature. These provisions require a State agency to adopt a policy governing the training of employees that requires, in part, that the training is related to the employee's job duties and that each State agency prepare an annual report to the Legislative Budget Board detailing the amount of money expended in the preceding fiscal year for training. The required policy has been prepared as a Human Resources policy that specifically incorporates the requirements of S. B. 223. The revised Human Resources policy replaces the language relating to employee training, education, and development presently found in the Regents' Rules and Regulations, Part Two, Chapter V, Section 3, Subsections 3.3 through 3.9.

The proposed amendments will remove redundant language from the Regents' Rules and Regulations concerning employee training, education, and development programs. The programs will continue to be designed to promote the use of various types of training to encourage the initiative of all employees and stimulate and motivate less productive employees. Organized training programs will, moreover, help identify employees who exercise initiative and demonstrate high levels of performance. The programs will also identify areas where employees need assistance in adapting to and adopting change and improved procedures and programs.

3. U. T. Board of Regents: Proposed Amendments to the Regents' Rules and Regulations, Part One, Chapter VI, Section 6, Subsection 6.6 (Solicitation).--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Academic Affairs, and the Vice Chancellor and General Counsel that the Regents' Rules and Regulations, Part One, Chapter VI, Section 6, Subsection 6.6, relating to solicitation, be amended as set forth below in congressional style:

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

6.61 . . .

- (p) The distribution or presentation to officers and employees of the U. T. System and component institutions of material related to health benefit plans, life insurance, tax sheltered annuities, retirement plans or programs, or other benefits that are available to such officers and employees through employee benefit plans or programs offered by or approved by the U. T. System. Such material may be distributed or presented only at the Office of Human Resources of the U. T. System or component institutions, at the benefits office of a health profession practice plan of a health component institution, or at meetings

scheduled for that purpose pursuant to guidelines established by the U. T. System Office of Human Resources. Those companies that are currently authorized Optional Retirement Program vendors may, at the invitation of the U. T. System and component institutions, be permitted to engage in on-campus group seminars for the purpose of providing education, product marketing, and participant enrollment, subject to such rules and limitations as the U. T. System and component institutions may deem necessary and appropriate. Currently authorized Optional Retirement Program vendors may advertise such on-campus meetings throughout the institution, subject to prior approval by the institution. The term "currently authorized Optional Retirement Program vendor" includes a company that has a current contractual agreement with the U. T. System to provide Optional Retirement Program products to officers and employees of the U. T. System but does not include those companies with grandfathered Optional Retirement Program participation or vendors of Tax Sheltered Annuity products or services.

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BACKGROUND INFORMATION

Successful participation in the self-directed Optional Retirement Program (ORP) requires participants to make informed investment decisions based on the continuous investment education of participants. The currently authorized ORP vendors have requested that their representatives be permitted to conduct marketing and educational meetings on U. T. System premises. U. T. System ORP participants would benefit through access to a number of retirement investor educational seminars coupled with product marketing. Employees of other institutions of higher education have access to similar seminars. The current Regents' Rules and Regulations prohibit such on-campus solicitations.

The proposed amended language to the Regents' Rules and Regulations, Part One, Chapter VI, Section 6, Subsection 6.6 is intended to accomplish the following:

- a. Permit marketing meetings, coupled with investor education seminars, by authorized ORP vendors at the component institutions
 - b. Prohibit similar marketing activities by ORP vendors not currently authorized or by Tax Sheltered Annuity vendors
 - c. Provide a degree of control by both the U. T. System and each individual component institution, with respect to extending invitations to vendors, promoting the seminars, selecting time and location of seminars, and identifying the general rules under which seminars are held.
4. U. T. System: Recommended Approval of the System-wide Internal Audit Plan for Fiscal Year 2000.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Business Affairs and Audit Committee of the U. T. Board of Regents that the proposed U. T. System Internal Audit Plan for Fiscal Year 2000 be approved. The development of the Internal Audit Plan is based on risk assessments that were performed at each component institution. The implementation of the Plan will be coordinated with the institutional auditors. A copy of the U. T. System Administration and component institution Plans and the Summarized Audit Plans are on file in the Office of the U. T. Board of Regents.

BACKGROUND INFORMATION

The individual institutions' Audit Plans, which are compiled by the internal audit departments after receiving input and guidance from the institution's management and Internal Audit Committee, were submitted to the Internal Audit Committees and U. T. System presidents for review and comments.

The individual Audit Plans were also reviewed by the Chancellor, the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Academic Affairs, and the System Audit Director. Each of these individuals was given the opportunity for direct input into the development of the Plans. After the review process, the Internal Audit Committee at each component institution formally approved its institution's Plan.

The U. T. System Internal Audit Plans adequately address the risks of the U. T. System by planning audits as follows:

<u>Auditable Area</u>	<u>Audit Hours</u>	<u>Percent of Total Hours</u>
Key Financial and Operating Information	29,234	19%
Institutional Compliance Audits	20,210	13%
Information Technology Audits	20,883	13%
Risk-Based Audits	32,729	21%
Departmental Audits	14,374	9%
Projects	38,409	25%
Total	<u>155,839</u>	<u>100%</u>

The Business Affairs and Audit Committee reviewed the individual Plans at its meeting on October 4, 1999, and recommends approval.

5. U. T. System: Request for Approval of Amendments to the U. T. System Environmental Review Policy for Acquisitions of Real Property Assets.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs and the Executive Director of Real Estate that the U. T. System Environmental Review Policy for Acquisitions of Real Property Assets be amended, as set out in congressional style below, to include the applicable provisions of the Endangered Species Act and the Clean Water Act.

BACKGROUND INFORMATION

Since 1991, the U. T. System has had a formal policy for environmental review of real property assets prior to acquisition. During the compliance review process, the potential risk associated with the Endangered Species Act and the Clean Water Act was identified. These amendments to the Policy are intended to lower the risk associated with enforcement of these Acts by identifying them as factors to be evaluated during the review process which is required for all acquisitions of real property assets.

U. T. SYSTEM ENVIRONMENTAL REVIEW POLICY FOR ACQUISITIONS OF REAL PROPERTY ASSETS

Statement of Policy

It is the policy of The University of Texas System to minimize its potential for exposure to claims made under the applicable laws governing the environment and hazardous substances by making all appropriate inquiry with regard to the environmental condition of real property assets, including leaseholds, prior to acquisition.

Scope of the Policy

To reduce the risk of liability, the U. T. System will complete an environmental site assessment (ESA) prior to acquisition of any real property asset, except as specifically provided in this policy. For purposes of this policy, the term "real property asset" means any interest in real property except a mineral interest severed from the surface estate, a leasehold in improvements only, or a leasehold less than five years in duration that does not contemplate any improvements to be constructed by U. T. System or other activities that would result in disturbance of the soil. The term specifically includes without limitation any acquisition in fee simple of real property, any leasehold on which U. T. System will construct improvements, and any leasehold where an underground storage tank, water wells, or monitoring wells exist. Federal and State statutes impose certain liabilities on owners of real property, including public institutions of higher education, when hazardous or other regulated substances have been deposited, stored, or released on the property. Hazardous and other regulated substances include not only the most dangerous or toxic substances, but also a wide array of chemicals and compounds, many of which are components of household trash or are found in raw materials and wastes. Liabilities related to hazardous and other regulated substances may include costs associated with removal of these substances from the property, including overhead and enforcement expenses. If environmental hazards are identified, the U. T. System should then weigh the risks that may arise with respect to such hazards in determining whether the acquisition is beneficial and appropriate. If no risks are identified, the U. T. System may, under certain circumstances, be able to assert a defense to liability if contamination that was unknown at the time of acquisition is later discovered.

The Environmental Review Process

1. At a minimum, prior to acquisition of any real estate asset, the benefited component, with respect to purchases of land or leaseholds to be used for campus purposes, or the Real Estate Office with respect to all other real property assets, will conduct an initial ESA using the American Society for Testing and Materials (ASTM) transaction screen process E1528. For purposes of the policy, "benefited component" means the component that will use and have control over land acquired by purchase, gift or bequest, or lease. The benefited component will determine the scope of further assessment based on the property's location and history, and findings of the transaction screen.

2. The chief business officer of the benefited component or the chief business officer's delegate, will coordinate the review process for purchase of real property assets to be used for campus purposes.
 - a. No component of the U. T. System will add property to the inventory of campus real property assets until a qualified university employee or a qualified outside professional retained by the component, performs an ESA in accordance with this policy.
 - b. The benefited component will pay all costs of the ESA that are not paid by a donor or an external entity whether the acquisition is by purchase, gift, bequest, or other means.
 - c. Any office or component of the U. T. System will notify the Real Estate Office immediately upon identification of a real property asset which may be donated or bequeathed to the U. T. System or any component institution.
 - d. No component will make a commitment to accept a donation or bequest of a real property asset until the appropriate office has complied with this policy with respect to such asset.
3. All ESAs will comply with the appropriate standards established by ASTM, unless otherwise specifically provided for in this policy.
4. The Real Estate Office may require, when appropriate, an investigation of other environmental issues or conditions beyond the scope of the ASTM guidelines, such as lead, biological, [ø] radiation contamination, endangered species, or wetlands.
5. If the initial transaction screen indicates areas of concern, the "Responsible Officer" (Real Estate Office or Chief Business Officer of the benefited component with respect to real property assets to be used for campus purposes, as appropriate) may (i) reject the real property asset, (ii) accept the real property asset with the identified risks, or (iii) require further investigation in the form of a Phase I, II, or III ESA.
6. If the Responsible Officer requests a Phase I ESA, a qualified outside professional will perform the ESA unless the component or the U. T. System has a qualified employee to complete the review.

- a. All contracts for Phase I ESAs must be in a form acceptable to the Office of General Counsel.
 - b. The Office of General Counsel and the Responsible Officer shall review the ESA report.
 - c. If the Phase I ESA indicates areas of concern, the Responsible Officer may (i) reject the property asset, (ii) accept the real property asset with the identified risks, or (iii) require additional investigation in the form of a Phase II or III ESA.
7. A qualified outside professional must conduct any Phase II ESA, unless the component receives express written permission from the Executive Director, Real Estate Office to conduct all or part of the Phase II ESA in-house based on the institution's expertise. The Phase II ESA should include an extensive review of prior uses of the land and records pertaining to those uses, an examination and sampling of the property, and testing of all samples collected.
 - a. All contracts for Phase II ESAs must be in a form acceptable to the Office of General Counsel.
 - b. The Office of General Counsel and the Responsible Officer will review the Phase II ESA report. If the Phase II ESA indicates areas of concern, the Responsible Officer may (i) reject the real property asset, (ii) accept the real property asset with identified risks, or (iii) require additional investigation in the form of a supplemental Phase II or a Phase III ESA.
8. A qualified outside professional must conduct any Phase III ESA. The ESA should include extensive physical sampling of the site, testing of all samples, estimates of the extent of contamination, and estimates of the total cost to clean up the site.
 - a. All contracts for Phase III ESAs must be in a form acceptable to the Office of General Counsel.
 - b. The Office of General Counsel and the Responsible Officer will review the Phase III ESA report. If the Phase III ESA identifies unacceptable contamination or cleanup estimates, the real property asset will be rejected and will not be acquired.

9. The Real Estate Office will maintain complete ASTM guidelines for the ESA transaction screen process, as revised from time to time. The Real Estate Office will distribute the guidelines at cost to any component business and development offices upon request.
10. When the U. T. System or a benefited component conducts an ESA either in-house or using a qualified outside professional and elects, based on the results of the ESA, not to acquire the real property asset under review, it is the System's policy to provide a copy of the ESA, with an appropriate disclaimer to the seller/current landowner or landlord, if requested.

Recommended Environmental Review by Property Type

The level of screening will vary according to type of real property asset, history and location.

1. Residential:
 - a. Have a qualified in-house individual or outside professional conduct an inspection.
 - b. Conduct a site visit and a review of aerial photos for the past 50 years if such photos are readily available from libraries or archives. If there is concern about past land uses (i.e., the property was vacant and in a remote or formerly industrial/commercial area, the site visit indicates distressed vegetation, or there is other evidence of contamination), then a 50-year title search may be warranted.
2. Vacant/Unoccupied Lands: Step 1.b above. The site visit should include (a) asking neighbors about prior uses such as dumping, and (b) inspecting along on-site roadways or fence lines where historical dumping would be more likely to have occurred. Aerial photos may be particularly useful in evaluating historical dumping on vacant lands.

In geographical areas where endangered species might be present, a review of U. S. Fish and Wildlife Service maps might be appropriate in determining if further investigation on this issue is warranted.

Visual inspection of the site for topographical, hydrological, and vegetative indicators of wetlands may also be appropriate, depending on the geographical location of the property.

3. Commercial Sites: Steps 1.a and 1.b above. A 50-year title search will be useful in evaluating former uses of commercial property. Every attempt should be made to obtain from the current or past owners, operators and/or tenants the nature of business conducted at the site including a review of copies of any permits, licenses, notices of violation or consent agreements issued to owners, operators or tenants of the site.
 4. Industrial Sites: Engage a qualified outside professional to conduct a Phase I ESA in accordance with ASTM Phase I Standard E1527, including a review of copies of any permits, licenses, notices of violation or consent agreements issued to current or past owners, operators or tenants of the site.
6. U. T. System: Recommendation for Authorization to Amend the Policy on Utilization of Historically Underutilized Business (HUB) Firms.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and the Executive Vice Chancellor for Academic Affairs that the U. T. System Policy on Utilization of Historically Underutilized Business (HUB) Firms (approved by the U. T. Board of Regents on November 12, 1998) be amended as set out in congressional style on Pages 60 - 65.

BACKGROUND INFORMATION

The proposed amendments to the U. T. System Policy on Utilization of Historically Underutilized Business (HUB) Firms are recommended (1) to clarify statements of purpose and scope, (2) to reflect changed definitions, (3) to reflect changes in the U. T. System Administration organizational structure, and (4) to conform to new legislative requirements in Section 106.001, Texas Civil Practice and Remedies

Code and Sections 321.013, 2101.011, 2161.001, 2161.0015, 2161.062 (e), 2161.065, 2161.066, 2161.123, 2161.127, and Subchapter F, Texas Government Code, a summary of which follows:

Senate Bill 176 and Article 1 of Senate Bill 178, 75th Texas Legislature, codify the HUB program, formerly specified in riders to the General Appropriations Act. These and other codification measures were recommended by the Senate Finance Committee out of concern that the riders to the General Appropriations Act not related to appropriations and accounts of money were violations of the one-subject rule of the Texas Constitution. In the HUB program codification process, three new elements are worth noting: (1) Section 1.02, S. B. 178 provides that adoption of a HUB program is not prohibited by nondiscriminatory provisions of Section 106.002, Texas Civil Practice and Remedies Code, (2) Section 1.21 changes the definition of HUB to require, additionally, that the enterprise's principal place of business be in Texas and changes the term of art from "socially disadvantaged" to "economically disadvantaged" (Section 2161.001, Texas Government Code), and (3) Section 1.25 specifies that the success or failure of an agency's program is to be judged on procedural compliance, not on any specific quantity of HUB participation (Section 2161.123, Texas Government Code).

Article 2, S. B. 178 adds several new HUB program requirements as follows:

- a. Section 2.02 (Determining Size Standards for HUBs): General Services Commission (GSC) may establish not to exceed size standards governing applicants for HUB status (Section 2161.0015, Texas Government Code)
- b. Section 2.03 (Commission Certification): GSC may approve the certification program of one or more local governments in this State (Section 2161.061, Texas Government Code)
- c. Section 2.04 (Assistance to HUBs): GSC shall send HUBs an orientation package on certification or recertification (Section 2161.062, Texas Government Code)

(Agency Organization): A state agency with a biennial budget that exceeds \$10 million shall designate a staff member to serve as the HUB Coordinator (Memorandum, Senate Finance Committee,

"Explanation of Legislative Intent of Senate Bill 178 Regarding the HUB Coordinator Position", September 10, 1999) (Section 2161.062, Texas Government Code)

- d. Section 2.08: GSC shall design a mentor-protégé program. State agencies with a biennial budget that exceeds \$10 million shall implement the program designed by the Commission. (Section 2161.065, Texas Government Code)

(HUB Forums): GSC shall design a program of forums in which HUBs are invited by state agencies to deliver technical and business presentations . . . State agencies that have a HUB Coordinator shall design its own program . . . (Section 2161.066, Texas Government Code)

- e. Section 2.09 (Education and Outreach): GSC shall report before September 1 on education and outreach (Section 2161.126, Texas Government Code)

(Legislative Appropriations Request): Each state agency must include as part of its Legislative Appropriations Request a detailed report showing the extent of compliance with this chapter and rules of the Commission for the two calendar years preceding the calendar year in which the request is submitted.

Extent of compliance is considered a performance measure for purposes of the appropriations process (Section 2161.127, Texas Government Code)

- f. Section 2.10 (Subcontracting):
- Provisions affect all contracts with expected value of \$100,000 or more;
 - GSC shall issue rules;
 - Provisions are effective for procurement solicitations issued on or after April 1, 2000;

- Agency determines probability for subcontracting opportunities for each contract and states that probability in the procurement solicitation (Request for Proposal, Advertisement for Bids, etc.);
- If the probability exists, respondents to solicitations must include a HUB subcontracting plan. A bid, proposal, etc., must include the plan to be considered responsive;
- The awarded contract shall contain a provision for fulfillment of the plan;
- Contractors shall report reasons for nonfulfillment of the plan and their good faith efforts;
- Agency shall audit the contractor's noncompliance to determine good faith effort; and
- A finding of failure to implement the HUB plan in good faith may, in addition to any other remedies, result in barring the contractor from further contracting opportunities with the agency.

POLICY ON UTILIZATION OF HISTORICALLY UNDERUTILIZED BUSINESS (HUB) FIRMS

I. POLICY STATEMENT

A. Purpose

It is the policy of The University of Texas System to promote full and equal opportunity for all businesses to supply [~~provide~~] the goods and services needed to support mission, administrative, and logistical operations of U. T. System Administration and U. T. System component institutions. U. T. System Administration and component institutions commit to a good faith effort to increase purchases from and contract awards to [~~with~~] Historically Underutilized Business (HUB) firms consistent with the state's goals for HUB participation and overall economic development.

As public entities, U. T. System Administration and component institutions have a compelling interest to assure that procurement funds always are expended in an equal-business-opportunity context. To meet that obligation, U. T. System and component administrators shall establish and maintain procurement systems and procedures that are nondiscriminatory with respect to race, color, religion, sex, or national origin. That obligation also encompasses procurement systems and procedures of business firms under contract with U. T. System Administration or component institutions in order to preclude U. T. System institutions' passive participation in an unlawfully discriminatory marketplace.

Pursuant to the aforesated purpose, the following guidelines and related rules of the General Services Commission (GSC) (1 Texas Administrative Code Sections 111.11 through 111.24) are hereby adopted.

B. Scope

This policy applies to acquisition of specified commodities, professional and other services, and construction services. [~~specified~~

~~by object code~~ by U. T. System Administration and component institutions, including auxiliary enterprises, regardless of funding source (treasury or non-treasury funds).

C. Definitions

1. "Historically Underutilized Business" means a business enterprise, ~~of [which is defined as]~~ a category defined ~~[Form of Historically Underutilized Business]~~ in C.3 below, with its principal place of business in Texas and that does not exceed specified size standards, that is formed for the purpose of making a profit. The business enterprise must be [and which is] majority-owned by one or more persons who: (a) are members of ~~[certain]~~ Economically [Socially] Disadvantaged Groups ~~[and]~~ who ~~[have]~~ suffer~~ed~~ the effects of discriminatory practices due to their identification as members of such groups [or similar insidious circumstances over which they have no control], and (b) have a proportionate interest and demonstrate active participation in the control, operation, and management of the enterprise's affairs.

2. "Economically [Socially] Disadvantaged Groups" mean and include:
 - (a) Black Americans - includes persons having origins in any of the Black racial groups of Africa;
 - (b) Hispanic Americans - includes persons of Mexican, Puerto Rican, Cuban, Central or South American, or other Spanish or Portuguese culture or origin, regardless of race;
 - (c) American Women - includes all women of any ethnicity except American Women specified in (a), (b), (d), and (e) of this subparagraph;
 - (d) Asian Pacific Americans - includes persons whose origins are in Japan, China, Taiwan, Korea, Vietnam, Laos, Cambodia, the Philippines, Samoa, Guam, the U. S. Trust Territories of the Pacific, the Northern

Marianas, and Subcontinent Asian Americans which includes persons whose origins are from India, Pakistan, Bangladesh, Sri Lanka, Bhutan or Nepal; and

- (e) Native Americans - includes persons who are American Indians, Eskimos, Aleuts, or Native Hawaiians.

3. "Categories [Forms] of Historically Underutilized Business Enterprises" mean and include:

- (a) A corporation in which at least 51% of all classes of the shares of stock or other equitable securities are owned by one or more persons described in C.2 above;
- (b) A sole proprietorship that is 100% owned by a person described in C.2 above;
- (c) A partnership in which at least 51% of the assets and interests in the partnership are owned by one or more persons described in C.2 above;
- (d) A joint venture in which each entity in the joint venture is an historically underutilized business;
- (e) A supplier contract between an historically underutilized business and a prime contractor under which the historically underutilized business is directly involved in the manufacture or distribution of the supplies or materials or otherwise warehouses and ships the supplies; or [and]
- (f) A business, other than described in subparagraphs (a) through (e) above, which is a legally recognized business organization under the laws of the State of Texas, provided that at least 51% of the assets and interest and 51% of any classes of stock and equitable securities are owned by one or more persons described in C.2 above.

4. "Commodities" mean materials, supplies, or equipment.

5. "Professional Services" mean services procured under provisions of the Professional Services Procurement Act (Sections 2254.001 - 2254.005 [~~Subchapter A, Chapter 2254~~], Texas Government Code).
6. "Other Services" mean all services, other than construction and professional services, including consulting services procured under provisions of Sections 2254.021 - 2254.040 [~~Subchapter B, Chapter 2254~~], Texas Government Code.
7. "Construction" means construction, improvement, maintenance, or repair of buildings, roads, highways, or grounds.
8. "Treasury Funds" are funds maintained in the state treasury and disbursed [~~paid~~] through the State Comptroller's Office for U. T. System Administration or a component institution.
9. "Non-Treasury Funds" are all funds of [~~paid by~~] U. T. System Administration or a component institution that are not deposited in the State [~~state~~] treasury.

II. U. T. SYSTEM ADMINISTRATION AND COMPONENT INSTITUTION RESPONSIBILITIES

A. U. T. System Administration

1. The Chancellor, with support from and delegation to the Executive Vice Chancellor for Health Affairs and the Executive Vice Chancellor for Academic Affairs, exercises oversight responsibility for implementation of policies outlined herein by the U. T. System as a whole. The Chancellor is responsible for policy implementation in U. T. System Administration.
2. The Executive Vice Chancellor for Business Affairs provides functional staff expertise and support, and advises the Chancellor, the Executive Vice Chancellor for Health Affairs, and the Executive Vice Chancellor for Academic Affairs regarding all phases of the HUB program.

B. U. T. System Component Administration

The president [~~Chief Administrative Officer (CAO)~~] of each component institution is responsible for implementation of policies and procedures promulgated herein at his/her institution. Presidents [~~CAOs~~] shall develop strategic and action plans necessary for effective implementation of the HUB program.

III. PROCEDURES

- A. Specify an operating division structure (line and block diagram with necessary explanatory narrative/notes) for the purpose of defining responsibility and accountability for achieving HUB program goals and objectives. Comply with legislation and rules pertaining to designation of a HUB Coordinator. Include that structure in strategic and action plans required by Section II.B above.
- B. Establish a staff coordinating group (SCG), chaired by the Chief Business Officer, to provide functional staff expertise, advice, and counsel regarding implementation of all aspects of the HUB program. Organization of the SCG shall include the directors, or comparable supervisors[;] of budget, accounting, purchasing, information services, and physical plant functions, and HUB Coordinators [~~coordinators~~]. Other staff representation may be added at the discretion of the president [~~Chief Administrative Officer~~].
- C. Establish an outreach program designed to contact and to maintain continuous liaison with the local/regional HUB business community. Two major objectives of this program are (1) to become knowledgeable of HUB firms capable of supplying needed materials, supplies, equipment, and services, and (2) to inform the HUB business community of business opportunities with component institutions and of requisite business processes and procedures. In connection with the objectives specified above, (a) implement the Mentor-Protégé Program designed by the GSC, and (b) design a program of forums for hearing HUB presentations regarding their capacity to do business with U. T. System component institutions.

- D. Establish internal programs designed to educate and provide functional staff expertise to operating division heads, who exercise budget expenditure authority. All staff engaged in daily procurement operations must be knowledgeable of and vigorously implement HUB program goals, objectives, strategies, and action plans.
- E. Develop and maintain a HUB utilization reporting system. Compile monthly data by operating division; compile data sufficient to satisfy reporting requirements of the ~~[General Services Commission (GSC)]~~, and to provide internal program management information. Reports submitted to the GSC and to U. T. System Administration (sub-paragraph H below) shall be certified by the president ~~[Chief Administrative Officer]~~ or the Chief Business Officer.
- F. Utilize and supplement, as appropriate, purchasing rules and regulations published by the GSC in support of HUB objectives.
- G. Establish a system to monitor individual buyer performance as it relates to institutional HUB program goals and objectives.
- H. Report progress toward HUB program objectives as requested by U. T. System Administration.

7. U. T. Pan American: Request for Approval to Negotiate a Lease and Shared Parking Agreement with the City of Edinburg, Texas, for Development of a Joint-Use Baseball Stadium and Authorization to Execute All Documents Related Thereto.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Academic Affairs, and President Nevarez that authorization be given for the U. T. System Real Estate Office and the U. T. System Office of General Counsel, on behalf of U. T. Pan American, to negotiate a lease and shared parking agreement with the City of Edinburg, Texas, within the following minimum parameters:

- a. The City of Edinburg (City) will, at its expense, build and operate a joint-use baseball stadium on an approximately 9-acre portion of a 29.54-acre tract of land that the City currently owns near the U. T. Pan American campus.
- b. U. T. Pan American will lease the baseball stadium for its own baseball program during the period of September 1 to May 15 of each year during the 20-year term of the lease. The lease will contain a right of first refusal for the U. T. Board of Regents to purchase the stadium for the amount of the outstanding indebtedness should the City elect to sell the stadium.
- c. As partial consideration for its use of the stadium, U. T. Pan American will provide 1,500 parking spaces near the stadium, which includes approximately 1,100 existing spaces.
- d. The City will agree to sell the remaining portion of the property of approximately 20.5 acres to the U. T. Board of Regents, on behalf of U. T. Pan American, for campus expansion purposes. The City's original out-of-pocket expense to acquire the property will be used to establish the sales price of the property to the University.

- e. The City shall have the right to lease the stadium to a professional minor league baseball team, as well as other commercial entertainment tenants or licensees. The City may allow the sale of alcoholic beverages in the stadium for non-University events.
- f. To the extent permitted by Texas law, the City shall indemnify the U. T. Board of Regents from any liability arising from non-University use of the shared parking areas and will obtain a commercial general liability insurance policy with liquor liability coverage, in an amount acceptable to the Office of General Counsel and the Real Estate Office, and naming the U. T. Board of Regents as an additional insured.

It is further recommended that the Executive Vice Chancellor for Business Affairs or the Executive Director of Real Estate be authorized to execute all documents, instruments, and other agreements and to take all such further actions deemed necessary or desirable to carry out the purpose and intent of the foregoing recommendation.

BACKGROUND INFORMATION

The City of Edinburg recently purchased a 29.54-acre tract of land adjacent to the U. T. Pan American campus from the Catholic Diocese of Brownsville, Texas. The City desires to build, at its expense, a joint-use, professional quality baseball stadium with approximately 4,000 seats on an approximately 9-acre portion of the 29.54-acre tract. U. T. Pan American desires to lease the proposed stadium for its baseball program during the period of September 1 through May 15 annually. U. T. Pan American proposes to offer shared parking for the stadium as partial consideration for the lease agreement. The City will sell the remaining portion of the tract containing approximately 20.5 acres to U. T. Pan American for campus expansion purposes.

INFORMATIONAL REPORTS

1. U. T. Board of Regents: Discussion of Federal Securities Laws Related to the Issuance of Debt.--

REPORT

Mr. Rick Porter, a senior partner of McCall, Parkhurst & Horton, L.L.P., will discuss Federal securities laws as they relate to debt issued by the U. T. Board of Regents. The firm, McCall, Parkhurst & Horton, L.L.P., specializes in the area of public finance and represents many state agencies and political subdivisions in matters relating to their issuance of bonds and other securities. McCall, Parkhurst & Horton, L.L.P., has represented the U. T. Board of Regents as bond counsel for a number of years, and Mr. Porter has been primarily responsible for the U. T. System work since approximately 1986.

2. U. T. System: Discussion of the September 1999 Monthly Financial Report.--

REPORT

Mr. R. D. Burck, Executive Vice Chancellor for Business Affairs, will discuss the September 1999 Monthly Financial Report for the U. T. System.

3. U. T. System: Progress Report for Fiscal Year 1999 on the Historically Underutilized Business (HUB) Program.--

REPORT

Mr. Lewis Wright, Associate Vice Chancellor for Business Affairs, will present a progress report for Fiscal Year 1999 on the U. T. System Historically Underutilized Business (HUB) Program.

Academic Affairs Committee

ACADEMIC AFFAIRS COMMITTEE
Committee Chairman Miller

Date: November 11, 1999
Time: Following the Meeting of the Business Affairs and Audit Committee
Place: Room NB2.402/2.403, Simmons Biomedical Research Building,
The University of Texas Southwestern Medical Center at Dallas

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1. U. T. Board of Regents: Proposed Amendments to the Regents' <u>Rules and Regulations</u> , Part Two, Chapter I, Section 4 (Tuition and Other Fees)	71
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1. U. T. Board of Regents: Proposed Amendments to the Regents' Rules and Regulations, Part Two, Chapter I, Section 4 (Tuition and Other Fees).--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Academic Affairs, and the Vice Chancellor and General Counsel that the Regents' Rules and Regulations, Part Two, Chapter I, Section 4, relating to tuition and other fees, be amended as set forth below in congressional style:

- Sec. 4. Assessment, Collection, and Waiver of Tuition and [Other] Fees.--
Tuition, fees, and other charges will be fixed as prescribed or as authorized by statute and will be published [set-out] in the institutional catalog with a description of the criteria for any authorized exemptions and waivers [catalogue].
- 4.1 The authority of the U. T. Board of Regents to grant exemptions and waivers from tuition, fees, and other charges in accordance with statute, is delegated to the presidents of the U. T. System component institutions.
- 4.2 The Board delegates to the presidents of the component institutions the authority to approve changes in the amounts of incidental fees authorized by Section 54.504, Texas Education Code, for those fees that have previously been approved by the Board. As a condition to approval of any increase in such fees, the president must find that such increase is required in order for the incidental fee to reasonably reflect the actual cost to the component institution of the materials or services to be provided.

This item requires the concurrence of the Health Affairs Committee.

BACKGROUND INFORMATION

The 76th Texas Legislature added a new Section 54.5035 to the Texas Education Code to permit, but not require, the governing board of an institution of higher education to exempt a student from the payment of a mandatory or discretionary fee if the board determines the student is not reasonably able to participate in or use the activity, service, or facility for which the fee is charged. Other current sections of the Texas Education Code authorize a governing board to grant exemptions from the payment of specific tuition and fees.

The proposed amendments to the Regents' Rules and Regulations, Part Two, Chapter I, Section 4 are in keeping with prior actions of the U. T. Board of Regents most recently at the August 1998 meeting to delegate approval authority as appropriate and prudent. Prior delegation of authority to grant tuition and fee waivers has been granted to component presidents but has not been formally codified in the Regents' Rules and Regulations. The proposed amendments would formally codify past actions by the U. T. Board of Regents and would accommodate current and future statutory changes related to tuition and fee waivers and exemptions.

The incidental fee statute, Section 54.504, Texas Education Code, authorizes the governing board of institutions of higher education to fix the rate of incidental fees to be paid to an institution under its governance and requires that the rate of an incidental fee must reasonably reflect the actual cost to the university of the materials or services for which the fee is collected. The large number of proposed changes to existing incidental fees submitted annually by component institutions to the U. T. System for review and approval by the U. T. Board of Regents resulted in the recommendation that final approval of the amount of the incidental fee, as well as the required finding that the incidental fee reasonably reflects the actual cost to the component of the materials or services involved, could be performed more efficiently at the component institution.

Section 65.31(g), Texas Education Code, permits the U. T. Board of Regents, by rule, to delegate a power or duty of the Board to the presidents of the component institutions, acting as agents of the U. T. Board of Regents. The proposed amendments would apply only to incidental fees previously approved by the U. T. Board of Regents for a component institution. New incidental fees proposed by a component institution would be submitted to the U. T. System for review and would be submitted to the U. T. Board of Regents for final approval via the institutional dockets.

The uses for the incidental fees collected will continue to be subject to periodic audit.

2. U. T. Pan American: Recommendation for Approval to Establish the Advisory Council for the Center for Applied Research in Education (CARE) and the Doctoral Program in Educational Leadership.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Vice Chancellor for Development and External Relations, and President Nevárez that approval be given to establish the Advisory Council for the Center for Applied Research in Education (CARE) and the Doctoral Program in Educational Leadership at U. T. Pan American, pursuant to the Regents' Rules and Regulations, Part One, Chapter VII, Section 3, regarding the advisory councils of a component institution.

BACKGROUND INFORMATION

The mission of the Advisory Council for the Center for Applied Research in Education (CARE) and the Doctoral Program in Educational Leadership at U. T. Pan American is to provide guidance and assistance in improving K-12 education in South Texas. The objectives will be:

- a. To provide leadership and guidance in program planning of the Doctoral Program in Educational Leadership
- b. To provide evaluation feedback and information
- c. To provide opportunities for research
- d. To provide opportunities for doctoral student internships
- e. To establish contacts in the field
- f. To assist in recruiting students for the Doctoral Program

- g. To advise CARE and Doctoral Program faculty as to the public school needs and ways to address those needs
- h. To serve as a communication link with the public schools and the community
- i. To interpret State policy to the program for guidance of the training of administrators.

It is proposed that the Advisory Council will consist of no more than 20 members and will include University and non-University employees. The majority of the Advisory Council members must be non-University officials. The members may be nominated by the Director of CARE or the Director of the Doctoral Program, the Dean of the College of Education, or a Vice President at U. T. Pan American. One-third of the total membership of the initial appointees will serve two, three, and four-year terms. All terms following the initial appointments to the Advisory Council will be for three years.

- 3. U. T. Pan American: Recommendation for Approval to Establish the Computer Science Advisory Council.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Vice Chancellor for Development and External Relations, and President Nevárez that approval be given to establish the Computer Science Advisory Council at U. T. Pan American, pursuant to the Regents' Rules and Regulations, Part One, Chapter VII, Section 3, regarding the advisory councils of a component institution.

BACKGROUND INFORMATION

The goal of the proposed Computer Science Advisory Council will be dedicated to the creative development of the Department of Computer Science in concert with the education of students, alumni, faculty, leaders in industry, and leaders in government.

The objectives of the Computer Science Advisory Council of the Department of Computer Science at U. T. Pan American will be:

- a. To provide for recognition of the faculty, students, and alumni
- b. To encourage excellence in teaching and research
- c. To expand the programs of the Department
- d. To promote the open, constructive, and supportive communication with all interested entities concerning the needs of the Department and of the industry
- e. To enhance the appeal and distinctiveness of the Department
- f. To enhance the Department of Computer Science endowment funds.

The Chair of the Department of Computer Science at U. T. Pan American shall serve as the Executive Secretary of the Advisory Council. It is proposed that the Advisory Council will consist of no more than 24 members appointed for three-year terms by the President of U. T. Pan American upon the recommendation of the Executive Secretary of the Council; three of whom will serve as ex officio members. Members may be appointed to a maximum of four terms.

Health Affairs Committee

HEALTH AFFAIRS COMMITTEE
Committee Chairman Loeffler

Date: November 11, 1999

Time: Following the Meeting of the Academic Affairs Committee

Place: Room NB2.402/2.403, Simmons Biomedical Research Building,
The University of Texas Southwestern Medical Center at Dallas

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1. U. T. Medical Branch - Galveston: Request for Authorization to Delegate Authority to the Executive Vice Chancellor for Health Affairs or his Delegate to Negotiate and Execute an Agreement for Clinical Equipment Management Services with ServiceMaster Management Services, L.P., Downers Grove, Illinois.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President Stobo that authorization be granted by the U. T. Board of Regents on behalf of U. T. Medical Branch - Galveston to delegate authority to the Executive Vice Chancellor for Health Affairs or his delegate to negotiate and execute an agreement for clinical equipment management services with ServiceMaster Management Services, L.P., Downers Grove, Illinois.

BACKGROUND INFORMATION

On September 25, 1998, U. T. Medical Branch - Galveston issued a Request for Proposal for clinical equipment management services. After an extensive review of the six proposals received, U. T. Medical Branch - Galveston recommends that the contract be awarded to ServiceMaster Management Services, L.P. U. T. Medical Branch - Galveston determined that ServiceMaster has the best qualifications and capabilities, a better management and implementation plan, the total amount of services offered is superior, and the bid presents the best cost model.

The proposed agreement for clinical equipment management services between U. T. Medical Branch - Galveston and ServiceMaster is still being negotiated. Due to time constraints, the agreement was not available for submission as a docket item and, therefore, U. T. Medical Branch - Galveston is requesting authorization and delegation of authority to negotiate and execute the agreement.

The agreement will be based on provision of a variety of clinical equipment services throughout U. T. Medical Branch - Galveston's large and complex clinical environment. ServiceMaster will provide services that can evolve to incorporate new technologies and has the flexibility to meet changing needs resulting from new health-care challenges.

ServiceMaster will provide a comprehensive program to manage all aspects of clinical equipment maintenance support and to develop and implement solutions to address challenges facing the institution. The agreement will extend over an initial period of four years, with two additional three-year renewal terms, at a cost of \$20,848,239, representing cumulative cost savings over projected U. T. Medical Branch - Galveston maintenance expenditures of \$1,922,725.

2. U. T. Health Science Center - Houston: Request for Authorization to Establish a Doctor of Philosophy (Ph.D.) Degree in Health Informatics and Approval to Submit the Proposed Degree to the Coordinating Board for Approval (Catalog Change).--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President Low that authorization be granted to U. T. Health Science Center - Houston to establish a Doctor of Philosophy (Ph.D.) degree in Health Informatics and to submit the proposal to the Texas Higher Education Coordinating Board for review and appropriate action. A description of the proposal is included in the Background Information of this agenda item.

Upon approval by the Coordinating Board, the next appropriate catalog published at U. T. Health Science Center - Houston will be amended to reflect this action.

BACKGROUND INFORMATION

Program Description

The proposed Doctor of Philosophy degree in Health Informatics would be the first doctoral Health Informatics program in the State of Texas. The 93 semester credit hour program is designed to be a research-based transdisciplinary program involving students with a variety of backgrounds. Students will work together in teams to research real clinical and biomedical health problems. They will gain both the scientific background for such research and the skills needed to address the problems. The proposed program is designed to meet the unique needs of each

student by using a matrix curriculum plan with an advising committee to guide the student from admission through graduation. A faculty research mentor will guide each student through participation in research projects. Health Informatics is defined as the intersection of Information Science, Computer Science, and Cognitive Science on a base of Integrated Health Science, reflecting a trans-disciplinary view of health sciences. The Department of Health Informatics in the School of Allied Health Sciences at the U. T. Health Science Center - Houston will administer the program in Health Informatics.

Need

As issues in healthcare become more complex, the amount of data collected and stored escalates, and the need for facilitated retrieval of pertinent information continues. There is a widespread, generally acknowledged need for Health Informatics researchers. A recent American Medical Informatics Association meeting described the critical shortage in informatics faculty. Discussions with an official from the National Library of Medicine and with staff at the National Science Foundation describe the need as critical and likely to increase in the coming years. The need for the program is also well documented in letters of support from the President of the U. T. M. D. Anderson Cancer Center and the President of Baylor College of Medicine.

Quality

The curriculum has been conceptualized as a matrix. Each doctoral student will take basic, research, and advanced informatics courses in Health Informatics. In addition, each student will select a supporting area outside of the department and complete an extensive preceptorship with a clear research focus. The doctoral program will be based on 93 semester credit hours developed as a post baccalaureate program. Each student will have a mentor and an advising committee to oversee the student's progress from admission to graduation. The student's mentor, a Health Informatics faculty member, will chair the advising committee. The advising committee will guide the student in the selection of courses, selection of a supporting area, designation of a preceptorship site and the development of the student's research interests. Students will be encouraged to work cooperatively with faculty at other institutions in disciplines such as cognitive science at Texas A&M University, TeleHealth at U. T. M. D. Anderson Cancer Center or biomedical computing through the Keck Institute.

Currently there are 6.5 full-time equivalent (FTE) faculty positions filled in the Department of Health Informatics. An additional 1.5 FTE positions will be filled during the 1999-2000 academic year. It is probable that the new FTE positions will represent 4 or 5 people being added on a part-time basis to the department

faculty. The part-time faculty will come from other U. T. Health Science Center - Houston schools and possibly other collaborating schools. Sixteen adjunct faculty appointed to the department will come from a variety of disciplines and several institutions and have a wide mix of experiences in Informatics. The excellence of this faculty creates a wonderful learning opportunity for the students who enter the educational programs in Health Informatics. The Texas Medical Center Library, one of the National Library of Medicine Regional Health Libraries, grants the students access to a wide range of materials which are increasingly electronically distributed. Through a consortium agreement, students will also have access to other libraries including the Rice University Library and the University of Houston Library.

Cost

There will be no new resources required for this program. The program will be funded from reallocation of resources remaining from closure of programs within the School of Allied Health Sciences. In the third year the student enrollment is expected to cover the incremental costs associated with this program. Existing funding will allow for 8 FTE faculty positions and sufficient budget for staff and supplies.

Summary

U. T. Health Science Center - Houston is requesting authorization to establish a Doctor of Philosophy (Ph.D.) degree in Health Informatics and to submit the proposed degree program to the Texas Higher Education Coordinating Board for approval. The proposed degree will address the unmet need for the State of Texas and the nation and is consistent with the strategic effort of U. T. Health Science Center - Houston to create a new graduate focus within the School of Allied Health Sciences.

A copy of the proposal to establish a Doctor of Philosophy (Ph.D.) degree in Health Informatics is on file in the U. T. System Office of Health Affairs.

3. U. T. Health Science Center - San Antonio: Request for Authorization to Establish a Bachelor of Science Degree in Emergency Health Sciences; Approval to Submit the Proposal to the Coordinating Board for Approval (Catalog Change); and Authorization of Certification that Coordinating Board Criteria for Approval Are Met.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President Howe that authorization be granted to the U. T. Health Science Center - San Antonio to establish a Bachelor of Science degree in Emergency Health Sciences; to submit the proposal to the Texas Higher Education Coordinating Board for review and appropriate action; and to authorize the Executive Vice Chancellor for Health Affairs to certify on behalf of the Board of Regents that relevant Coordinating Board criteria for approval by the Commissioner of Higher Education have been met. A description of the proposal is included in the Background Information of this agenda item.

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

BACKGROUND INFORMATION

The proposed Bachelor of Science in Emergency Health Sciences is a 123 semester credit hour program to be offered by the Department of Emergency Medical Technology (EMT) in the School of Allied Health Sciences at U. T. Health Science Center - San Antonio. The proposed curriculum and degree program are designed to prepare students for work in various occupational settings in emergency health services systems. Emphasis is placed on preparing the student for professional and personal growth and development of leadership and management skills beyond the Emergency Medical Technician-Paramedic (EMT-P) certification level allowing for a career ladder within Emergency Health Sciences (EHS). These objectives will be met through three levels of course work focus: emergency health sciences education, advanced practitioner, and emergency health sciences management. The anticipated date for accepting applications for enrollment is Fall 2000 with classes beginning in Spring 2001.

Need

Based on a needs assessment conducted by the EMT Department, 83% of EMT's who responded reported that there was a need for a bachelor's degree program in an EMS-related field to provide career options. Over half reported a need for a master's-level degree program to provide career options and promotions. The three levels of focused course work are based on the responses from this survey. It is expected that ten students will comprise the entering class. This number is based on matching resources with the number of students and type of curriculum. The State EMS Bureau Chief of the Texas Department of Health has documented his support for this program and expressed concern about an unmet need for bachelor-prepared graduates in the near future in Texas.

Quality

The curriculum is designed to offer a unique course of study that draws on the experienced faculty of the EMT Department while utilizing existing programs and expertise from within the U. T. Health Science Center - San Antonio. The curriculum centers around the Emergency Health Sciences core curriculum of 18 semester credit hours. This core curriculum gives a well-rounded presentation in various areas of the emergency health sciences systems (including systems management and EMS research). The student then chooses one of three focused areas of study (21 semester credit hours): EHS education (for those interested in EMS and health education), advanced practitioner (to broaden knowledge in the art of emergency health care), or EHS management (for those students who wish to progress into EMS systems and disaster management). Each focused track will have an internship (12 hours) as a capstone experience for the student.

The faculty will be comprised of the existing members of the EMT Department. This includes the department chair and two other full-time faculty members, as well as ten registered nurses and six paramedics. These 19 full-time faculty members will serve as faculty for the EHS program. It is planned that new faculty will be hired to assist in the offering of the EHS management curricula during year five.

Costs

The EMT Department will absorb the costs for the first five years of the EHS program (\$407,394). The Department currently generates revenue through EMS medical direction, primary and continuing EMS education, and quality assurance direction for several municipal fire and EMS departments.

Coordinating Board Criteria

The proposed degree program meets all applicable Coordinating Board criteria (8) for degree programs which may be approved by the Commissioner of Higher Education on behalf of the Coordinating Board.

Summary

U. T. Health Science Center - San Antonio is requesting authorization to establish a Bachelor of Science degree in Emergency Health Sciences and to submit the proposed degree program to the Texas Higher Education Coordinating Board for approval. The proposed degree will address the unmet need for bachelor's-level graduates in emergency health services in the State of Texas and is consistent with the strategic effort of U. T. Health Science Center - San Antonio.

A copy of the proposal to establish a Bachelor of Science degree in Emergency Health Sciences is on file in the U. T. System Office of Health Affairs.

4. U. T. Health Science Center - San Antonio: Request for Authorization to Accept a Cash Contribution in Lieu of Dedication of Approximately Six Acres in Edinburg, Hidalgo County, Texas, for Establishment of the Hidalgo County Medical Research Division of the Regional Academic Health Center; Authorization to Transfer Funds to U. T. Pan American; and Authorization to Execute All Documents Related Thereto.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, President Howe, and President Nevárez that the U. T. Health Science Center - San Antonio be authorized to accept a cash contribution of \$450,000 from the City of Edinburg in lieu of approximately six acres of land on which to establish the Hidalgo County Medical Research Division of the Regional Academic Health Center (RAHC) on the campus of U. T. Pan American in

Edinburg, Hidalgo County, Texas. It is also recommended that the U. T. Health Science Center - San Antonio be authorized to transfer these funds to U. T. Pan American as reimbursement for the funds expended to purchase the subject property from the Edinburg Consolidated Independent School District on December 31, 1998.

It is further recommended that the Executive Vice Chancellor for Health Affairs be authorized to execute all documents, instruments, and other agreements, and take all such actions deemed necessary to carry out the purpose and intent of the foregoing recommendations.

It is acknowledged that this contribution will fulfill the U. T. Board of Regents' requirement on November 11, 1998, for a donation of land in connection with the establishment of the Hidalgo County Medical Research Division of the RAHC, but the U. T. Board of Regents' requirement for a local contribution of RAHC operating funds remains to be negotiated. In the event a final agreement cannot be reached for construction of the RAHC facilities on the designated site, the cash contribution will be returned to the City of Edinburg.

BACKGROUND INFORMATION

The proposed Hidalgo County Medical Research Division of the RAHC will be a major research facility to be constructed with \$15,000,000 from U. T. System Permanent University Fund Bond Proceeds. The facility will be constructed on a site that is currently owned by the U. T. Board of Regents and located on the U. T. Pan American campus in Edinburg, Texas. It will be overseen and operated by the U. T. Health Science Center - San Antonio.

The U. T. Board of Regents' commitment of Permanent University Fund Bond Proceeds to the Hidalgo County Medical Research Division of the RAHC is contingent upon a local donation of land on which to build the RAHC facility. U. T. officials have identified the already-owned former Lamar School site of approximately 12 acres on the U. T. Pan American campus as the most appropriate location for the RAHC facility. Because U. T. Pan American paid \$450,000 to purchase the Lamar School site in December 1998, it has been recommended that the City of Edinburg simply reimburse the U. T. Board of Regents for its \$450,000 contribution, as opposed to buying and donating a separate tract of land for the RAHC. The U. T. Board of Regents would then allocate an appropriate portion of the Lamar School site for use by the U. T. Health Science Center - San Antonio for the Hidalgo County Medical Research Division of the RAHC.

It should be noted that the Edinburg Hospital Authority made two lease payments of \$225,000 each in January 1997 and January 1998 to the Edinburg Consolidated Independent School District (the former owner of the Lamar School site) to offset a portion of the purchase price paid by the U. T. Board of Regents for the property in December 1998. During the term of the two-year lease from the school district, U. T. Pan American subleased the Lamar School site from the Edinburg Hospital Authority and taught occupational therapy and healthcare classes for the Edinburg Hospital Authority.

**Facilities, Planning & Construction
Committee**

FACILITIES PLANNING AND CONSTRUCTION COMMITTEE
Committee Chairman Clements

Date: November 11, 1999

Time: Following the Meeting of the Health Affairs Committee

Place: Room NB2.402/2.403, Simmons Biomedical Research Building,
The University of Texas Southwestern Medical Center at Dallas

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1. U. T. El Paso - New Kinesiology and Sports Studies Facility: Request for Approval to Name Building (Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Honorific Namings) 89

2. U. T. System: Recommendation to Adopt the Six-Year Capital Improvement Program (CIP) for Fiscal Year 2000 Through Fiscal Year 2005; Approve the Capital Budget for Fiscal Years 2000 and 2001; Approve Redesignation of Previously Approved Projects in the CIP; Reduce Previously Appropriated Funds for Repair and Rehabilitation Projects Deleted or Decreased in Scope; Appropriate Additional Funds for Previously Approved Projects with Increased Total Project Costs; Appropriate Funds for New Repair and Rehabilitation Projects Initiated in the Capital Budget; and Approve the Use of Revenue Financing System Parity Debt for Repair and Rehabilitation Projects Initiated in the Capital Budget for Which Revenue Financing System Bonds are Identified as a Funding Source, Receive the Parity Debt Certificate from the U. T. System Representative, and Determine that the Component Institutions for Whom the Parity Debt is being Requested Possess the Financial Capacity to Satisfy their Respective Debt Obligation 90

3. U. T. Pan American - Student Housing (Project No. 901-972): Request for Approval of Design Development Plans; Approval of Total Project Cost; Appropriation of Funds and Authorization of Expenditure; and Approval of Use of Revenue Financing System Parity Debt, Receipt of Parity Debt Certificate, and Finding of Fact with Regard to Financial Capacity 102

4. U. T. San Antonio - Downtown Campus Building - Phase III (Parking Garage) (Project No. 401-975): Request for Approval of Design Development Plans; Appropriation of Funds and Authorization of Expenditure; and Approval of Use of Revenue Financing System Parity Debt, Receipt of Parity Debt Certificate, and Finding of Fact with Regard to Financial Capacity 108

1. U. T. El Paso - New Kinesiology and Sports Studies Facility: Request for Approval to Name Building (Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, Honorific Namings).--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Academic Affairs, and President Natalicio that the U. T. Board of Regents name the new kinesiology and sports studies facility at U. T. El Paso as the Larry K. Durham Sports Center to recognize the significant contribution and commitment to U. T. El Paso that Mr. Durham has made to the new facility.

BACKGROUND INFORMATION

The kinesiology and sports studies facility is a new project submitted by U. T. El Paso for inclusion in the FY 2000-2005 Capital Improvement Program at a preliminary project cost of \$6,600,000. The project will construct a new 50,000 gross square feet (GSF), multistoried building to replace the existing sports medicine facility. The project will provide expanded and ideally-located teaching and research facilities for kinesiology, as well as meet the modern treatment and training needs for the Department of Intercollegiate Athletics.

The 76th Texas Legislature appropriated \$2,000,000 for the construction of a new facility on the campus to house kinesiology and sports studies programs. Mr. Larry K. Durham has made a commitment of at least \$3,000,000 for the construction of this project, with the hope that his generosity will inspire further commitments for the full funding of the estimated \$6,600,000 facility.

Mr. Durham is a U. T. El Paso alumnus. The campus was known as Texas Western College when Mr. Durham graduated in 1966 with a Bachelor of Science degree in Mathematics and a minor in Physics. His commitment of \$3,000,000 represents approximately one-half of the total estimated project cost.

The naming of the Larry K. Durham Sports Center at U. T. El Paso is consistent with the Regents' Rules and Regulations, Part One, Chapter VIII, Section 1, and institutional guidelines on the naming of buildings in honor and appreciation of the support and generosity of Mr. Durham.

2. U. T. System: Recommendation to Adopt the Six-Year Capital Improvement Program (CIP) for Fiscal Year 2000 Through Fiscal Year 2005; Approve the Capital Budget for Fiscal Years 2000 and 2001; Approve Redesignation of Previously Approved Projects in the CIP; Reduce Previously Appropriated Funds for Repair and Rehabilitation Projects Deleted or Decreased in Scope; Appropriate Additional Funds for Previously Approved Projects with Increased Total Project Costs; Appropriate Funds for New Repair and Rehabilitation Projects Initiated in the Capital Budget; and Approve the Use of Revenue Financing System Parity Debt for Repair and Rehabilitation Projects Initiated in the Capital Budget for Which Revenue Financing System Bonds are Identified as a Funding Source. Receive the Parity Debt Certificate from the U. T. System Representative, and Determine that the Component Institutions for Whom the Parity Debt is being Requested Possess the Financial Capacity to Satisfy their Respective Debt Obligation.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Health Affairs, and the Executive Vice Chancellor for Academic Affairs that the U. T. Board of Regents:

- a. Adopt the U. T. System Capital Improvement Program (CIP) for Fiscal Year 2000 through Fiscal Year 2005
- b. Approve the Capital Budget for Fiscal Year 2000 and Fiscal Year 2001
- c. Approve the redesignation of projects in the CIP as set forth on Page 95

- d. Reduce previously appropriated funds in an aggregate amount of \$63,138,000 for repair and rehabilitation projects deleted or decreased in scope in the FY 2000-2001 Capital Budget as reflected in the Deleted or Reduced Appropriations column on Pages 96 - 99
- e. Appropriate additional funding with increased total project costs for previously approved repair and rehabilitation projects in an aggregate amount of \$31,481,000, as reflected in the FY 2000-2001 Capital Budget and as set forth in the Additional Appropriations column on Pages 96 - 99
- f. Appropriate additional funding of \$3,800,000 in Hospital Revenues and approve a new total project cost of \$17,400,000 for the previously approved new construction project Jesse H. Jones Rotary House International Phase II at U. T. M. D. Anderson Cancer Center
- g. Appropriate funding in an aggregate amount of \$132,402,000 for new repair and rehabilitation projects initiated in the FY 2000-2001 Capital Budget, as reflected in the Appropriations for Projects Initiated in the Capital Budget column on Pages 96 - 99
- h. Approve the use of \$19,630,000 of Revenue Financing System Parity Debt for repair and rehabilitation projects initiated in the FY 2000-2001 Capital Budget for which Revenue Financing System Bonds have been identified as all or a portion of the funding for the U. T. System component institutions as set forth on Page 100.

Further, it is recommended that the U. T. System Administration be authorized, in consultation with the component institutions, to proceed with planning for projects contained in the CIP and to bring recommendations to the U. T. Board of Regents and the Chancellor in accordance with the Regents' Rules and Regulations, Part Two, Chapter VIII and the revised process for Regental review, approval, and oversight of the CIP approved at the December 1994 meeting.

The Chancellor also concurs in the recommendation of the Executive Vice Chancellor for Business Affairs that, in compliance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System, adopted by the U. T. Board of Regents on February 14, 1991,

and amended on October 8, 1993, and August 14, 1997, and upon delivery of the Certificate of a U. T. System Representative as set out on Page 101, the U. T. Board of Regents resolves that:

- a. Parity Debt shall be issued to pay the projects' costs including any project costs prior to the issuance of such Parity Debt
- b. 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. Board of Regents relating to the Financing System
- c. U. T. Austin, U. T. Pan American, U. T. Permian Basin, and U. T. San Antonio, which are "Members" as such term is used in the Master Resolution, possess the financial capacity to satisfy their direct obligation as defined in the Master Resolution relating to the issuance by the U. T. Board of Regents of tax-exempt Parity Debt in the aggregate amount of \$19,630,000
- d. This resolution satisfies the official intent requirements set forth in Section 1.150-2 of the U. S. Treasury Regulations.

BACKGROUND INFORMATION

The U. T. System Capital Improvement Program (CIP) details management's plan to preserve and enhance the facility assets held in trust to sustain the public higher education mission of U. T. System component institutions. The CIP is a six-year projection of major repair and rehabilitation and construction projects to be implemented and funded from component and System-wide revenue sources. Major repair and rehabilitation and construction projects are defined as those with a cost of at least \$2,000,000 and \$1,000,000, respectively. Projects that are architecturally or historically significant are identified as major projects regardless of cost.

Through periodic or continuous facility assessments by the components, projects are identified to address deferred maintenance, code deficiencies, and capital renewal needs, as well as new construction. Projects included in the CIP correspond to the highest priority needs identified in the long-range strategic planning process and institutional capital renewal plans.

Adoption of the CIP provides authority for U. T. System Administration and the institutional Administration to expend up to 3% of the preliminary project cost of a project to develop the formal Project Building Program document, select the Project Architect, and develop preliminary project plans. These funds will be appropriated by the component initially but may be reimbursed to the component from project funds after design development approval and appropriation of project funds by the U. T. Board of Regents.

The Capital Budget is the first two years (FY 2000 and FY 2001) of the six-year CIP. Approval of the Capital Budget authorizes and appropriates funding amounts and sources for identified major repair and rehabilitation projects that are not architecturally or historically significant. Authorization of these projects and appropriation of these funds allow these projects to be presented to the Chancellor for design development plan approval and authorization for expenditure of funds, and subsequent execution of the project by the administrative staff, without returning to the U. T. Board of Regents for further approvals. However, for all other major capital projects, the U. T. Board of Regents approves the design development plans and appropriates funding.

The redesignation of projects in the CIP, as shown on Page 95, has been requested by the components to more accurately reflect the work to be accomplished.

Adjustments to appropriations and total project costs for 20 repair and rehabilitation projects are proposed. Reduced appropriations in an aggregate amount of \$63,138,000 are requested for 12 repair and rehabilitation projects, either deleted or reduced in scope. Additional appropriations in an aggregate amount of \$31,481,000 are requested for increased scopes of eight repair and rehabilitation projects. These changes are reflected in the Deleted or Reduced Appropriation and Additional Appropriation columns on Pages 96 - 99.

Also included is a request to increase appropriations and total project cost for one previously approved construction project. In May 1999, the U. T. Board of Regents approved design development plans and appropriated \$13,600,000 in Revenue Financing System Bond Proceeds for the Jesse H. Jones Rotary House International Phase II project at the U. T. M. D. Anderson Cancer Center. The requested

appropriation increase of \$3,800,000 from Hospital Revenues will add a pedestrian bridge complex to the Rotary House and Faculty Center that was originally planned to be accomplished under a separate contract. This approval will increase the total project cost to \$17,400,000.

It is recommended that funds in the aggregate amount of \$132,402,000 be appropriated for new repair and rehabilitation projects initiated in the Capital Budget and as described in the Appropriations for Projects Initiated in the Capital Budget column on Pages 96 - 99.

Several projects in the CIP identify General Revenue as a funding source. The ability to use General Revenue to fund construction costs for institutions may be prohibited by Article VII, Sections 17 and 18, of the Texas Constitution. A request for an opinion from the Texas Attorney General has been submitted. If the use of General Revenue for construction costs is ruled unconstitutional, another funding source will be identified for the projects and the CIP will be amended to reflect that change in funding source.

If the voters approve an amendment to the Texas Constitution (Proposition 17) on November 2, 1999, regarding the Permanent University Fund (PUF), additional PUF bonding capacity will be available. Adhering to the Available University Fund Spending Policy, the U. T. System Administration staff will recommend to the U. T. Board of Regents, at the February 2000 meeting, an amount of PUF bonding capacity to be used and the recommended projects to be funded with PUF Bond Proceeds. If approved by the U. T. Board of Regents, the CIP will be amended at the February 2000 meeting to include the PUF-funded projects.

THE UNIVERSITY OF TEXAS SYSTEM
FY 2000-2005 Capital Improvement Program

PROJECTS REDESIGNATED IN THIS CIP

Institution	Previously Approved Project Name	Redesignated Project Name
<u>U. T. Arlington</u>	Carlisle Hall Renovation-Stairwell Towers Add'n New Residence Hall	Carlisle Hall – Stairwell Towers Addition Residence Hall
<u>U. T. Austin</u>	ADA Compliance Modifications and Improvements Applied Research Laboratory Expansion Landscaping & Campus Gateways McDonald Observatory Visitor Center Student Health Center Building Renovation	ADA Compliance Modifications and Improvements – Phase I Applied Research Laboratories Expansion Campus Improvements to Streets, Landscaping, Gateways, and Signage McDonald Observatory Visitors' Center Old Student Health Center Renovation
<u>U. T. Dallas</u>	Satellite Facility/Callier Center/Building A Addition Upgrade/Equip/Renovate Founders/Berkner Buildings	Callier Center Addition Founders Building Renovation
<u>U. T. Tyler</u>	Longview Higher Education Center	Longview University Center
<u>U. T. S.M.C. Dallas</u>	North Campus Expansion – Phase III Radiation Oncology Center Clinical Faculty Offices	North Campus Phase 3 North Campus Expansion – Radiation Oncology Center Addition to the Charles C. Sprague Clinical Sciences Center
<u>U. T. M.B. Galveston</u>	Expanded Medical Curriculum Facility	Student Learning Center
<u>U. T. H.S.C. Houston</u>	Addition of Student Apartments	Addition of Student Apartments/Expansion of Child Development Center
<u>U. T. M.D.A.C.C.</u>	Basic Research Bldg. Exhaust System Parking Structure & Medical-Model Fitness Center	Basic Research Building Exhaust System – Phase I Fitness Center
<u>U. T. H.C. Tyler</u>	Biomedical Research Wing Addition – Phase I	Biomedical Research Wing Addition

**The University of Texas System
Fiscal Year 2000-2001 Capital Budget
Repair and Rehabilitation Projects**

	<u>Previously Approved Projects</u>			<u>New Projects</u>	<u>Total Projects</u>
	Current Appropriations	Deleted or Reduced Appropriations	Additional Appropriations	Appropriations For Projects Initiated in the Capital Budget	Capital Budget Total Project Costs
UT Arlington					
ADA Compliance Projects	5,364,883				5,364,883
Campus Asbestos Abatement	1,875,582				1,875,582
Educational & General Space Renovation	4,350,000	(1,612,000)			2,738,000
Thermal Energy Plant/Chiller Replacement & Retrofit	4,020,000				4,020,000
Subtotal	15,610,465	(1,612,000)			13,998,465
UT Austin					
ADA Compliance Modifications & Improvements Ph I	6,000,000				6,000,000
ADA Compliance Modifications & Improvements Ph II				6,000,000	6,000,000
Bellmont Hall Renovation				7,100,000	7,100,000
Benedict/Mezes/Batts Renovation - Phase I				6,000,000	6,000,000
Chilling Station Expansion	17,900,000				17,900,000
Disch Falk Field - Replacement of Artificial Turf	1,500,000				1,500,000
Dorothy Gebauer Bldg Restoration	8,200,000				8,200,000
Frank Denius Fields - Exp. of Artificial Playing Field				1,200,000	1,200,000
Hogg Auditorium Renovation				8,000,000	8,000,000
Jester Center Dining Renovation	13,000,000				13,000,000
Jester Center Fire and Life Safety Renovation	6,000,000		9,000,000		15,000,000
Old Student Health Center Renovation	12,000,000		15,000,000		27,000,000
Ransom Center Renovation	5,000,000		1,000,000		6,000,000
Texas Swim Center Renovation - Phase I	2,000,000				2,000,000
West Grandstands and Skyboxes				14,700,000	14,700,000
Subtotal	71,600,000		25,000,000	43,000,000	139,600,000

**The University of Texas System
Fiscal Year 2000-2001 Capital Budget
Repair and Rehabilitation Projects**

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	<u>Previously Approved Projects</u>			<u>New Projects</u>	<u>Total Projects</u>
	<u>Current Appropriations</u>	<u>Deleted or Reduced Appropriations</u>	<u>Additional Appropriations</u>	<u>Appropriations For Projects Initiated in the Capital Budget</u>	<u>Capital Budget Total Project Costs</u>
UT Dallas					
Founders Building Renovation	3,100,000				3,100,000
McDermott Library Renovation - Phase II	1,000,000				1,000,000
Subtotal	4,100,000				4,100,000
UT El Paso					
Sun Bowl Structural Repairs	2,000,000		850,000		2,850,000
Upgrade & Replace Building Support Systems	4,800,000				4,800,000
Upgrade Older Classrooms & Teaching Labs	9,200,000				9,200,000
Subtotal	16,000,000		850,000		16,850,000
UT Pan American					
Education Complex Renovation				6,000,000	6,000,000
Math Building Renovation	2,000,000		880,000		2,880,000
Subtotal	2,000,000		880,000	6,000,000	8,880,000
UT Permian Basin					
Critical Repair & Renovation Projects	700,000	(700,000)			0
Student Union				1,500,000	1,500,000
Thermal Energy Plant Upgrade/Mesa Bldg Retrofit	5,800,000				5,800,000
Subtotal	6,500,000	(700,000)		1,500,000	7,300,000
UT San Antonio					
1604 Campus Thermal Energy Plant Upgrade				9,000,000	9,000,000
Subtotal				9,000,000	9,000,000
UT Tyler					
Upgrade/Equip/Ren Campus Bldgs & Infrastructure	5,829,682				5,829,682
Subtotal	5,829,682				5,829,682

**The University of Texas System
Fiscal Year 2000-2001 Capital Budget
Repair and Rehabilitation Projects**

	<u>Previously Approved Projects</u>			<u>New Projects</u>	<u>Total Projects</u>
	<u>Current Appropriations</u>	<u>Deleted or Reduced Appropriations</u>	<u>Additional Appropriations</u>	<u>Appropriations For Projects Initiated in the Capital Budget</u>	<u>Capital Budget Total Project Costs</u>
<u>UT Southwestern Medical Center – Dallas</u>					
Anatomy Lab Remodel				2,600,000	2,600,000
Remodel Jonsson Basic Science Research Building				2,400,000	2,400,000
Remodel Cecil & Ida Green Science Bldg	2,000,000	(2,000,000)			0
Thermal Energy Plant - Phase II	8,600,000		344,000		8,944,000
Subtotal	10,600,000	(2,000,000)	344,000	5,000,000	13,944,000
<u>UT Medical Branch - Galveston</u>					
Administration Bldg Renovation - Levels 1, 3 & 4	4,500,000	(4,500,000)			0
Graves Bldg & MM Northern Pavilion Remodel	12,500,000				12,500,000
John Sealy Hospitals Complex Renovation	14,800,000	(7,800,000)			7,000,000
Keiller Building Laboratory Expansion	2,461,331				2,461,331
Library Facilities Upgrade	7,900,000				7,900,000
Operating Suite Modifications	5,335,000				5,335,000
Radiology Renovation	13,810,000				13,810,000
Rebecca Sealy Hospital Renovation	25,600,000	(15,750,000)			9,850,000
Research Support Ctr. Renovation & Expansion	14,326,000	(14,326,000)			0
Specialty Clinics Renovation - Phase I	3,000,000	(3,000,000)			0
Student Learning Center (Expanded Med Cur Fac)	5,600,000		2,692,000		8,292,000
Transplant Program Facilities	5,000,000	(5,000,000)			0
TDCJ Hospital Cladding Restoration	6,560,000				6,560,000
Utility System Upgrade	12,700,000				12,700,000
Subtotal	134,092,331	(50,376,000)	2,692,000		86,408,331
<u>UT Health Science Center - Houston</u>					
Indoor Air Quality at the Medical School	10,000,000				10,000,000
Med School Bldg/Limestone Cladding Repairs	10,000,000				10,000,000
MSB Multipurpose Exec & Ed Conference Room	1,550,000	(1,550,000)			0
University Center Tower Renovation	3,600,000	(3,600,000)			0
Subtotal	25,150,000	(5,150,000)			20,000,000

**The University of Texas System
Fiscal Year 2000-2001 Capital Budget
Repair and Rehabilitation Projects**

	<u>Previously Approved Projects</u>			<u>New Projects</u>	<u>Total Projects</u>
	<u>Current Appropriations</u>	<u>Deleted or Reduced Appropriations</u>	<u>Additional Appropriations</u>	<u>Appropriations For Projects Initiated in the Capital Budget</u>	<u>Capital Budget Total Project Costs</u>
<u>UT Health Science Center - San Antonio</u>					
Central Energy Plant & Conservation Retrofits	6,772,000				6,772,000
Subtotal	6,772,000				6,772,000
<u>UTMD Anderson Cancer Center</u>					
Basic Research Building Exhaust System – Phase I	2,700,000				2,700,000
Biochemistry and Molecular Biology Lab Reno	1,900,000				1,900,000
Bone Marrow Transplantation Laboratory	4,100,000				4,100,000
Combined Backfill - Phase I, Stage I and II	23,588,000				23,588,000
Combined Backfill Renovation – Phase II	32,000,000	(3,300,000)			28,700,000
Combined Backfill – Phase III				48,312,000	48,312,000
Dock & Service Corridor Improvements	16,500,000				16,500,000
Life Safety/Fire Access/Pedestrian Traffic Improvement at Clark Entrance	3,500,000				3,500,000
Lutheran Pavilion Patient Tower Refurbishment				9,700,000	9,700,000
Research Lab Renovations	11,800,000				11,800,000
Roof Replacement Gimbel, Bates Freeman Anderson Center, New Clark	4,000,000				4,000,000
Science Park Research Div Infrastructure Upgrades				6,300,000	6,300,000
Subtotal	100,088,000	(3,300,000)		64,312,000	161,100,000
<u>UT Health Center - Tyler</u>					
Completion Third Floor Shell Space in the Ambulatory Care Center	1,100,000		1,715,000		2,815,000
Electrical Distribution System Upgrade Phase III				2,370,000	2,370,000
Roof Replacement - Buildings A, B, C, and D				1,220,000	1,220,000
Subtotal	1,100,000		1,715,000	3,590,000	6,405,000
Totals	399,442,478	(63,138,000)	31,481,000	132,402,000	500,187,478

THE UNIVERSITY OF TEXAS SYSTEM
Request for Appropriation of
Revenue Financing System Debt
for Repair and Rehabilitation Projects in the
FY2000-2001 Capital Budget

		Total Project Costs	Amount of Revenue Bonds Requested	Maximum Annual Debt Service for Project	Campus Level Ratios	
					Range over period FY1999-2004	
Campus	Requested Appropriations for Projects				Debt Service Coverage	Debt Service as a % of Total Budget
U.T. Austin	Jester Center Fire and Life Safety Renovation (a)	\$15,000,000	\$7,500,000	\$707,947	1.53x - 1.99x	4.1% - 4.9%
U.T. Pan American	Education Complex Renovation	6,000,000	2,000,000	188,785	9.5x - 11.3x	5.7% - 6.3%
U.T. Permian Basin	Student Union	1,500,000	1,130,000	106,664	2.96x - 1.4x	3.7% - 12.4%
U.T. San Antonio	1604 Campus Thermal Energy Plant Upgrade	<u>9,000,000</u>	<u>9,000,000</u>	988,554	1.2x - 2.2x	5.6% - 10.6%
		\$31,500,000	\$19,630,000			

(a) \$6 million of Revenue Bonds for this project were previously approved by the U.T. Board of Regents on May 13, 1999.

PARITY DEBT CERTIFICATE OF U. T. SYSTEM REPRESENTATIVE

I, the undersigned Assistant Vice Chancellor for Finance of The University of Texas System, a U. T. System Representative under the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System (the "Master Resolution"), adopted by the U. T. Board of Regents ("Board") on February 14, 1991, and amended on October 8, 1993, and August 14, 1997, do hereby execute this certificate for the benefit of the Board pursuant to Section 5(a)(ii) of the Master Resolution in connection with the authorization by the Board to issue "Parity Debt" to finance the repair and rehabilitation cost at U. T. Austin, U. T. Pan American, U. T. Permian Basin, and U. T. San Antonio, and do certify that to the best of my knowledge, the Board is in compliance with and not in default of any terms, provisions, and conditions in the Master Resolution, the First Supplemental Resolution Establishing the Revenue Financing System Commercial Paper Program ("First Supplemental"), the Second Supplemental Resolution, the Third Supplemental Resolution, the Fourth Supplemental Resolution, the Fifth Supplemental Resolution, the Sixth Supplemental Resolution, the Seventh Supplemental Resolution, the Eighth Supplemental Resolution, and the Ninth Supplemental Resolution.

EXECUTED this 6th day of October, 1999

/s/ Pamela K. Clayton
Assistant Vice Chancellor for Finance

3. U. T. Pan American - Student Housing (Project No. 901-972): Request for Approval of Design Development Plans; Approval of Total Project Cost; Appropriation of Funds and Authorization of Expenditure; and Approval of Use of Revenue Financing System Parity Debt, Receipt of Parity Debt Certificate, and Finding of Fact with Regard to Financial Capacity.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Academic Affairs, and President Nevárez that the U. T. Board of Regents:

- a. Approve design development plans for the Student Housing project at U. T. Pan American
- b. Approve a total project cost of \$5,000,000
- c. Authorize appropriation and expenditure of \$5,000,000, with funding from Revenue Financing System Bond Proceeds.

The Chancellor also concurs in the recommendation of the Executive Vice Chancellor for Business Affairs that, in compliance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System, adopted by the U. T. Board of Regents on February 14, 1991, and amended on October 8, 1993, and August 14, 1997, and upon delivery of the Certificate of an Authorized Representative as set out on Page 105, the U. T. Board of Regents resolves that:

- a. Parity Debt shall be issued to pay the project's cost, including any project costs prior to the issuance of such Parity Debt
- b. 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. Board of Regents relating to the Financing System

- c. U. T. Pan American, 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. Board of Regents of tax-exempt Parity Debt in the aggregate amount of \$5,000,000
- d. This resolution satisfies the official intent requirements set forth in Section 1.150-2 of the U. S. Treasury Regulations.

BACKGROUND INFORMATION

The Student Housing project at U. T. Pan American is included in the FY 1998-2003 Capital Improvement Program and the FY 1998 and FY 1999 Capital Budget, with funding of \$9,500,000 from Revenue Financing System Bond Proceeds.

The Student Housing project was originally envisioned to accommodate approximately 400 students. The revised scope will develop 60,000 gross square feet for new housing for approximately 200 students, with funding of \$5,000,000 from Revenue Financing System Bond Proceeds. A future project will be developed when housing requirements dictate.

The present dormitories, built in 1969-1970, accommodate 396 students. These facilities are fully occupied with a waiting list, do not comply with the Americans with Disabilities Act (ADA) requirements, and are not totally compliant with life-safety codes, although they have been brought up to standard in many ways. Due to the split-level design, the present dorms cannot be made ADA compliant.

U. T. Pan American is expanding its geographic area of marketing to attract new students. This expansion will lead to the requirement for additional student housing on campus. Market projections indicate that a larger number of students from the Rio Grande Valley wish to be housed on campus rather than continue to commute daily. New housing will also allow a more practical and aesthetic design to attract and retain new students, which is a goal of U. T. Pan American's Strategic Plan. The project will be delivered utilizing the Design-Build provisions of the Texas Education Code Section 51.780 and will be ready for occupancy in Summer 2000.

The debt is to be repaid from revenues generated by existing housing revenue which consists of 390 beds, new housing revenue generated by the addition of 224 beds in FY 2001 from the new student housing, and a one-time transfer of \$237,235 from auxiliary enterprise funds to cover the debt service in the construction year. Annual debt service during the construction period is projected to be \$187,500 in FY 2000, assuming a 5% short-term borrowing rate. In FY 2001, the annual debt service is projected to be \$471,965, based on a 7% long-term borrowing rate with a 20-year amortization period. The annual debt service coverage is expected to be at least 1.14 times, which includes \$471,965 of debt service for the new student housing. The financing forecast for this project is set forth on Pages 106 - 107.

PARITY DEBT CERTIFICATE OF U. T. SYSTEM REPRESENTATIVE

I, the undersigned Assistant Vice Chancellor for Finance of The University of Texas System, a U. T. System Representative under the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System (the "Master Resolution"), adopted by the U. T. Board of Regents ("Board") on February 14, 1991, and amended on October 8, 1993, and August 14, 1997, do hereby execute this certificate for the benefit of the Board pursuant to Section 5(a)(ii) of the Master Resolution in connection with the authorization by the Board to issue "Parity Debt" to finance the construction cost of the Student Housing at U. T. Pan American, and do certify that to the best of my knowledge, the Board is in compliance with and not in default of any terms, provisions, and conditions in the Master Resolution, the First Supplemental Resolution Establishing the Revenue Financing System Commercial Paper Program ("First Supplemental"), the Second Supplemental Resolution, the Third Supplemental Resolution, the Fourth Supplemental Resolution, the Fifth Supplemental Resolution, the Sixth Supplemental Resolution, the Seventh Supplemental Resolution, the Eighth Supplemental Resolution, and the Ninth Supplemental Resolution.

EXECUTED this 6th day of October, 1999

/s/ Pamela K. Clayton
Assistant Vice Chancellor for Finance

**The University of Texas - Pan American
Student Housing**

Project Level: (Actual \$)	Actual			Forecast				
	FY96	FY97	FY98	FY99	FY00	FY01	FY02	FY03
Beginning Balance	159,837	172,136	157,179	175,203	161,211	161,211	245,713	358,810
Current Housing Revenue	523,864	505,314	595,257	599,377	596,134	595,000	624,750	655,988
Proposed New Student Housing						633,168	652,163.04	671,728
Transfer from Auxiliary Enterprises					237,235			
Total Revenues	523,864	505,314	595,257	599,377	833,369	1,228,168	1,276,913	1,327,716
Operating Expenses	(511,565)	(520,271)	(577,233)	(613,369)	(645,869)	(671,701)	(691,852)	(712,608)
Net Revenues	12,299	(14,957)	18,024	(13,992)	187,500	556,467	585,061	615,108
Mandatory Transfers								
New Housing Debt Service					(187,500)	(471,965)	(471,965)	(471,965)
Total Debt Service	-	-	-	-	(187,500)	(471,965)	(471,965)	(471,965)
Nonmandatory Transfers								
Total Transfers	-	-	-	-	(187,500)	(471,965)	(471,965)	(471,965)
Change in Fund Balance	12,299	(14,957)	18,024	(13,992)	0	84,502	113,096	143,144
Ending Fund Balance	172,136	157,179	175,203	161,211	161,211	245,713	358,810	501,954
Debt Service Coverage					1.00	1.18	1.24	1.30

**The University of Texas - Pan American
Student Housing**

107

Campus Level: (\$ in millions)	Actual			Forecast				
	<u>FY96</u>	<u>FY97</u>	<u>FY98</u>	<u>FY99</u>	<u>FY 00</u>	<u>FY 01</u>	<u>FY 02</u>	<u>FY 03</u>
Beg. Fund Balance	23.8	30.8	27.4	28.1	28.7	23.6	19.6	20.6
Total Current Unrestricted Revenues	76.8	79.6	86.2	87.7	89.4	92.1	95.4	97.5
Total Current Unrestricted Expenditures	(65.0)	(68.4)	(76.0)	(76.6)	(78.9)	(81.3)	(83.7)	(86.2)
Net Revenues	11.8	11.2	10.2	11.1	10.5	10.8	11.7	11.3
Debt Service	(1.9)	(2.3)	(6.0)	(6.4)	(8.9)	(9.0)	(8.5)	(8.4)
Other Mand. Transfers	(0.1)	(0.2)	(0.1)	0.0	0.0	0.0	0.0	0.0
Total Mand. Transfers	(2.0)	(2.5)	(6.1)	(6.4)	(8.9)	(9.0)	(8.5)	(8.4)
Nonmandatory Transfers	(1.9)	(11.1)	(3.2)	(4.1)	(6.7)	(5.8)	(2.2)	(3.0)
Adjustments	(0.8)	(1.0)	(0.2)	0.0	0.0	0.0	0.0	0.0
Net Inc./(Dec.) for Year	7.1	(3.4)	0.7	0.6	(5.1)	(4.0)	1.0	(0.1)
End. Fund Balance	30.9	27.4	28.1	28.7	23.6	19.6	20.6	20.5
Debt Service Coverage	5.9	4.4	1.7	1.7	1.2	1.2	1.4	1.3
Debt Service to Operating Expenses	2.9%	3.4%	7.9%	8.4%	11.3%	11.1%	10.2%	9.7%
Debt Service to Operating Expenses without HEF debt				2.7%	5.8%	5.8%	5.7%	6.3%
U.T. System (\$ in millions)								
	Actual			Forecast				
	<u>FY 96</u>	<u>FY 97</u>	<u>FY 98</u>	<u>FY 99</u>	<u>FY 00</u>	<u>FY 01</u>	<u>FY 02</u>	<u>FY 03</u>
Available Revenues	3,767.5	3,900.3	4,208.7	4,078.6	4,197.8	4,277.2	4,374.6	4,435.0
Operating Expenses	(3,436.1)	(3,657.7)	(3,911.5)	(3,849.9)	(3,917.0)	(4,003.0)	(4,080.6)	(4,164.4)
Net Available for Debt Serv.	331.4	242.6	297.2	228.7	280.8	274.2	294.0	270.6
Other Mandatory Transfers	(17.1)	(1.8)	(1.3)	(2.2)	(3.0)	(3.9)	(3.8)	(3.8)
Debt Service	(58.0)	(73.5)	(84.8)	(111.1)	(127.6)	(136.4)	(134.2)	(125.8)
Debt Service Coverage	4.4	3.2	3.5	2.0	2.2	2.0	2.1	2.1
Debt Service to Operating Expenses	1.7%	2.0%	2.2%	2.9%	3.3%	3.4%	3.3%	3.0%

4. U. T. San Antonio - Downtown Campus Building - Phase III (Parking Garage) (Project No. 401-975): Request for Approval of Design Development Plans; Appropriation of Funds and Authorization of Expenditure; and Approval of Use of Revenue Financing System Parity Debt, Receipt of Parity Debt Certificate, and Finding of Fact with Regard to Financial Capacity.--

RECOMMENDATION

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

- a. Approve design development plans for the Downtown Campus Building - Phase III (Parking Garage) at U. T. San Antonio
- b. Appropriate funds and authorize expenditure of \$5,000,000, with funding from Tuition Revenue or Revenue Financing System Bond Proceeds.

The Chancellor also concurs in the recommendation of the Executive Vice Chancellor for Business Affairs that, in compliance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System, adopted by the U. T. Board of Regents on February 14, 1991, and amended on October 8, 1993, and August 14, 1997, and upon delivery of the Certificate of an Authorized Representative as set out on Page 111, the U. T. Board of Regents resolves that:

- a. Parity Debt shall be issued to pay the project's cost, including any project costs prior to the issuance of such Parity Debt
- b. 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. Board of Regents relating to the Financing System

- c. U. T. component institutions, which are "Members" as such term is used in the Master Resolution, possess the financial capacity to satisfy their direct obligation as defined in the Master Resolution relating to the issuance by the U. T. Board of Regents of tax-exempt Parity Debt in the aggregate amount of \$5,000,000
- d. This resolution satisfies the official intent requirements set forth in Section 1.150-2 of the U. S. Treasury Regulations.

BACKGROUND INFORMATION

The Downtown Campus Building - Phase III at U. T. San Antonio is included in the FY 1998-2003 Capital Improvement Program and the FY 1998 and FY 1999 Capital Budget at a total project cost of \$35,000,000.

The Downtown Campus Building - Phase III project consists of the design and construction of an academic building of approximately 122,500 gross square feet and a parking garage. The master plan for the Downtown Campus includes a total of five academic buildings and a parking garage.

In May 1999, the U. T. Board of Regents approved the Downtown Campus Building - Phase III project with a total project cost of \$35,000,000, and appropriated \$30,000,000 from Tuition Revenue Bond Proceeds for the academic building portion of the project only. Design development approval and appropriation of the remainder of the total project funds for the parking garage are now being requested.

The parking garage will provide approximately 350 parking spaces and will be constructed along the east boundary of the U. T. San Antonio Downtown Campus. Presently, all parking for the Downtown Campus is located under Interstate Highway 35. Parking spaces are insufficient in number for the projected student enrollment and not convenient for individuals with disabilities. Construction is projected for completion in Spring 2001. When construction is complete, individuals with disabilities will be able to park in the garage, which will be adjacent to the academic buildings.

The 75th Texas Legislature authorized \$50,000,000 of tuition bonds to be issued for U. T. San Antonio. Additional tuition bond authority of \$15,000,000 will remain for U. T. San Antonio after the issuance of the tuition bonds for this project. The debt service coverage for the \$5,000,000 is reflected on Page 112. This project financing assumes interim financing at a 5% interest rate for FY 2000 and a 7% interest rate for 20 years with the fixed rate borrowing to occur in FY 2001. If tuition bonds cannot be used to fund the construction of the parking garage, revenue financing system bonds will be issued and repayment of the bonds will be from parking revenues and other available revenues of U. T. San Antonio.

PARITY DEBT CERTIFICATE OF U. T. SYSTEM REPRESENTATIVE

I, the undersigned Assistant Vice Chancellor for Finance of The University of Texas System, a U. T. System Representative under the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System (the "Master Resolution"), adopted by the U. T. Board of Regents ("Board") on February 14, 1991, and amended on October 8, 1993, and August 14, 1997, do hereby execute this certificate for the benefit of the Board pursuant to Section 5(a)(ii) of the Master Resolution in connection with the authorization by the Board to issue "Parity Debt" to finance the construction cost of the Downtown Campus Building – Phase III (Parking Garage) at U. T. San Antonio, and do certify that to the best of my knowledge, the Board is in compliance with and not in default of any terms, provisions, and conditions in the Master Resolution, the First Supplemental Resolution Establishing the Revenue Financing System Commercial Paper Program ("First Supplemental"), the Second Supplemental Resolution, the Third Supplemental Resolution, the Fourth Supplemental Resolution, the Fifth Supplemental Resolution, the Sixth Supplemental Resolution, the Seventh Supplemental Resolution, the Eighth Supplemental Resolution, and the Ninth Supplemental Resolution.

EXECUTED this 6th day of October, 1999

/s/ Pamela K. Clayton
Assistant Vice Chancellor for Finance

**The University of Texas System
Revenue Financing System
Debt Service Coverage
(\$ in millions)**

	Actual			Forecast				
	FY 96	FY 97	FY 98	FY 99	FY 2000	FY 01	FY 02	FY 03
Available Revenues	3,767.5	3,900.3	4,208.7	4,078.6	4,197.8	4,277.2	4,374.6	4,435.0
Operating Expenses	(3,436.1)	(3,657.7)	(3,911.5)	(3,849.9)	(3,917.0)	(4,003.0)	(4,080.6)	(4,164.4)
Net Revenues Available for Debt Service	331.4	242.6	297.2	228.7	280.8	274.2	294.0	270.6
Other Mandatory Transfers	(17.1)	(1.8)	(1.3)	(2.2)	(3.0)	(3.9)	(3.8)	(3.8)
Debt Service:								
Non - Tuition Related	(41.7)	(51.8)	(65.1)	(83.9)	(85.8)	(93.9)	(91.7)	(91.1)
Tuition Debt Service								
Bonds issued prior to 1993	(9.4)	(7.7)	(7.1)	(7.7)	(7.7)	(7.7)	(7.7)	0.0
South Texas Border Initiative Debt	(6.9)	(14.0)	(12.6)	(13.7)	(13.1)	(13.1)	(13.1)	(13.0)
Debt Authorized by 75th Legislature								
Approved by BOR 8/97 (renov)-\$43.9 mil				(3.5)	(3.5)	(3.5)	(3.5)	(3.5)
Approved by BOR 2/98-\$6.05 mil				(0.5)	(0.5)	(0.5)	(0.5)	(0.5)
Approved by BOR 5/98-\$5 mil				(0.04)	(0.04)	(0.04)	(0.04)	(0.04)
Approved by BOR 8/98-\$7 mil				(0.56)	(0.56)	(0.56)	(0.56)	(0.56)
Approved by BOR 11/98-\$19.85 mil				(0.40)	(1.73)	(1.73)	(1.73)	(1.73)
Approved by BOR 2/99-\$35 mil				(0.79)	(3.05)	(3.05)	(3.05)	(3.05)
Approved by BOR 5/99-\$47 mil				0.00	(2.12)	(4.10)	(4.10)	(4.10)
Recommended to BOR 11/99-\$5 mil				0.00	(0.25)	(0.47)	(0.47)	(0.47)
Remaining Tuition Project Financing				0.00	(11.32)	(11.80)	(11.80)	(11.80)
TOTAL DEBT SERVICE	(58.0)	(73.5)	(84.8)	(111.1)	(129.7)	(140.5)	(138.3)	(129.9)
Debt Service Coverage Without Tuition Bonds (x)	5.6	4.5	4.5	2.7	3.2	2.8	3.1	2.9
Debt Service Coverage With Tuition Bonds (x)	4.4	3.2	3.5	2.0	2.2	2.0	2.1	2.1

Other Matters

K. RECONVENE AS COMMITTEE OF THE WHOLE

L. ITEMS FOR THE RECORD

1. U. T. System: Report on Status of Degree Programs and Academic Organization Requests Approved by the U. T. Board of Regents and Submitted to the Texas Higher Education Coordinating Board for the Period September 1, 1998 Through August 31, 1999.--

REPORT

Following is a report for the record on the status of degree programs and academic organization requests which have been approved by the U. T. Board of Regents for submission to the Texas Higher Education Coordinating Board. Included are items which have been acted upon by the Coordinating Board since September 1, 1998, or were still pending before the Coordinating Board as of August 31, 1999. Four regular Coordinating Board meetings have occurred since the last report. Full approval has been given for 12 programs and administrative change requests, four requests are now pending, one has been postponed by the component, and one has been withdrawn by the institution.

- a. Degree Programs and Academic Administrative Changes Approved by the Coordinating Board for Implementation

U. T. Brownsville

Created a Bachelor of Science (BS) degree in Allied Health

Created a Master of Arts (MA) degree in History

U. T. Dallas

Created a Master of Arts (MA) and a Master of Science (MS) degrees with a major in Applied Sociology

Created a Master of Science (MS) degree with a major in Computer Engineering

Created a Bachelor of Arts (BA) degree with a major in Crime and Justice Studies

Created a Master of Science (MS) degree in Medical Management

U. T. El Paso

Created a Doctor of Philosophy (PhD) degree in History

U. T. Pan American

Created a Doctor of Education (EdD) degree with a major in Educational Leadership

U. T. San Antonio

Created a Master of Science (MS) degree in Justice Policy

U. T. Medical Branch - Galveston

Modified the Master in Physical Therapy (MPT) degree program from a 3+3 to a 4+2 curriculum model

U. T. Health Science Center - Houston

Changed the name of the Department of General Dentistry to the Department of Restorative Dentistry and Biomaterials, and the Department of Health Promotions and Dental Care Delivery to the Department of Dental Public Health and Dental Hygiene

b. Requests Approved by the U. T. Board of Regents and Pending with the Coordinating Board

U. T. Dallas

To create a Bachelor of Arts (BA) degree in Gender Studies

U. T. El Paso

To create a Master of Science (MS) degree in Information Technology

U. T. San Antonio

To create a Doctor of Philosophy (PhD) degree in Culture, Literacy, and Language

U. T. M. D. Anderson Cancer Center

To create a Bachelor of Science in Allied Health (BSAH) degree with majors in Cytogenetic Technology, Cytotechnology, Medical Technology, Medical Dosimetry, and Radiation Therapy

- c. Item Approved by the U. T. Board of Regents. Sent to the Coordinating Board. and Subsequently Postponed by the Institution

U. T. Health Science Center - San Antonio

Degree-granting authority for a cooperative Master of Physical Therapy (MPT) program with U. T. Pan American

- d. Item Approved by the U. T. Board of Regents. Sent to the Coordinating Board. and Subsequently Withdrawn by the Institution

U. T. Pan American

Request to create a Master of Arts (MA) in Criminal Justice withdrawn as a result of previous approval of a joint Master of Science (MS) degree in Criminal Justice with U. T. Brownsville

2. U. T. System: Report on Status of Administratively Approved Academic Program Changes for the Period September 1, 1998 Through August 31, 1999.--

REPORT

Under U. T. Board of Regents' guidelines, the Executive Vice Chancellors for Academic and Health Affairs are authorized to forward certain academic program changes to the Texas Higher Education Coordinating Board for approval at the staff level, subject to periodic reporting to the U. T. Board of Regents for the record.

These changes, considered to be "nonsubstantive" according to the Coordinating Board's terminology, must meet the following criteria:

- a. No implications for changes in institutional role and scope, consistent with the institutional mission, and with the institutional Tables of Programs approved by the U. T. Board of Regents and the Coordinating Board
- b. No significant new costs
- c. No issues of unnecessary duplication with programs at other institutions
- d. Potential for high quality programming obvious from institution's previous experience in the same or closely related subject field.

In general these "nonsubstantive" requests are for changes in degree designation for activity already being offered at the institutions under other approved program titles.

Four regular Coordinating Board meetings have occurred since the last report. Full approval of 50 such nonsubstantive requests for the U. T. System component institutions has been granted by the staff of the Coordinating Board during the period from September 1, 1998, through August 31, 1999, as follows:

U. T. Arlington (9 items)

Restructure teacher education programs to:

Reorganize its authorized masters-level program in Education to include two majors: Master of Education (MEd) in Curriculum and Instruction and Education Administration with Mid-Management certificate

Expand the authorized Early Childhood Endorsement to a Bachelor of Arts (BA) degree with a major in Child Studies, in collaboration with two-year institutions in the North Central Texas area, to move students from associate degrees in child development to teacher certification

Reorganize its authorized program in elementary teacher preparation to offer a Bachelor of Arts in Interdisciplinary Studies (BAIS) and a Bachelor of Science in Interdisciplinary Studies (BSIS)

Offer graduate-level Post-Baccalaureate Certification courses for degreed students seeking Teacher Certification

Move the Department of Exercise, Sport and Health Studies from the College of Liberal Arts to the School of Education

Change the name of the Center for Professional Teacher Education to the School of Education

Offer a Master of Science (MS) in Health Care Administration that utilizes previously authorized U. T. Arlington business management masters-level courses and programs

Offer a Master of Science (MS) in Logistics as a collaborative effort of the Colleges of Business Administration and Engineering, which will utilize currently authorized courses in the two Colleges

Change the name of the Honors Program to the Honors College

U. T. Austin (11 items)

Offer a self-financed Engineering Management program within the authorized Master of Science (MS) in Engineering degree for engineering professionals

Within the currently authorized Master of Science in Social Work (MSSW) degree with a major in Social Work, offer a program in Clinical Social Work. This change will replace two authorized concentrations with one concentration.

Offer a Post-Master's Certificate Program in Pediatric Nurse Practitioner and a Post-Master's Certificate Program in Family Nurse Practitioner to licensed registered nurses, utilizing courses in the currently authorized masters degree programs

Offer a Graduate Certificate in Mexican American Studies utilizing courses in authorized degree programs

Change the name of the Division of Biological Sciences to the School of Biological Sciences and phase out the Departments of Botany, Microbiology, and Zoology

Change the name of the Division of Continuing Education to the Division of Continuing and Extended Education

Change the name of the Department of Germanic Languages to the Department of Germanic Studies and make parallel changes for the graduate program and the undergraduate degree major

Change the name of the existing Bachelor of Arts degree with a major in Home Economics to a major in Human Ecology

Change the name of the Bachelor of Arts degree with major in Russian to a major in Russian and Slavic Studies

Change the name of the Department of Slavic Languages to the Department of Slavic Languages and Literatures

Change the name of the Department of Speech Communication to the Department of Communication Studies, and make parallel changes in the names of the degree programs at the undergraduate, masters, and doctoral level

U. T. Austin and U. T. Dallas (1 item)

Offer a self-financed Master of Business Administration degree program with a major in Business Administration at Texas Instruments in Dallas, utilizing currently authorized degree programs of these institutions

U. T. Austin and U. T. Medical Branch - Galveston (1 item)

Offer a joint degree program leading to the Doctor of Philosophy in Biomedical Engineering from U. T. Austin and a Doctor of Medicine degree from U. T. Medical Branch - Galveston, utilizing authorized programs at these institutions

U. T. El Paso (6 items)

Offer a Master of Arts in Teaching (MAT) degree with a major in English, utilizing existing courses in English and Education

Offer a major of General Business within the authorized Bachelor of Business Administration (BBA) degree

Offer a major of Production/Operations Management within the authorized Bachelor of Business Administration (BBA) degree

Offer an option in Bilingual Special Education under the existing Master of Education (ME) degree

Offer the program in Family Nurse Practitioner as a separate program within the authorized Master of Science (MS) in Nursing degree, rather than as an option within the major in Community Health Nursing

Change the names of the College of Nursing and Health Sciences to the College of Health Sciences, Department of Nursing to School of Nursing, and Department of Health Sciences to the School of Allied Health

U. T. Pan American and U. T. Austin (1 item)

Offer an 18 semester credit hour undergraduate Certificate Program in Legal Reasoning at U. T. Pan American in collaboration with U. T. Austin School of Law

U. T. Permian Basin (3 items)

Reorganize options within the authorized Master of Arts in Education (MAE) degree, replacing four current options with three programs: Educational Leadership, Professional Education, and Bilingual/English as a Second Language (ESL)

Offer a Bachelor of Science (BS) degree with a major in Environmental Science, as an interdisciplinary program utilizing existing courses in several authorized programs

Offer a Bachelor of Arts (BA) degree with a major in Multidisciplinary Studies, utilizing authorized courses and programs in the College of Arts and Sciences

U. T. San Antonio (8 items)

Offer a Master of Arts degree with a major in Economics, utilizing courses and faculty in the existing Master of Business Administration (MBA) concentration in Business Economics

Offer a Master of Science (MS) degree with a major in Finance, utilizing courses and faculty in the existing Master of Business Administration (MBA) concentration in Finance

Offer a program in Curriculum and Instruction leading to the Master of Arts (MA) degree with a major in Education and post-baccalaureate initial certification. This constituted final approval of a pilot program approved in 1999.

Add a concentration in Reading and Literacy to the approved Master of Arts (MA) degree with a major in Education

Offer a four-course concentration in Health Care Management within the existing Master of Business Administration (MBA) degree

Repackage existing courses in computer science, business administration, and technology management to offer a Master of Science (MS) in Information Technology (MSIT) degree with major in Information Technology

Offer a concentration of Small Business and Entrepreneurship of 24 semester credit hours within the existing Bachelor of Business Administration (BBA) in Management degree program

Change the program in Building Development leading to the Bachelor of Business Administration (BBA) degree with a major in Management to a Bachelor of Business Administration (BBA) degree with a major in Building Development

U. T. Tyler (2 items)

Change the name of the Master of Arts (MA) in Curriculum and Instruction to Master of Arts (MA) in Teaching

Designate the major academic units as Colleges; divide the existing Department of Humanities into a Department of Literature and Languages and a Department of History and Philosophy; create a School of Visual and Performing Arts in the College of Liberal Arts and phase out the Departments of Art and Music; change the name of the existing Department of Theater and Communication to the Department of Communication; and move the Bachelor of Arts (BA) in Theater degree program to the School of Visual and Performing Arts

U. T. Southwestern Medical Center - Dallas (5 items)

In conjunction with the authorized PhD program in Integrative Biology offer a Master of Science (MS) degree with a major in Integrative Biology

Change the name of the program in Biochemistry and Molecular Biology leading to the Master of Science (MS) and Doctor of Philosophy (PhD) degrees to a program in Biological Chemistry

Change the name of the Department of Cell Biology and Neuroscience to the Department of Cell Biology

Change the name of the Department of Molecular Biology and Oncology to the Department of Molecular Biology

Change the name of the Department of Otorhinolaryngology to the Department of Otolaryngology - Head and Neck Surgery

U. T. Health Science Center - Houston (3 items)

Offer a program in Environmental and Molecular Carcinogenesis leading to the existing Master of Science (MS) and Doctor of Philosophy (PhD) degrees with a major in Biomedical Sciences

Offer the clinical specialty component courses of the Master of Science (MS) in Nursing degree in Psychiatric/Mental Nursing at U. T. Pan American and Texas Tech University Health Sciences Center

Change the name of the program in Virology leading to the Master of Science (MS) and Doctor of Philosophy (PhD) degrees from majors in Biomedical Sciences to programs in Virology and Gene Therapy

3. U. T. Austin - A. W. Walker Centennial Chair in the School of Law: Amendment to Minute Order of December 13, 1984, to Correct Appointment.--

REPORT

By action of the U. T. Board of Regents at the December 13, 1984 meeting, the Board appointed Professor John F. Sutton, Jr., School of Law, at U. T. Austin to the A. W. Walker Centennial Chair in Law effective January 16, 1985. The original appointment request from U. T. Austin was in error and should have asked that Professor Sutton be appointed to the A. W. Walker Centennial Chair. The record will be corrected to show that Professor Sutton was appointed to the A. W. Walker Centennial Chair effective January 16, 1985. The A. W. Walker Centennial Chair in Law is held by Professor George E. Dix.

M. REPORT OF BOARD FOR LEASE OF UNIVERSITY LANDS

REPORT

The Board for Lease of University Lands met on Wednesday, July 21, 1999, in the Board of Regents' Meeting Room on the ninth floor of Ashbel Smith Hall in Austin, Texas, for a general business meeting.

Following is a report on the July 21, 1999, general business meeting:

- a. Approved the Minutes of the May 19, 1999, meeting of the Board for Lease
- b. Appointed Ms. Nora Ochoa Evans as Secretary to the Board for Lease
- c. Approved the application of Henry Petroleum Corporation for approval of a proposed secondary Recovery Unit in Portions of Sections 37, 38, 47, and 48, Block 9, Andrews County, Texas
- d. Approved forms adopted by the Executive Director pursuant to Section 4.31 of the Rules of the Board for Lease
- e. Met in Executive Session pursuant to authority granted under Section 551.071 of the Texas Government Code regarding pending or contemplated litigation (Cause No. 95-08680 in the District Court of Travis County, Texas, 345th Judicial District).

The next meeting of the Board for Lease of University Lands and lease awards for Regular Oil and Gas Lease Sale No. 96 is scheduled in the Board Room of The University of Texas Health Science Center at Houston in Houston, Texas, on November 17, 1999. Bids will be opened at the Center for Energy and Economic Diversification in Midland, Texas, on November 16, 1999.

N. OTHER MATTERS AND RECESS FOR LUNCH TO ROOM NB2.100A
(ESTIMATED 30 MINUTES)

O. PRESENTATION BY MR. R. WILLIAM (BILL) FUNK ON CHANCELLOR
SEARCH WITH RECESS TO EXECUTIVE SESSION IF NECESSARY
(TEXAS GOVERNMENT CODE, CHAPTER 551, SECTION 551.074)

P. SCHEDULED EVENTS

1. Board of Regents' Meetings

<u>Dates</u>	<u>Locations/Hosts</u>
February 9-10, 2000	U. T. Health Science Center - Houston
May 10-11, 2000	Austin
August 9-10, 2000	Austin
November 8-9, 2000	U. T. Health Center - Tyler

2. Other Events

Chancellor Search Regional Focus Group Meetings

November 3, 1999	U. T. M. D. Anderson Cancer Center, 10:00 a.m. - Noon U. T. El Paso, 3:30 - 5:30 p.m.
November 4, 1999	City of McAllen Tourist Center, 6:30 - 8:30 p.m.
November 10, 1999	U. T. Southwestern Medical Center - Dallas, 9:30 - 11:30 a.m.
November 17, 1999	U. T. San Antonio, 9:30 - 11:30 a.m. U. T. Austin, 2:00 - 4:00 p.m.

Q. ADJOURNMENT