

Meeting No. 986

THE MINUTES OF THE BOARD OF REGENTS  
OF  
THE UNIVERSITY OF TEXAS SYSTEM

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November 4-5, 2004

Austin, Texas

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OF  
THE UNIVERSITY OF TEXAS SYSTEM  
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MEETING NO. 986

THURSDAY, NOVEMBER 4, 2004.--The members of the Board of Regents of The University of Texas System convened at 11:20 a.m. on Thursday, November 4, 2004, in the Board Meeting Room, Ninth Floor, Ashbel Smith Hall, 201 West Seventh Street, Austin, Texas, with the following in attendance and absent:

ATTENDANCE.--

Present  
Chairman Huffines, presiding  
Vice-Chairman Clements  
Vice-Chairman Hunt  
Vice-Chairman Krier  
Regent Barnhill  
Regent Caven  
Regent Craven  
Regent Rowling

Absent  
Regent Estrada

Counsel and Secretary Frederick

Chairman Huffines announced a quorum present and called the meeting to order.

WELCOME TO OFFICIALS OF THE UNIVERSITY OF TEXAS SYSTEM.--Chairman Huffines welcomed Mr. Steven R. Collins, Interim Vice Chancellor and General Counsel, and Ms. Florence P. Mayne, Executive Director of Real Estate for The University of Texas System, to their first regularly scheduled Board meeting in their new positions. Mr. Collins also serves as Associate Vice Chancellor for Governmental Relations and Ms. Mayne was Assistant Vice Chancellor for Administration.

RECESS TO EXECUTIVE SESSION.--At 11:22 a.m., Chairman Huffines announced the Board would recess to convene in Executive Session pursuant to Texas Government Code Sections 551.071, 551.072, and 551.074 to consider those matters listed on the Executive Session agenda.

RECONVENE.--At 1:10 p.m., the Board reconvened in open session.

## EXECUTIVE SESSION OF THE BOARD OF REGENTS

In response to Chairman Huffines's request regarding the wishes of the Board, the following actions were taken:

1. U. T. System: Discussion of legal issues related to disclosure of private investment information under the Texas Public Information Act

No action was taken on legal issues related to disclosure of private investment information under the Texas Public Information Act.

2. U. T. Dallas: Consideration of personnel matters related to presidential search

No action was taken on personnel matters relating to the Presidential Search at The University of Texas at Dallas.

3. U. T. System: Consideration of personnel matters relating to evaluation of presidents and U. T. System officers and employees

No action was taken concerning personnel matters relating to evaluation of presidents or officers and employees of The University of Texas System.

4. U. T. System: Consideration of personnel matters relating to appointment, employment, evaluation, compensation, assignment, and duties of presidents, U. T. System officers and employees

No action was taken related to general personnel matters relating to appointment, employment, evaluation, compensation, assignment, and duties of presidents or officers and employees of The University of Texas System.

5. U. T. Austin: (i) Authorization to negotiate the acquisition of seven parcels of land with improvements, proposed to be incorporated as part of the site of a hotel and conference center and a parking garage to be located immediately south of the main campus in Austin, Travis County, Texas, and legally described as Lots 27-32 and the South 46 feet of Lot 33, Block 20, Louis Horst's Subdivision out of Outlot 20, Division "D", City of Austin, Travis County, Texas; (ii) finding of a public necessity to acquire, and authorization to acquire, through condemnation proceedings if necessary, for institutional purposes, including, without limitation, the construction of a hotel, conference

center, and parking garage, seven additional parcels of land and improvements in the City of Austin, Travis County, Texas, legally described as follows:

- a. the North 24 feet of Lot 33 and South 24 feet of Lot 34, Block 20, Division "D";
  - b. forty feet, more or less, off the north side of Lot 34, Outlot 20, Division "D";
  - c. Lots 11 and 12, Block 20, Louis Horst's Outlots in Division "D" and Division "E"; and
  - d. Lots 13 and 14, Block 20, Louis Horst's Outlots in Division "D" and Division "E"; and
- (iii) authorization for the Executive Director of Real Estate to execute documents

Upon motion of Vice-Chairman Krier, seconded by Regent Caven, the Board

- a. authorized the Campus Director of Real Estate at The University of Texas at Austin to negotiate to acquire certain parcels of land with improvements, proposed to be incorporated as part of the site of a hotel and conference center and a parking garage, at prices not to exceed the fair market values as determined by independent appraisals. The land is located immediately south of the main campus in Austin, Travis County, Texas, as follows:

Seven parcels of land and improvements, legally described as Lots 27-32 and the South 46 feet of Lot 33, Block 20, Louis Horst's Subdivision out of Outlot 20, Division "D", City of Austin, Travis County, Texas.

It was expressly noted that eminent domain will not be used for this acquisition.

- b. found it is a public necessity for U. T. Austin to acquire, through condemnation proceedings if necessary, seven additional parcels of land and improvements thereon at prices not to exceed the fair market values as determined by independent appraisals or condemnation proceedings, which parcels are to be incorporated as part of the site of the hotel, conference center, and parking garage, and which parcels are legally described as follows:
  - i) the North 24 feet of Lot 33 and South 24 feet of Lot 34, Block 20, Division "D", City of Austin, Travis County, Texas;
  - ii) forty feet, more or less, off the north side of Lot 34, Outlot 20, Division "D", City of Austin, Travis County, Texas;

- iii) Lots 11 and 12, Block 20, Louis Horst's Outlots in Division "D" and Division "E", City of Austin, Travis County, Texas; and
  - iv) Lots 13 and 14, Block 20, Louis Horst's Outlots in Division "D" and Division "E", City of Austin, Travis County, Texas.
- c. authorized the Campus Director of Real Estate at U. T. Austin to negotiate to acquire the parcels described in Item b above, through condemnation proceedings if necessary, for institutional purposes, including, without limitations, the construction of a hotel, conference center, and parking garage; and
  - d. authorized the Executive Director of Real Estate of The University of Texas System to execute real estate contracts and all documents, instruments, and other agreements required to implement the above transactions, following review and approval by the Office of General Counsel, to initiate condemnation actions if necessary with respect to any or all of the parcels described in Item b above, through the Office of General Counsel and the Office of the Attorney General, and to take all further actions deemed necessary or advisable to acquire any or all of the properties in accordance with the parameters outlined in Executive Session, subject to approval of the acquisitions by the Texas Higher Education Coordinating Board, if required.

To avoid the appearance of any conflict of interest related to his business interests in the Omni Hotel properties in Austin, Regent Rowling abstained from vote and discussion on this issue and other items related to the proposed hotel and conference center project (see Item 2 on Page 43 and Item 1 on Page 1 of the Committee Minutes for the Facilities Planning and Construction Committee). The motion carried.

6. U. T. Medical Branch - Galveston: Authorization for the Executive Director of Real Estate to negotiate acquisition of unimproved land described as 35.43 acres of vacant land along IH 45, just north of FM 646, League City, Galveston County, Texas, and to execute documents

Regent Caven moved that the Executive Director of Real Estate of The University of Texas System be authorized to

- a. negotiate the acquisition of unimproved land described as 35.43 acres of vacant land along Interstate Highway 45, just north of Farm Market 646, League City, Galveston County, Texas, for the benefit of The University of Texas Medical Branch at Galveston, at a price not to exceed the fair market value as determined by independent appraisals and on such other terms and conditions as approved by the

Executive Vice Chancellor for Health Affairs, the Office of General Counsel, the Office of Real Estate, and the chief business officer of the U. T. Medical Branch - Galveston; and

- b. execute the real estate contract and all documents, instruments, and other agreements, following review and approval by the Office of General Counsel, and to take all further actions deemed necessary or advisable to acquire the property in accordance with the parameters outlined in Executive Session, subject to approval of the acquisition by the Texas Higher Education Coordinating Board, if the approval of that agency is required by law.

The motion was seconded by Vice-Chairman Hunt and carried unanimously.

U. T. SYSTEM: APPROVAL OF DOCKET ITEM.--To accommodate the bond pricing schedule, Docket Item 2 on Page Docket - 1 related to a time-sensitive underwriting contract between The University of Texas System and JPMorgan Securities, Inc. was considered in advance of consideration of the Docket in the Finance and Planning Committee on November 5, 2004. Upon motion of Regent Caven, seconded by Regent Craven, the item was approved, with Vice-Chairman Hunt abstaining from vote because of stock holdings. (See Item 1 on Page 28 relating to approval of the Docket.)

#### SPECIAL ITEMS

1. U. T. Board of Regents: Approval of comprehensive state system of accountability for higher education as required by Executive Order RP 31

Chairman Huffines said an additional action item related to the state accountability process had been posted with the Secretary of State and was before the members of the Board on yellow paper. Revised accountability measures approved by the Texas Higher Education Coordinating Board on October 29, 2004, were also before the Board on green paper. Chairman Huffines called on Chancellor Yudof for a recommendation to the Board on this item.

Chancellor Yudof said The University of Texas System has been a leader in accountability and noted the establishment of the Office of Accountability in September 2002. He commended Associate Vice Chancellor Malandra for her outstanding work on the U. T. System accountability framework and said there was good collaboration from U. T. institutions, with the Governor's Office, the Coordinating Board, other public institutions, and the legislative leadership. He emphasized the state framework and the U. T. System's plan

as works in progress, with certain aspects that he hopes will evolve over time, such as use of current data, how targets are set, and comparability with institutions outside of the State of Texas.

Chairman Huffines said U. T.'s commitment to accountability makes U. T.'s plan a model for the State. Chancellor Yudof reported the National Symposium on Accountability hosted by the U. T. System on October 27-28, 2004, was successful.

Upon motion of Regent Barnhill, seconded by Regent Rowling, the Board approved the comprehensive state system of accountability for higher education as required by Executive Order RP 31.

The first U. T. System report on accountability was presented to the U. T. Board of Regents on March 11, 2004, with a second report due in February 2005. On January 22, 2004, Governor Perry issued Executive Order RP 31 that called for each institution and system of higher education to work with the Texas Higher Education Coordinating Board to create a comprehensive system of accountability to be approved by the Texas Higher Education Coordinating Board and the boards of regents no later than December 17, 2004.

2. U. T. System: Report and discussion of the institutional compact process (Deferred)

The report and discussion of the institutional compact process for The University of Texas System was deferred.

RECESS.--At 1:15 p.m., Chairman Huffines announced the Board would recess to meetings of the standing committees and would reconvene at 9:30 a.m. in Open Session on Friday, November 5, 2004, following the meeting of the Student, Faculty, and Staff Campus Life Committee.

FRIDAY, NOVEMBER 5, 2004.--The members of the Board of Regents of The University of Texas System reconvened at 9:55 a.m. on Friday, November 5, 2004, in the Board Meeting Room, Ninth Floor, Ashbel Smith Hall, 201 West Seventh Street, Austin, Texas, with the following in attendance:

ATTENDANCE.--

Present  
Chairman Huffines, presiding  
Vice-Chairman Clements  
Vice-Chairman Hunt  
Vice-Chairman Krier  
Regent Barnhill  
Regent Caven  
Regent Craven  
Regent Estrada  
Regent Rowling

Counsel and Secretary Frederick

Chairman Huffines announced a quorum present and called the meeting to order.

WELCOME TO MR. I. CRAIG HESTER, MEMBER, THE UNIVERSITY OF TEXAS INVESTMENT MANAGEMENT COMPANY (UTIMCO) BOARD OF DIRECTORS.-- Chairman Huffines introduced Mr. I. Craig Hester, President and Chief Investment Officer of Hester Capital Management, L.L.C., Austin, Texas, a member of The University of Texas Investment Management Company (UTIMCO) Board of Directors. Mr. Huffines recognized the significant time that Mr. Hester and the other directors devote to the UTIMCO Board.

U. T. BOARD OF REGENTS: APPROVAL OF MINUTES.--The Minutes of the regular meetings of the Board of Regents of The University of Texas System held on August 11-12, 2004, in Houston, Texas, were approved as prepared by the Counsel and Secretary to the Board. The official copy is recorded in the Permanent Minutes, Volume LI, Pages 614 - 955.

The Board also approved the Minutes of the special meetings of the Board of Regents of the U. T. System held on September 28, 2004, in Austin, Texas, and October 11-12, 2004, in Dallas, Texas, as prepared by the Counsel and Secretary to the Board. The official copy is recorded in the Permanent Minutes, Volume LII, Pages 1 - 74.

## SPECIAL REPORTS AND SPECIAL ITEMS

1. U. T. Board of Regents: Resolution to honor former Regent Jess Jenkins Garrett

Upon motion of Vice-Chairman Krier, seconded by Regent Caven, the Board unanimously adopted the following resolution to recognize the contributions of former Regent Jess Jenkins Garrett, LLB, to The University of Texas System on the occasion of his 90th birthday:

### Resolution

WHEREAS, The Honorable Jenkins Garrett was appointed to the Board of Regents of The University of Texas System by Governor John Connally on January 10, 1969;

WHEREAS, Regent Garrett served on the Board of Regents until his term expired in January 1975 with the highest sense of integrity and honor;

WHEREAS, Regent Garrett's love of Texas, its history, and of The University of Texas, throughout his adult life, brought countless benefits to all of the people of our State;

WHEREAS, Regent Garrett, with his keen knowledge of Texas history and bibliography, was instrumental in bringing many significant and prestigious book collections to The University of Texas System. In 1974, he and his wife, Virginia, donated his world-renowned Texana book collection to The University of Texas at Arlington, which became the impetus for The University of Texas at Arlington to build an outstanding Special Collections area;

WHEREAS, Regent Garrett is best known for his service to higher education in Texas, serving on the Board of Trustees of Southwestern Baptist Theological Seminary, the Governor's Committee on Education Beyond the High School Level, and the Board of Trustees of Tarrant County Junior College District; and

WHEREAS, The University of Texas at Austin named Regent Garrett a Distinguished Alumnus in 1995 and acknowledging numerous awards for his collecting pursuits and philanthropy, including the Philanthropic Award of the Texas Library Association, Sir Thomas More Medal of the University of San

Francisco's Gleeson Library, and the Award of Excellence in Preserving History sponsored by the Texas Historical Commission.

NOW THEREFORE, BE IT RESOLVED by the Board of Regents that appreciation be extended to Jenkins Garrett for his six years of invaluable and unselfish service to this Board and that it further commend him for his hard work and fairness in performing his duties; and be it further

RESOLVED that an official copy of this resolution be prepared for Jenkins Garrett as an expression of highest esteem and warmest regards on the occasion of his 90th birthday on December 14, 2004.

2. U. T. Board of Regents: Report on History of Major George W. Littlefield, a former Regent, and the Littlefield Doors

Chairman Huffines said The University of Texas, with significant tradition and history, is one of the most treasured assets in the State of Texas. He said it is important to reflect on that history to understand the sacrifices and visions of former members of the Board of Regents. He introduced former Regent Ellen Clarke Temple, Lufkin, Texas, who was in attendance and expressed appreciation for her support and continued involvement and for bringing to his attention the research of Dr. David B. Gracy II on another former Regent, Major George W. Littlefield.

Before he called on President Faulkner to introduce Dr. Gracy, a descendent of Major Littlefield, Chairman Huffines introduced other descendants of former Regent Littlefield present at the meeting including Mr. J. Phelps White III, Roswell, New Mexico; Mr. Pat Boone, Elida, New Mexico; and Mr. Edward Rhodes Littlefield Wroe, Jr., Austin, Texas.

President Faulkner then introduced Dr. David B. Gracy II, Governor Bill Daniel Professor in Archival Enterprise in the School of Information at The University of Texas at Austin. Known as a national standard-bearer for archival education, Dr. Gracy is a teacher of highly acclaimed archive classes and his students volunteer in archive work throughout the State of Texas. Dr. Gracy served as President of the Society of American Archivists and as Director of the Texas State Archives and he serves on the Bibliography Advisory Board of the New Handbook of Texas. He is a biographer, historian, and author, nearing completion of a biography of Major Littlefield. His family founded Gracy Title Company, Austin, Texas.

Dr. Gracy made a presentation on the life of Major Littlefield and on his contributions to The University of Texas System, including the Littlefield Doors on display in the lobby of Ashbel Smith Hall (ASH) at the U. T. System Administration offices in Austin, Texas. ([Dr. Gracy's PowerPoint](#) presentation is on file in the Office of the Board of Regents.)

Major Littlefield was born June 21, 1842, in Mississippi. He also lived in New Mexico and Texas. He was initially successful in the cattle industry and later became a successful banker and businessman. Major Littlefield was a member of the U. T. System Board of Regents from January 1911 - January 1920.

Dr. Gracy said contributions of Major Littlefield to U. T. Austin include the Littlefield Home, the Alice Littlefield Dormitory, the Littlefield Fountain, various statues and sculptures, and the Littlefield Papers. In closing, Dr. Gracy noted that former Regent Littlefield was the largest donor to the University in the first half of the 20th Century.

Dr. Gracy said the doors, which cost \$4,000 in the early 1900s, celebrate not only the contribution of one man but also the stories of the day. For the record, the plaque placed to the side of the Littlefield Doors in the ASH lobby in 2004 has the following inscription:

#### The Littlefield Doors

The Littlefield doors, cast in solid bronze in 1911 by Tiffany Company of New York, have the heads of two longhorn steers for handles and bas-relief panels that depict the cattle ranching operations of Major George Washington Littlefield (1842-1920). Sculptor H. Daniel Webster designed these doors with the upper panels depicting the likenesses of long-time and valued hands on the Littlefield ranches in New Mexico and on the Texas South Plains; the central panels showing cattle in transit on the trail; and the bottom panels showing cattle grazing on Major Littlefield's ranches. Faithful to the details of ranching, cattle were branded on their right side with Littlefield's LFD brand, while horses carry his Bar F brand.

These doors originally served as the main entrance to the American National Bank, which Major Littlefield founded, in the Littlefield Building at Sixth Street and Congress Avenue in Austin, Texas.

The doors were donated to The University of Texas in 1960 and displayed in the Undergraduate Library and Academic Center, now known as the Peter T. Flawn Academic Center, on the U. T. Austin campus. In 1975 the doors were placed on exhibit in the lobby of Ashbel Smith Hall at The University of Texas System Administration at Seventh Street and Colorado Street as a memorial to Major Littlefield.

Major Littlefield, one of the most generous benefactors of The University of Texas System, served on the Board of Regents from January 1911 – January 1920.

Dimensions:

Weight: 2 1/2 tons  
Height: 10' 3.5"  
Width: 6' 8.5"

3. U. T. System: Approval of the U. T. System Executive Compensation Philosophy Policy and inclusion in the Regents' Rules and Regulations

Chancellor Yudof reported he and Vice Chancellor Brown had worked with the Office of the Board of Regents, the Office of General Counsel, and compensation consultants to develop an Executive Compensation Philosophy Policy for The University of Texas System. He said executive compensation is a complex matter and a bit abstract but the proposed Policy attempts to recognize and reward efforts to achieve the mission and goals of the University. Chancellor Yudof explained the basic commitment of the Policy is to maintain executive pay relative to relevant markets, to retain top talent, and to reward individuals for achieving results. He said he applies weight to rewarding merit and some weight to seniority, but the most substantial weight is placed on performance. He explained the importance of deferred compensation in retaining key people, but noted it has been used on a limited basis. He said he wanted to continue what he called the "Hunt reforms" to incorporate all elements of compensation into one salary amount, as much as feasible, wanting to make compensation easier for the Board to set and more transparent. He clarified the document does not put executives into the 75<sup>th</sup> percentile although the benchmark is referenced. He said he looks for the best people and that few will accept a reduction in salary with a new position but rather expect to realize a 10-15% increase.

Chairman Huffines said this is an excellent Policy and would be a work in progress for the next few years. Regent Rowling suggested geographic cost-of-living adjustments be factored into peer comparisons. Chancellor Yudof said the housing allowances are sensitive to local cost of living and that this is an excellent idea. Chairman Huffines said the Board reviewed the compensation process this summer and will start a dialog with other university systems to ensure consistency in the state.

Following further discussion, the Board adopted the Executive Compensation Philosophy Policy set forth on Pages 13 - 14 as a new rule entitled Compensation for Key Executives to be included in the Regents' Rules and Regulations on condition that a reference to cost-of-living adjustments is included. (The rule follows the new format for the Regents' Rules and Regulations as presented at the November 5, 2004 meeting -- see Item 4 on Page 15 -- and subsequently approved on December 10, 2004.)

The philosophy clarifies the principles to be considered when determining executive compensation for key executives within the U. T. System Administration and the academic and health institutions. Key executives are defined as the Chancellor, Counsel and Secretary to the Board, Audit Director, Executive Vice Chancellors, Vice Chancellors, and presidents of each of the U. T. System academic and health institutions.

**1. Title**

Compensation for Key Executives

**2. Rule and Regulation**

- Sec. 1 Compensation Philosophy. To attract, retain, and motivate the top talent needed to lead The University of Texas System and accomplish its mission and to recognize and reward performance, the Board of Regents seeks to compensate key executives at levels that are competitive in the marketplace, cost effective, and, to the extent possible, internally equitable.
- Sec. 2 Market Review. To align executive compensation with the relevant market, the Office of the Board of Regents will oversee the conduct of a comprehensive survey and analysis to obtain current and reliable market data on total compensation of key executives in comparable positions at peer institutions. The survey will be conducted every three years. In non-survey years, the Office of the Board of Regents will obtain information concerning general changes in executive compensation in the marketplace, and the comprehensive survey will be adjusted accordingly.
- Sec. 3 Elements of Compensation. The elements of compensation may include base salary; short and long-term incentive pay; supplemental retirement plans, such as deferred compensation plans; and perquisites such as housing, vehicle allowance, and memberships. All compensation set pursuant to this Rule must comply with all applicable state and federal laws.
- Sec. 4 Peer Institutions. Peer institutions or groups of institutions will be selected through an interactive, consultative process between the Chancellor, Executive Vice Chancellors, presidents, and the organization engaged to conduct the comprehensive survey. To the extent possible, the same institutions will be surveyed during each comprehensive survey. Peer institutions may be changed based on sound business decisions; such changes will be fully disclosed to the Board of Regents. The Executive Vice Chancellors will maintain the list of peer institutions. Factors to consider in selecting peer institutions include size, purpose, institutions used in assessing U. T. System performance, and institutions with which U. T. System competes for key executives.
- Sec. 5 Presentation to Board of Regents. Compensation data will be presented to the Board of Regents in advance of the annual budgeting process. Taxable and non-taxable elements of compensation will be reported to the Board of Regents.
- Sec. 6 Determining Compensation. In setting a key executive's initial compensation, the following factors should be considered: relevant market data, current compensation, internal equity, and the U. T. System budget. Where appropriate, U. T. System may target the 75<sup>th</sup> percentile of the market rate of a key executive's peer institutions.

Factors to consider in making future adjustments to a key executive's compensation include relevant market data, key executive performance, the institution's progress on key performance indicators, internal equity, and the U. T. System budget.

Sec. 7 The presidents will implement appropriate policies and procedures concerning executive compensation for their direct reports at each U. T. System academic and health institution.

**3. Definitions**

Key executive(s). The terms, "key executive" or "key executives," as used in this Rule, include the Chancellor, Counsel and Secretary to the Board, Audit Director, Executive Vice Chancellors, presidents of each of the U. T. System academic and health institutions, and Vice Chancellors.

**4. Relevant Federal and State Statutes**

*Texas Education Code* Section 65.31 – General Powers and Duties

**5. Relevant System Policies, Procedures, and Forms**

*Regents' Rules and Regulations* – Series 20202 – Presidential Cash Compensation

**6. Who Should Know**

Chancellor  
Counsel and Secretary to the Board  
Audit Director  
Executive Vice Chancellors  
Presidents  
Vice Chancellors

**7. System Administration Office(s) Responsible for Rule**

Vice Chancellor for Administration

**8. Dates Approved or Amended**

Month XX, 2004

**9. Date Rules Last Reviewed**

N/A

**10. Contact Information**

Questions or comments regarding this Rule should be directed to [bor@utsystem.edu](mailto:bor@utsystem.edu)

4. U. T. Board of Regents: Approval of revised Regents' Rules and Regulations (Deferred)

Mr. Arthur B. Martinez, Assistant Secretary to the Board, presented the proposed revision of the Regents' Rules and Regulations. He said the project was a collaborative process and said the revision was needed due to:

- Deregulation -- To determine if any provisions were the source of unnecessary administrative burden or if the rules could be rewritten to provide the proper degree of autonomy to each institution in The University of Texas System, while at the same time assuring accountability
- Outdated provisions -- The Rules have been reviewed and revised in their entirety only four times since their inception in 1891 and this was the first time a comprehensive review was conducted in a collaborative manner where input was sought from administrators, faculty, staff, and students at the 15 institutions and U. T. System Administration.
- Clarity -- Any document as large and complex as the Regents' Rules, written on a piecemeal basis over the years as each rule became necessary was bound to have language that could be clarified and simplified.
- Importance to users -- Users appreciated the opportunity to provide input, some saying the Rules were excessive and overly burdensome to effective administration.

Assistant Secretary Martinez then reviewed the process used to revise the Regents' Rules and Regulations, which officially began with a presentation to the Board on July 7, 2003, by Dr. Donde Plowman, Professor of Management in the College of Business at The University of Texas at San Antonio. Dr. Plowman explained her theory that over-reliance on rules could be detrimental to complex organizations such as the U. T. System and that more emphasis should be given to focusing on accountability. She pointed out the Regents' Rules attempted to cover 191 topical areas, while governing boards of other institutions such as the University of California, the University of Michigan, and the University of Illinois covered fewer than half those topics.

Mr. Martinez said following Chancellor Yudof's efforts to improve on the policies and procedures at U. T. System, the revision project focused on best practices that examined whether a new format for the rules would add value. A new format for the rules was developed to add clarity and usefulness of the

rules, by categorizing rules into nine subject areas and using a series numbering system. Additionally, each rule references applicable statutes and other policies and a listing of the historical record of amendments and definitions will be kept for each rule. Assistant Secretary Martinez said these format changes will facilitate interpretation of the rules and will explain the process to be followed to amend a rule. In addition, 13 System-wide procedures once covered under the Regents' Rules will be categorized as Administrative Rules, requiring the Chancellor's approval to initiate and to amend.

Input was received from ad hoc committees formed by the Employee, Faculty, and Student Advisory Councils and subject matter experts at U. T. System Administration and at the institutions. Each rule was reviewed by the Counsel and Secretary to the Board, by offices of the Executive Vice Chancellor with responsibility for the rule, and by attorneys in the Office of General Counsel to ensure that all revisions complied with statutory requirements. The revised rules were made available on the Web for an open comment period by all interested stakeholders.

Mr. Martinez referred to a summary chart in the Agenda Book of 30 significant changes to the rules. He pointed out that only two of those rules requested delegation of authority by the Board:

1. Series 30202: The Board delegates to the Chancellor the authority to approve Optional Retirement Program rates which are required by statute to be approved for each institution each year. (Citation Number 12 on the summary chart included in the Agenda Book.)
2. Series 60301: Under the current rules, an ex-students' association will not participate in any fundraising effort without consulting with the President and the Chancellor and obtaining the Board's approval. This change would take the Board out of the approval process. (Citation Number 17 on the summary chart included in the Agenda Book.)

He pointed out one other change (Series 80103, Citation Number 18 on the summary chart), initiated at the request of an institution, will allow institutions to provide employees with information on discounts that a company may offer to employees.

Chairman Huffines and Vice-Chairman Clements commended the process, which took 18 months. Regent Rowling observed that perhaps the Board was micromanaging in some areas and said the revised Rules have gone a long way to rectify this problem.

Vice-Chairman Krier expressed specific concerns about approval of pay plans (Number 11 on the summary chart) and the Optional Retirement Program rates (Number 12), and Regent Rowling expressed concern about the recommended increase in delegation of authority for settlement of insurance claims (Number 28). Pending clarification of these issues, approval of the item was deferred for consideration at a future meeting.

RECESS FOR COMMITTEE MEETINGS AND COMMITTEE REPORTS TO THE BOARD.--At 11:10 a.m., the Board recessed for meetings of the Standing Committees, and Chairman Huffines announced that at the conclusion of each committee meeting the Board would reconvene to approve the report and recommendations of that committee.

The meetings of the Standing Committees were conducted in open session, and the reports and recommendations thereof are set forth below and on the following pages.

\* \* \* \* \*

#### REPORTS AND RECOMMENDATIONS OF STANDING COMMITTEES

REPORT OF EXECUTIVE COMMITTEE.--Chairman Huffines reported there were no items referred from the Executive Committee to the Board pursuant to Section 7, Subsection 7.1, Subdivision 7.14 of Chapter I of Part One of the Regents' Rules and Regulations. Chairman Huffines noted the approval of the proposed revision of the Regents' Rules will eliminate the Executive Committee (see Item 4 on Page 15).

REPORT AND RECOMMENDATIONS OF THE AUDIT, COMPLIANCE, AND MANAGEMENT REVIEW COMMITTEE (Pages 18 - 27).--Committee Chairman Estrada reported that the Audit, Compliance, and Management Review Committee met in open session to consider those matters on its agenda and to formulate recommendations for the U. T. Board of Regents. Unless otherwise indicated, the actions set forth in the Minute Orders that follow were recommended by the Audit, Compliance, and Management Review Committee and approved in open session by the U. T. Board of Regents:

1. U. T. System: Approval of U. T. System Internal Audit Plan for Fiscal Year 2005

The Board approved The University of Texas System-wide Internal Audit Plan for Fiscal Year 2005. Development of the Internal Audit Plan is based on risk assessments performed at each institution. Implementation of the Plan will be coordinated with the institutional auditors.

Institutional Audit Plans, compiled by the internal audit departments after input and guidance from the U. T. System Audit Office and the institution's management and Internal Audit Committee, were submitted to all Internal Audit Committees and institutional presidents for review and comments.

The Chief Audit Executive provided feedback by conducting audit hearings with each institution. After the review process, each Internal Audit Committee formally approved its institution's Plan.

The Audit, Compliance, and Management Review Committee approved the Audit Plan on September 28, 2004.

2. U. T. System: Amendment of the Audit, Compliance, and Management Review Committee Responsibilities Checklist

The Board amended the Audit, Compliance, and Management Review Committee Responsibilities Checklist at Item 17 to provide guidance on the disclosure and inclusion of off-balance sheet items in the financial statements. The revised Checklist is set forth on Pages 19 - 21.

**Responsibilities Checklist  
for the  
Audit, Compliance, and Management Review Committee  
of the  
Board of Regents of The University of Texas System**

1. The Committee will perform such other functions as assigned by law or the Board of Regents of The University of Texas System ("the Board").
2. The Committee shall meet four times per year or more frequently as circumstances require. The Committee may ask members of management or others to attend the meeting and provide pertinent information as necessary.
3. The agenda for Committee meetings will be prepared in consultation between the Committee chairman (with input from the Committee members), U. T. System executive management, the Chief Audit Executive, and the System-wide Compliance Officer.
4. The Committee shall verify that its membership is familiar with the Committee's Charter, goals, and objectives.
5. The Committee shall review the independence of each Committee member based on applicable independence laws and regulations.
6. The Committee shall review and approve the appointment or change in the Chief Audit Executive.
7. The Committee shall have the power to conduct or authorize investigations into any matters within the Committee's scope of responsibilities.
8. The Committee shall provide an open avenue of communication between the State Auditor, internal auditors, any public accounting firm employed, executive management, and the Board. The Committee chairperson shall report Committee actions to the Board with such recommendations as the Committee may deem appropriate.
9. For the purpose of preparing or issuing an audit report or related work, the Committee shall be directly responsible for the appointment, compensation, and oversight of the work of any employed public accounting firm (including the resolution of disagreements between management and the auditor regarding financial reporting). This does not preclude an individual component institution from hiring a public accounting firm to perform work at the component level.
10. The Chief Audit Executive has responsibility for ensuring that no conflicts of interest exist between public accounting firms performing consulting services and firms conducting financial statement audits. The Chief Audit Executive shall report annually on the status and integrity of U. T. System's engagements with public accounting firms.
11. The Committee shall review with executive management, the Chief Audit Executive, the System-wide Compliance Officer, the State Auditor, and any employed public accounting firm the coordination of efforts to assure completeness of coverage, reduction of redundant efforts, and the effective use of resources.
12. The Committee shall inquire of executive management, the Chief Audit Executive, the System-wide Compliance Officer, and any employed public accounting firm about significant risks or exposures and assess the steps management has taken to minimize such risk to U. T. System.

13. The Committee shall consider and review with the Chief Audit Executive, the System-wide Compliance Officer, the State Auditor, and any employed public accounting firm:
  - a. The adequacy of U. T. System's internal controls including computerized information system controls and security;
  - b. The adequacy and efficiency of senior-level management with respect to fiscal operations and compliance functions at all component institutions;
  - c. Any related significant findings and recommendations of the State Auditor, independent public accountants, and internal audit together with management's responses thereto.
  
14. Regarding the U. T. System's financial statements, the Committee shall review with executive management and/or the Chief Audit Executive:
  - a. U. T. System's annual financial statements and related footnotes;
  - b. Any audit and assurance work performed on components of the annual financial statements;
  - c. Any significant changes to the financial statements requested by the State Auditor, internal audit, or any independent public accountants;
  - d. Any serious difficulties or disputes with management encountered during assurance work on components of the financial statements;
  - e. Other matters related to the conduct of assurance services that are to be communicated to the Committee under generally accepted government auditing standards.
  
15. The Committee shall require the U. T. System Chief Financial Officer certify the annual financial statements for the U. T. System as a whole, and that each component Chief Financial Officer certify the annual financial statements for their respective component institution.
  
16. The Committee shall review legal and regulatory matters that may have a material impact on the financial statements, internal auditing and/or compliance activities.
  
17. The Committee shall at least annually
  - a. review with executive management and the Chief Audit Executive the U. T. System's critical accounting policies, including any significant changes to Generally Accepted Accounting Procedures (GAAP), Regents' Rules and Regulations, and/or operating policies or standards;
  - b. engage executive management and the external audit firm in the discussion of off-balance sheet transactions/arrangements that have, or are reasonably likely to have, a current or future effect on the System's or any of the institution's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures, or capital resources that is material to users of the financial statements. The discussion should include the extent of the off-balance sheet transactions/arrangements and whether GAAP or other regulations results in the financial statements reflecting the economics of such transactions/arrangements.
  
18. On an annual basis, the Committee shall review, recommend, and approve the annual audit plan, including the allocation of audit hours.
  
19. Regarding audits, the Committee shall consider and review with executive management and the Chief Audit Executive:
  - a. Significant findings during the year and management's responses thereto;
  - b. Any difficulties encountered in the course of the audits, including any restrictions on the scope of work or access to required information;
  - c. Any changes required in the planned scope of the audit plan.

20. The Committee shall conduct an annual performance review and evaluation of the Chief Audit Executive. The Committee may delegate responsibility for the performance review to the Chancellor, in which case the Chancellor would provide a recommendation and supporting documentation to the Committee as a basis for their evaluation.
21. The Committee shall ensure procedures are established for the receipt, retention, and treatment of complaints received regarding internal controls or auditing matters; and the confidential anonymous submission by employees of concerns regarding questionable auditing matters.
22. The Committee shall monitor The University of Texas System Institutional Compliance Program and review with executive management and the System-wide Compliance Officer the status of the program and the results of its activities, including:
  - a. Significant institutional risks identified during the year and mitigating actions taken;
  - b. Significant findings during the year and management's responses thereto;
  - c. Any difficulties encountered in the course of inspections or assurance activities, including any restrictions on the scope of work or access to required information;
  - d. Any changes required in planned scope of the compliance action plan.
23. The Committee shall ensure procedures are established for the receipt, retention, and treatment of complaints received regarding compliance issues and the confidential anonymous submission by employees of concerns regarding ethically or legally questionable matters.
24. The Committee shall meet with the Chief Audit Executive, the System-wide Compliance Officer, executive management, or any employed external auditors in executive session to discuss any matters that the Committee or the before named believe should be discussed privately with the Committee, to the extent permitted by applicable law.
25. The Committee shall review and update the Audit, Compliance, and Management Review Committee Responsibilities Checklist annually.

3. U. T. System: Amendment of the Regents' Rules and Regulations related to audit and non-audit services provided by external audit firms

The Board amended the Regents' Rules and Regulations as set forth on Pages 23 - 26 to add guidance on provision of audit and non-audit services by external audit firms. (The rule follows the new format for the Regents' Rules and Regulations as presented at the November 5, 2004 meeting -- see Item 4 on Page 15 -- and subsequently approved on December 10, 2004.)

The amendment to the Regents' Rules and Regulations is a further recommendation of The University of Texas System Sarbanes-Oxley Ad Hoc Committee and the Action Plan to Implement the "Spirit" of Sarbanes-Oxley Act of 2002 approved by the Audit, Compliance, and Management Review Committee on November 12, 2003. The amendment provides further guidance on the approval requirements for the engagement of an external audit firm, provisions related to conflict of interest for the U. T. System and the engaged external firm, prohibited non-audit services, and review and approval requirements for non-audit services of the engaged external audit firm.

**1. Title**

Provision of Audit and Non-Audit Services by External Audit Firms

**2. Rule and Regulation**

Sec. 1 Audit Services.

1.1 Audit, Compliance, and Management Review Committee's Role. The ACMRC is responsible for contracting with external audit firms for audit services.

1.2 Board Approval. Neither U. T. System nor any of its institutions may engage an external audit firm for audit services unless the contract has been approved by the Board in accordance with Section 3 of Administrative Rule 10501 concerning contracts requiring Board approval.

1.3 Conflict of Interest Provision. Neither U. T. System nor any of its institutions may engage an external audit firm for audit services unless the contract includes an acceptable conflict of interest provision approved by the Vice Chancellor and General Counsel.

1.3.1 Lead Partner Rotation. The lead (or coordinating) audit partner (having primary responsibility for the audit), or the audit partner responsible for reviewing the audit shall not have performed audit services for the institution(s) in each of the five previous fiscal years.

1.3.2 Hiring Restrictions. Neither U. T. System nor any of its institutions may hire a former or current partner, principal, or professional employee in a key position, as defined in the *Code of Professional Conduct* of the American Institute of Certified Public Accountants (AICPA), that would cause a violation of the AICPA *Code of Professional Conduct* or other

applicable independence rules, during the year subsequent to the completion of the audit engagement.

Sec. 2 Prohibited Non-Audit Services. Neither U. T. System nor any of its institutions may engage an external audit firm to provide prohibited non-audit services contemporaneously with the provision of audit services.

Sec. 3 Non-Audit Services.

3.1 ACMRC Review and Approval. If the aggregate amount of fees to be paid to an external audit firm for the performance of non-audit services exceeds five percent of the total amount of fees anticipated to be paid to the external audit firm for the performance of audit services provided during any fiscal year in which non-audit services will be provided, then U. T. System and its institutions may not engage the external audit firm to perform the non-audit services unless the proposed engagement is reviewed and approved by the ACMRC.

3.2 Conflict of Interest Not Permitted. If, upon review of a proposed engagement for non-audit services under Subsection 3.1 of this Series, the ACMRC determines that a conflict of interest exists between the external audit firm's obligations to perform audit services and that firm's anticipated obligations to perform non-audit services contemporaneously with the performance of audit services, then U. T. System and its institutions may not engage the external audit firm to perform the non-audit services.

### **3. Definitions**

ACMRC - For purposes of this series, ACMRC refers to the Audit, Compliance, and Management Review Committee of the Board.

Audit Services - For purposes of this Series, audit services are services provided for the purpose of expressing an opinion on the financial statements of U. T. System or any of its institutions.

External Audit Firm - For purposes of this Series, an external audit firm is a public accounting firm (including its partners, employees and agents) engaged by the Board to provide audit services.

Non-Audit Services - For purposes of this series, any non-audit services (including tax services) that are not listed in the definition of prohibited non-audit services.

Prohibited Non-Audit Services - For purposes of this series, prohibited non-audit services include

- a) bookkeeping or other services related to the accounting records or financial statements of U. T. System or any of its institutions;
- b) financial information systems design and implementation;
- c) appraisal or valuation services, fairness opinions, or contribution-in-kind reports;
- d) actuarial services;
- e) internal audit outsourcing services;
- f) management functions or human resources;
- g) broker, dealer, investment adviser, or investment banking services;
- h) legal services and expert services unrelated to the audit; and
- i) any other service that the Board determines, by rule, is impermissible.

**4. Relevant Federal and State Statutes**

None

**5. Relevant System Policies, Procedures, and Forms**

None

**6. Who Should Know**

Administrators  
Internal Audit

**7. System Administration Office(s) Responsible for Rule**

Office of the Controller  
Audit Office

**8. Dates Approved or Amended**

November 5, 2004

**9. Contact Information**

Questions or comments regarding this rule should be directed to:

- [bor@utsystem.edu](mailto:bor@utsystem.edu)

4. U. T. Board of Regents: Approval of appointment of Mr. John W. Barnhill, Jr., to the Audit and Ethics Committee of The University of Texas Investment Management Company (UTIMCO)

The Board approved the appointment of Mr. John W. Barnhill, Jr., to the Audit and Ethics Committee of The University of Texas Investment Management Company (UTIMCO) Board of Directors.

Section 66.08 of the Texas Education Code requires that the U. T. Board of Regents approve the appointment of members of the Audit and Ethics Committee of the Board of Directors of UTIMCO. On December 19, 2003, the Board of Regents appointed Mr. I. Craig Hester, Mr. James R. Huffines, and Mr. R. H. (Steve) Stevens, Jr., to the Audit and Ethics Committee of the UTIMCO Board of Directors. Mr. Barnhill was appointed to the Board of Directors of UTIMCO on July 16, 2004.

Regent Barnhill abstained from vote on this item.

REPORT AND RECOMMENDATIONS OF THE FINANCE AND PLANNING COMMITTEE (Pages 28 - 41).--Committee Chairman Hunt reported that the Finance and Planning Committee met in open session to consider those matters on its agenda and to formulate recommendations for the U. T. Board of Regents. Unless otherwise indicated, the actions set forth in the Minute Orders that follow were recommended by the Finance and Planning Committee and approved in open session by the U. T. Board of Regents:

1. U. T. System: Approval of Docket No. 119

The Board approved Docket No. 119 in the form distributed by the Counsel and Secretary to the Board. It is attached following Page 82 in the official copy of the Minutes and is made a part of the record of this meeting.

It was expressly authorized that any contracts or other documents or instruments approved therein may be executed by the appropriate officials of the respective component institution involved.

Item 2 on Page Docket - 1 concerning an underwriting contract between The University of Texas System and JPMorgan Securities, Inc., was approved on November 4, 2004, to accommodate the bond pricing schedule. To avoid any appearance of a possible conflict of interest, Vice-Chairman Hunt was recorded as abstaining from vote on this item because of stock holdings (see Page 5).

Regent Barnhill was recorded as abstaining from vote on the item on Page Docket - 19, related to a contract between The University of Texas at El Paso and The Pepsi Bottling Group because of stock holdings and from vote on the gift from SBC Foundation to The University of Texas Health Science Center at San Antonio on Page Docket - 50 because of a financial interest in SBC.

2. U. T. Board of Regents: Report on Investments for quarter ended August 31, 2004, and Performance Report by Ennis Knupp + Associates

The Report on Investments for The University of Texas System for the quarter ended August 31, 2004, for the Permanent University Fund (PUF), General Endowment Fund (GEF), Permanent Health Fund (PHF), Long Term Fund (LTF), Short Intermediate Term Fund (SITF), and Separately Invested Assets as prepared by The University of Texas Investment Management Company (UTIMCO) is summarized on the following page.

Pages 30 - 36 contain the Summary Reports on Investments for the three months ended August 31, 2004.

Item I on Pages 30 - 31 reports summary activity for the Permanent University Fund (PUF) investments. The PUF's net investment return for the three months was .75% versus its composite benchmark return of 1.43%. The PUF's net asset value increased by \$89.9 million since the beginning of the quarter to \$8,087.9 million. This change in net asset value includes increases due to contributions from PUF land receipts and net investment return.

Item II on Pages 32 - 34 reports summary activity for the General Endowment Fund (GEF), the Permanent Health Fund (PHF), and Long Term Fund (LTF). The GEF's net investment return for the three months was .65% versus its composite benchmark return of 1.43%. The GEF's net asset value increased \$39.0 million since the beginning of the quarter to \$4,207.6 million.

Item III on Page 35 reports summary activity for the Short Intermediate Term Fund (SITF). Total net investment return on the SITF was 1.18% for the three months versus the SITF's performance benchmark of 1.20%. The SITF's net asset value decreased by \$11.2 million since the beginning of the quarter to \$1,178.0 million. This decrease in net asset value includes withdrawals from the SITF and distributions.

Item IV on Page 36 presents book and market value of cash, debt, equity, and other securities held in funds outside of internal investment pools. Total cash and equivalents, consisting primarily of component operating funds held in the Dreyfus money market fund, decreased by \$182.4 million to \$2,293.7 million during the three months since the last reporting period. Market values for the remaining asset types were debt securities: \$56.1 million versus \$56.0 million at the beginning of the period; equities: \$325.0 million versus \$308.8 million at the beginning of the period; and other investments: \$16.1 million versus \$2.2 million at the beginning of the period.

Upon approval of the Finance and Planning Committee on November 4, 2004, a summary of Liquidity Policy compliance will be incorporated into future quarterly reports on investments (see Item 3 on Page 37).

An [Executive Summary](#) of the Performance Report on investments for the quarter ended August 31, 2004, as prepared by Ennis Knupp + Associates was included in the Agenda Book and is on file in the Office of the Board of Regents.

I. PERMANENT UNIVERSITY FUND (1)a.) Summary Investment Report at August 31, 2004 (2)

(\$ millions)

	FY02-03	FY03-04				
	Full Year	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year-to-Date
Beginning Net Assets	6,738.3	7,244.8	7,655.1	8,218.9	7,998.0	7,244.8
PUF Lands Receipts (3)	102.1	27.8	23.7	67.3	27.9	146.7
Investment Return	787.6	475.9	634.3	(107.7)	67.7	1,070.2
Expenses	(20.2)	(6.4)	(7.2)	(6.5)	(5.7)	(25.8)
Distributions to AUF	(363.0)	(87.0)	(87.0)	(174.0)	-	(348.0)
Ending Net Assets	<u>7,244.8</u>	<u>7,655.1</u>	<u>8,218.9</u>	<u>7,998.0</u>	<u>8,087.9</u>	<u>8,087.9</u>
AUF Distribution:						
From PUF Investments	338.4	87.0	87.0	174.0	-	348.0
From Surface Income	8.1	0.8	2.3	1.2	3.3	7.6
Total	<u>346.5</u>	<u>87.8</u>	<u>89.3</u>	<u>175.2</u>	<u>3.3</u>	<u>355.6</u>
Total Net Investment Return	12.02%	6.60%	8.34%	-1.39%	0.75%	14.73%

(1) Report prepared in accordance with Texas Education Code Sec. 51.0032.

(2) General - The Investment Summary Report excludes PUF Lands mineral and surface interests with estimated August 31, 2004 values of \$722.1 million and \$164.0 million, respectively.

(3) PUF Land Receipts - As of August 31, 2004: 1,111,684 acres under lease; 514,430 producing acres; 3,097 active leases; and 2,065 producing leases.

I. PERMANENT UNIVERSITY FUND (continued)

b.) Comparison of Asset Allocation Versus Endowment Neutral Policy Portfolio and Net Investment Return for the three months ended August 31, 2004

	Asset Allocation	Endowment Neutral Policy Portfolio	Actual Net Investment Return	Endowment Neutral Policy Portfolio Return (1)	Benchmark
Cash and Cash Equivalents	3.7%	0.0%	0.31%	0.31%	90 Day T-Bills Average Yield
U.S. Equities	27.5%	25.0%	0.62%	1.11%	80% Russell 3000 Index plus 20% Wilshire Real Estate Securities Index
Global Equities	18.2%	17.0%	0.05%	-0.02%	Morgan Stanley Capital International - All Country World Free ex U.S.
Equity Hedge Funds	8.2%	10.0%	0.63%	1.31%	90 Day T-Bills Average Yield plus 4%
Absolute Return Hedge Funds	13.1%	15.0%	0.95%	1.06%	90 Day T-Bills Average Yield plus 3%
Commodities	4.7%	3.0%	-2.20%	-1.55%	Goldman Sachs Commodity Index minus 100 basis points
Fixed Income	14.8%	15.0%	2.91%	3.56%	66.7% Lehman Brothers Aggregate Bond Index plus 33.3% Lehman Brothers US Index Treasury Inflation Protected Securities
<b>Total Marketable Securities</b>	<b>90.2%</b>	<b>85.0%</b>	<b>0.72%</b>	<b>1.28%</b>	
<b>Private Capital</b>	<b>9.8%</b>	<b>15.0%</b>	<b>1.04%</b>	<b>2.30%</b>	Venture Economics' Periodic IRR Index
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.75%</b>	<b>1.43%</b>	

(1) The benchmark return for the endowment neutral policy portfolio is calculated by summing the neutrally weighted index return (% weight for the asset class multiplied by the benchmark return for the asset class) for the various asset classes in the endowment portfolio for the period reported.

II. GENERAL ENDOWMENT FUND (1) (2)

a.) Summary Investment Report at August 31, 2004

(\$ millions)

	FY02-03		FY03-04									
	Full Year	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year-to-Date						
Beginning Net Assets	3,293.2	3,584.8	3,952.6	4,244.5	4,168.6	3,584.8						
Net Contributions	(79.0)	209.5	135.8	106.9	107.3	559.5						
Investment Return	423.5	257.5	327.1	(57.5)	31.9	559.0						
Expenses	(5.8)	(2.6)	(2.6)	(2.1)	(2.3)	(9.6)						
Allocations (3)	(47.1)	(96.6)	(168.4)	(123.2)	(97.9)	(486.1)						
Ending Net Assets	3,584.8	3,952.6	4,244.5	4,168.6	4,207.6	4,207.6						
Net Asset Value per Unit	102.539	109.488	118.428	116.778	117.595	117.595						
Units and Percentage Ownership (End of Period):												
PHF	7,263,383	20.8%	7,174,022	19.9%	7,091,271	19.8%	7,007,471	19.6%	6,923,785	19.4%	6,923,785	19.4%
LTF	27,696,705	79.2%	28,926,791	80.1%	28,749,330	80.2%	28,688,862	80.4%	28,857,142	80.6%	28,857,142	80.6%
Total	34,960,088	100.0%	36,100,813	100.0%	35,840,601	100.0%	35,696,333	100.0%	35,780,927	100.0%	35,780,927	100.0%
Total Net Investment Return	12.81%	6.83%	8.22%	-1.37%	0.65%	14.77%						

(1) Report prepared in accordance with Texas Education Code Sec. 51.0032.

(2) On March 1, 2001, the Permanent Health Fund (PHF) and Long Term Fund (LTF) purchased units in the newly created General Endowment Fund (GEF). The initial number of units was based on the PHF's and LTF's contribution of its net values as of February 28, 2001.

(3) The GEF allocates its net investment income and realized gain (loss) to its unit holders based on their ownership of GEF units at month end. The allocated amounts are reinvested as GEF contributions. The allocation is proportional to the percentage of ownership by the unit holders, and therefore, no additional units are purchased.

II. GENERAL ENDOWMENT FUND (continued)

b.) Unit Holders' Summary Investment Report at August 31, 2004 (1)

(\$ millions)

	FY02-03	FY03-04				
	Full Year	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year-to-Date
<u>PERMANENT HEALTH FUND</u>						
Beginning Net Assets	698.2	745.0	785.6	840.0	818.5	745.0
Investment Return	86.0	50.4	64.2	(11.7)	5.7	108.6
Expenses	(0.7)	(0.2)	(0.1)	(0.2)	(0.2)	(0.7)
Distributions (Payout)	(38.5)	(9.6)	(9.7)	(9.6)	(9.6)	(38.5)
Ending Net Assets	745.0	785.6	840.0	818.5	814.4	814.4
Net Asset Value per Unit (2)	0.908489	0.958104	1.024378	0.998166	0.993200	0.993200
No. of Units (End of Period)	820,000,000	820,000,000	820,000,000	820,000,000	820,000,000	820,000,000
Distribution Rate per Unit	0.04700	0.01175	0.01175	0.01175	0.01175	0.047000
Total Net Investment Return	12.67%	6.76%	8.15%	-1.41%	0.68%	14.60%
<u>LONG TERM FUND</u>						
Beginning Net Assets	2,595.1	2,839.8	3,167.0	3,404.6	3,350.1	2,839.8
Net Contributions	59.6	165.1	17.2	33.8	60.4	276.5
Investment Return	332.1	204.4	260.5	(47.8)	24.0	441.1
Expenses	(3.1)	(3.3)	(0.9)	(1.0)	(0.9)	(6.1)
Distributions (Payout)	(143.9)	(39.0)	(39.2)	(39.5)	(40.3)	(158.0)
Ending Net Assets	2,839.8	3,167.0	3,404.6	3,350.1	3,393.3	3,393.3
Net Asset Value per Unit (2)	5.114	5.388	5.761	5.613	5.585	5.585
No. of Units (End of Period)	555,329,487	587,747,101	591,003,265	596,861,244	607,622,749	607,622,749
Distribution Rate per Unit	0.25800	0.066125	0.066125	0.066125	0.066125	0.264500
Total Net Investment Return	12.78%	6.76%	8.14%	-1.41%	0.68%	14.59%

(1) The Permanent Health Fund (PHF) and Long Term Fund (LTF) are internal mutual funds for the pooled investment of endowment funds. The PHF is comprised of endowments for health-related institutions of higher education and the LTF is comprised of privately raised endowments and other long-term funds of U. T. System components.

(2) The asset allocation of the PHF and LTF is representative of the asset allocation for the GEF. A nominal amount of cash is held in PHF and LTF to pay expenses incurred separately by these funds.

II. GENERAL ENDOWMENT FUND (continued)

c.) Comparison of Asset Allocation Versus Endowment Neutral Policy Portfolio and Net Investment Return for the three months ended August 31, 2004

	Market Exposure	Endowment Neutral Policy Portfolio	Actual Net Investment Return	Endowment Neutral Policy Portfolio Return (1)	Benchmark
Cash and Cash Equivalents	2.3%	0.0%	0.31%	0.31%	90 Day T-Bills Average Yield
U.S. Equities	27.0%	25.0%	0.53%	1.11%	80% Russell 3000 Index plus 20% Wilshire Real Estate Securities Index
Global Equities	18.7%	17.0%	0.05%	-0.02%	Morgan Stanley Capital International - All Country World Free ex U.S.
Equity Hedge Funds	8.5%	10.0%	0.61%	1.31%	90 Day T-Bills Average Yield plus 4%
Absolute Return Hedge Funds	13.6%	15.0%	0.95%	1.06%	90 Day T-Bills Average Yield plus 3%
Commodities	4.8%	3.0%	-2.18%	-1.55%	Goldman Sachs Commodity Index minus 100 basis points
Fixed Income	15.2%	15.0%	2.74%	3.56%	66.7% Lehman Brothers Aggregate Bond Index plus 33.3% Lehman Brothers US Index Treasury Inflation Protected Securities
<b>Total Marketable Securities</b>	<b>90.1%</b>	<b>85.0%</b>	<b>0.68%</b>	<b>1.28%</b>	
<b>Private Capital</b>	<b>9.9%</b>	<b>15.0%</b>	<b>0.42%</b>	<b>2.30%</b>	Venture Economics' Periodic IRR Index
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.65%</b>	<b>1.43%</b>	

(1) The benchmark return for the endowment neutral policy portfolio is calculated by summing the neutrally weighted index return (% weight for the asset class multiplied by the benchmark return for the asset class) for the various asset classes in the endowment portfolio for the period reported.

III. SHORT INTERMEDIATE TERM FUND (1)

Summary Investment Report at August 31, 2004

(\$ millions)

	FY02-03	FY03-04				
	Full Year	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year-to-Date
Beginning Net Assets	1,435.9	1,435.3	1,366.5	1,106.2	1,189.2	1,435.3
Net Contributions (Withdrawals)	26.6	(73.4)	(267.4)	98.4	(18.9)	(261.3)
Investment Return	25.8	12.9	14.6	(8.5)	14.2	33.2
Expenses	(0.7)	(0.2)	(0.1)	(0.2)	(0.1)	(0.6)
Distributions of Income	(52.3)	(8.1)	(7.4)	(6.7)	(6.4)	(28.6)
Ending Net Assets	1,435.3	1,366.5	1,106.2	1,189.2	1,178.0	1,178.0
Net Asset Value per Unit	9.917	9.947	10.000	9.863	9.927	9.927
No. of Units (End of Period)	144,736,640	137,378,810	110,618,420	120,565,911	118,671,708	118,671,708
Total Net Investment Return	1.64%	0.88%	1.20%	-0.77%	1.18%	2.49%

(1) Report prepared in accordance with Texas Education Code Sec. 51.0032.

IV. SEPARATELY INVESTED ASSETS

Summary Investment Report at August 31, 2004

(\$ 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
<b>Cash &amp; Equivalents:</b>														
Beginning value 05/31/04	3,039	3,039	2,379	2,379	76,605	76,605	677	677	2	2	2,393,465	2,393,465	2,476,167	2,476,167
Increase/(Decrease)	7	7	3,545	3,545	(2,781)	(2,781)	(138)	(138)	(2)	(2)	(183,065)	(183,065)	(182,434)	(182,434)
Ending value 08/31/04	3,046	3,046	5,924	5,924	73,824	73,824	539	539	-	-	2,210,400	2,210,400	2,293,733	2,293,733
<b>Debt Securities:</b>														
Beginning value 05/31/04	-	-	263	197	39,544	40,318	15,187	15,510	-	-	-	-	54,994	56,025
Increase/(Decrease)	-	-	-	10	(494)	(414)	45	495	-	-	-	-	(449)	91
Ending value 08/31/04	-	-	263	207	39,050	39,904	15,232	16,005	-	-	-	-	54,545	56,116
<b>Equity Securities:</b>														
Beginning value 05/31/04	40	10,130	5,914	5,328	38,859	42,102	20,887	21,127	-	-	258,038	230,150	323,738	308,837
Increase/(Decrease)	6	(1,522)	(4,007)	(4,032)	300	(1,289)	(46)	233	-	-	28,284	22,808	24,537	16,198
Ending value 08/31/04	46	8,608	1,907	1,296	39,159	40,813	20,841	21,360	-	-	286,322	252,958	348,275	325,035
<b>Other:</b>														
Beginning value 05/31/04	-	-	2,109	2,109	5	5	185	63	-	-	-	-	2,299	2,177
Increase/(Decrease)	15,000	15,000	(1,107)	(1,107)	(2)	(2)	5	-	-	-	-	-	13,896	13,891
Ending value 08/31/04	15,000	15,000	1,002	1,002	3	3	190	63	-	-	-	-	16,195	16,068

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

3. U. T. Board of Regents: Approval to amend The University of Texas Investment Management Company (UTIMCO) Liquidity Policy

Upon recommendation of the Board of Directors of The University of Texas Investment Management Company (UTIMCO), the U. T. Board of Regents approved amendments to the UTIMCO Liquidity Policy. The revised Policy is set forth on Pages 39 - 41.

The amendments to the Liquidity Policy were approved by the UTIMCO Board of Directors on September 29, 2004, with the following comments:

- The UTIMCO Board advises that the purpose of the Liquidity Policy is to establish limits on the overall liquidity profile of investments in the Permanent University Fund (PUF) and General Endowment Fund (GEF).
- The established liquidity profile limits will act in conjunction with, but do not supercede, the Investment Policies adopted by the U. T. Board of Regents.
- The Liquidity Policy is being amended to
  - clarify that swaps, derivatives, or other third party arrangements may alter an investment's liquidity status rather than create liquidity
  - clarify the responsibility that the Liquidity Committee has in reviewing new investments made in the 20% to 30% trigger zone. The Liquidity Committee will supplement, rather than replace, the procedures the UTIMCO Board has in place for the approval of new investments.
  - require certification of the accuracy of the monthly liquidity reports by each managing director, risk manager, chief compliance officer, and president
  - clarify that either the UTIMCO Board or the Liquidity Committee may review and approve certain actions
  - propose revised charts reporting liquidity to clarify the range for the liquid investments
  - include minor editorial changes such as correction to the dates of establishment and approval.

Upon approval of the Finance and Planning Committee on November 4, 2004, the Liquidity Risk Measurement section of the Policy was further amended to add a footnote to reference the Liquidity Committee Charter and to reference prior approval by the UTIMCO Board or the Liquidity Committee to consider arrangements to alter the status of an investment classified as illiquid. Additionally, a summary of Liquidity Policy compliance will be incorporated into future quarterly reports on investments (see Item 2 on Page 28).

The UTIMCO Liquidity Policy was reviewed by U. T. System staff and was first approved by the U. T. Board on August 7, 2003, and was amended on December 19, 2003.

# The University of Texas Investment Management Company

## Liquidity Policy

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Effective Date of Policy: November 5, 2004

Original Effective Date of Policy: August 7, 2003

Original Date Approved by UTIMCO Board: June 26, 2003

Dates revised by UTIMCO Board: December 4, 2003 and September 29, 2004

### **Purpose:**

The purpose of this Liquidity Policy is to establish limits on the overall liquidity profile of investments in the Permanent University Fund (PUF) and the General Endowment Fund (GEF), hereinafter referred to as the Funds. For the purposes of this policy, “liquidity” is defined as a measure of the ability of an investment position to be converted into a cash position. The established liquidity profile limits will act in conjunction with, but do not supercede, the Investment Policies adopted by the U. T. Board of Regents.

### **Objective:**

The objective of this Liquidity Policy is to control the element of total risk exposure of the Funds stemming from the uncertainties associated with the ability to convert longer-term investments to cash to meet immediate needs or to change investment strategy, and the potential cost of that conversion.

### **Scope:**

This Liquidity Policy applies to all PUF and GEF investments made by The University of Texas Investment Management Company (UTIMCO), both by internal and by external managers. Policy implementation will be managed at the aggregate UTIMCO level and will not be a responsibility of individual internal or external managers managing a portion of the aggregate assets.

### **Definition of Liquidity Risk:**

“Liquidity risk” is defined as that element of total risk resulting from the uncertainty associated with both the cost and time period necessary to convert existing investment positions to cash (or cash equivalents). Liquidity risk can result in lower than expected returns and reduced opportunity to make changes in investment positions to respond to changes in capital market conditions. Modern finance theory asserts that liquidity risk is a systematic risk factor that is incorporated into asset prices such that future longer-term returns will be higher for assets with higher liquidity risk, although that may not be the case in the short term.

### **Liquidity Risk Measurement-The Liquidity Profile:**

Capital market theory does not provide a precise technique to measure liquidity risk. For the purposes of this Liquidity Policy, potential liquidity risk will be monitored by measuring the aggregate liquidity profile of the Funds. All individual investments within the Funds will be segregated into two categories:

- **Liquid:** Investments that could be converted to cash within a period of one day to three months in an orderly market at a discount of 10% or less.
- **Illiquid:** Investments that could be converted to cash in an orderly market over a period of more than three months or in a shorter period of time by accepting a discount of more than 10%.

The measurements necessary to segregate all investments into one of the two categories assume normally functioning capital markets and cash market transactions. In addition, swaps, derivatives, or other third party arrangements to alter the status of an investment classified as illiquid may be considered, with the prior approval of the UTIMCO Board or the Liquidity Committee<sup>1</sup>, in determining the appropriate liquidity category for each investment.

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<sup>1</sup> The Liquidity Committee was appointed by the UTIMCO Board of Directors and is subject to a Liquidity Committee Charter first approved by the UTIMCO Board of Directors on April 8, 2004. The Liquidity Committee consists of at least three members of the Board and provides oversight and monitoring of the liquidity of the policy portfolio in accordance with this Liquidity Policy.

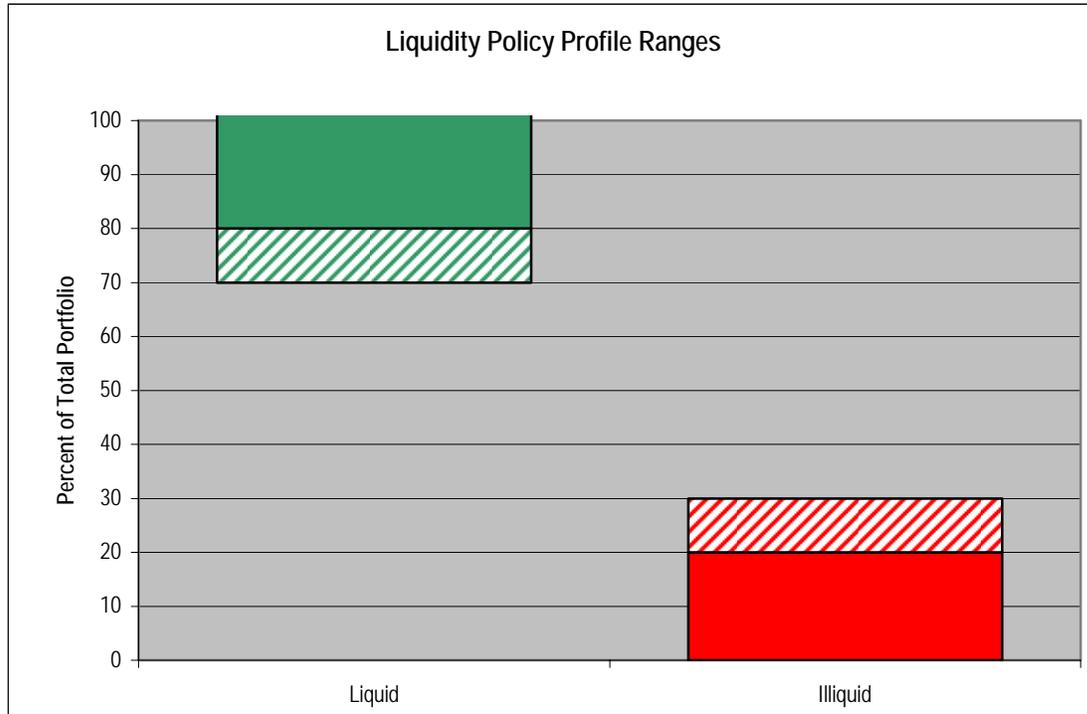
# The University of Texas Investment Management Company

## Liquidity Policy

The result of this liquidity risk measurement process will be a liquidity profile for the Funds which indicates the percentage of the total portfolio assets within each liquidity category. This Liquidity Policy defines the acceptable range of percentage of total assets within each liquidity category, specifies “trigger zones” requiring special review by UTIMCO staff and Board, and specifies the method of monitoring and presenting actual versus policy liquidity profiles.

### Liquidity Policy Profile:

The current Liquidity Policy Profile ranges and trigger zones are defined by the chart below:



The green bar indicates the Policy range for investments categorized as “liquid” by the definition presented earlier. The red bar indicates the Policy range for investments categorized as “illiquid” by earlier definition. The shaded sections of the green and red bars indicate trigger zones requiring special action by the UTIMCO Board or the Liquidity Committee. For example, the allowable range for illiquid investments is 0% to 30% of the total portfolio. However, any illiquid investments made in the 20% to 30% trigger zone requires prior approval by the Liquidity Committee or the UTIMCO Board. Liquidity Committee review of new investments in the illiquid trigger zone will supplement, rather than replace, the procedures established by the UTIMCO Board for the approval of new investments.

### Documentation and Controls:

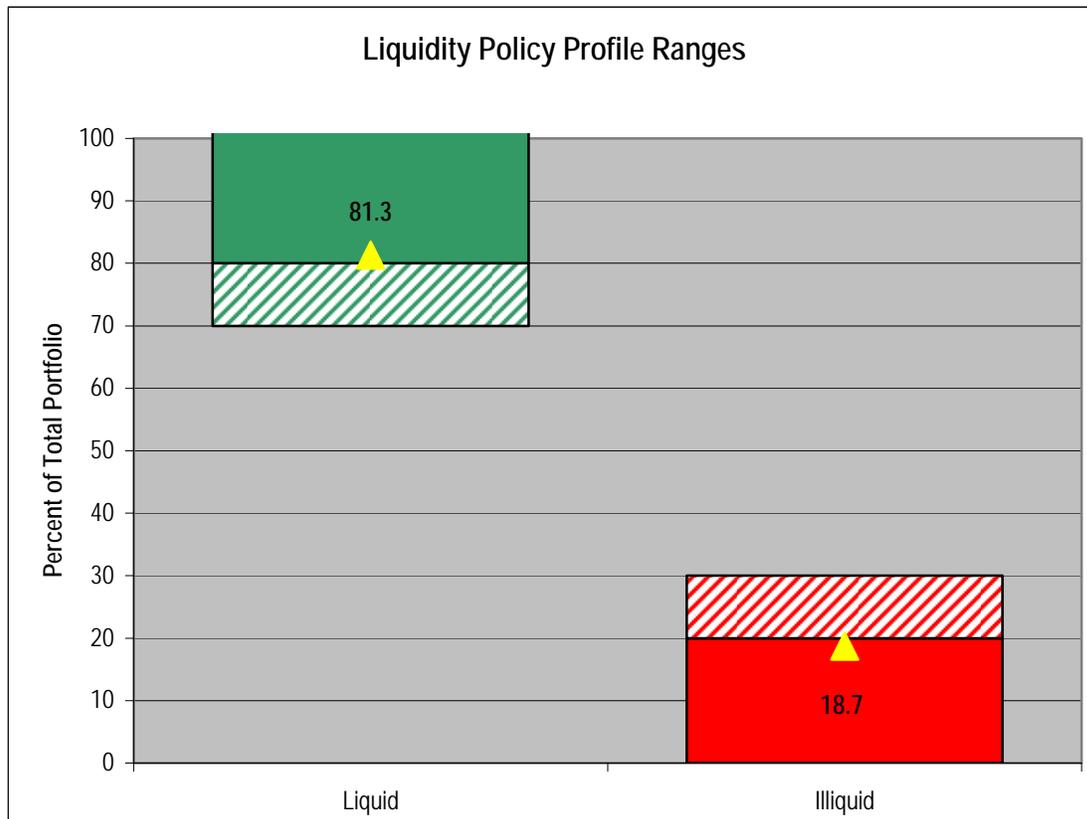
Managing Directors responsible for each asset class are responsible for determining the liquidity category for each investment in that class. These classifications will be reviewed by the Risk Manager and must receive final approval from the Chief Investment Officer. Classifications and weights within each liquidity category will be updated and reported on a monthly basis. The monthly liquidity reports will include certification by each Managing Director, the Risk Manager, the Chief Compliance Officer, and the President of UTIMCO that all investments are properly categorized and reported. All new investments considered will be categorized by liquidity category, and a statement regarding the effect on overall liquidity of the addition of a new investment must be an element of the due diligence process and will be a part of the recommendation report to the UTIMCO Board.

## The University of Texas Investment Management Company Liquidity Policy

As additional safeguards, trigger zones have been established as indicated above to trigger required review and action by the UTIMCO Board or the Liquidity Committee in the event any investment action would cause the actual investment position in illiquid investments to enter the designated trigger zone, or in the event market actions caused the actual investment position in illiquid investments to move into trigger zones. In addition, any proposed investment actions which would increase the actual investment position in illiquid investments in either the PUF or the GEF by 10% or more of the total asset value of either Fund would also require review and action by the UTIMCO Board or the Liquidity Committee prior to the change. Any actual positions in any trigger zones or outside the policy ranges will be communicated to the Chief Investment Officer immediately. The Chief Investment Officer will then determine the process to be used to eliminate the exception and report promptly to the UTIMCO Board and the Liquidity Committee the circumstances of the deviation from Policy and the remedy to the situation.

### Reporting:

The actual liquidity profile of the Funds and compliance with this Liquidity Policy will be reported to the UTIMCO Board on at least a quarterly basis. Any exception to this Liquidity Policy and actions taken to remedy the exception will be reported promptly. An example of the method of reporting is shown below where the yellow points and number labels indicate current actual exposure levels within each Liquidity Policy Range (numbers shown are examples only). For example, in this illustration the current exposure to “liquid” investments is 81.3%, while exposure to “illiquid” investments is 18.7%, and both are within their respective allowable policy ranges and not in defined trigger zones.



REPORT AND RECOMMENDATIONS OF THE ACADEMIC AFFAIRS COMMITTEE (Pages 42 - 50).--Committee Chairman Krier reported that the Academic Affairs Committee met in open session to consider those matters on its agenda and to formulate recommendations for the U. T. Board of Regents. Unless otherwise indicated, the actions set forth in the Minute Orders that follow were recommended by the Academic Affairs Committee and approved in open session by the U. T. Board of Regents.

1. U. T. Austin: Authorization to establish a Doctor of Audiology degree program

The Board authorized

- a. establishment of a Doctor of Audiology degree (AuD) program at The University of Texas at Austin; and
- b. submission of the proposal to the Texas Higher Education Coordinating Board for review and appropriate action.

The interdisciplinary Doctor of Audiology program at U. T. Austin will require 121 semester credit hours beyond the bachelor's level. The program will be administered by the Department of Communication Sciences and Disorders in the College of Communication, and will focus on academic and clinical education for those entering the profession of audiology. The anticipated date for enrolling the first students is Fall 2005.

The AuD degree involves preparation in the diagnosis and non-medical treatment of hearing and balance disorders with the goal of training clinicians. Because the educational objectives are clearly different, both the current Ph.D. in Audiology and the AuD degrees need to be offered.

The expenditures for the first five years are anticipated to be \$53,500. These expenses are associated with library and instructional-technology costs (\$3,500) and start-up costs (\$50,000) for a new laboratory. Because the new program merges into an existing graduate program, no reassignment of faculty or administration is required at this time.

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

2. U. T. Austin: Authorization to transfer funds to compensate certain endowment accounts for the acquisition of land and improvements proposed to be incorporated as part of the site of a hotel and conference center located immediately south of the main campus in Austin, Travis County, Texas

On behalf of The University of Texas at Austin, the Board

- a. granted authorization to transfer funds sufficient to compensate The Louise Farmer Boyer Chair in Biblical Studies and The Professor William Shive Excellence Fund for the Study of Antiquity & Christian Origins endowment accounts for the acquisition of land with improvements described as Lots 35 and 36, Block 20, Louis Horst's Subdivision out of Outlot 20, Division "D" in the City of Austin, Travis County, Texas, proposed to be incorporated as part of the site of a hotel and conference center located immediately south of the main campus in Austin, Travis County, Texas; and
- b. approved submission of the acquisition to the Texas Higher Education Coordinating Board for approval, if necessary.

The property, located at 1908 University Avenue, was donated to U. T. Austin on August 25, 2003, by the Foundation for Biblical Studies, a Texas nonprofit corporation, to benefit The Louise Farmer Boyer Chair in Biblical Studies and The Professor William Shive Excellence Fund for the Study of Antiquity & Christian Origins. This transfer of funds will allow the endowment to be compensated for the properties.

President Faulkner clarified approval of this item will authorize transfer of funds to the endowment accounts. He explained use of the land is not yet determined, but an economic feasibility study regarding a proposed hotel is being prepared and will be presented to the Board for review.

Regent Rowling abstained from voting on this item to avoid any perception of a conflict of interest.

(See Meeting of the Board Item 5 on Page 2 and Facilities Planning and Construction Item 1 of the Committee Minutes.)

3. U. T. Austin: Appointment of members to the Board of Directors of The University of Texas at Austin School of Law Publications, Inc.

The Board approved the appointment of Associate Dean Steven J. Goode and Assistant Dean Nancy Brazzil to serve, in addition to Dean William C. Powers, Jr., as directors of The University of Texas at Austin School of Law Publications, Inc., an internal corporation associated with U. T. Austin.

The University of Texas at Austin School of Law Publications, Inc. (UTSLP), was chartered in 1981 for the management of publications by the School of Law at U. T. Austin. The Bylaws provide that the members of the UTSLP Board will be "the Dean of The University of Texas at Austin School of Law (Law School) and two Associate or Assistant Deans of the Law School nominated by the President of The University of Texas at Austin and appointed by the Regents."

The U. T. System Office of General Counsel is reviewing the other corporations affiliated with or established for the benefit of U. T. System institutions and will propose revisions to the Articles and Bylaws of those entities for appropriate consideration by the Board in the future.

4. U. T. Austin: Speedway Mall North of 21st Street and East Mall/East Mall Fountain, Phase I - Amendment of FY 2004-2009 Capital Improvement Program and the FY 2004-2005 Capital Budget to include project

The Board amended the FY 2004-2009 Capital Improvement Program and the FY 2004-2005 Capital Budget to include the Speedway Mall North of 21st Street and East Mall/East Mall Fountain, Phase I project at The University of Texas at Austin at a preliminary project cost of \$12,000,000 with funding from Gifts as follows:

**Architecturally or Historically Significant:** Yes  No

**Project Delivery Method:** Competitive Sealed Proposals

**Substantial Completion Date:** August 2006

**Total Project Cost:** Source  
Gifts \$12,000,000

### Project Description

The Speedway Mall North of 21st Street and East Mall/East Mall Fountain, Phase I project at U. T. Austin will consist of pedestrian traffic enhancements and landscape improvements for Speedway Avenue from 21st Street to Dean Keeton Street and the East Mall from Speedway Avenue to San Jacinto Boulevard, including the East Mall fountain. The first phase includes planning and design of all of the improvements and execution of those improvements associated with the East Mall fountain.

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

5. U. T. El Paso: Authorization to establish a Master of Science in Environmental Sciences degree

#### The Board

- a. established a Master of Science in Environmental Sciences degree program at The University of Texas at El Paso;
- b. authorized submission of the proposal to the Texas Higher Education Coordinating Board for review and appropriate action; and
- c. authorized the Executive Vice Chancellor for Academic Affairs to certify on behalf of the U. T. Board of Regents that relevant Coordinating Board criteria for approval by the Commissioner of Higher Education have been met.

The interdisciplinary Master of Science in Environmental Sciences program will consist of 30 semester credit hours beyond the bachelor's level. The program will be administered by the College of Science at U. T. El Paso, and will focus on interdisciplinary environmental science. The program will provide a necessary link between the existing Bachelor of Environmental Sciences degree and the Ph.D. in Environmental Sciences and Engineering. The anticipated date for enrolling the first students is Fall 2005.

This degree program will add to an existing successful program in interdisciplinary environmental sciences. The Environmental Sciences and Engineering Program currently has 38 faculty members and approximately 50 Ph.D. students. The Bachelor of Environmental Sciences involves faculty from Chemistry, Biology, Geology, and Physics and currently has 32 students enrolled. Faculty members are already members of the graduate faculty in their own departments and many are active in the Environmental Sciences and Engineering Ph.D. program.

Expenditures for the first five years are anticipated to be \$663,425. Five new faculty positions have been created to support this program. Since the program merges into the existing environmental programs, no reassignment of faculty is required at this time. The program will require \$525,400 for teaching assistants; \$25,000 for reassigned clerical staff; and \$14,250 for reallocation of an administrator. Equipment, library resources, and supplies for teaching the additional students will require a total of \$98,775.

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

6. U. T. El Paso: Authorization to lease approximately 3.801 acres of land in El Paso, El Paso County, Texas, to High Desert Investors, L.P.

The Board

- a. authorized The University of Texas at El Paso to lease approximately 3.801 acres of land in El Paso, El Paso County, Texas, to High Desert Investors, L.P., for a term of 50 years for construction and operation of a hotel; and
- b. authorized President Natalicio or her delegate to execute all documents, instruments, and other agreements with the prior approval of the Office of the General Counsel and The University of Texas System Real Estate Office, and to take all further actions deemed necessary or advisable to carry out the purpose and intent of the foregoing action.

The subject property is a 3.801-acre tract of land along the major entrance on the east side of the U. T. El Paso campus, with improvements consisting of two vacant residences and two residences currently occupied by the campus Police Department, which is scheduled to move to new facilities in 2005. The site is close to the academic core of the campus as well as the Student Union and its facilities, and approximately three blocks from a medical center with two major hospitals.

The ground lease agreement with High Desert Investors, L.P., will allow development of a hotel on the site of the subject property. High Desert Investors, L.P., is a Delaware limited partnership whose general partner is High Desert Hospitality, L.L.C. An initial report on the feasibility of a hotel recommends a facility with 150 guestrooms, a conference facility, and a dining area. The facility will be designed and constructed with Bhutanese architectural features to complement the character of the U. T. El Paso campus.

The hotel will accommodate university-sponsored conferences and meetings, alumni, and out-of-town guests attending other special events, and will provide convenient hotel accommodations for the adjacent medical center.

Regent Craven abstained from voting on this item.

7. U. T. San Antonio: Authorization to establish a Master of Arts in Communication degree program

The Board

- a. established a Master of Arts (M.A.) in Communication degree program at The University of Texas at San Antonio;
- b. authorized submission of the proposal to the Texas Higher Education Coordinating Board for review and appropriate action; and
- c. authorized the Executive Vice Chancellor for Academic Affairs to certify on behalf of the U. T. Board of Regents that relevant Coordinating Board criteria for approval by the Commissioner of Higher Education have been met. In addition, the Coordinating Board will be asked to change the U. T. San Antonio Table of Programs to reflect authorization for the proposed degree program.

The Master of Arts in Communication degree program at U. T. San Antonio will be offered by the Department of Communication in the College of Liberal and Fine Arts. The program is 33 or 36 semester credit hours of coursework beyond the bachelor's degree. For students electing the 33 hour program, a thesis/or project is required; for students electing the 36 hours of coursework, no thesis is required. The thesis or project option is designed to provide students the opportunity to develop an independent research or creative project in a specialized area of interest. The non-thesis option will provide students the opportunity to gain applied knowledge from additional coursework, internship experiences, and/or independent study.

Fifteen hours of core courses will be required of all students, plus additional coursework in an area designed to provide them with specialized knowledge in an area of communication such as news media, interpersonal communication, organizational studies, or international/intercultural communication. Students electing the thesis/project option will take six semester credit hours of thesis/project research. Students will have the opportunity to take three to six semester credit hours of coursework outside the Department of Communication in related fields such as Management, Information Systems, Bicultural-Bilingual Studies, and Sociology.

The Department of Communication currently has 11 full-time tenured and tenure-track faculty members, has recently hired three faculty members, and plans to hire three additional faculty members to contribute to the M.A. program by the fifth year. Thus, by the fifth year there will be 17 full-time faculty members in the Department of Communication.

The Department of Communication is housed in the College of Liberal and Fine Arts. It is among the departments selected to occupy the new Main Building on the 1604 Campus. Dedicated facilities for the Department of Communication will include sufficient office space for existing and anticipated faculty members and graduate assistants, a distance-learning equipped seminar room, and a computer teaching classroom for multimedia design and production. In addition, the Durango Building at the Downtown Campus features a state-of-the-art instructional technology suite consisting of a computer classroom for design and production work, a video production/distance learning studio, and a small group observation lab.

The cost of operating the program in the fifth year will be approximately \$860,520, with the majority of the costs associated with hiring new faculty and staff to assist in the delivery and support of the program. Revenues from formula funding and the reallocation of existing resources are expected to be sufficient to fully fund the program.

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

8. U. T. Tyler: Authorization to create a master planned property acquisition zone

The Board approved creation of a master planned "property acquisition zone" for The University of Texas at Tyler campus, consisting of nine tracts of unimproved land and three tracts of land with improvements containing approximately 189.42 acres in close proximity to the U. T. Tyler main campus, with the understanding that approval to acquire specific properties included in the acquisition zone is not being requested at this time, with the exception of an acquisition of 11.3558 acres of vacant land (see Item 9 on Page 49).

Enrollment at U. T. Tyler has increased 76% over the past five years and growth rates are expected to continue through the end of the decade, with enrollment projected at 7,000 by 2010. The University's 206-acre main campus contains only 160 acres suitable for constructing buildings to support the expected growth in enrollment and expansion of research programs. The property acquisition zone will maintain the park-like nature of the campus and avoid the campus becoming landlocked by private development of the few parcels of vacant land contiguous or near the main campus. Properties

contained in the proposed acquisition zone would initially be used for remote parking, athletic fields, and an art or research building, and later as sites for research centers, academic buildings, athletic and recreational venues, and student housing. A master plan will be developed for these properties as part of the overall Campus Master Plan.

Residential and commercial development of properties surrounding the U. T. Tyler main campus has resulted in rapidly increasing property values. The properties in the property acquisition zone have an estimated market value of \$15,752,400 and can be acquired now for lower prices than in the future. Creation of the property acquisition zone and subsequent acquisition of the properties contained therein as they become available would allow the University to control potential commercial and other uses of the properties adjoining the campus.

9. U. T. Tyler: Authorization to purchase approximately 11.3558 acres of vacant land in Tyler, Smith County, Texas

On behalf of The University of Texas at Tyler, the Board

- a. approved the purchase of approximately 11.3558 acres of undeveloped land located at the northeast corner of Old Omen Road and University Boulevard (Spur 248), Tyler, Smith County, Texas, at a price not to exceed the fair market value as determined by independent appraisals;
- b. authorized submission of the acquisition to the Texas Higher Education Coordinating Board for approval, if necessary; and
- c. authorized the Executive Vice Chancellor for Business Affairs or his delegate to execute all documents, instruments, and other agreements, and to take all further actions deemed necessary or advisable to carry out the purpose and intent of the foregoing actions.

The land is strategically located at the main entrance to the University's main campus and is crucial to the long-term development and expansion of the existing campus. The property will initially be used for remote parking and later be used for construction of academic and research buildings, student housing, and athletic venues. (See Item 8 on Page 48 related to creation of a master planned property acquisition zone.) The source of funding will be uncommitted fund balances.

10. U. T. Arlington: Affirmation for approval to offer academic courses in Fort Worth

Vice-Chairman Krier stated an additional action item related to affirmation for approval to offer academic courses in Fort Worth had been posted with the Secretary of State and was before the members of the Board on yellow paper.

The University of Texas at Arlington has, in good faith, offered academic courses in Fort Worth for several years. These courses have been highly successful, with evidence of demand for additional courses and programs. To date, courses have been workforce-related in the areas of business, education, engineering, and social work. The existing course offerings in Fort Worth were approved by the Southern Association of Colleges and Schools, the regional accrediting agency for U. T. Arlington, in 2001. In reviewing U. T. Arlington's request for tuition revenue bond authorization related to a classroom building, the Texas Higher Education Coordinating Board asked for documentation concerning the authority for U. T. Arlington to offer academic courses in Fort Worth. Minutes of the Board of Regents from 2000 to the present document U. T. Board of Regents' action on at least five items related to academic course offerings in Fort Worth. While these actions show knowledge and constructive approval by the U. T. Board of Regents for the Fort Worth course offerings, formal affirmation of this approval has been requested by the Texas Higher Education Coordinating Board staff to allow the Coordinating Board to consider the U. T. Arlington tuition revenue bond request at its meeting in January 2005.

In accordance therewith, the Board affirmed approval for U. T. Arlington to offer academic courses in Fort Worth.

REPORT AND RECOMMENDATIONS OF THE HEALTH AFFAIRS COMMITTEE (Pages 51 - 65).--Committee Chairman Clements reported that the Health Affairs Committee met in open session to consider matters on its agenda and to formulate recommendations for the U. T. Board of Regents. Unless otherwise indicated, the actions set forth in the Minute Orders that follow were recommended by the Health Affairs Committee and approved in open session by the U. T. Board of Regents:

1. U. T. Health Center - Tyler: Honorific naming of the Ambulatory Care Center as The Riter Center for Advanced Medicine

The Board approved renaming The University of Texas Health Center at Tyler Ambulatory Care Center as The Riter Center for Advanced Medicine.

Mr. A. W. "Dub" Riter, Jr., former Vice-Chairman of the U. T. Board of Regents, served The University of Texas System, the Tyler community, and the State of Texas with honor and distinction. Along with devoting countless hours of service to U. T. Health Center - Tyler, Mr. Riter, his wife B.J., and the Riter family have donated generously to various U. T. Health Center - Tyler causes. In February 2003, Mr. Riter completed a six-year term as a member of the Board of Regents of The University of Texas System and was asked by Governor Perry to extend his term through the 2003 legislative session. At the time of his death in September 2003, Mr. Riter had been a member of the U. T. Health Center - Tyler Development Board since 1982, serving as chair from 1992 until 2003, during which time the capital campaign raised funds to finish out the third and fourth floors of the Ambulatory Care Center. This allowed U. T. Health Center - Tyler to reorganize and reconfigure the first two floors to better meet the needs of current patients and to allow for future growth.

The Ambulatory Care Center consists of four floors with 132,670 square feet of space for patient waiting areas, patient exam rooms, physician and nurse work areas, diagnostic testing areas, a primary health clinic, a senior assessment clinic and exam rooms, and a diabetes education area. The fourth floor will be complete in 2005, and will house the Women's Wellness Center, a surgery suite, the breast care center, a community conference room, and additional exam and physician work areas.

This naming is consistent with the Regents' Rules and Regulations, Part Two, Chapter VIII, Section 1, Subsection 1.3, Subdivision 1.32 relating to honorific namings of facilities and institutional guidelines on the naming of facilities.

2. U. T. Southwestern Medical Center - Dallas: Approval to establish the U. T. Southwestern Health Systems Board of Visitors effective January 1, 2005

The Board authorized the Chancellor, on behalf of The University of Texas Southwestern Medical Center at Dallas, to establish the U. T. Southwestern Health Systems Board of Visitors. The Board will be composed of business and community leaders who will serve in a nonvoting advisory capacity and provide strategic advice to U. T. Southwestern Medical Center - Dallas regarding its operation of Zale Lipshy University Hospital, St. Paul University Hospital, and outpatient facilities at U. T. Southwestern Medical Center - Dallas. Approval of establishment of this entity is consistent with the requirements of establishment of a development board (Regents' Rules and Regulations, Part One, Chapter VII, Section 5).

Further, the Board recognized that operation of clinical services at U. T. Southwestern Medical Center - Dallas can best be achieved by the continued participation and active support from business and community leaders who have been instrumental in the establishment and operation of Zale Lipshy University Hospital and St. Paul University Hospital prior to acquisition of these university hospitals by U. T. Southwestern Medical Center - Dallas.

Additionally, the Board delegated to the President of U. T. Southwestern Medical Center - Dallas the authority to direct the organization and utilization of the Board of Visitors.

The Board approved acquisition of the assets of Zale Lipshy University Hospital and St. Paul University Hospital by U. T. Southwestern on October 12, 2004. It is anticipated that the closing of this transaction will occur on or before December 31, 2004, and U. T. Southwestern Medical Center - Dallas will begin operation of Zale Lipshy University Hospital and St. Paul University Hospital in conjunction with U. T. Southwestern outpatient facilities on January 1, 2005. It is the intention of U. T. Southwestern Medical Center - Dallas to establish the Board of Visitors effective January 1, 2005.

3. U. T. Southwestern Medical Center - Dallas: Approval of a deferred compensation plan pursuant to Section 457(f) of the Internal Revenue Code of 1986, as amended

The Board authorized establishment and implementation of a deferred compensation plan at The University of Texas Southwestern Medical Center at Dallas pursuant to Section 457(f) of the Internal Revenue Code of 1986, as amended, subject to review and approval of the Office of General Counsel.

The Deferred Compensation Plan will be for selected individuals as identified by the President with approval of the Executive Vice Chancellor for Health Affairs and will encourage retention of individuals key to the success of U. T. Southwestern Medical Center - Dallas. The structure of the Plan will allow deferral of compensation similar to The University of Texas System Deferred Compensation Plan.

Details of the Plan are as follows:

- a. Certain individuals (Eligible Employees) as designated by the President, with the approval of the Executive Vice Chancellor for Health Affairs, will be determined to be eligible for deferral of compensation under the Plan on an annual basis.
- b. The deferrals will be for a minimum of three (3) years and a maximum of five (5) years (the Operative Period) as determined by the President.
- c. During the Operative Period, U. T. Southwestern Medical Center - Dallas will contribute the approved deferred amounts on an annual basis to an account that will be credited or debited with deemed earnings or losses.
- d. At the end of the Operative Period, assuming the Eligible Employee is still employed by U. T. Southwestern Medical Center - Dallas, the Eligible Employee will become vested in the contributed amounts, including earnings or losses to that date. At that time, the balance in the participant's account will be considered taxable income to the Eligible Employee.
- e. The Eligible Employee must be employed and satisfactorily performing in an eligible position at the end of the Operative Period in order to receive the balance in the participant's account.
- f. As soon as practicable, the Eligible Employee will receive distribution of the balance in the participant's account, subject to all deductions required by law.

4. U. T. M. D. Anderson Cancer Center: Approval of Amended and Restated Articles of Incorporation for M. D. Anderson Services Corporation and delegation to amend Articles and Bylaws

The Board approved Amended and Restated Articles of Incorporation for the M. D. Anderson Services Corporation as set out on Pages 57 - 63.

Further, authority to make nonsubstantive amendments to the Corporation's Articles and Bylaws was delegated to the Member of the Services Corporation (the President of The University of Texas M. D. Anderson Cancer Center), provided that any such amendment shall have received the prior approval of The University of Texas System Executive Vice Chancellor for Health Affairs and the Vice Chancellor and General Counsel. (A copy of the [Bylaws](#) is on file in the Office of the Board of Regents.)

To avoid any appearance of a possible conflict of interest, Vice-Chairman Clements was recorded as abstaining from vote on this item because it involves indemnification of Board members and she serves as a member of the Board of the Corporation.

M. D. Anderson Services Corporation (formerly M. D. Anderson Cancer Center Outreach Corporation) was established in 1989 as a not-for-profit corporation to enhance revenues of U. T. M. D. Anderson Cancer Center by establishing joint ventures in selected markets, providing additional referrals to the institution, contracting for delivery of inpatient and outpatient management, utilizing existing U. T. M. D. Anderson Cancer Center reference laboratory services, and fostering additional philanthropy in distant areas.

Pursuant to Bylaws approved by the Board of Regents on February 15, 2001, M. D. Anderson Services Corporation shall be managed by a seven person Board of Directors. Three of the Directors, one of whom shall be a Regent and two of whom shall be administrative officers of The University of Texas System, are appointed by the Board of Regents. Currently, the following serve as Directors:

Mr. Leon Leach  
Dr. David Callender  
Dr. Margaret Kripke  
Dr. Martin Raber  
Vice-Chairman Rita Clements  
Executive Vice Chancellor for Health Affairs Kenneth Shine  
Associate Vice Chancellor for Finance Philip Aldridge.

Pursuant to Article VI of the Articles attached on Page 59, the Regent and the two U. T. System Administration officers will be as follows and will serve by virtue of their positions:

the Chairman of the U. T. Board of Regents' Health Affairs Committee, the Executive Vice Chancellor for Health Affairs, and the Executive Vice Chancellor for Business Affairs.

Substantive changes are as follows:

- a. Article VI simplifies appointment of Directors.
- b. Article XI was amended to
  - (i) require the Corporation to indemnify only Directors and officers of the Corporation and (ii) permit, but not require, the Corporation to indemnify employees and agents of the Corporation,
  - permit, but not require, the Corporation to indemnify and advance expenses to persons (other than Directors, officers, employees, or agents of the Corporation) who are or were serving at the Corporation's request as a Director, officer, partner, venturer, proprietor, trustee, employee, agent, or similar functionary of another foreign or domestic corporation or other enterprise against any liability asserted against him or her in such a capacity,
  - incorporate the language of the Texas Non-Profit Corporation Act with respect to the procedures for indemnification,
  - (a) exclude indemnification for only medical malpractice (and not other forms of professional malpractice, such as legal malpractice) and (b) apply the exclusion for medical malpractice claims to all persons (such as employees of the Corporation),
  - exclude indemnification for the acts of any person with respect to such person's personal capacity,
  - permit the Corporation to pay or reimburse the reasonable expenses of a Director, Member, officer, employee or agent of the Corporation in connection with his or her appearance as a witness or other participation in a proceeding, and

- provide in accordance with the Texas Miscellaneous Corporation Laws Act that a Director of the Corporation shall not be liable to the Corporation for any act or omission in the individual's capacity as a Director except for (a) a breach of a Director's duty of loyalty to the Corporation, (b) an act that is not in good faith, constitutes a breach of duty to the Corporation, or involves intentional misconduct or a knowing violation of the law, (c) a transaction in which a Director received an improper benefit, or (d) an act for which the liability of a Director is expressly provided by law.
- c. Article XIII allows the Member (President of U. T. M. D. Anderson Cancer Center) to make nonsubstantive amendments to the Articles and Bylaws in the future, provided that any such amendment shall have received the prior approval of the U. T. System Executive Vice Chancellor for Health Affairs and the Vice Chancellor and General Counsel.

The U. T. System Office of General Counsel has held discussions with the other corporations affiliated with or established for the benefit of U. T. System health institutions and will propose revisions to the Articles and Bylaws of those entities for appropriate consideration by the Board in the future.

**AMENDED AND RESTATED**  
**ARTICLES OF INCORPORATION**

**OF**

**M. D. ANDERSON SERVICES CORPORATION**

Pursuant to the provisions of Article 1396-4.06 of the Texas Non-Profit Corporation Act, the President of The University of Texas M. D. Anderson Cancer Center, the sole member of M. D. Anderson Services Corporation (the "Corporation"), adopts the following Amended and Restated Articles of Incorporation of the Corporation pursuant to the recommendations of the Corporation's Board of Directors and the prior approval of the Board of Regents of The University of Texas System:

**ARTICLE I**

The name of the Corporation is M. D. ANDERSON SERVICES CORPORATION.

**ARTICLE II**

The Corporation is a non-profit corporation.

**ARTICLE III**

The period of the Corporation's duration is perpetual.

**ARTICLE IV**

The purposes for which the Corporation is organized and to be operated are charitable, educational, and scientific. In accomplishment of such purposes, the Corporation is to be administered solely for the benefit of The University of Texas M. D. Anderson Cancer Center (the "Beneficiary"), by providing, directly or indirectly, assistance and benefit, financial or otherwise, to the Beneficiary through whatever means are determined by the Board of Directors, including, but not limited to, making distributions or providing services to the Beneficiary. In accomplishment of such purposes, the Corporation will emphasize clinical, educational, and scientific aspects of cancer care throughout the United States and in foreign countries, and will

- (a) Establish and maintain comprehensive outpatient centers for cancer care, including without limitation general clinics and specialty clinics, offering ambulatory chemotherapy, diagnostic radiology, therapeutic radiology, clinical and pathology laboratories, and pharmacy;
- (b) Establish and maintain inpatient cancer centers in various settings (such as a unit in an acute-care facility or as a freestanding unit on an acute-care campus);
- (c) Enter into co-operative agreements with local medical centers, providing institutional services with respect to inpatient care for cancer patients;
- (d) Enter into educational agreements with local medical centers or other institutions to enhance the training of technicians and allied health professionals in the care of cancer patients;
- (e) Enter into agreements with The University of Texas M. D. Anderson Cancer Center for the use of necessary or appropriate services, facilities, equipment, personnel, programs, names, service marks, trademarks, intellectual property, and such other items that would further the purposes of the Corporation;
- (f) Establish and maintain programs, including educational programs and services for physicians, educational programs for the public, and marketing programs, for the purposes of generating and enhancing referrals with respect to the services and facilities offered by The University of Texas M. D. Anderson Cancer Center; and
- (g) Perform such other activities or functions that the Board deems appropriate or necessary for the accomplishment of the purposes of the Corporation.

The broadest discretion is vested in and conferred upon the Board of Directors for the accomplishment of these purposes, provided, however, that no contribution shall be made or distributed to or for any person, firm, corporation, or other entity that shall apply, directly or indirectly, such contributed funds for any purpose or purposes in violation of the Constitution and statutes of the United States or the State of Texas.

If (a) the Beneficiary ceases to be an organization described in Section 509(a)(1) or 509(a)(2) of the Code or (b) the Beneficiary is dissolved or otherwise ceases to exist, the Board of Directors shall by written notice (evidencing at least a majority determination of the Board of Directors) administer the Corporation for the sole benefit of The University of Texas System (referred to herein as either the "System" or the "First Substitute Beneficiary").

If (a) the First Substitute Beneficiary is not or thereafter ceases to be an organization described in Section 509(a)(1) or 509(a)(2) of the Code or (b) the First Substitute Beneficiary is dissolved or otherwise ceases to exist, the Board of Directors shall by written notice (evidencing at least a majority determination of the Board of Directors) administer the Corporation for the sole benefit of the State of Texas (the "Second Substitute Beneficiary").

#### ARTICLE V

The street address of the registered office of the Corporation is 811 Dallas Avenue, Houston, Texas 77002, and the name of its registered agent at such address is CT Corporation System.

#### ARTICLE VI

The Board of Directors of the Corporation shall consist of seven (7) Directors. The number of Directors may be increased or decreased (provided such decrease does not have the effect of shortening the term of any incumbent Director) from time to time by amendment of these Articles of Incorporation in accordance with the provisions of Article XIII, provided that the number of Directors shall never be less than three (3). The Directors shall be selected as follows:

- (a) The Member, in its sole discretion, may appoint four (4) Directors; and
- (b) The remaining three (3) Directors shall be as follows:
  - (i) One Director shall be the Chairman of the System's Board of Regents' Health Affairs Committee, whoever shall hold that position from time to time;
  - (ii) One Director shall be the System's Executive Vice Chancellor for Health Affairs, whoever shall hold that position from time to time; and
  - (iii) One Director shall be the System's Executive Vice Chancellor for Business Affairs, whoever shall hold that position from time to time.

#### ARTICLE VII

The sole member of the Corporation (the "Member") shall be the President of the Beneficiary.

## ARTICLE VIII

Regardless of any other provisions of these Articles of Incorporation or the laws of the State of Texas, the Corporation shall not:

- (1) Permit any part of the net earnings of the Corporation to inure to the benefit of any private individual (except that reasonable compensation may be paid for personal services rendered to or for the Corporation affecting one or more of its purposes);
- (2) Devote more than an insubstantial part of its activities to attempting to influence legislation by propaganda or otherwise;
- (3) Participate in, or intervene in (including the publication or distribution of statements), any political campaign on behalf of any candidate for public office; or
- (4) Attempt to influence the outcome of any specific public election or to carry on, directly or indirectly, any voter registration drives.

## ARTICLE IX

If the Corporation is a private foundation within the meaning of Section 509(a) of the Code, the Corporation:

- (1) Shall distribute its net income for each taxable year at such time and in such manner as not to become subject to the tax on undistributed income imposed by Section 4942 of the Code;
- (2) Shall not engage in any act of self-dealing as defined in Section 4941(d) of the Code;
- (3) Shall not retain any excess business holdings as defined in Section 4943(c) of the Code;
- (4) Shall not make any investments in such manner as to subject it to tax under Section 4944 of the Code; and
- (5) Shall not make any taxable expenditures as defined in Section 4945(d) of the Code.

## ARTICLE X

Upon the dissolution of the Corporation, after payment or provision for payment of the Corporation's liabilities has been made, the Corporation's remaining assets shall be distributed exclusively to the Beneficiary or to the First Substitute Beneficiary in the event the First Substitute Beneficiary is selected pursuant to the provisions of ARTICLE IV or to the Second Substitute Beneficiary in the event the Second Substitute Beneficiary is selected pursuant to the provisions of ARTICLE IV. The amount of any distribution made under this ARTICLE X shall be determined by the Board of Directors.

## ARTICLE XI

Section 1. Right to Indemnification. Subject to the limitations and conditions as provided in this ARTICLE XI, each person who was or is made a party or is threatened to be made a party to or is involved in any threatened, pending, or completed action, suit or proceeding, whether civil, criminal, administrative, arbitrative, or investigative (hereinafter a "proceeding"), or any appeal in such a proceeding, or any inquiry or investigation that could lead to such a proceeding, by reason of the fact that he or she, or a person of whom he or she is the legal representative, is or was a Director or officer of the Corporation or while a Director or officer of the Corporation is or was serving at the request of the Corporation as a director, officer, partner, venturer, proprietor, trustee, employee, agent, or similar functionary of another foreign or domestic corporation, limited liability company, partnership, joint venture, sole proprietorship, trust, employee benefit plan, or other enterprise shall be indemnified by the Corporation to the fullest extent permitted by the Texas Non-Profit Corporation Act (the "Act"), as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than said law permitted the Corporation to provide prior to such amendment) against judgments, penalties (including excise and similar taxes and punitive damages), fines, settlements, and reasonable expenses (including, without limitation, attorneys' fees) actually incurred by such person in connection with such proceeding.

Section 2. Advance Payment. The right to indemnification conferred in this ARTICLE XI shall include the right to be paid or reimbursed by the Corporation the reasonable expenses incurred by a person of the type entitled to be indemnified under Section 1 of this ARTICLE XI who was, is, or is threatened to be made a named defendant or respondent in a proceeding in advance of the final disposition of the proceeding and without any determination as to the person's ultimate entitlement to indemnification; provided, however, that the payment of such expenses incurred by any such person in advance of the final disposition of a proceeding shall be made only upon delivery to the Corporation of a written affirmation by such Director or officer of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification under the Act and a written

undertaking, by or on behalf of such person, to repay all amounts so advanced if it shall ultimately be determined that such indemnified person is not entitled to be indemnified under the Act or otherwise.

Section 3. Indemnification of Employees and Agents. The Corporation, by adoption of a resolution by the Board of Directors, may indemnify and advance expenses to an employee or agent of the Corporation to the same extent and subject to the same conditions under which it may indemnify and advance expenses to Directors and officers under this ARTICLE XI.

Section 4. Indemnification of Other Persons. The Corporation, by adoption of a resolution of the Board of Directors, may indemnify and advance expenses to persons who are not or were not Directors, officers, employees, or agents of the Corporation but who are or were serving at the request of the Corporation as a director, officer, partner, venturer, proprietor, trustee, employee, agent, or similar functionary of another foreign or domestic corporation, limited liability company, partnership, joint venture, sole proprietorship, trust, employee benefit plan, or other enterprise against any liability asserted against him or her and incurred by him or her in such a capacity or arising out of his or her status as such a person to the same extent that it may indemnify and advance expenses to Directors and officers under this ARTICLE XI.

Section 5. Limitation. Notwithstanding any other provision of this ARTICLE XI to the contrary, the Corporation shall not provide indemnification to a person in respect of (i) the alleged medical malpractice of such person or (ii) the acts or omissions of such person in such person's personal capacity.

Section 6. Appearance as a Witness. The Corporation may pay or reimburse reasonable expenses incurred by a Director, Member, officer, employee, or agent of the Corporation in connection with his or her appearance as a witness or other participation in a proceeding at a time when he or she is not a named defendant or respondent in the proceeding.

Section 7. Insurance. The Corporation may purchase and maintain insurance, at its expense, to protect itself and any person who is or was serving as a Director, officer, employee, or agent of the Corporation or is or was serving at the request of the Corporation as a director, officer, partner, venturer, proprietor, trustee, employee, agent, or similar functionary of another foreign or domestic corporation, limited liability company, partnership, joint venture, proprietorship, employee benefit plan, trust, or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability, or loss under this ARTICLE XI.

Section 8. Liability of Directors. A Director of the Corporation shall not be liable to the Corporation for monetary damages for any act or omission in the Director's capacity as a Director, except that this ARTICLE XI does not eliminate or limit the liability of a Director for: (a) a breach of a Director's duty of loyalty to the Corporation; (b) an act or omission not in good faith or that constitutes a breach of duty of the Director to the Corporation, or an act

or omission that involves intentional misconduct or a knowing violation of the law; (c) a transaction from which a Director received an improper benefit, whether or not the benefit resulted from an action taken within the scope of the Director's office; or (d) an act or omission for which the liability of a Director is expressly provided by an applicable statute.

If the Texas Miscellaneous Corporation Laws Act or the Act is amended to authorize action further eliminating or limiting the personal liability of Directors, then the liability of a Director of the Corporation shall be eliminated or limited to the fullest extent permitted by such statutes, as so amended. Any repeal or amendment of such statutes or of the foregoing paragraph shall not adversely affect any right of protection of a Director of the Corporation existing at the time of such repeal or amendment.

## ARTICLE XII

References to the "Code" in these Articles of Incorporation are references to sections of the Internal Revenue Code of 1986 and corresponding provisions of any subsequent federal tax laws.

## ARTICLE XIII

These Articles of Incorporation may be amended by the Member; provided, however, that (a) any such amendment that is substantive in nature shall have received the prior approval of the Board of Regents of the System and (b) any such amendment that is nonsubstantive in nature shall have received the prior approval of the System's Executive Vice Chancellor for Health Affairs and the System's Vice Chancellor and General Counsel.

IN WITNESS WHEREOF, I have hereunto set my hand this \_\_\_\_\_ day of \_\_\_\_\_, 200\_\_.

MEMBER

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

Name: John Mendelsohn, M.D.

Title: President

The University of Texas

M. D. Anderson Cancer Center

Executing as the Corporation's

Sole Member

5. U. T. M. D. Anderson Cancer Center: Authorization to acquire real property and improvements located at 6602 Mapleridge Road, Houston, Harris County, Texas

On behalf of The University of Texas M. D. Anderson Cancer Center, the Board

- a. approved acquisition of the real property and improvements located at 6602 Mapleridge Road, Houston, Harris County, Texas;
- b. authorized submission of a request to the Texas Higher Education Coordinating Board for approval of the transaction, if necessary; and
- c. authorized the Executive Vice Chancellor for Business Affairs, subject to review and approval by the Office of General Counsel, to execute documents, instruments, and other agreements, and to take all further actions deemed necessary or advisable to carry out the purpose and intent of the foregoing actions.

U. T. M. D. Anderson Cancer Center leases the subject property, Bellaire Cancer Treatment Center, to operate a radiation treatment center that provides radiation oncology consultations, treatment planning, and treatment for 25-30 patients per day. The lease will expire in December 2006 and calls for the landlord to make a gift of the property to U. T. M. D. Anderson Cancer Center at that time.

The existing lease will be bought out from the owner, General Electric Company (GE), for the appraised fair market value of \$760,000 and GE will gift the property to the institution. Prepaying the lease and acquiring the property will generate a cost savings of approximately \$525,000 for the institution. Certain equipment, furniture, and other personal property owned by GE and associated with the Bellaire Cancer Treatment Center will be purchased at the appraised fair market value of \$241,000.

6. U. T. M. D. Anderson Cancer Center: Honorific naming of the Science Park veterinary facility near Bastrop, Texas, as The Michale E. Keeling Center for Comparative Medicine and Research

The Board approved renaming The University of Texas M. D. Anderson Cancer Center Science Park veterinary facility near Bastrop, Texas, as The Michale E. Keeling Center for Comparative Medicine and Research.

The Department of Veterinary Sciences at the Bastrop site is known throughout the world for contributions to the field of laboratory animal science and comparative medicine. Its well-deserved reputation is due in large measure to the visionary leadership of the late Michale E. Keeling, D.V.M., who was the department's only full-time administrative director for almost three decades until his untimely death on December 21, 2003.

Dr. Keeling was a native Texan who earned two degrees from Texas A&M University. After joining the U. T. M. D. Anderson Cancer Center faculty, Dr. Keeling moved to the unbuilt Bastrop site in August 1974. A few months later, the Science Park's veterinary resource program was formally established to provide specialized animals needed for research. Over the years, 15 animal species ranging from mice to nonhuman primates have been bred and raised to support diverse biomedical research studies conducted in multiple departments at U. T. M. D. Anderson Cancer Center and 29 other institutions and agencies.

Dr. Keeling was a gifted administrator who was devoted to his profession and to the research-driven mission of U. T. M. D. Anderson Cancer Center. Renaming the Bastrop veterinary facility honors his far-reaching contributions to the field of laboratory animal science and comparative medicine.

The naming is consistent with the Regents' Rules and Regulations, Part Two, Chapter VIII, Section 1, Subsection 1.3, Subdivision 1.32 relating to honorific namings of facilities and institutional guidelines on the naming of facilities.

REPORT AND RECOMMENDATIONS OF THE FACILITIES PLANNING AND CONSTRUCTION COMMITTEE (Pages 66 - 80).--Committee Chairman Barnhill reported that the Facilities Planning and Construction Committee met in open session to consider those matters on its agenda and to formulate recommendations for the U. T. Board of Regents. Unless otherwise indicated, the actions set forth in the Minute Orders that follow were recommended by the Facilities Planning and Construction Committee and approved in open session by the U. T. Board of Regents:

1. U. T. Austin: Child Care Facility - Amendment of the FY 2004-2009 Capital Improvement Program and the FY 2004-2005 Capital Budget to increase total project cost; approval to revise funding sources; approval of design development; approval of evaluation of alternative energy economic feasibility; appropriation of funds and authorization of expenditure; and resolution regarding parity debt

The Board approved the recommendations for the Child Care Facility project at The University of Texas at Austin as follows:

**Project Number:** 102-196

**Architecturally or Historically Significant:** Yes  No

**Project Delivery Method:** Construction Manager at Risk

**Substantial Completion Date:** June 2006

<b>Total Project Cost:</b>	<u>Sources</u>	<u>Former</u>	<u>Current</u>
	Revenue Financing System Bond Proceeds	\$2,850,000	\$3,000,000
	Interest on Local Funds		\$ 325,000
	Auxiliary Enterprises Balances		\$ 55,000
	Unexpended Plant Funds		<u>\$ 15,000</u>
			\$3,395,000

- a. amend the FY 2004-2009 Capital Improvement Program (CIP) and the FY 2004-2005 Capital Budget to increase the total project cost;
- b. revise the funding sources;
- c. approve design development plans;
- d. approve the evaluation of alternative energy economic feasibility;
- e. appropriate funds and authorize expenditure of funds; and

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

#### Debt Service

The \$3,000,000 in Revenue Financing System debt will be repaid from net revenues on the project. Total annual debt service on the project is estimated at \$217,947. Debt service coverage on the project is expected to be at least 1.31 times.

#### Previous Board Action

On February 4, 2004, the project was included in the CIP with a preliminary project cost of \$2,850,000 with funding from Revenue Financing System Bond Proceeds.

#### Project Description

The facility of 15,000 gross square feet will allow U. T. Austin to provide child-care services for 200 children. Currently, 60 children are enrolled at the existing student child-care center in Wooldridge Hall. The new center will add 140 child-care spaces to be available to the campus community. The project will provide space for classrooms, indoor activities, administrative offices, and other support space. In addition, the project will include 10,000 gross square feet for an exterior playground. The increase in the total project cost supports the programming for the project to provide a cost-effective space and future needed expansion.

The Child Care Center, which serves employees and faculty, has a waiting list of 350 children, more than half of whom are infants.

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

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

2. U. T. Austin: Jack S. Blanton Museum of Art - Phase I and II: Amendment of FY 2004-2009 Capital Improvement Program and the FY 2004-2005 Capital Budget to combine projects; approval to revise the total project cost; approval to revise funding sources; and appropriation of funds and authorization of expenditure

The Board approved the recommendations for the Jack S. Blanton Museum of Art - Phase I and II project at The University of Texas at Austin as follows:

<b>Project Number:</b>	102-965 (Phase I) and 102-162 (Phase II)	
<b>Architecturally or Historically Significant:</b>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
<b>Project Delivery Method:</b>	Construction Manager at Risk	
<b>Substantial Completion Date:</b>	June 2005	
<b>Total Project Cost:</b>	<u>Source</u>	<u>Former</u>
<b>Phase I</b>	Revenue Financing System Bond Proceeds	\$26,500,000
	Gifts	<u>\$32,000,000</u>
		\$58,500,000
<b>Phase II</b>	Gifts	<u>Former</u>
		\$25,000,000
<b>Revised Total Project Cost:</b>		<u>Current</u>
	Revenue Financing System Bond Proceeds	\$26,500,000
	Gifts	\$52,200,000
	Interest on Local Funds	\$ 4,800,000
		<u>\$83,500,000</u>

- a. amend the FY 2004-2009 Capital Improvement Program (CIP) and the FY 2004-2005 Capital Budget to combine the Jack S. Blanton Museum of Art - Phase I and Phase II projects;
- b. revise the total project cost;
- c. revise the funding sources; and
- d. appropriate funds and authorize expenditure of \$20,200,000 from Gifts and \$4,800,000 from Interest on Local Funds.

#### Previous Board Actions

- Phase I: On August 1, 1995, the project was included in the CIP with a preliminary project cost of \$27,000,000 with funding from Gifts and Grants. On November 11, 1999, the Board approved the increase in preliminary project cost to \$58,500,000 with funding from Gifts and Grants. On February 14, 2002, the Board approved design development plans with a preliminary project cost of \$58,500,000 with funding from Gifts and Grants. On May 9, 2002, the Board approved revising the source of funding to \$32,000,000 from Gifts and Grants and \$26,500,000 from Designated Tuition. On November 13, 2002, the Board approved revising the source of funding to \$32,000,000 from Gifts and Grants and \$26,500,000 from Revenue Financing System Bond Proceeds.
- Phase II: On February 13, 2003, the project was included in the CIP with a preliminary project cost of \$25,000,000 with funding from Gifts and Grants.

#### Project Description

The Phase I project will construct a new 108,500 gross square foot building to house the art museum and provide exhibition space for permanent as well as traveling exhibits. Also included will be space for the curation of the collection, storage space, administrative offices, and other support space. The Phase II project will provide approximately 50,000 gross square feet for facilities to complement the Phase I gallery space. Facilities in Phase II include educational space, a bookstore, a café, and administrative office space.

The combined project will complete the Blanton Museum of Art as envisioned in the original master plan.

3. U. T. Medical Branch - Galveston: National Biocontainment Laboratory - Amendment of the FY 2004-2009 Capital Improvement Program and the FY 2004-2005 Capital Budget to decrease the total project cost; approval of design development; approval of evaluation of alternative energy economic feasibility; appropriation of funds and authorization of expenditure; and resolution regarding parity debt

The Board approved the recommendations for the National Biocontainment Laboratory project at The University of Texas Medical Branch at Galveston as follows

**Project Number:** 601-164

**Architecturally or Historically Significant:** Yes  No

**Project Delivery Method:** Construction Manager at Risk

**Substantial Completion Date:** May 2008

<b>Total Project Cost:</b>	<u>Source</u>	<u>Former</u>	<u>Current</u>
	Revenue Financing System Bond Proceeds	\$ 40,000,000	\$ 40,000,000
	Gifts	\$ 20,000,000	\$ 17,000,000
	Grants	<u>\$120,000,000</u>	<u>\$110,000,000</u>
		\$180,000,000	\$167,000,000

- a. amend the FY 2004-2009 Capital Improvement Program (CIP) and the FY 2004-2005 Capital Budget to decrease the total project cost;
- b. approve design development plans;
- c. approve the evaluation of alternative energy economic feasibility;
- d. appropriate funds and authorize expenditure of funds; and
- e. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that
  - parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt;
  - sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. Board of Regents relating to the Financing System; and

- U. T. Medical Branch - Galveston, 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 \$40,000,000.

### Debt Service

The \$40,000,000 in Revenue Financing System debt will be repaid from indirect cost recoveries. Total annual debt service on the project is estimated at \$2,752,215. Debt service coverage on the project is expected to be at least 1.3 times.

### Previous Board Action

On January 7, 2003, the project was included in the CIP with a preliminary project cost of \$180,000,000 with funding of \$40,000,000 from Revenue Financing System Bond Proceeds, \$20,000,000 from Gifts, and \$120,000,000 from Grants.

### Project Description

The project consists of approximately 180,000 gross square feet to contain a new seven-story, state-of-the-art biocontainment facility complex, including BSL-4, BSL-3 and BSL-2 laboratory space as well as associated animal facilities and research support space. The facility will allow for research on any number of known infectious diseases as well as emerging and new diseases in the future.

U. T. Medical Branch - Galveston retains and continues to recruit internationally recognized researchers to the strong infectious disease research program the campus has developed. To support the continuing efforts of this group and to provide the necessary facilities in support of the emerging federal program on bioterrorists’ pathogens research, U. T. Medical Branch - Galveston has completed the first BSL-4 facility on campus and proposed construction of this new facility. The National Biocontainment Laboratory is a national initiative providing the opportunity for the institution to build on its unique strengths and to establish itself as the premier site for infectious disease research as well as to support national defense. With the completion of design development, the project budget has been finalized at \$167,000,000, a decrease from the original estimate of \$180,000,000.

Texas Government Code Section 2166.403 requires the governing body of a State agency to verify in an open meeting the economic feasibility of incorporating alternative energy devices into a new State building.

Therefore, the Project Architect prepared an evaluation for this project in accordance with the Energy Conservation Design Standards for New State Buildings. This evaluation determined that alternative energy devices such as solar, wind, biomass, or photovoltaic energy are not economically feasible for the project.

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

4. U. T. Southwestern Medical Center - Dallas: Ambulatory Surgical Center - Approval of design development; approval of evaluation of alternative energy economic feasibility; appropriation of funds and authorization of expenditure; and resolution regarding parity debt

The Board approved the recommendations for the Ambulatory Surgical Center project at The University of Texas Southwestern Medical Center at Dallas as follows:

**Project Number:** 303-194

**Architecturally or Historically Significant:** Yes  No

**Project Delivery Method:** Construction Manager at Risk

**Substantial Completion Date:** April 2007

<b>Total Project Cost:</b>	<u>Source</u>	<u>Current</u>
	Revenue Financing System Bond Proceeds	\$62,400,000

- a. approve design development plans;
- b. approve the evaluation of alternative energy economic feasibility;
- c. appropriate funds and authorize expenditure of funds; and
- d. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that
  - parity debt shall be issued to pay the project’s cost, including any costs prior to the issuance of such parity debt;
  - sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. Board of Regents relating to the Financing System; and

- U. T. Southwestern Medical Center - Dallas, which is a “Member” as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. Board of Regents of tax-exempt parity debt in the aggregate amount of \$62,400,000.

### Debt Service

The \$62,400,000 in Revenue Financing System debt will be repaid from net revenues generated by the project. Total annual debt service on the project is estimated at \$5,098,376. Debt service coverage on the project is expected to be at least 1.18 times and average 1.52 times over the first six years of operation.

### Previous Board Action

On December 19, 2003, the project was included in the Capital Improvement Program (CIP) with a preliminary project cost of \$62,400,000 with funding from Revenue Financing System Bond Proceeds.

### Project Description

The Ambulatory Surgical Center project consists of an approximately 230,000 gross square foot, seven-story building and a 625 car parking garage. The building will initially include finished space totaling approximately 130,000 gross square feet.

The Ambulatory Surgical Center will include ambulatory surgical and procedure suites, and diagnostic and treatment rooms including imaging, clinics, and physician offices. The building will be located on the west side of St. Paul University Hospital adjacent to Medical Center Drive, in conformance with the current Campus Master Plan.

This is the first project to move forward as part of the work envisioned in the Clinical Services Building that is currently on the Future Projects list at \$146,000,000. Working with the faculty and hospital partners, the immediate need has been identified to provide new space to conduct outpatient surgery. Presently, these procedures, including orthopedics, plastics, and gastrointestinal day procedures, are conducted primarily in the hospitals. With limited operating rooms, the work naturally competes for space causing delays in conducting the less acute procedures. This space limitation negatively impacts the practice, hospital operations, and patient satisfaction, a key goal of the patient service initiative. The conclusion of the combined hospital and practice management team, along with both university and private physicians, is that this new facility is vital to the combined operations.

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

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

5. U. T. Health Science Center - Houston: Replacement Research Facility - Approval of design development; approval of evaluation of alternative energy economic feasibility; appropriation of funds and authorization of expenditure; and resolution regarding parity debt

The Board approved the recommendations for the Replacement Research Facility project at The University of Texas Health Science Center at Houston as follows:

<b>Project Number:</b>	701-160	
<b>Architecturally or Historically Significant:</b>	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
<b>Project Delivery Method:</b>	Competitive Sealed Proposals	
<b>Substantial Completion Date:</b>	August 2005	
<b>Total Project Cost:</b>	<u>Source</u>	<u>Current</u>
	Tuition Revenue Bond Proceeds	\$23,600,000
	Gifts	\$ 9,330,000
	Insurance Claims	\$16,600,000
	Grants	<u>\$ 6,000,000</u>
		\$55,530,000

- a. approve design development plans;
- b. approve the evaluation of alternative energy economic feasibility;
- c. appropriate funds and authorize expenditure of funds; and
- d. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that
  - parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt;

- sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. Board of Regents relating to the Financing System; and
- U. T. Health Science Center - Houston, 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 \$23,600,000.

### Debt Service

Annual debt service on the \$23,600,000 of Tuition Revenue Bonds is projected to be \$2,057,556. While the annual debt service is payable from Pledged Revenues, it is expected that debt service on Tuition Revenue Bonds will be reimbursed through General Revenue Appropriations.

### Previous Board Actions

- Medical School Building - Rooftop Vivarium and Exterior Elevator:  
  
On November 13, 2002, the Vivarium project was added to the Capital Improvement Program (CIP) with a preliminary project cost of \$38,000,000 with funding from Insurance Proceeds. On August 7, 2003, the Board approved appropriation of \$7,300,000 from Tuition Revenue Bond Proceeds for the Vivarium project.
- Basic Science Research Building (formerly Freeman Replacement Building):  
  
On August 8, 2001, the project was included in the CIP with a preliminary project cost of \$80,000,000.

On August 12, 2004, the projects were combined and the preliminary project cost and funding were revised to a preliminary project cost of \$55,530,000 with funding of \$23,600,000 from Tuition Revenue Bond Proceeds, \$9,330,000 from Gifts, \$16,600,000 from Insurance Claims, and \$6,000,000 from Grants.

### Project Description

The Replacement Research Facility project is the first phase of the Institute of Molecular Medicine and will be a six-story building consisting of 208,000 gross square feet of laboratory and vivarium space. The Research

Expansion Project will be Phase II of the Institute of Molecular Medicine. This building will replace the existing two-story John Freeman Building. In addition to highly flexible biotechnology laboratory and animal facilities, the building will house office space, mechanical rooms, and other support space.

The vivarium will occupy the top two floors with the bottom four floors being laboratory floors. There will be a dedicated loading dock for support of the vivarium facility and a mechanical penthouse.

The 78th Session of the Texas Legislature authorized \$64,900,000 of tuition revenue bonds to be issued for U. T. Health Science Center - Houston to be issued for recovery from damage caused by Tropical Storm Allison. Of this amount, \$23,600,000 is being allocated for the Replacement Research Facility project. The use of Tuition Revenue Bond Proceeds is to improve infrastructure for recovery from the damage caused by Tropical Storm Allison and for the replacement of research and academic facilities.

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

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

6. U. T. San Antonio: Student Housing Expansion, Phase II - Approval of design development; approval of evaluation of alternative energy economic feasibility; appropriation of funds and authorization of expenditure; and resolution regarding parity debt

The Board approved the recommendations for the Student Housing Expansion, Phase II project at The University of Texas at San Antonio as follows:

**Project Number:** 401-211  
**Architecturally or Historically Significant:** Yes  No   
**Project Delivery Method:** Competitive Sealed Proposals

**Substantial Completion Date:** April 2007

<b>Total Project Cost:</b>	<u>Source</u> Revenue Financing System Bond Proceeds	<u>Current</u> \$27,000,000
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- a. approve design development plans;
- b. approve the evaluation of alternative energy economic feasibility;
- c. appropriate funds and authorize expenditure of funds; and
- d. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that
  - parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt;
  - sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. Board of Regents relating to the Financing System; and
  - U. T. 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 \$27,000,000.

#### Debt Service

The \$27,000,000 in Revenue Financing System debt will be repaid from overall housing system revenues. Total annual debt service on the project is estimated at \$1,857,746. Debt service coverage on the project is expected to be at least 1.3 times.

#### Previous Board Actions

On August 7, 2003, the project was included in the Capital Improvement Program (CIP) with a preliminary project cost of \$20,500,000 with funding from Revenue Financing System Bond Proceeds. On August 12, 2004, the total project cost was increased to \$27,000,000 with funding from Revenue Financing System Bond Proceeds.

## Project Description

The Student Housing Expansion, Phase II project at U. T. San Antonio will consist of apartment style residences, with 700 beds. The facility will be designed to incorporate shared living spaces, meeting rooms, lounges, and study rooms.

U. T. San Antonio is expanding its student housing. The Student Housing Phase I project will provide housing for approximately 1,000 students with scheduled occupancy for the Fall Semester 2004. The waiting list currently stands at 500 students. The Student Housing Phase II project is scheduled for occupancy for the Fall Semester 2006 providing housing for 700 students. A future Phase III project is anticipated for Fall Semester 2007 adding an additional 1,200 beds. With future growth, the plan for the campus is to house 6,000 students.

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

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

7. U. T. San Antonio: Thermal Energy Plant No. 2 - Amendment of the FY 2004-2009 Capital Improvement Program and the FY 2004-2005 Capital Budget to increase total project cost; approval to revise funding source; approval of design development; approval of evaluation of alternative energy economic feasibility; appropriation of funds and authorization of expenditure; and resolution regarding parity debt

The Board approved the recommendations for the Thermal Energy Plant No. 2 project at The University of Texas at San Antonio as follows:

**Project Number:** 401-177  
**Architecturally or Historically Significant:** Yes  No   
**Project Delivery Method:** Competitive Sealed Proposals

**Substantial Completion Date:** April 2006

<b>Total Project Cost:</b>	<u>Source</u>	<u>Former</u>	<u>Current</u>
	Designated Tuition	\$8,000,000	
	Revenue Financing System Bond Proceeds		\$16,500,000

- a. amend the FY 2004-2009 Capital Improvement Program (CIP) and the FY 2004-2005 Capital Budget to increase the total project cost;
- b. revise the funding source;
- c. approve design development plans;
- d. approve the evaluation of alternative energy economic feasibility;
- e. appropriate funds and authorize expenditure of funds; and
- f. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that
  - parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt;
  - sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. Board of Regents relating to the Financing System; and
  - U. T. 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 \$16,500,000.

#### Debt Service

The \$16,500,000 in Revenue Financing System debt will be repaid from designated tuition. Total annual debt service on the project is estimated at \$1,135,289. Overall debt service coverage at U. T. San Antonio is projected to exceed 1.69 times.

#### Previous Board Action

On August 7, 2003, the project was included in the CIP with a preliminary project cost of \$8,000,000 with funding from Designated Tuition.

## Project Description

This new thermal energy plant will contain approximately 15,000 gross square feet and will provide chilled water, steam, and emergency power for upcoming campus projects on The University of Texas at San Antonio 1604 Campus. In accordance with the master plan update, the new thermal energy plant will be located on the south side of campus and will support the following new projects: University Center Expansion, Phase III; Biotechnology, Sciences and Engineering, Phase II; and the Recreation/Wellness Center, Phase II. The thermal energy plant will be connected to the existing campus utilities loop, and will be designed for future expansion.

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

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

RECONVENE.--At 11:20 a.m., the Board reconvened as a committee of the whole to consider an item remaining on the agenda.

OTHER MATTER

U. T. Board of Regents: Presentation of certificate of appreciation to President Jenifer

Chairman Huffines thanked President Jenifer for his leadership as President of The University of Texas at Dallas over the past 10 years and for his service to The University of Texas System and to the State of Texas.

Mr. Huffines then presented the following certificate of appreciation to Dr. Jenifer, after which President Jenifer accepted the accolade:

CERTIFICATE OF APPRECIATION

The Board of Regents

Expresses to

FRANKLYN G. JENIFER, PH.D.

Its Sincere Appreciation for His

Distinguished Service and Outstanding Contributions

to

The University of Texas System

as

President

at

The University of Texas at Dallas

1994 - 2004

Adopted by unanimous vote this 5th day of November, 2004

(signed by all members of the Board)

SCHEDULED MEETINGS.--The next regular scheduled meeting will be held on February 9-10, 2005, in Austin.

ADJOURNMENT.--There being no further business, the meeting was adjourned at 11:25 a.m.

/s/ Francie A. Frederick  
Counsel and Secretary to the Board

January 19, 2005

THE UNIVERSITY OF TEXAS SYSTEM ADMINISTRATION  
DOCKET NO. 119

October 13, 2004

TO MEMBERS OF THE FINANCE AND PLANNING COMMITTEE:

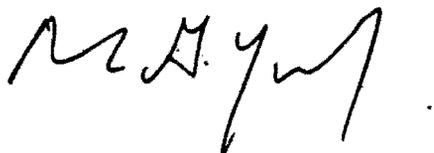
Woody L. Hunt, Chairman  
John W. Barnhill, Jr.  
H. Scott Caven, Jr.  
Cyndi Taylor Krier  
Robert B. Rowling

The Docket for The University of Texas System Administration and the Dockets recommended by the Presidents concerned and prepared by the institutions listed below are submitted for approval as appropriate at the meeting of the U. T. Board of Regents on November 5, 2004. The Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Health Affairs, and the Vice Chancellor and General Counsel, and I concur in these recommendations.

<u>Institutions</u>	<u>Pages</u>
The University of Texas System Administration	Docket 1 - 3
The University of Texas at Arlington	Docket 4 - 6
The University of Texas at Austin	Docket 7 - 12
The University of Texas at Dallas	Docket 13 - 17
The University of Texas at El Paso	Docket 18 - 21
The University of Texas - Pan American	Docket 22 - 24
The University of Texas of the Permian Basin	Docket 25 - 26
The University of Texas at San Antonio	Docket 27 - 28
The University of Texas Southwestern Medical Center at Dallas	Docket 29 - 36
The University of Texas Medical Branch at Galveston	Docket 37 - 46
The University of Texas Health Science Center at Houston	Docket 47 - 49
The University of Texas Health Science Center at San Antonio	Docket 50
The University of Texas M. D. Anderson Cancer Center	Docket 51 - 54
The University of Texas Health Center at Tyler	Docket 55

Mark G. Yudof  
Chancellor

xc: Other Members of  
the Board



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## U. T. SYSTEM ADMINISTRATION

### CONTRACTS

The following contract has been awarded, has been administratively approved by the Executive Vice Chancellor for Business Affairs and is recommended for approval by the U. T. Board of Regents:

#### GENERAL CONTRACTS

##### FUNDS GOING OUT

1. Agency: Stericycle, Inc.  
Funds: Potentially \$2,250,000  
Period: September 1, 2004 through May 31, 2009  
Description: Upon request, Stericycle, Inc. provides for transportation and disposal of medical waste for institutions on a nonexclusive basis. Stericycle, Inc. was selected from five bidders: Med Waste Services of America, LLC from Bellaire, Texas; Enviroclean Management Services, Inc. from Dallas, Texas; Stericycle, Inc. from Conroe, Texas; Positive Impact Waste Solutions, Inc. from Odessa, Texas; and U. S. Med-Disposal, Inc. from Athens, Texas, following a competitive bid process.
  
2. Agency: JPMorgan Securities, Inc. (JPMorgan)  
Funds: Approximately \$836,000  
Period: Effective upon approval  
Description: JPMorgan has been selected to underwrite the issuance of the Revenue Financing System Bonds, Series 2004D pursuant to the 14<sup>th</sup> Supplemental Resolution authorized by the Board of Regents on August 12, 2004. JPMorgan was selected from a group of 23 firms that responded to a Request for Information. During 2004, only the top six respondents were selected to serve as senior manager of an underwriting syndicate. On behalf of the underwriting syndicate, JP Morgan is expected to purchase the Series 2004D Bonds from the Board less an underwriting discount. The underwriter's spread per \$1,000 of bonds will not exceed \$4.75. The principal amount of the Series 2004D Bonds and the underwriting discount will be determined at the time of pricing and allocated among members of the underwriting syndicate based on practices of the bond market.

**APPOINTMENT, REAPPOINTMENT, OR PROMOTION OF RELATIVES  
AND MARRIAGE OF CERTAIN EMPLOYEES**

The following personnel action involving the appointment, reappointment, or promotion of relatives has been administratively approved by the Chancellor. This personnel action is consistent with the provisions of Section 573.001 of the Texas Government Code and the Regents' Rules and Regulations, Part One, Chapter III, Section 5.

College, Department, Title, Name

College, Department, Title, Name

**REAPPOINTMENT**

Office of the Chancellor  
Chancellor  
Mark G. Yudof

**RELATIVE**

Office of the Chancellor  
Special Associate for Outreach  
Judy Yudof (spouse)\*

\* Mrs. Yudof is not listed in the budget as her service is without compensation.

# REAL ESTATE REPORT

## THE UNIVERSITY OF TEXAS SYSTEM REAL ESTATE ASSETS

Managed by U. T. System Real Estate Office

Summary Report at August 31, 2004

### FUND TYPE

	Current Purpose Restricted		Endowment & Similar Funds		Annuity & Life Income Funds		TOTAL	
	Book	Market	Book	Market	Book	Market	Book	Market
<b>Land &amp; Buildings:</b>								
Ending Value 5/31/04	\$ 5,355,013	\$ 23,188,538	\$ 24,744,921	\$ 202,943,096	\$ 1,249,644	\$ 858,515	\$ 31,349,578	\$ 226,990,149
Increase or Decrease	0	(40,000)	0	291,058	(576,000)	(260,000)	(576,000)	(8,942)
Ending Value 8/31/04	\$ 5,355,013	\$ 23,148,538	\$ 24,744,921	\$ 203,234,154	\$ 673,644	\$ 598,515	\$ 30,773,578	\$ 226,981,207
<b>Other Real Estate:</b>								
Ending Value 5/31/04	\$ 131,877	\$ 131,877	\$ 340,015	\$ 340,015	\$ 0	\$ 0	\$ 471,892	\$ 471,892
Increase or Decrease	(622)	(622)	(10,639)	(10,639)	0	0	(11,261)	(11,261)
Ending Value 8/31/04	\$ 131,255	\$ 131,255	\$ 329,376	\$ 329,376	\$ 0	\$ 0	\$ 460,631	\$ 460,631

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

Details of individual assets by account furnished on request.

## U. T. ARLINGTON

### CHANGES TO ADMISSION CRITERIA

The following listing summarizes the changes proposed to admission criteria to be included in the Graduate Catalog of The University of Texas at Arlington. The changes have been administratively approved by the Executive Vice Chancellor for Academic Affairs and are recommended for approval by the U. T. Board of Regents:

#### Summary of Changes to Graduate Admission Criteria

Addition: Admission Policy in compliance with Texas Education Code Section 51.801 et seq. This policy describes the requirements for entrance and selection factors used in the selection of students at The University of Texas at Arlington.

The University of Texas at Arlington proposes modifying the requirement for admission to a doctoral program. In the U. T. Arlington Graduate Catalog, this requirement currently reads as follows:

“To be admitted to a doctoral program, an applicant must have completed a master's degree or at least 30 semester credit hours of graduate coursework.”

It is proposed to allow students holding only a baccalaureate degree to be admitted to a doctoral program at U. T. Arlington:

“To be admitted to a doctoral program, an applicant must have completed a bachelor's degree from a regionally accredited institution in the United States or provide proof of equivalent training from a foreign institution. Some departments, programs, or schools may require additional academic information.”

The University is seeking this policy change because applicants (particularly from science and engineering) are often confused about the current language describing the doctoral entrance requirements. Moreover, a survey of admission policies concluded that current policy is out of alignment with the policy of the majority of public universities in Texas and with many other U. S. institutions.

If approved, baccalaureate-level students admitted to a doctoral program at U. T. Arlington will continue to be classified in university reporting as master's students for purposes of formula funding until they earn a master's degree or have accumulated 30 semester hours of graduate level work. Hours against the 99 doctoral hour cap will not begin to accumulate until the student has been reclassified as a doctoral student for formula funding purposes. Thus, this policy change only clarifies who is eligible to apply for doctoral degree programs, degree track classification and does not change their funding status.

## AMENDMENTS TO THE 2004-05 BUDGET

### APPOINTMENTS AND PROMOTIONS

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

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
COLLEGE OF BUSINESS ADMINISTRATION Professor and Eunice and James L. West Chair of Private Enterprise and Entrepreneurship					
1. Deepak K. Datta (T)	9/1-5/31	100	09	120,000	211
	9/1-5/31	SUPLT	09	55,000	

**AMENDMENTS TO THE 2003-04 BUDGET**

**TRANSFERS OF FUNDS**

<u>Description</u>	<u>\$ Amount</u>	<u>RBC #</u>
VICE PRESIDENT FOR FINANCE AND ADMINISTRATION		
1. Amount of Transfer:	2,837,212	87

From: VPFA – Institutional Projects

To: VPFA – Designated Tuition

To transfer balance in preparation of debt service payoff.

## U. T. AUSTIN

### GIFTS

The following gift has been received, has been administratively approved by the President or his delegate, and is recommended for approval by the U. T. Board of Regents:

1. Donor Name: McCombs Foundation Inc.  
College/School/ Department: School of Business  
Purpose: Payment on a \$50 million pledge  
Asset Type: Cash  
Value: \$6,000,000

## CONTRACTS

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

### GENERAL CONTRACTS

#### FUNDS COMING IN

1. Agency: Texas Department of Family and Protective Services  
Funds: \$1,939,560  
Period: September 1, 2004 through August 31, 2005  
Description: Amendment extending the time period the School of Social Work will provide training certification and program support through its Protective Services Training Institute.

#### FUNDS GOING OUT

2. Agency: Austin Energy  
Funds: Approximately \$4.5 million annually  
Period: Beginning 30 days after signed by U. T. Austin through December 31, 2013  
Description: U. T. Austin, as lessor for Sematech, Inc., will participate in Austin Energy's GreenChoice program.

## AMENDMENTS TO THE 2004-05 BUDGET

### APPOINTMENTS AND PROMOTIONS

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

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
<b>COLLEGE OF EDUCATION</b>					
Educational Administration					
Associate Professor					
1. Patricia A. Somers (T)	9/1-5/31	100	09	75,000	142
<b>COLLEGE OF FINE ARTS</b>					
Art and Art History					
Linda and David Schele Chair in the Art and Writing of MesoAmerica and Professor					
2. David B. Stuart (T)	9/1-5/31	100	09	100,000	143
	9/1-5/31	SUPLT	09	20,000	
Professor					
3. Paul E. Bolin (T)	9/1-5/31	100	09	65,000	146
Music					
Associate Professor					
4. Marianne Gedigian (T)	9/1-5/31	100	09	70,000	149
<b>SCHOOL OF LAW</b>					
Hayden W. Head Regents Chair for Faculty Excellence and Professor					
5. Bernard S. Black (T)	9/1-5/31	100	09	206,111	151
	9/1-5/31	SUPLT	09	10,000	

**AMENDMENTS TO THE 2004-05 BUDGET (CONTINUED)**

**APPOINTMENTS AND PROMOTIONS (CONTINUED)**

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
<b>COLLEGE OF LIBERAL ARTS</b>					
Geography					
Professor					
6. Leo E. Zonn (T)	9/1-5/31	100	09	110,000	194
History					
Professor					
7. Ann Twinam (T)	9/1-5/31	100	09	117,500	152
Philosophy					
Professor					
8. George Bealer (T)	9/1-5/31	100	09	150,000	153
Spanish and Portuguese					
Associate Professor					
9. J. Arroyo Martinez (T)	1/16-5/31	100	09	65,000	195
<b>COLLEGE OF NATURAL SCIENCES</b>					
Geological Sciences and Institute for Geophysics					
10. Mrinal K. Sen (T)					197
From:	Lecturer and				
	Senior Research Scientist	0	09	87,218	
	Institute for Geophysics	100	12	116,291	
	Geology Foundation	SUPLT	12	7,543	
To:	Professor and Research				
	Professor	50	09	93,300	
	Institute for Geophysics	50	09	93,300	
	Geology Foundation	SUPLT	12	12,712	

**AMENDMENTS TO THE 2003-04 BUDGET**

**TRANSFERS OF FUNDS**

<u>Description</u>	<u>\$ Amount</u>	<u>RBC #</u>
<b>SERVICE DEPARTMENTS FUNDS</b>		
General Libraries		
1. Amount of Transfer:	3,897,388	145
From: Library Resource Sharing Project Operating Income		
To: Library Resource Sharing Project Books		
Transfer resource fee service charge income to expense account for payment of an invoice from Science Direct for a database to which all participating U. T. schools have access.		
Information Technology Services		
2. Amount of Transfer:	875,000	143
From: U. T. System Office of Telecommunication Services Operating Income		
To: U. T. System Office of Telecommunication Services Maintenance, Operation, and Equipment		
Transfer network fee income to expense account for payment of invoice to National LamdaRail Inc., who will manage development of a fiber-optic network.		
<b>AUXILIARY ENTERPRISES FUNDS</b>		
Intercollegiate Athletics		
3. Amount of Transfer:	1,500,000	137
From: Intercollegiate Athletics for Men Operating Income	1,500,000	
To: Intercollegiate Athletics for Men		
Wages	500,000	
Other Expenses	750,000	
Travel	250,000	

Adjust 2003-04 budget for actual revenues in excess of amount originally budgeted to cover and fund additional expenditures incurred.

**AMENDMENTS TO THE 2003-04 BUDGET (CONTINUED)**

**TRANSFERS OF FUNDS (CONTINUED)**

<u>Description</u>	<u>\$ Amount</u>	<u>RBC #</u>
AUXILIARY ENTERPRISES FUNDS (Continued)		
Intercollegiate Athletics		
4. Amount of Transfer:	1,000,000	146
From: Intercollegiate Athletics for Men Operating Income		
To: Intercollegiate Athletics for Men Other Expenses		

Adjust annual budget for actual revenues in excess of amount originally budgeted to cover and fund additional expenditures incurred.

PLANT FUNDS

Texas Union

5. Amount of Transfer:	500,000	130
From: Texas Union Auxiliary Services Operating Income		
To: Texas Union – Fire Alert Systems All Expenses		

This transfer is to establish an account to fund the first phase of mandated fire protection and life safety improvements to the Texas Union as identified by the report produced by Schirmer Engineering Corporation for the University.

Kinsolving Dormitory

6. Amount of Transfer:	500,000	129
From: Housing & Food General Repair/Replacement Allocation for Budget Adjustment		
To: Physical Plant – KIN – Reconfigure Lobby & Computer Lab – All Expenses		

Supplemental funding to cover job costs, including contingency costs, for the reconfiguration of the lobby and computer laboratory in Kinsolving Dormitory.

## **U. T. DALLAS**

### **CONTRACTS**

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

#### **GENERAL CONTRACTS**

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

1. Agency: General Land Office (GLO)  
Funds: \$1,800,000  
Period: September 1, 2003 through August 31, 2005  
Description: GLO agrees to sell, and U. T. Dallas agrees to buy, the natural gas requirements of the University.

## AMENDMENTS TO THE 2004-05 BUDGET

### APPOINTMENTS AND PROMOTIONS

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

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
SCHOOL OF ARTS & HUMANITIES					
Art & Aesthetic Studies					
Professor					
Margaret McDermott					
Distinguished Chair					
1. Richard R. Bretell (T)	9/1-5/31	100	09	73,000	233

**AMENDMENTS TO THE 2003-04 BUDGET**

**APPOINTMENTS AND PROMOTIONS**

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
<b>SCHOOL OF BEHAVIORAL AND BRAIN SCIENCES</b>					
Speech Pathology					
Professor					
1. Anne E. Van Kleeck (T)	7/1-8/31	100	09	95,000	17
<b>SCHOOL OF MANAGEMENT</b>					
Accounting					
Ashbel Smith Professor					
2. Ashiq Ali (T)	7/1-8/31	100	09	180,000	19
3. William M. Cready (T)	7/1-8/31	100	09	180,000	15

**AMENDMENTS TO THE 2003-04 BUDGET (CONTINUED)**

**TRANSFERS OF FUNDS**

<u>Description</u>	<u>\$ Amount</u>	<u>RBC #</u>
VARIOUS SOURCES		
4. Amount of Transfer:	1,787,000	20
From:		
Unallocated – Physical Plant	140,000	
Unallocated – Building Maintenance	110,000	
Unallocated – Other Utilities	100,000	
Unallocated – Institutional Programs	50,307	
Deferred Maintenance	100,000	
Repairs and Rehabilitation of Buildings	100,000	
E & G – Unexpended Budgets	819,000	
Designated – Unexpended Budgets	105,000	
Campus Equipment	100,000	
Purchased Utilities	100,000	
Auxiliary – Activity Center	26,374	
Auxiliary – Student Union	32,014	
Auxiliary – Food Service	4,305	

To: Electrical Outage (775266)

U. T. Dallas experienced power outages on 8/12/04 to twelve key buildings housing classrooms, research labs, and student services. Sixteen emergency generators were rushed to campus. Both underground electric feeder cables that run the length of the campus and supply electricity to these twelve buildings required replacement, as well as some associated equipment. The project was completed on 9/1/04 after campus power shutdowns nightly and over the weekends for the three-week period.

## OTHER FISCAL ITEMS

### EMPLOYMENT AGREEMENTS

The following agreement has been awarded, has been approved by the Executive Vice Chancellor for Academic Affairs, and is recommended for approval by the U. T. Board of Regents. Such employment under this agreement is subject to the Constitution and Bylaws of the National Collegiate Athletic Association, any intercollegiate athletic conference of which The University of Texas at Dallas is a member, and the Rules and Regulations of the Board of Regents of The University of Texas System and the policies of The University of Texas at Dallas. The violation of the provisions of such constitution, bylaws, rules or regulations shall be grounds for suspension without pay or dismissal.

1. Item: Head Volleyball Coach  
Funds: \$39,140 annually  
Period: September 1, 2004 through August 31, 2005  
Description: Agreement for employment of Head Volleyball Coach, Marci Sanders, for the above designated period following the standard coach's employment contract prepared by the Office of General Counsel.

## U. T. EL PASO

### GIFTS

The following gift has been received, has been administratively approved by the President or her delegate, and is recommended for approval by the U. T. Board of Regents:

1. Donor Name: Gerald J. and Stanlee N. Rubin  
College/School/ Department: Institution  
Purpose: Renovation of Seamon Hall to house the Stanlee and Gerald Rubin Center for Visual Arts  
Asset Type: Cash  
Value: \$1,000,000

## CONTRACTS

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

### GENERAL CONTRACTS

#### FUNDS COMING IN

1. Agency: The Pepsi Bottling Group  
Funds: \$3,435,000  
Period: September 1, 2004 through August 31, 2011  
Description: The Pepsi Bottling Group agrees to furnish and provide beverage services to the University including concessionaires, food service contractors, and vending machines on the campus. The vendor was selected from two respondents: Magnolia Coca-Cola Bottling Company, El Paso, Texas, and Pepsi Bottling Group, Phoenix, Arizona, following a competitive bid process.

## AMENDMENTS TO THE 2003-04 BUDGET

### APPOINTMENTS AND PROMOTIONS

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

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
<b>COLLEGE OF BUSINESS ADMINISTRATION</b>					
Accounting					
1. Gary J. Mann (T)					156
From: Professor, Chair		100	09	97,000	
El Paso Community	SUPLT	09	2,000		
Professorship in Accounting		SUPLT	09	3,825	
To: Office of the Dean –					
Interim Dean	7/1-8/31	100	12	152,000	
Professor and	7/1-8/31	0	09	97,000	
El Paso Community					
Professorship in					
Accounting	7/1-8/31	SUPLT	09	3,825	
<b>COLLEGE OF ENGINEERING</b>					
Electrical Engineering					
2. Gregory B. Lush (T)					174
From: Professor		100	09	77,108	
To: Graduate School –					
Associate Dean and	6/1-8/31	33	12	116,000	
Professor	6/1-8/31	67	09	85,000	

**AMENDMENTS TO THE 2003-04 BUDGET (CONTINUED)**

**APPOINTMENTS AND PROMOTIONS (CONTINUED)**

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
<b>COLLEGE OF ENGINEERING (Continued)</b>					
<b>Metallurgical and Materials Engineering</b>					
3. Walter W. Fisher (T)					159
From: Professor		100	09	81,596	
To: Office of the Dean –					
Associate Dean and	4/1-8/31	50	12	120,043	
Professor	4/1-8/31	50	09	90,033	
<b>COLLEGE OF SCIENCE</b>					
<b>Mathematical Science</b>					
4. Nancy C. Marcus (T)					205
From: Associate Professor		100	09	57,931	
To: Office of the Dean –					
Associate Dean and	6/1-8/31	50	12	79,241	
Professor	6/1-8/31	50	09	57,931	
<b>VICE PRESIDENT FOR ACADEMIC AFFAIRS</b>					
5. Pablo Arenaz (T)					175
From: Associate Vice President		100	12	103,000	
Biological Sciences –		0	09	79,211	
Professor					
To: Associate Vice President,	8/1-8/31	100	12	125,000	
Interim Vice President, and	8/1-8/31	SUPLT	12	15,000	
Professor	6/1-8/31	0	09	79,211	

**U. T. PAN AMERICAN**  
**AMENDMENTS TO THE 2004-2005 BUDGET**

**APPOINTMENTS AND PROMOTIONS**

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

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
<b>COLLEGE OF SOCIAL AND BEHAVIORAL SCIENCES</b>					
1. Jose R. Hinojosa					144
From: Associate Professor (T)		50	09	61,868	
To: Professor Emeritus	09/01-08/31	0	12	0	
<b>COLLEGE OF BUSINESS ADMINISTRATION</b>					
2. Rubik Atamian (T)					212
From: Associate Professor		100	09	71,556	
To: Associate Professor	09/01-08/31	100	09	74,056	

## OTHER FISCAL ITEMS

### EMPLOYMENT AGREEMENTS

The following agreements have been awarded, have been approved by the Executive Vice Chancellor for Academic Affairs, and are recommended for approval by the U. T. Board of Regents. Such employment under these agreements is subject to the Constitution and Bylaws of the National Collegiate Athletic Association, any intercollegiate athletic conference of which The University of Texas – Pan American is a member, and the Rules and Regulations of the Board of Regents of The University of Texas System and the policies of The University of Texas – Pan American. The violation of the provisions of such constitution, bylaws, rules or regulations shall be grounds for suspension without pay or dismissal.

1. Item: Men's Head Golf Coach  
Funds: \$31,000 annually  
Period: July 1, 2004 through June 30, 2005  
Description: Agreement for employment of Men's Head Golf Coach, Andrew Scott, for the above designated period following the standard coach's employment contract prepared by the Office of General Counsel.
  
2. Item: Head Men's/Women's Track and Cross Country Coach  
Funds: \$42,848 annually  
Period: July 1, 2004 through June 30, 2005  
Description: Agreement for employment of Head Men's/Women's Track and Cross Country Coach, Ricky Vaughn, for the above designated period following the standard coach's employment contract prepared by the Office of General Counsel.

### **EMPLOYMENT AGREEMENTS (CONTINUED)**

3. Item: Head Men's Baseball Coach
- Funds: \$50,000
- Period: July 1, 2004 through June 30, 2005
- Description: Agreement for employment of Head Men's Baseball Coach, Willie Gawlik, for the above designated period following the standard coach's employment contract prepared by the Office of General Counsel.
4. Item: Women's Head Golf Coach
- Funds: \$31,209
- Period: July 1, 2004 through June 30, 2005
- Description: Agreement for employment of Head Women's Golf Coach, Barbara Odale, for the above designated period following the standard coach's employment contract prepared by the Office of General Counsel.

**U. T. PERMIAN BASIN**

**AMENDMENTS TO THE 2004-05 BUDGET**

**APPOINTMENTS AND PROMOTIONS**

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

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
<b>SCHOOL OF BUSINESS</b>					
1. Corbett Gauden (T)					136
From: Professor		100	09	82,222	
To: Professor and Graduate Coordinator	9/1-8/31	75 25	09 12	82,222 109,630	
<b>COLLEGE OF ARTS &amp; SCIENCES</b>					
2. Lois S. Hale (T)					137
From: Professor and Assistant Dean		75 25	09 12	48,002 21,334	
To: Interim Dean	9/1-8/31	100	12	95,000	
<b>JOHN BEN SHEPPERD PUBLIC LEADERSHIP INSTITUTE</b>					
Director					
3. Jack D. Ladd (T)	9/1-8/31	100	12	120,000	138
<b>COLLEGE OF ARTS &amp; SCIENCES</b>					
4. Richard D. Spence (T)					139
From: Associate Professor		100	09	47,126	
To: Associate Professor and Interim Assistant Dean	9/1-8/31	75 25	09 12	54,777 73,036	

**APPOINTMENT, REAPPOINTMENT, OR PROMOTION OF RELATIVES  
AND MARRIAGE OF CERTAIN EMPLOYEES**

The following personnel actions involving the appointment, reappointment, or promotion of relatives have been administratively approved by the Executive Vice Chancellor for Academic Affairs. The personnel actions are consistent with the provisions of Section 573.001 of the Texas Government Code and the Regents' Rules and Regulations, Part One, Chapter III, Section 5.

College, Department, Title, Name

College, Department, Title, Name

**PROPOSED REAPPOINTMENT**

**RELATIVE**

1. College of Arts & Sciences  
Interim Dean  
Lois S. Hale

College of Arts & Sciences  
Math and Science Professor  
REACH Director  
Douglas Hale (spouse)

2. Academic Affairs  
Vice President  
William R. Fannin

Behavioral Science  
Student Tutor & Grader  
Valerie F. Fannin (spouse)

## U. T. SAN ANTONIO

### NEW TENURE APPOINTMENTS AND PROMOTIONS WITHIN TENURE RANKS

The following personnel actions involving new tenure appointments and promotion within tenure ranks have been administratively approved by the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the 2005 Annual Operating Budget of each component institution and are consistent with the Regents' Rules and Regulations, Part One, Chapter III, Section 6, Section 6.2, Subsection 6.25.

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>College of Business</b>		
Office of the Dean		
Bruce Bublitz	Dean (T)	Associate Provost (T)
Lynda de la Vina	New	Interim Dean and Professor (T)
<b>College of Education and Human Development</b>		
Counseling, Educational Psychology & Higher Education		
Gerald Juhnke	New	Professor (T)
Thelma Duffey	New	Associate Professor (T)
Interdisciplinary Studies & Curriculum and Instruction		
Christine Moseley	New	Associate Professor (T)
Priscilla Pate	New	Associate Professor (T)
Office of the Dean		
Betty Merchant	Associate Professor (T)	Interim Dean (T)
<b>College of Engineering</b>		
Mechanical Engineering & Biomechanics		
Tachung Yih	New	Chair and Professor (T)
<b>College of Fine Arts &amp; Humanities</b>		
Anthropology		
Benjamin Blount	New	Professor (T)
Modern Languages & Literatures		
Francisco Marcos-Marín	New	Professor (T)

**NEW TENURE APPOINTMENTS AND PROMOTIONS WITHIN TENURE RANKS  
(CONTINUED)**

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>College of Fine Arts &amp; Humanities (continued)</b>		
Office of the Dean Daniel Gelo	Interim Dean (T)	Dean (T)
<b>College of Sciences</b>		
Biology Deborah Armstrong	Interim Dean (T)	Professor (T)
<b>Graduate School</b>		
Dorothy Flannagan	Interim Dean (T)	Dean (T)
<b>School of Architecture</b>		
Marc Giaccardo	New	Associate Professor (T)

## U. T. SOUTHWESTERN MEDICAL CENTER - DALLAS

### GIFTS

The following gifts have been received, have been administratively approved by the President or his delegate, and are recommended for approval by the U. T. Board of Regents:

1. Donor Name: The Cain Foundation  
College/School/ Department: Institution  
Purpose: To support research activities on mobility disorders for the Spinal Cord Injury Clinical Research Center  
Asset Type: Cash  
Value: \$500,000
  
2. Donor Name: Roche Laboratories, Inc.  
College/School/ Department: Continuing Education  
Purpose: To support the continuing education activity entitled, "Research Rounds XIX," held July 30 – August 3, 2004  
Asset Type: Cash  
Value: \$1,462,588
  
3. Donor Name: St. Paul Fund for Advanced Heart & Lung Disease  
College/School/ Department: Cardiovascular and Thoracic Surgery  
Purpose: To support the expansion of the Heart, Lung and Vascular Service Line at St. Paul University Hospital  
Asset Type: Cash  
Value: \$1,200,000
  
4. Donor Name: William A. and Elizabeth B. Moncrief Foundation  
College/School/ Department: Radiation Oncology  
Purpose: Construction of the Moncrief Radiation Oncology Center  
Asset Type: Cash  
Value: \$3,750,000 (represents the third installment on a total commitment of \$7,500,000)

## CONTRACTS

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

### GENERAL CONTRACTS

#### FUNDS GOING OUT

1. Agency: Aztec Facility Management  
Funds: Approximately \$2,112,090 annually based on services provided  
Period: September 1, 2001 with annual extensions through August 31, 2006  
Description: Aztec Facility Management agrees to provide custodial housekeeping services on the campus. A Request for Proposal was issued June 2001. The vendor was selected from thirteen respondents: Aztec Facility Management from Houston, Texas; Tecom, Inc. from Austin, Texas; Pritchard Industries Southwest, Inc. from Houston, Texas; BPA Building Services from Dallas, Texas; Vanguard Resources, Inc. from Grapevine, Texas; McLemore Building Maintenance, Inc. from Houston, Texas; Members Building Maintenance Corporation from Dallas, Texas; Onesource Facility Services, Inc. from Houston, Texas; Sanitor of Texas from Austin, Texas; Varsity Contractors from San Angelo, Texas; United Building Maintenance, Inc. from Dallas, Texas; Service Master from Longview, Texas; ABM Janitorial from Dallas, Texas.

**CONTRACTS (CONTINUED)**

**GENERAL CONTRACTS (CONTINUED)**

**FUNDS GOING OUT (CONTINUED)**

2. Agency: Medical Environment Development Corporation  
Funds: Approximately \$2,068,798 annually based upon services provided  
Period: September 1, 2000 with annual renewals through August 31, 2005  
Description: Medical Environment Development Corporation agrees to provide construction labor on the campus. An Invitation to Bid was released July 2000. Medical Environment Development Corporation from Dallas, Texas was the only bidder and was selected following a competitive bid process. Twenty-one firms were informed of the Invitation to Bid, and only four firms attended the mandatory pre-award meeting.

**AMENDMENTS TO THE 2003-04 BUDGET**

**APPOINTMENTS AND PROMOTIONS**

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

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
<b>SOUTHWESTERN MEDICAL SCHOOL</b>					
Center for Biostatistics and Clinical Science					
1. Milton Packer (T)	6/1-8/31	100	12	300,000	26
Director, Professor of Internal Medicine and the Gayle and Paul Stoffel Distinguished Chair in Cardiology					
Physiology					
2. Donald W. Hilgeman (T)					28
From: Professor		100	12	131,600	
To: Professor, Roy and Christine Sturgis Chair in Biomedical Research	8/1-8/31	100	12	131,600	

**AMENDMENTS TO THE 2003-04 BUDGET (CONTINUED)**

**APPOINTMENTS AND PROMOTIONS (CONTINUED)**

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
SOUTHWESTERN MEDICAL SCHOOL (Continued)					
Pharmacology					
3. Alfred G. Gilman (T)					29
From: Professor, Chairman, Interim Dean of Southwestern Medical School and the Raymond and Ellen Willie Distinguished Chair in Molecular Neuro- pharmacology in Honor of Harold B. Crasilneck, Ph.D. Regental Professor		100	12	445,000	
To: Professor, Chairman, Interim Dean of Southwestern Medical School, Raymond and Ellen Willie Distinguished Chair in Molecular Neuro- pharmacology in Honor of Harold B. Crasilneck, Ph.D. Regental Professor and the Atticus James Gill, M.D. Chair in Medical Science	8/1-8/31	100	12	445,000	
Neurology					
4. Steven Vernino (T)	8/23-8/31	100	12	164,000	31
Associate Professor					
5. Ronald G. Haller (T)					32
From: Professor		100	12	162,800	
To: Professor, Mary Quincy Parsons and Kelsey Louise Wright Professorship in Mitochondrial Disease Research	8/1-8/31	100	12	162,800	

**AMENDMENTS TO THE 2003-04 BUDGET (CONTINUED)**

**APPOINTMENTS AND PROMOTIONS (CONTINUED)**

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
SOUTHWESTERN MEDICAL SCHOOL (Continued)					
Radiology					
6. Craig R. Malloy (T)					33
From: Professor		100	12	262,100	
To: Professor, Richard A. Lange Chair in Cardiology	8/1-8/31	100	12	262,100	
7. Nancy K. Rollins (T)					34
From: Professor		100	12	410,800	
To: Professor and Charles Cameron Sprague, M.D. Chair in Medical Science	8/1-8/31	100	12	410,800	
INSTITUTIONAL SUPPORT					
Office of the Vice President for Clinical Operations					
8. John D. Rutherford (T)					35
From: Professor, Vice President, and Gail Griffiths Hill Chair in Cardiology		100	12	266,000	
To: Professor, Vice President, and Jonsson-Rogers Chair in Cardiology	8/1-8/31	100	12	266,000	
SOUTHWESTERN MEDICAL SCHOOL					
Internal Medicine					
9. Jonathan C. Cohen (T)					36
From: Associate Professor		100	12	95,200	
To: Associate Professor and C. Vincent Prothro Distinguished Chair in Human Nutrition Research	8/1-8/31	100	12	95,200	

**AMENDMENTS TO THE 2003-04 BUDGET (CONTINUED)**

**APPOINTMENTS AND PROMOTIONS (CONTINUED)**

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
SOUTHWESTERN MEDICAL SCHOOL (Continued)					
Internal Medicine (Continued)					
10. Eugene P. Frenkel (T)					37
From: Professor and Raymond D. and Patsy R. Nasher Distinguished Chair in Cancer Research, in Honor of Eugene P. Frenkel, M.D. and the A. Kenneth Pye Professorship in Cancer Research		100	12	235,000	
To: Professor, Raymond D. and Patsy R. Nasher Distinguished Chair in Cancer Research, in Honor of Eugene P. Frenkel, M.D., A. Kenneth Pye Professorship in Cancer Research, and the Elaine Dewey Sammons Chair in Cancer Research in Honor of Eugene P. Frenkel, M.D.	8/1-8/31	100	12	235,000	
11. Ronald G. Victor (T)					38
From: Professor and Dallas Heart Ball Chair in Hypertension and Heart Disease		100	12	190,300	
To: Professor, Dallas Heart Ball Chair in Hypertension and Heart Disease, and the Norman and Audrey Kaplan Chair in Hypertension	8/1-8/31	100	12	190,300	

**AMENDMENTS TO THE 2003-04 BUDGET (CONTINUED)**

**APPOINTMENTS AND PROMOTIONS (CONTINUED)**

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
SOUTHWESTERN MEDICAL SCHOOL (Continued)					
Psychiatry					
12. Robin B. Jarrett (T)					40
From: Professor		100	12	157,600	
To: Professor and Elizabeth H. Penn Professorship in Clinical Psychology	8/1-8/31	100	12	157,600	

## U. T. MEDICAL BRANCH - GALVESTON

### GIFTS

The following gifts have been received, have been administratively approved by the President or his delegate, and are recommended for approval by the U. T. Board of Regents:

1. Donor Name: The Sealy & Smith Foundation  
College/School/  
Department: John Sealy Hospital  
Purpose: Payment in full of the \$6,877,037 grant for the purchase of hospital equipment  
Asset Type: Cash  
Value: \$6,877,037
  
2. Donor Name: The Sealy & Smith Foundation  
College/School/  
Department: John Sealy Hospital  
Purpose: Payment against the \$4,000,000 grant for the renovation of the Rebecca Sealy Hospital  
Asset Type: Cash  
Value: \$2,300,000
  
3. Donor Name: The Sealy & Smith Foundation  
College/School/  
Department: John Sealy Hospital  
Purpose: Payment against the \$3,000,000 grant for the purchase of the Positron Emission Tomography Technology  
Asset Type: Cash  
Value: \$2,600,000
  
4. Donor Name: The Sealy & Smith Foundation  
College/School/  
Department: John Sealy Hospital  
Purpose: Payment against the \$3,000,000 grant for the implementation of the Private Adult Community Practice (Harborside Medical Group)  
Asset Type: Cash  
Value: \$1,000,000

## CONTRACTS

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

### GENERAL CONTRACTS

#### FUNDS COMING IN

1. Agency: Department of Assistive and Rehabilitation Services  
Funds: \$1,329,872  
Period: September 1, 2004 through August 31, 2005  
Description: U. T. Medical Branch – Galveston will continue a program of early childhood intervention services for children with developmental delays in the approved service areas and respite services for families of children enrolled in early childhood intervention.
  
2. Agency: The Geo Group, Inc. (GEO)  
Funds: \$4,131,921  
Period: August 1, 2004 through February 28, 2009  
Description: U. T. Medical Branch – Galveston will provide primary care services and required hospital services to inmates incarcerated in the North Texas Intermediate Sanction Facility located in Fort Worth, Texas operated by GEO.
  
3. Agency: The Gulf Coast Center  
Funds: \$1,824,900  
Period: September 1, 2004 through August 31, 2005  
Description: U. T. Medical Branch – Galveston will provide regional community psychiatric hospital services for those individuals 18 years and older who reside in Galveston and Brazoria Counties and who are served by The Gulf Coast Center or who meet the admission criteria.

## CONTRACTS (CONTINUED)

### FUNDS GOING OUT

4. Agency: A-S 56 IH-45 South-FM 646, L. P.  
Funds: \$2,628,800  
Period: September 1, 2004 through August 31, 2014  
Description: U. T. Medical Branch – Galveston will lease 9,920 square feet of office space located in League City, Texas for a women’s health care medical office to be operated by the Obstetrics and Gynecology Department.

## AMENDMENTS TO THE 2004-05 BUDGET

### APPOINTMENTS AND PROMOTIONS

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

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
<b>SCHOOL OF MEDICINE</b>					
Pediatric Cytogenetics					
1. Bobbye M. Rouse					204
From: Professor (T)		100	12	115,000	
To: Professor Emeritus	9/1-8/31	0	0	0	
Anatomy and Neurosciences; Obstetrics and Gynecology Research					
2. Chandrasekha Yallampalli (T)					134
From: Professor		100	12	207,788	
To: Obstetrics and Gynecology Distinguished Professorship in Research and Mentoring Excellence and Professor	9/1-8/31	100	12	207,788	

**AMENDMENTS TO THE 2004-05 BUDGET (CONTINUED)**

**APPOINTMENTS AND PROMOTIONS (CONTINUED)**

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
SCHOOL OF MEDICINE; GRADUATE SCHOOL OF BIOMEDICAL SCIENCES Microbiology; Office of the Dean of Graduate School					
3. Dorian H. Coppenhaver (T)					127
From: Associate Professor; Assistant Dean for Student Affairs & Associate Director for Basic Biomedical Science		100	12	86,095	
To: Associate Professor; Associate Dean for Student Affairs & Associate Director for Basic Biomedical Science	9/1-8/31	100	12	100,000	
SCHOOL OF MEDICINE; SCHOOL OF ALLIED HEALTH Internal Medicine-Geriatrics; Preventive Medicine & Community Health-Epidemiology & Biostatistics; Division of Rehabilitation Sciences					
4. Jean L. Freeman (T)					129
From: Professor		100	12	95,400	
To: Grace Bucksch Gnitzinger Distinguished Professorship in Aging and Professor	9/1-8/31	100	12	95,400	

**AMENDMENTS TO THE 2004-05 BUDGET (CONTINUED)**

**APPOINTMENTS AND PROMOTIONS (CONTINUED)**

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
SCHOOL OF MEDICINE; SCHOOL OF ALLIED HEALTH (Continued) Psychiatry & Behavioral Sciences; Preventive Medicine & Community Health-Epidemiology & Biostatistics; Office of Biostatistics; Division of Rehabilitation Sciences					
5. Daniel H. Freeman, Jr. (T)					128
From: Professor and Director		100	12	156,468	
To: Edgar Gnitzinger Distinguished Professorship in Aging and Professor; Director	9/1-8/31	100	12	156,468	

**AMENDMENTS TO THE 2003-04 BUDGET**

**APPOINTMENTS AND PROMOTIONS**

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
<b>SCHOOL OF MEDICINE</b>					
Internal Medicine					
1. Randall J. Urban (T)					30
From: Nelda C. and H. J. Lutcher Stark Distinguished Chair in Internal Medicine and Professor		90	12	193,500	
To: Nelda C. and H. J. Lutcher Stark Distinguished Chair in Internal Medicine and Professor; Chair Ad Interim	7/1-8/31	90	12	333,333	
Department of Ophthalmology					
The Robertson-Poth Distinguished Chair in Ophthalmology and Professor and Chair					
2. Kent W. Small (T)	7/1-8/31	100	12	370,000	29
Anatomy and Neurosciences; Physiology and Biophysics; Marine Biomedical Institute					
3. Henry F. Epstein (T)					27
From: Professor and Chair; Professor and Chair Ad Interim; Interim Director		100	12	275,000	
To: Cecil H. and Ida M. Green Distinguished University Chair in Neuroscience and Cell Biology, Professor, and Chair; Professor and Chair Ad Interim; Interim Director	4/1-8/31	100	12	275,000	

**AMENDMENTS TO THE 2003-04 BUDGET (CONTINUED)**

**APPOINTMENTS AND PROMOTIONS (CONTINUED)**

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
SCHOOL OF MEDICINE (Continued)					
Internal Medicine; Physiology and Biophysics; MD-PhD Combined Degree Program					
4. Steven A. Weinman (T)					26
From: Professor		100	12	169,250	
To: John Sealy Distinguished Chair for MD/PhD Combined Degree Studies in Honor of Dr. Truman G. Blocker and Professor	5/1-8/31	100	12	169,250	
Pharmacology; Sealy Center for Environmental Health and Medicine					
5. James R. Halpert (T)					25
From: The Chauncey Leake Distinguished Professorship in Pharmacology, Professor, and Chair; Interim Director		100	12	187,296	
To: The Mary Gibbs Jones Distinguished Chair in Environmental Toxicology, Professor, and Chair; Interim Director	7/1-8/31	100	12	187,296	

**AMENDMENTS TO THE 2003-04 BUDGET (CONTINUED)**

**APPOINTMENTS AND PROMOTIONS (CONTINUED)**

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
SCHOOL OF MEDICINE (Continued) GRADUATE SCHOOL Anatomy and Neurosciences; Physiology and Biophysics; Marine Biomedical Institute 6. William D. Willis, Jr. (T)					28
From: Professor; Member		100	12	248,031	
To: Cecil H. and Ida M. Green Distinguished Chair in Neuroscience and Professor; Member	5/1-8/31	100	12	248,031	

## OTHER FISCAL ITEMS

### MEMBERSHIP RATES

The following Alumni Field House membership rate increases, effective upon approval, have been administratively approved by the Executive Vice Chancellor for Health Affairs and are recommended for approval by the U. T. Board of Regents:

<u>Quarterly Rate</u>	<u>Present Rate \$</u>	<u>Proposed Rate \$</u>	<u>Percent Increase</u>
Employee	115	120	4.35%
Employee/Family	180	190	5.56%
<u>Semiannual Rate</u>			
Employee	190	200	5.26%
Employee/Family	295	310	5.08%
<u>Yearly Rate</u>			
Employee	330	345	4.55%
Employee/Family	510	535	4.90%
Student/Family	180	190	5.56%

**U. T. HEALTH SCIENCE CENTER - HOUSTON**

**AMENDMENTS TO THE 2003-04 BUDGET**

**APPOINTMENTS AND PROMOTIONS**

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

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
<b>DENTAL BRANCH</b>					
Dean Diagnostic Sciences Pediatric Dentistry Oral Pathology Laboratory					
1. Catherine Flaitz (T)					
From: Interim Dean, Professor, and Chairman		100 SUPLT	12 12	135,000 29,200	48
To: Dean, Professor, and Chairman	8/1-8/31	100 SUPLT	12 12	214,200 50,000	
<b>MEDICAL SCHOOL</b>					
Dean					
2. Stanley G. Schultz (T)					
From: Professor and Interim Dean		100 SUPLT	12 12	178,000 57,000	40
To: Dean and Professor, Fondren Chair in Cellular Signaling	6/1-8/31	100 SUPLT	12 12	250,000 57,000	

**AMENDMENTS TO THE 2003-04 BUDGET (CONTINUED)**

**APPOINTMENTS AND PROMOTIONS (CONTINUED)**

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
<b>SCHOOL OF PUBLIC HEALTH</b>					
Internal Medicine (Continued)					
3. Bruce Kone (T)					41
From: James T. and Nancy B. Willerson Distinguished Chair, and Professor - Internal Medicine – Nephrology, General Instruction – GSBS, and Internal Medicine – Renal Diseases		100 SUPLT	12 12	194,478 87,500	
To: James T. and Nancy B. Willerson Distinguished Chair, Chairman of Internal Medicine, and Professor of Integrative Biology and Pharmacology, Internal Medicine – Nephrology, General Instruction – GSBS, and Internal Medicine – Renal Diseases	5/1-8/31	100 SUPLT	12 12	194,478 132,500	
Environmental Sciences					
4. Lawrence W. Whitehead (T)					39
From: Associate Professor		100	12	86,883	
To: Associate Professor and Interim Director	7/1–8/31	100 SUPLT	12 12	86,883 15,000	

## OTHER MATTERS

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

The following item has been approved by the Executive Vice Chancellor for Health Affairs in accordance with the Regents' Rules and Regulations, Part One, Chapter III, Section 13 and is submitted for approval by the U. T. Board of Regents. It has been determined that the holding of this office or position is of benefit to the State of Texas and The University of Texas System and there is no conflict between holding this position and the appointment of Mr. Untermeyer with The University of Texas Health Science Center at Houston. By approval of this item, the Board is also asked to find that holding this position is of benefit to the State of Texas and The University of Texas System and there is no conflict between the position and the University appointment.

- |               |  |
|---------------|--|
| Name:         | Mr. Charles Graves Untermeyer  |
| Title:        | Vice President for Governmental Relations and Professor of Public Policy                           |
| Position:     | Ambassador Extraordinary and Plenipotentiary of the United States of America to the State of Qatar |
| Period:       | August 10, 2004 through August 31, 2005  |
| Compensation: | \$150,000  |
| Description:  | Mr. Untermeyer will be on unpaid leave of absence while serving as Ambassador to Qatar.            |

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

### GIFTS

The following gifts have been received, have been administratively approved by the President or his delegate, and are recommended for approval by the U. T. Board of Regents:

- |                 |  |
|-----------------|--|
| 1. Donor Name:  | SBC Foundation   |
| College/School/ | Office of the Vice President and Chief Information Officer   |
| Department:     | Department of Telecommunications and Networking  |
| Purpose:        | SBC Foundation's fifth payment toward a \$5 million grant commitment payable over ten years (2000-2009) in support of the Virtual Campus Health Science Center technology project. |
| Asset Type:     | Cash   |
| Value:          | \$500,000  |
  
- |                 |  |
|-----------------|--|
| 2. Donor Name:  | Robert J. Kleberg, Jr. and Helen C. Kleberg Foundation   |
| College/School/ | Graduate School of Biomedical Sciences   |
| Department:     | Department of Biochemistry   |
| Purpose:        | First annual installment toward a \$1.5 million grant from the Robert J. Kleberg, Jr. and Helen C. Kleberg Foundation for "Bacteriophages - Understanding Viruses that Kill Bacteria" in support of a three-year research project of South Texas Bacteriophages. |
| Asset Type:     | Cash   |
| Value:          | \$500,000  |

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

### GIFTS

The following gifts have been received, have been administratively approved by the President or his delegate, and are recommended for approval by the U. T. System Board of Regents:

1. Donor Name: The Commonwealth Foundation for Cancer Research  
College/School/ Department: Institution  
Purpose: Cancer research  
Asset Type: Cash  
Value: \$1,250,000
  
2. Donor Name: The Farmer Family Foundation  
College/School/ Department: Institution  
Purpose: Innovative cancer research  
Asset Type: Cash  
Value: \$800,000
  
3. Donor Name: Baylor College of Medicine  
College/School/ Department: Institution  
Purpose: Auditorium construction  
Asset Type: Cash  
Value: \$965,000
  
4. Donor Name: Estate of Rebecca M. Brown  
College/School/ Department: Institution  
Purpose: To aid people with cancer  
Asset Type: Common Stock  
Value: \$623,561

**AMENDMENTS TO THE 2003-04 BUDGET**

**APPOINTMENTS AND PROMOTIONS**

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

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
U. T. M. D. ANDERSON CANCER CENTER - MEDICAL STAFF					
Anesthesiology					
Chair, Professor					
1. David L. Brown (T)	8/30-8/31	100	12	400,000	57
Lymphoma/Myeloma					
Associate Professor					
2. Qing Yi (T)	7/26-8/31	100	12	110,000	59
Melanoma Medical Oncology					
3. Patrick Hwu (T)					49
From: Chair, Professor		100	12	270,000	
To: Chair, Professor and the Robert R. Herring Professorship in Clinical Research	7/1-8/31	100	12	270,000	
Gynecologic Oncology					
4. David Gershenson (T)					50
From: Chair, Professor and Ann Rife Cox Chair		100	12	445,620	
To: Chair, Professor and the J. Taylor Wharton, M.D. Distinguished Chair	7/1-8/31	100	12	445,620	

**AMENDMENTS TO THE 2003-04 BUDGET (CONTINUED)**

**APPOINTMENTS AND PROMOTIONS (CONTINUED)**

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
<b>U. T. M. D. ANDERSON CANCER CENTER - MEDICAL STAFF (Continued)</b>					
Clinical Cancer Prevention					
5. Scott M. Lippman (T)					51
From: Chair, Professor, and Anderson Clinical Faculty Chair for Cancer Treatment and Research		100	12	270,000	
To: Chair, Professor and Ellen F. Knisely Distinguished Chair in Colon Cancer Research	7/1-8/31	100		12270,000	
Anesthesiology and Critical Care					
6. Thomas Feeley (T)					55
From: Division Head, Professor and Helen Shafer Fly Distinguished Professorship of Anesthesiology		100		12411,876	
To: Executive Vice-President and Chief Operating Office - Division Head, Special Assistant to Chief Operating Office Ad Interim, Professor and Helen Shafer Fly Distinguished Professorship of Anesthesiology	7/1-8/31	100	12	411,876	
	5/1-8/31	SUPLT	12	10,000	

**AMENDMENTS TO THE 2003-04 BUDGET (CONTINUED)**

**APPOINTMENTS AND PROMOTIONS (CONTINUED)**

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
<b>U. T. M. D. ANDERSON CANCER CENTER - RESEARCH</b>					
Immunology					
Associate Professor					
7. Chen Dong (T)	7/1-8/31	100	12	110,000	58
Molecular Therapeutics					
8. Gordon B. Mills (T)					52
From: Chair, Professor and Olga Keith and Harry Carothers Wiess Chair for Cancer Research		100	12	252,253	
To: Chair, Professor and Ann Rife Cox Chair in Gynecology	7/1-8/31	100	12	252,253	
Experimental Therapeutics					
9. Elizabeth A. Grimm (T)					53
From: Professor		100		12175,000	
To: Professor and Frances King Black Memorial Professorship for Cancer Research	7/1-8/31	100	12	178,000	

## U. T. HEALTH CENTER - TYLER

### CONTRACTS

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

#### GENERAL CONTRACTS

##### FUNDS COMING IN

- Agency: Custom Food Group L.P.  
Funds: Contractor shall pay to University, as a royalty, the percentages of gross receipts (before exclusion of sales tax) of the amount per unit sold or other basis as indicated in Exhibit "D" (the "Royalty").  
Period: September 1, 2004 through August 31, 2006  
Description: Custom Food Group L.P. will provide vending machine operations on the U. T. Health Center – Tyler campus for the sale of beverages, snack foods, and fresh food products. The vendor was selected from three bidders: Custom Food Group L.P. from Tyler, Texas; Canteen from Tyler, Texas; and Tyler Beverage from Tyler, Texas, following a competitive bid process.

##### FUNDS GOING OUT

- Agency: Morrison Management Specialists, Inc. ("Morrison")  
Funds: \$2,071,918  
Period: Effective September 1, 2003 through August 31, 2006  
Description: Morrison is an experienced and qualified food service company for full service food and certain beverage services and will provide these services to the University.