

Meeting No. 966

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

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May 7-8, 2003

Austin, Texas

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OF
THE UNIVERSITY OF TEXAS SYSTEM
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AUSTIN, TEXAS

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MEETING NO. 966

WEDNESDAY, MAY 7, 2003.--The members of the Board of Regents of The University of Texas System convened at 2:34 p.m. on Wednesday, May 7, 2003, in the Board Meeting Room, Ninth Floor, Ashbel Smith Hall, Austin, Texas, with the following in attendance:

ATTENDANCE.--

<u>Present</u>	<u>Absent</u>
Chairman Miller, presiding	
Vice-Chairman Clements	
Vice-Chairman Hunt	
Vice-Chairman Riter	
Regent Caven	
Regent Craven	
Regent Estrada	
Regent Huffines	
Regent Krier	
Counsel and Secretary Frederick	

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

ANNUAL MEETING WITH OFFICERS OF THE U. T. SYSTEM STUDENT ADVISORY COUNCIL.--On behalf of the Board, Chairman Miller welcomed officers of The University of Texas System Student Advisory Council (SAC) to the annual meeting with the Board and asked Chair Opiela to make the appropriate introductions and to begin the discussion per the agenda which was before the Board.

PARTICIPANTS

Chair: Mr. Eric Opiela, The University of Texas at Austin

Chair-Elect: Mr. Jeremy Chance, The University of Texas Health Science Center at Houston

Academic Affairs Committee: Mr. Elliott Kruppa, U. T. Austin

Finance and Planning Committee: Mr. Dean Blount, The University of Texas Health Science Center at San Antonio

[Not in attendance:

Vice-Chair: Mr. Alan Thomas, The University of Texas at Tyler

Administrative Assistant: Ms. Semilla Rivera, U. T. Health Science Center - Houston

Historian: Ms. Debra Perez, The University of Texas at Brownsville

Campus Life Committee: Ms. Kendra Ray, The University of Texas at Dallas

Health and Graduate Affairs Committee: Mr. Donald Stepan, The University of Texas Southwestern Medical Center at Dallas

Legislative Affairs Committee: Ms. Rabea Benhalim, U. T. Dallas

Technology/Facilities Planning Committee: Mr. Justin Appleby, U. T. Dallas]

Chair Opiela said that several officers of the SAC could not attend the meeting due to budget constraints and scheduling conflicts with final examinations. Prior to discussing the following accomplishments of the Council during the past year, Mr. Opiela said he would try to dispel the myth that students do not care about issues at the U. T. System level or administrative issues on their campuses, or that they do not have the time or expertise to address those issues. He said there are students who are dedicated to improving student life and the component institution, which they attend, thereby increasing the value of their degree. He said that the recommendations of the SAC come back to involving students in various processes at their campuses.

Accomplishments 2002-2003

1. Use of Social Security Numbers at Component Institutions

Mr. Opiela said the U. T. System embraced the issue raised by the SAC by creating a Social Security Number Task Force that included student representation and which is working toward keeping student information more secure.

2. Facilitate Sharing of Ideas Between Students at U. T. System Campuses

Mr. Opiela said SAC meetings have allotted time for the sharing of ideas amongst students with the goal to better solve problems of students.

3. Best Practices Brochure

The Council's Student Campus Life Committee prepared a brochure detailing best practices information among student activities and student organizations. He said that U. T. Austin's experience with over 800 student organizations can help other campuses address extracurricular life.

4. Representation on U. T. System Committees and Task Forces

The SAC continues to provide input and representation on U. T. System committees and task forces, such as the Board of Regents' Student, Faculty, and Staff Campus Life Committee; the Social Security Task Force mentioned above; and revision of the Regents' Rules and Regulations underway by the Office of the Board of Regents.

Mr. Dean Blount, reporting for both the Finance and Planning Committee and the Technology/Facilities Planning Committee, proposed a no-cost plan for a student advisor at the level of the president at each component institution, selected by means specific to each component. He said this proposal would address the feeling of the committees that students do not have a sufficient voice. Vice-Chairman Clements endorsed the proposal. Mr. Opiela clarified the proposal would not replace current student representation but parallels the leadership team concept proposed by the U. T. System Faculty Advisory Council.

On behalf of the Health and Graduate Affairs Committee, Chair-Elect Chance reported on a proposal that current health services for graduate assistants be cut and requested maintenance of current health service levels, issuance of student health insurance cards, provision of a better description of health benefit coverages, and information on upgrading health benefit coverages. Chair-Elect Chance also requested health benefits be maintained for research and teaching assistants and that out-of-state financial waivers be maintained to keep the University competitive throughout the country. Mr. Chance said the Committee supports Chancellor Yudof's proposal to increase research funding for up to \$100 million for The University of Texas at Arlington, U. T. Dallas, The University of Texas at El Paso, and The University of Texas at San Antonio. He also suggested creation of an additional law school at a prospective location such as the El Paso – Juarez metroplex area due to expected future growth.

Chancellor Yudof promised to review issues related to insurance cards and health insurance benefits for teaching and research assistants. He clarified that he has expanded the research funding plan to advance eight academic institutions to the next level of research funding, not just the four institutions listed above. He noted it will be difficult to do this with low expectation for infusion of public funds so the

proposal must be clever in areas such as in how to align faculties, and collaborate with other components and the private sector. In response to a comment by Mr. Chance that he appreciates the approach taken to disburse limited funds amongst the institutions, Chancellor Yudof emphasized that students need to understand that most of the funding flows directly to the campuses. He said tuition is directly attributed to the campuses as is indirect cost recovery.

Chairman Miller said that, while trying to build research universities, the U. T. System has the biggest penalty from a tax standpoint of any state in the country, with a tax on research. He said the U. T. System is the leader in actively trying to reform State law to eliminate the research tax and added that collaboration amongst U. T. institutions will reinforce what each school is doing and getting benefit without duplicating or replicating resources. Chair Opiela said he supports the initiatives on indirect cost recovery.

Academic Affairs Committee Chair Kruppa recommended development of an honor code that would foster academic integrity (as found on Page 7 of the Agenda Book), programs for student evaluations of faculty, and a program regarding English proficiency tests for teaching assistants and faculty. Regent Krier recommended the Council visit with the Faculty Advisory Council on the proposal to evaluate faculty and Chancellor Yudof encouraged review of answers to baseline questions and transparency on each campus.

Chair-Elect Chance reported the Campus Life Committee reviewed and endorsed the proposal by the Faculty Advisory Council to implement an executive planning and leadership council to bring together faculty, administrative, and student leaders to discuss and seek solutions to common issues.

On behalf of the Legislative Affairs Committee, Chair Opiela reported that the Council voted against support of tuition deregulation at this time and recommended that control of tuition remain with the legislature. In addition, the Council recommends that a student be appointed to the Board of Regents.

Chair-Elect Chance talked about the following new initiatives for next year:

1. Restructuring committees to include Finance, Student Life, and Academic Affairs with three representatives on each committee
2. Bringing together student programs on different issues, including publication of a booklet.

Chairman Miller and the other members of the Board commended the SAC for their enthusiasm and hard work. Vice-Chairman Hunt asked that, regarding tuition deregulation, the SAC consider that in real terms the State has not given the

University any more support than in 1983 and that, before the current fiscal crisis, expenditures per student were going down and that the students may be asked to pay more.

RECESS TO EXECUTIVE SESSION.--At 3:20 p.m., Chairman Miller announced that the Board would recess to convene in Executive Session pursuant to Texas Government Code Sections 551.071 and 551.074 to consider those matters listed on the Executive Session agenda.

RECONVENE.--At 4:55 p.m., the Board reconvened in open session for action on matters considered in Executive Session.

EXECUTIVE SESSION OF THE BOARD OF REGENTS

Chairman Miller reported that the Board met in Executive Session to discuss matters in accordance with Texas Government Code Sections 551.071 and 551.074. There were no actions taken on the following items on the Executive Session agenda:

1. U. T. Arlington: Consideration of Personnel Matters Relating to Presidential Search
2. U. T. System: Consideration of Personnel Matters Relating to Appointment, Employment, Evaluation, Assignment and Duties of Officers or Employees
3. U. T. System: Consideration of Personnel Matters Relating to Evaluation of Presidents and U. T. System Executive Officers
4. U. T. System: Consultation with Attorney Regarding Legal Matters or Pending and/or Contemplated Litigation or Settlement Offers

RECESS.--At 4:55 p.m., Chairman Miller announced that the Board would recess to reconvene at 8:30 a.m. in Open Session on Thursday, May 8, 2003, in the Board Meeting Room, Ninth Floor, Ashbel Smith Hall, Austin, Texas.

THURSDAY, May 8, 2003.--The members of the Board of Regents of The University of Texas System reconvened at 8:45 a.m. on Thursday, May 8, 2003, in the Board Meeting Room, Ninth Floor, Ashbel Smith Hall, Austin, Texas, with the following in attendance and absent:

ATTENDANCE.--

<u>Present</u>	<u>Absent</u>
Chairman Miller, presiding	Regent Craven
Vice-Chairman Clements	
Vice-Chairman Hunt	
Vice-Chairman Riter	
Regent Caven	
Regent Estrada	
Regent Huffines	
Regent Krier	
Counsel and Secretary Frederick	

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

WELCOME TO NEW REGENTS H. SCOTT CAVEN, JR., AND JAMES RICHARD HUFFINES.--Chairman Miller welcomed new Regent H. Scott Caven, Jr., and Regent James Richard Huffines to their first regular scheduled meeting of the Board of Regents.

U. T. BOARD OF REGENTS: APPROVAL OF MINUTES OF REGULAR MEETING HELD FEBRUARY 12-13, 2003, AND SPECIAL MEETINGS HELD JANUARY 7, FEBRUARY 26, APRIL 1, AND APRIL 10, 2003.--The Minutes of the regular meeting of the Board of Regents of The University of Texas System held on February 12-13, 2003, in Austin, Texas, were approved as prepared by the Counsel and Secretary to the Board. The official copy of these Minutes is recorded in the Permanent Minutes, Volume L, Pages 192 - 442.

The Board also approved the Minutes of the special meetings of the Board of Regents of the U. T. System held on January 7, February 26, April 1, and April 10, 2003, in Austin, Texas, as prepared by the Counsel and Secretary to the Board. The official copy of these Minutes is recorded in the Permanent Minutes, Volume L, Pages 187 - 191 for January 7 and Pages 443 - 453 for February 26 through April 10.

SPECIAL ITEMS

1. U. T. Board of Regents: New Ways of Managing Records in the Office of the Board of Regents

With the aid of a PowerPoint presentation as set forth on Pages 8 - 10, Ms. Carol Felkel, Assistant to the Counsel and Secretary to the Board, and Ms. Gay Faulkner, Records and Information Management Analyst, in the Office of the Board of Regents described new ways of managing historical records in the Office of the Board of Regents. The presentation covered the archiving of historical documentation, including a firsthand view of the original Minutes of the Board of Regents dated November 15, 1881, when the first Board of Regents of The University of Texas was called to convene in Austin and Ashbel Smith, M.D., was elected the first Chairman of the Board.

Ms. Felkel extended the presentation into modern times by explaining the use of the Internet to display Board Minutes from 1881 to present, maintenance of historical information on former Regents, and enhancements to the format of the Regents' Rules and Regulations to facilitate search and retrieval of information by the public, resulting in more open governance. Ms. Felkel also described potential use of present-day technology to enhance Board meetings.

Mr. Ralph Elder, Assistant Director for the Center for American History at The University of Texas at Austin, who has provided the Office of the Board of Regents with valuable support and advice related to the archiving of the University's historical records, also participated in the presentation.

New Ways of Managing Records
in
the Office of the Board of Regents



May 8, 2003

New Ways of Managing Records
in the Office of the Board of Regents

One Word:

Electronic

Agenda

Changes in Past 3 Years and Looking Forward:

1. Board of Regents' Minutes
2. Regents' Rules and Regulations
3. Archiving Historical Files
4. Information on Former Regents
5. Electronic Presentations
6. Electronic Forms of Communication

WHY?

- ✦ Preserve Historical Documents
- ✦ Facilitate Search and Retrieval of Information -- Any Time, Any Place
- ✦ Keep the Methods Used to Store Records Current and Up-To-Date
- ✦ Free up Physical Space
- ✦ Facilitate Records Retention

The DETAILS

1. Put Board Minutes on Web

- * Backfile Conversion
- * Early Minutes were Handwritten; Typed Beginning 1906
- * Electronic Search by Anyone, Any Time, Any Place
- * Backups
- * Referenced Documents Soon to be Available Electronically in One Place

2. Improved Format for Regents' Rules and Regulations

- * Sacrificed Rigid Formatting for Convenience
- * Built > Comprehensive Table of Contents
- * Can Search Entire Rules vs. Chapter x Chapter
- * Historical Versions On-line
- * Tracked Changes

3. Archiving of Historical Documents

- * Historical Documents (Real Estate, Oil & Gas, Construction, and BOR General Files)
- * Reviewed Files
- * Acid-free Files/Boxes
- * Archive on Campus
- * Free up File Cabinets

4. Former Regents

- * Available on the Web:
 - List of 211 Former Regents with Links to Bios
 - List of Former Boards
 - Photos of Former Board Members
 - Historical Notes
- * Orange Book

5. Moving To Electronic Presentations

- * Agenda/Committee Books now on Web
- * New Web-Based Agenda Process
- * Feasibility Study re Computers at Board Table
- * Webcasting of Board Meetings

6. Moving Towards Electronic Means of Communicating

- * Enhanced Use of E-mail for Routine Distributions
- * Fewer Convenience Copies

Summary:

- Total Web Access of/E-records for:
- ✦ 122 Years of Board Minutes; Most Searchable by Electronic Means
 - ✦ Regents' Rules and Regulations Since 1891 on Web; Searchable
 - ✦ Electronic Archive of Agenda Books and Committee Booklets

We Will Also Have:

- ✦ Preserved Important Historical Documents
- ✦ Reduced Overhead Costs
- ✦ Moved To a More Paperless Working Environment Increasing Efficiency
- ✦ Provide Information to the Public on 24/7 Basis

Memorandum removed
this presentation from the
Office of the Board of Regents.

2. U. T. System: Metroplex Discussion and Announcement of Anonymous Gift to U. T. Arlington

Chairman Miller announced that since the Agenda Book had been mailed, an additional topic had been added to the agenda and posted with the Secretary of State regarding a Metroplex discussion. He stated that since the recent departure of President Witt from The University of Texas at Arlington and the variety of issues brought forth from the legislative session, there has been a focus on The University of Texas System component institutions in the Dallas/Fort Worth Metroplex area.

Before continuing the discussion, Chairman Miller expressed his pleasure at the opportunity to announce a coincidental and momentous \$2 million gift to U. T. Arlington from an anonymous donor in honor of Mr. and Mrs. John Goolsby to establish the Goolsby Leadership Academy and Goolsby Distinguished Professorships in its College of Business Administration. Mr. and Mrs. Goolsby are ardent supporters of U. T. Arlington. Mr. Goolsby is a 1951 graduate of U. T. Arlington and served as President and Chief Executive Officer of the Howard Hughes Corporation.

Chairman Miller then introduced Mr. Wes Jurey, President of the Arlington Chamber of Commerce, and Mr. Mike Cramer, Chairman of the Board for the Arlington Chamber of Commerce. Mr. Jurey spoke about opportunities in the Metroplex to collaborate with the three universities of the U. T. System -- The University of Texas at Arlington, The University of Texas at Dallas, and The University of Texas Southwestern Medical Center at Dallas -- to create a technology-led economic development initiative. Mr. Jurey thanked Chairman Miller for the opportunity to speak and said he and the Arlington community are ready to work with the University. Mr. Cramer said U. T. Arlington has become an important part of the Arlington community, and on behalf of the several thousands of businesses in the City of Arlington, committed to support the University.

Chairman Miller thanked Mr. Jurey and Mr. Cramer for their expressions of local support to the University. For the record, Mr. Miller said the results of the discussions that had taken place about the Metroplex had been put into a letter to the Lieutenant Governor and other policymakers dated April 28, 2003, and distributed widely, as found on Pages 13 - 18. He noted that the resolution passed by the Board of Regents on April 10, 2003, was attached to the letter and would also be included for the record in the Minutes. In response to a question asking for a motion to ratify the letter, Regent Krier and Regent Huffines simultaneously moved approval and the motion was seconded. The motion was unanimously approved.

Chairman Miller then read his letter (Page 13) and said this was a comprehensive discussion; he observed that the document was informal and that there was colloquial language. He noted some items are conditional on getting funding and that success is dependent upon the best efforts of all, but it is really a strong statement from both the community and The University of Texas System about visions, goals, and opportunities.

Chancellor Yudof said that, as a result of discussions held, there was a common understanding of the issues. He said the plan is to create more research universities in the U. T. System to advance economic development and to serve the state well. He described three components of a research university as leadership, a plan, and resources. He added that, in the case of U. T. System where campuses are dispersed throughout the state, collaboration is equally important.

Chairman Miller emphasized that nothing being discussed about the academic institutions implies the omission of interest in U. T. System medical institutions. He noted there are very important collaborations involved with those entities and there are plans for additional funding from federal and private sources. He asked that, as we talk about these specific cases, we make sure everybody understands that every institution and every opportunity is on the table for the work in progress.

BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM

*Charles Miller, Chairman
201 West Seventh Street, Suite 820
Austin, Texas 78701-2981
(512) 499-4402
Fax: (512) 499-4425*

April 28, 2003

The Honorable David Dewhurst
Lieutenant Governor of Texas
Post Office Box 12068, Capitol Station
Austin, Texas 78711

The Honorable Chris Harris
State Senator
Post Office Box 12068, Capitol Station
Austin, Texas 78711

The Honorable Kim Brimer
State Senator
Post Office Box 12068, Room E1.712,
Capitol Station
Austin, Texas 78711

Dear Governor Dewhurst, Senator Harris, and Senator Brimer:

The documents and working notes attached represent interest expressed in recent meetings between community members and representatives of The University of Texas System.

I am highly confident that these statements are compatible with the principles, policies, and goals of the U. T. System.

Sincerely,

/s/ Charles Miller
Chairman

Attachments

c: The Honorable Rick Perry
The Honorable Tom Craddick
The Honorable Toby Goodman
The Honorable Kent Grusendorf
Members, U. T. System Board of Regents
Senior Staff, U. T. System Administration
Presidents, U. T. System Institutions
Senior Staff, U. T. Arlington
Arlington/Fort Worth Community Representatives
Members, U. T. Arlington Presidential Search Advisory Committee

I. Mission of UT-Arlington

A. Formal recognition of UTA's vision to become a Top Tier research university, building upon its current progress to include:

- Regents commitment to UTA as a "Top Tier" research institution
- Public commitment to the commitment to UTA by Chancellor, Regents
- System support for fund raising
- System support to recruit top administration, faculty hires
- System support for development and acquisition of facilities, labs, etc., in support of advanced research, particularly in the areas of nanotechnology and biotechnology

B. Development of a defined plan, based upon the research to be commissioned this year by the UT system, with the involvement of all the universities' constituencies, including the community, and a commitment to its implementation, in terms of what UTA needs to do to reach \$100 million per year in research, and the role the UT system is prepared to play in order to assist UTA in reaching that goal.

II. Funding

A. A commitment by the UT System to support and contribute to the efforts to secure the resources needed for UTA to achieve "Top Tier" status to include:

- Pursuing levels of funding necessary to improve student-faculty ratios, the purpose being to attract faculty capable of conducting research at levels that secure research funding (government and private sector) with a teaching load that allows time for research.
- Pursuing funding for all approved UTA research facilities and classrooms, with emphasis on the Colleges of Science and Engineering.
- Supporting tuition revenue bonds to expand facilities at Ft. Worth, at the request of UTA.

B. A defined plan, which stipulates what the UT System will commit to, in terms of how UTA, the community and the UT System will provide and/or secure the funding necessary to:

- Recruit outstanding faculty, administrators, and students.
- Increase both public and private sector funding and philanthropy

C. Define how the UT System commits to working with UTA and the Community to increase formula funding from the following sources:

- Formula funding
- Special Items
- Return of indirect costs from research grants
- Industrial partnerships
- Philanthropy
- Excellence Funds
- PUF Funds
- LERR
- Revenue Funding
- Endowment
- State and Federal Funding
- Tuition (campus)

III. Collaboration

A. Public Commitment by the Chancellor and the Regents to all three institutions (UT-Arlington, UT-Dallas, UT Southwestern) as “Top Tier” research universities, to include:

- Regent action endorsing the collective vision.
- Chancellor press conference in Tarrant County announcing commitment to the vision.

B. Develop the administrative underpinnings to support collaboration to include:

- Establish a formal means of collaboration and cooperation among UT-Arlington, UT-Dallas, and UT-Southwestern, in terms of research activity, through a formally adopted memorandum of understanding.
- Establish the Metroplex Council with defined participants that include 3 provosts from each institution, 3 elected/public officials, and 3 community representatives.
- Ensure that the three campuses will work to maximize the resources of the institutions to make the collaboration among the three as effective, efficient, and beneficial to all as possible, while not unnecessarily duplicating efforts.

IV. Excellence

The UT System will continue efforts in support of:

A. Engaging the campus and UTA's constituencies throughout the process the system has committed to in order to evaluate the readiness of UTA and other system universities to become "Top Tier" universities.

B. Work with those constituencies to define a formal "Plan of Action," stipulating "who does what by when," to take the steps necessary to move UTA to a "Top Tier" status.

C. Supporting UTA, on an ongoing basis, by:

- Encouraging campus-based decisions and campus-based development of admissions standards that reflect the improving quality of the institution and its programs.

- Support University in achieving better student-faculty and student/tenured faculty ratios, in order to provide adequate time for faculty research.

- Support the effort to hire the most qualified faculty and administration in critical areas.

V. Technology Transfer

A. Commitment to support as priorities centers and institutes that facilitate technology transfer, acknowledging that these centers and institutes will continue to grow and evolve. These currently include:

Arlington Technology Incubator, to include staff, facility.

Center for Workforce Preparation, to include staff, facility.

Texas Manufacturing and Assistance Center, to include staff, facility.

Automation and Robotics Research Institute, to include staff, facility.

Materials Science and Energy Laboratory, to include staff, facility.

Chemistry Research Building, to include staff, facility.

NanoFab Lab & Teaching facility to include staff, facility.

B. Commitment to support the creation and development of the following centers and institutes to further enhance UTA's ability to pursue public and private research funding, and to facilitate technology transfer.

Future center for Nano-structured materials

Converging Biotechnology Center

Pervasively secure Environments Research Institute

C. Commitment to work with the University, City and Chamber to develop additional centers and institutes, which will enhance UTA as a "Top Tier" research institution, the goal being \$100 million annually in research.

VI. Ft. Worth Community Partnership

A. Recognition that UTA is the only public funded, comprehensive four year university serving Tarrant County, which includes Ft. Worth as the largest city in Texas without such a university, as evidenced by:

- Commitment to maximize efforts to obtain funding and develop philanthropic community and alumni support for the growth of programs and facilities in Ft. Worth, commensurate with the growth of enrollment, taking into consideration demand for programs currently not offered.

VII. Presidency

An assurance by the UT System that while actively pursuing the most highly qualified candidate to fill the presidency of UTA the statement of principles shall be taken into consideration.

Resolution

WHEREAS, The University of Texas at Arlington has been a valued and essential member of The University of Texas System since 1965 and within that relationship:

- Has grown and flourished as a comprehensive university serving a growing number of undergraduate, graduate, and professional school students;
- Has experienced significant gains in the range and quality of academic programs, as well as the amount of research spending;
- Has benefited from major capital investments that have created one of the state's most modern campuses;
- And has developed extensive and fruitful collaborations with public and private-sector entities;

WHEREAS, It is clear that The University of Texas at Arlington has tremendous potential for advancement in all aspects of its mission, including education, research, community service, and economic development, and that membership within The University of Texas System offers the University the best opportunity to achieve that potential in the most timely manner;

NOW THEREFORE, BE IT STRONGLY RESOLVED THAT:

The Board of Regents and the administration of The University of Texas System affirm their support for The University of Texas at Arlington and are firmly committed to working with The University of Texas at Arlington and all of its constituencies in order to accelerate the growth and development of the University, both as a comprehensive institution providing access and excellence to students at all levels of higher education, and also as a major research university at the forefront of discovery and innovation across a broad range of fields, and

BE IT FURTHER RESOLVED, That the Board of Regents and The University of Texas System commit to pursuing, with energy and enthusiasm equal to all U. T. System institutions; increased opportunities for advancement in research opportunities and collaborations; recruitment of outstanding faculty, students, and administrators, including a national leader for the university presidency; increased public-private sector funding and increased philanthropy that will directly benefit the continued growth and development of The University of Texas at Arlington as a major research university for the Metroplex, the State of Texas and the nation.

Passed by the U. T. Board of Regents, April 10, 2003

3. U. T. System: Report on Development of the Accountability and Performance Report

Dr. Geri H. Malandra, Assistant Vice Chancellor for Accountability and Institutional Performance, reported on development of The University of Texas System's Accountability and Performance report and provided an overview of preliminary work to bring the U. T. System's mission statement up to date in the broader context of the System's strategic goals and long-range planning.

Chancellor Yudof added that benchmarks will also be established for U. T. System Administration performance in given areas including development benchmarks for activities such as fund-raising.

4. U. T. Board of Regents: Amendments to the Regents' Rules and Regulations, Part One, Chapter I, Section 3, Subsection 3.2 (Duties of the Chairman), Section 7 (Committees and Other Appointments), and Section 8, Subsection 8.3 (Order of Business)

The Board approved amendments to the Regents' Rules and Regulations, Part One, Chapter I, as set forth below:

- a. Section 3, Subsection 3.2, relating to the duties of the Chairman, was amended to read as follows:

3.2 Duties of the Chairman

The duties and responsibilities of the Chairman shall include the following:

- 3.21 The Chairman shall preside over the meetings of the Board.
- 3.22 The Chairman shall be authorized to call special meetings of the Board, as herein provided.
- 3.23 Except for the Executive Committee, the Chairman shall appoint the standing committees of the Board and such special committees as the Board may authorize.
- 3.24 The Chairman shall appoint ad hoc committees as necessary to address special issues.
- 3.25 The Chairman shall be a nonvoting ex officio member of all standing and special committees of the Board except for the Executive Committee and shall be a voting member of the Executive Committee.

- b. Section 7, relating to committees and other appointments, was amended to read as follows:

Sec. 7. Committees and Other Appointments

7.1 Standing Committees

The following committees shall be standing committees of the Board to consider policies for the government of all major areas: (a) Executive Committee; (b) Finance and Planning Committee; (c) Academic Affairs Committee; (d) Health Affairs Committee; (e) Facilities Planning and Construction Committee; (f) Audit, Compliance, and Management Review Committee.

7.11 Composition of Standing Committees; Appointment of Chairmen

7.111 The Executive Committee is composed of the Chairman, Vice-Chairmen of the Board, and additional voting members of the Board appointed by the Chairman. The Chairman of the Board is the Chairman of the Executive Committee and is a voting member of that Committee.

7.112 Each standing committee is composed of not less than four members of the Board appointed by the Chairman.

7.113 The Chairman of each standing committee (other than the Executive Committee) shall be appointed by the Chairman of the Board shortly after his or her election, by and with the consent of the Board, and shall remain as Chairman of the standing committee (unless a vacancy shall be caused by death, resignation, or refusal of some member of a committee to act) until the succeeding Board Chairman shall have reconstituted the committees.

...

7.16 Duties of the Audit, Compliance, and Management Review Committee

The Audit, Compliance, and Management Review Committee shall:

7.161 Recommend an Audit Charter for the Audit, Compliance, and Management

- Review Committee for review and approval by the Board and oversee all internal and external auditing and compliance functions within The University of Texas System.
- 7.162 Recommend the approval of the hiring of the System Director of Audits after nomination by the Chancellor.
- 7.163 Recommend the approval of the annual System-wide risk assessment and annual internal auditing plan.
- 7.164 Initiate System Administration and institutional audits, compliance activities, and operations management reviews as deemed necessary to ensure appropriate risk management and control processes within The University of Texas System.
- 7.165 Provide the Board of Regents with relevant information obtained from ongoing reviews of auditing, compliance, and operations activities and reports of internal auditors, external auditors, and the State Auditor's Office.
- 7.166 Meet with external auditors, internal audit directors, and compliance officers as deemed necessary to discuss specific risk management and control issues.

...

7.5 M. D. Anderson Services Corporation

M. D. Anderson Services Corporation (formerly M. D. Anderson Cancer Center Outreach Corporation) was established in 1989 to enhance revenues of The University of Texas 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, M. D. Anderson Services Corporation shall be managed by a 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, may be appointed by the Board of Regents.

- c. Section 8, Subsection 8.3, relating to the order of business at regularly scheduled Board meetings, was amended to read as follows:

8.3 Order of Business

Customarily, the order of business at a regular meeting of the Board shall be as follows:

- (a) Executive Session of the Board.
- (b) Correction and approval of Minutes of preceding meeting(s).
- (c) Consideration of Special Items referred directly to the Board.
- (d) Reports of special and ad hoc committees.
- (e) Consideration of approval of items contained in reports of the following standing committees:
Executive Committee,
Finance and Planning Committee including consideration of items relating to The University of Texas Investment Management Company (UTIMCO),
Audit, Compliance, and Management Review Committee,
Academic Affairs Committee,
Health Affairs Committee, and
Facilities Planning and Construction Committee.
- (f) Other Matters.

Amendments to the Regents' Rules and Regulations, Part One, Chapter I, Section 7, Subsection 7.1, Subdivision 7.111 add the authority for the Chairman to appoint additional voting members to the Executive Committee. Amendments to Section 3, Subsection 3.2 are editorial to delete repetitive information.

Amendments to Section 7, Subsection 7.1, Subdivision 7.16 and Section 8, Subsection 8.3 add the Audit, Compliance, and Management Review Committee as a new Standing Committee of the Board as approved by the Board of Regents on April 1, 2003.

Addition of Subsection 7.5 relating to the M. D. Anderson Services Corporation is a minor revision to add this external entity to the text describing entities with representatives appointed by the Board of Regents.

5. U. T. Board of Regents: Amendments to the Regents' Rules and Regulations, Part One, Chapter I, Section 6 (Meetings of the Board and Standing Committees of the Board)

The Regents' Rules and Regulations, Part One, Chapter I, Section 6, regarding meetings of the Board and standing committees of the Board, were amended to read as set forth below:

Sec. 6. Meetings of the Board and Standing Committees of the Board

6.1 Regular Meetings of the Board

Regular meetings of the Board shall be held at such times and places as the Board Chairman shall designate.

6.2 Special Meetings of the Board

Special meetings of the Board shall be held upon the call of the Chairman, or upon the written request of three members of the Board. The Chairman shall cause written notification of the time, place, and purpose(s) of a special meeting to be provided to each member of the Board by the Counsel and Secretary at least three days before the time of the meeting, when possible.

6.3 Regular Meetings of Standing Committees

Regular meetings of standing committees of the Board shall be held in conjunction with regular meetings of the Board.

....

Amendments to Part One, Chapter I, Section 6 of the Regents' Rules and Regulations authorize the Board Chairman to determine regular Board meeting sites and frequency consistent with a proposed meeting schedule through 2005 discussed by the Board of Regents at the January 7 and February 12-13, 2003 Board meetings and circulated by the Counsel and Secretary to the Board prior to the May 2003 meeting.

The schedule proposed to be implemented by the Chairman reduces the current eight Board and Committee meetings a year to five or six meetings per year as designated by the Chairman, with committee meetings to be held on the first day and the regularly scheduled Board meeting on the second day.

[Note: The meeting schedule for the remainder of 2003 and for 2004 and 2005 was distributed on May 20, 2003.]

Approval of this item formally repeals the Board's December 1994 action establishing a schedule of quarterly Board meetings and separate quarterly meetings for the Board's standing committees.

Also, a minor amendment reflects that special meeting notification may be provided by other than mailing.

6. U. T. Board of Regents: Amendments to the Regents' Rules and Regulations, Part One, Chapter I, Section 8 (Procedure)

The Board amended the Regents' Rules and Regulations, Part One, Chapter I, Section 8, regarding procedures related to Agenda and Docket Items, as set forth below:

- a. The last two sentences of Subsection 8.6, Subdivision 8.61, concerning communications to the Board of Regents, were deleted and essential language was moved to new Subdivision 8.65.
- b. Subsection 8.6, Subdivision 8.64, regarding the Docket, and Subdivision 8.65, concerning the content and timing of items to be considered by the Board, were amended as set forth below:

8.64 Docket

A compilation of matters that are required to be reported to or approved by the Board via a docket format shall be prepared as directed and approved by the Chancellor, Executive Vice Chancellors, and Vice Chancellors, as appropriate.

All docket items from the component institutions must be received by System Administration prior to the deadline set by the Chancellor approximately four weeks prior to a regular scheduled meeting for inclusion in the Docket for that meeting. The Docket shall be distributed by the Counsel and Secretary to all members of the Board and may be combined with the Agenda Book referenced in Subdivision 8.65 below.

8.65 Agenda

Each matter to be considered by the Board or a standing committee of the Board at any regular Board meeting as an Agenda Item shall be accompanied by a summary of the facts pertaining thereto, the need for action thereon, and the recommendations of the Chancellor, where appropriate. Where contractual awards are involved, the summary shall show the

method of competition, if any, the names and offers of all interested parties, and generally sufficient information to show the reasons for and fairness of each transaction. The recommendations of the Chancellor shall state whether they are fully concurred in by any Executive Vice Chancellor, Vice Chancellor, and/or president of a component institution involved.

Except in the case of an emergency, all proposals that are to be considered by the Board or a committee of the Board shall be presented to System Administration in sufficient time to allow review prior to transmittal to the Counsel and Secretary to the Board approximately four weeks prior to a regular scheduled meeting of the Board for preparation of the Agenda Book and supporting material.

The Agenda Book for a Board meeting shall be provided to each member of the Board approximately two weeks in advance of the meeting, to the extent possible.

Consistent with comments from members of the Board, amendments to Subsection 8.6 will conform the Regents' Rules to a new practice, effective with the May 2003 Board meeting, to consolidate the Docket with the Agenda Book and make one distribution of materials to each Regent, targeted two weeks prior to the regularly scheduled Board meeting. Currently, the Docket is mailed three weeks prior to the Board meeting and the Agenda Book is mailed one week later.

Agenda and Docket deadlines for the U. T. System and component institutions conform to actual practice. Language regarding specific deadlines for the submission of Agenda Items was out of place in Subdivision 8.61, which deals with communications by and to the Board. Language covering target deadlines is included in the new text of Subdivisions 8.64 and 8.65.

Amendments to Subdivision 8.64 acknowledge the Docket as an integrated part of the Board's Agenda and delete the requirement that a signed memorandum related to approval of the Docket and potential conflicts of interest be returned to the Board Office by each Regent. Questions and deferrals of items included in the Docket will be handled on an as needed basis, as done for other matters included in the Agenda Book.

Amendments to Subdivision 8.65 consolidate and streamline current provisions related to the Agenda Book and delete unnecessary detail about its preparation.

7. U. T. Board of Regents: Amendment to the Regents' Rules and Regulations, Part One, Chapter I, Section 9 (Delegation to Act on Behalf of the Board), Subsection 9.2, Subdivision 9.22

The Board amended the Regents' Rules and Regulations, Part One, Chapter I, Section 9 (Delegation to Act on Behalf of the Board), Subsection 9.2, Subdivision 9.22 to add a new Subparagraph 9.22(11) as set forth below in congressional style:

- 9.22(11) Contracts or agreements related to postseason bowl games, subject to a requirement that the contract or agreement has been submitted to the Executive Vice Chancellor for Academic Affairs and is in a form acceptable to the Vice Chancellor and General Counsel.

This addition to the Regents' Rules and Regulations, applies to The University of Texas System institutions with football programs (The University of Texas at Austin and The University of Texas at El Paso). Over the last 40 years, the U. T. Board of Regents approved a series of very detailed policies for the acceptance of invitations to participate in bowl games, for the authorized attendance at such games, and for the approval of bowl game budgets. The policy applicable to U. T. Austin was adopted in October 1962, amended in part in February 1982, and ultimately repealed in November 1996. At the time of the repeal, the Board also authorized a president to accept bowl game invitations following review and approval of the proposed bowl game budget by the Executive Vice Chancellor for Academic Affairs and the Executive Vice Chancellor for Business Affairs. The 1996 action required ratification of final bowl budgets by the Board via institutional budget approval procedures. There was no corresponding authorization to execute agreements in excess of the \$1.0 million general limit on delegated contracts.

This addition to the Regents' Rules replaces the provisions of the Board's November 1996 Minute Order and formally notes for the record the repeal of the Bowl Game Policy for U. T. El Paso approved by the Board in November 1965 when U. T. El Paso was Texas Western College. The Bowl Game Policy for The University of Texas at Arlington, approved by the Board in December 1967, was effectively repealed by the abandonment of the U. T. Arlington football program in 1985. Requests for budget changes will be docketed in accordance with current U. T. System Budget Rules and Procedures.

8. U. T. Board of Regents: Amendments to the Regents' Rules and Regulations, Part One, Chapter II, Section 3, Subsection 3.3, Subdivision 3.31 (System Director of Audits)

The Board amended the Regents' Rules and Regulations, Part One, Chapter II, Section 3, Subsection 3.3, Subdivision 3.31 to add serving as the chief audit executive to the duties of the System Director of Audits as set forth below. Regent Caven asked that the record reflect his abstention from voting on this item (See Item 1 on Page 36).

3.3 Audit

The Chancellor, as chief executive officer of the System, is responsible for ensuring the implementation of appropriate audit procedures for the System. Accordingly, the System Director of Audits prepares an executive summary of all internal audit activity by the System internal auditors and the institutional internal auditors for the Chancellor.

3.31 System Director of Audits

The System Director of Audits is responsible for coordinating the effective auditing of the System as set out in Subparagraph 3.312 of this Chapter. The System Director of Audits provides audit assistance to the Chancellor, the Executive Vice Chancellors, and the Vice Chancellors in the exercise of their responsibilities.

3.311 Appointment

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

3.312 Duties and Responsibilities

The primary responsibilities of the System Director of Audits include developing a System-wide internal audit plan based on a System-wide risk assessment and coordinating the implementation of this plan with the institutional internal auditors. This System-wide audit plan is submitted to the Audit, Compliance, and Management Review Committee for review and to recommend approval to the Finance and Planning Committee after the Chancellor's review and approval. Responsibilities of the Director of Audits also include conducting audits of the System including the revenue

produced from the Permanent University Fund lands and formulating policies for the internal audit activity at each component institution.

3.313 The Director of Audits serves as the chief audit executive.

These amendments conform the text to recognize the new Audit, Compliance, and Management Review Committee and to designate the Director of Audits as the “chief audit executive.”

9. U. T. Board of Regents: Amendment to the Regents' Rules and Regulations, Part One, Chapter VI, Section 6 (Use of University Facilities)

The Board amended the Regents' Rules and Regulations, Part One, Chapter VI, Section 6 relating to use of University facilities to add a new Subsection 6.(14) to read as set forth below:

6.(14) Use of Facilities for Weddings

The president of a component institution, or his or her delegate, and the Chancellor of the U. T. System, or his or her delegate, may designate one or more indoor and/or outdoor areas that may be used for weddings, subject to the following conditions:

6.(14)1 Requests for use of such space must be made at least fourteen (14) days in advance.

6.(14)2 Use of such space for activities of a component institution or the U. T. System shall have priority over weddings.

6.(14)3 A charge for the use of such space will be made that at least recovers the actual cost.

6.(14)4 The user shall be required to execute a Facilities Use Agreement, the form and content of which has been approved by the U. T. System Office of General Counsel and provides for adequate insurance.

The Regents' Rules and Regulations currently provide no authority for the facilities of a component institution or The University of Texas System, other than a Special Use Facility, to be used for the purpose of weddings.

The addition of Subsection 6.(14) to Part One, Chapter VI, Section 6 of the Regents' Rules and Regulations will provide the authority to use certain designated space for weddings under the limited conditions set forth in the new Subsection 6.(14).

10. U. T. Board of Regents: Approval of Appointments to the Board for Lease, The University of Texas Investment Management Company (UTIMCO), Texas Growth Fund, and M. D. Anderson Services Corporation; and Standing Committee Appointments for the Record (Regents' Rules and Regulations, Part One, Chapter I, Section 7 Related to Committees and Other Appointments)

In accordance with the requirements of the Regents' Rules and Regulations, Part One, Chapter I, Section 7, the Board approved Chairman Miller's appointments to the Board for Lease of University Lands, the Board of Directors of The University of Texas Investment Management Company (UTIMCO), the Board of Trustees of the Texas Growth Fund, and the Board of Directors of the M. D. Anderson Services Corporation as set forth below. All appointments were effective immediately. (See related Item 4 on Page 19 regarding inclusion of the M. D. Anderson Services Corporation in the Regents' Rules.)

Unless otherwise noted, these appointments will remain in effect until the succeeding Board Chairman reconstitutes the committees in 2005.

REGENTAL REPRESENTATIVES

Board for Lease of University Lands

Judith L. Craven, M.D.
Cyndi Taylor Krier
Robert A. Estrada, Alternate

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

(to serve until April 1, 2005, or until their successors are chosen and qualified, or until their earlier resignation or removal)

Woody L. Hunt
Rita C. Clements
James Richard Huffines

Texas Growth Fund Board of Trustees

A. W. "Dub" Riter, Jr.

M. D. Anderson Services Corporation Board of Directors

Rita C. Clements
James C. Guckian, M.D., Acting Executive Vice Chancellor for Health Affairs for the U. T. System, replaced Charles B. Mullins, M.D.

Appointments of members of the Board of Regents to the external entities of the Board for Lease of University Lands, the UTIMCO Board of Directors, and the Board of Trustees of the Texas Growth Fund are consistent with State law and applicable provisions of the Regents' Rules and Regulations, Part One, Chapter I, Section 7. At the meeting, Chairman Miller requested the Board approve a change in appointment on the UTIMCO Board of Directors from Regent Caven as listed in the Agenda Book to Regent Huffines.

Appointment of a Regent to the Board of Directors of M. D. Anderson Services Corporation (formerly M. D. Anderson Cancer Center Outreach Corporation) is consistent with corporate bylaws previously approved by the Board of Regents. Establishment of the not-for-profit corporation was approved in April 1989 to enhance revenues of U. T. M. D. Anderson Cancer Center through initiation of joint ventures in selected markets, providing additional referrals to the institution, contracting for delivery of inpatient and outpatient management, utilizing existing reference laboratory services, and fostering additional philanthropy in distant areas.

Section 2 of the Services Corporation bylaws relates to the Board of Directors, which currently consists of seven directors. The President of U. T. M. D. Anderson Cancer Center may appoint four directors, provided that such appointments receive the prior approval of the Board of Regents. The Board of Regents may appoint three directors, one of whom shall be a Regent and two of whom shall be administrative officers of the U. T. System.

The current Board of Directors of M. D. Anderson Services Corporation is as follows:

Leon J. Leach, Chairman of the Board of Directors
Vice-Chairman Rita C. Clements
James C. Guckian, M.D.
David L. Callender, M.D.
Kerry L. Kennedy
Margaret Kripke, Ph.D.
Martin N. Raber, M.D.

[Note: Following appointment of committee Chairmen at the April 1, 2003 Board meeting, Chairman Miller made the following committee assignments by memorandum dated April 4, 2003, included in these Minutes for the record:

Academic Affairs Committee

Cyndi Taylor Krier, Chairman
H. Scott Caven, Jr.
Judith L. Craven, M.D.
Robert A. Estrada
James Richard Huffines

Note: Members of the Academic Affairs Committee also serve on The University of Texas at Brownsville/Texas Southmost College (UTB/TSC) Partnership Advisory Committee.

Audit, Compliance, and Management Review Committee

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

Facilities Planning and Construction Committee

James Richard Huffines, Chairman
Rita C. Clements
Robert A. Estrada
Woody L. Hunt
A. W. "Dub" Riter, Jr.

Finance and Planning Committee

Woody L. Hunt, Chairman
H. Scott Caven, Jr.
James Richard Huffines
Cyndi Taylor Krier
A. W. "Dub" Riter, Jr.

Health Affairs Committee

Rita C. Clements, Chairman
H. Scott Caven, Jr.
Judith L. Craven, M.D.
James Richard Huffines
Cyndi Taylor Krier

Student, Faculty, and Staff Campus Life Committee

Judith L. Craven, M.D., Chairman
Rita C. Clements
Robert A. Estrada
Woody L. Hunt
A. W. "Dub" Riter, Jr.]

11. U. T. Tyler: Appointment of Dr. George F. Hamm as President Emeritus

Upon motion by Vice-Chairman Riter, duly seconded, the Board appointed Dr. George F. Hamm as President Emeritus at The University of Texas at Tyler in accordance with the Regents' Rules and Regulations, Part One, Chapter II, Section 21, relating to honorary titles.

Dr. Hamm served as President of U. T. Tyler for 17 years from 1981 to 1998 during which time he received authorization to offer Master's degrees in Nursing, History, English, Mathematics, Biology, and Political Science. The Texas Legislature approved the creation of a U. T. Tyler College of Engineering, the only state-supported Engineering School in the East Texas region. During Dr. Hamm's presidency, the Graduate Liberal Arts Program was expanded and a University Campus was established in Longview. U. T. Tyler built a major student housing complex, funded entirely by the private sector, and the Fine and Performing Arts Center was constructed. He also created a Distinguished Lecture Series that brings nationally prominent and world-class lectures to the University podium and the community.

One of Dr. Hamm's most significant accomplishments was his leadership in working with the legislature and other community leaders in elevating U. T. Tyler to four-year status in 1997.

In recognition of Dr. Hamm's accomplishments, on August 7, 1996, he was honored by friends of the University with a gift of \$500,000 for the George F. Hamm Endowed Chair recognizing his commitment to academic excellence and to philosophical principles that promote international understanding.

INFORMATIONAL REPORT

U. T. System: Report of Summary of Gift Acceptance Conforming to Board Policy for December 1, 2002 Through February 28, 2003

The Summary of Gift Acceptance for The University of Texas System for the period December 1, 2002 through February 28, 2003, is set forth below. The report includes 94 items conforming to Board policy including the acceptance of \$12,133,492 in gifts and other Board-held matching funds totaling \$600,000. The report includes only those funds that relate to endowments, estates and other funds managed by the U. T. System Office of Development and External Relations.

<u># ALL</u> <u>ITEMS</u>	<u>COMPONENT INSTITUTION</u>	<u>TOTAL VALUE</u>
3	U. T. System Administration	\$ 60,000
6	U. T. Arlington	93,533
33	U. T. Austin	6,928,204
3	U. T. Brownsville	711,170
4	U. T. Dallas	1,010,000
4	U. T. El Paso	271,985
---	U. T. Pan American	---
1	U. T. Permian Basin	---
4	U. T. San Antonio	531,580
2	U. T. Tyler	77,220
8	U. T. Southwestern Medical Center - Dallas	415,800 *
6	U. T. Medical Branch - Galveston	175,571
1	U. T. Health Science Center - Houston	10,000
3	U. T. Health Science Center - San Antonio	77,631
15	U. T. M. D. Anderson Cancer Center	1,770,798
---	U. T. Health Center - Tyler	---
	U. T. Medical Branch - Galveston and	
<u>1</u>	<u>U. T. Health Science Center - San Antonio</u>	<u>---</u>
94	TOTAL	\$ 12,133,492

* Not included in total:

U. T. Southwestern Medical Center - Dallas: \$600,000 of Board-held matching funds.

RECESS FOR COMMITTEE MEETINGS AND COMMITTEE REPORTS TO THE BOARD.--At 10:00 a.m., the Board recessed for meetings of the Standing Committees, and Chairman Miller 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 on the following pages.

REPORTS AND RECOMMENDATIONS OF STANDING COMMITTEES

REPORT OF EXECUTIVE COMMITTEE (Page 35).--Chairman Miller reported that 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.

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REPORT OF AUDIT, COMPLIANCE, AND MANAGEMENT REVIEW COMMITTEE (Page 35).--Chairman Estrada reported that there were no items referred from the Audit, Compliance, and Management Review Committee to the Board pursuant to Section 7, Subsection 7.1, Subdivision 7.16 of Chapter I of Part One of the Regents' Rules and Regulations. (See Item 4 on Page 19 regarding an amendment to the Regents' Rules and Regulations to include the duties of the new Audit, Compliance, and Management Review Committee.)

REPORT AND RECOMMENDATIONS OF THE FINANCE AND PLANNING COMMITTEE (Pages 36 - 69).--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 which 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. 113 (Catalog Change)

The Board approved Docket No. 113 in the form distributed by the Counsel and Secretary to the Board. It is attached following Page 97 in the official copies 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.

Following discussion and Chairman Miller's reading of a letter dated May 6, 2003, from Chancellor Yudof to Vice Chancellor Perry concerning a gift from Chancellor Mark G. Yudof and Mrs. Judy Yudof, the Docket item on Page 1 reporting a budget change for Chancellor Yudof was deferred.

Included in the Docket on Page 2 is a report for the record of the family relationship of the spouses of The University of Texas System Director of Audits Charles Chaffin and Regent Caven. Mrs. Chaffin and Mrs. Caven are sisters. This report is not required to be made as the employee and the governing board member are not related with the second degree of affinity, but was reported to the Board and the public in the interest of full disclosure.

The Docket item concerning Dr. Sorber's appointment as President ad Interim at The University of Texas at Arlington was found to be in the best interest of the U. T. System, as required by Texas Education Code Section 51.948.

To avoid any appearance of a possible conflict of interest, Regent Krier was recorded as abstaining from any vote on Item 2 on Page 74 of The University of Texas Health Science Center at San Antonio Docket related to a gift from the USAA Foundation, of which Regent Krier is an employee.

2. U. T. System: Authorization of a Permanent Self-Insurance Plan for Directors and Officers Liability and Employment Practices Liability

The Board authorized a Permanent Self-Insurance Plan for Directors and Officers Liability and Employment Practices Liability (D&O/EPL) as follows:

- a. Authorized a permanent self-insurance plan as the risk financing mechanism for The University of Texas System's D&O/EPL risks
- b. Approved the plan design, including coverage terms and conditions, plan administration, claims management, premium allocation, deductibles, and other financial requirements
- c. Allocated \$2.7 million in Available University Fund (AUF) reserves to capitalize the self-insurance fund and fund a portion of the premiums for the first year.

A risk assessment has been performed, and the design of the permanent, self-insurance plan is provided below:

- The limits of the permanent self-insurance plan will be \$10 million per loss event and annual aggregate for Coverages A and B with an aggregate sublimit of \$5 million for Coverage C.
- There will be no deductible for Coverage A; a \$100,000 per person/\$300,000 per loss event deductible for Coverage B; and a \$300,000 per loss event deductible for Coverage C. Deductibles are paid by the component institution.
- Claims will continue to be administered by the Office of General Counsel (OGC) and defended to the greatest extent possible by the Attorney General or a panel of outside counsel selected on behalf of the plan.
- In the event of a coverage dispute with an insured person or insured entity, OGC may appoint independent coverage counsel to review the claim, determine applicability of coverage, and avoid potential conflicts of interest.
- In the first year, the plan will be funded through premiums for current year losses, as well as losses incurred during previous years but not yet reported.

- Total funding for the plan in the first year is \$4.5 million. \$1 million in funding was provided for the interim plan, \$800,000 will be paid by System Administration and the component institutions, and an additional \$2.7 million in AUF reserves will be used to fund the remaining portion of the plan in the first year.
 - The plan will be evaluated annually by an actuary to determine future premiums and capitalization requirements.
 - If claim costs exceed the available fund balance, a special assessment will be required.
 - Component institutions will pay premiums using a methodology that distributes 80% of the premium based on exposures (employee head-count) and 20% based on losses.
3. U. T. System: Adoption of a Regental Policy Entitled The University of Texas System Fire and Life Safety Review Policy for Acquisitions and Conversions of Buildings to be Used for Campus Purposes

In order to enhance The University of Texas System's compliance with applicable codes and further demonstrate U. T. System's commitment to fire and life safety protection, the Board adopted a new Regental Policy entitled The University of Texas System Fire and Life Safety Review Policy for Acquisitions and Conversions of Buildings to be Used for Campus Purposes as set forth below.

THE UNIVERSITY OF TEXAS SYSTEM FIRE AND LIFE SAFETY
REVIEW POLICY FOR ACQUISITIONS AND CONVERSIONS
OF BUILDINGS TO BE USED FOR CAMPUS PURPOSES

It is the policy of The University of Texas System to ensure that, before the U. T. System uses any building for campus purposes, it is in compliance with the applicable fire and life safety code. Consequently, this policy requires advance inquiry about the fire and life safety features of any building that the U. T. System proposes to acquire or to convert for campus purposes. Additionally, this policy requires an evaluation of the fire and life safety deficiencies of the building and of the corrective actions or renovations required to remedy the deficiencies.

Scope

Buildings owned or leased by U. T. System and used for campus purposes shall comply with the edition of the National Fire Protection Association Life Safety Code 101 (NFPA 101) or, when applicable, National Fire Protection Association Code 101A (NFPA 101A) adopted and enforced by the Texas State Fire Marshal's Office of the Texas Department of Insurance, as such codes may be amended or supplanted from time to time. This policy governs acquisitions of real property with buildings to be used for campus purposes, whether the acquisition of the real property interest is by gift, purchase, or lease, and conversions of buildings that are to be used for campus purposes. This policy applies to acquisitions and conversions that are initiated after the effective date of this policy. Acquisitions and conversions in process before the policy effective date are exempt from the requirements of this policy.

Definitions

Assembly Occupancy: As defined by the NFPA, a building (1) used for a gathering of 50 or more persons for deliberation, worship, entertainment, eating, drinking, amusement, awaiting transportation, or similar uses; or (2) used as a special amusement building, regardless of occupant load.

Building Used for Campus Purposes: A building or space within a building that is used by U. T. System for education, research, patient care, auxiliary enterprises, business functions, or such other related purposes and uses for the furtherance and fulfillment of the missions of the U. T. System and that is intended for human occupancy.

Component Institution: Component institutions include U. T. Arlington, U. T. Austin, U. T. Brownsville, U. T. Dallas, U. T. El Paso, U. T. Pan American, U. T. Permian Basin, U. T. San Antonio, U. T. Tyler, U. T. Southwestern Medical Center - Dallas, U. T. Medical Branch - Galveston, U. T. Health Science Center - Houston, U. T. Health Science Center - San Antonio, U. T. M. D. Anderson Cancer Center, U. T. Health Center - Tyler, and U. T. System Administration.

Component Institution Staff Member Responsible for Campus Structures: The staff member at a component institution who is responsible for campus structures and who may have the job title of Director of Campus Planning or Physical Plant Director. The term also includes that staff member's designee.

Component Institution Staff Member Responsible for Campus Safety: The staff member at a component institution who is responsible for campus safety and who may have the job title of Director of Environmental Health and Safety or Institution Safety Officer. The term also includes that staff member's designee.

Life Safety Evaluation: An evaluation to determine a building's compliance with the edition of the NFPA 101 or, when applicable, NFPA 101A, adopted and enforced by the Texas State Fire Marshal's Office of the Texas Department of Insurance at the time of building acquisition or conversion.

Qualified Campus Safety Staff Member: A campus safety staff member with the following qualifications: Board of Certified Safety Professionals - Certified Safety Professional; Texas Workers' Compensation - State Approved Professional Safety Source; National Fire Protection Association (NFPA 1031) Fire Inspector Certification; or a certification currently recognized by the Texas State Fire Marshal's Office of the Texas Department of Insurance.

Special Structure: As defined by the NFPA, special structures are open structures, towers, water-surrounded structures, piers, vehicles and vessels, underground, and windowless structures.

The Life Safety Evaluation Process

Requirement for a Life Safety Evaluation

A Life Safety Evaluation shall be performed under the following circumstances:

- Before a decision is made by a component institution to acquire real property that has any building(s) to be used for campus purposes; and
- Before a building owned or leased by U. T. System that is not used for campus purposes is converted to a building used for campus purposes.

A Life Safety Evaluation may need to be performed when a component institution proposes to convert a building that is currently used for campus purposes to a different use that is also for campus purposes. The component institution's chief business officer shall consult with the component institution staff member responsible for campus safety to determine if a Life Safety Evaluation should be performed.

Performance of the Life Safety Evaluation

Before deciding whether to acquire or convert a building covered by this policy, the component institution's chief business officer shall direct the component institution staff member responsible for campus structures or the component institution staff member responsible for campus safety to gather the following preliminary data regarding the building:

- Last or current occupancy type,
- Historic changes in occupancy,
- Approximate age and general use,
- Special hazards or processes,

- Previous fire history,
- Results of previous fire safety inspections,
- Fire safety equipment (original or additional), and
- Functionality and general condition of all fire and life safety features that may be considered inherent to the structure.

The component institution's staff member may elect to complete the Preliminary Building Risk Assessment Checklist, included as Attachment I to this policy, in order to collect some of the preliminary data.

Such preliminary data will be forwarded to the component institution's chief business officer and the component institution staff members responsible for campus structures and safety. If, based upon review of the preliminary data, and after consultation with the component institution staff members responsible for campus structures and safety, the chief business officer decides to proceed with acquisition or conversion of the building, a Life Safety Evaluation shall be performed.

A Life Safety Evaluation must be conducted by a fire protection-engineering firm, by a qualified campus safety staff member, or by the U. T. System property insurance carrier engineer (if available as an additional service under the U. T. System's Comprehensive Property Protection Program). A fire protection-engineering firm must be retained to conduct a Life Safety Evaluation whenever the building is over seven stories high or classified by the NFPA as a high-rise structure; or the building is intended to be used as a medical treatment facility, a research laboratory, a dormitory, an assembly occupancy, or a special structure. Refer to the Definitions section of this policy for the definitions of assembly occupancy and special structure.

The person who conducts the Life Safety Evaluation shall prepare and deliver to the chief business officer a written report that notes all deficiencies, if any, that may prevent the building from meeting applicable NFPA 101 or NFPA 101A standards. Unless a donor, lessor, or other outside party agrees to pay for the Life Safety Evaluation, the component institution shall pay all costs to perform a Life Safety Evaluation.

Evaluation of the Life Safety Evaluation Report

Upon review of the Life Safety Evaluation Report, and after consultation with the component institution staff members responsible for campus structures and safety, the component institution's chief business officer may decide to abandon the acquisition or conversion, to change to a more compatible use, to demolish the structure, or to continue the evaluation of the possible corrective actions and renovations. The continued evaluation should take into consideration the actual costs of the corrective actions/renovations, the indirect costs resulting from the delay in use of the building, and the advantages to be gained by the use of the building. The component institution staff

members responsible for campus structures and safety will be consulted regarding corrective action/renovation matters. In addition, the U. T. System Office of Facilities Planning and Construction (OFPC) will be consulted regarding corrective action/renovation matters if the magnitude of the corrective action/renovation would normally require management by OFPC.

Plan and Budget for Corrective Actions/Renovations

If the chief business officer elects to acquire or convert a building for which the Life Safety Evaluation notes NFPA 101 or NFPA 101A deficiencies, the chief business officer shall prepare a plan that outlines when and how all identified NFPA 101 or NFPA 101A deficiencies will be corrected or a plan to implement alternative fire and life safety measures that are satisfactory to the State Fire Marshal. U. T. System, Business and Administrative Services, Risk Management shall be available to assist with negotiations with the State Fire Marshal. The chief business officer shall also establish a budget for the corrective action plan or alternative fire and life safety measures plan. The chief business officer shall send a copy of the plan and budget to U. T. System, Business and Administrative Services, Risk Management for informational purposes.

ATTACHMENT I

PRELIMINARY BUILDING RISK ASSESSMENT CHECKLIST

Building: _____ Address: _____

Inspector: _____ Date: _____

<u>Construction Type</u>		<u>Description</u>
A. Type I, Fire Resistive		
B. Type II, Noncombustible		
C. Type III, Masonry Walls, Wood Joist Roof		
D. Type IV, Heavy Timber		
E. Type V, Wood Frame		
<u>Occupancy Classification</u>	<u>Yes/No</u>	<u>Description</u>
A. Specific use		
B. Number of stories		
C. Number of sublevels		
D. Area in sq. ft. per floor proposed for use		
E. Mixed Occupancy? If Yes, specify		
F. Area separation		
G. Construction separation		
H. Occupancy separation		
I. Structural frame protection		
J. Roof covering		
K. Exterior wall construction		
L. Interior wall construction		
M. Vertical shafts		
N. Interior finish		
O. Fire Protection Maintenance Provider		
<u>Fire Extinguishers</u>	<u>Yes/No</u>	<u>Description</u>
A. Fire Extinguishers present		
B. Inspected/tested monthly		
C. Inspected/tested annually		
D. Fire Protection Maintenance Provider		
<u>Sprinklers</u>	<u>Yes/No</u>	<u>Description</u>
A. Sprinklers Present?		
1. Testing Periodicity		
2. Date of last inspection/test		
3. Fire Protection Maintenance Provider		
4. Hydraulic Design Information Sign/Plate Present		
<u>Standpipes and Hoses</u>	<u>Yes/No</u>	<u>Description</u>
A. Standpipes and Hoses present?		
1. Inspection Periodicity		
2. Date of last inspection/test		
3. Fire Protection Maintenance Provider		
<u>Fire Alarm System</u>	<u>Yes/No</u>	<u>Description</u>
A. Fire Alarm System present?		

1. Manual		
2. Automatic		
3. Voice		
4. Annunciated		
5. Testing Periodicity		
B. Details of System		
1. Units		
2. System		
3. Heat detectors		
4. Smoke detectors		
5. Adequately spaced		
6. Type		
7. Locations		
8. Inspected/tested at what intervals		
9. Date of last service		
10. Fire Protection Maintenance Provider		
Life Safety Components		
	Yes/No	<u>Description</u>
A. Emergency Power Available		
1. Type		
2. Locations		
3. Test Frequency		
4. Test log up to date		
5. Date of last service		
6. Service/maintenance provider		
B. Exit Illumination present?		
1. Means of egress; LSC		
2. Signs		
3. Emergency power		
C. Fire Doors present?		
1. Unlocked		
2. Time Delay		
3. Rating		
4. Hardware		
5. Frame		
6. Closing Device		
7. Latching		
8. Gasketing/Bumpers		
9. Fire door/panic hardware maintained in good working order		
10. Facility maintains a Hazard Surveillance program to include stairwells and MoE		
11. Exit discharge area maintained free & clear		
Life Safety Components (continued)		
	Yes/No	<u>Description</u>
D. Corridor Width		
1. Height		
2. Fire Rating		
3. Dead ends		
4. In Compliance		
E. Stairs and Ramps in Compliance?		
1. Width		
2. Height		
3. Enclosure		
4. Gradient		
5. Landing		
6. Venting		

7. Vestibule		
8. Roof access		
9. Handrails		
10. Barrier at Exit discharge		
Elevator Testing	Yes/No	<u>Description</u>
A. Elevator Fire Recall System		
B. Elevators are tested monthly		
C. Elevator Maintenance Provider		
Other Fire Protection Services	Yes/No	<u>Description</u>
A. Other Fire Protection Services Available		
1. Type		
2. Inspection Periodicity		
3. Date of last inspection/test		
4. Fire Protection Maintenance Provider		

Comments: _____

4. U. T. System: Approval of a New Regental Policy Entitled The University of Texas System Debt Policy

The Board adopted a Regental Policy entitled The University of Texas System Debt Policy, as set forth below. The Policy will govern the use of debt under the Revenue Financing System (RFS), the Permanent University Fund (PUF), and the Higher Education Assistance Fund (HEAF), which are the three primary debt programs used to finance capital projects within the U. T. System.

THE UNIVERSITY OF TEXAS SYSTEM DEBT POLICY

Purpose

This policy governs the use of debt to finance capital projects within The University of Texas System (System). The prudent use of debt can help the System achieve its strategic objectives while maintaining a credit rating that appropriately balances financial flexibility with cost of capital.

Financing Programs

The System issues debt through three primary programs: the Revenue Financing System (RFS), the Permanent University Fund (PUF), and the Higher Education Assistance Fund (HEAF). This policy will govern the issuance of all System debt.

Revenue Financing System - The RFS was created by the Board of Regents of The University of Texas System (Board) through the adoption of a Master Resolution on February 14, 1991. The Board established the RFS for the purpose of assembling the System's revenue-supported debt capacity into a single financing program in order to provide a cost-effective debt program to component institutions of the System and to maximize the financing options available to the Board.

Permanent University Fund - Article VII, Section 18 of the Texas Constitution authorizes the Board to issue bonds and notes secured by the System's interest in the Available University Fund (AUF). The AUF consists of distributions from the total return of PUF investments. The Constitution limits the amount of PUF debt that may be issued by the System to 20% of the cost value of investments and other assets of the PUF. The Constitution prohibits the issuance of PUF debt for auxiliary projects.

Higher Education Assistance Fund (HEAF) - Article VII, Section 17 of the Texas Constitution authorizes the Board to issue bonds and notes secured by pledged revenues consisting of up to 50% of the money allocated annually to the Board for U. T. Pan American and U. T. Brownsville. Bonds issued under

this authority are typically referred to as HEAF bonds or constitutional appropriation bonds. The Constitution prohibits the issuance of HEAF debt for auxiliary projects, except to the extent of a project's use for educational and general activities.

Authority

All debt incurred by the System will be issued or incurred pursuant to resolutions approved by the Board and in accordance with the general laws of the State of Texas, including particularly Article VII, Sections 17 and 18 of the Texas Constitution, Chapters 55 and 65 of the Texas Education Code, and Chapters 1207 and 1371 of the Texas Government Code. Before any debt can be issued, the System must obtain an opinion from bond counsel that the issue complies with applicable Texas and federal laws. The System must also receive the necessary approvals from both the Texas Bond Review Board and the Texas Attorney General.

Debt Guidelines

Any debt must be issued in strict compliance with applicable law. The following debt guidelines will apply:

- I. *Project Funding* - The System will borrow money, through the issuance of debt, to finance only those projects that have been approved for financing by the Board. Capital projects are generally evaluated and prioritized through the System's Capital Improvement Program. For construction projects that require debt financing, bond proceeds will be provided only after design development approval and appropriation of funds by the Board of Regents.
- II. *Interest Rate Exposure* - The Office of Finance will evaluate and determine the appropriate amount of its interest rate exposure, defined as the possible increase in capital costs resulting from rising short-term interest rates. The System will limit its variable rate debt in accordance with rating agency guidelines for assessing the debt structure of peer institutions of higher education with comparable credit ratings. In determining the amount of variable rate debt, the Office of Finance will evaluate the level of variable rate assets that may be available to provide a natural hedge to interest rate fluctuations. The System will seek to minimize its cost of capital within a prudent level of exposure to interest rate volatility. The System shall broadly target variable rate debt of 30-50% of total outstanding debt.
- III. *Amortization* - The amortization of tax-exempt debt will be based on the types of assets financed, the expected availability of cash flows to meet debt service requirements, and tax regulations. Generally, the

amortization of tax-exempt debt should not exceed the useful life of the financed asset and may never exceed the Internal Revenue Service limit of 120% of the useful life of the financed asset. The maximum maturity of RFS debt is limited to 50 years by Chapter 55 of the Texas Education Code. The maximum maturity of PUF debt is limited to 30 years by Article VII, Section 18 of the Texas Constitution. The maximum maturity of HEAF debt is limited to 10 years by Article VII, Section 17 of the Texas Constitution.

- IV. *Financial Ratios* - The System will use selected actual and pro forma financial ratios, consistent with major credit rating agency criteria, to ensure the System is operating within appropriate financial bounds. Although other ratios may also be evaluated, the primary financial ratios to be analyzed include the debt service coverage ratio, the debt burden ratio, and the leverage ratio.
- V. *Economies of Scale* - Debt financings will be coordinated to the extent practical so that multiple project needs can be accommodated in a single borrowing, thereby increasing the efficiency of the debt issuance. Since many issuance costs do not vary with the size of a borrowing, a large bond issue increases the efficiency of the financing by spreading fixed costs over a greater number of projects.
- VI. *Refunding Opportunities* - The Office of Finance will actively consider refinancing of outstanding debt issues when net savings for that refinancing measured on a net present value basis are positive. Since there are limitations on the number of allowable refinancings, it is important to use refinancing opportunities wisely. In evaluating refunding opportunities, the Office of Finance will consider the value of the call option to be exercised, including the amount of time to the call date and the amount of time from the call date to maturity. Based on these and other factors, the Office of Finance will determine the minimum savings threshold for any particular refunding transaction. Refundings that do not produce savings may be considered under certain circumstances, such as eliminating restrictive bond covenants or other situations that produce a greater benefit to the System.
- VII. *Disclosure* - The Office of Finance will provide updated financial information and operating data and timely notice of specified material events to each nationally recognized municipal securities information repository and any State information depository, pursuant to its continuing disclosure undertakings with respect to Rule 15c2-12 promulgated by the Securities and Exchange Commission.

- VIII. *Hedging Instruments* - The Office of Finance will consider the use of interest rate swaps and other interest rate risk management tools after carefully evaluating the risks and benefits of any proposed transaction in accordance with the U. T. System Interest Rate Swap Policy. By using swaps in a prudent manner, the System can take advantage of market opportunities to minimize expected costs and manage interest rate risk. As outlined in the U. T. System Interest Rate Swap Policy, the use of swaps must be tied directly to System debt instruments. The System shall not enter into swap transactions for speculative purposes.
- IX. *Project Financing* - The Office of Finance will consider the use of project financing in those limited circumstances where the benefits of such a transaction exceed the increased costs. Project financing can be a useful financing technique in certain circumstances; however, these transactions are typically less efficient and more costly than traditional financing due to lower credit ratings, fewer economies of scale, the funding of a reserve fund, and the cost of bond insurance. Project financing does not preserve or increase debt capacity relative to traditional financing. The credit rating agencies and the System include project debt when assessing the debt capacity of component institutions.
- X. *Taxable Debt* - The System may use taxable debt for those projects that have an intended use or other characteristics that preclude the use of tax-exempt debt. The System will strive to allocate its available resources, including equity capital, among its various capital projects to minimize or eliminate the need to issue taxable debt, thereby minimizing the System's cost of capital. Any use of taxable debt would require separate Board approval and be subject to the same statutory requirements as tax-exempt debt.
- XI. *Reporting Requirements* - The Annual Financial Report (AFR), prepared by the System and presented to the Board, will discuss the status of all outstanding bond and note indebtedness. The AFR presented to the Board provides detailed information on the System's outstanding bonds and notes including, by series, the amount outstanding, interest rates, maturity dates, a summary of the changes in outstanding indebtedness, and the associated debt service requirements.

5. U. T. System: Approval of Amendments to the Regental Policy Entitled Available University Fund Spending Policy

The Board amended the Regental Policy entitled Available University Fund Spending Policy as set forth below to reflect current University of Texas System practices and to make the Policy consistent with other U. T. System policies.

AVAILABLE UNIVERSITY FUND SPENDING POLICY

In order to provide a consistent and dependable level of funding and to maintain the highest credit ratings level possible, the appropriation of the Available University Fund (AUF) shall be governed by the following:

- A. Any staff recommendation to appropriate funds from the AUF or from Permanent University Fund (PUF) Bond Proceeds will be presented in the context of that appropriation's impact on: (a) AUF funding for the support and maintenance of U. T. Austin, (b) bond ratings, (c) projected AUF balances, and (d) other PUF projects in the Capital Improvement Program (CIP). As such, the following procedures will apply:
 1. A forecast of at least six years of the income and expenditures of the AUF will be presented at each meeting of the U. T. Board of Regents' Finance and Planning Committee by the Office of Finance. Quarterly, The University of Texas Investment Management Company (UTIMCO) shall provide to the Office of Finance a forecast of the PUF distributions to the AUF that will be the basis of the AUF forecast. Included as part of the AUF forecast will be the projected amount of remaining PUF debt capacity calculated in accordance with this policy.
 2. As a part of each agenda item requesting approval of AUF expenditures or PUF funded projects, a statement indicating compliance with this policy based on the most recent forecast shall be included.
 3. In preparing recommendations for projects to be approved, the staff will be guided by the following justification criteria:
 - a. Consistency with institution's mission;
 - b. Project need;
 - c. Unique opportunity;
 - d. Matching funds/leverage;

- e. Cost effectiveness;
 - f. State of existing facility condition; and
 - g. Other available funding sources.
4. No project will be recommended for approval, if in any of the forecasted years the required appropriations from the AUF or PUF bond proceeds would cause:
- a. The forecasted AUF expenditures for program enrichment at U. T. Austin to fall below 45% of the sum of the projected U. T. System share of the net divisible AUF annual income and interest income on AUF balances (subject to the limits imposed by b. and c. below);
 - b. Debt service coverage to be less than 1.50:1.00; and
 - c. The forecasted end of year AUF balance to be less than \$30 million.
- B. Permanent University Fund Investment Income Forecast and AUF Expenditures
- 1. In conjunction with the annual U. T. System budget process, UTIMCO shall recommend to the U. T. Board of Regents in May of each year an amount to be distributed to the AUF during the next fiscal year. UTIMCO's recommendation on the annual distribution shall be an amount equal to 4.75% of the trailing 12-quarter average of the net asset value of the PUF for the quarter ending February of each year.
 - 2. Operating expenditures of the U. T. System Administration will be carefully controlled in order to maximize the opportunity to meet the capital needs of the component institutions and the operating budget needs of U. T. Austin. Wherever possible, alternate funding from component institutions, State funds, or other sources will be sought. Programs for which alternative funding cannot be obtained will be evaluated for possible reductions or phaseout.
 - 3. The CIP will be reviewed and updated every two years. The update will include an estimated start date for each project which will be based on the criteria set forth in Section A3 above, project readiness, projected fund availability, and relative urgency of need for the completed project.

6. U. T. System: Approval of Fiscal Year 2004 Budget Preparation Policies and Limitations for General Operating Budgets, Auxiliary Enterprises, Contracts and Grants, Restricted Current Funds, Designated Funds, and Service and Revolving Funds Activities; and Calendar for Budget Operations

The Board approved the following Budget Preparation Policies and Limitations and Calendar for preparation of the Fiscal Year 2004 Operating Budget for The University of Texas System:

U. T. System FY 2004 Budget Preparation Policies

General Guidelines – The regulations and directives that will be included in the General Appropriations Act enacted by the 78th Texas Legislature serve as the basis for these guidelines and policies. In preparing the draft of the FY 2004 Operating Budget, the president of each component institution should adhere to guidelines and policies as detailed below and as included in the General Appropriations Act. Following legislative approval of the General Appropriations Act, the Chancellor will issue detailed instructions regarding the implementation of those regulations and directives into the component budget process.

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

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

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

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

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

To be eligible for a merit increase, classified staff must have been employed by the institution for at least six months as of August 31, 2003.

3. Other Increases – Equity adjustments, competitive offers, and increases to accomplish contractual commitments may also be granted in this budget and should also consider merit where appropriate, subject to available resources. Such increases should be noted and explained in the supplemental data accompanying the budget.
4. New Positions – Subject to available resources, new administrative and professional, classified staff and faculty positions are to be requested only when justified by workloads or to meet needs for developing new programs.
5. Tobacco Settlement Funds – The distribution from the Endowment Funds appropriated to Higher Education and to the Permanent Health Fund for health-related institutions should be estimated at \$0.047 per unit as shown in the following tables:

Individual Endowments

Component	Annual
U. T. El Paso	\$1,175,000
U. T. SWMC Dallas	2,350,000
U. T. MB Galveston	1,175,000
U. T. HSC Houston	1,175,000
U. T. HSC San Antonio	9,400,000
U. T. MDA Cancer Ctr.	4,700,000
U. T. HC Tyler	1,175,000
U. T. RAHC*	940,000

*Lower Rio Grande Valley Regional Academic Health Center (RAHC)

Permanent Health Fund

Component	Annual
U. T. SWMC Dallas	\$2,210,594
U. T. MB Galveston	1,875,745
U. T. HSC Houston	1,807,273
U. T. HSC San Antonio	1,651,546
U. T. MDA Cancer Ctr.	1,751,117
U. T. HC Tyler	1,219,323

6. It is the expectation that FY 2004 salary increases for merit, equity, or other reasons be included in the Operating Budgets.

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

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

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

Budget Reductions and Limitations – The General Appropriations Act may contain provisions requiring budget reductions and budget restrictions which may impact the FY 2004 Operating Budget. Upon approval of this legislation, the Chancellor or other appropriate authority will issue instructions regarding the implementation of any of these reductions and limitations into the budgeting process.

FY 2004 Operating Budget Calendar

<u>May 8, 2003</u>	<u>U. T. Board of Regents approves budget policies</u>
<u>June 2-9, 2003</u>	<u>Budget goals and priorities/resource allocation hearings with System Administration</u>
<u>June 20, 2003</u>	<u>Draft copies of budgets, salary rosters, and supplemental data due to System Administration</u>
<u>June 30 - July 8, 2003</u>	<u>Technical budget hearings with System Administration</u>
<u>July 14, 2003</u>	<u>Final copies of budgets, salary rosters, and supplemental data due to System Administration</u>
<u>July 30, 2003</u>	<u>Operating Budget Summaries mailed to U. T. Board of Regents</u>
<u>August 6-7, 2003</u>	<u>U. T. Board of Regents approves Operating Budget</u>
<u>August 15, 2003</u>	Approved budgets and salary rosters due to System Administration for copying and binding

The U. T. System FY 2004 Budget Preparation Policies will track the regulations and directives that will be included in the General Appropriations Act to be enacted by the 78th Texas Legislature. Following legislative approval of the General Appropriations Act, the Chancellor will issue detailed instructions regarding the implementation of these regulations and directives.

7. U. T. System: Report on Investments for the Five Months Ended January 31, 2003

On behalf of The University of Texas Investment Management Company (UTIMCO), Regent Hunt, an officer of the UTIMCO Board of Directors, summarized the Report on Investments for The University of Texas System for the five months ended January 31, 2003, for the Permanent University Fund, General Endowment Fund, Permanent Health Fund, Long Term Fund, Short Intermediate Term Fund, and Separately Invested Assets.

Report by Regent Hunt on Behalf of UTIMCO

Pages 57 - 65 contain the Summary Reports on Investments for the five months ended January 31, 2003.

Item I on Pages 57 - 59 reports summary activity for the Permanent University Fund (PUF) investments. The PUF's net investment return for the five months was negative 1.61%. The PUF's net investment return for marketable securities for the five months was negative 1.08% versus its composite benchmark return of negative 2.16%. The PUF's net asset value decreased by \$433.5 million since the beginning of the year to \$6,304.8 million. This decrease reflects the annual distribution to the AUF made in September 2002 for \$363.0 million.

Item II on Pages 60 - 63 reports summary activity for the General Endowment Fund (GEF), the Permanent Health Fund (PHF), and the Long Term Fund (LTF). The GEF's net investment return for the five months was negative 1.52%. The GEF's net investment return for marketable securities for the five months was negative 1.09% versus its composite benchmark return of negative 2.16%. The GEF's net asset value decreased \$32.6 million since the beginning of the year to \$3,260.6 million.

Item III on Page 64 reports summary activity for the Short Intermediate Term Fund (SITF). Total net investment return on the SITF was 0.86% for the five months versus the SITF's performance benchmark of 1.71%. The SITF's net asset value increased by \$83.7 million since the beginning of the year to \$1,519.6 million.

Item IV on Page 65 presents book and market value of cash, fixed income, equity, and other securities held in funds outside of internal investment pools. Total cash and equivalents, consisting primarily of component operating funds held in the Dreyfus money market fund, increased by \$519,781 thousand to \$1,797,911 thousand during the three months. Market values for the remaining asset types were fixed income securities: \$315,453 thousand versus \$283,452 thousand at the beginning of the period; equities: \$186,523 thousand versus \$131,845 thousand at the beginning of the period; and other investments: \$43 thousand versus \$21 thousand at the beginning of the period.

I. PERMANENT UNIVERSITY FUND (1)

a.) Summary Investment Report at January 31, 2003 (2)

(\$ millions)

	FY01-02 Full Year	FY02-03		
		Two Months Ending October 31, 2002	Three Months Ending January 31, 2003	Year-to-Date
Beginning Net Assets	7,540.1	6,738.3	6,272.6	6,738.3
PUF Lands Receipts (3)	80.5	14.2	23.1	37.3
Investment Return	(522.9)	(113.8)	13.8	(100.0)
Expenses	(21.0)	(3.1)	(4.7)	(7.8)
Distributions to AUF	(338.4)	(363.0)	-	(363.0)
Ending Net Assets	<u>6,738.3</u>	<u>6,272.6</u>	<u>6,304.8</u>	<u>6,304.8</u>
AUF Distribution:				
From PUF Investments	338.4	363.0	-	363.0
From Surface Income	8.1	0.6	2.0	2.6
Total	<u>346.5</u>	<u>363.6</u>	<u>2.0</u>	<u>365.6</u>
Total Net Investment Return	-7.35%	-1.79%	0.18%	-1.61%

(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, 2002 values of \$639.8 million and \$161.1 million, respectively.

(3) PUF Lands Receipts - As of January 31, 2003: 1,158,086 acres under lease; 522,319 producing acres; 3,134 active leases; and 2,076 producing leases.

I. PERMANENT UNIVERSITY FUND (continued)

b.) Comparison of Asset Allocation Versus Endowment Neutral Policy Portfolio and Net Investment Return for the five months ended January 31, 2003
(Asset Allocation and Benchmarks Approved by the UTIMCO Board)

	Asset Allocation	Endowment Neutral Policy Portfolio	Actual Net Investment Return	Endowment Neutral Policy Portfolio Return (1)	Benchmark
Cash and Cash Equivalents	0.7%	0.0%	0.65%	0.69%	90 Day T-Bills Average Yield
Domestic Public Equities					Wilshire 5000 U.S. Equities Index
Passive Management	13.9%		-5.66%	-5.44%	
Active Management	10.7%		-4.17%	-5.44%	
Hedge and Structured Active Management	6.0%		-1.97%	-5.44%	
Total Domestic Public Equities	30.6%	31.0%	-4.66%	-5.44%	
International Public Equities					Morgan Stanley Capital International - All Country World Free ex U.S.
Passive Management	6.4%		-7.81%	-7.81%	
Active Management	8.4%		-5.91%	-7.81%	
Hedge and Structured Active Management	0.6%		4.00%	-7.81%	
Total International Public Equities	15.4%	19.0%	-6.39%	-7.81%	
Absolute Return	8.1%	10.0%	6.78%	2.37%	90 Day T-Bills Average Yield plus 4%
Inflation Hedging	9.5%	10.0%	2.36%	4.32%	(25% Goldman Sachs Commodity Index minus 100 basis points) plus (25% Treasury Inflation Protected Securities) plus (25% National Commercial Real Estate Index Fund) plus (25% Wilshire Associates Real Estate Securities Index)
Fixed Income	21.2%	15.0%	4.19%	3.08%	(33% Lehman Brothers Aggregate Bond Index ex U.S. Index)
Total Marketable Securities	85.5%	85.0%	-1.08%	-2.16%	
Private Capital	14.5%	15.0%	-4.61%	-3.84%	Wilshire 5000 U.S. Equities Index plus 4% (2)
Total	100.0%	100.0%	-1.61%	-2.38%	

(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.

(2) Due to valuation and liquidity characteristics associated with Private Capital, short-term benchmark comparisons are not appropriate.

I. PERMANENT UNIVERSITY FUND (continued)

c.) Comparison of Asset Allocation Versus Endowment Neutral Policy Portfolio and Net Investment Return for the five months ended January 31, 2003 (Prior Asset Allocation)

	<u>Asset Allocation</u>	<u>Endowment Neutral Policy Portfolio</u>	<u>Endowment Neutral Policy Portfolio Return (1)</u>	<u>Benchmark</u>
Cash	0.7%	0.0%	0.69%	90 Day T-Bills Average Yield
Domestic Common Stocks:				
Large/Medium Capitalization Equities	17.0%	25.0%	-5.88%	Standard and Poor's 500 Index
Small Capitalization Equities	7.5%	7.5%	-4.19%	Russell 2000 Index
Total Domestic Common Stocks	<u>24.5%</u>	<u>32.5%</u>		
International Common Stocks:				
Established Markets	10.6%	12.0%	-8.95%	Morgan Stanley Capital International Europe, Asia, Far East Index (net)
Emerging Markets	4.3%	3.0%	-2.83%	Morgan Stanley Capital International Emerging Markets Free
Total International Common Stocks	<u>14.9%</u>	<u>15.0%</u>		
Inflation Hedging	9.5%	7.5%	7.53%	33% (Goldman Sachs Commodity Index minus 100 basis points) plus 67% (National Commercial Real Estate Index Fund)
Fixed Income:				
Domestic	16.7%	15.0%	3.31%	Lehman Brothers Aggregate Bond Index
International	4.5%	5.0%	8.70%	Salomon Non-U.S. World Government Bond Index, Unhedged
Total Fixed Income	<u>21.2%</u>	<u>20.0%</u>		
Marketable Alternative Equities	14.7%	10.0%	3.65%	90 Day T-Bills Average Yield plus 7%
Total Marketable Securities	<u>85.5%</u>	<u>85.0%</u>	-1.04%	
Non-Marketable Alternative Equities	14.5%	15.0%	-3.84%	Wilshire 5000 U.S. Equities Index plus 4%
Total	<u>100.0%</u>	<u>100.0%</u>	-1.42%	

(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)

a.) Summary Investment Report at January 31, 2003

(\$ millions)

	FY01-02		FY02-03					
	Full Year		Two Months Ending October 31, 2002	Three Months Ending January 31, 2003		Year-to-Date		
Beginning Net Assets	3,723.9		3,293.2	3,259.5		3,293.2		
Net Contributions	(230.7)		(7.9)	(23.0)		(30.9)		
Investment Return	(245.3)		(65.4)	16.0		(49.4)		
Expenses	(7.2)		(0.7)	(1.3)		(2.0)		
Allocations (2)	52.5		40.3	9.4		49.7		
Ending Net Assets	3,293.2		3,259.5	3,260.6		3,260.6		
Net Asset Value per Unit	90.932		89.124	89.519		89.519		
Units and Percentage Ownership (End of Period):								
PHF	7,676,762	21.2%	7,676,762	21.0%	7,569,273	20.8%	7,569,273	20.8%
LTF	28,539,389	78.8%	28,895,452	79.0%	28,853,799	79.2%	28,853,799	79.2%
Total	36,216,151	100.0%	36,572,214	100.0%	36,423,072	100.0%	36,423,072	100.0%
Total Net Investment Return	-6.96%		-1.97%	0.46%		-1.52%		

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

(2) The GEF allocates its net investment income and realized gain or loss to its unitholders at month end. The allocated investment income and realized gain amounts are considered reinvested as GEF contributions. Any allocated realized losses reduce the cost basis of the units in the GEF. Since the allocation is proportional to the percentage of ownership by the unitholders, no additional units are purchased.

ff. GENERAL ENDOWMENT FUND (continued)

b.) Unitholders' Summary Investment Report at January 31, 2003 (1)

(\$ millions)

	FY01-02 Full Year	FY02-03		
		Two Months Ending October 31, 2002	Three Months Ending January 31, 2003	Year-to-Date
PERMANENT HEALTH FUND				
Beginning Net Assets	881.4	698.2	677.8	698.2
Withdrawals	(88.2)	-	-	-
Investment Return	(52.6)	(13.9)	3.3	(10.6)
Expenses	(0.6)	(0.1)	(0.2)	(0.3)
Distributions (Payout) (2)	(41.8)	(6.4)	(9.6)	(16.0)
Ending Net Assets	698.2	677.8	671.3	671.3
Net Asset Value per Unit (3)	0.851524	0.826627	0.818610	0.818610
No. of Units (End of Period)	820,000,000	820,000,000	820,000,000	820,000,000
Distribution Rate per Unit	0.04700	0.00783	0.01175	0.01958
Total Net Investment Return	-7.05%	-2.01%	0.42%	-1.60%
LONG TERM FUND				
Beginning Net Assets	2,843.3	2,595.1	2,551.6	2,595.1
Net Contributions	89.3	34.9	31.8	66.7
Investment Return	(199.7)	(52.2)	11.5	(40.7)
Expenses	(3.0)	(2.6)	(0.1)	(2.7)
Distributions (Payout) (2)	(134.8)	(23.6)	(35.8)	(59.4)
Ending Net Assets	2,595.1	2,551.6	2,559.0	2,559.0
Net Asset Value per Unit (3)	4.788	4.645	4.602	4.602
No. of Units (End of Period)	542,049,359	549,346,011	556,060,529	556,060,529
Distribution Rate per Unit	0.25100	0.04300	0.06450	0.10750
Total Net Investment Return	-6.97%	-1.96%	0.45%	-1.52%

(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 UT System components.

(2) The PHF and LTF accrue for their respective quarterly distributions on a monthly basis. In order to generate the cash for the distributions, the PHF and LTF sell units at quarter end. Therefore, the total PHF and LTF net assets will be less than the GEF net assets on month ends other than fiscal quarter ends.

(3) 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 five months ended January 31, 2003 (Asset Allocation and Benchmarks Approved by the UTIMCO Board)

	Asset Allocation	Endowment Neutral Policy Portfolio	Actual Net Investment Return	Endowment Neutral Policy Portfolio Return (1)	Benchmark
Cash and Cash Equivalents	0.4%	0.0%	0.65%	0.69%	90 Day T-Bills Average Yield
Domestic Public Equities					Wilshire 5000 U.S. Equities Index
Passive Management	14.6%		-5.50%	-5.44%	
Active Management	11.4%		-5.04%	-5.44%	
Hedge and Structured Active Management	6.4%		-1.92%	-5.44%	
Total Domestic Public Equities	32.4%	31.0%	-4.82%	-5.44%	
International Public Equities					Morgan Stanley Capital International - All Country World Free ex U.S.
Passive Management	7.0%		-7.71%	-7.81%	
Active Management	8.4%		-5.96%	-7.81%	
Hedge and Structured Active Management	0.6%		4.00%	-7.81%	
Total International Public Equities	16.0%	19.0%	-6.43%	-7.81%	
Absolute Return	8.7%	10.0%	6.75%	2.37%	90 Day T-Bills Average Yield plus 4%
Inflation Hedging	9.6%	10.0%	2.47%	4.32%	(25% Goldman Sachs Commodity Index minus 100 basis points) plus (25% Treasury Inflation Protected Securities) plus (25% National Commercial Real Estate Index Fund) plus (25% Wilshire Associates Real Estate Securities Index)
Fixed Income	21.2%	15.0%	4.46%	3.08%	(33% Lehman Brothers Aggregate Bond Index ex U.S. Governments) plus (67% Lehman Brothers Government Bond Index)
Total Marketable Securities	88.3%	85.0%	-1.09%	-2.16%	
Private Capital	11.7%	15.0%	-4.68%	-3.84%	Wilshire 5000 U.S. Equities Index plus 4% (2)
Total	100.0%	100.0%	-1.52%	-2.38%	

- (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.
- (2) Due to valuation and liquidity characteristics associated with Private Capital, short-term benchmark comparisons are not appropriate.

II. GENERAL ENDOWMENT FUND (continued)

d.) Comparison of Asset Allocation Versus Endowment Neutral Policy Portfolio and Net Investment Return for the five months ended January 31, 2003. (Prior Asset Allocation)

	Asset Allocation	Endowment Neutral Policy Portfolio	Endowment Neutral Policy Portfolio Return (1)	Benchmark
Cash	0.4%	0.0%	0.69%	90 Day T-Bills Average Yield
Domestic Common Stocks:				
Large/Medium Capitalization Equities	17.8%	25.0%	-5.88%	Standard and Poor's 500 Index
Small Capitalization Equities	8.2%	7.5%	-4.19%	Russell 2000 Index
Total Domestic Common Stocks	26.0%	32.5%		
International Common Stocks:				
Established Markets	10.9%	12.0%	-8.95%	Morgan Stanley Capital International Europe, Asia, Far East Index (net)
Emerging Markets	4.6%	3.0%	-2.83%	Morgan Stanley Capital International Emerging Markets Free
Total International Common Stocks	15.5%	15.0%		
Inflation Hedging	9.6%	7.5%	7.53%	33% (Goldman Sachs Commodity Index minus 100 basis points) plus 67% (National Commercial Real Estate Index Fund)
Fixed Income:				
Domestic	16.2%	15.0%	3.31%	Lehman Brothers Aggregate Bond Index
International	4.9%	5.0%	8.70%	Salomon Non-U.S. World Government Bond Index, Unhedged
Total Fixed Income	21.1%	20.0%		
Marketable Alternative Equities	15.7%	10.0%	3.65%	90 Day T-Bills Average Yield + 7%
Total Marketable Securities	88.3%	85.0%	-1.04%	
Non-Marketable Alternative Equities	11.7%	15.0%	-3.84%	Wilshire 5000 U.S. Equities Index + 4%
Total	100.0%	100.0%	-1.42%	

(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 January 31, 2003

(\$ millions)

	FY01-02 Full Year	FY02-03		
		Two Months Ending October 31, 2002	Three Months Ending January 31, 2003	Year-to-Date
Beginning Net Assets	1,704.6	1,435.9	1,476.3	1,435.9
Net Contributions	(261.0)	45.1	51.6	96.7
Investment Return	60.3	5.4	7.3	12.7
Expenses	(0.7)	(0.1)	(0.1)	(0.2)
Distributions of Income	(67.3)	(10.0)	(15.5)	(25.5)
Ending Net Assets	1,435.9	1,476.3	1,519.6	1,519.6
Net Asset Value per Unit	10.099	10.066	10.010	10.010
No. of Units (End of Period)	142,184,975	146,653,309	151,802,526	151,802,526
Total Net Investment Return	3.75%	0.36%	0.49%	0.86%

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

IV. SEPARATELY INVESTED ASSETS

Summary Investment Report at January 31, 2003

(\$ thousands)

ASSET TYPES	FUND TYPE													
	CURRENT PURPOSE				ENDOWMENT & SIMILAR FUNDS		ANNUITY & LIFE INCOME FUNDS		AGENCY FUNDS		OPERATING FUNDS		TOTAL	
	DESIGNATED		RESTRICTED		BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET
Cash & Equivalents:	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET
Beginning value 10/31/02	1,765	1,765	1,306	1,306	15,544	15,544	72	72	82	82	1,259,361	1,259,361	1,278,130	1,278,130
Increase/(Decrease)	(83)	(83)	1,006	1,006	2,348	2,348	134	134	(3)	(3)	516,379	516,379	519,781	519,781
Ending value 1/31/03	1,682	1,682	2,312	2,312	17,892	17,892	206	206	79	79	1,775,740	1,775,740	1,797,911	1,797,911
Debt Securities:														
Beginning value 10/31/02	-	-	263	189	40,314	42,814	14,482	15,227	-	-	251,461	225,222	306,520	283,452
Increase/(Decrease)	-	-	-	3	(1,136)	(1,035)	235	147	-	-	5,823	32,886	4,922	32,001
Ending value 1/31/03	-	-	263	192	39,178	41,779	14,717	15,374	-	-	257,284	258,108	311,442	315,453
Equity Securities:														
Beginning value 10/31/02	40	3,578	1,971	1,632	32,167	31,304	23,376	16,496	-	-	136,619	78,835	194,173	131,845
Increase/(Decrease)	-	933	25	21	5,963	5,434	418	41	-	-	49,164	48,249	55,570	54,678
Ending value 1/31/03	40	4,511	1,996	1,653	38,130	36,738	23,794	16,537	-	-	185,783	127,084	249,743	186,523
Other:														
Beginning value 10/31/02	-	-	-	-	-	-	125	21	-	-	-	-	125	21
Increase/(Decrease)	-	-	-	-	-	-	16	22	-	-	-	-	16	22
Ending value 1/31/03	-	-	-	-	-	-	141	43	-	-	-	-	141	43

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

8. U. T. System: Approval of Annual Distributions from the Permanent University Fund, Permanent Health Fund, and the Long Term Fund

Upon recommendation of The University of Texas Investment Management Company (UTIMCO) and the UTIMCO Board of Directors, the Board approved that:

- a. The fiscal year distribution from the Permanent University Fund (PUF) to the Available University Fund (AUF) be decreased by 4.13% from \$363,022,043 to \$348,033,578 effective September 1, 2003. The distribution is an amount equal to 4.75% of the trailing 12-quarter average of the net asset value of the PUF for the quarter ending February of each fiscal year. The decline in the distribution is a direct result of the decline in the market value of the PUF, as reflected in the trailing 12-quarter average
- b. The distribution rate for the Permanent Health Fund (PHF) remain at its current rate per unit of \$0.047
- c. The distribution rate for The University of Texas System Long Term Fund (LTF) be increased from \$0.258 per unit to \$0.2645 per unit effective November 30, 2003.

For comparative purposes, the distributions from the PUF, PHF, and LTF represent 5.52%, 5.78%, and 5.78% of the respective funds' market value as of February 28, 2003.

The PUF Investment Policy states that the annual distribution from the PUF to the AUF shall be an amount equal to 4.75% of the trailing 12-quarter average of the net asset value of the Fund for the quarter ending February of each fiscal year. Per this formula, the amount to be distributed from the PUF for FY 2003-2004 is \$348,033,578 as calculated on the following page.

<u>Quarter Ended</u>	<u>Net Asset Value</u>
5/31/00	\$ 7,910,907,663
8/31/00	8,452,335,867
11/30/00	7,652,556,843
2/28/01	7,686,874,230
5/31/01	7,749,573,154
8/31/01	7,540,148,091
11/30/01	7,079,157,437
2/28/02	7,114,025,229
5/31/02	7,303,322,636
8/31/02	6,738,274,515
11/30/02	6,397,124,818
02/28/03	6,299,971,921
	<u>\$ 87,924,272,404</u>
Number of Quarters	12
Average Net Asset Value	<u>\$ 7,327,022,700</u>
Distribution Percentage	4.75%
FY 2003-04 Distribution	<u>\$ 348,033,578</u>

Article VII, Section 18 of the Texas Constitution requires that the amount of distributions to the AUF be determined by the U. T. Board of Regents in a manner intended to provide the AUF with a stable and predictable stream of annual distributions and to maintain over time the purchasing power of PUF investments and annual distributions to the AUF. The Constitution further limits the U. T. Board of Regents' discretion to set annual PUF distributions to the satisfaction of three tests:

1. The amount of PUF distributions to the AUF in a fiscal year must be not less than the amount needed to pay the principal and interest due and owing in that fiscal year on PUF bonds and notes. The distribution of \$348,033,578 is substantially greater than PUF bonds debt service of \$117,145,000 projected for FY 2003-2004.

<u>System</u>	<u>Debt Service</u>
U. T.	\$ 93,892,000
TAMU	23,253,000
Total	<u>\$ 117,145,000</u>

Sources: U. T. System Office of Finance
Texas A&M University System
Office of Treasury Services

- The U. T. Board of Regents may not increase annual PUF distributions to the AUF (except as necessary to pay PUF debt service) if the purchasing power of PUF investments for any rolling 10-year period has not been preserved. As the schedule below indicates, the average annual increase in the rate of growth of the value of PUF investments (net of expenses, inflation, and distributions) for the trailing 10-year period ended February 28, 2003, was 1.40%.

Average Annual	Percent
Rate of Total Return	7.70%
Mineral Interest Receipts	1.25%
Expense Rate	(0.08)% (1)
Inflation Rate	(2.46)%
Distribution Rate	(5.01)%
Net Real Return	1.40%

(1) Paid from AUF until 1/01/00

- The annual distribution from the PUF to the AUF during any fiscal year made by the U. T. Board of Regents may not exceed an amount equal to 7% of the average net fair market value of PUF investment assets as determined by the U. T. Board of Regents, except as necessary to pay PUF bonds debt service. The annual distribution rate calculated using the trailing 12-quarter average value of the PUF is within the 7% maximum allowable distribution rate.

Value of PUF Investments (1)	Distribution	Distribution as a % of Value of PUF Investments	Maximum Allowed Rate
\$7,327,022,700	\$348,033,578	4.75%	7.00%

(1) Source: UTIMCO

The spending policy objectives of the PHF and the LTF are to:

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

The goal is for the average spending rate of the PHF or the LTF, as appropriate over time, not to exceed the average annual investment return of such fund after inflation in order to preserve the purchasing power of such fund's distributions and underlying assets.

Unless otherwise established by UTIMCO and approved by the U. T. Board of Regents, the spending formula under the PHF Investment Policy and the LTF Investment Policy increases distributions at the rate of inflation subject to a distribution range of 3.5% to 5.5% of the average market value of the PHF assets and LTF assets for each Fund's respective trailing 12 fiscal quarters. The Investment Policies expressly reserve to the U. T. Board of Regents the ability to approve a per unit distribution amount for the PHF and the LTF as appropriate that, in the Board's judgment, would be more appropriate than the formula rate calculated by the spending policy provisions.

Because of significant negative returns in the global equity markets during the past three years, the PHF's net asset value of \$690.2 million at November 30, 2002, is less than the original PHF contributions of \$820.0 million. As a consequence, the PHF rate of \$0.047 per unit remains unchanged for Fiscal Year 2004. The PHF's average distribution rate calculated using the prior 12-quarter average value of the PHF is 4.8%, within the range of 3.5% to 5.5% set forth in the PHF Investment Policy. The distribution rate of \$0.047 per unit was approved by the UTIMCO Board on February 18, 2003.

In addition to the spending policy objectives for the LTF (described above), the LTF Investment Policy expressly recognizes that, under the Uniform Management of Institutional Funds Act, the U. T. Board of Regents may distribute from the LTF the net appreciation, realized and unrealized, in the fair market value of LTF assets over the historic dollar value of the Fund. At November 30, 2002, the net asset value of the LTF was \$2,597.6 million and the historic dollar value of the LTF was \$1,831.4 million. The 2.5% increase in LTF distribution rate from \$0.258 per unit to \$0.2645 is based on the investment policy to increase the distribution by the average rate of inflation for the trailing 12 quarters. The consumer price index for the prior three years as of November 30, 2002, was 2.5%. The LTF's average distribution rate calculated using the prior 12-quarter average value of the LTF is 4.50%, within the range of 3.5% to 5.5% set forth in the LTF Investment Policy. The distribution rate of \$0.2645 per unit was approved by the UTIMCO Board on February 18, 2003.

REPORT AND RECOMMENDATIONS OF THE ACADEMIC AFFAIRS COMMITTEE (Pages 70 - 76).--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 which follow were recommended by the Academic Affairs Committee and approved in open session by the U. T. Board of Regents:

1. U. T. Arlington: Authorization to Purchase Improved Real Property Located at 202 East Border Street, Arlington, Tarrant County, Texas; Acknowledgment that the Purchase Price of \$1,500,000 is Less Than the Fair Market Value; Authorization to Submit a Request to the Coordinating Board for Approval; and Authorization for the Executive Vice Chancellor for Business Affairs or the Executive Director of Real Estate to Execute All Documents Related Thereto

On behalf of The University of Texas at Arlington, the Board:

- a. Authorized the purchase of the improved real property located at 202 East Border Street, Arlington, Tarrant County, Texas
- b. Acknowledged the purchase price of \$1,500,000 is less than the fair market value as determined by two independent appraisals
- c. Authorized submission of a request to the Texas Higher Education Coordinating Board for approval of the transaction
- d. Authorized the Executive Vice Chancellor for Business Affairs or the Executive Director of Real Estate to execute all documents, instruments, and other agreements, and to take all further actions necessary to acquire the above real property.

The commercial office building located near the campus is being purchased from Mr. Tom Cravens, Fort Worth, Texas, for \$1,500,000, which is less than the fair market value of \$1,760,000 as determined by two independent appraisals.

The building will be used to house the Arlington Technology Incubator (ATI) Project and the U. T. Arlington Office of Grants and Contracts. It is anticipated that a portion of the building will generate rental income. The

source of funding for the acquisition will be Unexpended Plant Funds. It is currently anticipated that a grant from the U. S. Department of Commerce will provide reimbursement for this acquisition up to \$1,400,000 in association with the ATI Project.

2. U. T. Arlington - Parking Improvements/Addition: Approval to Amend the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget to Include Project; Authorization of Institutional Management; Approval of Total Project Cost; Appropriation of Funds and Authorization of Expenditure; and Approval of Use of Revenue Financing System Parity Debt, Receipt of Parity Debt Certificate, and Finding of Fact with Regard to Financial Capacity

The Board:

- a. Amended the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget to include the Parking Improvements/Addition project at The University of Texas at Arlington at a preliminary project cost of \$1,800,000 with funding from Revenue Financing System Bond Proceeds
- b. Authorized U. T. Arlington to manage the total project budgets, appoint architects, approve facility programs, prepare final plans, and award contracts
- c. Approved a total project cost of \$1,800,000
- d. Appropriated funds and authorized expenditure of \$1,800,000 from Revenue Financing System Bond Proceeds.

In compliance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System, adopted by the U. T. Board of Regents on February 14, 1991, and amended on October 8, 1993 and August 14, 1997, and based in part upon the delivery of the Certificate of an Authorized Representative as required by Section 5 of the Master Resolution, the Board resolved that:

- a. Parity Debt shall be issued to pay the project's cost, including any project costs prior to the issuance of such Parity Debt

- b. Sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. Board of Regents relating to the Financing System
- c. U. T. Arlington, which is a “Member” as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. Board of Regents of tax-exempt Parity Debt in the aggregate amount of \$1,800,000
- d. This resolution satisfies the official intent requirements set forth in Section 1.150-2 of the Code of Federal Regulations.

The project consists of parking lot improvements and expansion, by approximately 830 additional spaces, to meet the parking demands due to increasing student enrollment and loss of parking spaces resulting from building construction.

This project will be managed by the U. T. Arlington Facilities Management personnel who have the experience and capability to manage all aspects of the work.

- 3. U. T. Arlington - Brick Repairs - Pickard Hall and the College of Business Administration (Project No. 301-017): Approval to Amend the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget to Reduce Total Project Cost; Approval to Add the Deferred Maintenance/Capital Renewal Projects to the Capital Improvement Program; Approval to Transfer Funds; Approval of Total Project Cost for New Project; Appropriation of Funds and Authorization of Expenditure; and Authorization of Institutional Management

The Board:

- a. Amended the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget to reduce the total project cost for the Brick Repairs - Pickard Hall and the College of Business Administration project at The University of Texas at Arlington from \$9,462,953 to \$8,057,599

- b. Approved the addition of the Deferred Maintenance/
Capital Renewal Projects to the Capital Improvement Program
- c. Approved the transfer of funds of \$1,405,354 for
the Deferred Maintenance/Capital Renewal Projects
- d. Approved a total project cost of \$1,405,354 for the
new project
- e. Appropriated funds and authorized expenditure of
\$1,405,354 with funding from Permanent University
Fund Bond Proceeds
- f. Authorized U. T. Arlington to manage the total project
budgets, appoint architects, approve facility programs,
prepare final plans, and award contracts associated with the
Deferred Maintenance/Capital Renewal Projects.

The Brick Repairs - Pickard Hall and College of Business Administration project at U. T. Arlington is included in the FY 2002-2007 Capital Improvement Program and FY 2002-2003 Capital Budget at a total project cost of \$9,462,953 with funding of \$8,894,153 from Permanent University Fund Bond Proceeds and \$568,800 from Tuition Revenue Bond Proceeds. In May 2002, Board approval was received to transfer funding totaling \$3,605,847 from this project to a new project entitled Fire and Life Safety and Security Projects.

U. T. Arlington is requesting the transfer of \$1,405,354 from this project for a new project entitled Deferred Maintenance/Capital Renewal Projects that will address exterior masonry repairs to University Hall, chiller replacements at the Automation and Robotics Research Institute (ARRI) (Fort Worth Riverbend Campus), and elevator renewals and replacements.

This project will be managed by the U. T. Arlington Facilities Management personnel who have the experience and capability to manage all aspects of the work.

4. U. T. Austin: Acceptance of Resolution Reaffirming "The Eyes of Texas" as the Official Song of U. T. Austin

The Board approved the following resolution reaffirming "The Eyes of Texas" as the official song of The University of Texas at Austin:

Resolution

Whereas, "The Eyes of Texas," written by John Lang Sinclair with the encouragement of Lewis Johnson, was first performed on May 12, 1903, at the Hancock Opera house in downtown Austin;

Whereas, "The Eyes of Texas" is a treasured tradition for the community of The University of Texas at Austin, linking together generations of students, faculty, staff and alumni; and

Whereas, "The Eyes of Texas" is a symbol of The University of Texas at Austin, sung in celebration of the University's academic and athletic achievements in its pursuit of excellence;

Therefore, On the occasion of its centennial anniversary, be it known that "The Eyes of Texas" is reaffirmed as the official song at The University of Texas at Austin.

"The Eyes of Texas" is sung reverently and proudly wherever one or more U. T. Austin students are gathered. This song is synonymous with a wide variety of activities especially on-campus but also anywhere in the world where there is some representation by students or alumni of U. T. Austin. Lewis Johnson, a member of the U. T. Austin Varsity Band and director of the chorus, encouraged campus participation to write a University song. Fellow band member John Lang Sinclair wrote a composition inspired by the well-received words of President William Lambdin Prather contained in his inaugural speech and which became the ending line of all his subsequent speeches to the student body, "Remember young men and women, the eyes of Texas are upon you."

The song was first performed on May 12, 1903, at the Varsity Minstrel Show in the Hancock Opera House on West Sixth Street and repeated many times that evening in response to the demands of several encores. It became a standard at student dances, annual banquets and outdoor concerts. On Thanksgiving Day 1905, the U. T. Austin versus Texas A&M football game was tied until fans began to sing "The Eyes of Texas." U. T. Austin won a 27 - 0 victory and a new tradition began. From protests to remembrances, "The Eyes of Texas" is a part of life at U. T. Austin.

Regent Krier announced that May 12, 2003, will be the 100th Anniversary of "The Eyes of Texas" and a birthday party and tribute to the Official Song of U. T. Austin will be held on the U. T. Austin campus.

5. U. T. Dallas - Activity Center Expansion: Authorization to Amend the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget to Include Project and Authorization for Institutional Management

The Board:

- a. Amended the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget to include the Activity Center Expansion project at The University of Texas at Dallas at a preliminary project cost of \$3,100,000 with funding from Revenue Financing System Bond Proceeds
- b. Authorized U. T. Dallas to manage the total project budgets, appoint architects, approve facility programs, prepare final plans, and award contracts associated with the Activity Center Expansion.

This project will be an addition of approximately 12,350 gross square feet to the Activity Center and will include new administration space, athletic lockers, a multipurpose room, and an increase in the size of the existing exercise room. The student body voted to approve a fee increase in the Student Recreation Fee to cover this expansion.

This repair and rehabilitation project will be managed by the U. T. Dallas Facilities Management personnel who have the experience and capability to manage all aspects of the work.

6. U. T. System: Update on U. T. System Research Plan

Dr. Teresa A. Sullivan, Executive Vice Chancellor for Academic Affairs, gave an overview of The University of Texas System Research Plan. Dr. Sullivan reported that the Research Plan would involve consultation by high-level scientists and engineers of the caliber of the National Academy of Sciences. The objective is to develop a blueprint for The University of Texas at Arlington, The University of Texas at Dallas, The University of Texas at El Paso, and The University of Texas at San Antonio to reach \$100,000,000 in annual research expenditures.

Dr. Sullivan stated that Requests for Proposals (RFP) will be issued to hire consultants and will require the approval of the Office of the Governor.

The expectation is to begin the project with the consultants at the beginning of the academic year with a final report due on December 31, 2003.

Executive Vice Chancellor Sullivan reported that a parallel plan would be developed within the same RFP for provision statements and a plan for acceleration of research at The University of Texas at Brownsville, The University of Texas - Pan American, The University of Texas of the Permian Basin, and The University of Texas at Tyler.

REPORT AND RECOMMENDATIONS OF THE HEALTH AFFAIRS COMMITTEE (Pages 77 - 78).--Committee Chairman Clements reported that the Health 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 which follow were recommended by the Health Affairs Committee and approved in open session by the U. T. Board of Regents:

1. U. T. M. D. Anderson Cancer Center - Federal Emergency Management Agency (FEMA) 404 Projects: Approval to Amend the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget to Include Project and Authorize Institutional Management

The Board:

- a. Amended the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget to include the Federal Emergency Management Agency (FEMA) 404 Projects at The University of Texas M. D. Anderson Cancer Center at a preliminary project cost of \$32,100,000 with funding of \$23,994,413 from FEMA and \$8,105,587 from Hospital Revenues
- b. Authorized U. T. M. D. Anderson Cancer Center to manage the total project budgets, appoint architects, approve facility programs, prepare final plans, and award contracts associated with the FEMA 404 Projects.

During 2001, rains from Tropical Storm Allison caused damage to many facilities within the Texas Medical Center. Governor Perry requested federal funding under the Hazard Mitigation Grant Program (HMGP) of FEMA and the Public Assistance Program for projects that could involve restoration and improvements of internal facility systems and components. FEMA approved eight distinct projects to protect facilities and equipment from future potential flooding. The projects involve relocation of critical electrical and mechanical equipment in various buildings, installation of emergency disconnects, and relocation of the medical records transcription offices.

This project will be managed by the U. T. M. D. Anderson Cancer Center Facilities Management personnel who have the experience and capability to manage all aspects of the work.

2. U. T. M. D. Anderson Cancer Center - Federal Emergency Management Agency (FEMA) 406 Projects: Approval to Amend the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget to Include Project and Authorize Institutional Management

The Board:

- a. Amended the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget to include the Federal Emergency Management Agency (FEMA) 406 Projects at The University of Texas M. D. Anderson Cancer Center at a preliminary project cost of \$12,000,000 with funding from FEMA and Hospital Revenues
- b. Authorized U. T. M. D. Anderson Cancer Center to manage the total project budgets, appoint architects, approve facility programs, prepare final plans, and award contracts associated with the FEMA 406 Projects.

During 2001, rains from Tropical Storm Allison caused damage to many facilities within the Texas Medical Center. Governor Perry requested federal funding under the Hazard Mitigation Grant Program (HMGP) of FEMA and the Public Assistance Program for projects that could involve restoration and improvements of internal facility systems and components.

Funding will consist of an anticipated FEMA award in the range of \$6,000,000 to \$8,000,000 with the balance funded from Hospital Revenues. These projects will protect facilities and equipment from future potential flooding and entail the construction of a flood protection wall around three sides of the main campus with floodgates at road crossings, including flood-proofing improvements at the wall openings across the front (south) side of the main hospital complex with floodgates at the doors, and glazing and sealing of wall penetrations of the main hospital complex. These measures will provide a primary flood protection barrier up to one foot above the 500-year flood elevation in accordance with FEMA's design guidelines. FEMA requires construction to be complete by June 2004.

This project will be managed by the U. T. M. D. Anderson Cancer Center Facilities Management personnel who have the experience and capability to manage all aspects of the work.

REPORT AND RECOMMENDATIONS OF THE FACILITIES PLANNING AND CONSTRUCTION COMMITTEE (Pages 79 - 95).--Committee Chairman Huffines 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 which 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. Arlington - New Residence Hall (Project No. 301-152): Approval to Amend the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget to Increase the Total Project Cost; Approval of Design Development Plans; Approval of Evaluation of Alternative Energy Economic Feasibility; Approval to Name Facility as Kalpana Chawla Hall (Regents' Rules and Regulations, Part Two, Chapter VIII, Section 1, Subsection 1.3, Honoric Namings); Appropriation of Funds and Authorization of Expenditure; and Approval of Use of Revenue Financing System Parity Debt, Receipt of Parity Debt Certificate, and Finding of Fact with Regard to Financial Capacity

The Board heard a presentation on the design development plans and the economic impact for the New Residence Hall at The University of Texas at Arlington by Mr. Sidney J. Sanders, Assistant Vice Chancellor for Facilities Planning and Construction for The University of Texas System.

Based on this presentation, the Board:

- a. Amended the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget to increase the total project cost from \$14,275,000 to \$19,200,000
- b. Approved design development plans
- c. Approved the evaluation of alternative energy economic feasibility
- d. Approved the honorific naming of the residence hall as the Kalpana Chawla Hall
- e. Appropriated funds and authorized expenditure of \$19,200,000 from Revenue Financing System Bond Proceeds.

In compliance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System, adopted by the U. T. Board of Regents on February 14, 1991, and amended on October 8, 1993 and August 14, 1997, and based in part upon the delivery of the Certificate of an Authorized Representative as required by Section 5 of the Master Resolution, the Board resolved that:

- a. Parity Debt shall be issued to pay the project's cost, including any project costs prior to the issuance of such Parity Debt
- b. Sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. Board of Regents relating to the Financing System
- c. U. T. Arlington, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. Board of Regents of tax-exempt Parity Debt in the aggregate amount of \$19,200,000
- d. This resolution satisfies the official intent requirements set forth in Section 1.150-2 of the Code of Federal Regulations.

The project is included in the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget at a preliminary project cost of \$14,275,000 with funding from Revenue Financing System Bond Proceeds.

The increase of \$4,925,000 in total project cost is the result of an increase in total square footage from 118,026 to 133,385 to accommodate more beds (370 to 430) and for acquisition and demolition of the College Oaks Apartments that currently occupy the site.

This housing community will include three-bedroom suites and two-person residence hall rooms. Each room will have access to the University's computer network, residential telephone system, and local cable television.

The development will include a commons facility, on-site parking, card-access for enhanced security, and landscaping. The building will be in proximity to the academic core of the campus providing a very convenient setting.

Dr. Kalpana Chawla, an astronaut with the National Aeronautics and Space Administration (NASA), received a Master of Science in Aerospace Engineering from U. T. Arlington in 1984. Dr. Chawla died at the age of 41 on February 1, 2003, along with six fellow astronauts, during her second space shuttle Columbia voyage. Given Dr. Chawla's academic achievements, her professional success as a research scientist at NASA, and the events of February 1, 2003, the honorific naming of the New Residence Hall will recognize Dr. Chawla's contributions to the University and to our nation.

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.

2. U. T. Arlington - University Center Addition (Project No. 301-153): Approval to Amend the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget to Increase the Total Project Cost; Approval of Design Development Plans; Approval of Evaluation of Alternative Energy Economic Feasibility; Appropriation of Funds and Authorization of Expenditure; and Approval of Use of Revenue Financing System Parity Debt, Receipt of Parity Debt Certificate, and Finding of Fact with Regard to Financial Capacity

Following a presentation of the design development plans and the economic impact for the University Center Addition at The University of Texas at Arlington by Mr. Sidney J. Sanders, Assistant Vice Chancellor for Facilities Planning and Construction for The University of Texas System, the Board:

- a. Amended the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget to increase the total project cost from \$1,800,000 to \$4,100,000
- b. Approved design development plans

- c. Approved the evaluation of alternative energy economic feasibility
- d. Appropriated funds and authorized expenditure of \$4,100,000 from Revenue Financing System Bond Proceeds.

In compliance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System, adopted by the U. T. Board of Regents on February 14, 1991, and amended on October 8, 1993 and August 14, 1997, and based in part upon the delivery of the Certificate of an Authorized Representative as required by Section 5 of the Master Resolution, the Board resolved that:

- a. Parity Debt shall be issued to pay the project's cost, including any project costs prior to the issuance of such Parity Debt
- b. Sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. Board of Regents relating to the Financing System
- c. U. T. Arlington, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. Board of Regents of tax-exempt Parity Debt in the aggregate amount of \$4,100,000
- d. This resolution satisfies the official intent requirements set forth in Section 1.150-2 of the Code of Federal Regulations.

The project is included in the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget at a preliminary project cost of \$1,800,000 with funding from Revenue Financing System Bond Proceeds.

The increase of \$2,300,000 in total project cost is the result of increasing the project size from 5,000 to 10,000 square feet, and increasing the project scope to address fire and life safety deficiencies. The addition to the campus dining area will provide adequate seating to better serve students

currently living in Arlington Hall as well as the additional students anticipated with the planned completion of the Kalpana Chawla Hall in August 2004.

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.

3. U. T. Dallas - McDermott Library Renovation - Phase II (Project No. 302-928): Approval to Amend the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget to Revise the Source of Funds

The Board amended the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget to revise the source of funds for the McDermott Library Renovation – Phase II project at The University of Texas at Dallas from \$2,000,000 in Gifts and Grants and \$1,000,000 from Permanent University Fund Bond Proceeds to \$2,000,000 in Designated Tuition and \$1,000,000 from Permanent University Fund Bond Proceeds.

The University has funding for scholarship support as one of its highest priorities to facilitate a continuation of the institution's current growth patterns and also wishes to invest the \$2,000,000 gift as an endowment for additional student scholarship support.

4. U. T. Permian Basin - Student Housing Phase II (Project No. 501-151): Approval of Design Development Plans; Approval of Evaluation of Alternative Energy Economic Feasibility; Appropriation of Funds and Authorization of Expenditure; and Approval of Use of Revenue Financing System Parity Debt, Receipt of Parity Debt Certificate, and Finding of Fact with Regard to Financial Capacity

The Board heard a presentation on the design development plans and the economic impact for the Student Housing Phase II at The University of Texas of the Permian Basin by Mr. Sidney J. Sanders, Assistant Vice Chancellor for Facilities Planning and Construction for The University of Texas System.

Based on this presentation, the Board:

- a. Approved design development plans
- b. Approved the evaluation of alternative energy economic feasibility
- c. Appropriated additional funds and authorized expenditure of \$4,800,000 from Revenue Financing System Bond Proceeds.

In compliance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System, adopted by the U. T. Board of Regents on February 14, 1991, and amended on October 8, 1993 and August 14, 1997, and based in part upon the delivery of the Certificate of an Authorized Representative as required by Section 5 of the Master Resolution, the Board resolved that:

- a. Parity Debt shall be issued to pay the project's cost, including any project costs prior to the issuance of such Parity Debt
- b. Sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. Board of Regents relating to the Financing System
- c. U. T. Permian Basin, 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 \$4,800,000
- d. This resolution satisfies the official intent requirements set forth in Section 1.150-2 of the Code of Federal Regulations.

The project is included in the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget at a preliminary project cost of \$5,800,000 with funding from Revenue Financing System Bond Proceeds.

In November 2002, the Board authorized U. T. Permian Basin to institutionally manage \$1,000,000 from Revenue Financing System

Bond Proceeds to construct two apartment-style buildings, consisting of a minimum of 32 beds, for the start of the Fall Semester 2003.

This second phase will involve construction of a minimum of 120 beds in apartment-style buildings for the start of the Fall Semester 2004.

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.

5. U. T. San Antonio - Student Housing Expansion, Phase I (Project No. 401-139): Approval to Amend the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget to Increase Total Project Cost; Approval of Design Development Plans; Approval of Evaluation of Alternative Energy Economic Feasibility; Appropriation of Funds and Authorization of Expenditure; and Approval of Use of Revenue Financing System Parity Debt, Receipt of Parity Debt Certificate, and Finding of Fact with Regard to Financial Capacity

Following a presentation of the design development plans and the economic impact for the Student Housing Expansion, Phase I at The University of Texas at San Antonio by Mr. Sidney J. Sanders, Assistant Vice Chancellor for Facilities Planning and Construction for The University of Texas System, the Board:

- a. Amended the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget to increase the total project cost from \$19,000,000 to \$45,000,000
- b. Approved design development plans
- c. Approved the evaluation of alternative energy economic feasibility
- d. Appropriated additional funds and authorized expenditure of \$25,000,000 from Revenue Financing System Bond Proceeds and \$1,000,000 from Auxiliary Enterprise Balances.

In compliance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System, adopted by the U. T. Board of Regents on February 14, 1991, and amended on October 8, 1993 and August 14, 1997, and based in part upon the delivery of the Certificate of an Authorized Representative as required by Section 5 of the Master Resolution, the Board resolved that:

- a. Parity Debt shall be issued to pay the project's cost, including any project costs prior to the issuance of such Parity Debt
- b. Sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. Board of Regents relating to the Financing System
- c. U. T. 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 \$25,000,000
- d. This resolution satisfies the official intent requirements set forth in Section 1.150-2 of the Code of Federal Regulations.

The project is included in the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget at a preliminary project cost of \$19,000,000 with funding from Revenue Financing System Bond Proceeds. In August 2002, the Board appropriated and approved expenditure of \$2,800,000 from Revenue Financing System Bond Proceeds, which resulted in an increase in total project cost from \$16,200,000 to \$19,000,000.

This new housing addition will consist of 500 new beds and a dining facility.

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.

6. U. T. Tyler - Engineering, Sciences, and Technology Building (Project No. 802-132): Approval of Design Development Plans; Approval of Evaluation of Alternative Energy Economic Feasibility; Approval of Total Project Cost; Appropriation of Funds and Authorization of Expenditure; and Approval of Use of Revenue Financing System Parity Debt, Receipt of Parity Debt Certificate, and Finding of Fact with Regard to Financial Capacity

The Board heard a presentation on the design development plans and the economic impact for the Engineering, Sciences, and Technology Building at The University of Texas at Tyler by Mr. Sidney J. Sanders, Assistant Vice Chancellor for Facilities Planning and Construction for The University of Texas System.

Based on this presentation, the Board:

- a. Approved design development plans
- b. Approved the evaluation of alternative energy economic feasibility
- c. Approved the total project cost of \$22,910,000 (The total project cost was further increased to \$34,850,000 in Item 9 on Page 93.)
- d. Appropriated funds and authorized expenditure of \$20,910,000 from Tuition Revenue Bond Proceeds and \$2,000,000 from Permanent University Fund Bond Proceeds.

In compliance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System, adopted by the U. T. Board of Regents on February 14, 1991, and amended on October 8, 1993 and August 14, 1997, and based in part upon the delivery of the Certificate of an Authorized Representative as required by Section 5 of the Master Resolution, the Board resolved that:

- a. Parity Debt shall be issued to pay the project's cost, including any project costs prior to the issuance of such Parity Debt
- b. Sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. Board of Regents relating to the Financing System
- c. U. T. System components, which are "Members" as such term is used in the Master Resolution, possess the financial capacity to satisfy their direct obligation as defined in the Master Resolution relating to the issuance by the U. T. Board of Regents of tax-exempt Parity Debt in the aggregate amount of \$20,910,000
- d. This resolution satisfies the official intent requirements set forth in Section 1.150-2 of the Code of Federal Regulations.

The project is included in the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget at a preliminary project cost of \$22,910,000 with funding of \$20,910,000 from Tuition Revenue Bond Proceeds and \$2,000,000 from Permanent University Fund Bond Proceeds.

This new facility will provide 148,885 gross square feet of research and teaching space, in addition to administrative and faculty offices for the College of Engineering and Computer Science and the College of Arts and Sciences. Construction will be multiphased and will include provision of utilities to the north side of campus and a new central plant facility containing two chillers and a chilled water storage tank.

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 77th Session of the Texas Legislature authorized \$20,910,000 of tuition revenue bonds to be issued for U. T. Tyler to construct an engineering, sciences, and technology building and make other physical plant improvements.

7. U. T. Southwestern Medical Center - Dallas - Advanced Imaging Research and Diagnostic Center (Project No. 303-122): Approval to Amend the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget to Increase Total Project Cost; Approval to Revise Source of Funds; Approval of Design Development Plans; Approval of Evaluation of Alternative Energy Economic Feasibility; Appropriation of Funds and Authorization of Expenditure; Approval to Combine Projects as the North Campus Phase 4; and Approval of Use of Revenue Financing System Parity Debt, Receipt of Parity Debt Certificate, and Finding of Fact with Regard to Financial Capacity

Following a presentation of the design development plans and the economic impact for the Advanced Imaging Research and Diagnostic Center at The University of Texas Southwestern Medical Center at Dallas by Mr. Sidney J. Sanders, Assistant Vice Chancellor for Facilities Planning and Construction for The University of Texas System, the Board:

- a. Amended the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget to approve an increase in the total project cost from \$30,000,000 to \$46,300,000
- b. Revised the source of funds from \$20,000,000 from Gifts and Grants and \$10,000,000 from Interest on Local Funds to \$36,300,000 from Revenue Financing System Bond Proceeds and \$10,000,000 from Gifts and Grants
- c. Approved design development plans

- d. Approved the evaluation of alternative energy economic feasibility for Advanced Imaging Research and Diagnostic Center project
- e. Appropriated additional funds and authorized expenditure of \$36,300,000 from Revenue Financing System Bond Proceeds and \$8,500,000 from Gifts and Grants
- f. Approved combining the Advanced Imaging Research and Diagnostic Center project into one project with the North Campus Phase 4 project for a new total project cost of \$301,300,000 with funding of \$116,300,000 from Revenue Financing System Bond Proceeds, \$80,000,000 from Permanent University Fund Bond Proceeds, \$57,500,000 from Gifts and Grants, \$40,000,000 from Tuition Revenue Bond Proceeds, and \$7,500,000 from Medical Service, Research and Development Plan/Professional Fees (MSRDP).

In compliance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System, adopted by the U. T. Board of Regents on February 14, 1991, and amended on October 8, 1993 and August 14, 1997, and based in part upon the delivery of the Certificate of an Authorized Representative as required by Section 5 of the Master Resolution, the Board resolved that:

- a. Parity Debt shall be issued to pay the project's cost, including any project costs prior to the issuance of such Parity Debt
- b. Sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. Board of Regents relating to the Financing System
- c. U. T. 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 \$36,300,000
- d. This resolution satisfies the official intent requirements set forth in Section 1.150-2 of the Code of Federal Regulations.

The Advanced Imaging Research and Diagnostic Center project is included in the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget at a preliminary project cost of \$30,000,000 with funding of \$20,000,000 from Interest on Local Funds and \$10,000,000 from Gifts and Grants. In July 2002, the project was authorized for institutional management for installation of equipment funded by a U. S. Department of Energy grant with funding appropriated in the amount of \$1,500,000 from Gifts and Grants.

This new project will provide expansion space immediately adjacent and directly above occupied cancer patient care, outpatient diagnostic imaging, biomedical research, and student educational activities. Elements of magnetic resonance imaging (MRI), positron emission tomography (PET) scanning, advanced radiological imaging, and imaging technology research will be incorporated into the Center.

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.

8. U. T. M. D. Anderson Cancer Center - South Campus Research Building Phase II: Approval to Amend the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget to Include Project; Approval of Design Development Plans; Approval of Evaluation of Alternative Energy Economic Feasibility; Appropriation of Funds and Authorization of Expenditure; and Approval of Use of Revenue Financing System Parity Debt, Receipt of Parity Debt Certificate, and Finding of Fact with Regard to Financial Capacity

The Board heard a presentation on the design development plans and the economic impact for the South Campus Research Building Phase II at The University of Texas M. D. Anderson Cancer Center by Mr. Sidney J. Sanders, Assistant Vice Chancellor for Facilities Planning and Construction for The University of Texas System.

Based on this presentation, the Board:

- a. Amended the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget to include the South Campus Research Building Phase II project for a total project cost of \$50,000,000 with funding of \$40,000,000 from Revenue Financing System Bond Proceeds and \$10,000,000 from Hospital Revenues
- b. Approved design development plans
- c. Approved the evaluation of alternative energy economic feasibility
- d. Appropriated funds and authorized expenditure of \$40,000,000 from Revenue Financing System Bond Proceeds and \$10,000,000 from Hospital Revenues.

In compliance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System, adopted by the U. T. Board of Regents on February 14, 1991, and amended on October 8, 1993 and August 14, 1997, and based in part upon the delivery of the Certificate of an Authorized Representative as required by Section 5 of the Master Resolution, the Board resolved that:

- a. Parity Debt shall be issued to pay the project's cost, including any project costs prior to the issuance of such Parity Debt
- b. Sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. Board of Regents relating to the Financing System
- c. U. T. M. D. Anderson Cancer Center, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. Board of Regents of tax-exempt Parity Debt in the aggregate amount of \$40,000,000
- d. This resolution satisfies the official intent requirements set forth in Section 1.150-2 of the Code of Federal Regulations.

U. T. M. D. Anderson Cancer Center is developing its South Campus as a research park to include research facilities in a multiphase development. Construction of the first building is complete with occupancy in progress.

The 132,000 gross square foot project will be a mirror image of the South Campus Research Facility, with more intensive utilization of research laboratory hoods and sinks.

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.

9. U. T. System: Approval of Permanent University Fund Allocations and Amendments to the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget as Necessary for the U. T. El Paso Biosciences Facility; U. T. Permian Basin Mesa Building Improvements/Gymnasium Renovations, Phase I; and U. T. Tyler Engineering, Sciences, and Technology Building

The Board:

- a. Approved an increase in the total project cost, appropriated additional funding, and authorized expenditure for the Biosciences Facility at The University of Texas at El Paso from \$25,000,000 to \$27,000,000 with additional funding of \$2,000,000 from Permanent University Fund Bond Proceeds
- b. Approved an increase in the preliminary project cost for the Mesa Building Improvements/Gymnasium Renovations, Phase I project at The University of Texas of the Permian Basin from \$8,110,000 to \$9,350,000 with additional funding of \$1,240,000 from Permanent University Fund Bond Proceeds

- c. Approved an increase in the preliminary project cost for the Engineering, Sciences, and Technology Building - Phase I at The University of Texas at Tyler from \$22,910,000 to \$34,850,000 with additional funding of \$11,940,000 from Permanent University Fund Bond Proceeds.

In April 2003, the Chancellor approved renaming the project as the Engineering, Sciences, and Technology Building.

In November 2001, the Board approved Permanent University Fund (PUF) allocations for projects authorized by the 77th Texas Legislature to be partially funded with Tuition Revenue Bonds. Additional PUF allocations of \$15,180,000 to the U. T. El Paso Biosciences Facility, U. T. Permian Basin Mesa Building Improvements/Gymnasium Renovations, Phase I, and U. T. Tyler Engineering, Sciences, and Technology Building - Phase I fulfill the U. T. System commitment related to the Tuition Revenue Bond approvals from the last legislative session.

The Biosciences Facility at U. T. El Paso is included in the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget at a total project cost of \$25,000,000 with funding of \$6,500,000 from Permanent University Fund Bond Proceeds, \$5,750,000 from Revenue Financing System Bond Proceeds, and \$12,750,000 from Tuition Revenue Bond Proceeds. The revised funding will be \$8,500,000 from Permanent University Fund Bond Proceeds, \$5,750,000 from Revenue Financing System Bond Proceeds, and \$12,750,000 from Tuition Revenue Bond Proceeds for a new total project cost of \$27,000,000. The project received design development approval from the U. T. Board of Regents in August 2002.

The Mesa Building Improvements/Gymnasium Renovations, Phase I project at U. T. Permian Basin is included in the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget at a preliminary project cost of \$8,110,000 with funding of \$5,610,000 from Tuition Revenue Bond Proceeds and \$2,500,000 from Permanent University Fund Bond Proceeds. The revised funding will be \$5,610,000 from Tuition Revenue Bond Proceeds and \$3,740,000 from Permanent University Fund Bond Proceeds for a new preliminary project cost of \$9,350,000.

The Engineering, Sciences, and Technology Building at U. T. Tyler is included in the FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget at a preliminary project cost of \$22,910,000 with funding of \$20,910,000 from Tuition Revenue Bond Proceeds and \$2,000,000 from Permanent University Fund Bond Proceeds. The revised

funding will be \$20,910,000 from Tuition Revenue Bond Proceeds and \$13,940,000 from Permanent University Fund Bond Proceeds for a new preliminary project cost of \$34,850,000 (See Item 6 on Page 87).

The FY 2002-2007 Capital Improvement Program and the FY 2002-2003 Capital Budget will be amended as necessary to conform to Board action.

INFORMATIONAL REPORT

U. T. System: Quarterly Report on Historically Underutilized Business (HUB) Expenditures for Building Construction

The quarterly report on Historically Underutilized Businesses (HUB) for building construction for The University of Texas System is set forth below:

The total expenditures for Building Construction and Other Facilities by the Office of Facilities Planning and Construction through the second quarter of Fiscal Year 2003 were approximately \$243,781,129. Of that amount, 15.34% was paid to Certified Historically Underutilized Businesses, 0.79% was paid to Graduated Historically Underutilized Businesses, and Noncertified Historically Underutilized Businesses received 8.39% for a total of 24.52% or approximately \$59,778,231.

This information was included in the U. T. System Administration HUB Report to the State.

* * * * *

At the conclusion of the Facilities Planning and Construction Committee, and in reference to the evaluation of alternative energy economic feasibility, Regent Krier inquired if incorporating alternative energy devices had ever been found to be economically feasible.

Assistant Vice Chancellor Sanders explained that it is a matter of whether standard forms of energy driven by fossil fuels are going to be more cost-competitive than photovoltaic or cogeneration. Considering the Texas climate and movement of materials, alternative sources may not be feasible.

Following discussion, Regent Krier asked whether solar energy in particular is feasible for Texas. Mr. Sanders said for the amount of power needed, it is hard to compete with big electric providers for major research buildings or academic and classroom buildings where consumption of power is enormous. Following further discussion, Regent Krier asked that a sample energy evaluation be sent to her.

RECONVENE.--At 10:48 a.m., the Board reconvened as a committee of the whole to consider those items remaining on the agenda.

OTHER MATTERS

U. T. Arlington: Report Concerning Appointment of Presidential Search Advisory Committee

The membership of the Presidential Search Advisory Committee for The University of Texas at Arlington is herewith reported for the record. This committee has been constituted pursuant to the Regents' Rules and Regulations, Part One, Chapter II, Section 19.

Presidential Search Advisory Committee for The University of Texas at Arlington

System Administration Representatives

Chancellor Mark G. Yudof
Executive Vice Chancellor for Academic Affairs Teresa A. Sullivan (Chair)

Board of Regents

Regent Judith L. Craven, M.D.
Regent Cyndi Taylor Krier

Presidents

Francisco G. Cigarroa, M.D., President, The University of Texas Health Science Center at San Antonio
Dr. Larry R. Faulkner, President, The University of Texas at Austin

Faculty Representatives

Dr. Thomas H. Chrzanowski, Professor of Biology
Dr. John W. Priest, Professor of Industrial and Manufacturing Systems Engineering
Dr. Dennis P. Reinhartz, Professor of History and Russian

Dean

Dr. Elizabeth C. Poster, Dean, School of Nursing

Student Representative

Ms. Sherry Monk, Senior Student in Biology

Alumni Association Representative

Dr. Michael Burton, President of the Alumni Association

Nonfaculty Employee

Ms. Kathryn Beeler, Director of Texas Hall

Community/External Representatives

Mr. Tom Cravens
Mr. Robert L. Herchert
Mr. Wes Jurey
The Honorable Elzie Odom
Mr. Dan Serna

SCHEDULED MEETING.--Chairman Miller announced that the next meeting would be a Special Called Meeting on July 7, 2003, in Austin.

ADJOURNMENT.--There being no further business, the meeting was adjourned at 10:50 a.m.

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

May 30, 2003

**THE UNIVERSITY OF TEXAS SYSTEM ADMINISTRATION
DOCKET NO. 113**

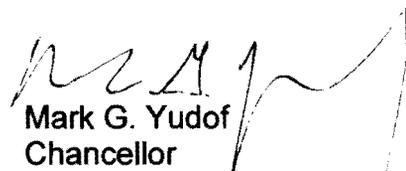
April 17, 2003

TO MEMBERS OF THE FINANCE AND PLANNING COMMITTEE:

Woody L. Hunt, Chairman
H. Scott Caven, Jr.
James Richard Huffines
Cyndi Taylor Krier
A. W. "Dub" Riter, Jr.

The Docket for The University of Texas System Administration and the Dockets recommended by the Presidents concerned and prepared by the component institutions listed below are submitted for approval as appropriate at the meeting of the U. T. System Board of Regents on May 8, 2003. The Acting Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Academic Affairs, and I concur in these recommendations.

<u>Institutions</u>	<u>Pages</u>
The University of Texas System Administration	Docket 1 - 18
The University of Texas at Arlington	Docket 19 - 33
The University of Texas at Austin	Docket 34 - 40
The University of Texas at Brownsville	Docket 41 - 41
The University of Texas at Dallas	Docket 42 - 42
The University of Texas at El Paso	Docket 43 - 47
The University of Texas - Pan American	Docket 48 - 50
The University of Texas at San Antonio	Docket 51 - 56
The University of Texas at Tyler	Docket 57 - 57
The University of Texas Southwestern Medical Center at Dallas	Docket 58 - 61
The University of Texas Medical Branch at Galveston	Docket 62 - 67
The University of Texas Health Science Center at Houston	Docket 68 - 73
The University of Texas Health Science Center at San Antonio	Docket 74 - 76
The University of Texas M. D. Anderson Cancer Center	Docket 77 - 80


Mark G. Yudof
Chancellor

xc: Other Members of
the Board

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U. T. SYSTEM ADMINISTRATION
AMENDMENTS TO THE 2002-03 BUDGET
APPOINTMENTS AND PROMOTIONS

The following Request for Budget Change (RBC) is recommended for ratification by the U. T. System Board of Regents.

The term "rate" for academic institutions is the full-time nine-month base rate and for health institutions is the full-time twelve-month base rate; for all other personnel it is the full-time rate, the appointee receiving a proportionate amount depending upon the fraction of time for which the individual is appointed and the period of appointment.

<u>Item, Department, Title, Name</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC#</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
GENERAL ADMINISTRATION, RESTRICTED FUNDS - GIFTS					
OFFICE OF THE CHANCELLOR					
1. Mark G. Yudof (T)					D7
From: Chancellor		100	12	450,000	
To: Chancellor	3/1	100	12	468,000	

The rate increase for Chancellor Yudof is mandated by state statute. The General Appropriations Act requires that personnel employed between March 1, 2002 and August 31, 2002 be given a 4% salary increase effective March 1, 2003. Chancellor Yudof's initial date of employment was August 1, 2002.

THIS ITEM WAS DEFERRED

REPORT OF CONTINUED APPOINTMENT OF RELATIVES

The following report involving the continued appointment of a relative by marriage of a member of the Board of Regents is consistent with the provisions of state law and the Regents' Rules and Regulations Part One, Chapter III, Section 5, Subsection 5.11. While this report is not required, as the employee and the governing board member are not related with the second degree of affinity, the report is being made to the Board and the public in the interest of full disclosure.

Department, Title, Name

EMPLOYEE

1. System Audit Office
Director of Audits
Charles G. Chaffin

Department, Title, Name

RELATIVE

- Board of Regents
Regent
H. Scott Caven, Jr. (married to sister
of employee's wife)

REAL ESTATE OFFICE REPORT
Managed by U.T. System Real Estate Office
Summary Report at February 28, 2003

	FUND TYPE							
	Current Purpose Restricted		Endowment & Similar Funds		Annuity & Life Income Funds		TOTAL	
	Book	Market	Book	Market	Book	Market	Book	Market
Land & Buildings:								
Ending Value 11/30/02	6,935,819	24,274,684	23,277,798	115,186,458	1,249,644	845,515	31,463,261	140,306,657
Increase or Decrease	3	13,254	(168,691)	(225,034)	-	-	(168,688)	(211,780)
Ending Value 02/28/03	<u>6,935,822</u>	<u>24,287,938</u>	<u>23,109,107</u>	<u>114,961,424</u>	<u>1,249,644</u>	<u>845,515</u>	<u>31,294,573</u>	<u>140,094,877</u>
Other Real Estate:								
Ending Value 11/30/02	167,134	168,759	309,066	309,066			476,200	477,825
Increase or Decrease	(3,959)	(5,584)	(3,012)	(3,012)	-	-	(6,971)	(8,596)
Ending Value 02/28/03	<u>163,175</u>	<u>163,175</u>	<u>306,054</u>	<u>306,054</u>			<u>469,229</u>	<u>469,229</u>

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

**The University of Texas System
Physician/Dental Practice Plans Year-to-Date Summary of Operations
For the Six Months Ending February 28, 2003**

	Cumulative Year-to-Date FY 2003	Cumulative Year-to-Date FY 2002 (Restated)	Increase/ (Decrease)	Percent Increase/ (Decrease)
Operating Revenues:				
Gross Charges	\$ 963,499,836	889,445,045	74,054,791	8.33%
Less:				
Un-sponsored Charity Care	279,311,979	264,411,864	14,900,115	5.64%
Contractual Adjustments	323,242,202	272,945,424	50,296,778	18.43%
Other Unreimbursed Medical Costs	24,614,638	20,980,212	3,634,426	17.32%
Bad Debt Expense	27,780,774	42,739,425	(14,958,651)	-35.00%
Net Patient Revenue	<u>308,550,243</u>	<u>288,368,120</u>	20,182,123	7.00%
Contractual Revenues	98,659,238	88,403,653	10,255,585	11.60%
Other Operating Revenues	13,829,960	17,621,435	(3,791,475)	-21.52%
Total Operating Revenues Included in Monthly Financial Report	<u>421,039,441</u>	<u>394,393,208</u>	26,646,233	6.76%
Operating Expenses:				
Faculty Salaries	153,882,412	136,607,581	17,274,831	12.65%
Staff Salaries	76,884,529	71,173,143	5,711,386	8.02%
Resident Salaries	1,731,329	2,081,840	(350,511)	-16.84%
Fringe Benefits	89,531,722	81,921,872	7,609,850	9.29%
Maintenance and Operations	78,343,424	73,979,302	4,364,122	5.90%
Professional Liability Insurance	10,390,911	9,178,733	1,212,178	13.21%
Travel	5,220,271	4,182,946	1,037,325	24.80%
Official Functions	1,530,318	1,066,753	463,565	43.46%
Other Operating Expenses	12,520,000	13,876,000	(1,356,000)	-9.77%
Total Operating Expenses Included in Monthly Financial Report	<u>430,034,916</u>	<u>394,068,171</u>	35,966,745	9.13%
Operating Income (Loss)	(8,995,475)	325,037	(9,320,512)	-2867.52%
Investment Income	3,080,089	4,349,634	(1,269,545)	-29.19%
Interest Expense on Debt Service	(650,399)	(447,153)	(203,246)	-45.45%
Adjusted Income (Loss)	(6,565,785)	4,227,518	(10,793,303)	-255.31%
Adjusted Income (Loss) - as a percentage	-1.55%	1.06%		
Other Nonoperating Revenues (Expenses)	(1,018,961)	(304,131)	(714,830)	-235.04%
Income (Loss) Before Other Items	(7,584,746)	3,923,387	(11,508,133)	-293.32%
Transfers In	3,529,934	2,234,753	1,295,181	57.96%
Transfers Out	(8,374,099)	(9,697,714)	1,323,615	13.65%
Debt Service	(1,520,532)	(1,532,457)	11,925	0.78%
Capital Outlay	(3,471,988)	(5,742,431)	2,270,443	39.54%
Change in Net Assets	(17,421,431)	(10,814,462)	(6,606,969)	-61.09%
Net Assets - September 1 - As Previously Reported	374,591,980	387,655,165	(13,063,185)	-3.37%
Restatements	(9,838,301)	(8,283,224)	(1,555,077)	-18.77%
Net Assets - September 1 - As Restated	364,753,679	379,371,941	(14,618,262)	-3.85%
Net Assets - February 28	<u>\$ 347,332,249</u>	<u>368,557,479</u>	(21,225,231)	-5.76%

**The University of Texas System
Physician/Dental Practice Plans
Comparison of Year-to-Date FY 2003 Adjusted Income (Loss)
to Year-to-Date FY 2002 Adjusted Income (Loss)
For the Six Months Ending February 28, 2003**

	<u>Year-to-Date FY 2003 Adjusted Income (Loss)</u>	<u>Year-to-Date FY 2002 Adjusted Income (Loss) (Restated)</u>	<u>Variance of Current Year-to-Date to Prior Year-to-Date</u>	<u>Fluctuation Percentage</u>
U.T.S.M.C. at Dallas	\$ (2,889,064)	9,101,178	(11,990,242)	-131.74% (1)
U.T.S.M.C. at Dallas - Allied Health	141,134	(126,188)	267,322	211.84%
U.T.M.B. at Galveston	(3,428,166)	1,954,651	(5,382,817)	-275.39% (2)
U.T.H.S.C. at Houston	(5,709,734) (3)	(5,028,964)	(680,770)	-13.54%
U.T.H.S.C. at San Antonio - Physician	(1,912,719) (4)	(2,723,401)	810,682	29.77%
U.T.H.S.C. at San Antonio - Dental	828,865	639,457	189,408	29.62%
U.T.M.D. Anderson Cancer Center	7,470,551	1,189,338	6,281,213	528.13% (5)
U.T.H.C. at Tyler	<u>(1,066,652) (6)</u>	<u>(778,552)</u>	<u>(288,100)</u>	<u>-37.00%</u>
Total Adjusted Income (Loss)	<u>\$ (6,565,785)</u>	<u>4,227,518</u>	<u>(10,793,303)</u>	<u>-255.31%</u>

**Explanations Of Variances On The
Practice Plans Summary Of Operations
For The Six Months Ending February 28, 2003**

Explanations are provided for institutions having the largest variances in adjusted income (loss) for current year-to-date as compared to the prior year, both in terms of dollars and percentages. Explanations are also provided for institutions with a current year-to-date adjusted loss.

1. *U. T. Southwestern Medical Center – Dallas* – The \$12 million (131.7%) decrease in adjusted income as compared to the same period last year was due to an increase in total operating expenses of \$16.2 million, partially offset by an increase in total operating revenues of \$4.4 million due to growth in patient volumes and an increase in fee schedules. Total operating expenses increased largely due to increases in both faculty and staff salaries resulting from the creation of new positions in OB-GYN, Dermatology, Internal Medicine and Cardio Thoracic Surgery, as well as annual salary increases. Fringe benefits increased not only due to the creation of the new positions, but also as a result of increases in faculty incentives and insurance premiums. Maintenance and operations expenses increased due to higher costs for medications and increases in clinical faculty. As a result of the large increase in expenses, *U. T. Southwestern Medical Center - Dallas* has a year-to-date adjusted loss of \$2.9 million. Clinical revenues are expected to accelerate in the second half of the year as indicated by historical trends. The physician practice plan is projected to generate a margin of \$1.9 million by year-end.

2. *U. T. Medical Branch – Galveston* – The \$5.4 million (275.4%) decrease in adjusted income as compared to the same period last year was due to an increase in total operating expenses of \$4.5 million, as well as a decrease in investment income of \$687,000. Total operating expenses increased primarily as a result of an increase in faculty full-time equivalents and annual salary increases, as well as an accrual of \$1 million for a contingent liability in 2003. Investment income declined as a result of the Texas Department of Insurance lowering the interest rate on the surplus debenture (loan) between U.T.M.B. Healthcare Systems, Inc., and the physician practice plan retroactive to January 1, 2002. Rather than restating the prior period, current year investment income was adjusted to reflect this change since the amount was considered immaterial to overall operations of the physician practice plan. As a result of these factors, *U. T. Medical Branch - Galveston* has a year-to-date adjusted loss of \$3.4 million. Additionally, seasonal trends impact the timing of revenues and expenses. Higher patient volumes in the spring and cost reductions associated with the hiring freeze are expected to reduce the deficit to \$2 million by year-end.

**Explanations of Variances on the Practice Plans Summary of Operations
For the Six Months Ending February 28, 2003 (Continued)**

3. *U. T. Health Science Center - Houston* – The \$5.7 million year-to-date adjusted loss is partially due to the fact that typically more professional fees are received in the second half of the year as a result of more clinical days, whereas expenses are more evenly distributed throughout the year. Typically only 47% of total professional fees are received during the first six months of each fiscal year. The result is that a loss is usually experienced the first six months of each fiscal year. Even considering the 47%/53% split in professional fees, the professional fees that have resulted during the first six months of FY 2003 are not at the level anticipated. This is a result of several factors. First, there are faculty vacancies in several areas that were not expected: Internal Medicine, Cardiology, Neurosurgery, and Dermatology's Mohs Surgery. The areas that have the vacancies usually produce high dollar charges. Next, a slight shift in the payor mix has resulted in fewer collections. Finally, the general downturn of the economy has resulted in a payor mix at some MSRDP locations with a slightly higher rate of self-pay and indigent patients than before, negatively affecting collections. Higher patient volumes in the second half of the year are expected to reduce the deficit to \$2 million by year-end.

4. *U. T. Health Science Center – San Antonio (Physician Practice Plan)* – The \$1.9 million year-to-date adjusted loss is primarily due to the incentive payments of \$1.4 million made in December 2002. Incentive payments are not accrued due to the uncertainty of the amounts since they are based on certain objectives being met. The physician practice plan is projected to break even in 2003 due to anticipated incremental contract revenues, which are intended to cover the incentive payments.

5. *U. T. M. D. Anderson Cancer Center* – The \$6.3 million (528.1%) increase in adjusted income as compared to the same period last year was due to a \$13.1 million increase in total operating revenues, which was partially offset by an increase in total operating expenses of \$6.4 million. Total operating revenues increased due to higher patient volumes, as well as price increases. Following the events of September 11, 2001, *U. T. M. D. Anderson Cancer Center* experienced a decline in the number of clinical visits, which combined with a decrease in the number of international patients, caused revenues to be reduced in the first part of 2002. Total operating expenses increased primarily due to increases in faculty salaries and fringe benefits related to salary increases and new positions. Fringe benefits also increased as a result of increases in insurance premiums.

**Explanations of Variances on the Practice Plans Summary of Operations
For the Six Months Ending February 28, 2003 (Continued)**

6. U. T. Health Center - Tyler – The \$1.1 million year-to-date adjusted loss is due to a continued high level of contractual write-offs and increased bad debt expense. An increase in the length of stay from 7.3 days in September 2002 to 8.1 days in February 2003, as well as a shift in the payor mix away from commercial insurance to Medicare, Medicaid and self-pay have contributed to the increases in contractual adjustments and bad debt expense. Additionally, the bad debt reserve percentage was increased in 2003 as a result of an audit by U. T. System Administration's Audit Office. U. T. Health Center - Tyler is anticipating a deficit of approximately \$2.5 million at year-end for the physician practice plan.

GLOSSARY OF TERMS

OPERATING REVENUES:

GROSS CHARGES - *Posted charges for patient care services at scheduled rates.*

UNSPONSORED CHARITY CARE - *Unreimbursed charges to financially or medically indigent patients, including contractual adjustments and other unreimbursed charges to Medicaid, State Children's Health Insurance Program, and other governmental programs indexed to the federal poverty. Contractual adjustments include fee-for-service and capitation.*

CONTRACTUAL ADJUSTMENTS - *The difference between the gross charge and the discounted amount agreed to by a third party contract, such as Preferred Provider Organizations, Health Maintenance Organizations and Medicare, including the difference between gross charges and the related capitated payments.*

OTHER UNREIMBURSED MEDICAL COSTS - *All other write-offs (i.e., unbilled charges, discounts for personal courtesy and employees, unreimbursed research expenses, denied charges, missed billing deadlines).*

BAD DEBT EXPENSE - *Charges that were at one time the responsibility of a private pay patient that are deemed uncollectible.*

NET PATIENT REVENUES - *Gross charges less all deductions.*

CONTRACTUAL REVENUES - *Lump sum income for contracted physician services related to affiliated hospitals and organizations, jails, medical director services, and clinical oversight.*

GLOSSARY OF TERMS (CONTINUED)

OTHER OPERATING REVENUES - *Other operating-related revenue items not listed elsewhere.*

OPERATING EXPENSES:

FACULTY SALARIES - *All faculty salary payments including salary augmentation. Does not include incentive payments or supplemental retirement annuities.*

STAFF SALARIES - *All nonfaculty salary payments, excluding resident salaries.*

RESIDENT SALARIES - *Salaries paid to resident physicians.*

FRINGE BENEFITS - *Group insurance premiums (net of premium sharing) paid by the plan, supplemental retirement payments, incentive payments, and parking fees as authorized by the Medical Services Research and Development Plan/Physicians Referral Service Bylaws, and mandatory state benefits (retirement, OASI, WCI, premium sharing, etc.).*

MAINTENANCE AND OPERATIONS - *All expenses not classified elsewhere, i.e., utilities, supplies, repairs and maintenance, shipping and postage, etc.*

PROFESSIONAL LIABILITY INSURANCE - *Professional liability insurance premiums paid by the institution on behalf of plan members.*

TRAVEL - *All costs associated with travel.*

OFFICIAL FUNCTIONS - *Business related events that are of documented benefit to the institution.*

OPERATING INCOME (LOSS) – *Total operating revenues less total operating expenses before other nonoperating adjustments like investment income and interest expense.*

OTHER NONOPERATING ADJUSTMENTS:

INVESTMENT INCOME - *Income earned from investments.*

INTEREST EXPENSE ON DEBT SERVICE – *Interest expense only on debt service.*

ADJUSTED INCOME (LOSS) – *Operating income (loss) adjusted for investment income and interest expense on debt service.*

GLOSSARY OF TERMS (CONTINUED)

ADJUSTED INCOME (LOSS) AS A PERCENTAGE – *Adjusted income (loss) divided by total operating revenues plus investment income.*

OTHER NONOPERATING REVENUES (EXPENSES) - *Other nonoperating revenue or expense items not identified elsewhere.*

INCOME (LOSS) BEFORE OTHER ITEMS – *Adjusted income (loss) net of other nonoperating revenues (expenses).*

TRANSFERS IN - *Transfers from non-practice plan funds.*

TRANSFERS OUT - *Transfers to non-practice plan funds.*

DEBT SERVICE - *Principal paid on any debt, i.e., building construction, renovation, lease-purchase agreements, etc.*

CAPITAL OUTLAY – *Cost of capital acquisitions funded from plan resources.*

**The University of Texas Southwestern Medical Center at Dallas
Physician Practice Plan Year-to-Date Summary of Operations
For the Six Months Ending February 28, 2003**

	Cumulative Year-to-Date 2003*	Cumulative Year-to-Date 2002	Increase/ (Decrease)	Percent Increase/ (Decrease)
Operating Revenues:				
Gross Charges	\$ 305,522,451	281,678,806	23,843,645	8.46%
Less:				
Un-sponsored Charity Care	130,476,453	121,024,320	9,452,133	7.81%
Contractual Adjustments	75,474,336	65,860,842	9,613,494	14.60%
Other Unreimbursed Medical Costs	8,558,562	7,124,318	1,434,244	20.13%
Bad Debt Expense	4,491,712	3,943,218	548,494	13.91%
Net Patient Revenues	<u>86,521,388</u>	<u>83,726,108</u>	<u>2,795,280</u>	<u>3.34%</u>
Contractual Revenues	41,843,976	40,177,148	1,666,828	4.15%
Other Operating Revenues	4,045,086	4,155,298	(110,212)	-2.65%
Total Operating Revenues Included in Monthly Financial Report	<u>132,410,450</u>	<u>128,058,554</u>	<u>4,351,896</u>	<u>3.40%</u>
Operating Expenses:				
Faculty Salaries	44,021,038	38,205,733	5,815,305	15.22%
Staff Salaries	34,203,174	29,980,242	4,222,932	14.09%
Fringe Benefits	28,208,625	24,971,027	3,237,598	12.97%
Maintenance and Operations	24,913,659	22,787,204	2,126,455	9.33%
Professional Liability Insurance	2,564,441	2,240,080	324,361	14.48%
Travel	1,214,224	1,027,747	186,477	18.14%
Official Functions	237,886	-	237,886	100.00%
Total Operating Expenses Included in Monthly Financial Report	<u>135,363,047</u>	<u>119,212,033</u>	<u>16,151,014</u>	<u>13.55%</u>
Operating Income (Loss)	(2,952,597)	8,846,521	(11,799,118)	-133.38%
Investment Income	711,917	686,963	24,954	3.63%
Interest Expense on Debt Service	(648,384)	(432,306)	(216,078)	-49.98%
Adjusted Income (Loss)	(2,889,064)	9,101,178	(11,990,242)	-131.74%
Adjusted Income (Loss) - as a percentage	-2.17%	7.07%		
Transfers In	3,241,434	2,029,191	1,212,243	59.74%
Transfers Out	(4,641,426)	(3,276,334)	(1,365,092)	-41.67%
Debt Service	(1,352,532)	(1,364,457)	11,925	0.87%
Capital Outlay	(1,640,252)	(3,049,948)	1,409,696	46.22%
Change in MSRDP/PRS Net Assets	<u>(7,281,840)</u>	<u>3,439,630</u>	<u>(10,721,470)</u>	<u>-311.70%</u>
Net Assets - September 1 - As Previously Reported	141,810,647	151,295,372	(9,484,725)	-6.27%
Restatements	(2,698,273)	(312,722)	(2,385,551)	-762.83%
Net Assets - September 1 - As Restated	<u>139,112,374</u>	<u>150,982,650</u>	<u>(11,870,276)</u>	<u>-7.86%</u>
Net Assets - February 28	<u>\$ 131,830,535</u>	<u>154,422,280</u>	<u>(22,591,746)</u>	<u>-14.63%</u>

*Includes the operations of the nonprofit healthcare corporation. FY 2002 was restated as appropriate.

**The University of Texas Southwestern Medical Center at Dallas
Allied Health Faculty Services Plan Year-to-Date Summary of Operations
For the Six Months Ending February 28, 2003**

	Cumulative Year-to-Date 2003	Cumulative Year-to-Date 2002	Increase/ (Decrease)	Percent Increase/ (Decrease)
Operating Revenues:				
Gross Charges	\$ 842,471	856,468	(13,997)	-1.63%
Less:				
Un-sponsored Charity Care	2,996	7,157	(4,161)	-58.14%
Contractual Adjustments	178,536	211,488	(32,952)	-15.58%
Other Unreimbursed Medical Costs	30,515	16,437	14,078	85.65%
Bad Debt Expense	17,538	11,139	6,399	57.45%
Net Patient Revenues	<u>612,886</u>	<u>610,247</u>	2,639	0.43%
Contractual Revenues	223,800	147,395	76,405	51.84%
Other Operating Revenues	18,513	16,437	2,076	12.63%
Total Operating Revenues Included in Monthly Financial Report	<u>855,199</u>	<u>774,079</u>	81,120	10.48%
Operating Expenses:				
Faculty Salaries	104,978	146,010	(41,032)	-28.10%
Staff Salaries	250,250	375,870	(125,620)	-33.42%
Fringe Benefits	103,090	134,780	(31,690)	-23.51%
Maintenance and Operations	237,235	235,198	2,037	0.87%
Professional Liability Insurance	4,373	-	4,373	100.00%
Travel	18,678	17,133	1,545	9.02%
Official Functions	348	-	348	100.00%
Total Operating Expenses Included in Monthly Financial Report	<u>718,952</u>	<u>908,991</u>	(190,039)	-20.91%
Operating Income (Loss)	136,247	(134,912)	271,159	200.99%
Investment Income	4,887	8,724	(3,837)	-43.98%
Adjusted Income (Loss)	141,134	(126,188)	267,322	211.84%
Adjusted Income (Loss) - as a percentage	16.41%	-16.12%		
Transfers In	3,337	203,313	(199,976)	-98.36%
Transfers Out	(63,246)	(255,280)	192,034	75.22%
Capital Outlay	1,405	7,071	(5,666)	-80.13%
Change in MSRDP/PRS Net Assets	<u>82,630</u>	<u>(171,084)</u>	253,714	148.30%
Net Assets - September 1 - As Previously Reported	<u>2,776,476</u>	<u>2,756,656</u>	19,820	0.72%
Net Assets - February 28	<u>\$ 2,859,106</u>	<u>2,585,572</u>	273,534	10.58%

**The University of Texas Medical Branch at Galveston
Physician Practice Plan Year-to-Date Summary of Operations
For the Six Months Ending February 28, 2003**

	Cumulative Year-to-Date 2003	Cumulative Year-to-Date 2002	Increase/ (Decrease)	Percent Increase/ (Decrease)
Operating Revenues:				
Gross Charges	\$ 147,083,922	146,936,376	147,546	0.10%
Less:				
Un-sponsored Charity Care	42,371,204	40,947,757	1,423,447	3.48%
Contractual Adjustments	44,802,145	47,717,614	(2,915,469)	-6.11%
Other Unreimbursed Medical Costs	7,540,739	5,585,966	1,954,773	34.99%
Bad Debt Expense	6,571,822	7,731,387	(1,159,565)	-15.00%
Net Patient Revenues	45,798,012	44,953,652	844,360	1.88%
Contractual Revenues	17,257,000	16,222,248	1,034,752	6.38%
Other Operating Revenues	297,630	2,363,379	(2,065,749)	-87.41%
Total Operating Revenues Included in Monthly Financial Report	63,352,642	63,539,279	(186,637)	-0.29%
Operating Expenses:				
Faculty Salaries	24,022,939	21,165,662	2,857,277	13.50%
Staff Salaries	16,878,620	16,502,569	376,051	2.28%
Resident Salaries	1,731,329	2,081,840	(350,511)	-16.84%
Fringe Benefits	11,389,437	10,930,707	458,730	4.20%
Maintenance and Operations	8,853,417	8,004,242	849,175	10.61%
Professional Liability Insurance	2,979,792	2,832,669	147,123	5.19%
Travel	811,913	635,198	176,715	27.82%
Official Functions	141,636	146,899	(5,263)	-3.58%
Total Operating Expenses Included in Monthly Financial Report	66,809,083	62,299,786	4,509,297	7.24%
Operating Income (Loss)	(3,456,441)	1,239,493	(4,695,934)	-378.86%
Investment Income	28,275	715,158	(686,883)	-96.05%
Adjusted Income (Loss)	(3,428,166)	1,954,651	(5,382,817)	-275.39%
Adjusted Income (Loss) - as a percentage	-5.41%	3.04%		
Transfers In	7,060	-	7,060	100.00%
Transfers Out	(34,650)	(92,893)	58,243	62.70%
Capital Outlay	(607,160)	(1,378,883)	771,723	55.97%
Change in MSRDP/PRS Net Assets	(4,062,916)	482,875	(4,545,791)	-941.40%
Net Assets - September 1 - As Previously Reported	45,932,815	43,424,899	2,507,916	5.78%
Net Assets - February 28	\$ 41,869,899	43,907,774	(2,037,875)	-4.64%

Prepared by:
U. T. System Administration

Docket - 11

**The University of Texas Health Science Center at Houston
Physician Practice Plan Year-to-Date Summary of Operations
For the Six Months Ending February 28, 2003**

	Cumulative Year-to-Date 2003*	Cumulative Year-to-Date 2002	Increase/ (Decrease)	Percent Increase/ (Decrease)
Operating Revenues:				
Gross Charges	\$ 147,497,712	140,314,700	7,183,012	5.12%
Less:				
Un-sponsored Charity Care	49,240,370	50,472,976	(1,232,606)	-2.44%
Contractual Adjustments	42,479,341	38,346,228	4,133,113	10.78%
Other Unreimbursed Medical Costs	4,277,434	4,349,756	(72,322)	-1.66%
Bad Debt Expense	8,510,618	8,138,253	372,365	4.58%
Net Patient Revenues	<u>42,989,949</u>	<u>39,007,487</u>	<u>3,982,462</u>	<u>10.21%</u>
Contractual Revenues	24,780,077	20,201,351	4,578,726	22.67%
Other Operating Revenues	3,104,219	4,906,961	(1,802,742)	-36.74%
Total Operating Revenues Included in Monthly Financial Report	<u>70,874,245</u>	<u>64,115,799</u>	<u>6,758,446</u>	<u>10.54%</u>
Operating Expenses:				
Faculty Salaries	31,524,128	26,960,006	4,564,122	16.93%
Staff Salaries	10,488,190	9,199,089	1,289,101	14.01%
Fringe Benefits	10,579,124	10,129,896	449,228	4.43%
Maintenance and Operations	9,600,969	7,610,729	1,990,240	26.15%
Professional Liability Insurance	1,562,817	1,241,762	321,055	25.85%
Travel	367,048	332,633	34,415	10.35%
Official Functions	531,210	449,605	81,605	18.15%
Other Operating Expenses	12,520,000	13,876,000	(1,356,000)	-9.77%
Total Operating Expenses Included in Monthly Financial Report	<u>77,173,486</u>	<u>69,799,720</u>	<u>7,373,766</u>	<u>10.56%</u>
Operating Income (Loss)	(6,299,241)	(5,683,921)	(615,320)	-10.83%
Investment Income	591,522	660,936	(69,414)	-10.50%
Interest Expense on Debt Service	(2,015)	(5,979)	3,964	66.30%
Adjusted Income (Loss)	(5,709,734)	(5,028,964)	(680,770)	-13.54%
Adjusted Income (Loss) - as a percentage	-7.99%	-7.76%		
Transfers Out	(366,794)	(69,958)	(296,836)	-424.31%
Debt Service	(76,000)	(76,000)	-	0.00%
Capital Outlay	(394,314)	(688,907)	294,593	42.76%
Change in MSRDP/PRS Net Assets	<u>(6,546,842)</u>	<u>(5,863,829)</u>	<u>(683,013)</u>	<u>-11.65%</u>
Net Assets - September 1 - As Previously Reported	47,906,025	52,127,688	(4,221,663)	-8.10%
Restatements	(7,140,028)	(9,096,000)	1,955,972	21.50%
Net Assets - September 1 - As Restated	<u>40,765,997</u>	<u>43,031,688</u>	<u>(2,265,691)</u>	<u>-5.27%</u>
Net Assets - February 28	<u>\$ 34,219,155</u>	<u>37,167,859</u>	<u>(2,948,704)</u>	<u>-7.93%</u>

*Includes the operations of the nonprofit healthcare corporation. FY 2002 was restated as appropriate.

**The University of Texas Health Science Center at San Antonio
Physician Practice Plan Year-to-Date Summary of Operations
For the Six Months Ending February 28, 2003**

	Cumulative Year-to-Date 2003*	Cumulative Year-to-Date 2002	Increase/ (Decrease)	Percent Increase/ (Decrease)
Operating Revenues:				
Gross Charges	\$ 93,957,837	93,834,753	123,084	0.13%
Less:				
Un-sponsored Charity Care	35,685,682	32,993,592	2,692,090	8.16%
Contractual Adjustments	22,597,491	13,652,819	8,944,672	65.52%
Other Unreimbursed Medical Costs	225,552	1,103,673	(878,121)	-79.56%
Bad Debt Expense	1,468,893	11,448,246	(9,979,353)	-87.17%
Net Patient Revenues	<u>33,980,219</u>	<u>34,636,423</u>	<u>(656,204)</u>	<u>-1.89%</u>
Contractual Revenues	14,202,199	11,229,873	2,972,326	26.47%
Other Operating Revenues	5,575,997	5,859,941	(283,944)	-4.85%
Total Operating Revenues Included in Monthly Financial Report	<u>53,758,415</u>	<u>51,726,237</u>	<u>2,032,178</u>	<u>3.93%</u>
Operating Expenses:				
Faculty Salaries	18,203,933	17,243,623	960,310	5.57%
Staff Salaries	3,452,994	3,606,488	(153,494)	-4.26%
Fringe Benefits	7,984,242	7,452,683	531,559	7.13%
Maintenance and Operations	24,317,973	24,666,460	(348,487)	-1.41%
Professional Liability Insurance	1,318,412	1,287,598	30,814	2.39%
Travel	367,518	346,860	20,658	5.96%
Official Functions	166,267	147,705	18,562	12.57%
Total Operating Expenses Included in Monthly Financial Report	<u>55,811,339</u>	<u>54,751,417</u>	<u>1,059,922</u>	<u>1.94%</u>
Operating Income (Loss)	(2,052,924)	(3,025,180)	972,256	32.14%
Investment Income	140,205	310,647	(170,442)	-54.87%
Interest Expense on Debt Service	-	(8,868)	8,868	100.00%
Adjusted Income (Loss)	(1,912,719)	(2,723,401)	810,682	29.77%
Adjusted Income (Loss) - as a percentage	-3.55%	-5.23%		
Transfers In	278,103	2,249	275,854	12265.63%
Transfers Out	(234,808)	(1,000)	(233,808)	-23380.80%
Debt Service	(92,000)	(92,000)	-	0.00%
Capital Outlay	(642,630)	(589,764)	(52,866)	-8.96%
Change in MSRDP/PRS Net Assets	<u>(2,604,054)</u>	<u>(3,403,916)</u>	<u>799,862</u>	<u>23.50%</u>
Net Assets - September 1 - As Previously Reported	<u>35,934,204</u>	<u>30,534,090</u>	<u>5,400,114</u>	<u>17.69%</u>
Net Assets - February 28	<u>\$ 33,330,150</u>	<u>27,130,174</u>	<u>6,199,976</u>	<u>22.85%</u>

*Includes the operations of the nonprofit healthcare corporation.

**The University of Texas Health Science Center at San Antonio
Dental Practice Plan Year-to-Date Summary of Operations
For the Six Months Ending February 28, 2003**

	Cumulative Year-to-Date 2003	Cumulative Year-to-Date 2002	Increase/ (Decrease)	Percent Increase/ (Decrease)
Operating Revenues:				
Gross Charges	\$ 3,133,552	2,802,665	330,887	11.81%
Total Operating Revenues Included in Monthly Financial Report	<u>3,133,552</u>	<u>2,802,665</u>	<u>330,887</u>	<u>11.81%</u>
Operating Expenses:				
Faculty Salaries	225,164	254,367	(29,203)	-11.48%
Staff Salaries	784,140	686,129	98,011	14.28%
Fringe Benefits	395,035	369,717	25,318	6.85%
Maintenance and Operations	808,516	832,104	(23,588)	-2.83%
Professional Liability Insurance	29,657	6,638	23,019	346.78%
Travel	66,171	55,598	10,573	19.02%
Official Functions	14,394	8,735	5,659	64.79%
Total Operating Expenses Included in Monthly Financial Report	<u>2,323,077</u>	<u>2,213,288</u>	<u>109,789</u>	<u>4.96%</u>
Operating Income (Loss)	810,475	589,377	221,098	37.51%
Investment Income	18,390	50,080	(31,690)	-63.28%
Adjusted Income (Loss)	828,865	639,457	189,408	29.62%
Adjusted Income (Loss) - as a percentage	26.30%	22.42%		
Transfers Out	(3,175)	(2,249)	(926)	-41.17%
Capital Outlay	(189,037)	(42,000)	(147,037)	-350.09%
Change in DSRDP Net Assets	<u>636,653</u>	<u>595,208</u>	<u>41,445</u>	<u>6.96%</u>
Net Assets - September 1 - As Previously Reported	<u>8,037,871</u>	<u>7,322,127</u>	<u>715,744</u>	<u>9.78%</u>
Net Assets - February 28	<u>\$ 8,674,524</u>	<u>7,917,335</u>	<u>757,189</u>	<u>9.56%</u>

**The University of Texas M. D. Anderson Cancer Center
Physician Practice Plan Year-to-Date Summary of Operations
For the Six Months Ending February 28, 2003**

	Cumulative Year-to-Date 2003	Cumulative Year-to-Date 2002	Increase/ (Decrease)	Percent Increase/ (Decrease)
Operating Revenues:				
Gross Charges	\$ 247,378,039	206,869,281	40,508,758	19.58%
Less:				
Un-sponsored Charity Care	19,988,728	16,793,249	3,195,479	19.03%
Contractual Adjustments	129,264,568	100,754,318	28,510,250	28.30%
Other Unreimbursed Medical Costs	3,596,711	1,887,587	1,709,124	90.55%
Bad Debt Expense	4,567,493	10,161,482	(5,593,989)	-55.05%
Net Patient Revenues	<u>89,960,539</u>	<u>77,272,645</u>	<u>12,687,894</u>	<u>16.42%</u>
Other Operating Revenues	609,048	221,723	387,325	174.69%
Total Operating Revenues Included in Monthly Financial Report	<u>90,569,587</u>	<u>77,494,368</u>	<u>13,075,219</u>	<u>16.87%</u>
Operating Expenses:				
Faculty Salaries	31,721,165	29,454,586	2,266,579	7.70%
Staff Salaries	9,852,919	9,368,249	484,670	5.17%
Fringe Benefits	29,916,239	26,836,106	3,080,133	11.48%
Maintenance and Operations	8,773,609	9,225,259	(451,650)	-4.90%
Professional Liability Insurance	1,665,825	1,322,854	342,971	25.93%
Travel	2,303,364	1,701,133	602,231	35.40%
Official Functions	438,577	313,809	124,768	39.76%
Total Operating Expenses Included in Monthly Financial Report	<u>84,671,698</u>	<u>78,221,996</u>	<u>6,449,702</u>	<u>8.25%</u>
Operating Income (Loss)	5,897,889	(727,628)	6,625,517	910.56%
Investment Income	<u>1,572,662</u>	<u>1,916,966</u>	<u>(344,304)</u>	<u>-17.96%</u>
Adjusted Income (Loss)	7,470,551	1,189,338	6,281,213	528.13%
Adjusted Income (Loss) - as a percentage	8.11%	1.50%		
Other Nonoperating Revenues (Expenses)	<u>(1,001,644)</u>	<u>(304,131)</u>	<u>(697,513)</u>	<u>-229.35%</u>
Income (Loss) Before Other Items	6,468,907	885,207	5,583,700	630.78%
Transfers Out	<u>(3,030,000)</u>	<u>(6,000,000)</u>	<u>2,970,000</u>	<u>49.50%</u>
Change in MSRDP/PRS Net Assets	<u>3,438,907</u>	<u>(5,114,793)</u>	<u>8,553,700</u>	<u>167.23%</u>
Net Assets - September 1 - As Previously Reported	<u>92,760,304</u>	<u>99,828,964</u>	<u>(7,068,660)</u>	<u>-7.08%</u>
Net Assets - February 28	<u>\$ 96,199,211</u>	<u>94,714,171</u>	<u>1,485,040</u>	<u>1.57%</u>

**The University of Texas Health Center at Tyler
Physician Practice Plan Year-to-Date Summary of Operations
For the Six Months Ending February 28, 2003**

	Cumulative Year-to-Date 2003*	Cumulative Year-to-Date 2002	Increase/ (Decrease)	Percent Increase/ (Decrease)
Operating Revenues:				
Gross Charges	\$ 18,083,852	16,151,996	1,931,856	11.96%
Less:				
Un-sponsored Charity Care	1,546,546	2,172,813	(626,267)	-28.82%
Contractual Adjustments	8,445,785	6,402,115	2,043,670	31.92%
Other Unreimbursed Medical Costs	385,125	912,475	(527,350)	-57.79%
Bad Debt Expense	2,152,698	1,305,700	846,998	64.87%
Net Patient Revenues	<u>5,553,698</u>	<u>5,358,893</u>	<u>194,805</u>	<u>3.64%</u>
Contractual Revenues	352,186	425,638	(73,452)	-17.26%
Other Operating Revenues	179,467	97,696	81,771	83.70%
Total Operating Revenues Included in Monthly Financial Report	<u>6,085,351</u>	<u>5,882,228</u>	<u>203,123</u>	<u>3.45%</u>
Operating Expenses:				
Faculty Salaries	4,059,067	3,177,594	881,473	27.74%
Staff Salaries	974,242	1,454,507	(480,265)	-33.02%
Fringe Benefits	955,930	1,096,956	(141,026)	-12.86%
Maintenance and Operations	838,046	618,106	219,940	35.58%
Professional Liability Insurance	265,594	247,132	18,462	7.47%
Travel	71,355	66,644	4,711	7.07%
Total Operating Expenses Included in Monthly Financial Report	<u>7,164,234</u>	<u>6,660,940</u>	<u>503,294</u>	<u>7.56%</u>
Operating Income (Loss)	(1,078,883)	(778,712)	(300,171)	-38.55%
Investment Income	12,231	160	12,071	7544.38%
Adjusted Income (Loss)	(1,066,652)	(778,552)	(288,100)	-37.00%
Adjusted Income (Loss) - as a percentage	-17.49%	-13.24%		
Other Nonoperating Revenues (Expenses)	(17,317)	-	(17,317)	-100.00%
Change in MSRDP/PRS Net Assets	(1,083,969)	(778,552)	(305,417)	-39.23%
Net Assets - September 1 - As Previously Reported	(566,362)	365,369	(931,731)	-255.01%
Restatements	-	1,125,498	(1,125,498)	-100.00%
Net Assets - September 1 - As Restated	<u>(566,362)</u>	<u>1,490,867</u>	<u>(2,057,229)</u>	<u>-137.99%</u>
Net Assets - February 28	<u>\$ (1,650,331)</u>	<u>712,315</u>	<u>(2,362,646)</u>	<u>-331.69%</u>

*Includes the operations of the nonprofit healthcare corporation.

U. T. ARLINGTON

AMENDMENTS TO THE 2002-03 BUDGET

APPOINTMENTS AND PROMOTIONS

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

The term "rate" for academic institutions is the full-time nine-month base rate and for health institutions is the full-time twelve-month base rate; for all other personnel it is the full-time rate, the appointee receiving a proportionate amount depending upon the fraction of time for which the individual is appointed and the period of appointment.

<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 EDUCATION					
Kinesiology					
1. Ada L. Fincher					047
From : Associate Professor (T) and Acting Chair		100 SUPLT	09 4.5	58,287 2,500	
To : Associate Professor (T)	1/16-5/31	100	09	58,287	

AMENDMENTS TO THE 2002-03 BUDGET (CONTINUED)

TRANSFERS OF FUNDS

<u>Description</u>	<u>\$ Amount</u>	<u>RBC #</u>
SENIOR VICE PRESIDENT FOR FINANCE AND ADMINISTRATION (VPFA)		
2. Amount of Transfer:	710,263	041
From: OIT – Office of Information Technology - A & P Salaries	17,941	
OIT – Office of Information Technology - Classified Salaries	281,185	
OIT – Computer Network Services - Classified Salaries	150,268	
OIT – Business Computing Services - Academic Classified Salaries	29,657	
OIT – Business Computing Services – Classified Salaries	89,309	
OIT – Business Computing Services – Student Services – Classified	109,350	
OIT – AIS – Library	32,553	
To: VPFA – Institutional Unallocated	710,263	

These adjustments are needed to transfer salary savings from the Office of Information Technology (OIT) to the Senior Vice President for Finance and Administration – Institutional Unallocated account.

3. Amount of Transfer 745,844 051

From: VPFA – Debt Service – Institutional Support

To: VPFA – Institutional Unallocated

This adjustment is needed to transfer debt service – institutional support budget to the institutional unallocated 7% budget reduction account.

AMENDMENTS TO THE 2002-03 BUDGET (CONTINUED)

TRANSFERS OF FUNDS (CONTINUED)

<u>Description</u>	<u>\$ Amount</u>	<u>RBC #</u>
SENIOR VICE PRESIDENT FOR FINANCE AND ADMINISTRATION (Continued)		
4. Amount of Transfer:	745,844	052
From: VPFA – Admissions System	145,844	
VPFA – Finance and Administration - Reserve for Special Projects	150,000	
VPFA – UTA Bookstore – Commission	450,000	
To: VPFA – Designated Tuition	745,844	

These adjustments are needed to transfer designated fund balances to the debt service payment line in designated tuition to replace swept funds from the debt service – institutional support E & G account.

OTHER FISCAL ITEMS

EMPLOYMENT AGREEMENTS

The following agreement has been awarded, has been approved by the Chancellor, and is recommended for approval by the U. T. System Board of Regents.

1. Item: President ad Interim
Funds: \$210,000 annual salary rate
\$ 48,000 salary supplement
Period: beginning March 1, 2003
Description: Agreement for employment of President ad Interim, Charles A. Sorber. Compensation also includes \$8,400 annual automobile allowance to be paid monthly, provision of a 60% time housekeeper or the equivalent in accordance with U. T. System policy, reimbursement of actual costs for moving expenses for household, personal and professional possessions between Austin and Arlington and reimbursement of transportation costs and related expenses for President and Mrs. Sorber for job involvement or other transition needs prior to going on the U. T. Arlington payroll. U. T. Arlington will reimburse club memberships and other official entertainment expenses, including out-of-pocket travel.

PARKING AND TRAFFIC REGULATIONS

The following listing summarizes the substantive changes proposed to Parking and Traffic Regulations of The University of Texas at Arlington. They have been approved by the Executive Vice Chancellor for Academic Affairs and the Office of General Counsel and are incorporated in model regulations approved by the U. T. System Board of Regents. These regulations supersede all prior Parking and Traffic Regulations and continue in effect until modified.

Parking and Traffic Regulations for 2003-04

<u>Page Number(s)</u>	<u>Summary of Proposed Substantive Change</u>
7	Section S.3. revised to add 48 hour notice if lot is to be closed for special events.
24	Section VII revised to add citations to drivers at fault for accidents in lot and display of lost or stolen permit.
33	Section X.J.1.g. revised to add enforcement and assessment fee of \$50.00 for accident in lot. Student, faculty or staff will be given the opportunity to take a computerized Defensive Driving Course that will void the citation enforcement fee.
33	Section X.J.1.h. revised to add enforcement and assessment fee of \$60.00 for display of lost or stolen permit.
34	Section IX. revised to add information regarding the Mav Mover and Sam Mav Escort Service.
Table I-III	Revised to change parking rates for students and faculty/staff cars and motorcycles, refund schedule, and rates for faculty/staff reserved parking.
Table IV	Revised to increase or remove parking fines.

FEES AND MISCELLANEOUS CHARGES

HOUSING RATES

(including Apartments, Dormitory Rooms, Residence Halls)

Approval is recommended for the following housing and rental rates to be effective beginning with the Fall Semester 2003. The proposed rates are consistent with applicable statutory requirements under Section 55.16 of the Texas Education Code and have been administratively approved by the Executive Vice Chancellor for Academic Affairs.

Following Regental approval, the appropriate component catalog will be amended to reflect these new rates.

	<u>Current Rates \$</u>	<u>Proposed Rates \$</u>	<u>Percent Increase</u>
<u>University Residence Halls</u>			
Arlington Hall			
Double – Regular – Fall/Spring	3,010	3,160	4.98%
Double – Regular – Fall/Spring With Winter*	3,390	3,550	4.72%
Double – Super – Fall/Spring	3,490	3,660	4.87%
Double – Super – Fall/Spring With Winter*	3,950	4,140	4.81%
Private – Regular – Fall/Spring	4,090	4,290	4.89%
Private – Regular – Fall/Spring With Winter*	4,610	4,840	4.99%
Private – Super – Fall/Spring	4,460	4,680	4.93%
Private – Super – Fall/Spring With Winter*	5,040	5,290	4.96%
Brazos			
Double Occupancy Rate – Fall/Spring	1,990	2,080	4.52%
Double Occupancy Rate – Fall/Spring With Winter*	2,190	2,290	4.57%

Prepared by:
U. T. Arlington

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FEES AND MISCELLANEOUS CHARGES (CONTINUED)

HOUSING RATES (CONTINUED)
(including Apartments, Dormitory Rooms, Residence Halls)

	<u>Current Rates \$</u>	<u>Proposed Rates \$</u>	<u>Percent Increase</u>
<u>University Residence Halls (Continued)</u>			
Lipscomb North			
Double Occupancy Rate – Fall/Spring	2,200	2,300	4.55%
Private Occupancy Rate – Fall/Spring	3,740	3,910	4.55%
Lipscomb South			
Double Occupancy Rate – Fall/Spring	2,250	2,360	4.89%
Private Occupancy Rate – Fall/Spring	3,830	4,010	4.70%
Trinity			
Double Occupancy Rate – Fall/Spring	2,200	2,300	4.55%
Private Occupancy Rate – Fall/Spring	3,740	3,910	4.55%
<u>Residence Hall Summer Rates</u>			
Arlington Hall*			
Double - Regular – Summer 11 Week	730	760	4.11%
Double - Super – Summer 11 Week	800	840	5.00%
Private - Regular – Summer 11 Week	870	910	4.60%
Private - Super – Summer 11 Week	960	1,000	4.17%

Prepared by:
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FEES AND MISCELLANEOUS CHARGES (CONTINUED)

HOUSING RATES (CONTINUED)

(including Apartments, Dormitory Rooms, Residence Halls)

	<u>Current Rates \$</u>	<u>Proposed Rates \$</u>	<u>Percent Increase</u>
<u>Proposed Residence Hall Summer Rates (Continued)</u>			
Lipscomb North*			
Double Occupancy – Summer 11 Week	650	680	4.62%
Private Occupancy – Summer 11 Week	1,110	1,160	4.50%

* For FY 2003 – 2004, Arlington Hall and Lipscomb Hall will be the only halls providing winter, interim, and summer accommodations. During FY 2002 – 2003, Arlington Hall and Brazos Hall provided accommodations for these periods.

FEEES AND MISCELLANEOUS CHARGES (CONTINUED)

RENTAL RATES

	<u>Current Rates \$</u>	<u>Proposed Rates \$</u>	<u>Percent Increase</u>
<u>Per month</u>			
<u>UNIVERSITY APARTMENTS</u>			
Arbor Oaks*			
1 bedroom	625	650	4.00%
2 bedroom	860	895	4.07%
Autumn Hollow*			
Efficiency	337	353	4.75%
Border Trail			
1 bedroom	463	487	5.18%
2 bedroom	596	628	5.37%
Center Point*			
1 bedroom	372	389	4.57%
2 bedroom	535	557	4.11%
Cooper Chase			
1 bedroom	491	515	4.89%
2 bedroom	662	699	5.59%
Cottonwood Ridge N.			
1 bedroom	434	458	5.53%
Cottonwood Ridge S.			
1 bedroom	434	458	5.53%
2 bedroom	498	525	5.42%
Creek Bend			
1 bedroom	468	492	5.13%
Studio	480	504	5.00%

*Prepared by:
U. T. Arlington*

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FEEES AND MISCELLANEOUS CHARGES (CONTINUED)

RENTAL RATES (CONTINUED)

	<u>Current Rates \$</u>	<u>Proposed Rates \$</u>	<u>Percent Increase</u>
<u>Per month</u>			
<u>UNIVERSITY APARTMENTS</u>			
Forest Glen			
1 bedroom	434	458	5.53%
1 bedroom	439	463	5.47%
2 bedroom	570	597	4.74%
2 bedroom	575	602	4.70%
Garden Club			
1 bedroom	491	515	4.89%
2 bedroom	662	699	5.59%
Maple Square			
1 bedroom	466	490	5.15%
1 bedroom	481	505	4.99%
Maverick House*			
1 room	376	393	4.52%
Meadow Run (new construction)			
1 bedroom	N/A	650	N/A
2 bedroom	N/A	895	N/A
Oak Landing			
Efficiency	382	405	6.02%
1 bedroom	478	502	5.02%
1 bedroom	490	514	4.90%
Pecan Place			
1 bedroom	469	493	5.12%
Shady Park			
1 bedroom	420	444	5.71%

*Prepared by:
U. T. Arlington*

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FEES AND MISCELLANEOUS CHARGES (CONTINUED)

RENTAL RATES (CONTINUED)

	<u>Current Rates \$</u>	<u>Proposed Rates \$</u>	<u>Percent Increase</u>
<u>Per month</u>			
<u>UNIVERSITY APARTMENTS</u>			
Timber Brook*			
1 bedroom	625	650	4.00%
2 bedroom	860	895	4.07%
University Village*			
1 bedroom	444	461	3.83%
1 bedroom	459	476	3.70%
1 bedroom	464	481	3.66%
1 bedroom	484	501	3.51%
1 bedroom	484	501	3.51%
West Crossing*			
1 bedroom	406	423	4.19%
2 bedroom	567	594	4.76%
Woodland Springs*			
1 bedroom	442	466	5.43%
* Resident pays electric bill			
<u>Per Month</u>			
<u>UNIVERSITY HOUSES</u>			
409 S. Davis	792	822	3.79%
415 S. Davis	638	668	4.70%
419 S. Davis	748	778	4.01%
703 Kerby	780	810	3.85%
707 Kerby	750	780	4.00%
1202 S. Oak	800	830	3.75%
1218 S. Oak	800	830	3.75%
1230 S. Oak	788	818	3.81%
1322-A S. Oak	620	650	4.84%

*Prepared by:
U. T. Arlington*

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FEES AND MISCELLANEOUS CHARGES (CONTINUED)

RENTAL RATES (CONTINUED)

<u>Per month</u>	<u>Current</u>	<u>Proposed</u>	<u>Percent</u>
<u>UNIVERSITY HOUSES</u>	<u>Rates \$</u>	<u>Rates \$</u>	<u>Increase</u>
1322-B S. Oak	820	850	3.66%
1326 S. Oak	795	825	3.77%
1330 S. Oak	743	773	4.04%
1102A S. Pecan	442	462	4.52%
1102B S. Pecan	442	462	4.52%
1104A S. Pecan	442	462	4.52%
1104B S. Pecan	442	462	4.52%
1214 S. Pecan	757	787	3.96%
1222 S. Pecan	734	764	4.09%
1302 S. Pecan	648	678	4.63%
101 Southdale	700	740	5.71%
103 Southdale	600	640	6.67%
104 Southdale	600	640	6.67%
105 Southdale	600	640	6.67%
107 Southdale	600	640	6.67%
108 Southdale	600	640	6.67%
109 Southdale	600	640	6.67%
110 Southdale	600	640	6.67%
111 Southdale	600	640	6.67%
112 Southdale	600	640	6.67%
113 Southdale	600	640	6.67%
114 Southdale	700	740	5.71%
115 Southdale	600	640	6.67%
116 Southdale	600	640	6.67%
117 Southdale	605	645	6.61%
118 Southdale	600	640	6.67%
119 Southdale	600	640	6.67%
120 Southdale	600	640	6.67%
121 Southdale	575	615	6.96%
122 Southdale	600	640	6.67%
123 Southdale	600	640	6.67%
125 Southdale	600	640	6.67%

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U. T. Arlington

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FEES AND MISCELLANEOUS CHARGES (CONTINUED)

PARKING PERMIT FEES

Approval is recommended for the following parking permit fees to be effective beginning with the Fall Semester 2003. The fees have been administratively approved by the Executive Vice Chancellor for Academic Affairs.

Following Regental approval, the appropriate component catalog will be amended to reflect these new fees.

	<u>Current Rates \$</u>	<u>Proposed Rates \$</u>	<u>Percent Increase</u>
<u>Annual fees:</u>			
<u>Student Permit Classifications</u>			
Annual permit	60.00	72.00	20.0%
Spring semester	44.00	53.00	20.5%
Summer semester	24.00	29.00	20.8%
 <u>Faculty/Staff Classifications</u>			
Annual permit	80.00	96.00	20.0%
Spring semester	56.00	67.00	19.6%
Summer semester	28.00	36.00	28.6%
Annual permit – reserved	300.00	360.00	20.0%
 <u>Day Students and Faculty/ Staff Riding Shuttle – Remote Parking</u>			
Annual permit	0	60.00	N/A
Spring semester	0	41.00	N/A
Summer semester	0	23.00	N/A

NOTE: Annual parking permit fees may be prorated for permits purchased for spring semester/summer session or for summer session only and refunds may be made for fall semester enrollment/employment only.

FEES AND MISCELLANEOUS CHARGES (CONTINUED)

PARKING AND TRAFFIC ENFORCEMENT FEES

Approval is recommended for the following parking enforcement fees to be effective beginning with the Fall Semester 2003. The fees have been administratively approved by the Executive Vice Chancellor for Academic Affairs.

Following Regental approval, the appropriate component catalog will be amended to reflect these new fees.

	<u>Current Rates \$</u>	<u>Proposed Rates \$</u>	<u>Percent Increase</u>
Accident in lot	20.00	50.00	150.0%
Backing unsafely	20.00	50.00	150.0%
Barred vehicle on campus (parking privilege suspended)	20.00	50.00	150.0%
Display of lost or stolen permit	50.00	60.00	20.0%
Displaying permit not issued to said person	20.00	0	N/A
Failure to stop at stop sign	20.00	35.00	75.0%
Failure to yield right-of-way to pedestrian	20.00	35.00	75.0%
Failure to obey request, directions, or instructions given by University Police	20.00	35.00	75.0%
Failure to obey traffic control device(s)	20.00	35.00	75.0%
Forged or altered permit	15.00	60.00	300.0%
Improper start from parked position	20.00	35.00	75.0%
Improper display of permit	15.00	20.00	33.3%
Illegal turns	20.00	35.00	75.0%
Leaving vehicle unattended with key in ignition	20.00	35.00	75.0%
Meter violation	15.00	20.00	33.3%
Parking unregistered vehicle on campus (no permit)	35.00	50.00	42.9%
Speeding	20.00	35.00	75.0%

Prepared by:
U. T. Arlington

Docket - 32

OTHER MATTERS

APPROVAL OF DUAL POSITIONS OF HONOR, TRUST, OR PROFIT

The following item has been approved by the Executive Vice Chancellor for Academic Affairs in accordance with the Regents' Rules and Regulations, Part One, Chapter III, Section 13 and is submitted for ratification by the U. T. System Board of Regents. It has been determined that the holding of this office or position is of benefit to the State of Texas and The University of Texas and there is no conflict between holding the position and the appointment of Professor Handy with The University of Texas at Arlington. 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 at Arlington and there is no conflict between the position and the University appointment.

- | | |
|---------------|---|
| Name: | Nancy Handy |
| Title: | Assistant Clinical Professor, School of Nursing |
| Position: | Appointment to the Nursing Facilities Administrators Advisory Committee |
| Period: | February 1, 2003 through February 1, 2007 |
| Compensation: | None |
| Description: | Governor Perry appointed Nancy Handy to the State's Nursing Facilities Administrators Advisory Committee effective February 1, 2003. This group of clinical professionals reviews complaints against nursing home administrators, recommends appropriate sanctions when administrators do not fulfill their responsibilities, and removes administrators' licenses when needed. |

U. T. AUSTIN

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: Anonymous
College/School/ Department: Vice President for Research
Purpose: To establish the Institute for Information Science and Technology
Asset Type: Cash
Value: \$5,800,000
2. Donor Name: Houston Endowment
College/School/ Department: U. T. Austin
Purpose: Knowledge Gateway
Asset Type: Cash
Value: \$1,000,000
3. Donor Name: Mr. John A. Jackson
College/School/ Department: Natural Sciences
Purpose: Building & Building Maintenance
Asset Type: Cash
Value: \$5,000,000
4. Donor Name: Dr. and Mrs. George A. Kozmetsky
College/School/ Department: IC2 Institute
Purpose: Multiple Projects
Asset Type: Stock
Value: \$1,010,627.64
5. Donor Name: SBC Communications Inc.
College/School/ Department: Computer Science
Purpose: Computer Virus Screening System
Asset Type: Patent Rights
Value: Donor announced gift at \$7.3 Million; however, following guidelines provided by the Council for Advancement and Support of Education, the gift will be recorded at one dollar.

CONTRACTS

The following contract or agreement has been awarded, has been administratively approved by the President or his delegate and is recommended for approval by the U. T. System Board of Regents.

GENERAL CONTRACTS

FUNDS GOING OUT

1. Agency International Business Machines Corporation (IBM)
Funds: \$1,834,000.00
Description: IBM will supply the Texas Advanced Computing Center with an upgraded IBM Power 4 Computer System, assisting in the creation of the Institute for Computational Engineering and Science.

AMENDMENTS TO THE 2002-03 BUDGET

APPOINTMENTS AND PROMOTIONS

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

The term "rate" for academic institutions is the full-time nine-month base rate and for health institutions is the full-time twelve-month base rate; for all other personnel it is the full-time rate, the appointee receiving a proportionate amount depending upon the fraction of time for which the individual is appointed and the period of appointment.

<u>Item, Department, Title, Name</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC#</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
INSTRUCTION					
COLLEGE OF ENGINEERING					
Biomedical Engineering and Chemical Engineering					
1. Nikolaos A. Peppas (T)					081
From: Associate Professor		100	09	150,000	
To: Professor and Paul and Betty Robertson Meek and American Petrofina Foundation Centennial Professor in Chemical Engineering and Cockrell Family Regents Fellow in Engineering No. 7	1/16-5/31	100	09	150,000	
Aerospace Engineering					
2. J. Tinsley Oden (T)					082
From: Professor and Cockrell Family Regents Chair in Engineering No. 2		100 SUPLT	09 09	154,010 15,800	
To: Professor, Cockrell Family Regents Chair in Engineering No. 2 and Associate Vice President for Research	1/16-5/31	94 6	09 12	200,000 266,667	

Prepared by:
U. T. Austin

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AMENDMENTS TO THE 2002-03 BUDGET (CONTINUED)

TRANSFERS OF FUNDS

<u>Description</u>	<u>\$ Amount</u>	<u>RBC #</u>
EDUCATIONAL AND GENERAL FUNDS		
3. Amount of Transfer:	600 ,000	079
From: Academic and Research Projects and Operations – Special Equipment		
To: Texas Advanced Computing Center – Maintenance, Operation, and Equipment		
Year one of a six-year commitment to cover operating costs for the Texas Advanced Computing Center as approved by President Faulkner.		
DESIGNATED FUNDS		
4. Amount of Transfer:	574,991	074
From: Library Materials Revolving Fund – Operating Income		
To: Library Materials Revolving Fund – Purchase of Library Materials		
Balance forward income transferred to the expenditure account for purchase of library materials.		
PLANT FUNDS		
5. Amount of Transfer:	500,000	086
From: Auxiliary Enterprise Funds – Division of Housing And Food Services – Other Expenses		
To: Jester Dormitory – Replace Roof Dining Area – All Expenses		
Provide funds to replace the roof over the dining area in Beauford H. Jester Center Dormitory.		

AMENDMENTS TO THE 2002-03 BUDGET (CONTINUED)

TRANSFERS OF FUNDS (CONTINUED)

<u>Description</u>	<u>\$ Amount</u>	<u>RBC #</u>
PLANT FUNDS (Continued)		
6. Amount of Transfer:	500,000	077

From: Physical Plant – Renewal and
Replacement Projects

To: Physical Plant – PRC – Replace Roof
All Expenses

Additional funding requested for the replacement of roofs on Buildings 133
and 134 at the J.J. Pickle Research Campus (PRC)

FEES AND MISCELLANEOUS CHARGES

FLAT RATE TUITION

Ratification is recommended for the following tuition charges authorized by Section 54.069 of the Texas Education Code as a pilot project to continue through the 2004-2005 academic year. The tuition charges have been administratively approved by the Executive Vice Chancellor for Academic Affairs.

Following Regental approval, the appropriate catalog will be amended to reflect these new rates.

Hours Enrolled	Liberal Arts		Natural Sciences	
	Fall 2003 Spring 2004	Summer 2004	Fall 2003 Spring 2004	Summer 2004
Resident Undergraduate Students				
1 – 3	\$ 743	\$ 670	\$ 830	\$ 754
4 – 6	1,259	1,180	1,417	1,336
7 - 11	2,059	1,969	2,216	2,126
12 or more	2,508	2,415	2,668	2,575
Nonresident Undergraduate Students				
1 – 3	\$1,451	\$1,378	\$1,538	\$1,462
4 – 6	2,675	2,596	2,833	2,752
7 - 11	4,655	4,565	4,812	4,722
12 or more	5,812	5,719	5,972	5,879

OTHER MATTERS

APPROVAL OF DUAL POSITIONS OF HONOR, TRUST, OR PROFIT

The following item has been approved by the Executive Vice Chancellor for Academic Affairs in accordance with the Regents' Rules and Regulations, Part One, Chapter III, Section 13 and is submitted for ratification by the U. T. System Board of Regents. It has been determined that the holding of this position is of benefit to the State of Texas and The University of Texas and there is no conflict between holding the position and the appointment of Dr. Kortum with The University of Texas at Austin. 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 at Austin and there is no conflict between the position and the University appointment.

- | | |
|---------------|---|
| Name: | Dr. Rebecca Richards Kortum |
| Title: | Professor, Biomedical Engineering |
| Position: | National Advisory Council for Biomedical Imaging and Bioengineering |
| Period: | January 1, 2003 through December 31, 2003 |
| Compensation: | None |
| Description: | The Honorable Tommy Thompson, United States Secretary of Health and Human Services, has appointed Dr. Kortum to serve on the National Advisory Council for Biomedical Imaging and Bioengineering. This Council is the major advisory group to the National Institute of Biomedical Imaging and Bioengineering, a component of the National Institute of Health. It will provide recommendations on the conduct and support of biomedical imaging and bioengineering research and research training. |

U. T. BROWNSVILLE
FEES AND MISCELLANEOUS CHARGES

DESIGNATED TUITION

Ratification is recommended for the following designated tuition rate to be effective beginning with the Fall Semester of 2003. The proposed rate increase has been the subject of discussion at a public forum as required by Section 55.16 of the Texas Education Code and has been administratively approved by the Executive Vice Chancellor for Academic Affairs.

Following Regental approval, the appropriate component catalog will be amended to reflect this new rate.

	<u>Current Rate \$</u>	<u>Proposed Rate \$</u>	<u>Percent Increase</u>
<u>Per Semester Credit Hour</u>	27	32	18.5%

U. T. DALLAS

AMENDMENTS TO THE 2002-03 BUDGET

APPOINTMENTS AND PROMOTIONS

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

The term "rate" for academic institutions is the full-time nine-month base rate and for health institutions is the full-time twelve-month base rate; for all other personnel it is the full-time rate, the appointee receiving a proportionate amount depending upon the fraction of time for which the individual is appointed and the period of appointment.

<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 MANAGEMENT					
Professor					
1. Sumit K. Majumdar (T)	12/1-5/31	100	09	125,000	10
SCHOOL OF NATURAL SCIENCES AND MATHEMATICS					
Associate Professor and Associate Director of the U. T. Dallas Sickle Cell Disease Research Center					
2. Betty S. Pace (T)	1/1-5/31	100	09	154,674	11

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. System Board of Regents.

1. Donor Name: Houston Endowment, Inc.
College/School/ Department Art Department
Purpose: Renovation of Seamon Hall
Asset Type: Cash
Value: \$500,000

AMENDMENTS TO THE 2002-03 BUDGET

APPOINTMENTS AND PROMOTIONS

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

The term "rate" for academic institutions is the full-time nine-month base rate and for health institutions is the full-time twelve-month base rate; for all other personnel it is the full-time rate, the appointee receiving a proportionate amount depending upon the fraction of time for which the individual is appointed and the period of appointment.

<u>Item, Department, Title, Name</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 EDUCATION					
Educational Psychology and Special Services					
1. Stephen W. Johnson (T)					025
From: Associate Professor		100	09	45,700	
To: Associate Dean and Assistant Professor	1/1-8/31	50	12	63,600	
	1/1-5/31	50	09	45,700	
Educational Leadership and Foundations					
2. Gary D. Brooks (T)					028
From: Associate Professor		100	09	63,654	
To: Associate Vice President for Academic Affairs and Associate Professor	9/1-8/31	100	12	84,872	
	9/1-5/31	WOS	09	63,654	
COLLEGE OF ENGINEERING					
Civil Engineering					
3. Roberto A. Osegueda (T)					027
From: Professor Chairperson		100	09	84,200	
		SUPLT	09	2,000	
To: Interim Dean and Professor	1/16-8/31	100	12	125,000	
	1/16-5/31	WOS	09	84,200	

Prepared by:
U. T. El Paso

Docket - 44

AMENDMENTS TO THE 2002-03 BUDGET (CONTINUED)

APPOINTMENTS AND PROMOTIONS (CONTINUED)

<u>Item, Department, Title, Name</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 ENGINEERING (Continued)					
Mechanical and Industrial Engineering					
Environmental Science and Engineering					
4. Andrew H. Swift (T)					026
From: Dean and Professor		100 WOS	12 09	126,402 94,011	
To: Director – Center for Environmental Resource Management Professor	1/16-8/31 1/16-5/31	66.67 33.33	12 09	127,402 94,011	
Civil Engineering					
5. John Walton (T)					019
From: Professor		100	09	75,000	
To: Professor and Director, Environmental Science and Engineering Ph.D. Program	9/1-5/31 9/1-5/31	100 SUPLT	09 09	80,000 2,000	
COLLEGE OF LIBERAL ARTS					
Art					
Professor and Chairperson					
6. Gregory M. Elliot (T)	1/16-5/31 1/16-5/31	100 SUPLT	09 09	66,500 2,000	022
Languages and Linguistics					
Professor					
7. Nicholas J. Sobin (T)	1/16-5/31	100	09	70,000	023

Prepared by:
U. T. El Paso

Docket - 45

AMENDMENTS TO THE 2002-03 BUDGET (CONTINUED)

APPOINTMENTS AND PROMOTIONS (CONTINUED)

<u>Item, Department, Title, Name</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC#</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
COLLEGE OF HEALTH SCIENCES					
Office of the Dean and School of Nursing					
Associate Dean, Director, Professor					
8. Robert Lee Anders (T)	1/16-8/31	100	12	122,337	029
	1/16-8/31	SUPLT	12	2,667	
	1/16-5/31	WOS	09	91,753	

TRANSFER OF FUNDS

<u>Description</u>	<u>\$ Amount</u>	<u>RBC #</u>
COLLEGE OF HEALTH SCIENCES		
Amount of Transfer:	\$550,411	021
9. From: Allocation of General Revenue by Coordinating Board		
To: Faculty Salaries	\$550,411	
Allocation of Fiscal Year 2003 Nursing Dramatic Enrollment Growth Fund.		

FEES AND MISCELLANEOUS CHARGES

RENTAL RATES

Approval is recommended for the following housing [and/or board and/or rental] rates to be effective beginning with the Fall Semester 2003. The proposed rates are consistent with applicable statutory requirements under Section 55.16 of the Texas Education Code and have been administratively approved by the Executive Vice Chancellor for Academic Affairs.

Following Regental approval, the appropriate component catalog will be amended to reflect these new rates.

	<u>Current Rates \$</u>	<u>Proposed Rates \$</u>	<u>Percent Increase</u>
<u>Per month</u>			
<u>UNIVERSITY STUDENT APARTMENTS</u>			
2 person efficiency	295	315	6.78%
1 person efficiency	440	460	4.55%
2 bedroom	413	433	4.84%
4 bedroom	390	410	5.13%

Apartment rates include all utilities.

COMPULSORY STUDENT SERVICES FEES

Approval is recommended for the following student services fee, authorized by Texas Education Code Section 54.503, to be effective for the Fall Semester 2003. The fee has been the subject of appropriate student input and has been administratively approved by the Executive Vice Chancellor for Academic Affairs.

Following Regental approval, the appropriate component catalog will be amended to reflect this new fee.

	<u>Current Rates \$</u>	<u>Proposed Rates \$</u>	<u>Percent Increase</u>
<u>For each credit hour</u>	12.50	13.50	8%
Maximum per semester	150.00	162.00	8%

Prepared by:
U. T. El Paso

Docket - 47

U. T. PAN AMERICAN

GIFTS

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

1. Donor Name: Wal-Mart Corporation
College/School/ Department: College of Science & Engineering - Department of Computer Science
Purpose: NCR Teradata Software – a special purpose database computer used for teaching, research, and recruitment.
Asset Type: Software
Value: \$1,696,500

FEEES AND MISCELLANEOUS CHARGES

STUDENT SERVICES FEES

Approval is recommended for the following student services fee to be effective beginning with the Fall Semester 2003. The statutory requirements in the Texas Education Code Section 54.503 have been met and the fee has been administratively approved by the Executive Vice Chancellor for Academic Affairs.

Following Regental approval, the appropriate component catalog will be amended to reflect this new fee.

COMPULSORY STUDENT SERVICES FEE

	<u>Current</u> <u>Rate \$</u>	<u>Proposed</u> <u>Rate \$</u>	<u>Percent</u> <u>Increase</u>
<u>Per Semester Credit Hour</u>	11	12	9.1%

FEEES AND MISCELLANEOUS CHARGES (CONTINUED)

DESIGNATED TUITION

Approval is recommended for the following designated tuition rate to be effective beginning with the Fall Semester of 2003. The proposed rate increase has been the subject of discussion at a public forum as required by Section 55.16 of the Texas Education Code and has been administratively approved by the Executive Vice Chancellor for Academic Affairs.

Following Regental approval, the appropriate component catalog will be amended to reflect this new rate.

	<u>Current Rate \$</u>	<u>Proposed Rate \$</u>	<u>Percent Increase</u>
<u>Per Semester Credit Hour</u>	26	32	23%

U. T. SAN ANTONIO

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. System Board of Regents.

- | | |
|-----------------|---|
| 1. Donor Name: | Robert J. Kleberg, Jr. and Helen C. Kleberg Foundation |
| College/School/ | |
| Department: | Department of Science |
| Purpose: | Biosafety Level 3 Fermentation Laboratory Equipment – Projected equipment purchases include large capacity fermenters, centrifuges, and related bioprocessing equipment. The equipment is to be used as part of a collaborative project between the United States Air Force, the City of San Antonio and U. T. San Antonio. The project is to support national defense by focusing on the preparation of vaccines and antitoxins using genetic engineering and the preparation of enzymes to detect and decontaminate biological toxins. Another research target is drugs for modern cancer treatments. |
| | The biosafety lab is located on Brooks City Base and is owned by the City of San Antonio. The building is currently being refurbished and is scheduled for completion this summer. The collaboration agreement is still in the process of being drafted. |
| Asset Type: | Cash |
| Value: | \$700,000 |

CONTRACTS

The following contract or agreement has been awarded, has been administratively approved by the President or his delegate and is recommended for approval by the U. T. System Board of Regents.

GENERAL CONTRACTS

FUNDS GOING OUT

1. Agency: San Antonio Business Technology Center, L.P.
Funds: \$1,419,828
Period: June 1, 2003 through May 31, 2008
Description: Space lease of 19,119 square feet to be utilized for classroom, studio and office space for the School of Architecture

NEW ADMISSIONS POLICY

The College of Business proposes the following Admissions Policy to be included in the catalog of The University of Texas at San Antonio. This Admissions Policy is the first one to go into effect at the undergraduate level at U. T. San Antonio. The new policy has been administratively approved by the Executive Vice Chancellor for Academic Affairs and is recommended for ratification by the U. T. System Board of Regents.

U. T. San Antonio College of Business Admissions Policy

Direct Admission

1. Applicants entering U. T. San Antonio from high school and transfer students who have completed fewer than 30 hours of transferable college credit will be directly admitted to any College of Business major based on the following criteria:

- Meet all U. T. San Antonio undergraduate admission requirements
- Be ranked in the top 25% of his or her high school graduation class
- Be Texas Academic Skills Program (TASP) exempt or have passed all sections of the TASP prior to admission to the College

2. Applicants who have completed 30 or more hours of transferable college credit will be directly admitted to any College of Business major based on the following criteria:

- Meet all U. T. San Antonio undergraduate admission requirements
- Have a cumulative GPA of 2.5 or better for all college level courses completed
- Successful completion of the following or equivalent courses:
 - o COM 1053, Business and Professional Speech
 - o IS 1403, Business Information Systems Fluency
 - o MAT 1033, Algebra with Calculus for Business

Applicants Who Do Not Meet Direct Admission Criteria

Applicants for admission to the College of Business who do not meet the criteria for direct admission stated above will be admitted to the College as pre-business students. Academic performance for admittance to the College of Business will be evaluated at the end of the semester in which at least 12 total hours of College of Business courses are completed at U. T. San Antonio, including completing the four courses listed below (COM 1053, IS 1403, MAT 1033, MS 1013). To declare a business major, a pre-business student must meet the criteria listed below. (NOTE: A specific B.B.A. major cannot be guaranteed and will depend on departmental resources. Changes of major must be made through the College of Business Advising Office and must be approved by the department chair.)

NEW ADMISSIONS POLICY (CONTINUED)

- A GPA of at least 2.0 for all U. T. San Antonio course work
- A GPA of at least 2.20 for all U. T. San Antonio College of Business course work
- Successful completion of the following or equivalent courses:
 - o COM 1053, Business and Professional Speech
 - o IS 1403, Business Information Systems Fluency
 - o MAT 1033, Algebra with Calculus for Business
 - o MS 1013, Quantitative Methods for Business and Economics

A student who does not meet the requirements for declaring a B.B.A. major after 12 total hours of U. T. San Antonio College of Business course work will only be permitted to take additional business courses that are needed for a business minor and will not be considered a pre-business student. The student must choose a major other than a business discipline in order to remain enrolled at U. T. San Antonio.

Academic Standing of All Majors (B.A., B.B.A., B.S.) and Pre-Business Students in the College of Business

College of Business majors (B.B.A. degree, B.A. degree in economics, and B.S. degree in statistics) and pre-business students must maintain good academic standing in the College of Business. This requires that the student:

- Meets all University regulations related to good academic standing.
- Maintains a minimum grade point average of 2.0 for U. T. San Antonio College of Business courses.

Students who do not meet these requirements are placed on college academic probation. College of Business courses in which a grade of either D or F has been assigned may be repeated once in an attempt to raise the college grade point average. Students on college academic probation have one subsequent long semester (Fall or Spring) to achieve good academic standing in the college.

A student who does not meet requirements for good academic standing in the college at the end of the one long semester will be academically dismissed from the College of Business. Students who are academically dismissed from both the College of Business and U. T. San Antonio because they do not meet the required college and the University GPA must follow procedures for University reinstatement, including application for readmission to U. T. San Antonio, indicating a desire to continue pursuit of a College of Business major. Students who are academically dismissed from the College of Business but who still meet University requirements for good academic standing may pursue other majors in the University. They may also apply for readmission to the College of Business through the College of Business Office of the Dean. All College of Business majors must be in good academic standing in the

NEW ADMISSIONS POLICY (CONTINUED)

college in order to receive a bachelor's degree offered by the College of Business. This policy does not pertain to students pursuing a minor in the College of Business.

Rationale For Proposed Changes

The College of Business at U. T. San Antonio seeks to use available resources in ways that best prepare as many qualified students as possible for careers in business. As of Fall 2002, over 20% of all U. T. San Antonio undergraduate and graduate students were pursuing an undergraduate degree in the College of Business. Approximately one fourth of all U. T. San Antonio graduates are awarded a business degree. Admitting more students than resources allow hinders the College's attempt to provide students the necessary preparation by not permitting the College to provide business majors the attention they deserve. At the same time, the College of Business wishes to provide every student admitted to U. T. San Antonio an opportunity to demonstrate his or her qualifications to pursue an undergraduate degree in business. Therefore, the College of Business B.B.A. Degree admissions policy seeks to identify those students most likely to succeed in an undergraduate business education by either direct admission or admission upon establishing a successful academic record in business at U. T. San Antonio. At present, only the Top 10% of high school students are allowed to directly declare a major in business at U. T. San Antonio. The proposed policy expands this to the Top 25% of high school students. At present, transfer students must present 45 credit hours, a 2.5 overall GPA, and 2.25 GPA in eight basic courses to declare a major in the B.B.A. Degree program in any major (e.g. accounting, finance, marketing, etc.) other than General Business. The proposed policy allows students with 30 credit hours, a 2.5 GPA, and who have completed three basic courses, to directly enter into any major in the College of Business. There is a significant number of first generation college students at U. T. San Antonio, and the College of Business believes there is a need to connect undergraduate business students to specific majors and the associated faculty earlier in order to better serve, mentor, and retain them.

The policies regarding 1) admission for students who do not meet the criteria for direct admission, and 2) academic standing, are designed to provide an opportunity for every student admitted to U. T. San Antonio to pursue a degree in business. Those students who are not achieving academic success in the College of Business will be counseled to other academic programs or pursuits for which they may be better suited. A U. T. San Antonio College of Business Scholars program is in place to help promising students from disadvantaged backgrounds to prepare for academic and professional success. A business minor is available to all U. T. San Antonio students who seek a strong foundation in business.

PARKING AND TRAFFIC REGULATIONS

The following listing summarizes the substantive changes proposed to Parking and Traffic Regulations of The University of Texas at San Antonio. They have been approved by the Executive Vice Chancellor for Academic Affairs and the Office of General Counsel and are incorporated in model regulations approved by the U. T. System Board of Regents. These regulations supersede all prior Parking and Traffic Regulations and continue in effect until modified.

Parking and Traffic Regulations for 2003-04

<u>Page Number(s)</u>	<u>Summary of Proposed Substantive Change</u>
3	Section I, 14, parking and traffic citations may be appealed within 14 days of citation
6	Section III, 15, amend parking restrictions for close in parking area to authorize General Student permits in B spaces and B permits in A spaces after 7:00 p.m. Monday through Friday and on weekends
9	Section VI, E, parking in a 24-hour Reserved Space is not authorized for disabled permit holders
10	Section VII, amend late fees for unpaid citations. A late fee will be assessed if a citation is not cleared in 14 days. There are no statutes of limitations for campus citations.
12	Section VIII, A and C, revisions in citations issued by University Police to include late charge assessed after 14 days and there are no statutes of limitations on campus citations.
17	Section X, J, addition of Pay Stations regulation to exempt all disabled persons whose vehicles display specially designated license plates and placards from the Texas Department of Transportation from payment of fees or charges for parking at parking meters/pay stations at the downtown campus

U. T. TYLER

FEES AND MISCELLANEOUS CHARGES

DESIGNATED TUITION

Approval is recommended for the following designated tuition rate to be effective beginning with the Fall Semester of 2003. The proposed rate increase has been the subject of discussion at a public forum as required by Section 55.16 of the Texas Education Code and has been administratively approved by the Executive Vice Chancellor for Academic Affairs.

Following Regental approval, the appropriate component catalog will be amended to reflect this new rate.

	<u>Current Rate \$</u>	<u>Proposed Rate \$</u>	<u>Percent Increase</u>
<u>Per Semester Credit Hour</u>	42	46	9.52%

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. System Board of Regents.

1. Donor Name: Anonymous
College/School/ Department: Center for Reproductive Biology Sciences
Purpose: Support stem cell research
Asset Type: Cash
Value: \$750,000

2. Donor Name: William A. and Elizabeth B. Moncrief Foundation
College/School/ Department: Radiation Oncology
Purpose: Construction of the new Moncrief Radiation Oncology Center
Asset Type: Cash
Value: \$1,500,000 (represents the second installment on a total commitment of \$7,500,000)

3. Donor Name: Harry S. Moss Heart Trust
College/School/ Department: Harry S. Moss Heart Center
Purpose: Support of the programs in heart disease at the Harry S. Moss Heart Center, continuation of major long-term funding for the purchase of equipment, and support of research projects and new programs
Asset Type: Cash
Value: \$1,170,000 (represents the fourth payment on a total commitment of \$11,700,000)

4. Donor Name: Raymond Willie, Jr. Trust
Purpose: Support various activities at the Medical Center
Asset Type: Cash
Value: \$1,042,876 (represents the final payment on a total commitment of \$10,042,876)

AMENDMENTS TO THE 2002-03 BUDGET

APPOINTMENTS AND PROMOTIONS

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

The term "rate" for academic institutions is the full-time nine-month base rate and for health institutions is the full-time twelve-month base rate; for all other personnel it is the full-time rate, the appointee receiving a proportionate amount depending upon the fraction of time for which the individual is appointed and the period of appointment.

<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 GRADUATE SCHOOL					
Office of the Dean					
1. Melanie H. Cobb (T)					17
From: Professor and Jane and Bill Browning, Jr. Chair in Medical Science		100	12	159,000	
To: Dean and Jane and Bill Browning, Jr. Chair in Medical Science	1/1-8/31	100	12	184,000	
SOUTHWESTERN MEDICAL SCHOOL					
Center for Immunology					
2. Edward K. Wakeland (T)					18
From: Professor, Edwin L. Cox Distinguished Chair in Immunology and Genetics, and Director of the Center for Immunology		100	12	240,000	
To: Professor, Edwin L. Cox Distinguished Chair in Immunology and Genetics, Director of the Center for Immunology, and Director of the Simmons Arthritis Research Center	2/1-8/31	100	12	240,000	

Prepared by: Docket - 59
 U. T. Southwestern Medical Center - Dallas

AMENDMENTS TO THE 2002-03 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					
Surgery					
3. Edward H. Livingston (T)					21, 24
From: Professor		100	12	275,000	
To: Professor and Dr. Lee Hudson-Robert R. Penn Chair in Surgery	2/1-8/31	100	12	275,000	
Center for Developmental Biology					
4. Mark J. Henkemeyer (T)					22
From: Professor		100	12	88,000	
To: Professor and Dick and Martha Brooks Professorship In Nerve Growth	2/15-8/31	100	12	88,000	
Psychiatry					
5. Carol A. Tamminga (T)					23, 27
From: Professor		100	12	225,000	
To: Professor and Communities Foundation of Texas, Inc. Chair in Brain Science	3/1-8/31	100	12	225,000	

FEEES AND MISCELLANEOUS CHARGES

DESIGNATED TUITION

Approval is recommended for the following designated tuition rate to be effective beginning with the Fall Semester of 2003. The proposed rate increase has been the subject of discussion at a public forum as required by Section 55.16 of the Texas Education Code and have been administratively approved by the Acting Executive Vice Chancellor for Health Affairs.

Following Regental approval, the appropriate component catalog will be amended to reflect this new rate.

	<u>Current Rate \$</u>	<u>Proposed Rate \$</u>	<u>Percent Increase</u>
Per Semester Credit Hour	20	30	50%

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. System Board of Regents:

1. Donor Name: The Sealy & Smith Foundation
College/School/ Department: World Health Organization Collaborating Center for Tropical Diseases
Purpose: Payment against the \$7,500,000 grant for the Biosafety Laboratory, Level 4
Asset Type: Cash
Value: \$1,739,000

2. Donor Name: The Sealy & Smith Foundation
College/School/ Department: John Sealy Hospital
Purpose: Payment on \$3,283,000 grant for the upgrade of the patient monitoring capability and the upgrade of patient care beds
Asset Type: Cash
Value: \$1,931,590

3. Donor Name: The Sealy & Smith Foundation
College/School/ Department: School of Medicine, Obstetrics & Gynecology Department
Purpose: Payment on \$2,438,642 grant for labor and delivery expansion project
Asset Type: Cash
Value: \$1,099,744

4. Donor Name: The Sealy & Smith Foundation
College/School/ Department: School of Medicine, Radiology Department
Purpose: Payment on \$6,115,000 grant for imaging units
Asset Type: Cash
Value: \$980,000

CONTRACTS

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

GENERAL CONTRACTS

FUNDS COMING IN

1. Agency: United States of America, Department of Justice/
Federal Bureau of Prisons
Funds: \$12,556,000
Period: February 1, 2003 through January 31, 2004
Description: Exercise of Option Year One. The University of Texas Medical Branch at Galveston will continue to provide managed health care services at the Federal Correctional Complex in Beaumont, Texas.

FUNDS GOING OUT

2. Agency: Dallas County Hospital District d/b/a Parkland Health &
Hospital System
Funds: Payment to be based on services rendered in accordance with various fee schedules with an annual estimated amount of \$700,000.
Period: December 1, 2002 through November 30, 2004
Description: Dallas County Hospital District d/b/a Parkland Health & Hospital System will provide offsite medical and health care to incarcerated individuals.

AMENDMENTS TO THE 2002-03 BUDGET

APPOINTMENTS AND PROMOTIONS

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

The term "rate" for academic institutions is the full-time nine-month base rate and for health institutions is the full-time twelve-month base rate; for all other personnel it is the full-time rate, the appointee receiving a proportionate amount depending upon the fraction of time for which the individual is appointed and the period of appointment.

<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					
Dermatology; Otolaryngology (WOS)					
1. Richard F. Wagner, Jr. (T)					22
From: Professor		100	12	175,294	
To: Edgar B. Smith, M.D. Professorship in Dermatology and Professor	10/1-8/31	100	12	175,294	
Office of the Dean of Medicine; Internal Medicine; Microbiology and Immunology (WOS)					
2. Jerry C. Daniels (T)					24
From: Edna S. and William C. Levin Professorship in Internal Medicine and Professor		100	12	269,876	
To: Assistant Dean of Medicine, Edna S. and William C. Levin Professorship in Internal Medicine and Professor	11/1-8/31	100	12	294,876	

AMENDMENTS TO THE 2002-03 BUDGET (CONTINUED)

TRANSFERS OF FUNDS

<u>Description</u>	<u>\$ Amount</u>	<u>RBC #</u>
MEDICAL BRANCH HOSPITALS		
3. Amount of Transfer	38,815,350	25
From: Income from Patients – Surplus	38,478,647	
Tobacco Settlement Endowment		
Proceeds – Surplus	336,703	
To: Health Care – Medical Branch		
Hospitals-Maintenance & Operations	18,576,030	
Unexpended Plant Funds	8,503,290	
Unappropriated Surplus	11,736,030	

To support continued operations and fund various capital projects.

FEES AND MISCELLANEOUS CHARGES

HOUSING RATES

(including Apartments, Dormitory Rooms, Residence Halls)

Approval is recommended for the following housing rates to be effective beginning with the Fall Semester 2003. The proposed rates are consistent with applicable statutory requirements under Section 55.16 of the Texas Education Code and have been administratively approved by the Acting Executive Vice Chancellor for Health Affairs.

Following Regental approval, the appropriate component catalog will be amended to reflect these new rates.

	<u>Current Rates \$</u>	<u>Proposed Rates \$</u>	<u>Percent Increase</u>
<u>Per Month</u>			
<u>Dormitory & Apartments</u>			
Apartments	550	575	4.5%
Private Dorm Rooms	275	285	3.6%
Semiprivate Dorm Rooms	205	215	4.9%
<u>CAMPUS VIEW APARTMENTS</u>			
1 BD/1B	435	455	4.6%
2 BD/1 B	490	515	5.1%
2 BD/2 B	520	545	4.8%
2 BD/2 B/Dining Room	575	605	5.2%
2 BD/1 B House	600	630	5.0%
2 BD House	700	735	5.0%
2 BD/1 1/2 B House	800	840	5.0%
<u>Ferry Road Apartments</u>			
Efficiency	240	250	4.2%
2 BD/1B	565	595	5.3%
3 BD/2B	670	705	5.2%

Prepared by:
U. T. Medical Branch - Galveston

Docket - 66

FEES AND MISCELLANEOUS CHARGES (CONTINUED)

PARKING PERMIT FEES

Approval is recommended for the following parking permit fees to be effective beginning with the Fall Semester 2003. The fees have been administratively approved by the Acting Executive Vice Chancellor for Health Affairs.

Following Regental approval, the appropriate component catalog will be amended to reflect these new fees.

	<u>Current Rates \$</u>	<u>Proposed Rates \$</u>	<u>Percent Increase</u>
<u>Per Month</u>			
Surface Lots	25.00	30.00	20.0%
Parking Garages	40.00	47.50	18.8%
<u>Per Year</u>			
Student Parking Fee	25.00	30.00	20.0%

U. T. HEALTH SCIENCE CENTER - HOUSTON

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. System Board of Regents.

- | | |
|--------------------------------|---|
| Donor Name: | The Cullen Foundation |
| College/School/
Department: | The University of Texas Health Science Center at Houston |
| Purpose: | To support the New Frontiers Campaign for capital use in the construction of the new Institute of Molecular Medicine for the Prevention of Human Diseases |
| Asset Type: | Cash |
| Value: | \$1,250,000 |

AMENDMENTS TO THE 2002-03 BUDGET

APPOINTMENTS AND PROMOTIONS

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

The term "rate" for academic institutions is the full-time nine-month base rate and for health institutions is the full-time twelve-month base rate; for all other personnel it is the full-time rate, the appointee receiving a proportionate amount depending upon the fraction of time for which the individual is appointed and the period of appointment.

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
MEDICAL SCHOOL					
Integrative Biology					
1. Norman Weisbrodt (T)					027
From: Professor		100	12	115,618	
To: Professor	1/1-8/31	100	12	115,618	
Assistant Dean for Basic Science Education and Curriculum	1/1-8/31	SUPLT	12	5,000	

AMENDMENTS TO THE 2002-03 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>	
MEDICAL SCHOOL (Continued)					
INSTITUTE OF MOLECULAR MEDICINE					
Internal Medicine - Hematology					
2. Kenneth Wu (T)					026
From: Professor and Roy M. and Phyllis Gough Huffington Chair in Internal Medicine		100 SUPLT	12 12	234,998 20,000	
To: Professor and Roy M. and Phyllis Gough Huffington Chair in Internal Medicine and Associate Director	1/1-8/31 1/1-8/31 1/1-8/31	100 SUPLT SUPLT	12 12 12	234,998 20,000 25,000	
SCHOOL OF PUBLIC HEALTH					
3. Guy Parcel (T)					024
From: Acting Dean and John P. McGovern Professor in Health Promotion		100 SUPLT	12 12	179,600 45,000	
To: Executive Dean and John P. McGovern Professor In Health Promotion	1/1-8/31 1/1-8/31	100 SUPLT	12 12	200,000 45,000	

AMENDMENTS TO THE 2002-03 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>	
ADMINISTRATIVE SUPPORT AND MEDICAL SCHOOL					
4. Gilbert Castro (T)					025
From: Interim Executive Vice President for Academic Affairs and Professor Integrative Biology		100 SUPLT	12 12	190,621 50,000	
To: Interim Executive Vice President for Academic Affairs, Interim Executive Vice President for Research Affairs and Professor, Integrative Biology	1/1-8/31 1/1-8/31 1/1-8/31	100 SUPLT SUPLT	12 12 12	190,621 50,000 25,000	

FEES AND MISCELLANEOUS CHARGES

DESIGNATED TUITION

Approval is recommended for the following designated tuition rates to be effective beginning the summer of 2003. The proposed rate increases have been the subject of discussion at a public forum as required by Section 55.16 of the Texas Education Code and have been administratively approved by the Acting Executive Vice Chancellor for Health Affairs.

Following Regental approval, the appropriate component catalog will be amended to reflect these new rates.

	<u>Current Rates \$</u>	<u>Proposed Rates \$</u>	<u>Percent Increase</u>
Medical/Dental Students (Per Year)	1,350	1,725	28%
All Other Students (Per Semester Credit Hour)	36	46	28%

OTHER MATTERS

APPROVAL OF DUAL POSITIONS OF HONOR, TRUST, OR PROFIT

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

- | | |
|---------------|--|
| Name: | Carlos R. Hamilton, Jr., M.D. |
| Title: | Executive Vice President for Clinical Affairs |
| Position: | Appointment as a member of the Practicing Physician's Advisory Council |
| Period: | March 1, 2003 through February 28, 2007 |
| Compensation: | None |
| Description: | To advise the Secretary, Department of Health and Human Services, and the Administrator of the Health Care Financing Administration concerning certain proposed changes in Medicare regulations and carrier manual instructions or Medicaid regulations related to physician services identified by the Secretary. |

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. System Board of Regents.

- | | |
|-----------------|--|
| 1. Donor Name: | Sam E. and Ann Barshop |
| College/School/ | Graduate School of Biomedical Sciences |
| Department: | Department of Physiology |
| Purpose: | Sam and Ann Barshop Center for Longevity and Aging |
| Asset Type: | Common stock and cash |
| Value: | \$800,000 |

- | | |
|-----------------|---|
| 2. Donor Name: | The USAA Foundation, A Charitable Trust |
| College/School/ | |
| Department: | Office of the President |
| Purpose: | Invest in the Best – Health Science Center Campaign |
| Asset Type: | Cash |
| Value: | \$1,000,000 |

FEES AND MISCELLANEOUS CHARGES

OTHER FEES AND CHARGES

The following new charge recommended for approval by the U. T. System Board of Regents and inclusion in institutional catalogs has been approved by the Acting Executive Vice Chancellor for Health Affairs. The recommended charge is consistent with applicable statutory requirements under Section 54.504 and Section 55.16 of the Texas Education Code.

<u>Name/Description</u>	<u>Amount of Fee</u>
TECHNICAL CLINICAL SKILLS FEE To defray costs of operating expenses and equipment maintenance for life-support training programs and to offset operating expenses associated with standardized patient instruction and the Objective Structured Clinical Exams for medical students	\$400 per year *

*Note: This fee was submitted in the February 2003 docket as \$400 per semester.

OTHER MATTERS

APPROVAL OF DUAL POSITIONS OF HONOR, TRUST, OR PROFIT

The following items have been approved by the Acting Executive Vice Chancellor for Health Affairs in accordance with the Regents' Rules and Regulations, Part One, Chapter III, Section 13 and are submitted for ratification by the U. T. System Board of Regents. It has been determined that the holding of these offices or positions is of benefit to the State of Texas and The University of Texas Health Science Center at San Antonio and there is no conflict between holding the positions and the appointments of Dr. Cigarroa and Dr. Son with The University of Texas Health Science Center at San Antonio. By approval of these items, the Board is also asked to find that holding these positions is of benefit to the State of Texas and The University of Texas Health Science Center at San Antonio and there is no conflict between the positions and the University appointments.

1. Name: Francisco G. Cigarroa, M.D.
Title: President
Position: Member of the President's Committee on the National Medal of Science
Period: February 5, 2003 to December 31, 2003
Compensation: None
Description: Appointed by President George W. Bush for the remainder of a three-year term to this distinguished presidential-appointed committee that reviews nominations and sends its list to the President for final selection for the National Medal of Science, the nation's highest scientific honor.

2. Name: Minnette Son, M.D.
Title: Assistant Professor in the Department of Pediatrics
Position: Member of the State Board of Examiners for Speech Language Pathology and Audiology
Period: September 6, 2002 to August 31, 2007
Compensation: Reimbursement for expenses only
Description: On September 6, 2002, Governor Rick Perry appointed Dr. Son to the State Board of Examiners for Speech and Language Pathology and Audiology, which allows faculty physician involvement in activities related to the Health Science Center's mission, particularly in fields of allied health sciences.

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 ratification by the U. T. System Board of Regents.

1. Donor Name: T.L.L. Temple Foundation
College/School/
Department: Institution
Purpose: Capital Improvement Program
Asset Type: Cash
Value: \$2,000,000

2. Donor Name: Mr. & Mrs. William H. Goodwin, Jr.
College/School/
Department: Translational Research
Purpose: Cancer Research
Asset Type: Cash
Value: \$1,250,000

3. Donor Name: H. E. Butt Grocery Company
College/School/
Department: Institution
Purpose: Capital Improvement Program
Asset Type: Cash
Value: \$1,000,000

4. Donor Name: Mr. & Mrs. Morton (Angela) Topfer
College/School/
Department: GI Medical Oncology
Purpose: Pancreatic Cancer Research
Asset Type: Stock
Value: \$963,564.55

CONTRACTS

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

GENERAL CONTRACTS

FUNDS GOING OUT

1. Agency: General Land Office
Funds: an amount not to exceed \$1,250,000
Period: September 1, 2001 through August 31, 2003
Description: Contract for purchase of natural gas from the General Land Office

2. Agency: Polly Ryon Hospital Authority
Funds: Months 1-24 \$11,360/month plus 1.2% of equipment cost;
months 25-36, \$18,460/month plus 1.9% of equipment cost;
months 37-48, \$19,502/month plus 1.9% of equipment cost;
months 49-60, \$22,627/month plus 1.9% of equipment cost;
months 61-72, \$24,293 plus 1.9% of equipment cost;
months 73-84, \$24,918 plus 1.9% of equipment cost
Period: June 1, 2003 for approximately 84 months
Description: Lease 9,123 square feet for a turnkey radiation therapy treatment facility in the Polly Ryon Oncology Center currently being constructed in Richmond, Texas

3. Agency: St. Luke's Episcopal Properties Corporation
Funds: Approximately \$5.9 million over the term of the lease
Period: April 1, 2003 for ten years with two renewal options of five years each
Description: Space lease for a turnkey radiation therapy treatment facility with St. Luke's Community Medical Center currently being constructed in The Woodlands, Texas

AMENDMENTS TO THE 2002-03 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>	
THE TUMOR INSTITUTE – MEDICAL STAFF (Continued)					
Clinical Operations & Programs, Dermatology					
4. Madeleine Duvic (T)					36
From: Professor, Chair (ad interim)		100 SUPLT	12 12	236,105 12,000	
To: Professor, Deputy Chair	11/15-8/31 11/15-8/31	100 SUPLT	12 12	236,105 12,000	
THE TUMOR INSTITUTE – EDUCATION					
EVP/CAO Office, Educational Programs					
5. Stephen P. Tomasovic (T)					41
From: Vice President, Educational Programs, Professor		100	12	228,200	
To: Vice President, Educational Programs, Professor, Vice President (ad interim), Faculty Academic Affairs	1/1-8/31 1/1-8/31	100 SUPLT	12 12	228,200 10,000	
Faculty Academic Affairs					
6. Kathleen Sazama (T)					39
From: Vice President, Faculty Academic Affairs, Professor		100	12	234,600	
To: Professor, Laboratory Medicine, Patient Care Services	1/1-8/31	100	12	234,600	