

MATERIAL SUPPORTING THE AGENDA

VOLUME XLVIb

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

March 18, 1999
May 13, 1999
May 26, 1999
August 12, 1999

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 - all items submitted to the Executive Session and distributed only to the Regents, Chancellor and Executive Vice Chancellors of the System.

Yellow paper - emergency items distributed at the meeting.

Material distributed at the meeting as additional documentation is not included in the bound volume, because sometimes there is an unusual amount and other times some people get copies and some do not get copies. 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.: 921

Date: May 13, 1999

Location: Edinburg, Texas



BOARD OF REGENTS
OF
THE UNIVERSITY OF TEXAS SYSTEM

CALENDAR

Thursday, May 13, 1999

International Trade and Technology Building
The University of Texas - Pan American
Edinburg, Texas

Time: 8:00 a.m.
Place: Room 1.214
Purpose: Convene in Open Session to immediately Recess to Briefing and Executive Sessions Per the Agenda on Page Ex.S-1

See Pages B of R 1 - 2, Items A - B

Time: 10:00 a.m.
Place: Room 1.102
Purpose: Reconvene in Open Session

See Pages B of R 2 - 28, Items C - K

Time: 12:00 Noon
Place: Room 1.214
Purpose: Recess for Lunch

Time: 1:00 p.m.
Place: Room 1.102
Purpose: Reconvene in Open Session (Meeting with U. T. System Student Advisory Council) to Continue Until Completion of Business

See Pages B of R 28 - 29, Items L - O

Telephone Numbers

Office of President Nevárez (956) 381-2100
Embassy Suites Hotel, 1800 South Second Street (956) 686-3000



To Mission

University Drive (Highway 107)

Courthouse Square

University Drive (Highway 107)

Edinburg

To San Antonio

Depot Road

10th Street



McColl Road

Sugar Road

Business Highway 281

Highway 281

Freddy Gonzalez Drive

McAllen

Highway 281

Take Owassa Road Exit

Nolana Loop

Take Edinburg Exit

Main Street

Nikki Rowe Blvd. (2nd Street)

Ferguson Avenue (Highway 495)

Pecan Blvd. (Highway 495)

Expressway 83

Approx. 33 miles to Harlingen International Airport and Approx. 75 miles to South Padre Island

23rd Street

10th Street

McColl Road

Sugar Road

Expressway 83

Harlingen Area

Business Highway 83

Business Highway 83

Pharr

Loop 499

Harlingen International Airport

To Mission

Expressway 83

Take Expwy 83 McAllen Exit

McAllen Miller International Airport



Embassy Suites

Wichita Avenue

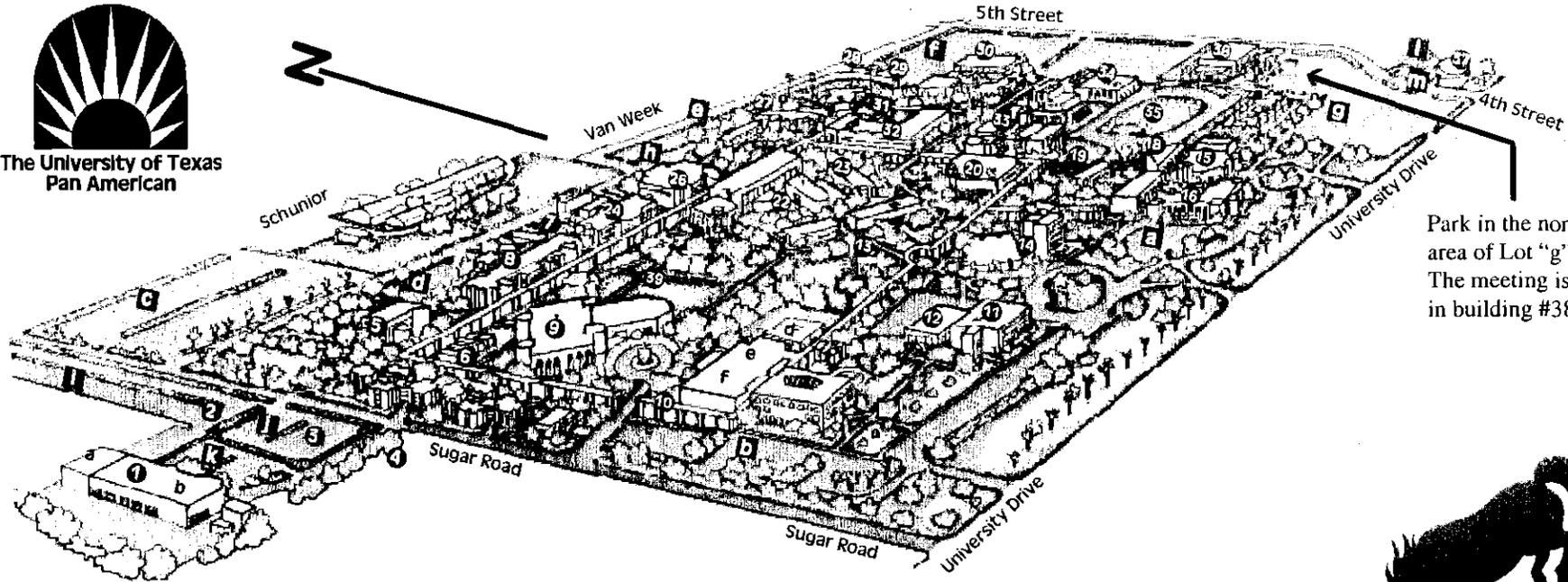
To McAllen

Expressway 83

Highway 77



The University of Texas
Pan American



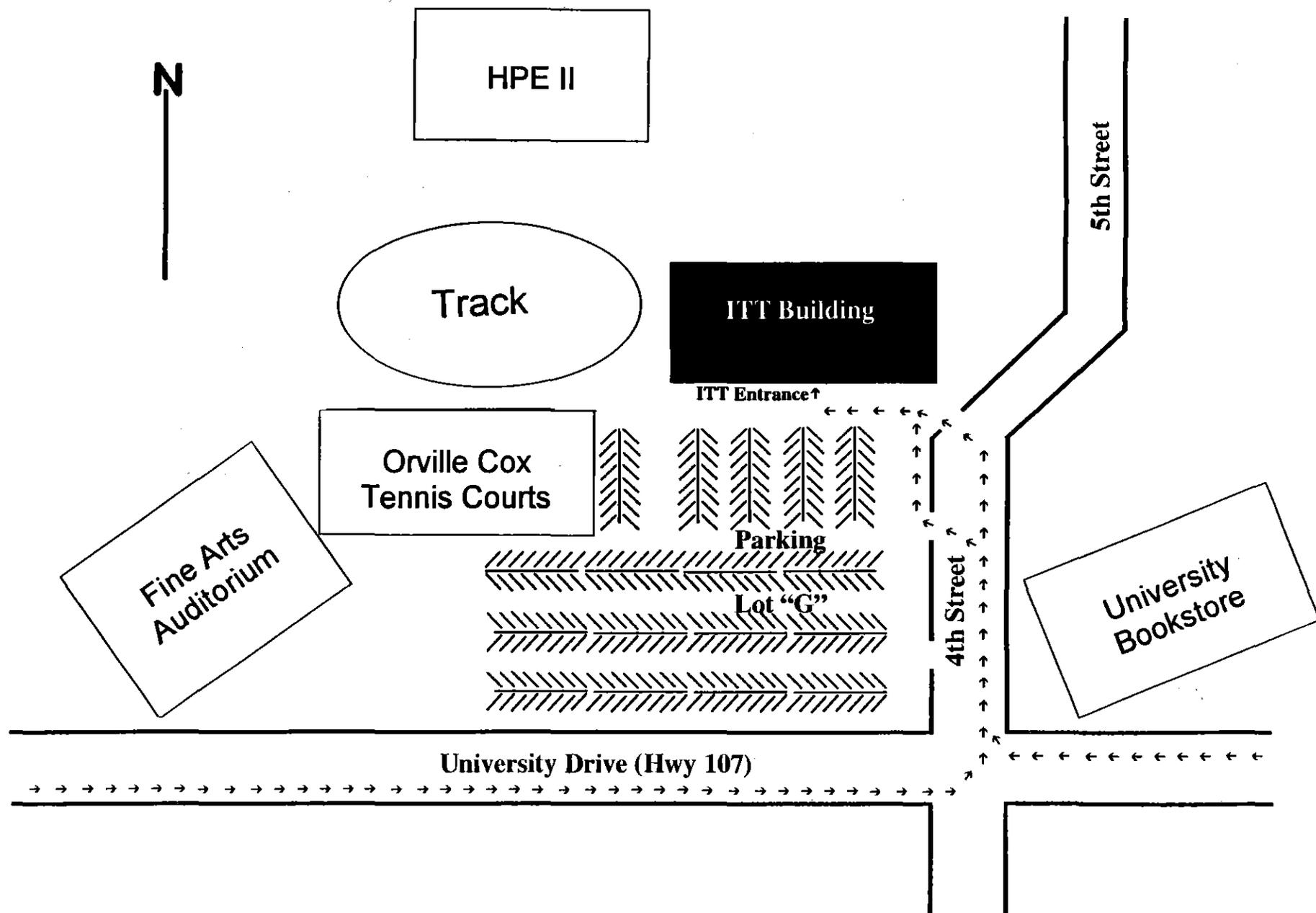
Legend



UTPA

Academic Services Building	20	Fine Arts Building B	16	Southwick Hall	19
Academic Support Facilities Complex	1	Fine Arts Building C	17	Student Services Building	14
Center for Manufacturing	a	Health & Physical Education Building I	30	Student Union Building (Proposed site)	39
Physical Plant/Police Station	b	Health & Physical Education Building II	34	Temporary Office Buildings	6
Biology Annex (under renovation)	7	Health Sciences & Human Services Building ...	24	The University of Texas System	
Business Administration Building	26	International Trade & Technology Building ...	38	Texas-Mexico Border Health	
Central Utility Plant	25	Jody Ramsey Stadium	28	Coordination Office	29
Chapel of the Lord's Prayer	13	Marialice Shary Shivers		Track & Field	35
Communication Arts & Sciences Building	9	Administration Building	11	University Bookstore	37
Computer Center	12	Mathematics Building	23	University Center	10
Darrel Troxell Hall (Men's Residence Hall)	2	Orville Cox Tennis Courts	36	Game Room/Rec Sports	c
Education Complex	27	Physical Science Building	21	SGA/Student Affairs	c
Emilia Schunior Ramirez Hall	4	Planetarium	31	Ballroom	d
Engineering Building	33	Science Building (New)	32	Faculty Lounge	e
Fine Arts Annex	18	Science Complex (under renovation)	8	Cafeteria/Snack Bar	f
Fine Arts Auditorium	15	Social and Behavioral Sciences Building	5	University Library/Media Theatre	22
				Women's Residence Hall	3

Parking Lots are identified by letters of the alphabet



N

HPE II

Track

ITT Building

ITT Entrance ↑

Orville Cox
Tennis Courts

Fine Arts
Auditorium

Parking

Lot "G"

4th Street

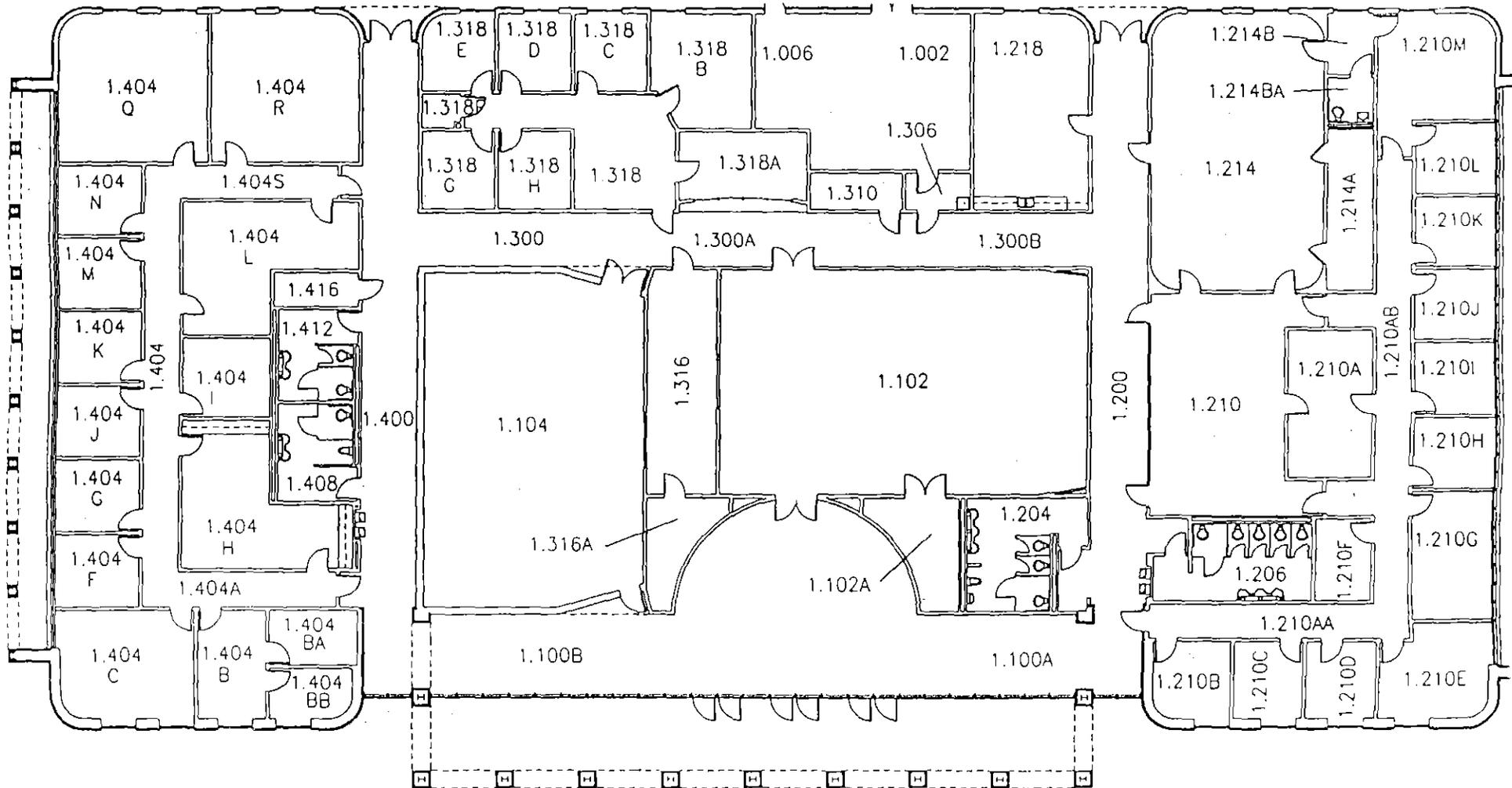
5th Street

University
Bookstore

University Drive (Hwy 107)

INTERNATIONAL TRADE AND TECHNOLOGY BUILDING

- 1.404Q – Press Room
- 1.318B – Secretarial Room
- 1.102 – Main Meeting Room
- 1.404R – Press Room
- 1.210G – Secretarial Room
- 1.214 – Briefing/Executive Session Room



Meeting of the Board

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

Thursday, May 13, 1999

**International Trade and Technology Building
The University of Texas - Pan American, Edinburg, Texas**

Time: 8:00 a.m. Convene in Open Session to Immediately
Place: Room 1.214 Recess to Briefing and Executive Sessions

Time: 10:00 a.m. Reconvene in Open Session
Place: Room 1.102

Time: 12:00 Noon Recess for Lunch
Place: Room 1.214

Time: 1:00 p.m. Reconvene in Open Session (Meeting with
Place: Room 1.102 U. T. System Student Advisory Council) to
Continue Until Completion of Business

A. CALL TO ORDER

B. RECESS TO BRIEFING SESSION AND 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

G. SPECIAL ITEMS

1. U. T. Board of Regents: Requested Approval of Committee and Other Representative Appointments by Chairman Evans.—

RECOMMENDATION

In accordance with the requirements of the Regents' Rules and Regulations, Part One, Chapter I, Section 7, Chairman Evans requests the concurrence of the U. T. Board of Regents on his appointments to (1) the chairmanship of the Standing and Special Committees, (2) the Board for Lease of University Lands, (3) the Board of Directors of The University of Texas Investment Management Company (UTIMCO), and (4) the Board of Directors of the Texas Growth Fund as set forth below.

Appointments by Chairman Evans to the Standing Committees, Special Committees, and other liaison groups, which do not require Regental approval, are also set forth below for information, and all were effective March 26, 1999.

These appointments will remain in effect until the succeeding Board Chairman shall reconstitute the committees in 2001.

a. STANDING COMMITTEES

Executive Committee*

Mr. Donald L. Evans, Chairman
Mr. Tom Loeffler, Vice-Chairman
Mrs. Rita C. Clements, Vice-Chairman

*Elected during Special Called Meeting of the Board of Regents held on March 18, 1999.

Note: Chairman Evans is an ex officio member of the following standing committees:

Business Affairs and Audit Committee

Mr. A. W. "Dub" Riter, Jr., Chairman
Mr. Woody L. Hunt
Mr. Patrick C. Oxford

Academic Affairs Committee

Mr. Charles Miller, Chairman
Mr. Woody L. Hunt
Mr. Patrick C. Oxford
Mr. Raul R. Romero

Health Affairs Committee

Mr. Tom Loeffler, Chairman
Mrs. Rita C. Clements
Mr. Patrick C. Oxford
Mr. A. R. (Tony) Sanchez, Jr.

Facilities Planning and Construction Committee

Mrs. Rita C. Clements, Chairman
Mr. A. W. "Dub" Riter, Jr.
Mr. Raul R. Romero
Mr. A. R. (Tony) Sanchez, Jr.

b. **SPECIAL COMMITTEES**

Special Committee on Telecommunications/Technology Transfer

Mr. A. R. (Tony) Sanchez, Jr., Chairman
Mr. Charles Miller
Mr. Raul R. Romero

Special Committee on Minorities and Women

Mr. Raul R. Romero, Chairman
Mrs. Rita C. Clements
Mr. Woody L. Hunt
Mr. A. R. (Tony) Sanchez, Jr.

The Health Affairs Committee will represent the Board of Regents on the Joint Conference Committee related to the Memorial Hermann Healthcare System.

Note: Chairman Evans is an ex officio member of the foregoing special committees.

Santa Rita Award

Mr. Donald L. Evans, Chairman
Mr. Tom Loeffler
Mrs. Rita C. Clements

c. REGENTAL REPRESENTATIVES

Board for Lease of University Lands

Mr. Charles Miller
Mr. Raul R. Romero

The University of Texas Investment Management Company (UTIMCO) Board of Directors

Mr. Charles Miller
Mr. Patrick C. Oxford
Mr. A. W. "Dub" Riter, Jr.

Texas Growth Fund

Mr. A. W. "Dub" Riter, Jr.

Committee of Governing Boards, Texas Public Senior Colleges and Universities

Mr. Donald L. Evans

2. U. T. Board of Regents: Proposed Amendments to the Regents' Rules and Regulations, Part One, Chapter II (Administration).--

RECOMMENDATION

The Chancellor recommends that the Regents' Rules and Regulations, Part One, Chapter II (Administration) be amended as set forth below:

- a. Amend Section 8, Subsection 8.2, relating to the duties and responsibilities of the Vice Chancellor for Governmental Relations, as set forth below in congressional style:

8.2 Duties and Responsibilities.

The primary responsibilities of the Vice Chancellor for Governmental Relations [office] include:

- 8.21 The provision of staff assistance to the Chancellor and the Executive Vice Chancellors in the execution of their responsibilities.
- 8.22 Representing the Board of Regents of The University of Texas System in its relations with [federal,] state[,;] and local legislative bodies and agencies.
- 8.23 Making recommendations to the Chancellor in the area of public policy as it affects the relationship of the System with [~~the~~ federal,] state[,;] and local governments.
- 8.24 Informing appropriate administrative officers of current operations and long-range developments on the [federal and] state level, which may affect the System.
- 8.25 Maintaining and distributing information [~~to,~~] and advising appropriate System Administration and component institution officials, in order to assure proper action by the System with respect to [federal,] state[,;] and local governmental programs and activities.

- b. Add a new Section 11, relating to the Vice Chancellor for Federal Relations, as set forth below in congressional style:

Sec. 11. Vice Chancellor for Federal Relations.

The Vice Chancellor for Federal Relations reports to the Chancellor and is responsible for coordinating the effective representation of The University of Texas System at the federal level before all branches of the federal government. The Vice Chancellor for Federal Relations provides staff assistance to the Chancellor and the Executive Vice Chancellors in the exercise of their responsibilities.

11.1 Appointment and Tenure.

The Vice Chancellor for Federal Relations shall be appointed by the Board after nomination by the Chancellor. The Vice Chancellor for Federal Relations shall hold office without fixed term, subject to the pleasure of the Chancellor. The Chancellor's actions regarding the Vice Chancellor for Federal Relations are subject to review and approval by the Board.

11.2 Duties and Responsibilities.

The primary responsibilities of the Vice Chancellor for Federal Relations include:

- 11.21 The provision of staff assistance to the Chancellor and the Executive Vice Chancellors in the execution of their responsibilities.
- 11.22 Representing the Board of Regents and other officials of The University of Texas System in its relations with all branches of the federal government.
- 11.23 Making recommendations to the Chancellor in the area of public policy as it affects the relationship of the System with the federal government.
- 11.24 Informing appropriate administrative officers of current operations and long-range developments on the federal level which may affect the System.
- 11.25 Maintaining and distributing information to and advising appropriate System Administration and component institution officials in order to assure proper action by the System with respect to federal governmental programs and activities.

- 11.26 Interacting with federal government officials at all levels regarding the mission, needs, and issues of the U. T. System and coordinating System initiatives at the federal level with the broader higher education community.
- 11.27 Directing the administration of the U. T. System Office of Federal Relations and defining the job responsibilities, the assignment of duties, and supervising staff members employed in or assigned to work in the federal relations area.
- 11.28 Performing such other duties and responsibilities for the efficient operation of the System as shall be assigned by the Chancellor.

- c. Renumber present Sections 11 through 14 as Sections 12 through 15 and authorize the Executive Secretary to the Board to make editorial changes in the Regents' Rules and Regulations to include the title of Vice Chancellor for Federal Relations where appropriate.

BACKGROUND INFORMATION

The proposed amendments to the Regents' Rules and Regulations, Part One, Chapter II, Section 8, Subsection 8.2, clarify that the duties and responsibilities of the Vice Chancellor for Governmental Relations cover activities and issues with regard to state and local legislative bodies and agencies.

The addition of Section 11 to Chapter II, Part One of the Regents' Rules and Regulations describes the newly established position of Vice Chancellor for Federal Relations and outlines the duties and responsibilities of this office. This new position and the establishment of the Office of Federal Relations in the Washington, D. C., area are part of U. T. System efforts to become more effective in the federal arena, particularly in identifying and securing funding opportunities provided by the federal government.

3. U. T. System: Request for Approval of Amendments to the Policy and Guidelines for Management and Marketing of Intellectual Property.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs, the Vice Chancellor for Academic Affairs, and the Vice Chancellor and General Counsel that the U. T. System Policy and Guidelines for Management and Marketing of Intellectual Property be amended as set forth below in congressional style:

**POLICY AND GUIDELINES FOR MANAGEMENT AND
MARKETING OF INTELLECTUAL PROPERTY**

The U. T. Board of Regents finds that intellectual property and technology created at the component institutions are valuable assets with potential for commercialization for the benefit of the citizens of the State, State government, the component institutions, and the U. T. System.

As a part of its Handbook of Operating Procedures, each component institution of the U. T. System shall adopt procedures for identifying, evaluating, and marketing intellectual property and technology created at the component institution:

- a. that are not already subject to an option or license pursuant to a sponsored research agreement;
- b. that have not been committed to an entity, including those formed for the primary purpose of development and commercialization of intellectual property created at the component institution; or
- c. the control of which has been regained by the U. T. System through reversion provisions contained in license agreements.

The intellectual property management and marketing procedures that are to be included in institutional Handbooks of Operating Procedures shall contain provisions that recognize and provide the opportunity for the creator and other

knowledgeable institutional personnel to play a major role in marketing while making provision for appropriate involvement of ~~[the Offices of Asset Management and]~~ the Office of General Counsel in the management and marketing of the assets of the Board.

In developing handbook procedures, consideration should be given to the utilization of the Center for Technology Development and Transfer at The University of Texas at Austin (established by Section 65.45, Texas Education Code) as a means of developing and marketing available intellectual property created at component institutions.

The Office of General Counsel shall continue to assist in marketing efforts through its activities, such as submitting available intellectual property and technology to appropriate computer data listing services, and to publications that reach prospective licensees.

~~[The Office of Asset Management shall develop appropriate expertise in the area of marketing of technology to complement the efforts of the component institutions and the Office of General Counsel.]~~

On a selective basis, the Office of General Counsel ~~[and Office of Asset Management]~~ with the concurrence of the component institution, may utilize the services of intellectual property marketing agencies pursuant to contractual agreements that have been approved by the Board.

BACKGROUND INFORMATION

On December 6, 1985, the U. T. Board of Regents adopted the Policy and Guidelines for Management and Marketing of Intellectual Property as part of a comprehensive intellectual property program.

In February 1996, the Board approved the dissolution of the Office of Asset Management; however, many Regental policies still contain references to this office. The purpose of the proposed amendments to the Policy and Guidelines for Management and Marketing of Intellectual Property is to replace outdated references to the former Office of Asset Management.

Following review of all Regental policies by the Office of the Board of Regents for needed editorial updates, recommendations on individual policy revisions or a recommendation on delegation of authority to make needed nonsubstantive revisions will be presented to the Board at a future meeting.

Executive Vice Chancellor Burck will make a presentation concerning the proposed U. T. System Office of Intellectual Property at the May 1999 Board meeting, and establishment of that office may result in additional changes to this policy.

See Informational Report, Item 2, on Page BAAC - 25.

4. U. T. System: Request for Approval of Amendments to the Policy and Guidelines For the Negotiation, Review and Approval of Sponsored Research Projects With Nonprofit and For Profit Nongovernmental Entities.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs, the Vice Chancellor for Academic Affairs, and the Vice Chancellor and General Counsel that the U. T. System Policy and Guidelines For the Negotiation, Review and Approval of Sponsored Research Projects With Nonprofit and For Profit Nongovernmental Entities be amended as set forth below in congressional style:

POLICY AND GUIDELINES FOR THE NEGOTIATION, REVIEW AND APPROVAL OF SPONSORED RESEARCH PROJECTS WITH NONPROFIT AND FOR PROFIT NONGOVERNMENTAL ENTITIES

U. T. System component institutions and individual faculty are encouraged to use their best efforts to obtain sponsored funding for research projects from governmental agencies as well as nonprofit and for profit nongovernmental entities. Each component institution should establish an appropriate organizational structure to solicit sponsors for research projects and to negotiate appropriate agreements with such sponsors with the assistance of [~~the Office of Asset Management and~~] the Office of General Counsel as provided below.

While it is recognized that sponsored research agreements with governmental entities and some nonprofit entities are not normally subject to change through negotiation, the Office of General Counsel shall develop a model sponsored research agreement that the component institution shall submit to all other potential sponsors for research projects.

Additionally, in its Handbook of Operating Procedures, each U. T. System component institution shall devise a system for early identification of proposed sponsored research projects that: (a) have potential for significant research results that may be marketable; and (b) are being developed by sponsors who are unwilling to utilize the significant aspects of the model agreement. Review currently conducted by the Office of the Chancellor and the Office of the U. T. System Controller with regard to the appropriateness of any financial obligations on the part of the U. T. System or its component institutions will be continued and, in addition, all sponsored research agreements evolving from the early identification procedure shall be reviewed and approved by ~~[the Office of Asset Management and]~~ the Office of General Counsel prior to submission to the Board for approval in the institutional docket, if required. In order to facilitate such review and approval, ~~[the Office of Asset Management and]~~ the Office of General Counsel should be consulted at an early stage with regard to the negotiation of the terms that deviate from the model agreement. The Office of the Chancellor~~[-the Office of Asset Management,]~~ and the Office of General Counsel shall adopt procedures that ensure ~~[insure]~~ prompt review and response so that important research projects are not delayed by U. T. System Administrative involvement.

It is particularly important that the following guidelines be adhered to if at all possible in sponsored research agreements with nonprofit and for profit nongovernmental entities:

- a. The U. T. System Board of Regents should own the rights to all patentable discoveries, unpatentable technology, technical know-how, and other intellectual property that results from the research project.
- b. The sponsoring entity may have an option for either an exclusive or non-exclusive right to a license to develop and commercialize any intellectual property resulting from the project for a royalty in an amount to be negotiated.
- c. In the event the sponsor exercises the option for a license, it should be required to reimburse the Board for all expenses incurred with respect to a patent that has been secured on any patentable discovery

or, in the event a patent has not been obtained, the sponsor should be required to bear the expense of securing patent protection for the benefit of the Board.

- d. The rights of researchers to publish scholarly work with respect to the research project should be restricted only to the extent necessary to protect the potential value of any discovery resulting from the research.
- e. The agreement should contain appropriate indemnification from the sponsor for all damage or liability that may result when a research project involves the use of materials, processes, or procedures that are furnished by or required by the sponsor to be used in such project and such damage or liability is not due to negligence of the persons performing the research.
- f. License agreements that result from the exercise of options in the sponsored research contracts do not require approval of the Board through the docket unless the license is with a foreign entity or for over \$500,000. All licenses ~~[are subject to the approval of the Board through the docket and]~~ should contain provisions for the reversion to the Board of all rights to the intellectual property if it is not developed and marketed in a timely manner.

BACKGROUND INFORMATION

On December 6, 1985, the U. T. Board of Regents adopted the Policy and Guidelines For the Negotiation, Review and Approval of Sponsored Research Projects with Nonprofit and For Profit Nongovernmental Entities as part of a comprehensive intellectual property program.

In February 1996, the Board approved the dissolution of the Office of Asset Management; however, many Regental policies still contain references to this office. One purpose of the proposed amendments to the Policy and Guidelines For the Negotiation, Review and Approval of Sponsored Research Projects With Nonprofit and For Profit Nongovernmental Entities is to replace outdated references to the former Office of Asset Management.

The current policy also contains references to a requirement for approval of license agreements via the Chancellor's Docket. This approval requirement was eliminated by action of the U. T. Board of Regents in February 1998, except for a proposed license with a foreign entity or in an amount over \$500,000. The proposed amendments conform the Policy to current practice.

Following review of all Regental policies by the Office of the Board of Regents for needed editorial updates, recommendations on individual policy revisions or a recommendation on delegation of authority to make needed nonsubstantive revisions will be presented to the Board at a future meeting.

5. U. T. System: Report of Summary of Gift Acceptance and Related Administrative Actions Conforming to Board Policy for December 1, 1998 Through February 28, 1999.--

(See Pages B of R 15 - 19.)

ACCEPTANCE OF GIFTS HELD BY BOARD

# ALL ITEMS	COMPONENT INSTITUTION	ASSET TYPES							MATCHING FUNDS	TOTAL VALUE
		CASH	SECURITIES	REAL ESTATE	PLEDGES	OTHER	TRANSFERS			
1	U. T. System	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,000	\$ -	\$ 25,000	
6	U. T. Arlington	\$ 172,148	\$ -	\$ -	\$ -	\$ -	\$ 15,000	\$ -	\$ 187,148	
49	U. T. Austin	\$ 1,377,309	\$ 456,510	\$ 202,555	\$ 872,982	\$ 650	\$ 3,337,498	\$ -	\$ 3,098,064 *	
1	U. T. Dallas	\$ 60,674	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 60,674	
10	U. T. El Paso	\$ 132,476	\$ 71,618	\$ 87,000	\$ -	\$ -	\$ 5,257	\$ -	\$ 291,094 *	
1	U. T. Pan American	\$ 60,674	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 60,674	
1	U. T. Brownsville	\$ 60,674	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 60,674	
3	U. T. Permian Basin	\$ 105,674	\$ -	\$ -	\$ 15,000	\$ -	\$ -	\$ -	\$ 120,674	
3	U. T. San Antonio	\$ 326,674	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 326,674	
5	U. T. Tyler	\$ 120,749	\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 220,749	
14	U. T. SWMC-Dallas	\$ 1,003,492	\$ 2,504,402	\$ -	\$ -	\$ -	\$ 1,051,973	\$ 960,000	\$ 4,559,867 *	
5	U. T. M.B.-Galveston	\$ 1,235,674	\$ -	\$ -	\$ 1,325,000	\$ -	\$ 12,809	\$ -	\$ 2,573,483	
3	UTHSC-Houston	\$ 160,674	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 160,674	
2	UTHSC-San Antonio	\$ 60,674	\$ -	\$ -	\$ -	\$ -	\$ 16,173	\$ -	\$ 76,846	
13	UTMDACC	\$ 2,335,493	\$ 29,700	\$ 20,000	\$ 1,673,597	\$ -	\$ 300,000	\$ -	\$ 4,358,790	
4	UTHC-Tyler	\$ 550,916	\$ 99,084	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 650,000	
1	Multi-Component **	\$ 170,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 170,000	
122	TOTAL	\$ 7,933,972	\$ 3,261,314	\$ 309,555	\$ 3,886,579	\$ 650	\$ 4,763,710	\$ 960,000	\$ 17,001,083 *	

* Not included in total: U. T. Austin- \$3,149,440.35 of previously accepted gifts;
 U. T. El Paso - \$5,257.18 of previously accepted gifts;
 U. T. SWMC-Dallas - \$960,000 of Board-held matching funds.

** Multi-Component: U. T. SWMC-Dallas, U. T. M.B.-Galveston, UTHSC-Houston and UTHSC-San Antonio

NOTE: Compiled by Office of Development and External Relations

CLASSIFICATION OF GIFTS AND OTHER ACTIONS

COMPONENT INSTITUTION	ENDOWMENTS	CHARITABLE REMAINDER TRUSTS	POOLED INCOME FUND	REMAINDER INTERESTS	HELD IN TRUST BY OTHERS	CURRENT PURPOSE	OTHER
U. T. System	1	--	--	--	--	--	--
U. T. Arlington	6	--	--	--	--	--	--
U. T. Austin	35	--	--	1	11	4	--
U. T. Dallas	1	--	--	--	--	--	--
U. T. El Paso	10	--	--	--	--	--	--
U. T. Pan American	1	--	--	--	--	--	--
U. T. Brownsville	1	--	--	--	--	--	--
U. T. Permian Basin	3	--	--	--	--	--	--
U. T. San Antonio	3	--	--	--	--	--	--
U. T. Tyler	5	--	--	--	--	--	--
U. T. SWMC-Dallas	12	--	--	--	3	--	--
U. T. M.B.-Galveston	5	--	--	--	--	--	--
UTHSC-Houston	3	--	--	--	--	--	--
UTHSC-San Antonio	2	--	--	--	--	--	--
UTMDACC	6	--	--	--	--	7	--
UTHC-Tyler	4	--	--	--	--	--	--
Multi-Component	--	--	--	--	1	--	--
TOTAL	98	0	0	1	15	11	0

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PURPOSES OF GIFTS HELD BY BOARD AND OTHERS

COMPONENT INSTITUTION	ENDOWMENT								CURRENT PURPOSE	OTHER PURPOSE
	DIST. CHAIR	CHAIR	DIST. PROF'SHIP	PROF'SHIP	FACULTY FELLOWSHIP	GRADUATE FELLOWSHIP	SCHOLARSHIP	OTHER		
U.T. System	--	--	--	--	--	--	--	1	--	--
U. T. Arlington	--	--	--	--	--	--	3	1	--	--
U. T. Austin	--	2	--	--	--	1	22	14	4	2
U. T. Dallas	--	--	--	--	--	--	1	--	--	--
U. T. El Paso	--	--	--	--	--	1	5	4	--	--
U. T. Pan American	--	--	--	--	--	--	1	--	--	--
U. T. Brownsville	--	--	--	--	--	--	1	--	--	--
U. T. Permian Basin	--	--	--	--	--	--	3	--	--	--
U. T. San Antonio	--	--	1	--	--	--	2	--	--	--
U. T. Tyler	--	--	--	--	--	--	5	--	--	--
U. T. SWMC-Dallas	2	2	--	4	--	--	1	5	--	--
U. T. M.B.-Galveston	--	--	--	--	--	--	1	2	--	--
UTHSC-Houston	--	--	--	1	--	--	1	--	--	--
UTHSC-San Antonio	--	--	--	--	--	--	2	--	--	--
UTMDACC	1	1	--	--	--	--	--	2	7	--
UTHC-Tyler	--	--	2	1	--	--	--	1	--	--
Multi-Component	--	--	--	--	--	--	--	--	--	1
TOTAL	3	5	3	6	0	2	48	30	11	3

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

BoFR - 17

OTHER ADMINISTRATIVE ACTIONS

COMPONENT INSTITUTION	ESTABLISH ENDOWMENT	REDESIGNATE ENDOWMENT LEVEL	OTHER REDESIGNATION	DISSOLVE ENDOWMENT	APPROVE/ALLOCATE MATCHING	ACCEPT TRUSTEESHIP	OTHER
U. T. System	1	--	--	--	--	--	--
U. T. Arlington	4	1	1	--	--	--	--
U. T. Austin	36	2	4	1	--	--	--
U. T. Dallas	1	--	--	--	--	--	--
U. T. El Paso	10	--	--	--	--	--	--
U. T. Pan American	1	--	--	--	--	--	--
U. T. Brownsville	1	--	--	--	--	--	--
U. T. Permian Basin	3	--	--	--	--	--	--
U. T. San Antonio	3	--	--	--	--	--	--
U. T. Tyler	5	--	--	--	--	--	--
U. T. SWMC-Dallas	11	2	1	--	6	--	--
U. T. M.B.-Galveston	3	1	1	--	--	--	--
UTHSC-Houston	2	--	1	--	1	--	--
UTHSC-San Antonio	2	--	--	--	--	--	--
UTMDACC	4	--	2	--	--	--	--
UTHC-Tyler	4	--	--	--	--	--	--
Multi-Component	--	--	--	--	--	--	--
TOTAL	91	6	10	1	7	0	0

BoR - 18

COMPARATIVE SUMMARY OF GIFTS ACCEPTED VIA THE OFFICIAL ADMINISTRATIVE PROCESS

COMPONENT INSITUATION	FY 1998 FULL YEAR	FISCAL YEAR 1999			
		9/1/98 - 11/30/98	12/1/98 - 2/28/99	3/1/99 - 5/31/99	FULL YEAR
U. T. System	\$ --	\$ 60,000	\$ 25,000		
U. T. Arlington	\$ 1,633,567	\$ 31,386	\$ 187,148		
U. T. Austin	\$ 16,888,581	\$ 1,166,167	\$ 3,098,064		
U. T. Dallas	\$ 411,126	\$ 1,000,000	\$ 60,674		
U. T. El Paso	\$ 4,064,288	\$ 1,597,047	\$ 291,094		
U. T. Pan American	\$ 1,142,022	\$ --	\$ 60,674		
U. T. Brownsville	\$ 10,000	\$ --	\$ 60,674		
U. T. Permian Basin	\$ 272,770	\$ 10,000	\$ 120,674		
U. T. San Antonio	\$ 236,907	\$ 53,600	\$ 326,674		
U. T. Tyler	\$ 554,169	\$ --	\$ 220,749		
U. T. SWMC-Dallas	\$ 35,511,381	\$ 2,342,000	\$ 4,559,867		
U. T. M.B.-Galveston	\$ 4,135,559	\$ 164,293	\$ 2,573,483		
UTHSC-Houston	\$ 5,595,404	\$ 2,259,623	\$ 160,674		
UTHSC-San Antonio	\$ 2,330,175	\$ 1,000,000	\$ 76,846		
UTMDACC	\$ 13,780,273	\$ 162,831	\$ 4,358,790		
UTHC-Tyler	\$ 476,000	\$ 602,933	\$ 650,000		
Multi-Component	\$ --	\$ --	\$ 170,000		
TOTAL	\$ 87,042,222	\$ 10,449,881	\$ 17,001,083	\$ --	\$ --

B of R - 19

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

1. U. T. System: Report on Investments for the Fiscal Quarter Ended February 28, 1999.--

REPORT

Pages B of R 22 - 25 contain the Summary Reports on Investments for the fiscal quarter ended February 28, 1999.

Item a on Page B of R - 22 presents the summary report for Permanent University Fund (PUF) Investments. PUF Investments began the quarter with a market value of \$7.19 billion. During the quarter, contributions of mineral income from PUF lands equaled \$11.2 million, down 45% versus receipts for the second quarter of the prior fiscal year. In addition, total investment return was \$65.7 million of which \$63.7 million was income return distributed to the Available University Fund (AUF) and \$2.0 million was price return. PUF market value ended the quarter at \$7.20 billion.

Quarter-end asset allocation was 66% broadly defined equities and 34% fixed income versus an unconstrained neutral allocation of 80% equities and 20% fixed income. Within equities, quarter-end allocation was 47% U. S. large and mid cap stocks, 4% U. S. small cap stocks, 7% non-U. S. equities and 8% alternative equities.

The PUF's accrued investment income of \$63.7 million decreased by a nominal rate of .6% versus \$64.1 million for the second quarter of the prior fiscal year and by 2.2% on an inflation adjusted basis. Distributed investment income for the quarter of \$63.7 million was \$.8 million over budget but \$.4 million under investment income earned during the second quarter of 1998.

PUF investment income continued to suffer from declining interest rates and the resulting negative reinvestment spreads. The reinvestment spread on maturing and redeemed bonds was a negative 3.38% as bonds ran off at an average yield of 9.08% and were replaced by bonds yielding 5.7%. As of quarter-end, the distributable book yield on the \$2.4 billion fixed income portfolio declined to 7.67% versus 7.69% at the beginning of the quarter.

Total investment return for the quarter was .9%. The fixed income portfolio posted a total return of a negative 1.7% for the quarter versus a negative .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 6.8% and 6.1%, respectively. The PUF's equity portfolios (including non-U. S. portfolios) produced a lower return of 2.2% largely due to exposure to high yielding REIT, small cap, and non-U. S. equities. Finally, alternative equities produced a 2.4% return for the quarter.

Item b on Page B of R - 23 reports summary activity for the Long Term Fund (LTF). During the quarter, net contributions totaled \$17.1 million representing a 15.4% decrease over the second quarter of the prior fiscal year. Investment return was \$44.9 million. Distributions to the 4,936 endowment and other accounts underlying the LTF totaled \$25.2 million; an increase of 21% versus the second quarter of the prior year. The Fund's market value closed the quarter at \$2.43 billion.

Asset allocation at quarter-end was 21% fixed income and 79% broadly defined equities. Within equities, U. S. small cap and non-U. S. equities were slightly overweighted at 11% and 15%, respectively, of total assets. U. S. large and mid cap equities were also overweighted at 35% while alternative equities were underweighted at 18% versus a neutral weighting of 25%. Total investment return for the quarter was 1.8% versus the neutral policy portfolio return of 2.6%.

Item c on Page B of R - 24 presents quarterly activity for the Short/Intermediate Term Fund. During the quarter, the Fund received net contributions of \$18.7 million. It earned \$.0 in total return and incurred expenses of \$100 thousand. Distributions to the U. T. System component institutions equaled \$26.2 million, resulting in a quarter-end Fund value of \$1.838 billion versus \$1.845 billion at the beginning of the quarter. Total return on the Fund was 0% for the quarter versus the Fund's performance benchmark of .38%.

Item d on Page B of R - 25 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, increased by \$100 million to \$728 million during the second quarter. Asset values for the remaining asset classes were fixed income securities: \$67 million versus \$70 million at previous quarter-end; equities: \$47 million versus \$43 million at previous quarter-end; and other investments of \$6.9 million versus \$6.7 million at previous quarter-end.

a. PERMANENT UNIVERSITY FUND

Summary Investment Report at February 28, 1999.--

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

	FY97-98	FY98-99		
	Full Year	1st Qtr	2nd Qtr	Year-to-date
Beginning Market Value	6,368.3	6,517.1	7,188.9	6,517.1
PUF Lands Receipts (2)	79.5	15.1	11.2	26.3
Investment Income (3)	260.0	65.5	63.7	129.2
Investment Income Distributed	(260.0)	(65.5)	(63.7)	(129.2)
Realized Gains	467.6	113.4	117.0	230.4
Change in Unrealized Gains	(398.3)	543.3	(115.0)	428.3
Ending Market Value	6,517.1	7,188.9	7,202.1	7,202.1
AUF income:				
Investment Income	260.0	65.5	63.7	129.2
Surface Income	6.6	2.3	2.2	4.5
Total	266.6	67.8	65.9	133.7

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, 1998 values of \$385.6 million and \$154.9 million, respectively.
- (2) As of February 28, 1999: 1,305,577 acres under lease; 526,475 producing acres; 3,472 active leases; and 2,063 producing leases.
- (3) Investment income includes amortization of discount and premium bonds in accordance with statutory requirements.

b. LONG TERM FUND

Summary Investment Report at February 28, 1999.--

LONG TERM FUND
SUMMARY REPORT
(\$ millions)

B of R - 23

	FY97-98	FY98-99		
	Full Year	1st Qtr	2nd Qtr	Year-To-Date
Beginning Net Assets	2,125.0	2,147.7	2,390.2	2,147.7
Net Contributions	80.5	31.6	17.1	48.7
Investment Return (1)	42.6	237.2	44.9	282.1
Receipt of Funds from System for UTIMCO Fee	2.0	0.6	0.5	1.1
Expenses	(7.2)	(1.6)	(1.9)	(3.5)
Distributions (Payout)	(90.9)	(25.1)	(25.2)	(50.3)
Distribution of Gain on Participant Withdrawals	(4.3)	(0.2)	(0.2)	(0.4)
Ending Net Assets	2,147.7	2,390.2	2,425.4	2,425.4
Net Asset Value per Unit	4.568	5.010	5.048	
No. of Units (End of Period)	470,190,284	477,070,872	480,447,414	
Distribution Rate per Unit	0.195	0.0525	0.0525	

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.

c. SHORT/INTERMEDIATE TERM FUND

Summary Investment Report at February 28, 1999.--

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

	<u>FY97-98</u>	<u>FY98-99</u>		
	<u>Full Year</u>	<u>1st Qtr</u>	<u>2nd Qtr</u>	<u>Year-to-Date</u>
Beginning Net Assets	1,631.4	1,809.6	1,845.9	1,809.6
Contributions (Net of Withdrawals)	126.9	29.8	18.7	48.5
Investment Return	152.8	32.5	-	32.5
Expenses	(0.5)	(0.1)	(0.1)	(0.2)
Distributions of Income	<u>(101.0)</u>	<u>(25.9)</u>	<u>(26.2)</u>	<u>(52.1)</u>
Ending Net Assets	1,809.6	1,845.9	1,838.3	1,838.3

B of R - 24

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

d. SEPARATELY INVESTED ASSETS

Summary Investment Report at February 28, 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 12/1/98	3,671	3,671	1,343	1,343	15,681	15,681	330	330	31	31	607,356	607,356	628,412	628,412
Increase/(Decrease)	3	3	1,563	1,563	12,165	12,165	(85)	(85)	3	3	86,046	86,046	99,695	99,695
Ending value 2/28/99	3,674	3,674	2,906	2,906	27,846	27,846	245	245	34	34	693,402	693,402	728,107	728,107
Debt Securities:														
Beginning value 12/1/98	-	-	7	5	57,263	60,322	8,800	9,581	-	-	-	-	66,070	69,908
Increase/(Decrease)	-	-	-	-	(200)	(1,812)	(624)	(892)	-	-	-	-	(824)	(2,704)
Ending value 2/28/99	-	-	7	5	57,063	58,510	8,176	8,689	-	-	-	-	65,246	67,204
Equity Securities:														
Beginning value 12/1/98	42	4,090	1,691	1,714	18,212	29,999	6,432	7,248	-	-	-	-	26,377	43,051
Increase/(Decrease)	-	(442)	1,409	1,539	2,529	3,034	81	(401)	-	-	-	-	4,019	3,730
Ending value 2/28/99	42	3,648	3,100	3,253	20,741	33,033	6,513	6,847	-	-	-	-	30,396	46,781
Other:														
Beginning value 12/1/98	-	-	29	29	537	537	5,699	6,141	-	-	-	-	6,265	6,707
Increase/(Decrease)	-	-	(27)	(27)	-	-	654	237	-	-	-	-	627	210
Ending value 2/28/99	-	-	2	2	537	537	6,353	6,378	-	-	-	-	6,892	6,917

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

Details of individual assets by account furnished upon request.

2. U. T. System: Proposed Increase in the Long Term Fund Distribution Rate Effective November 30, 1999.--

RECOMMENDATION

The University of Texas Investment Management Company (UTIMCO) Board of Directors recommends that the distribution rate for the U. T. System Long Term Fund (LTF) be increased from \$0.21 per unit to \$0.215 per unit effective November 30, 1999.

BACKGROUND INFORMATION

This spending formula under the U. T. System Long Term Fund Investment Policy increases distributions from the LTF at the rate of inflation subject to a distribution range of 3.5% to 5.5% of the average market value of LTF assets for the trailing 12 fiscal quarters.

An increase of 2.38% in the LTF distribution rate from its current rate of \$0.21 per unit to \$0.215 per unit was approved by the UTIMCO Board of Directors at its meeting on February 24, 1999.

I. 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 Ex.C - 1

Business Affairs and Audit Committee: Chairman Riter
Regent Hunt, Regent Oxford
MSA Page BAAC - 1

Academic Affairs Committee: Chairman Miller
Regent Hunt, Regent Oxford, Regent Romero
MSA Page AAC - 1

Health Affairs Committee: Chairman Loeffler
Regent Clements, Regent Oxford, Regent Sanchez
MSA Page HAC - 1

Facilities Planning and Construction Committee:
Chairman Clements, Regent Riter, Regent Romero, Regent Sanchez
MSA Page FPCC - 1

J. RECONVENE AS COMMITTEE OF THE WHOLE

K. REPORT OF BOARD FOR LEASE OF UNIVERSITY LANDS

REPORT

The Board for Lease of University Lands met and held an oil and gas lease sale on November 18, 1998, in Austin, Texas. Tracts totaling 20,332.850 acres of Permanent University Fund lands will be offered for lease in the upcoming Regular Oil and Gas Lease Sale No. 95 to be held on May 19, 1999, at the Center for Energy and Economic Diversification in Midland, Texas.

L. RECESS FOR LUNCH AND THEN RECONVENE IN OPEN SESSION

M. MEETING WITH REPRESENTATIVES OF THE U. T. SYSTEM STUDENT ADVISORY COUNCIL

N. SCHEDULED EVENTS

1. Board of Regents' Meetings -- 1999 and 2000

<u>Dates</u>	<u>Locations/Hosts</u>
August 11-12, 1999	U. T. Medical Branch - Galveston
November 10-11, 1999	U. T. Southwestern Medical Center - Dallas
February 9-10, 2000	U. T. Health Science Center - Houston
May 10-11, 2000	U. T. Health Center - Tyler
August 9-10, 2000	Austin
November 8-9, 2000	U. T. Arlington

2. Official Commencements - 1999

May 8	U. T. Permian Basin U. T. Tyler
May 14	U. T. Brownsville
May 15	U. T. El Paso U. T. Pan American U. T. San Antonio
May 15-16	U. T. Arlington
May 22	U. T. Austin U. T. Dallas U. T. Medical School - San Antonio
June 5	U. T. Southwestern Medical School - Dallas and U. T. Southwestern G.S.B.S. - Dallas U. T. Medical School - Houston
August 13	U. T. Allied Health Sciences School - Galveston

3. Other Events

September 9, 1999	U. T. M.D. Anderson Cancer Center: Faculty Honors Convocation
-------------------	--

O. ADJOURNMENT

Executive Committee

EXECUTIVE COMMITTEE
Committee Chairman Evans

Date: May 13, 1999

Time: Following the Reconvening of the Board of Regents at
approximately 10:00 a.m.

Place: Room 1.102, International Trade and Technology Building, U. T. Pan
American

Page
Ex.C

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: May 13, 1999
Time: Following the Meeting of the Executive Committee
Place: Room 1.102, International Trade and Technology Building, U. T. Pan American

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2. U. T. Board of Regents: Proposed Amendments to the Regents' <u>Rules and Regulations</u> , Part Two, Chapter I, Section 1 (Gifts to The University of Texas System) and Chapter IX, Section 6 (Matters Relating to Real Property)	4
3. U. T. Board of Regents: Request for Acceptance of a Gift of Approximately Eight Acres of Land in Brownsville, Cameron County, Texas, and Authorization to Execute All Documents Related Thereto	9
4. U. T. System: Recommendation to Approve Fiscal Year 2000 Budget Preparation Policies and Limitations for General Operating Budgets, Auxiliary Enterprises, Contracts and Grants, Restricted Current Funds, Designated Funds, and Service and Revolving Funds Activities and Calendar for Budget Operations	10

5. U. T. System: Request for Authorization for Component Institutions to (1) Increase the Existing Distance Education Fee for Courses Administered Through the UT TeleCampus and (2) Charge an Application Fee to Students Seeking Admission to Online Degree Programs Offered Through the UT TeleCampus (Catalog Change) 14
6. U. T. Austin: Brackenridge Tract - Authorization for Approval to Sell Real Property Located at 119 Birnam Wood Court, Austin, Travis County, Texas, and Authorization to Execute All Documents Related Thereto 16
7. U. T. El Paso: Frank B. Cotton Trust and the Tropical Sportswear International Endowed Fund for Entrepreneurship - Request for Approval to Sell or to Lease Real Property Located at 1500 East Third Avenue, El Paso, El Paso County, Texas, and Authorization to Execute All Documents Related Thereto 17
8. U. T. Pan American: Request for Authorization to Purchase Certain Land Parcels Within the Master Plan Zone Located in the City of Edinburg, Hidalgo County, Texas, and Authorization to Execute All Documents Related Thereto 18
9. U. T. System: Recommended Establishment of Self-Funded Medical Plans and Fully-Insured Health Maintenance Organizations (HMOs); and Appointment of Administrative Agents for the Medical Plans to be Effective September 1, 1999 23
10. U. T. System: Recommended Monthly Premiums for the Medical and Dental Plans and the Health Maintenance Organizations (HMOs) to be Effective September 1, 1999 23
11. U. T. System: Recommended Appointment of Insurer(s) for Life Insurance and Accidental Death and Dismemberment (AD&D) Plan to be Effective September 1, 1999 24

INFORMATIONAL REPORTS

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2. U. T. System: Presentation Relating to Proposed Office of Intellectual Property 25

1. U. T. System: Recommendation to Approve Chancellor's Docket No. 97.--

RECOMMENDATION

It is recommended that Chancellor's Docket No. 97 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 I, Section 1 (Gifts to The University of Texas System) and Chapter IX, Section 6 (Matters Relating to Real Property).--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs and the Vice Chancellor for Development and External Relations that the Regents' Rules and Regulations, Part Two, Chapter I, Section 1, regarding authorization to accept gifts, and Chapter IX, Section 6, regarding matters relating to real property, be amended as set out below:

- a. Amend Chapter I, Section 1, Subsections 1.3 through 1.5 as set forth on Page BAAC - 5 in congressional style.

CHAPTER I

GENERAL

Sec. 1. Gifts to The University of Texas System.

- ...
- 1.3 The Board delegates to the Chancellor, the chief administrative officer, or a designee specified in writing, authority to accept gifts, other than gifts of real property, that are not processed or administered by the Office of Development and External Relations and that conform to all relevant laws and Board policies, including but not limited to the U. T. System Gifts Policy Guidelines and approved institutional policies, provided that such gifts have a value of \$500,000 or less (in cash or in kind). Such gifts that have a value of more than \$500,000 (in cash or in kind) must be submitted to the Board for approval via the docket.
- 1.4 The Board delegates to the Executive Vice Chancellor for Business Affairs, or a designee specified in writing, authority to accept gifts of real property that are not processed or administered by the Office of Development and External Relations and that conform to all relevant laws and Board policies, including but not limited to the U. T. System Gifts Policy Guidelines and approved institutional policies, provided that such gifts have a value of \$500,000 or less. Such gifts that have a value of more than \$500,000 must be submitted to the Board for approval via the docket.
- 1.5 [4] The Board delegates to the Vice Chancellor for Development and External Relations, or a designee specified in writing, authority to accept all gifts of any value (either in cash or in kind) that conform to all relevant laws and Board policies, including but not limited to the U. T. System Gifts Policy Guidelines, and are processed or administered by the Office of Development and External Relations.
-

- b. Renumber present Subsections 1.5 through 1.(14) of Chapter I, Section 1, accordingly.
- c. Amend Chapter IX, Section 6 as set forth below in congressional style:

CHAPTER IX

MATTERS RELATING TO INVESTMENTS, TRUSTS, AND LANDS

...

Sec. 6. Matters Relating to Real Property.

...

6.4 Delegation of Authority.--Subject to Subdivisions 6.41, [and] 6.42, and 6.43 of this Subsection and the general provisions of Part One, Chapter I, Section 9 and except as [~~provided in Subdivision 6.43 or~~] otherwise specified in these Rules and Regulations, the Board delegates to the Executive Vice Chancellor for Business Affairs or a designee specified in writing the authority to execute and deliver on behalf of the Board contracts, agreements, and other documents or instruments regarding or conveying interests in, real property owned or controlled by the Board, including Permanent University Fund lands; real property acquired by purchase, gift, or bequest; and real property used for institutional purposes. The authority granted in this Subsection shall include all instruments necessary and convenient relating to the management, control, sale, acquisition, lease, and disposition of any real property, including mineral interests, owned or controlled by the Board, and licenses, permits for activities on such lands, and instruments relating to mortgages.

6.41 The delegate shall comply with all guidelines issued by the Office of General Counsel.

6.42 The delegate shall consult with the institutional chief business officer prior to approving and executing any agreement or instrument relating to lands used or to be used for institutional purposes.

6.43 The authority granted by this Subsection 6.4 [~~does not include authority~~] to execute and [~~or~~] deliver binding contracts, agreements, and other documents or instruments relating to the acquisition of real property applies only if the real property is within a campus master plan approved by the Board or if the matter is an [~~;~~ ~~except~~] easement[s and] or other similar agreement[s] necessary to implement projects approved by the Board in the Capital Improvement Program and the Capital Budget.

6.8 Planned Gifts and Bequests.--The Office of Estates [Development] and Trusts [External Relations] shall, in accordance with applicable Board policies, process and administer the receipt of real property assets received by the Board through a bequest, an interest in an account held in trust, or gift to establish or modify an endowment (other than the Permanent University Fund), a fund functioning as an endowment or a life income or annuity fund [or the chief administrative officer, as appropriate, shall coordinate the acceptance, receipt, and processing of all gifts or bequests of real estate with the System Real Estate Office and upon completion of such processing transfer same to the System Real Estate Office for management]. The Office of Estates and Trusts shall promptly notify the Real Estate Office of real property received, processed, and administered pursuant to this Section 6.8 to be managed by the Real Estate Office. This Subsection 6.8 shall not apply to current purpose gifts of real property (other than gifts received through a bequest or a trust) or additions to an existing endowment, a fund functioning as an endowment, or a life income or annuity fund if the addition does not change or modify the endowment or fund.

6.9 Current Purpose Gifts.--The Real Estate Office shall, in accordance with Board policies, process and administer the receipt of all gifts of real property that are not processed and administered in accordance with Subsection 6.8 of this Section.

The Real Estate Office shall manage all real property so received, unless the property is used as campus property by the component. The component shall manage real property used for campus purposes.

- 6.10 Rents, Mortgages, and Other Charges.**--The Board delegates to the System Real Estate Office authority to collect, and account for, all rents, mortgages, and other charges relating to real property managed by that Office.

BACKGROUND INFORMATION

The proposed amendments to the Regents' Rules and Regulations, Part Two, Chapter I, Section 1, Subsections 1.3 through 1.5 delegate authority to the Executive Vice Chancellor for Business Affairs to accept all gifts of real property designated for current purpose that have a value of \$500,000 or less. The proposed amendments will enable the U. T. System to handle gifts of real property with greater efficiency.

The Regents' Rules and Regulations delegate authority for the acceptance of current purpose real property gifts to the Chancellor or to the Chief Business Officer of each component. The proposed amendments to the Regents' Rules and Regulations, Part Two, Chapter IX, Section 6, Subsection 6.4 delegate authority to the Executive Vice Chancellor for Business Affairs to act on behalf of the U. T. Board of Regents to acquire real property if acquisition of the real property is contemplated by a master plan approved by the U. T. Board of Regents, provided that the cost or value of the real property is \$500,000 or less. The proposed amendments will enable the U. T. System to handle with greater efficiency real property acquisitions contemplated by an approved master plan.

The proposed amendments to Subsection 6.4 further implement actions taken by the U. T. Board of Regents at its May 1996 meeting at which it was agreed in principle that the authority to execute a variety of contracts and agreements would be delegated to U. T. System Administration or component officials within specific guidelines, conditions, and restrictions. The authority to execute contracts and agreements was broadly implemented by actions taken by the U. T. Board of Regents at a special called meeting on August 29, 1996. Implementation of delegated authority will continue to be monitored periodically through routine reviews and audits.

The proposed amendments to the Regents' Rules and Regulations, Part Two, Chapter IX, Section 6, Subsections 6.8 through 6.10 move the responsibility for processing and administration of the receipt of current purpose gifts of real property (other than gifts received through a bequest or a trust) from the chief administrative officer of the beneficiary institution to the U. T. System Real Estate Office. These provisions also clarify that the U. T. System Real Estate Office is responsible for the management of gift properties, except real property used for campus purposes, which is to be managed by the component.

3. U. T. Board of Regents: Request for Acceptance of a Gift of Approximately Eight Acres of Land in Brownsville, Cameron County, Texas, and Authorization to Execute All Documents Related Thereto.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs, the Vice Chancellor for Academic Affairs, and President Garcia that the U. T. Board of Regents accept a gift of approximately eight acres of land located adjacent to the Texas Southmost College campus in Brownsville, Cameron County, Texas, from Southmost Union Junior College District.

It is further recommended that the Executive Vice Chancellor for Business Affairs or 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 proposed gift of land is located adjacent to the eastern boundary of the Texas Southmost College campus, the home of U. T. Brownsville. A portion of the eight-acre tract will be the site for the new Life & Health Science Building for U. T.

Brownsville. This new academic building will support the Allied Health and Nursing Departments of the College of Health Sciences and the Biology Department of the College of Science and Math.

Once the space needs have been determined, the remaining portion of this eight-acre tract will be used to house the Brownsville Public Health Division of the Lower Rio Grande Valley Regional Academic Health Center approved by the U. T. Board of Regents in November 1998, as a branch of the U. T. Health Science Center – Houston's School of Public Health.

See Item 15 on Page FPCC - 49.

4. U. T. System: Recommendation to Approve Fiscal Year 2000 Budget Preparation Policies and Limitations for General Operating Budgets, Auxiliary Enterprises, Contracts and Grants, Restricted Current Funds, Designated Funds, and Service and Revolving Funds Activities and Calendar for Budget Operations.--

RECOMMENDATION

With the concurrence of the U. T. System Executive Officers, the Chancellor recommends that the U. T. Board of Regents approve the following Budget Preparation Policies and Limitations and Calendar for use in preparing the FY 2000 Operating Budget for the U. T. System:

U. T. System FY 2000 Budget Preparation Policies

General Guidelines – The regulations and directives which will be included in the General Appropriations Act enacted by the 76th Texas Legislature serve as the basis for these guidelines and policies. In preparing the draft of the FY 2000 Operating Budget, the Chief Administrative Officer of each component institution

should adhere to guidelines and policies as detailed below and as included in the General Appropriations Act. Following legislative approval of the General Appropriations Act, the Chancellor will issue detailed instructions regarding the implementation of those regulations and directives into the component budget process.

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

Salary Guidelines – Recommendations regarding salary policy are subject to the following directives.

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

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

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

To be eligible for a merit increase, classified staff must have been employed by the institution for at least six months as of August 31, 1999.

3. **Other Increases** – Equity adjustments, competitive offers, and increases to accomplish contractual commitments may also be granted in this budget and should also consider merit where appropriate, subject to available resources. Such increases should be noted and explained in the supplemental data accompanying the budget.

4. New Positions – New administrative and professional, classified staff and faculty positions are to be requested only when justified by workloads or to meet needs for developing new programs.
5. It is the expectation that Fiscal Year 2000 salary increases for merit, equity, or other reasons be included in the Operating Budgets.

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

Other Employee Benefits – Employer contributions to the self-insured Unemployment Compensation Fund will be based on an actuarial study. Upon approval of the actuarial study, the Chancellor will issue appropriate instructions regarding the implementation of Unemployment Compensation Insurance and Workers' Compensation Insurance Benefits. Workers' Compensation Insurance rates have been experience rated for each component.

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

Budget Reductions and Limitations – The General Appropriations Act may contain provisions requiring budget reductions and budget restrictions which may impact the FY 2000 Operating Budget. Upon approval of this legislation, the Chancellor or other appropriate authority will issue instructions regarding the implementation of any of these reductions and limitations into the budgeting process.

BACKGROUND INFORMATION

The U. T. System FY 2000 Budget Preparation Policies will track the regulations and directives which will be included in the General Appropriations Act to be enacted by the 76th Texas Legislature. Following legislative approval of the General Appropriations Act, the Chancellor will issue detailed instructions regarding the implementation of these regulations and directives.

FY 2000 Operating Budget Calendar

May 13, 1999	U. T. Board of Regents approve budget policies
June 1-15, 1999	Budget major goals and priorities hearings with System Administration
June 25, 1999	Draft copies of budgets, salary rosters, and supplemental data due to System Administration
July 1-9, 1999	Technical budget hearings with System Administration
July 6, 1999	U. T. Board of Regents' Committee Meetings
July 15, 1999	Final copies of budgets, salary rosters, and supplemental data due to System Administration
August 12, 1999	U. T. Board of Regents approves budget
August 20, 1999	Approved budgets due to System Administration for copying and binding

5. U. T. System: Request for Authorization for Component Institutions to (1) Increase the Existing Distance Education Fee for Courses Administered Through the UT TeleCampus and (2) Charge an Application Fee to Students Seeking Admission to Online Degree Programs Offered Through the UT TeleCampus (Catalog Change).--

RECOMMENDATION

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

- a. Authorize the U. T. System component institutions to increase the distance education fee from up to \$25 per semester credit hour to up to \$80 per semester credit hour for distance education courses administered through the UT TeleCampus
- b. Authorize the U. T. System component institutions to charge an application fee of up to \$150 to students seeking admission to online degree programs offered through the UT TeleCampus.

Upon approval of these fees, the next appropriate catalog published at the respective component institution will be amended to reflect approved charges.

BACKGROUND INFORMATION

The U. T. System Office of Telecommunications and Information Technology, through the UT TeleCampus, provides centralized administrative and technical services for distance education courses delivered by the U. T. System component institutions. One of the important functions of the UT TeleCampus is to coordinate

the delivery of courses and degree programs through its virtual campus. Many degree programs will be collaborative in nature and will allow students to take courses from several participating U. T. System institutions.

At the February 1998 meeting, the U. T. Board of Regents authorized each component institution to charge an incidental fee for distance education in an amount not to exceed \$25 per semester credit hour with appropriate administrative approval. The U. T. System institutions need additional flexibility to charge for the distance education services provided on their campuses and by the UT TeleCampus. The average cost of preparing a course for delivery through the UT TeleCampus is \$33,000 which exceeds the anticipated revenue generated by this fee for a typical three semester credit hour course. The increase in the authorized distance education fee to up to \$80 per semester credit hour would allow partial recovery of costs related to the development of a course.

Additional authority is requested to allow the U. T. System institutions pursuant to administrative approval to charge, as an incidental fee, an application fee of up to \$150 to students seeking admission to the online degree programs offered through the UT TeleCampus. It is expected that student interest will be high and, thus, it will be important to receive and process these applications in a timely manner. The fee authorization is justified on the basis of the cost of comparable services provided to medical/dental school applicants. Application fees will be nonrefundable; however, a process will be created that will permit certain students to reapply in subsequent years without having to pay the full application fee again, if the application was denied due to program capacity limits.

Previous action by the U. T. Board of Regents in February 1998 authorized the payment by institutions to the UT TeleCampus not to exceed \$25 per semester credit hour for courses administered by the UT TeleCampus and authorized component institutions to waive fees for services such as parking which are not available to students taking distance education courses.

The approved fees will be included in the cumulative Incidental Fees list submitted to the Board in February 2000.

6. U. T. Austin: Brackenridge Tract - Authorization for Approval to Sell Real Property Located at 119 Birnam Wood Court, Austin, Travis County, Texas, and Authorization to Execute All Documents Related Thereto.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs, the Vice Chancellor for Academic Affairs, and President Faulkner that authorization be given for the U. T. System Real Estate Office, on behalf of U. T. Austin, to sell real property located at 119 Birnam Wood Court, also known as Lot 7, Block A, Stratford Hills Section III, Austin, Travis County, Texas. The property will be sold on a competitive basis at a price that meets or exceeds its appraised market value of \$700,000.

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 subject property is a 1.518 acre lot that was retained by the U. T. System when lots were subdivided and sold in the Stratford Hills Subdivision following approval by the U. T. Board of Regents at its April 1992 meeting.

This land was a gift to U. T. Austin from former Regent George W. Brackenridge in 1910.

Net sale proceeds are to be deposited into an unrestricted endowment account and the investment income will be budgeted annually by U. T. Austin at the discretion of the President.

7. U. T. El Paso: Frank B. Cotton Trust and the Tropical Sportswear International Endowed Fund for Entrepreneurship - Request for Approval to Sell or to Lease Real Property Located at 1500 East Third Avenue, El Paso, El Paso County, Texas, and Authorization to Execute All Documents Related Thereto.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs, the Vice Chancellor for Academic Affairs, and President Natalicio that authorization be given for the U. T. System Real Estate Office, on behalf of U. T. El Paso, to sell or lease property located at 1500 East Third Avenue in El Paso, El Paso County, Texas, at its appraised fair market value.

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 subject property includes 2.679 acres of land with 116,395 square feet of improvements. The land was donated to the U. T. Board of Regents in 1938 as part of the Frank B. Cotton Trust for the benefit of U. T. El Paso and was leased to Farah Manufacturing Company, Inc., in 1952. Farah constructed and owned all the improvements on the property. Farah sold its interest in the lease and the improvements to Savane International Corporation, the parent company of Tropical Sportswear International. On September 1, 1998, the lease was terminated and Tropical Sportswear donated the improvements to the U. T. Board of Regents. The property is vacant.

The Tropical Sportswear International Endowed Fund for the College of Business Administration was established on November 18, 1998, with a gift from Savane International Corp., Tampa, Florida, of the improvements located at 1500 E. Third Avenue, El Paso, Texas. The purpose of the endowment is to promote entrepreneurship at the discretion of the Dean of the College of Business Administration.

An appraisal dated November 3, 1998, indicates a value of \$1,000,000 for the combined assets. Proceeds from a sale or lease of the property will be allocated between the Frank B. Cotton Trust and the Tropical Sportswear International Endowed Fund for Entrepreneurship at U. T. El Paso in proportion to the value of the respective assets.

8. U. T. Pan American: Request for Authorization to Purchase Certain Land Parcels Within the Master Plan Zone Located in the City of Edinburg, Hidalgo County, Texas, and Authorization to Execute All Documents Related Thereto.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs, the Vice Chancellor for Academic Affairs, and President Nevárez that authorization be given for the U. T. System Real Estate Office, on behalf of U. T. Pan American, to purchase certain land parcels located in Edinburg, Hidalgo County, Texas, that are within the master plan zone, as they become available for sale. See Exhibit A as set out on Pages BAAC 20 - 22 for the legal descriptions of these properties. All purchases are to be at fair market value or less, as determined by independent appraisals.

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 properties proposed for purchase are located within the boundaries of areas that have been designated by U. T. Pan American for future campus expansion and are listed in Exhibit A. Items 1 through 4 in Exhibit A list all of the properties identified in House Bill 2564, which was passed by the 75th Texas Legislature. Items 5 through 8 list additional properties that were identified for acquisition during the campus master planning process.

U. T. Pan American's intended source of funding for these land acquisitions is Unexpended Plant Funds.

Any transactions that require approval by the Texas Higher Education Coordinating Board will be submitted for appropriate approval.

EXHIBIT A

1. A tract of land containing 29.54 acres situated in the City of Edinburg, Hidalgo County, Texas, being part or portion of LOT 15, SECTION 242, TEXAS-MEXICAN RAILWAY COMPANY SURVEY, according to the map recorded in Volume 1, Page 12, Hidalgo County Map Records, said 29.54 acres also being more particularly described as follows:

BEGINNING at the northeast corner of said Lot 15 for the northeast corner of this tract;

THENCE, South 09° 05' West along the east line of said Lot 15, a distance of 660.00 feet to the easternmost southeast corner of this tract;

THENCE, North 80° 55' West a distance of 660.00 feet to an inside corner of this tract;

THENCE, South 09° 05' West a distance of 660.20 feet to the centerline of Schunior Road and the south line of said Lot 15, for the southernmost southeast corner of this tract;

THENCE, North 80° 53' West along the south line of said Lot 15, a distance of 644.40 feet to the Southwest corner of said Lot 15 for the southwest corner of this tract;

THENCE, North 09° 05' East along the west line of said Lot 15, a distance of 1320.00 feet to the northwest corner of said Lot 15 for the northwest corner of this tract;

THENCE, South 80° 55' East along the north line of said Lot 15, a distance of 1305.50 feet to the POINT OF BEGINNING, and containing 29.54 acres of land, more or less.

2. Lots One (1), Two (2), Three (3), Four (4), Five (5), Six (6), Seven (7), Eight (8), Nine (9), Ten (10), Eleven (11), and Twelve (12), Block 2; Lots One (1), Two (2), Three (3), Four (4), Five (5), and Six (6), Block 3; Lots One (1), Two (2), Three (3), Four (4), and Five (5), Block 4; and Lots One (1), Two (2), Three (3), Four (4), Five (5), Six (6), Seven (7), Eight (8), Nine (9), and Ten (10), Block 5, HUGHES SUBDIVISION, adjacent to the City of Edinburg, Hidalgo County, Texas, according to the map recorded in Volume 9, Page 34, Map Records of Hidalgo County, Texas, and all streets, alleys, alleyways, thoroughfares, and real property, whether or not vacated, specifically including but not limited to all those portions of Cooper and Elizabeth Streets, lying adjacent to any such lots.

3. Lots One (1), Two (2), Three (3), Four (4), Five (5), Six (6), Seven (7), Eight (8), Nine (9), Ten (10), Eleven (11), and Twelve (12), Block 1; Lots One (1), Two (2), Three (3), Four (4), Five (5), Six (6), Seven (7), Eight (8), Nine (9), Ten (10), Eleven (11), and Twelve (12), Block 2; Lots One (1), Two (2), Three (3), Four (4), Five (5), Six (6), Seven (7), Eight (8), Nine (9), Ten (10), Eleven (11), and Twelve (12), Block 3; and Lots One (1), Two (2), Three (3), Four (4), Five (5), Six (6), Seven (7), Eight (8), Nine (9), Ten (10), Eleven (11), and Twelve (12), Block 4; KRUGER SUBDIVISION, being the subdivision of all of Lot 1 and the North 5 acres of Lot 11 of Subdivision "J" out of Tex-Mex Survey No. 273, Hidalgo County, Texas, according to the map recorded in Volume 9, Page 5, Map Records of Hidalgo County, Texas, and all streets, alleys, alleyways, thoroughfares, whether or not vacated, specifically including

but not limited to all those portions of First, Second, Third and Fourth Avenues lying adjacent to any such lots.

4. Lots One (1), Two (2), Three (3), Four (4), Five (5), Six (6), Seven (7), Eight (8), Nine (9), Ten (10), Eleven (11), and Twelve (12), Block 93, EDINBURG ORIGINAL TOWNSITE, according to the map recorded in Volume 1, Page 3, Map Records of Hidalgo County, Texas, and all streets, alleys, alleyways, thoroughfares, whether or not vacated, specifically including but not limited to all those portions of Cooper and Elizabeth Streets, lying adjacent to any such lots.

5. A tract of land containing 64.16 acres more or less, in the City of Edinburg, Texas, being all of Lot 10, the West 20 acres of Lot 9, and the East 361 feet of the South 659 feet of Lot 14, all in Section 242, Texas-Mexican Railway Company Survey, per map recorded in Volume 1, Page 12, Deed Records of said County, together with all street, alleys, alleyways, railroads, thoroughfares, whether or not vacated lying within or adjoining said 64.16 acre tract of land, specifically including but not limited to all those portions of Schunior, Garner and Chapin Streets, and Sugar Road.

6. A tract of land containing 10.5 acres, more or less, out of Lots 1 and 4 Block A, Section 242 as shown on Edinburg Original Townsite Map, recorded in Volume 1, Page 3, Map Records of Hidalgo County, Texas, said 10.5 acre tract of land being that certain portion of land in said Lots 1 and 4 lying West of the centerline of First Avenue together with all streets, alleys, alleyways, railroads, thoroughfares, whether or not vacated lying within or adjoining said 10.5 acre tract of land, specifically including but not limited to all those portions of Schunior, Chavez, Cooper, Smith, and Garner Street, and 1st Avenue.

7. A tract of land containing 26.7 acres, more or less, in the City of Edinburg, Texas, being Lots 5, 6, 7 and 8 of Block Ninety Four (94), Lots 5, 6, 7 and 8 of Block One Hundred and Twenty Seven (127), Lots 5, 6, 7 and 8 of Block One Hundred and Thirty Eight (138), Lots 5, 6, 7 and 8 of Block One Hundred and Seventy One (171), Lots 5, 6, 7 and 8 of Block One Hundred and Eighty Two (182), Lots 5, 6, 7 and 8 of Block Two Hundred and Fifteen (215), Lots 5, 6, 7 and 8 of Block Two Hundred and Twenty Six (226), all of Blocks One Hundred and Fifty Nine (159), One Hundred and Seventy (170), One Hundred and Eighty Three (183), One Hundred and Sixty Nine (169), and the North 280 feet of Block One Hundred and Eighty Four (184), all in Edinburg Original Townsite Map, recorded in Volume 1, Page 23, Map Records of Hidalgo County, Texas; together with all streets, alleys, alleyways, railroads, thoroughfares, whether or not vacated lying within or adjoining said 26.7 acre tract of land, specifically including but not limited to all those portions of Fifth, Sixth, Seventh and Eighth Avenues, and Schunior, Van Week, Lovette, Peter, Loeb, Kuhn, McIntyre and Harriman Streets, and the Southern Pacific Railroad.

8. A tract of land containing 6.29 acres, more or less, situated in the City of Edinburg, Texas being a portion of Lot 10, Section 273, Texas-Mexican Railway Company Survey, recorded in Volume 1, Page 12, Deed Records of Hidalgo County, Texas, said 6.29 acre tract of land

being all those certain tracts of land described in deeds recorded as Document Number 320467 and in Volume 3215, Page 282, Real Property Records of said County, and all of Lots 3 and 4, and the East 38.00 feet of Lot 2 of the Maurer Subdivision recorded in Volume 14, Page 3, Map Records of said County, and 6.29 acre tract of land more particularly described as follows:

BEGINNING at the Northwest corner of said Lot 10;

THENCE, South 80° 55' East, along the North line of said Lot 10, also being the centerline of University Drive (State Highway 107) a distance of 500.00 feet.

THENCE, South 08° 59' West, a distance of 55.60 feet to the South right-of-way line of said University Drive for the POINT OF BEGINNING;

THENCE, along said South right-of-way line, South 80° 55' East, a distance of 367.74 feet for the Northeast corner hereof;

THENCE, South 08° 59' West, a distance of 614.00 feet for the Southeast corner hereof;

THENCE, North 90° 55' West, a distance of 619.74 feet for the Southwest corner hereof;

THENCE, North 08° 59' East, a distance of 192.00 feet for an inside corner hereof;

THENCE, South 80° 55' East, a distance of 252.00 feet for an inside corner hereof;

THENCE, North 08° 59' East, a distance of 422.00 feet to the POINT OF BEGINNING, containing 6.29 acres, more or less.

Together with all streets, alleys, alleyways, railroads, thoroughfares, whether or not vacated within or adjoining said 6.29 acre tract of land, specifically including but not limited to all that portion of University Drive (State Highway 107).

9. U. T. System: Recommended Establishment of Self-Funded Medical Plans and Fully-Insured Health Maintenance Organizations (HMOs); and Appointment of Administrative Agents for the Medical Plans to be Effective September 1, 1999.--

RECOMMENDATION

Issues related to the establishment of new self-funded medical plans and fully-insured health maintenance organizations (HMOs) to be effective September 1, 1999, for U. T. System employees in the Austin, San Antonio, Houston/ Galveston and Tyler areas are still being negotiated. It is anticipated that recommendations to establish such plans and HMOs and to appoint administrative agents for the self-funded plans will be made in advance of the May 1999 meeting of the U. T. Board of Regents.

10. U. T. System: Recommended Monthly Premiums for the Medical and Dental Plans and the Health Maintenance Organizations (HMOs) to be Effective September 1, 1999.--

RECOMMENDATION

Employee monthly premium rates for the U. T. System self-funded medical and dental plans and fully-funded health maintenance organizations (HMOs) to be effective September 1, 1999, are still being negotiated pending action on premium sharing funds to be set by the 76th Texas Legislature currently in session. It is anticipated that rates will be available for recommendation prior to the May 1999 meeting of the U. T. Board of Regents.

BUSINESS AFFAIRS AND AUDIT COMMITTEE

SUPPLEMENTAL MATERIAL

MAY 13, 1999

9. U. T. System: Recommended Establishment of Self-Funded Medical Plans and Fully-Insured Health Maintenance Organizations (HMOs); and Appointment of Administrative Agents and Insurers for the Medical Plans to be Effective September 1, 1999.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs that the U. T. Board of Regents approve the establishment of three new self-funded medical plans and two fully-insured health maintenance organizations (HMOs), effective September 1, 1999, as follows:

- a. United HealthCare Insurance Company, Minnetonka, Minnesota, as a self-funded HMO with out-of-network benefits to serve employees and retirees in the Austin area
- b. United HealthCare Insurance Company, Minnetonka, Minnesota, as a self-funded HMO with out-of-network benefits to serve employees and retirees in the San Antonio area
- c. Texas University Health Plan (TUHP), Austin, Texas, as a self-funded HMO with out-of-network benefits to serve employees and retirees in the San Antonio area
- d. UTMB HealthCare Systems, Galveston, Texas, as a fully-insured HMO to serve employees and retirees in the Galveston area
- e. Prudential HealthCare, Houston, Texas as a fully-insured HMO to serve employees and retirees in the Houston area.

It is further recommended that United HealthCare Insurance Company and Texas Universities Health Plan (TUHP) be appointed administrative agents and UTMB

HealthCare Systems and Prudential HealthCare be appointed the insurers for the above described plans.

Group medical monthly premium rates are recommended in the Supplemental Material Item 10 (see Pages BAAC 23c - 23g).

BACKGROUND INFORMATION

On February 8, 1999, a Request for Proposals (RFP) was issued by the U. T. System Employee Group Insurance Program for a self-funded HMO with out-of-network benefits to serve the employees and retirees in the Austin and San Antonio areas. A total of six responses to this RFP were received on March 10, 1999. On February 8, 1999, a Request for Proposals (RFP) was also issued for a self-funded or fully-insured HMO to serve the employees and retirees in the Houston and Galveston areas. A total of three responses to the RFP were received on March 10, 1999.

After an extensive review of the proposals by the Employee Group Insurance Program and Milliman and Robertson, Inc., a nationally recognized consulting firm based in Denver, Colorado, selected through a competitive bid process in 1997, the Director of the Employee Group Insurance Program made the following recommendation to the Executive Vice Chancellor for Business Affairs, based on the recommendation of the consultants: (1) that the HMO with out-of-network benefits for the Austin and San Antonio areas be United HealthCare, Minnetonka, Minnesota, due to the low administrative cost and extensive network available to employees and retirees in the proposed service areas, and that Texas Universities Health Plan (TUHP), Austin, Texas, be offered as another HMO with out-of-network benefits in the San Antonio area and 2) that the fully-insured HMO contracts be awarded to UTMB HealthCare Systems, Galveston, Texas, and Prudential HealthCare, Houston, Texas, due to the most reasonable premium rates offered and the networks available to members in the Galveston and Houston areas, respectively.

BUSINESS AFFAIRS AND AUDIT COMMITTEE

SUPPLEMENTAL MATERIAL

MAY 13, 1999

10. U. T. System: Recommended Monthly Premiums for the Medical and Dental Plans and the Health Maintenance Organizations (HMOs) to be Effective September 1, 1999.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs that the U. T. Board of Regents approve the monthly premiums as shown in the following tables for the U. T. System self-funded medical and dental plans and health maintenance organizations (HMOs) to be effective September 1, 1999.

U. T. SYSTEM SELF-FUNDED MEDICAL PLAN MONTHLY PREMIUMS			
Coverage Level	CIGNA UT SELECT PLAN		
	FY 1999-2000 Proposed Rates	FY 1998-1999 Current Rates Houston/Galveston	FY 1998-1999 Current Rates Non-Houston/Galveston
Subscriber Only (Automatic Package)*	\$200.67	N/A	\$172.73
Subscriber Only (Non-Automatic Package)	\$200.67	\$185.88	\$174.32
Subscriber and Spouse	\$396.97	\$369.46	\$348.55
Subscriber and Child(ren)	\$361.46	\$342.49	\$320.08
Subscriber and Family	\$551.64	\$520.93	\$486.85
*The Automatic Package in the Houston/Galveston areas is the Texas Universities Health Plan (TUHP) Point-of-Service. The rates for this plan are contained in a separate table. Employees and Retirees residing in the Houston/Galveston areas may elect UT Select Subscriber Only coverage at the rate noted above.			

U. T. SYSTEM SELF-FUNDED HMO AND EPO* MONTHLY PREMIUMS				
	U. T. SOUTHWESTERN HEALTH PLAN HMO (DALLAS)		NYLCARE VALLEY EPO	
Coverage Level	FY 1999-2000 Proposed Rates	FY 1998-1999 Current Rates	FY 1999-2000 Proposed Rates	FY 1998-1999 Current Rates
Subscriber Only	\$200.67	\$171.52	\$224.41	\$189.38
Subscriber and Spouse	\$396.33	\$336.70	\$429.03	\$363.51
Subscriber and Child(ren)	\$363.65	\$310.99	\$385.26	\$328.07
Subscriber and Family	\$545.73	\$465.68	\$573.03	\$486.98

*EPO is an Exclusive Provider Organization.

U. T. SYSTEM SELF-FUNDED POINT-OF-SERVICE MONTHLY PREMIUMS				
	TEXAS UNIVERSITIES HEALTH PLAN (TUHP) POINT-OF-SERVICE HOUSTON/GALVESTON		TEXAS UNIVERSITIES HEALTH PLAN (TUHP) POINT-OF-SERVICE DALLAS	
Coverage Level	FY 1999-2000 Proposed Rates	FY 1998-1999 Current Rates	FY 1999-2000 Proposed Rates	FY 1998-1999 Current Rates
Subscriber Only (Automatic Package)	\$200.67	\$184.29	\$200.67	N/A
Subscriber Only (Non-Automatic Package)	\$200.67	\$185.88	\$200.67	\$174.32
Subscriber and Spouse	\$385.91	\$355.39	\$376.27	\$362.25
Subscriber and Child(ren)	\$359.71	\$336.78	\$340.92	\$332.66
Subscriber and Family	\$545.04	\$506.77	\$523.46	\$505.98

FULLY-INSURED HMO MONTHLY PREMIUMS		
	HUMANA HMO AUSTIN	
Coverage Level	FY 1999-2000 Proposed Rates	FY 1998-1999 Current Rates
Subscriber Only	\$176.01	\$147.06
Subscriber and Spouse	\$352.03	\$293.51
Subscriber and Child(ren)	\$316.82	\$278.84
Subscriber and Family	\$484.04	\$469.62

FULLY-INSURED HMO MONTHLY PREMIUM RATES						
	PRUDENTIAL HMO AUSTIN		PRUDENTIAL HMO EL PASO		PRUDENTIAL HMO SAN ANTONIO	
Coverage Level	FY 1999-2000 Proposed Rates	FY 1998-1999 Current Rates	FY 1999-2000 Proposed Rates	FY 1998-1999 Current Rates	FY 1999-2000 Proposed Rates	FY 1998-1999 Current Rates
Subscriber Only	\$190.00	\$171.44	\$190.98	\$148.60	\$175.16	\$165.57
Subscriber and Spouse	\$377.78	\$322.56	\$361.03	\$291.76	\$329.53	\$300.46
Subscriber and Child(ren)	\$340.94	\$291.10	\$336.64	\$272.27	\$297.40	\$260.55
Subscriber and Family	\$496.54	\$423.96	\$509.98	\$410.77	\$433.13	\$397.69

NEW SELF-INSURED POINT-OF-SERVICE PLAN MONTHLY PREMIUM RATES FOR FY 1999-2000			
	UNITED HEALTHCARE POINT-OF-SERVICE AUSTIN	UNITED HEALTHCARE POINT-OF-SERVICE SAN ANTONIO	TEXAS UNIVERSITIES HEALTH PLAN (TUHP) POINT-OF-SERVICE SAN ANTONIO
Subscriber Only	\$195.25	\$195.25	\$196.89
Subscriber and Spouse	\$334.19	\$334.19	\$364.07
Subscriber and Child(ren)	\$295.27	\$295.27	\$301.81
Subscriber and Family	\$424.17	\$424.17	\$499.08

NEW FULLY-INSURED HMO PLAN MONTHLY PREMIUM RATES FOR FY 1999-2000		
	PRUDENTIAL HMO HOUSTON	UTMB HEALTHCARE SYSTEMS HMO GALVESTON
Subscriber Only	\$197.58	\$172.71
Subscriber and Spouse	\$386.51	\$332.95
Subscriber and Child(ren)	\$349.69	\$306.55
Subscriber and Family	\$507.52	\$462.68

DENTAL PLAN MONTHLY PREMIUMS						
Coverage Level	U. T. SYSTEM SELF-FUNDED DELTA DENTAL RATES STANDARD PLAN		U. T. SYSTEM SELF-FUNDED DELTA DENTAL RATES PREVENT PLAN		UNITED DENTAL (DENTAL HMO)	
	FY 1999-2000 Proposed Rates	FY 1998-1999 Current Rates	FY 1999-2000 Proposed Rates	FY 1998-1999 Current Rates	FY 1999-2000 Proposed Rates	FY 1998-1999 Current Rates
Subscriber Only	\$20.70	\$19.52	\$8.68	\$7.96	\$11.06	\$10.83
Subscriber and Spouse	\$37.18	\$35.22	\$15.13	\$13.78	\$20.56	\$20.16
Subscriber and Child(ren)	\$47.25	\$44.81	\$20.48	\$15.13	\$27.01	\$26.48
Subscriber and Family	\$58.87	\$55.88	\$30.22	\$21.41	\$32.47	\$31.83

MONTHLY SMOKER PREMIUM RATE
A rate of \$10.00 will be added to either a U. T. System self-funded medical or dental plan for employees and retirees who do not sign an affidavit stating they are nonsmokers unless the employee or retiree is covered by the automatic plan.

It is further recommended the U. T. Board of Regents authorize the Executive Vice Chancellor of Business Affairs to approve a modification to the rates for self-funded plans that will be within 3% of the rates proposed above, if necessary.

BACKGROUND INFORMATION

The 76th Texas Legislature has not yet provided premium sharing funds for U. T. System employees and retirees. The rates proposed are based on expected funding from the Texas Legislature. It has been requested that the Executive Vice Chancellor for Business Affairs be authorized to approve modification of the rates presented up to 3%, if necessary, following Legislative action.

The proposed premium rates shown for the self-funded medical and dental plans were increased based upon past and projected claims experience and were recommended by Milliman & Robertson, Inc., a nationally recognized consulting firm based in Denver, Colorado, selected through a competitive bid process in 1997. In order to reduce the amount of premium increases posed to employees,

modifications have been made to benefits in the Delta Dental Prevent Plan, which covers diagnostic and preventive services only. Copayments have been increased for the PCS Prescription Plan from a \$15 brand copayment to \$20 and from a \$5 generic copayment to \$10. The Delta Dental Prevent Plan will now be offered statewide rather than in just the Houston and Galveston areas. The premium rates for the fully-insured HMOs and United Dental HMO were set by each organization. Employees and retirees who smoke and are enrolled in a U. T. self-funded medical or dental plan will be assessed a \$10 per month smoker fee which is consistent with a previously established Regental Policy.

11. U. T. System: Recommended Appointment of Insurer(s) for Life Insurance and Accidental Death and Dismemberment (AD&D) Plan to be Effective September 1, 1999.--

RECOMMENDATION

Issues related to the appointment of an Insurer(s) for the U. T. System Life Insurance and Accidental Death and Dismemberment (AD&D) Plan to be effective September 1, 1999, are still being negotiated. It is anticipated that a recommendation will be available in advance of the May 1999 meeting of the U. T. Board of Regents.

INFORMATIONAL REPORTS

1. U. T. System: Discussion of the March 1999 Monthly Financial Report.--

REPORT

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

BUSINESS AFFAIRS AND AUDIT COMMITTEE

SUPPLEMENTAL MATERIAL

MAY 13, 1999

11. U. T. System: Recommended Approval of (a) Appointment of Insurer for Life Insurance and Accidental Death and Dismemberment Plans; (b) Basic, Optional and Supplemental Life Insurance Plan Rates and Benefits; and (c) Accidental Death and Dismemberment (AD&D) Plan Rates and Benefits to be Effective September 1, 1999.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs that the U. T. Board of Regents approve, to be effective September 1, 1999:

- (a) the appointment of Life Insurance Company of North America, Philadelphia, Pennsylvania, a subsidiary of CIGNA Corporation, as the Life Insurance Plan and Accidental Death and Dismemberment (AD&D) Plan provider for employees and retirees of the U. T. System
- (b) the rate of \$0.128 per \$1,000 of covered monthly earnings for the proposed Basic Life Insurance Plan for active employees, the rate of \$0.430 per \$1,000 of coverage for retirees, and the following Optional and Supplemental Life Insurance Plan rates:

OPTIONAL COVERAGE	
AGE OF MEMBER	COVERAGE COST
RATES ARE BASED ON \$1,000 OF COVERED MONTHLY EARNINGS.	
Less than 35	\$0.051
35-39	\$0.066
40-44	\$0.093
45-49	\$0.143
50-54	\$0.222
55-59	\$0.348
60-64	\$0.526
65	\$0.793
Over 66	\$0.989

SUPPLEMENTAL COVERAGE	
AGE OF MEMBER	COVERAGE COST
RATES ARE BASED ON \$1,000 OF COVERED MONTHLY EARNINGS.	
20-24	\$0.048
25-29	\$0.049
30-34	\$0.051
35-39	\$0.064
40-44	\$0.090
45-49	\$0.138
50-54	\$0.216
55-59	\$0.337
60-64	\$0.515
65 and Over	\$0.769

Benefits for the Basic, Optional and Supplemental Life Insurance Plans follow:

LIFE INSURANCE BENEFITS		
LIFE INSURANCE OPTIONS	AMOUNT OF COVERAGE	MAXIMUM COVERAGE
Option I - Employee	\$10,000 + 1x basic annual wage ¹ up to \$40,000 Optional, amount above \$50,000 is Supplemental	\$1,500,000
Option II - Employee	\$10,000 + 2x basic annual wage ¹ up to \$40,000 Optional, amount above \$50,000 is Supplemental	\$1,500,000
Option III - Employee	\$10,000 + 3x basic annual wage ¹ up to \$40,000 Optional, amount above \$50,000 is Supplemental	\$1,500,000
Option IV - Employee	\$10,000 + 4x basic annual wage ¹ up to \$40,000 Optional, amount above \$50,000 is Supplemental	\$1,500,000
Option V - Employee	\$10,000 + 5x basic annual wage ¹ up to \$40,000 Optional, amount above \$50,000 is Supplemental	\$1,500,000
Option VI - Employee	\$10,000 + 6x basic annual wage ¹ up to \$40,000 Optional, amount above \$50,000 is Supplemental	\$1,500,000
Dependent Spouse ²	\$10,000 ³	\$10,000 ³
Dependent Child ² – 7 days of age but less than 25 years of age	\$5,000 ³	\$5,000 for each child ³
Retiree - with fewer than 10 years of service	\$3,000 Basic	
Retiree - with 10 or more years of service ⁴	\$3,000 Basic + \$7,000 Optional	\$10,000
<p>1 Basic annual wage excludes overtime pay, bonuses, and other types of extra compensation. If the basic annual wage is not a multiple of \$1,000, it will be raised to the next multiple of \$1,000.</p> <p>2 Retirees are not eligible for dependent life insurance.</p> <p>3 The amount of any dependent life insurance coverage cannot exceed 50% of the Employee's coverage.</p> <p>4 This requirement was effective September 1, 1996, and a more restrictive requirement applies to individuals who retired prior to this date.</p>		

- (c) the rate of \$.015 per \$1,000 of monthly earnings for the Accidental Death and Dismemberment (AD&D) Plan for Basic Coverage and the rate of \$.017 per \$1,000 of Coverage for Optional Employee and Dependent Coverage.

Benefits for the Accidental Death and Dismemberment (AD&D) Plan are as follows:

ACCIDENTAL DEATH AND DISMEMBERMENT BENEFITS		
AD&D INSURANCE OPTIONS	MINIMUM COVERAGE	MAXIMUM COVERAGE
Employee Only - Basic	\$10,000	\$10,000
Employee Only - Optional (multiples of \$10,000)	\$20,000	\$1,000,000 (may not exceed ten times annual wage ¹)
Dependent Spouse (multiples of \$10,000)	\$10,000 ²	\$500,000 ²
Dependent Child	\$4,000 ³	\$4,000 ²
<p>1 Basic annual wage excludes overtime pay, bonuses, and other types of extra compensation. If the basic annual wage is not a multiple of \$1,000, it will be raised to the next multiple of \$1,000.</p> <p>2 Spouse and dependent child coverage combined cannot exceed 50% of Employee coverage.</p> <p>3 The total of spouse and dependent child coverage must be at least \$10,000.</p>		

BACKGROUND INFORMATION

The U. T. System Administration Employee Group Insurance Program developed a Request for Proposals (RFP) for Basic, Optional and Supplemental Life Insurance and Accidental Death and Dismemberment (AD&D) Coverages that was distributed to all qualified interested organizations on March 17, 1999. Proposals were accepted from organizations through April 16, 1999. After extensive review of the fourteen responses to the RFP with Plumoff and Associates, a nationally recognized consulting firm based in Houston, Texas, selected through a competitive bid process in 1997, the Employee Group Insurance Office recommended to the Executive Vice Chancellor for Business Affairs that the Basic, Optional and Supplemental Life Insurance and Accidental Death and Dismemberment (AD&D) contract be awarded to Life Insurance Company of North America, Philadelphia, Pennsylvania, a subsidiary of CIGNA Corporation.

The proposed Life Insurance and Accidental Death and Dismemberment (AD&D) rates are significantly lower than the current rates being offered to employees for the FY 1998-1999 Plan year. The Life Insurance Plan will offer Basic Coverage of \$10,000, Optional Coverage which allows employees to purchase an additional

\$40,000 up to \$50,000 and Supplemental Coverage which allows for Coverage above \$50,000. In addition, the previous Life Insurance Plan allowed active employees one to four times basic annual salary and retirees a \$2,500 or \$10,000 Optional Coverage. The proposed Life Insurance Plan allows active employees to elect Coverage up to six times annual salary and provides retirees with a \$3,000 Basic Plan and a \$2,000 or \$7,000 Optional selection.

2. U. T. System: Presentation Relating to Proposed Office of Intellectual Property.--

REPORT

Mr. R. D. Burck, Executive Vice Chancellor for Business Affairs, will make a presentation relating to the proposed U. T. System Office of Intellectual Property.

Academic Affairs Committee

ACADEMIC AFFAIRS COMMITTEE
Committee Chairman Miller

Date: May 13, 1999

Time: Following the Meeting of the Business Affairs and Audit Committee

Place: Room 1.102, International Trade and Technology Building, U. T. Pan American

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2. U. T. System: Request for Authorization to Increase Designated Tuition Effective with the Fall Semester 1999 (Catalog Change)	4
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1. U. T. Board of Regents: Proposed Amendment to the Regents' Rules and Regulations, Part One, Chapter III, Section 1, Subsection 1.8 (Academic Titles), Subdivision 1.83(c).--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and the Vice Chancellor for Academic Affairs that the Regents' Rules and Regulations, Part One, Chapter III, Section 1, Subsection 1.8, Subdivision 1.83(c), regarding academic titles, be amended as set forth below in congressional style:

1.83

...

- (c) Lecturer. This title may be used for individuals who will serve as teachers and whose experience and qualifications are comparable to those of faculty members in untenured, tenure-track positions. Upon approval by the chief administrative officer, an institution may identify up to three divisions within this rank to be designated Lecturer I, Lecturer II, and Lecturer III.

...

This item requires the concurrence of the Health Affairs Committee.

BACKGROUND INFORMATION

The proposed amendment to the Regents' Rules and Regulations, Part One, Chapter III, Section 1, Subsection 1.8, Subdivision 1.83(c), regarding academic titles, will allow U. T. System component institutions to make distinctions among Lecturers based upon experience, teaching performance, and qualifications. At this time, only U. T. San Antonio plans to use these divisions of Lecturers.

2. U. T. System: Request for Authorization to Increase Designated Tuition Effective with the Fall Semester 1999 (Catalog Change).--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Vice Chancellor for Academic Affairs that the U. T. Board of Regents authorize the U. T. System general academic institutions to increase designated tuition up to the statutory maximum of \$38 per semester credit hour effective with the Fall Semester 1999. The actual amount will be based on the level of appropriation and resulting unmet need and will be contingent upon the conduct of a public hearing at each institution requesting an increase as required by the statute authorizing the designated tuition charge.

Upon authorized increase of the tuition rate, the next appropriate catalog published at the respective component institution will be amended to reflect this change.

BACKGROUND INFORMATION

At this time, U. T. Brownsville and U. T. Permian Basin are considering increasing designated tuition to \$22 and \$33 per semester credit hour, respectively. U. T. El Paso, U. T. Pan American, and U. T. San Antonio currently have no plans to increase designated tuition rates. U. T. Arlington, U. T. Austin, U. T. Dallas, and U. T. Tyler have received prior authorization to charge the maximum designated tuition rate of \$38 per semester credit hour effective with the Fall Semester 1999.

Any increases in the designated tuition rates will be included in the 1999-2000 institutional budgets and documented through the budget process.

3. U. T. Austin: Recommendation for Approval to Merge the Longhorn Foundation Advisory Council and the Longhorn Associates for Excellence in Women's Athletics Advisory Council to Establish the Longhorn Foundation Advisory Council.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Vice Chancellor for Academic Affairs, the Vice Chancellor for Development and External Relations, and President Faulkner that approval be given to merge the Longhorn Foundation Advisory Council for men's athletics and the Longhorn Associates for Excellence in Women's Athletics Advisory Council to establish the Longhorn Foundation Advisory Council at U. T. Austin, pursuant to the Regents' Rules and Regulations, Part One, Chapter VII, Section 3, regarding the advisory councils of a component institution.

BACKGROUND INFORMATION

At the December 1987 meeting, the U. T. Board of Regents approved the creation of two internal foundations at U. T. Austin: (1) the Longhorn Foundation to benefit Intercollegiate Athletics for Men and (2) the Longhorn Associates for Excellence in Women's Athletics Foundation to benefit Intercollegiate Athletics for Women. At that same meeting, approval was given to establish the Longhorn Foundation Advisory Council for men's athletics and the Longhorn Associates for Excellence in Women's Athletics Advisory Council at U. T. Austin.

In the past several years, the two councils have coordinated their efforts on behalf of the men's and women's athletic programs. As a result, the Athletic Director, Intercollegiate Athletics for Men, and the Director, Intercollegiate Athletics for Women, request that the two councils be merged into one council to be named the Longhorn Foundation Advisory Council and to operate on behalf of both men's and women's athletics at U. T. Austin. Upon approval of this merger, the Longhorn Foundation would continue to be included on the list of approved internal foundations set out in the Regents' Rules and Regulations, Part One, Chapter VII, Section 4, Subsection 4.3, Subdivision 4.33, and the Longhorn Associates for Excellence in Women's Athletics Foundation would be deleted from this listing.

4. U. T. Dallas: Request for Authorization to Establish a Master of Science Degree in Computer Engineering; Approval to Submit the Proposed Degree Program 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 Vice Chancellor for Academic Affairs and President Jenifer that authorization be granted to establish a Master of Science degree in Computer Engineering at U. T. Dallas; to submit the proposal to the Texas Higher Education Coordinating Board for review and appropriate action; and to authorize the Chancellor or the Vice Chancellor for Academic Affairs to certify on behalf of the Board of Regents that relevant Coordinating Board criteria for approval by the Commissioner of Higher Education have been met. The proposed master's degree program is consistent with U. T. Dallas' Table of Programs and institutional plans for offering quality degree programs to meet student needs. A description of the degree program is included in the Background Information of this agenda item.

Upon approval by the Coordinating Board, the next appropriate catalog published at U. T. Dallas will be amended to reflect this action.

BACKGROUND INFORMATION

U. T. Dallas proposes to offer a Master of Science degree in Computer Engineering to meet a strong local and regional demand for engineers knowledgeable and skilled in the design of complex systems comprised of both hardware and software. The proposed curriculum is interdisciplinary, with an emphasis on the design of high-speed and complex hardware and highly reliable and time-critical software systems.

The new Master of Science degree in Computer Engineering will draw upon existing courses in two programs, Computer Science and Electrical Engineering. Both programs offer related doctoral and master's degree programs and have experienced rapid growth, high student demand, and strong support from local high-tech industry. For the proposed new Computer Engineering major, six new courses will be established. Students will select one of three nine-hour areas of emphasis: computer systems, computer architecture, and Very Large Scale Integrated (VLSI) systems.

Need and Student Demand

It is anticipated that the new program would enroll 30 full-time and part-time students (full-time equivalent of 18) in its first year, and achieve a cumulative head count of 105 (63 full-time equivalent) in five years. This projection is based on advice of the School of Engineering and Computer Sciences Advisory Panel representing local industry, growth patterns for high-tech industry and population in the North Dallas region, and direct inquiries from existing and prospective students. The U. T. Dallas School of Engineering and Computer Sciences has grown 23% a year for the past four years, with even higher growth rates for its computer science programs.

Program Quality

The new program will be developed by existing full-time faculty in the programs of Computer Science and Electrical Engineering and will be taught by these faculty and carefully selected part-time lecturers, as is normal for courses in the School of Engineering and Computer Sciences. Adequate faculty, library, laboratory, and other resources are available to support a program of the highest quality. Classes will be scheduled to accommodate the needs of students who are employed full-time.

Cost

The estimated additional cost to offer this program is \$94,250 because it will be built upon existing courses and delivered by existing faculty and new hires who would be needed to cover normal program growth at the School of Engineering and Computer Sciences. The small cost increment is required for program administration by one faculty member and some clerical staff support.

Students, who would otherwise have met all of the requirements for a Master of Science in Electrical Engineering (hardware) plus courses in computer science (software) or vice versa, will take fewer semester credit hours in this program. Thus, for them, the program will yield significant cost savings.

Coordinating Board Criteria

The proposed 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. The criterion regarding clinical or in-service placements is not applicable to this program.

Summary

U. T. Dallas proposes to establish a Master of Science degree in Computer Engineering, through cooperation of its Computer Science and Electrical Engineering programs, utilizing existing courses plus six new courses, at a total five-year additional cost of \$94,250. This interdisciplinary program will be of strategic importance for the growing North Dallas region and U. T. Dallas.

A copy of the proposal for the Master of Science degree in Computer Engineering at U. T. Dallas is on file in the U. T. System Office of Academic Affairs.

5. U. T. El Paso: Request for Authorization to Establish a Master of Information Technology Degree; Approval to Submit the Proposed Degree Program 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 Vice Chancellor for Academic Affairs and President Natalicio that authorization be granted to establish a Master of Information Technology degree at U. T. El Paso, to submit the proposal to the Texas Higher Education Coordinating Board for review and appropriate action, and to authorize the Chancellor or the Vice Chancellor for Academic Affairs to certify on behalf of the Board of Regents that relevant Coordinating Board criteria for approval by the Commissioner of Higher Education have been met. The proposed master's

degree program is consistent with U. T. El Paso's Table of Programs and institutional plans for offering quality degree programs to meet student needs. A description of the degree program is included in the Background Information of this agenda item.

Upon approval by the Coordinating Board, the next appropriate catalog published at U. T. El Paso will be amended to reflect this action.

BACKGROUND INFORMATION

U. T. El Paso proposes to offer a Master of Information Technology degree to meet the needs of regional business and industry. This applied degree will train graduates from any academic discipline in the application of information technology. Graduates of the program will be prepared to utilize and manage information technology systems to increase organizational productivity in a variety of work environments.

This innovative program draws on expertise of faculty from two departments in two colleges at U. T. El Paso: the Computer Science Department in the College of Engineering and the Information and Decision Sciences Department in the College of Business Administration. Based upon the content of existing courses, ten new organized courses would be developed for this unique program, as it is substantially different in focus and objectives from existing programs. It is more user-oriented and application-oriented than existing Computer Science programs and more focused on programmer-level technical knowledge than existing Information Science programs.

Need and Student Demand

It is anticipated that the Master of Information Technology degree program would enroll 12 students in its first year and grow to at least 30 students in five years. This projection is based on surveys of undergraduate students and interviews with industry representatives.

Program Quality

This program will be developed and delivered by full-time, tenured or tenure-track faculty in two departments, with the addition of two tenure-track faculty and the assistance of two graduate students. Excellent faculty, laboratory, equipment, and library resources are available to support a high quality program. The program will be delivered on a schedule to meet the needs of full-time students taking leave from work for one year and part-time students taking the program over a longer period.

Cost

Establishment of this program will require development of ten new organized courses, hiring of two new faculty members, support for two graduate students, and modest additions of library resources and supplies. The total estimated five-year cost is \$776,000.

Coordinating Board Criteria

The proposed 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. The criterion regarding clinical or in-service placements is not applicable to this program.

Summary

U. T. El Paso proposes to establish a Master of Information Technology degree, an applied degree meeting the needs of business and industry in the El Paso region, as a cooperative effort of the Departments of Computer Science and Information and Decision Sciences, at a cost of \$776,000.

A copy of the proposal for the Master of Information Technology degree at U. T. El Paso is on file in the U. T. System Office of Academic Affairs.

6. U. T. Board of Regents: Presentation of Certificate of Appreciation.--

Health Affairs Committee

HEALTH AFFAIRS COMMITTEE
Committee Chairman Loeffler

Date: May 13, 1999

Time: Following the Meeting of the Academic Affairs Committee

Place: Room 1.102, International Trade and Technology Building, U. T. Pan
American

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1. U. T. Board of Regents: Proposed Amendments to the Regents' Rules and Regulations, Part One, Chapter I, Section 9 (Documents Executed on Behalf of the Board), and Part Two, Chapter III, Section 4 (Local Institutional Funds) 2
2. U. T. System: Recommendation for Approval to Decrease the Institutional Premium Charge of The University of Texas System Professional Medical Liability Benefit Plan Effective September 1, 1999 4

1. U. T. Board of Regents: Proposed Amendments to the Regents' Rules and Regulations, Part One, Chapter I, Section 9 (Documents Executed on Behalf of the Board), and Part Two, Chapter III, Section 4 (Local Institutional Funds).--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs that the Regents' Rules and Regulations, Part One, Chapter I, Section 9, relating to documents executed on behalf of the Board, and Part Two, Chapter III, Section 4, relating to local institutional funds, be amended as set forth below in congressional style:

- a. Amend Part One, Chapter I, Section 9, Subsection 9.2, Subdivision 9.22, relating to dollar limitations on delegated authority, to add a new Subdivision 9.227 as follows:

9.227 Loans of institutional funds to certified nonprofit health corporations, which loans have been approved as provided in Part Two, Chapter III, Section 4, Subsection 4.5 of these Rules and Regulations.

- b. Amend Part Two, Chapter III, Section 4, relating to local institutional funds, to add a new Subsection 4.5, relating to authority of the Chancellor and the Executive Vice Chancellor for Health Affairs to approve loans of institutional funds to certified nonprofit health corporations and to execute and deliver on behalf of the U. T. Board of Regents contracts, agreements, and other documents or instruments relating to such loans, as set forth below:

4.5 Subject to Subdivisions 4.51 and 4.52 of this Subsection and the general provisions of Part One, Chapter I, Section 9 and, except as otherwise specified in these Rules and Regulations, the Board delegates to the Chancellor and to the Executive Vice Chancellor for Health Affairs the authority to act on behalf of the Board to approve loans of institutional funds, which are not otherwise restricted, to a certified nonprofit health corporation and to execute contracts, agreements, and other documents or instruments related to such loans. As used in this Subsection, the term "certified nonprofit health corporation"

means a nonprofit health corporation that has been authorized by the Board and certified under Section 5.01(a) of the Medical Practice Act (Article 4495b, Texas Civil Statutes), as amended from time to time.

4.51 The delegate shall comply with guidelines issued by the Office of General Counsel.

4.52 The delegate shall consult with the institutional chief administrative officer prior to approving and executing any agreement or instrument relating to a loan.

BACKGROUND INFORMATION

The proposed amendments to Part One, Chapter I, Section 9, and Part Two, Chapter III, Section 4 of the Regents' Rules and Regulations delegate authority to the Chancellor and the Executive Vice Chancellor for Health Affairs to act on behalf of the U. T. Board of Regents to approve loans of institutional funds, not otherwise restricted, to certified nonprofit health corporations that have been authorized by the U. T. Board of Regents and to execute contracts, agreements, and other documents or instruments related to those loans. Loans may be in any amount approved by the Chancellor and the Executive Vice Chancellor for Health Affairs.

All loans are to be made in accordance with guidelines established from time to time by the Office of General Counsel. The Office of General Counsel has advised that such loans fall under the principles announced by the Texas Attorney General in Attorney General Opinion No. JM-1030, which require that the expenditure of institutional funds be for a public purpose, that the institution receive adequate consideration in return, and that the institution retain sufficient control over the use of the funds to ensure that the public purpose is achieved.

Nonprofit health corporations are certified under Section 5.01(a) of the Medical Practice Act. On April 14, 1994, the U. T. Board of Regents authorized each health component of the U. T. System to establish a certified nonprofit health corporation and stipulated certain requirements for the establishment of those corporations. Each corporation is a single member corporation; and the single member is the chief administrative officer of the health component. The model articles of incorporation and bylaws approved by the U. T. Board of Regents identify the

purpose of the nonprofit health corporations as providing health care to the public, as well as support for health care education, scholarships and loans to students, grants to the component institution for research and development of education programs, and opportunities for clinical experience in connection with medical education.

2. U. T. System: Recommendation for Approval to Decrease the Institutional Premium Charge of The University of Texas System Professional Medical Liability Benefit Plan Effective September 1, 1999.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and the Vice Chancellor and General Counsel that the premium rates for The University of Texas System Professional Medical Liability Benefit Plan be decreased by 7% for U. T. System faculty physicians and resident physicians effective September 1, 1999.

It is further recommended that 50% of the premium reduction be based on the actuarially determined experience of each U. T. System health component by risk class as follows:

	<u>CURRENT RATES</u>		<u>RECOMMENDED RATES</u>		<u>RATE CHANGE</u>	
	<u>Staff</u>	<u>Resident</u>	<u>Staff</u>	<u>Resident</u>	<u>Staff</u>	<u>Resident</u>
UTMDACC	\$ 2,700	\$ 1,536	\$ 2,472	\$ 1,416	- 8.4%	- 7.8%
UTSMCDAL	2,556	1,452	2,280	1,296	-10.8%	-10.7%
UTMB	3,072	---	2,988	1,704	- 2.7%	---
UTHSCHOU	2,844	1,608	2,676	1,524	- 5.9%	- 5.2%
UTHSCSA	2,796	1,584	2,604	1,488	- 6.9%	- 6.1%
UTHCTY	2,916	1,656	2,772	1,584	- 4.9%	- 4.3%

RISK CLASS 2

	<u>CURRENT RATES</u>		<u>RECOMMENDED RATES</u>		<u>RATE CHANGE</u>	
	<u>Staff</u>	<u>Resident</u>	<u>Staff</u>	<u>Resident</u>	<u>Staff</u>	<u>Resident</u>
UTMDACC	\$ 3,372	\$ 1,908	\$ 3,084	\$ 1,764	- 8.5%	- 7.5%
UTSMCDAL	3,192	1,812	2,856	1,632	-10.5%	- 9.9%
UTMB	3,840	---	3,732	2,136	- 2.8%	---
UTHSCHOU	3,552	2,016	3,348	1,908	- 5.7%	- 5.4%
UTHSCSA	3,492	1,980	3,252	1,860	- 6.9%	- 6.1%
UTHCTY	3,648	2,064	3,468	1,980	- 4.9%	- 4.1%

RISK CLASS 3

	<u>CURRENT RATES</u>		<u>RECOMMENDED RATES</u>		<u>RATE CHANGE</u>	
	<u>Staff</u>	<u>Resident</u>	<u>Staff</u>	<u>Resident</u>	<u>Staff</u>	<u>Resident</u>
UTMDACC	\$ 5,400	\$ 3,060	\$ 4,944	\$ 2,820	- 8.4%	- 7.8%
UTSMCDAL	5,112	2,892	4,560	2,604	-10.8%	- 10.0%
UTMB	6,144	---	5,976	3,408	- 2.7%	---
UTHSCHOU	5,688	3,216	5,352	3,060	- 5.9%	- 4.9%
UTHSCSA	5,592	3,168	5,208	2,976	- 6.9%	- 6.1%
UTHCTY	5,832	3,300	5,544	3,168	- 4.9%	- 4.0%

RISK CLASS 4

	<u>CURRENT RATES</u>		<u>RECOMMENDED RATES</u>		<u>RATE CHANGE</u>	
	<u>Staff</u>	<u>Resident</u>	<u>Staff</u>	<u>Resident</u>	<u>Staff</u>	<u>Resident</u>
UTMDACC	\$12,564	\$ 7,116	\$11,496	\$ 6,564	- 8.5%	- 7.8%
UTSMCDAL	11,880	6,732	10,608	6,060	-10.7%	- 9.9%
UTMB	14,292	---	13,884	7,932	- 2.8%	---
UTHSCHOU	13,224	7,488	12,444	7,116	- 5.9%	- 5.0%
UTHSCSA	12,996	7,368	12,108	6,924	- 6.8%	- 6.0%
UTHCTY	13,560	7,680	12,900	7,368	- 4.9%	- 4.1%

RISK CLASS 5

	<u>CURRENT RATES</u>		<u>RECOMMENDED RATES</u>		<u>RATE CHANGE</u>	
	<u>Staff</u>	<u>Resident</u>	<u>Staff</u>	<u>Resident</u>	<u>Staff</u>	<u>Resident</u>
UTMDACC	\$17,556	\$ 9,948	\$16,068	\$ 9,180	- 8.5%	- 7.7%
UTSMCDAL	16,608	9,408	14,832	8,472	-10.7%	-10.0%
UTMB	19,968	---	19,416	11,088	- 2.8%	---
UTHSCHOU	18,480	10,476	17,400	9,948	- 5.8%	- 5.0%
UTHSCSA	18,180	10,296	16,932	9,672	- 6.9%	- 6.1%
UTHCTY	18,960	10,740	18,024	10,296	- 4.9%	- 4.1%

BACKGROUND INFORMATION

Pursuant to the authority of Chapter 59 of the Texas Education Code, the U. T. Board of Regents adopted the Professional Medical Liability Benefit Plan to provide coverage for certain medical staff and medical students of the U. T. System. The Plan (formerly known as the Professional Medical Liability Self-Insurance Plan) went into effect on April 1, 1977, and is funded by the payment of premiums from the Medical Service, Research and Development Plans of the component health institutions of the U. T. System.

The total number of U. T. System physicians covered by the Plan currently is 4,192 staff and resident physicians, with basic liability limits of \$500,000 per claim for staff physicians and \$100,000 for residents and fellows. A total of 3,345 medical students are enrolled in the Plan by paying \$25 a year for \$25,000 coverage.

Actuaries from Tillinghast-Tower and Perrin, the nation's largest medical liability self-insurance plan actuarial firm, have reviewed the Plan's twenty-one year experience and recommend experienced-based premiums related to the loss experience of each U. T. System health component.

Although the U. T. System Professional Medical Liability Benefit Plan experience is following a state and national decrease in frequency in the number of new claims, the recommended average rate decrease will result in the Plan's premium rates remaining well below those of commercial insurers for Harris County, as illustrated on Page HAC - 7.

RATE COMPARISON

	CNA (mature claims/made) \$500,000/ <u>1,000,000</u>	Medical Protective (occurrence) \$500,000/ <u>1,000,000</u>	Current U. T. Staff (occurrence) \$500,000/ <u>1,500,000</u>	Recommended Average U. T. Staff (occurrence) \$500,000/ <u>1,500,000</u>
General Practice, No Surgery	\$ 13,113	\$13,509	\$ 2,844	\$ 2,676
General Practice, Minor Surgery	26,227	20,150	3,552	3,348
Emergency Medicine, Minor Surgery	34,750	25,631	5,688	5,352
General Surgery	55,556	41,177	13,224	12,444
Anesthesi- ology	34,750	25,631	13,224	12,444
OB/GYN	114,814	81,166	18,480	17,400

**Facilities, Planning & Construction
Committee**

FACILITIES PLANNING AND CONSTRUCTION COMMITTEE
Committee Chairman Clements

Date: May 13, 1999

Time: Following the Meeting of the Health Affairs Committee

Place: Room 1.102, International Trade and Technology Building, U. T. Pan American

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1. U. T. Board of Regents: Proposed Amendments to the Regents' Rules and Regulations, Part Two, Chapter VIII, Section 2, Subsection 2.1, Subdivision 2.13 (Major Construction and Repair and Rehabilitation Projects).--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Health Affairs, and the Vice Chancellor for Academic Affairs that the Regents' Rules and Regulations, Part Two, Chapter VIII, Section 2, Subsection 2.1, Subdivision 2.13 regarding funding for major projects under the general requirements for the major construction and repair and rehabilitation projects, be amended as set forth below in congressional style:

Sec. 2. Major Construction and Repair and Rehabilitation Projects.

...
2.13 Funding for Major Projects must be allocated [and appropriated] by the Board through the Capital Budget. Funding for Major Repair and Rehabilitation Projects that are not architecturally or historically significant may be appropriated by the Board through the Capital Budget. Funding for all other Major Projects is appropriated at the time of design development plan approval.
...

BACKGROUND INFORMATION

Currently, the Regents' Rules and Regulations, Part Two, Chapter VIII, Section 2, Subsection 2.1, Subdivision 2.13, specify that funding for all major projects is allocated and appropriated through the Capital Budget. Generally, the term "allocate" has been used to identify funding sources and the term "appropriate" has been used

as authorization to expend funds. The U. T. Board of Regents approves the design development plans for major projects other than repair and rehabilitation projects that are not architecturally or historically significant. At the time of this design development plan approval, funds are appropriated by the U. T. Board of Regents. Appropriation of funds through the Capital Budget for major repair and rehabilitation projects that are not architecturally or historically significant allows these types of projects to be presented to the Chancellor for approval of design development plans and authorization of expenditure of funds.

2. U. T. Arlington - New Residence Hall (Project No. 301-991): 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 Vice Chancellor for Academic Affairs, and President Witt that the U. T. Board of Regents:

- a. Approve design development plans for the New Residence Hall at U. T. Arlington
- b. Approve a total project cost of \$22,000,000
- c. Appropriate funds and authorize expenditure of \$19,000,000 from Revenue Financing System Bond Proceeds and \$3,000,000 from Unexpended Plant Funds for total project funding.

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 FPCC - 9, 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. Arlington, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. Board of Regents of tax-exempt Parity Debt in the aggregate amount of \$19,000,000
- d. This resolution satisfies the official intent requirements set forth in Section 1.150-2 of the U. S. Treasury Regulations.

BACKGROUND INFORMATION

At the February 1999 U. T. Board of Regents' meeting, the New Residence Hall at U. T. Arlington was included in the FY 1998-2003 Capital Improvement Program and the FY 1998 and FY 1999 Capital Budget at a preliminary project cost of \$20,000,000, with funding from Revenue Financing System Bond Proceeds.

The New Residence Hall will provide approximately 600 beds with single and double rooms. Each room will have access to the University's computer network, telephone system, and local cable television. All rooms will be furnished to provide an attractive housing alternative to the existing campus facilities. The development will include a commons facility with amenities to include food services, computer labs,

study lounges, conference facilities, exercise room, and a general store. Project construction will commence in Summer 1999, and will be ready for occupancy for the Fall 2000 Semester.

The debt is to be repaid from revenues generated by housing revenue from the existing 808 beds, housing revenue generated by the new 600 residence hall beds in FY 2001, and a onetime transfer of \$990,000 from designated funds to cover the debt service in the construction year. Annual debt service during the construction period is projected to be \$855,000 in FY 2000, assuming a 4.5% short-term borrowing rate. In FY 2001, the annual debt service is projected to be \$1,656,507 for the New Residence Hall and \$181,818 on existing housing. The financing forecast for this project is set forth on Pages FPCC 10 - 11.

Approval of this item will amend the FY 1998-2003 Capital Improvement Program and the FY 1998 and FY 1999 Capital Budget for the New Residence Hall at U. T. Arlington at a total project cost of \$22,000,000, with funding of \$19,000,000 from Revenue Financing System Bond Proceeds and \$3,000,000 from Unexpended Plant Funds for total project funding.

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 New Residence Hall at U. T. Arlington, 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, and the Eighth Supplemental Resolution.

EXECUTED this 7th day of April, 1999

Pamela K. Clayton
Assistant Vice Chancellor for Finance

**The University of Texas at Arlington
New Residence Hall**

<u>Project Level (Actual \$)</u>	<u>Actual</u>			<u>Forecast</u>				
	<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>
Beginning Balance	411,489	322,620	695,159	1,173,789	1,223,207	1,511,497	1,796,759	1,991,060
Current Housing Revenue	3,601,232	4,032,816	4,147,161	4,056,990	4,386,597	4,658,057	4,698,600	4,915,823
Proposed Hall Revenue (600 Beds)						2,305,080	2,420,334	2,541,351
Proposed Hall Food Revenue						190,080	199,584	209,563
Transfer from Designated Funds					990,000			
Total Revenues	3,601,232	4,032,816	4,147,161	4,056,990	5,376,597	7,153,217	7,318,518	7,666,737
Operating Expenses	(3,496,939)	(3,660,276)	(3,329,252)	(3,746,282)	(4,051,672)	(5,029,630)	(5,281,111)	(5,545,167)
Net Revenues	104,293	372,540	817,909	310,708	1,324,925	2,123,587	2,037,407	2,121,570
Mandatory Transfers								
Existing Housing Debt Service	(347,801)	(273,463)	(250,276)	(261,290)	(181,635)	(181,818)	(186,599)	(185,477)
New Housing Debt Service					(855,000)	(1,656,507)	(1,656,507)	(1,656,507)
Total Debt Service	(347,801)	(273,463)	(250,276)	(261,290)	(1,036,635)	(1,838,325)	(1,843,106)	(1,841,984)
Non Mandatory Transfers	154,639		(89,003)					
Total Transfers	(193,162)	(273,463)	(339,280)	(261,290)	(1,036,635)	(1,838,325)	(1,843,106)	(1,841,984)
Change in Fund Balance	(88,869)	99,076	478,629	49,418	288,290	285,262	194,301	279,586
Ending Fund Balance	322,620	421,696	1,173,789	1,223,207	1,511,497	1,796,759	1,991,060	2,270,647
Debt Service Coverage	0.30	1.36	3.27	1.19	1.28	1.16	1.11	1.15

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**The University of Texas at Arlington
New Residence Hall**

Campus Level: (\$ 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>
Beg. Fund Balance	23.4	23.7	28.6	29.4	39.6	46.6	51.4	58.1
Total Current Unrestricted Revenues	155.8	154.8	164.4	166.1	166.8	169.7	175.2	176.4
Total Current Unrestricted Expenditures	(144.1)	(142.7)	(154.5)	(145.3)	(147.9)	(151.8)	(155.8)	(160.0)
Net Revenues	11.7	12.1	9.9	20.8	18.9	17.9	19.4	16.4
Debt Service	(6.2)	(7.3)	(7.5)	(9.1)	(10.2)	(11.4)	(11.0)	(9.2)
Other Mand. Transfers	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Mand. Transfers	(6.2)	(7.3)	(7.5)	(9.1)	(10.2)	(11.4)	(11.0)	(9.2)
Non-Mand. Transfers	(1.4)	0.2	(0.9)	(0.9)	(0.9)	(0.9)	(0.9)	(1.0)
Adjustments	(1.8)	(0.1)	(0.7)	(0.7)	(0.7)	(0.7)	(0.8)	(0.8)
Net Inc./(Dec.) for Year	2.3	4.8	0.8	10.1	7.1	4.8	6.7	5.4
End. Fund Balance	25.7	28.6	29.4	39.6	46.6	51.4	58.1	63.5
Debt Service Coverage	1.9	1.7	1.3	2.3	1.8	1.6	1.8	1.8
Debt Service to Operating Expenses	4.3%	5.1%	4.9%	6.3%	6.9%	7.5%	7.1%	5.8%

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	297.3	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%	3.2%	3.4%	3.3%	3.1%

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3. U. T. Austin - Applied Research Laboratory Expansion (Project No. 102-982): Request for Approval of Design Development Plans; Approval of Total Project Cost; and Appropriation of Funds and Authorization of Expenditure.--

RECOMMENDATION

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

- a. Approve design development plans for the Applied Research Laboratory (ARL) Expansion at U. T. Austin
- b. Approve a total project cost of \$3,100,000
- c. Appropriate funds and authorize expenditure of \$3,100,000, with funding of \$2,600,000 from Unexpended Plant Funds, and \$500,000 from ARL Fixed Fee Account for total project funding.

BACKGROUND INFORMATION

The Applied Research Laboratory (ARL) Expansion at U. T. Austin is included in the FY 1998-2003 Capital Improvement Program and the FY 1998 and FY 1999 Capital Budget at a preliminary project cost of \$10,000,000. At the completion of the Facility Program and Design Development, the project scope and cost were reduced to the currently proposed total project cost of \$3,100,000. The project will construct a building containing 20,000 gross square feet. The building will house the ARL Information Systems Laboratory and provide space for new employees as the workload increases. The various elements of this laboratory are currently housed in a number of portable buildings located on the ARL complex. Construction of a permanent, quality facility is necessary to compete with other similar organizations for both research opportunities and the qualified staff necessary to conduct the research.

Approval of this item will amend the FY 1998-2003 Capital Improvement Program and the FY 1998 and FY 1999 Capital Budget for the Applied Research Laboratory Expansion at U. T. Austin at a total project cost of \$3,100,000, with funding of \$2,600,000 from Unexpended Plant Funds and \$500,000 from the ARL Fixed Fee Account.

4. U. T. Austin - Applied Computational Engineering and Science Equipment: Request to Amend the FY 1998-2003 Capital Improvement Program and the FY 1998 and FY 1999 Capital Budget to Include Project and Appropriation of Funds.--

RECOMMENDATION

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

- a. Amend the FY 1998-2003 Capital Improvement Program and the FY 1998 and FY 1999 Capital Budget to add the Applied Computational Engineering and Science Equipment project at U. T. Austin with a total project cost of \$6,000,000
- b. Appropriate funds of \$6,000,000 from the Available University Fund Balances for total project funding.

BACKGROUND INFORMATION

The Applied Computational Engineering and Science Equipment project at U. T. Austin will benefit the Department of Computer Sciences, the Texas Institute for Computational and Applied Mathematics (TICAM), the Department of Electrical and Computer Engineering, and other related educational and research programs. The project will provide for the purchase of furniture, furnishings, and equipment,

U. T. Austin design construction support, security equipment and installation, relocation of TICAM, and removal of waste materials. This project will be managed by U. T. Austin, and funding in the amount of \$6,000,000 will be provided from the Available University Fund Balances.

Approval of this item will amend the FY 1998-2003 Capital Improvement Program and the FY 1998 and FY 1999 Capital Budget to include the Applied Computational Engineering and Science Equipment at U. T. Austin at a total project cost of \$6,000,000, with funding from the Available University Fund Balances.

5. U. T. Austin - Hotel and Conference Center: Request to Amend the FY 1998-2003 Capital Improvement Program and the FY 1998 and FY 1999 Capital Budget to Include Project.—

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs, the Vice Chancellor for Academic Affairs, and President Faulkner that the U. T. Board of Regents amend the FY 1998-2003 Capital Improvement Program and the FY 1998 and FY 1999 Capital Budget to include the Hotel and Conference Center project at U. T. Austin.

BACKGROUND INFORMATION

U. T. Austin is reviewing the feasibility of issuing a Request for Proposal (RFP) for the private construction and operation of a hotel and conference facility on the parking lot area at the corner of Red River Street and East Dean Keeton Street, just east of the Joe C. Thompson Conference Center. The U. T. Austin deans who operate continuing and executive education programs are interested in having residential conference capabilities on the campus, and the hotel and conference center would enhance the opportunities for the public to visit the campus.

The Hotel and Conference Center project would be programmed and designed to complement the Joe C. Thompson Conference Center to increase the overall effectiveness of campus conference activities. The hotel would have about 250 rooms and sufficient parking for its purposes as well as replacement of parking for the Joe C. Thompson Conference Center. The contractor would be required to build and operate the hotel and conference facility, assume all the financial risk, and would take all of the operational profits, subject to a long-term ground lease from U. T. Austin for which U. T. Austin would be compensated appropriately. At the end of the lease term and any extensions, ownership of the facilities would be transferred to U. T. Austin.

It is recommended that the U. T. Board of Regents approve the addition of this project to the FY 1998-2003 Capital Improvement Program so that the project may proceed with development and issuance of the RFP, with the assistance of U. T. System Administration. If an acceptable proposal is received in response to the RFP, U. T. Austin will work with U. T. System on a contract award and ground lease for presentation to the U. T. Board of Regents and will seek project design approval from the U. T. Board of Regents.

Approval of this item will amend the FY 1998-2003 Capital Improvement Program and the FY 1998 and FY 1999 Capital Budget to include the Hotel and Conference Center project at U. T. Austin.

6. U. T. Austin - Jester Center Fire and Life Safety Renovation (Project No. 102-998): Request to Amend the FY 1998-2003 Capital Improvement Program and the FY 1998 and FY 1999 Capital Budget to Include Project; Authorization to Increase Residence Hall Rates; Appropriation of Funds; 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 Vice Chancellor for Academic Affairs, and President Faulkner that the U. T. Board of Regents:

- a. Amend the FY 1998-2003 Capital Improvement Program and the FY 1998 and FY 1999 Capital Budget to include the Jester Center Fire and Life Safety Renovation project at U. T. Austin at a preliminary project cost of \$6,000,000, with funding of \$5,000,000 from Revenue Financing System Bond Proceeds and \$1,000,000 from Designated Tuition Funds
- b. Authorize an increase in Residence Hall rates of \$100 per bed per long session effective Fall 1999
- c. Appropriate funds of \$5,000,000 from Revenue Financing System Bond Proceeds, and \$1,000,000 from Designated Tuition Funds for total project funding.

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 FPCC - 19, 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. Austin, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. 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

Since 1994, U. T. Austin has been following a schedule, in coordination with the State Fire Marshal, to accomplish life safety improvements in the Jester Center Dormitory. Discussions and plans have been underway since 1998 for installation of a fire sprinkler system and an improved fire alarm system. Other planned measures include improvements of fire separation doors and smoke protection in the stairs.

The fire alarm improvements, a project handled at the institutional level, is now nearly complete. Other portions of the fire safety work, particularly the fire sprinkler

system, were to be completed under a large capital project managed by the U. T. System Office of Facilities Planning and Construction, with preparation of the Facilities Program to begin in May 2000.

As the result of a fire in a Texas Tech University dormitory, followed by an inspection of dormitories at all State universities, the State Fire Marshal accelerated the completion date for the Jester Center project. Under the revised plan, the project must be completed within the next two years.

The debt is to be repaid from revenues generated by increasing the existing housing revenue \$100 per bed per long session, in addition to the increases previously approved by the U. T. Board of Regents for FY 2000. The preapproved rate for a double room with community bath of \$2,421 per long session will increase 4.1% to \$2,521 per long session. The single room rate will increase from \$3,875 to \$3,975 per long session. These increases will apply to the original 5,283 beds and an additional 850 beds by FY 2002 from the proposed new student housing. Annual debt service during the construction period is projected to be \$225,000 in FY 2000, assuming a 4.5% short-term borrowing rate. In FY 2002, the annual debt service is projected to be \$435,923, based on a 6% long-term borrowing rate with a 20-year amortization period. The annual debt service coverage is expected to be at least 1.87 times, which includes debt service of \$435,923 for the Jester Center sprinkler system, \$3,958,179 of proposed debt service for the new student housing, and \$689,621 of debt service on existing student housing. The financing forecast for this project is set forth on Pages FPCC 20 - 21.

Approval of this item will amend the FY 1998-2003 Capital Improvement Program and the FY 1998 and FY 1999 Capital Budget to include the Jester Center Fire and Life Safety Renovation at U. T. Austin at a preliminary project cost of \$6,000,000, with funding of \$5,000,000 from Revenue Financing System Bond Proceeds and \$1,000,000 from Designated Tuition Funds.

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 Jester Center Fire and Life Safety Renovation at U. T. Austin, 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, and the Eighth Supplemental Resolution.

EXECUTED this 7th day of April, 1999

Pamela K. Clayton
Assistant Vice Chancellor for Finance

**The University of Texas at Austin
Jester Center Fire and Life Safety Renovation**

Project Level (Actual \$)	Actual			Forecast				
	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
Beginning Balance	16,169,500	13,977,462	15,161,690	16,070,674	16,583,880	5,533,326	7,028,007	8,899,824
Current Housing Revenues	22,528,510	22,910,458	25,417,861	26,853,975	28,821,363	29,789,965	31,349,753	32,558,555
Proposed Housing Revenues						2,522,300	5,231,306	5,472,383
Additional Income for Sprinklers					518,300	518,300	528,300	528,300
Total Revenues	22,528,510	22,910,458	25,417,861	26,853,975	29,339,663	32,830,565	37,109,359	38,559,238
Operating Expenses	(19,804,566)	(19,703,959)	(21,564,038)	(22,616,193)	(23,726,668)	(25,643,473)	(27,622,983)	(28,616,973)
Net Revenues	2,723,944	3,206,499	3,853,823	4,237,782	5,612,995	7,187,092	9,486,376	9,942,265
Mandatory Transfers:								
Debt Service:								
Existing Housing	(744,574)	(747,849)	(746,109)	(750,665)	(749,637)	(752,231)	(689,631)	(763,350)
New Housing			-	(44,060)	(1,193,276)	(2,043,000)	(3,958,179)	(3,958,179)
Sprinkler System				-	(225,000)	(435,923)	(435,923)	(435,923)
Total Debt Service	(744,574)	(747,849)	(746,109)	(794,725)	(2,167,913)	(3,231,154)	(5,083,733)	(5,157,452)
Other Mandatory Transfers	657,768							
Total Mandatory Transfers	(86,806)	(747,849)	(746,109)	(794,725)	(2,167,913)	(3,231,154)	(5,083,733)	(5,157,452)
Non Mand Transfers-Physical Plant								
New Housing					(7,000,000)			
Jester Center					(4,100,000)			(4,500,000)
Sprinkler System					(1,000,000)			
Other	(2,547,403)	(2,832,996)	(2,965,530)	(657,053)	(2,589,017)	(2,622,508)	(2,657,597.3)	(2,695,477.2)
Other Non-Mandatory Transfers	(2,281,772)	1,558,573	766,800	(2,272,797)	193,381	161,251	126,771	100,609
Total Non Mand. Transfers	(4,829,175)	(1,274,423)	(2,198,730)	(2,929,851)	(14,495,636)	(2,461,257)	(2,530,827)	(7,094,868)
Net Inc./(Dec.) for Year	(2,192,037)	1,184,227	908,984	513,206	(11,050,554)	1,494,681	1,871,817	(2,310,054)
Ending Balance	13,977,463	15,161,689	16,070,674	16,583,880	5,533,326	7,028,007	8,899,824	6,589,770
Debt Service Coverage	3.66	4.29	5.17	5.33	2.59	2.22	1.87	1.93

FPCC - 20

The University of Texas at Austin
Jester Center Fire and Life Safety Renovation

FPCC - 21

Campus Level: U.T. Austin (\$ 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>
Beg. Fund Balance	120.5	119.5	110.5	141.6	135.0	143.5	137.3	145.0
Total Current Unrestricted Revenues	678.6	703.8	783.2	764.5	804.4	817.7	846.8	850.4
Total Current Unrestricted Expenditures	(621.4)	(648.6)	(682.1)	(709.9)	(731.3)	(756.3)	(772.0)	(791.3)
Net Revenues	57.2	55.2	101.2	54.5	73.1	61.4	74.8	59.1
Debt Service	(20.1)	(22.3)	(24.7)	(34.0)	(36.5)	(37.1)	(35.1)	(32.7)
Other Mand. Transfers	(16.9)	(1.4)	(0.9)	(0.7)	(0.7)	(0.7)	(0.7)	(0.7)
Total Mand. Transfers	(37.0)	(23.7)	(25.6)	(34.7)	(37.2)	(37.8)	(35.8)	(33.4)
Non-Mand. Transfers	(14.4)	(37.3)	(41.6)	(24.2)	(25.3)	(27.7)	(29.1)	(25.8)
Adjustments	(6.8)	(3.2)	(2.8)	(2.2)	(2.2)	(2.2)	(2.2)	(2.2)
Net Inc./(Dec.) for Year	(1.0)	(9.0)	31.1	(6.5)	8.5	(6.2)	7.7	(2.2)
End. Fund Balance	119.5	110.5	141.6	135.0	143.5	137.3	145.0	142.8
Debt Service Coverage	2.8	2.5	4.1	1.6	2.0	1.7	2.1	1.8
Debt Service to Operating Expenses	3.2%	3.4%	3.6%	4.8%	5.0%	4.9%	4.5%	4.1%

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 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	(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%

7. U. T. Austin - Parking Garage 4B and Office Building (Project No. 102-985): 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 Vice Chancellor for Academic Affairs, and President Faulkner that the U. T. Board of Regents:

- a. Approve design development plans for the Parking Garage 4B and Office Building at U. T. Austin
- b. Approve a total project cost of \$21,600,000
- c. Appropriate funds and authorize expenditure of \$9,600,000 from Designated Tuition Funds and \$12,000,000 from Revenue Financing System Bond Proceeds for total project funding.

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 FPCC - 25, 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. Austin, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. Board of Regents of tax-exempt Parity Debt in the aggregate amount of \$12,000,000
- d. This resolution satisfies the official intent requirements set forth in Section 1.150-2 of the U. S. Treasury Regulations.

BACKGROUND INFORMATION

The Parking Garage 4B and Office Building project is included in the FY 1998-2003 Capital Improvement Program and the FY 1998 and FY 1999 Capital Budget at a preliminary project cost of \$21,600,000, with funding of \$12,700,000 from Designated Tuition Funds and \$8,900,000 from Revenue Financing System Bond Proceeds.

This project consists of two elements. The first element is the construction of a five-level parking structure, with an estimated capacity of 780 vehicles. The facility will also include a zone shop for Physical Plant Maintenance. The total cost of this aspect of the project is \$12,600,000. Of this amount, \$12,000,000 will be funded from Revenue Financing System Bond Proceeds and \$600,000 will be funded from Designated Tuition Funds to finance the cost of the zone shop.

The second element is the construction of a five-level general-purpose office building containing 64,000 gross square feet. The first floor of this building will be used to provide general-purpose classrooms in support of the academic programs located in the northern part of the campus. The remaining floors will provide space for the Office of Human Resources and other administrative offices. The total cost for this aspect of the project is \$9,000,000, to be funded entirely from Designated Tuition Funds.

The debt is to be repaid from revenues generated by the Parking and Traffic Division, including revenue from surface permits, citations, parking meters, and parking garages. Borrowing costs are assumed at 4.5% during the interim construction period and 6% for the long-term period. Construction of the project is estimated to take 12 months and will begin when Garage 4A is completed in August 1999. During the Garage 4B construction phase, debt service will be supported by the Parking and Traffic revenues and fund reserves. Upon completion of the project, the debt will be converted to fixed rate bonds requiring annual estimated debt service of \$1,046,215. In FY 2001, when both Parking Garage 4A and Parking Garage 4B are fully operational, the debt service is to be fully supported by Parking and Traffic revenues. Parking rate increases, approved in February 1999, are projected to go into effect for FY 2000, and the Parking and Traffic Division anticipates seeking approval for another rate increase in FY 2001. Debt service coverage is projected to be 1.04 when the Parking Garage 4B is completed. The financing forecast for this project is set out on Pages FPCC 26 - 27.

Approval of this item will amend the FY 1998-2003 Capital Improvement Program and the FY 1998 and FY 1999 Capital Budget for the Parking Garage 4B and Office Building at U. T. Austin to modify project funding of \$21,600,000, with funding of \$12,000,000 from Revenue Financing System Bond Proceeds, and \$9,600,000 from Designated Tuition Funds.

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 Parking Garage 4B and Office Building at U. T. Austin, 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, and the Eighth Supplemental Resolution.

EXECUTED this 7th day of April, 1999

Pamela K. Clayton
Assistant Vice Chancellor for Finance

**The University of Texas at Austin
Parking Garage 4B and Office Building**

Project Level (Actual \$)	Actual			Forecast				
	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
Parking and Traffic Financial Plan								
Beginning Fund Balance	1,861,766	2,357,172	2,022,185	2,276,711	1,908,620	1,971,346	2,215,367	2,497,654
Existing Parking & Garage Revenues	3,075,360	4,498,821	5,777,438	5,205,425	5,734,175	6,456,625	6,487,125	6,654,225
Garage 4A Revenue					308,000	357,000	382,000	386,000
Garage 4B Revenue						390,000	415,000	420,000
Total Parking System Revenues	3,075,360	4,498,821	5,777,438	5,205,425	6,042,175	7,203,625	7,284,125	7,460,225
Parking and Traffic Operating Expenses	(1,075,788)	(1,163,173)	(1,392,932)	(1,719,180)	(1,764,827)	(1,811,844)	(1,860,271)	(1,910,152)
Garage Operating & Maintenance Expenses	(659,354)	(712,912)	(853,732)	(1,052,867)	(1,261,570)	(1,482,446)	(1,515,880)	(1,550,316)
Parking System Operating Expenses	(1,735,141)	(1,876,085)	(2,246,664)	(2,772,047)	(3,026,397)	(3,294,290)	(3,376,151)	(3,460,468)
Net Revenues	1,340,219	2,622,736	3,530,774	2,433,378	3,015,778	3,909,335	3,907,974	3,999,757
Debt Service:								
Existing Garages	(589,370)	(681,895)	(1,030,629)	(1,657,268)	(1,982,756)	(1,962,381)	(1,929,724)	(1,897,066)
Garage 4A	-	-	-	(371,295)	(669,963)	(764,573)	(764,529)	(764,442)
Garage 4B	-	-	-	-	(405,000)	(1,046,215)	(1,046,215)	(1,046,215)
Total Parking System Debt Service	(589,370)	(681,895)	(1,030,629)	(2,028,563)	(3,057,719)	(3,773,169)	(3,740,468)	(3,707,723)
Funds Available after Debt Service	750,849	1,940,841	2,500,145	404,815	(41,941)	136,166	167,506	292,034
Non-Mandatory Transfers	132,292	1,688	96,411	101,094	104,667	107,855	114,780	121,762
Transfers to Unexpended Plant Funds	(387,735)	(2,277,516)	(2,342,030)	(874,000)				
Fund Balance Increase (Decrease) for the Year	495,406	(334,987)	254,526	(368,091)	62,726	244,021	282,286	413,796
Ending Fund Balance	2,357,172	2,022,185	2,276,711	1,908,620	1,971,346	2,215,367	2,497,654	2,911,450
Debt Service Coverage	2.27	3.85	3.43	1.20	0.99	1.04	1.04	1.08

FPCC - 26

**The University of Texas at Austin
Parking Garage 4B and Office Building**

Campus Level: U.T. Austin (\$ in millions)

	Actual			Forecast				
	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
Beg. Fund Balance	120.5	119.5	110.5	141.6	135.0	143.5	137.3	145.0
Total Current Unrestricted Revenues	678.6	703.8	783.2	764.5	804.4	817.7	846.8	850.4
Total Current Unrestricted Expenditures	(621.4)	(648.6)	(682.1)	(709.9)	(731.3)	(756.3)	(772.0)	(791.3)
Net Revenues	57.2	55.2	101.2	54.5	73.1	61.4	74.8	59.1
Debt Service	(20.1)	(22.3)	(24.7)	(34.0)	(36.5)	(37.1)	(35.1)	(32.7)
Other Mand. Transfers	(16.9)	(1.4)	(0.9)	(0.7)	(0.7)	(0.7)	(0.7)	(0.7)
Total Mand. Transfers	(37.0)	(23.7)	(25.6)	(34.7)	(37.2)	(37.8)	(35.8)	(33.4)
Non-Mand. Transfers	(14.4)	(37.3)	(41.6)	(24.2)	(25.3)	(27.7)	(29.1)	(25.8)
Adjustments	(6.8)	(3.2)	(2.8)	(2.2)	(2.2)	(2.2)	(2.2)	(2.2)
Net Inc./(Dec.) for Year	(1.0)	(9.0)	31.1	(6.5)	8.5	(6.2)	7.7	(2.2)
End. Fund Balance	119.5	110.5	141.6	135.0	143.5	137.3	145.0	142.8
Debt Service Coverage	2.8	2.5	4.1	1.6	2.0	1.7	2.1	1.8
Debt Service to Operating Expenses	3.2%	3.4%	3.6%	4.8%	5.0%	4.9%	4.5%	4.1%

U.T. System (\$ in millions)

	Actual			Forecast				
	FY 96	FY 97	FY 98	FY 99	FY 00	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 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%

FPCC - 27

8. U. T. Austin - Student Housing (Project No. 102-964): 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 Vice Chancellor for Academic Affairs, and President Faulkner that the U. T. Board of Regents:

- a. Approve design development plans for the Student Housing project at U. T. Austin
- b. Approve a total project cost of \$52,400,000
- c. Appropriate funds and authorize expenditure of \$45,400,000 from Revenue Financing System Bond Proceeds and \$7,000,000 from Auxiliary Enterprise Balances for total project funding.

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 FPCC - 31, 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. Austin, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. Board of Regents of tax-exempt Parity Debt in the aggregate amount of \$45,400,000
- 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. Austin is included in the FY 1998-2003 Capital Improvement Program and the FY 1998 and FY 1999 Capital Budget at a preliminary project cost of \$40,000,000. The Facility Program for the project has determined that a project cost of \$52,400,000 will be required to accomplish the desired project scope. The project will provide an additional 850 beds which are a critical element of meeting the U. T. Austin goal of providing on-campus housing for 75% of all first time freshmen.

Currently, U. T. Austin has 5,300 on-campus beds available. This number has held constant since the completion of Jester Center in 1969. Since that time, enrollment has increased by approximately 40%. The number of new applications for housing has increased 1,000 per year for the past four years. It is anticipated that the number of applications for existing spaces will exceed 12,000 in the 1999-2000 academic year. Construction of additional residence hall space will allow U. T. Austin to begin to meet the needs of both incoming and current students who desire an on-campus living experience.

The debt is to be repaid from revenues generated by existing housing revenue which consists of 5,300 beds and new housing revenue generated by the addition of 400 beds in FY 2001 and another 450 beds in FY 2002. Annual debt service during the construction period is projected to be \$44,060 in FY 1999, \$1,193,276 in FY 2000, and \$2,043,000 in FY 2001, assuming a 4.5% short-term borrowing rate.

In FY 2002, the annual debt service is projected to be \$3,958,179 based on a 6% long-term borrowing rate with a 20-year amortization period. The annual debt service coverage for the new housing is expected to be at least 1.87 times, which includes \$3,958,179 of debt service for the new housing, \$689,631 of debt service on existing housing, and \$435,923 proposed debt service for the Jester Center sprinkler system. The financing forecast for this project is set forth on Pages FPCC 32 - 33.

Approval of this item will amend the FY 1998-2003 Capital Improvement Program and the FY 1998 and FY 1999 Capital Budget for the Student Housing at U. T. Austin at a total project cost of \$52,400,000, with funding of \$45,400,000 from Revenue Financing System Bond Proceeds, and \$7,000,000 from Auxiliary Enterprise Balances.

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 project at U. T. Austin, 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, and the Eighth Supplemental Resolution.

EXECUTED this 7th day of April, 1999

Pamela K. Clayton
Assistant Vice Chancellor for Finance

**The University of Texas at Austin
Student Housing**

Project Level (Actual \$)	Actual			Forecast				
	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
Beginning Balance	16,169,500	13,977,462	15,161,690	16,070,674	16,583,880	5,533,326	7,028,007	8,899,824
Current Housing Revenues	22,528,510	22,910,458	25,417,861	26,853,975	28,821,363	29,789,965	31,349,753	32,558,555
Proposed Housing Revenues						2,522,300	5,231,306	5,472,383
Additional Income for Sprinklers					518,300	518,300	528,300	528,300
Total Revenues	22,528,510	22,910,458	25,417,861	26,853,975	29,339,663	32,830,565	37,109,359	38,559,238
Operating Expenses	(19,804,566)	(19,703,959)	(21,564,038)	(22,616,193)	(23,726,668)	(25,643,473)	(27,622,983)	(28,616,973)
Net Revenues	2,723,944	3,206,499	3,853,823	4,237,782	5,612,995	7,187,092	9,486,376	9,942,265
Mandatory Transfers:								
Debt Service:								
Existing Housing	(744,574)	(747,849)	(746,109)	(750,665)	(749,637)	(752,231)	(689,631)	(763,350)
New Housing			-	(44,060)	(1,193,276)	(2,043,000)	(3,958,179)	(3,958,179)
Sprinkler System				-	(225,000)	(435,923)	(435,923)	(435,923)
Total Debt Service	(744,574)	(747,849)	(746,109)	(794,725)	(2,167,913)	(3,231,154)	(5,083,733)	(5,157,452)
Other Mandatory Transfers	657,768							
Total Mandatory Transfers	(86,806)	(747,849)	(746,109)	(794,725)	(2,167,913)	(3,231,154)	(5,083,733)	(5,157,452)
Non Mand Transfers-Physical Plant								
New Housing					(7,000,000)			
Jester Center					(4,100,000)			(4,500,000)
Sprinkler System					(1,000,000)			
Other	(2,547,403)	(2,832,996)	(2,965,530)	(657,053)	(2,589,017)	(2,622,508)	(2,657,597.3)	(2,695,477.2)
Other Non-Mandatory Transfers	(2,281,772)	1,558,573	766,800	(2,272,797)	193,381	161,251	126,771	100,609
Total Non Mand. Transfers	(4,829,175)	(1,274,423)	(2,198,730)	(2,929,851)	(14,495,636)	(2,461,257)	(2,530,827)	(7,094,868)
Net Inc./(Dec.) for Year	(2,192,037)	1,184,227	908,984	513,206	(11,050,554)	1,494,681	1,871,817	(2,310,054)
Ending Balance	13,977,463	15,161,689	16,070,674	16,583,880	5,533,326	7,028,007	8,899,824	6,589,770
Debt Service Coverage	3.66	4.29	5.17	5.33	2.59	2.22	1.87	1.93

FPCC - 32

**The University of Texas at Austin
Student Housing**

FPCC - 33

Campus Level: U.T. Austin (\$ 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>
Beg. Fund Balance	120.5	119.5	110.5	141.6	135.0	143.5	137.3	145.0
Total Current Unrestricted Revenues	678.6	703.8	783.2	764.5	804.4	817.7	846.8	850.4
Total Current Unrestricted Expenditures	(621.4)	(648.6)	(682.1)	(709.9)	(731.3)	(756.3)	(772.0)	(791.3)
Net Revenues	57.2	55.2	101.2	54.5	73.1	61.4	74.8	59.1
Debt Service	(20.1)	(22.3)	(24.7)	(34.0)	(36.5)	(37.1)	(35.1)	(32.7)
Other Mand. Transfers	(16.9)	(1.4)	(0.9)	(0.7)	(0.7)	(0.7)	(0.7)	(0.7)
Total Mand. Transfers	(37.0)	(23.7)	(25.6)	(34.7)	(37.2)	(37.8)	(35.8)	(33.4)
Non-Mand. Transfers	(14.4)	(37.3)	(41.6)	(24.2)	(25.3)	(27.7)	(29.1)	(25.8)
Adjustments	(6.8)	(3.2)	(2.8)	(2.2)	(2.2)	(2.2)	(2.2)	(2.2)
Net Inc./(Dec.) for Year	(1.0)	(9.0)	31.1	(6.5)	8.5	(6.2)	7.7	(2.2)
End. Fund Balance	119.5	110.5	141.6	135.0	143.5	137.3	145.0	142.8
Debt Service Coverage	2.8	2.5	4.1	1.6	2.0	1.7	2.1	1.8
Debt Service to Operating Expenses	3.2%	3.4%	3.6%	4.8%	5.0%	4.9%	4.5%	4.1%

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 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	(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%

9. U. T. Pan American - General Classroom/Computer Center Building (Project No. 901-961): 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 Vice Chancellor for Academic Affairs, and President Nevarez that the U. T. Board of Regents:

- a. Approve design development plans for the General Classroom/Computer Center Building at U. T. Pan American
- b. Approve a total project cost of \$17,200,000
- c. Appropriate funds and authorize expenditure of \$17,000,000 from Tuition Revenue Bonds and \$200,000 from Local Funds for total project funding.

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 FPCC - 37, 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 \$17,000,000
- d. This resolution satisfies the official intent requirements set forth in Section 1.150-2 of the U. S. Treasury Regulations.

BACKGROUND INFORMATION

The General Classroom/Computer Center Building at U. T. Pan American is included in the FY 1998-2003 Capital Improvement Program and the FY 1998 and FY 1999 Capital Budget at a preliminary project cost of \$17,200,000, with funding of \$17,000,000 from Tuition Revenue Bonds and \$200,000 from Local Funds.

The General Classroom/Computer Center Building will provide classrooms, labs, and faculty offices for the Mathematics Department and facilities for the University Computer Center. These two major categories of activities will function independently and will require approximately 107,000 gross square feet of space.

The current U. T. Pan American Computer Center does not meet existing standards for facilities of its type. To meet future demands from administrative and academic users, the Computer Center must be housed in a facility that can ensure efficient operation, security, and maximum protection from natural disasters.

The project will be delivered utilizing the Design-Build provisions of Texas Education Code, Section 51.780 and will be ready for occupancy in Spring 2001.

The 75th Texas Legislature authorized \$17,000,000 of tuition bonds to be issued for U. T. Pan American. No additional tuition bond authority will remain for U. T. Pan American after the issuance of the tuition bonds for this project. The debt service coverage for the \$17,000,000 Tuition Revenue Bonds is reflected on

Page FPCC - 38. This project financing assumes interim financing at a 4% short-term interest rate for a portion of FY 2000 and a 6% fixed interest rate for 20 years with the fixed rate borrowing to occur in FY 2001.

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 General Classroom/Computer Center Building 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, and the Eighth Supplemental Resolution.

EXECUTED this 7th day of April, 1999

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)
Recommended to BOR 5/99-\$47 mil				0.00	(2.12)	(4.10)	(4.10)	(4.10)
Remaining Tuition Project Financing				0.00	(9.45)	(8.17)	(8.17)	(8.17)
TOTAL DEBT SERVICE	(58.0)	(73.5)	(84.8)	(111.1)	(127.6)	(136.4)	(134.2)	(125.8)
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

FPCC - 38

10. U. T. San Antonio - Downtown Campus Building - Phase III (Project No. 401-975): Request for Approval of Design Development Plans for the Academic Building; 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 Vice Chancellor for Academic Affairs, and President Kirkpatrick that the U. T. Board of Regents:

- a. Approve design development plans for the Academic Building portion of the Downtown Campus Building - Phase III at U. T. San Antonio
- b. Approve a total project cost of \$35,000,000
- c. Appropriate funds and authorize expenditure of \$30,000,000 from Tuition Revenue 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 FPCC - 42, 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 \$30,000,000
- 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 project 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 preliminary project cost of \$35,000,000.

This project, as well as the previously constructed Phases I and II, is part of a master plan for the Downtown Campus that includes a total of five academic buildings and a parking garage. All buildings are to be connected by a service drive below grade and sky bridges at various levels.

The Downtown Campus Building - Phase III project consists of the design and construction of a third academic building of approximately 122,500 gross square feet and a parking garage for approximately 350 vehicles. This agenda item requests design development plan approval and appropriation of funds for the academic building only. The parking garage is still under design study. The academic building, to be constructed on the south side of the U. T. San Antonio Downtown Campus, will include academic/information technology areas, institute spaces, faculty and administrative offices, multipurpose meeting areas, physical plant areas, and student services space. Construction is projected for completion in Fall 2000.

In 1997, the 75th Texas Legislature authorized \$50,000,000 of tuition bonds to be issued for U. T. San Antonio. An additional \$20,000,000 of tuition bond authority will remain for U. T. San Antonio after the issuance of the tuition bonds for this

academic building. The debt service coverage for the \$30,000,000 Tuition Revenue Bonds is reflected on Page FPCC - 43. This project financing assumes interim financing at a 4% short-term interest rate for a portion of FY 2000 and a 6% fixed interest rate for 20 years with the fixed rate borrowing to occur in FY 2001.

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 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, and the Eighth Supplemental Resolution.

EXECUTED this 7th day of April, 1999

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)
Recommended to BOR 5/99-\$47 mil				0.00	(2.12)	(4.10)	(4.10)	(4.10)
Remaining Tuition Project Financing				0.00	(9.45)	(8.17)	(8.17)	(8.17)
TOTAL DEBT SERVICE	(58.0)	(73.5)	(84.8)	(111.1)	(127.6)	(136.4)	(134.2)	(125.8)
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

FPCC - 43

11. U. T. Southwestern Medical Center - Dallas - Radiation Oncology Center (Project No. 303-990): Request for Approval of Design Development Plans; Approval of Total Project Cost; and Appropriation of Funds and Authorization of Expenditure.--

RECOMMENDATION

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

- a. Approve design development plans for the Radiation Oncology Center at U. T. Southwestern Medical Center - Dallas
- b. Approve a total project cost of \$10,000,000
- c. Appropriate funds and authorize expenditure of \$10,000,000 from Hospital and Contract Revenues.

BACKGROUND INFORMATION

At the November 1998 U. T. Board of Regents' meeting, the Radiation Oncology Center at U. T. Southwestern Medical Center - Dallas was included in the FY 1998-2003 Capital Improvement Program and the FY 1998 and FY 1999 Capital Budget at a preliminary project cost of \$10,000,000, with funding from Hospital and Contract Revenues.

The new Radiation Oncology Center will be added to the east end of The Seay Biomedical Building and will be integrated with other Cancer Center facilities as part of the North Campus Expansion. The potential for this radiation therapy facility addition was provided for in the original design of The Seay Biomedical Building, which is scheduled for completion in November 1999. The radiation facility will incorporate approximately 30,000 gross square feet and will include four treatment

bays, appropriate support treatment and planning space, and offices for the Department of Radiation Oncology. Construction is scheduled to begin in November 1999, and the building is scheduled for occupancy in Spring 2001.

12. U. T. Medical Branch - Galveston - Keiller Building Laboratory Expansion (Project No. 601-939): Request to Approve Revised Preliminary Project Cost and Appropriation of Funds.--

RECOMMENDATION

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

- a. Approve a revised preliminary project cost for the Keiller Building Laboratory Expansion at U. T. Medical Branch - Galveston of \$2,461,331, with funding of \$1,230,666 from Institutional Funds and \$1,230,665 from Gifts and Grants
- b. Appropriate \$1,230,666 from Institutional Funds and \$1,230,665 from Gifts and Grants.

BACKGROUND INFORMATION

The Keiller Building Laboratory Expansion project at U. T. Medical Branch - Galveston is included in the FY 1998-2003 Capital Improvement Program and the FY 1998 and FY 1999 Capital Budget at a preliminary project cost of \$5,670,000, with funding of \$2,835,000 from Hospital Revenues and \$2,835,000 from Gifts and Grants. It is requested that this approved funding level be reduced and modified based on a reduced project scope. The original scope of this renovation project included finishout of the entire ground floor. At this time, it is planned to complete only 7,800 gross square feet of the available space. An additional 12,500 gross

square feet of the ground floor space will remain available to accommodate expansion and future programs.

Approval of this item will amend the FY 1998-2003 Capital Improvement Program and the FY 1998 and FY 1999 Capital Budget for the Keiller Building Laboratory Expansion at U. T. Medical Branch - Galveston at a preliminary project cost of \$2,461,331, with funding of \$1,230,666 from Institutional Funds and \$1,230,665 from Gifts and Grants.

13. U. T. Medical Branch - Galveston - Radiology Renovation (Project No. 601-925): Request for Approval of Revised Total Project Cost, and Appropriation of Funds and Authorization of Expenditure. –

RECOMMENDATION

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

- a. Approve a revised total project cost of \$13,810,000 for the Radiology Renovation at U. T. Medical Branch - Galveston
- b. Appropriate funds and authorize expenditure of \$13,810,000 from Gifts and Grants for total project funding.

BACKGROUND INFORMATION

The Radiology Renovation project at U. T. Medical Branch - Galveston 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 \$10,850,000, with funding from Hospital Revenues. This renovation project received design development plan approval from the Chancellor in July 1998. It is requested that a new total project cost be approved due to more accurate pricing for a complex clinical renovations project

intended to provide a state-of-the-art fully digital inpatient Radiology Department, including a Picture Archiving and Communication System. The project includes renovation of contiguous areas on the second floor of the John W. McCullough, Clinical Science, John Sealy Annex, and University Hospital Clinic Buildings. The renovations must be performed in multiple construction stages, while the existing Radiology Department continues to operate with minimal disruptions to other clinical and hospital operations. It is also requested that the source of funds be changed to Gifts and Grants due to the generous contribution by The Sealy & Smith Foundation for the full cost of the project.

Approval of this item will amend the FY 1998-2003 Capital Improvement Program and the FY 1998 and FY 1999 Capital Budget to modify the total project cost to \$13,810,000, with funding from Gifts and Grants.

14. U. T. Medical Branch - Galveston - Utilities Systems Upgrade (Project No. 601-977): Request to Amend the FY 1998-2003 Capital Improvement Program and the FY 1998 and FY 1999 Capital Budget to Modify Funding and Appropriation of Funds.--

RECOMMENDATION

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

- a. Amend the FY 1998-2003 Capital Improvement Program and the FY 1998 and FY 1999 Capital Budget to modify funding for the Utilities Systems Upgrade at the U. T. Medical Branch - Galveston to \$10,700,000 from Utility Revenues and \$2,000,000 from Permanent University Fund Bond Proceeds
- b. Appropriate funds of \$10,700,000 from Utility Revenues and \$2,000,000 from Permanent University Fund Bond Proceeds for total project funding.

BACKGROUND INFORMATION

At the August 1998 U. T. Board of Regents' meeting, the U. T. Medical Branch - Galveston projects, Chilled Water Distribution and Generation Phase I and Thermal Energy Plant Upgrade, were combined into the redesignated Utilities Systems Upgrade project. This project is included in the FY 1998-2003 Capital Improvement Program and the FY 1998 and FY 1999 Capital Budget at a preliminary project cost of \$12,700,000, with funding of \$6,200,000 from Utility Revenues, \$4,500,000 from Hospital Revenues, and \$2,000,000 from Permanent University Fund Bond Proceeds.

This project is a comprehensive review and upgrade of the utility systems. The project includes replacing existing lamps and ballasts with more energy efficient ones impacting about 3.5 million gross square feet. Additionally, two existing chillers in the Central Chilled Water Plant will be upgraded to make them more efficient and capable of using currently acceptable refrigerant. An obsolete and inefficient cooling tower will be replaced. The chilled water and steam main distribution lines will be extended and the loop closed to provide a more efficient and reliable supply of chilled water and steam to the campus. A thermal storage system will be added to provide the capacity to lower peak electricity demand and to offer the possibility of supplying chilled water to some areas in the event of a major power outage.

The U. T. Medical Branch - Galveston utility business plan was prepared at the project's inception and provides a funding stream adequate to fund the project. The source for Utility Revenues is the capital recovery portion of this plan and results from operating the utility operations as a Service Center. The rates calculated for the chilled water and steam that are generated and distributed through the main utility loop contain approximately \$2,000,000 per year in capital recovery. By including this amount in the rate, U. T. Medical Branch - Galveston acknowledges the magnitude of its utility infrastructure investment and the ongoing cost of renewing that investment. Additionally, these commodities are sold to other users, thereby contributing toward that capital renewal.

Approval of this item will amend the FY 1998-2003 Capital Improvement Program and the FY 1998 and FY 1999 Capital Budget for the Utilities Systems Upgrade project at the U. T. Medical Branch - Galveston at a preliminary project cost of \$12,700,000, with funding of \$10,700,000 from Utility Revenues and \$2,000,000 from Permanent University Fund Bond Proceeds.

15. U. T. Health Science Center - Houston - Brownsville Public Health Division of the Regional Academic Health Center (Project No. 701-995): Request to Amend the FY 1998-2003 Capital Improvement Program and the FY 1998 and FY 1999 Capital Budget to Include Project.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Health Affairs, and President Low that the U. T. Board of Regents amend the FY 1998-2003 Capital Improvement Program and the FY 1998 and FY 1999 Capital Budget to include the Brownsville Public Health Division of the Regional Academic Health Center (RAHC) for the U. T. Health Science Center - Houston at a preliminary project cost of \$5,000,000, with funding from Tuition Revenue Bond Proceeds.

BACKGROUND INFORMATION

The Regional Academic Health Center project for the U. T. System is included in the FY 1998-2003 Capital Improvement Program and the FY 1998 and FY 1999 Capital Budget at a preliminary project cost of \$30,000,000, with funding from Tuition Revenue Bond Proceeds, as approved by the 75th Texas Legislature.

At the November 11, 1998, U. T. Board of Regents' meeting, it was determined that the Regional Academic Health Center project would be divided into four divisions and delivered through four separate projects as follows: Brownsville Public Health Division as a branch of the U. T. Health Science Center - Houston School of Public Health; Harlingen Medical Education Division; Hidalgo County Medical Research Division; and the McAllen Branch of the Medical Education Division. The Harlingen, Hidalgo County, and McAllen Divisions will be overseen and operated by the U. T. Health Science Center - San Antonio.

Selection of the sites and implementation of the programs related to the multiple divisions of the Regional Academic Health Center is contingent on the execution of definitive agreements, including provisions incorporating the U. T. System's

requirements for the sites and programs, together with appropriate affiliation agreements. The U. T. System Office of Facilities Planning and Construction will manage the design and construction of these four major capital projects.

Approval of the Brownsville Public Health Division of the RAHC for the U. T. Health Science Center - Houston at a preliminary project cost of \$5,000,000, with funding from Tuition Revenue Bond Proceeds, will amend the FY 1998-2003 Capital Improvement Program and the FY 1998 and FY 1999 Capital Budget. This project, combined with the U. T. Health Science Center - San Antonio Harlingen Medical Education Division at a preliminary project cost of \$25,000,000, will replace the Regional Academic Health Center project for the U. T. System, with funding of \$30,000,000 from Tuition Revenue Bond Proceeds.

See Item 16 below related to the Harlingen Medical Education Division, the Hidalgo County Medical Research Division, and the McAllen Branch of the Medical Education Division of the RAHC. Approval of the related agenda item will amend the FY 1998-2003 Capital Improvement Program and the FY 1998 and FY 1999 Capital Budget to add the Hidalgo County Medical Research Division of the RAHC for the U. T. Health Science Center - San Antonio and the McAllen Branch of the Medical Education Division of the RAHC for the U. T. Health Science Center - San Antonio, with funding of \$15,000,000 from Permanent University Fund Bond Proceeds and \$5,000,000 from Permanent University Fund Bond Proceeds, respectively.

See Item 3 on Page BAAC - 9.

16. U. T. Health Science Center - San Antonio - Regional Academic Health Center - Harlingen Medical Education Division (Project No. 402-994); Hidalgo County Medical Research Division (Project No. 402-996); and McAllen Branch of the Medical Education Division (Project No. 402-999); Request to Amend the FY 1998-2003 Capital Improvement Program and the FY 1998 and FY 1999 Capital Budget to Include Projects.—

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Health Affairs, and

President Howe that the U. T. Board of Regents amend the FY 1998-2003 Capital Improvement Program and the FY 1998 and FY 1999 Capital Budget to include the following three Regional Academic Health Center (RAHC) projects for the U. T. Health Science Center - San Antonio:

- a. Harlingen Medical Education Division at a preliminary project cost of \$25,000,000, with funding from Tuition Revenue Bond Proceeds
- b. Hidalgo County Medical Research Division at a preliminary project cost of \$15,000,000, with funding from Permanent University Fund Bond Proceeds
- c. McAllen Branch of the Medical Education Division at a preliminary project cost of \$5,000,000, with funding from Permanent University Fund Bond Proceeds.

BACKGROUND INFORMATION

Approval of the Harlingen Medical Education Division of the RAHC for the U. T. Health Science Center - San Antonio agenda item at a preliminary project cost of \$25,000,000, with funding from Tuition Revenue Bond Proceeds, will amend the FY 1998-2003 Capital Improvement Program and the FY 1998 and FY 1999 Capital Budget. This project, combined with the U. T. Health Science Center - Houston Brownsville Public Health Division's preliminary project cost of \$5,000,000, will replace the Regional Academic Health Center project for the U. T. System, with funding of \$30,000,000 from Tuition Revenue Bond Proceeds.

Approval of the Hidalgo County Medical Research Division of the RAHC for the U. T. Health Science Center - San Antonio and the McAllen Branch of the Medical Education Division of the RAHC for the U. T. Health Science Center - San Antonio will amend the FY 1998-2003 Capital Improvement Program and the FY 1998 and FY 1999 Capital Budget to add these two projects, with funding of \$15,000,000 from Permanent University Fund Bond Proceeds and \$5,000,000 from Permanent University Fund Bond Proceeds, respectively.

See Item 15 on Page FPCC - 49 related to the Brownsville Public Health Division of the RAHC.

17. U. T. Health Science Center - San Antonio - Central Energy Plant and Conservation Retrofits (Project No. 402-953): Approval of Revised Preliminary Project Cost; Appropriation of Funds; 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 Health Affairs, and President Howe that the U. T. Board of Regents:

- a. Approve a revised preliminary project cost for the Central Energy Plant and Conservation Retrofits at the U. T. Health Science Center - San Antonio of \$6,772,000
- b. Appropriate funds of \$6,338,000 from Revenue Financing System Bond Proceeds and \$434,000 from Institutional Funds.

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 FPCC - 55, 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. Health Science Center - San Antonio, 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 \$6,338,000
- d. This resolution satisfies the official intent requirements set forth in Section 1.150-2 of the U. S. Treasury Regulations.

BACKGROUND INFORMATION

In the FY 1998-2003 Capital Improvement Program, U. T. Health Science Center - San Antonio identified a Performance Contract as the source of funds for the Central Energy Plant and Conservation Retrofits at a preliminary project cost of \$6,600,000. Performance contracts were authorized by Section 51.927 of the Texas Education Code during the 74th Texas Legislative Session. Section 51.927 allows the U. T. Board of Regents to enter into contracts for energy conservation measures to reduce energy consumption or operating costs. Before entering into a contract, the U. T. Board of Regents shall require a performance bond from the provider of the energy conservation measures. The contract may extend beyond a year if the U. T. Board of Regents finds that the amount the institution would spend on the energy conservation measures will not exceed the amount to be saved in energy and operating costs over 10 years from the date of installation.

When the FY 1998-2003 Capital Improvement Program was being updated in August 1997, it was not known if the provider of the energy conservation measures would be able to provide less expensive financing than the U. T. System Revenue Financing System. For the U. T. Health Science Center - San Antonio project, it has been determined that the U. T. System can offer lower financing costs.

The preliminary project cost for the performance contract renovation projects listed in the FY 1998-2003 Capital improvement Program was based on rough estimates in August 1997 and included capitalized interest of \$1,600,000. The original scope of work has been increased and now includes the replacement of inefficient chillers, upgrade of lighting system, and installation of a state-of-the-art energy management control system. Based on these scope changes and a determination by U. T. Health

Science Center - San Antonio not to capitalize interest, the project cost, without capitalized interest, has increased from \$5,000,000 to \$6,772,000. The debt service is to be paid with energy savings from the renovation project. The estimated annual savings are \$955,363, and the estimated annual debt service is \$820,800, based on an interest rate of 5% for 10 years. The financing forecast for this project is set forth on Pages FPCC 56 - 57.

Approval of this item will amend the FY 1998-2003 Capital Improvement Program and the FY 1998 and FY 1999 Capital Budget for the Central Energy Plant and Conservation Retrofits at U. T. Health Science Center - San Antonio to modify the preliminary project cost to \$6,772,000, with funding of \$6,338,000 from Revenue Financing System Bond Proceeds and \$434,000 from Institutional Funds.

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 Central Energy Plant and Conservation Retrofits at U. T. Health Science Center – 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, and the Eighth Supplemental Resolution.

EXECUTED this 7th day of April, 1999

Pamela K. Clayton
Assistant Vice Chancellor for Finance

**The U.T. System Revenue Financing System
U.T. Health Science Center San Antonio
Central Energy Plant and Conservation Retrofits**

Project Level	Forecast				
	<u>FY 99</u>	<u>FY 2000</u>	<u>FY 01</u>	<u>FY 02</u>	<u>FY 03</u>
Annual Energy Cost Savings	0	0	955,363	955,363	955,363
Annual Debt Service	(63,380)	(253,520)	(820,800)	(820,800)	(820,800)
Interest on bond proceeds (IR 5%)	79,225	158,450			
Measurement & Verification Cost	0	0	(85,547)	(80,861)	(80,861)
Excess Savings	15,845	(95,070)	49,016	53,702	53,702
Debt Service Coverage	1.25	0.63	1.16	1.16	1.16

	Actual			Forecast				
	<u>FY 96</u>	<u>FY 97</u>	<u>FY 98</u>	<u>FY 99</u>	<u>FY 2000</u>	<u>FY 01</u>	<u>FY 02</u>	<u>FY 03</u>
Campus Level: U.T. H.S.C. San Antonio								
Beginning Fund Balance	48,869,881	61,329,321	42,470,410 (a)	41,057,345	43,647,524	48,131,626	52,904,129	57,943,008
Total Current Revenues	212,180,523	212,940,712	223,057,617	111,863,657	114,094,178	116,523,275	118,993,630	121,505,906
Total Current Expenditures	(199,164,593)	(209,464,006)	(225,961,304)	(102,656,403)	(102,844,532)	(104,901,422)	(106,999,451)	(109,139,438)
Net Revenues	13,015,930	3,476,706	(2,903,687)	9,207,254	11,249,646	11,621,853	11,994,179	12,366,468
Debt Service	(1,404,817)	(1,548,100)	(1,452,740)	(4,867,075)	(4,965,544)	(4,949,350)	(4,955,300)	(4,879,694)
Non Mandatory Transfers & Adjustments	848,327	(1,150,882)	2,943,362	(1,750,000)	(1,800,000)	(1,900,000)	(2,000,000)	(2,100,000)
Net Increase/(Decrease) for Year	12,459,440	777,724	(1,413,065)	2,590,179	4,484,102	4,772,503	5,038,879	5,386,774
Ending Fund Balance	61,329,321	62,107,045	41,057,345	43,647,524	48,131,626	52,904,129	57,943,008	63,329,782
Debt Service Coverage	9.27	2.25	(2.00)	1.89	2.27	2.35	2.42	2.53
Debt Service to Operating Expenses	0.7%	0.7%	0.6%	4.7%	4.8%	4.7%	4.6%	4.5%

**The U.T. System Revenue Financing System
U.T. Health Science Center San Antonio
Central Energy Plant and Conservation Retrofits**

U.T. System (\$ 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 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%

(a) FY98 beginning balance was restated by (\$19,636,633).

18. U. T. Health Science Center - San Antonio - Research Building in the Texas Research Park (Project No. 402-905): Request for Project Redesignation.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Health Affairs, and President Howe that the U. T. Board of Regents redesignate the Research Building in the Texas Research Park at the U. T. Health Science Center - San Antonio as the South Texas Centers for Biology in Medicine.

BACKGROUND INFORMATION

The Research Building in the Texas Research Park project at the U. T. Health Science Center - San Antonio is included in the FY 1998-2003 Capital Improvement Program and the FY 1998 and FY 1999 Capital Budget. The construction of this project is nearing completion. The requested project redesignation as the South Texas Centers for Biology in Medicine better conveys the determined use of the building. This research facility is a proposed complex of laboratories and support facilities that will incorporate such areas as the Center for Prevention of Disease, the Center for Investigation of Diabetic Disease, the Center for Aging Research, the Center for the Study of Bone Disease, and the Center for Research in Immunology.

Approval of this item will amend the FY 1998-2003 Capital Improvement Program and the FY 1998 and FY 1999 Capital Budget to redesignate the Research Building in the Texas Research Park project as the South Texas Centers for Biology in Medicine.

19. U. T. M.D. Anderson Cancer Center - Combined Backfill - Phase I, Stage 1 and 2 (Project No. 703-911) and Combined Backfill Renovation - Phase II (Project No. 703-929): Request to Increase Project Management Authorization of the U. T. M.D. Anderson Cancer Center Administration.--

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Health Affairs, and President Mendelsohn that the U. T. Board of Regents authorize U. T. M.D. Anderson Cancer Center to locally manage the total project budgets, appoint architects, approve facility programs, prepare final plans, and award contracts associated with the Combined Backfill - Phase I, Stage 1 and 2 project, and the Combined Backfill Renovation - Phase II project for projects under and over \$600,000.

BACKGROUND INFORMATION

The FY 1998-2003 Capital Improvement Program includes \$23,588,000, with funding from Hospital Revenues, for the Combined Backfill Phase I project, and \$32,000,000, with funding from Hospital Revenues, for the Combined Backfill Renovation - Phase II project. With completion of the Albert B. and Margaret M. Alkek Hospital and the Clinical Research Building, U. T. M.D. Anderson Cancer Center vacated space in its older facilities when functional areas moved to the new facilities. The Backfill projects will renovate the vacated space over a period of several years. While the total project costs are quite large, the Backfill projects consist of many small to medium projects. Some projects are less than \$30,000, while others, such as the Breast Center, are over \$1,000,000. However, the projects have one common trait. The renovations occur in clinical space that must remain fully operational 24 hours a day.

U. T. M.D. Anderson Cancer Center employs a staff of professional project managers trained to execute clinical renovation projects under the difficult conditions of construction in occupied space. They are also trained to maintain specialized conditions required in hospital operations such as infection control, Joint Commission

on Accreditation of Healthcare Organizations interim life safety codes, and critical utility systems. They also work closely with facilities maintenance personnel and medical/nursing staff to coordinate construction activities with minimal disruption. Because of the nature of the work and the specialized ability of U. T. M.D. Anderson Cancer Center personnel, it has been determined that U. T. M.D. Anderson Cancer Center is best able to manage the Backfill projects under and over \$600,000.

As previously authorized by the U. T. Board of Regents at the November 1996 meeting, the Office of Facilities Planning and Construction will continue to monitor the overall project budget and contracting process.

20. U. T. M.D. Anderson Cancer Center - Jesse H. Jones Rotary House International Phase II (Project No. 703-973): 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 Health Affairs, and President Mendelsohn that the U. T. Board of Regents:

- a. Approve design development plans for the Jesse H. Jones Rotary House International Phase II at U. T. M.D. Anderson Cancer Center
- b. Approve a total project cost of \$13,600,000
- c. Appropriate funds and authorize expenditure of \$13,600,000 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 FPCC - 63, 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. M.D. Anderson Cancer Center, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. Board of Regents of tax-exempt Parity Debt in the aggregate amount of \$13,600,000
- d. This resolution satisfies the official intent requirements set forth in Section 1.150-2 of the U. S. Treasury Regulations.

BACKGROUND INFORMATION

The Jesse H. Jones Rotary House International Phase II at U. T. M.D. Anderson Cancer Center is included in the FY 1998-2003 Capital Improvement Program and the FY 1998 and FY 1999 Capital Budget at a preliminary project cost of \$13,600,000, with funding from Revenue Financing System Bond Proceeds.

The Jesse H. Jones Rotary House International Phase II project entails constructing a twelve-floor addition to the east wing of the Rotary House to add 126 guest rooms. This addition will include rooms without kitchenettes and will allow U. T. M.D. Anderson Cancer Center to introduce a lower-priced room option to complement the rooms in the current Rotary House. The design and construction of the existing

Rotary House, which was completed in 1993, provided for the possibility of future expansion without the necessity of expanding infrastructure and amenities such as restaurant, lobby, and elevators. Accordingly, no expansion of infrastructure facilities is required.

The project schedule calls for completion of the project utilizing the Design-Build provisions of Texas Education Code, Section 51.780, with project occupancy in Fall 2000.

The debt is to be repaid from revenues generated by the Rotary House, which consists of 198 beds and the additional 126 beds for the expansion. With the projected opening of the expansion in FY 2001, the gross revenues generated by the Rotary House are expected to be \$6,088,886 based on an occupancy rate of 74%. The occupancy rate for FY 1998 was 89% on the existing Rotary House. Annual debt service during the construction period is projected to be \$306,000 in FY 2000 and \$612,000 in FY 2001, assuming a 4.5% short-term borrowing rate. In FY 2002, the annual debt service is projected to be \$1,185,710 based on a 6% long-term borrowing rate with a 20-year amortization period. The annual debt service coverage for the Rotary House is expected to be at least 1.4 times, which includes \$1,185,710 of debt service for the expansion and \$887,500 of debt service on the existing Rotary House. The financing forecast for this project is set forth on Pages FPCC 64 - 65.

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 Jesse H. Jones Rotary House International Phase II Expansion at U. T. M.D. Anderson Cancer Center, 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, and the Eighth Supplemental Resolution.

EXECUTED this 7th day of April, 1999

Pamela K. Clayton
Assistant Vice Chancellor for Finance

**The University of Texas
M. D. Anderson Cancer Center
Rotary House**

Project Level: Rotary House

	Actual			Forecast				
	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
Beginning Balance	(705,956)	648	431,385	977,641	1,564,412	1,881,583	2,875,667	3,696,579
Revenues-Existing Rotary (198 rooms)	2,441,871	2,188,377	2,322,200	2,391,660	2,463,410	0	0	0
Revenues-Rotary Existing & Exp (324 rooms)	0	0	0	0	0	6,088,886	6,669,041	7,159,959
Expenses	(858,232)	(871,598)	(881,875)	(917,150)	(953,836)	(3,595,099)	(3,774,933)	(3,950,534)
Net Revenues	1,583,639	1,316,779	1,440,325	1,474,510	1,509,574	2,493,787	2,894,108	3,209,425
Debt Service								
Existing Rotary House Debt Service	(877,035)	(886,042)	(887,969)	(887,739)	(886,403)	(887,703)	(887,486)	(890,179)
Rotary House Expansion Debt Service	0	0	0	0	(306,000)	(612,000)	(1,185,710)	(1,185,710)
Total Debt Service	(877,035)	(886,042)	(887,969)	(887,739)	(1,192,403)	(1,499,703)	(2,073,196)	(2,075,889)
Non -Mandatory Transfers	0	0	(6,100)	0	0	0	0	0
Net Increase/(Decrease)	706,604	430,737	546,256	586,771	317,171	994,084	820,912	1,133,536
Ending Balance	648	431,385	977,641	1,564,412	1,881,583	2,875,667	3,696,579	4,830,115
Debt Service Coverage	1.81	1.49	1.62	1.66	1.27	1.66	1.40	1.55

FPCC - 64

**The University of Texas
M. D. Anderson Cancer Center
Rotary House**

FPCC - 65

Campus Level: (\$ in millions)	Actual			Forecast				
	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
Beg. Fund Balance	327.2	360.7	384.3	445.0	427.2	404.7	385.9	396.5
Total Current Unrestricted Revenues	649.6	675.3	763.6	716.6	729.8	744.8	760.1	775.8
Total Current Unrestricted Expenditures	(592.3)	(609.0)	(675.4)	(675.2)	(691.8)	(708.1)	(724.9)	(742.1)
Net Revenues	57.4	66.2	88.3	41.4	38.1	36.6	35.2	33.7
Debt Service	(2.4)	(5.3)	(6.2)	(9.3)	(12.9)	(18.0)	(18.6)	(18.5)
Parking Structure & Fitness Center (8/99)					(0.6)	(1.2)	(1.2)	(1.2)
Replacement Research Facility (11/99)					(1.1)	(1.4)	(2.8)	(2.8)
Total Mand. Transfers	(2.4)	(5.3)	(6.2)	(9.3)	(14.6)	(20.7)	(22.6)	(22.6)
Non-Mand. Transfers & Adjustments	(21.5)	3.3	(21.4)	(49.9)	(45.9)	(34.8)	(2.0)	(2.0)
Net Inc./(Dec.) for Year	33.5	64.2	60.7	(17.9)	(22.4)	(18.9)	10.6	9.2
End. Fund Balance	360.7	424.9	445.0	427.2	404.7	385.9	396.5	405.6
Debt Service Coverage	24.1	12.5	14.3	4.4	2.6	1.8	1.6	1.5
Debt Service to Operating Expenses	0.4%	0.9%	0.9%	1.4%	2.1%	2.9%	3.1%	3.0%

U.T. System (\$ in millions)

	Actual			Forecast				
	FY 96	FY 97	FY 98	FY 99	FY 00	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 Available for Debt Service	331.4	242.6	297.3	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%

Executive Session of the Board

**BOARD OF REGENTS
EXECUTIVE SESSION**
Pursuant to Texas Government Code
Chapter 551, Sections 551.071 and 551.072

Date: May 13, 1999

Time: 8:00 a.m.

Place: Room 1.214, International Trade and Technology Building
The University of Texas - Pan American, Edinburg, Texas

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. Health Science Center - Houston: Proposed Settlement of Medical Liability Litigation

2. Deliberations Regarding the Purchase, Exchange, Lease or Value of Real Property - Section 551.072
 - a. U. T. Southwestern Medical Center - Dallas: Request for Authorization to Purchase Two Tracts of Land Out of Exchange Park, Dallas, Dallas County, Texas, from the MacArthur Liquidating Trust; Authorization to Submit the Purchases to the Texas Higher Education Coordinating Board for Approval; and Authorization to Execute All Documents Related Thereto

 - b. U. T. Health Science Center - San Antonio - Regional Academic Health Center - Harlingen Medical Education Division: Request for Authorization to Accept Approximately 26.239 Acres of Land and Associated Easements in Harlingen, Cameron County, Texas, from Valley Baptist Medical Center; Authorization to Submit the Acquisitions to the Texas Higher Education Coordinating Board for Approval; and Authorization to Execute All Documents Related Thereto