

Meeting No. 921

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

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May 13, 1999

Edinburg, Texas

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 THE UNIVERSITY OF TEXAS SYSTEM  
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MEETING NO. 921

THURSDAY, MAY 13, 1999.--The members of the Board of Regents of The University of Texas System convened at 8:14 a.m. on Thursday, May 13, 1999, in the International Trade and Technology Building at The University of Texas - Pan American, Edinburg, Texas, with the following in attendance:

ATTENDANCE.--

<u>Present</u>	<u>Absent</u>
Chairman Evans, presiding	*Regent Oxford
Vice-Chairman Loeffler	
Vice-Chairman Clements	
Regent Hunt	
Regent Miller	
Regent Riter	
Regent Romero	
Regent Sanchez	

Executive Secretary Frederick

Executive Vice Chancellor Burck  
Executive Vice Chancellor Mullins  
Vice Chancellor Sharpe

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

RECESS TO BRIEFING AND EXECUTIVE SESSION.--At 8:15 a.m., Chairman Evans announced that the Board would recess to convene in Briefing Session and in Executive Session pursuant to Texas Government Code, Chapter 551, Sections 551.071 and 551.072 to consider those matters listed on the Executive Session agenda.

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\*Regent Oxford was excused due to illness.

RECONVENE IN OPEN SESSION.--At 10:15 a.m., the Board reconvened in open session.

WELCOME BY DR. MIGUEL A. NEVÁREZ, PRESIDENT OF THE UNIVERSITY OF TEXAS - PAN AMERICAN.--Chairman Evans stated that the Board was pleased to be in South Texas and meeting at The University of Texas - Pan American and called on Dr. Miguel A. Nevárez, President of U. T. Pan American, for welcoming remarks on behalf of the host institution.

On behalf of the faculty, staff, and students of U. T. Pan American, President Nevárez welcomed the members of the Board and other guests to the campus.

INTRODUCTION OF REGENTS WOODY L. HUNT, CHARLES MILLER, AND RAUL R. ROMERO.--Chairman Evans welcomed Regent Woody L. Hunt, El Paso, Texas, and Regents Charles Miller and Raul R. Romero, both of Houston, Texas, to their first meeting of the Board of Regents.

INTRODUCTION OF DR. RICARDO ROMO, PRESIDENT-ELECT OF THE UNIVERSITY OF TEXAS AT SAN ANTONIO.--Chairman Evans introduced Dr. Ricardo Romo, President-Elect of The University of Texas at San Antonio, who will become President of that institution effective May 17, 1999, and welcomed him to The University of Texas System.

U. T. BOARD OF REGENTS: APPROVAL OF MINUTES OF REGULAR MEETING HELD ON FEBRUARY 10-11, 1999, AND SPECIAL MEETING HELD MARCH 18, 1999.--Upon motion of Vice-Chairman Loeffler, seconded by Regent Riter, the Minutes of the regular meeting of the Board of Regents of The University of Texas System held on February 10-11, 1999, in Austin, Texas, were approved as distributed by the Executive Secretary. The official copy of these Minutes is recorded in the Permanent Minutes, Volume XLVI, Pages 307 - 887.

Upon motion of Regent Hunt, seconded by Regent Romero, the Minutes of the special meeting of the Board of Regents of The University of Texas System held on March 18, 1999, in Austin, Texas, were approved as distributed by the Executive Secretary. The official copy of these Minutes is recorded in the Permanent Minutes, Volume XLVI, Pages 888 - 890.

## EXECUTIVE SESSION OF THE BOARD OF REGENTS

Chairman Evans reported that the Board had met in Executive Session to discuss matters in accordance with Texas Government Code, Chapter 551, Sections 551.071 and 551.072. In response to Chairman Evans' inquiry regarding the wishes of the Board, the following actions were taken:

1. U. T. Southwestern Medical Center - Dallas: Settlement of Medical Liability Litigation - Mark Espalin and Irasema Espalin.--Vice-Chairman Clements moved that the Chancellor and the Office of General Counsel be authorized to settle, on behalf of The University of Texas Southwestern Medical Center at Dallas, the medical liability litigation brought by Mark Espalin and Irasema Espalin in accordance with the proposal presented in Executive Session.

The motion was duly seconded and carried without objection.

2. U. T. Health Science Center - Houston: Settlement of Medical Liability Litigation - Maria Imelda Vasquez.--Vice-Chairman Loeffler moved and the Board authorized the Chancellor and the Office of General Counsel to settle, on behalf of The University of Texas Health Science Center at Houston, the medical liability litigation brought by Maria Imelda Vasquez in accordance with the proposal presented in Executive Session.

Regent Hunt seconded the motion which carried by unanimous vote.

3. U. T. Southwestern Medical Center - Dallas: Authorization to Purchase Two Tracts of Land Out of Exchange Park, Dallas, Dallas County, Texas, from the MacArthur Liquidating Trust; Authorization to Submit the Purchases to the Coordinating Board for Approval; and Authorization for the Executive Vice Chancellor for Business Affairs to Execute All Documents Related Thereto.--Upon motion of Vice-Chairman Loeffler, seconded by Regent Romero, the Board:
  - a. Authorized the Executive Vice Chancellor for Business Affairs or his delegate to take all steps necessary to purchase, on behalf of The University of Texas Southwestern Medical Center at Dallas, approximately 56 acres in two tracts of land out of Exchange Park, Dallas, Dallas County, Texas, from the

MacArthur Liquidating Trust according to the parameters outlined in Executive Session following approval of the Executive Vice Chancellor for Health Affairs and the Office of General Counsel

- b. Authorized submission of the purchases to the Texas Higher Education Coordinating Board for approval
  - c. Authorized the Executive Vice Chancellor for Business Affairs to execute all documents related thereto.
4. U. T. Health Science Center - San Antonio - Regional Academic Health Center (RAHC) - Harlingen Medical Education Division: Acceptance of Approximately 26.239 Acres of Land and Associated Easements in Harlingen, Cameron County, Texas, from Valley Baptist Medical Center; Authorization to Submit the Acquisitions to the Coordinating Board for Approval; and Authorization for the Executive Vice Chancellor for Business Affairs to Execute All Documents Related Thereto.--Regent Sanchez moved that the Executive Vice Chancellor for Business Affairs or his delegate be authorized, on behalf of The University of Texas Health Science Center at San Antonio, to take all steps necessary to accept a gift of approximately 26.239 acres of land and associated easements in Harlingen, Cameron County, Texas, from the Valley Baptist Medical Center for the Harlingen Medical Education Division of the Lower Rio Grande Valley Regional Academic Health Center (RAHC) according to the parameters outlined in Executive Session following approval of the Executive Vice Chancellor for Health Affairs and the Office of General Counsel.

The motion was seconded and carried by unanimous vote.

Chairman Evans took the opportunity to thank the Valley Baptist Medical Center for its gift in support of the RAHC and for the Center's involvement in the whole South Texas community.

## SPECIAL ITEMS

1. U. T. Board of Regents: Approval of Committee and Other Representative Appointments by Chairman Evans.--In accordance with the requirements of the Regents' Rules and Regulations, Part One, Chapter I, Section 7, appointments by Chairman Evans to (1) the chairmanship of the Standing and Special Committees, (2) the Board for Lease of University Lands, (3) the Board of Directors of The University of Texas Investment Management Company (UTIMCO), and (4) the Board of Directors of the Texas Growth Fund were approved as set forth below.

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

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

- a. STANDING COMMITTEES

Executive Committee\*

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

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

Business Affairs and Audit Committee

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

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

Academic Affairs Committee

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

Health Affairs Committee

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

Facilities Planning and Construction Committee

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

b. SPECIAL COMMITTEES

Special Committee on Telecommunications and Technology Transfer

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

Special Committee on Minorities and Women

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

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

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

Santa Rita Award

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

c. REGENTAL REPRESENTATIVES

Board for Lease of University Lands

Mr. Charles Miller  
Mr. Raul R. Romero

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

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

Texas Growth Fund Board of Directors

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

Committee of Governing Boards, Texas Public Senior Colleges and Universities

Mr. Donald L. Evans

2. U. T. Board of Regents - Regents' Rules and Regulations, Part One: Amendments to Chapter II (Administration), Section 8, Subsection 8.2 (Vice Chancellor for Governmental Relations) and Addition of New Section 11 (Vice Chancellor for Federal Relations).--The Regents' Rules and Regulations, Part One, Chapter II, relating to the Vice Chancellor for Governmental Relations and new position of the Vice Chancellor for Federal Relations, were amended as follows:

a. Section 8, Subsection 8.2, relating to the duties and responsibilities of the Vice Chancellor for Governmental Relations, was amended to read as follows:

8.2 Duties and Responsibilities.

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

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

...

b. A new Section 11, relating to the Vice Chancellor for Federal Relations, was added as set forth below:

Sec. 11. Vice Chancellor for Federal Relations.

The Vice Chancellor for Federal Relations reports to the Chancellor and is responsible for coordinating the effective representation of The University of Texas System at the federal level before all branches of the federal

government. The Vice Chancellor for Federal Relations provides staff assistance to the Chancellor and the Executive Vice Chancellors in the exercise of their responsibilities.

11.1 Appointment and Tenure.

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

11.2 Duties and Responsibilities.

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

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

- 11.27 Directing the administration of the U. T. System Office of Federal Relations and defining the job responsibilities, the assignment of duties, and supervising staff members employed in or assigned to work in the federal relations area.
- 11.28 Performing such other duties and responsibilities for the efficient operation of the System as shall be assigned by the Chancellor.

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

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

The addition of Section 11 to Chapter II describes the newly established position of Vice Chancellor for Federal Relations and outlines the duties and responsibilities of this office. This new position and the establishment of the Office of Federal Relations in the Washington, D. C., area are part of The University of Texas System efforts to become more effective in the federal arena, particularly in identifying and securing funding opportunities provided by the federal government.

- 3. U. T. System: Amendments to the Policy and Guidelines for Management and Marketing of Intellectual Property.--On December 6, 1985, the U. T. Board of Regents adopted The University of Texas System Policy and Guidelines for Management and Marketing of Intellectual Property as part of a comprehensive intellectual property program.

Since the Policy referenced the Office of Asset Management which was dissolved by the Board in February 1996, the Board approved amendments to the U. T. System Policy and Guidelines for Management and Marketing of Intellectual Property to read as set forth in its entirety on Pages 11 - 12.

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

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

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

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

The intellectual property management and marketing procedures that are to be included in institutional Handbooks of Operating Procedures shall contain provisions that recognize and provide the opportunity for the creator and other knowledgeable institutional personnel to play a major role in marketing while making provision for appropriate involvement of the Office of General Counsel in the management and marketing of the assets of the Board.

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

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

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

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

See Page 54 relating to the proposed establishment of a U. T. System Office of Intellectual Property.

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

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

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

In accordance with Board approval, The University of Texas System Policy and Guidelines For the Negotiation, Review and Approval of Sponsored Research Projects With Nonprofit and For Profit Nongovernmental Entities was amended to read as set forth in its entirety on Pages 13 - 14.

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

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

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

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

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

- a. The U. T. Board of Regents should own the rights to all patentable discoveries, unpatentable technology, technical know-how, and other intellectual property that results from the research project.

- b. The sponsoring entity may have an option for either an exclusive or non-exclusive right to a license to develop and commercialize any intellectual property resulting from the project for a royalty in an amount to be negotiated.
- c. In the event the sponsor exercises the option for a license, it should be required to reimburse the Board for all expenses incurred with respect to a patent that has been secured on any patentable discovery or, in the event a patent has not been obtained, the sponsor should be required to bear the expense of securing patent protection for the benefit of the Board.
- d. The rights of researchers to publish scholarly work with respect to the research project should be restricted only to the extent necessary to protect the potential value of any discovery resulting from the research.
- e. The agreement should contain appropriate indemnification from the sponsor for all damage or liability that may result when a research project involves the use of materials, processes, or procedures that are furnished by or required by the sponsor to be used in such project and such damage or liability is not due to negligence of the persons performing the research.
- f. License agreements that result from the exercise of options in the sponsored research contracts do not require approval of the Board through the docket unless the license is with a foreign entity or for over \$500,000. All licenses should contain provisions for the reversion to the Board of all rights to the intellectual property if it is not developed and marketed in a timely manner.

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

See Page 54 relating to the proposed establishment of the U. T. System Office of Intellectual Property.

5. U. T. System: Report of Summary of Gift Acceptance and Related Administrative Actions Conforming to Board Policy for December 1, 1998 Through February 28, 1999.--Vice Chancellor for Development and External Relations Perry reviewed the Summary of Gift Acceptance and Related Administrative Actions Conforming to Board Policy for The University of Texas System for the period December 1, 1998 through February 28, 1999, as set forth on Pages 16 - 20.

Vice Chancellor Perry reported 122 items conforming to Board policy were approved including the acceptance of \$17,001,083 in gifts. Other matching contributions from previously accepted Board-held matching funds totaled \$960,000, and transfers of previously accepted gifts totaled \$3,154,698.

Mrs. Perry noted that this report includes only those funds which relate to endowments, estates, and other funds managed by the U. T. System Office of Development and External Relations.

ACCEPTANCE OF GIFTS HELD BY BOARD

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

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

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

NOTE: Compiled by Office of Development and External Relations

CLASSIFICATION OF GIFTS AND OTHER ACTIONS

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

**PURPOSES OF GIFTS HELD BY BOARD AND OTHERS**

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

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

**OTHER ADMINISTRATIVE ACTIONS**

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

**COMPARATIVE SUMMARY OF GIFTS ACCEPTED VIA THE OFFICLU ADMINISTRATIVE PROCESS**

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

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

1. U. T. System: Report on Investments for the Fiscal Quarter Ended February 28, 1999.--On behalf of The University of Texas Investment Management Company (UTIMCO), Regent Riter, a member of the UTIMCO Board, summarized the Report on Investments for The University of Texas System for the fiscal quarter ending February 28, 1999, for the Permanent University Fund, Long Term Fund, Short/Intermediate Term Fund, and Separately Invested Assets.

Report by Regent Riter on Behalf of UTIMCO

Mr. Chairman and members of the Board, I am pleased to summarize on behalf of UTIMCO the investments for The University of Texas System for the fiscal quarter ending February 28, 1999.

Item a on Page 24 presents the summary report for Permanent University Fund (PUF) Investments. PUF Investments began the quarter with a market value of \$7.19 billion. During the quarter, contributions of mineral income from PUF lands equaled \$11.2 million, down 45% versus receipts for the second quarter of the prior fiscal year. In addition, total investment return was \$65.7 million of which \$63.7 million was income return distributed to the Available University Fund (AUF) and \$2.0 million was price return. PUF market value ended the quarter at \$7.20 billion.

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

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

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

Total investment return for the quarter was .9%. The fixed income portfolio posted a total return of a negative 1.7% for the quarter versus a negative .8% for the Lehman Aggregate Bond Index. Equities, as an asset class, posted higher relative returns with the S&P 500 Index and Russell 3000 Index posting returns of 6.8% and 6.1%, respectively. The PUF's equity portfolios (including non-U. S. portfolios) produced a lower return of 2.2% largely due to exposure to high yielding REIT, small cap, and non-U. S. equities. Finally, alternative equities produced a 2.4% return for the quarter.

Item b on Page 25 reports summary activity for the Long Term Fund (LTF). During the quarter, net contributions totaled \$17.1 million representing a 15.4% decrease over the second quarter of the prior fiscal year. Investment return was \$44.9 million. Distributions to the 4,936 endowment and other accounts underlying the LTF totaled \$25.2 million; an increase of 21% versus the second quarter of the prior year. The Fund's market value closed the quarter at \$2.43 billion.

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

Item c on Page 26 presents quarterly activity for the Short/Intermediate Term Fund. During the quarter, the Fund received net contributions of \$18.7 million. It earned \$.0 in total return and incurred expenses of \$100 thousand. Distributions to the U. T. System component institutions equaled \$26.2 million, resulting in a quarter-end Fund value of \$1.838 billion versus \$1.845 billion at the beginning of the quarter. Total return on the Fund was 0% for the quarter versus the Fund's performance benchmark of .38%.

Item d on Page 27 presents book and market value of cash, fixed income, equity and other securities held in funds outside of internal investment pools. Total cash and equivalents, consisting primarily of component operating funds held in the Dreyfus money market fund, increased by \$100 million to \$728 million during the second quarter. Asset values for the remaining asset classes were fixed income securities: \$67 million versus \$70 million at previous quarter-end; equities: \$47 million versus \$43 million at previous quarter-end; and other investments of \$6.9 million versus \$6.7 million at previous quarter-end.

a. **PERMANENT UNIVERSITY FUND**

**Summary Investment Report at February 28, 1999.--**

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

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

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

- (1) Excludes PUF Lands mineral and surface interests with estimated August 31, 1998 values of \$385.6 million and \$154.9 million, respectively.
- (2) As of February 28, 1999: **1,305,577** acres under lease: 526,475 producing acres; 3,472 active leases; and 2,063 producing leases.
- (3) Investment income includes amortization of discount and premium bonds in accordance with statutory requirements.

b . LONG TERM FUND

Summary Investment Report at February 28, 1999.--

LONG TERM FUND  
SUMMARY REPORT  
(\$ millions)

	FY97-98	FY98-99		
	Full Year	1st Qtr	2nd Qtr	Year-To-Date
Beginning Net Assets	2.125.0	2,147.7	2,390.2	2,147.7
Net Contributions	80.5	31.6	17.1	48.7
Investment Return (1)	4 2 . 6	237.2	44.9	282.1
Receipt of Funds from System for UTIMCO Fee	2.0	0.6	0.5	1.1
Expenses	(7.2)	(1.6)	(1.9)	(3.5)
Distributions (Payout)	(90.9)	(25.1)	(25.2)	(50.3)
Distribution of Gain on Participant Withdrawals	(4.3)	(0.2)	(0.2)	(0.4)
Ending Net Assets	2,147.7	2,390.2	2,425.4	2,425.4
Net Asset Value per Unit	4.568	5.010	5.048	
NO. of Units (End of Period)	470,190,284	477,070,872	480,447,414	
Distribution Rate per Unit	0.195	0.0525	0.0525	

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

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

C. SHORT/INTERMEDIATE TERM FUND

Summary Investment Report at February 29, 1999. --

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

	<u>FY97-98</u>		<u>FY98-99</u>		
	<u>Full</u>	<u>Year</u>	<u>1st Qtr</u>	<u>2nd Qtr</u>	<u>Year-to-Date</u>
Beginning Net Assets	1,631.4		1,809.6	1,845.9	1,809.6
Contributions (Net of Withdrawals)	126.9		29.8	18.7	48.5
Investment Return	152.0		32.5		32.5
Expenses	(0.5)		(0.1)	(0.1)	(0.2)
Distributions of Income	(101.0)		(25.9)	(26.2)	(52.1)
Ending Net Assets	<u>1,809.6</u>		<u>1,845.9</u>	<u>1,838.3</u>	<u>1,838.3</u>

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

d. SEPARATELY INVESTED ASSETS

Summary Investment Report at February 28, 1999.--

SEPARATELY INVESTED ASSETS  
SUMMARY REPORT  
(\$ thousands)

ASSET TYPES	FUND TYPE													
	CURRENT DESIGNATED		PURPOSE RESTRICTED		ENDOWMENT & SIMILAR FUNDS		ANNUITY & LIFE INCOME FUNDS		AGENCY FUNDS		OPERATING FUNDS		TOTAL	
	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET
<b>Cash &amp; Equivalents:</b>														
Beginning value 12/1/98	3,671	3,671	1,343	1,343	15,681	15,681	330	330	3	3	607,356	607,356	628,412	628,412
Increase/(Decrease)	3	3	1,563	1,563	12,165	12,165	(85)	(85)	34	34	86,046	86,046	99,695	59,693
Ending value 2/28/99	<u>3,674</u>	<u>3,674</u>	<u>2,906</u>	<u>2,906</u>	<u>27,846</u>	<u>27,846</u>	<u>245</u>	<u>245</u>			693,402	693,402	<u>728,107</u>	<u>728,107</u>
<b>Debt Securities:</b>														
Beginning value 12/1/98	-	-	7	5	57,263	60,322	8,800	9,581	-	-	-	-	66,070	69,908
Increase/(Decrease)	-	-	-	-	(200)	(1,812)	(624)	(892)	-	-	-	-	(824)	(2,704)
Ending value 2/28/99	<u>-</u>	<u>-</u>	<u>7</u>	<u>5</u>	<u>57,063</u>	<u>58,510</u>	<u>8,176</u>	<u>8,689</u>					<u>65,246</u>	<u>67,204</u>
<b>Equity Securities:</b>														
Beginning value 12/1/98	42	4,090	1,691	1,714	18,212	29,999	6,432	7,248	-	-	-	-	26,377	43,051
Increase/(Decrease)	-	(442)	1,409	1,539	2,529	3,034	81	(401)	-	-	-	-	4,019	3,736
Ending value 2/28/99	<u>-42</u>	<u>3,648</u>	<u>3,100</u>	<u>3,253</u>	<u>20,741</u>	<u>33,033</u>	<u>6,513</u>	<u>6,847</u>					<u>30,396</u>	<u>46,787</u>
<b>Other:</b>														
Beginning value 12/1/98	-	-	29	29	537	537	5,699	6,141	-	-	-	-	6,265	6,707
Increase/(Decrease)	-	-	(27)	(27)	-	-	654	237	-	-	-	-	627	210
Ending value 2/28/99	<u>-</u>	<u>-</u>	<u>2</u>	<u>2</u>	<u>537</u>	<u>537</u>	<u>6,353</u>	<u>6,378</u>					<u>6,892</u>	<u>6,917</u>

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

2. U. T. System: Approval to Increase the Long Term Fund (LTF) Distribution Rate Effective November 30, 1999.--Upon recommendation of the Board of Directors of The University of Texas Investment Management Company (UTIMCO) and upon motion of Regent Riter, duly seconded, the Board approved an increase in the distribution rate for The University of Texas System Long Term Fund (LTF) from \$0.21 per unit to \$0.215 per unit effective November 30, 1999.

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

RECESS FOR COMMITTEE MEETINGS AND COMMITTEE REPORTS TO THE BOARD.--At 10:32 a.m., the Board recessed for the meetings of the Standing Committees, and Chairman Evans 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 29).--In compliance with Section 7.14 of Chapter I of Part One of the Regents' Rules and Regulations, Chairman Evans reported that there were no items referred from the Executive Committee to the Board.

REPORT AND RECOMMENDATIONS OF THE BUSINESS AFFAIRS AND AUDIT COMMITTEE (Pages 30 - 54).--Committee Chairman Riter reported that the Business Affairs and Audit 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 Business Affairs and Audit Committee and approved in open session and without objection by the U. T. Board of Regents:

1. U. T. System: Approval of Chancellor's Docket No. 97 (Catalog Change).--Upon recommendation of the Business Affairs and Audit Committee, the Board approved Chancellor's Docket No. 97 in the form distributed by the Executive Secretary. It is attached following Page 105 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 had been or shall be executed by the appropriate officials of the respective institution involved.

It was ordered that any item included in the Docket that normally is published in the institutional catalog be included in the next appropriate catalog published by the respective institution.

2. U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Amendments to Chapter I, Section 1 (Gifts to The University of Texas System) and Chapter IX, Section 6 (Matters Relating to Real Property).--The Board amended the Regents' Rules and Regulations, Part Two, Chapter I, Section 1, regarding authorization to accept gifts, and Chapter IX, Section 6, regarding matters relating to real property, as set forth below:
  - a. A new Subsection 1.4 was added to Chapter I, Section 1, and Subsections 1.3 and 1.5 were amended to read as set forth on Page 31.

CHAPTER I

GENERAL

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

...

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

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

1.5 The Board delegates to the Vice Chancellor for Development and External Relations, or a designee specified in writing, authority to accept all gifts of any value (either in cash or in kind) that conform to all relevant laws and Board policies, including but not limited to the U. T. System Gifts Policy Guidelines, and are processed or administered by the Office of Development and External Relations.

.....

- b. Present Subsections 1.5 through 1.(14) of Chapter I, Section 1, were renumbered as Subsections 1.6 through 1.(15).
- c. Chapter IX, Section 6, Subsections 6.4 and 6.8 through 6.(10), regarding matters relating to real property, were amended to read as set forth below:
  - 6.4 Delegation of Authority.--Subject to Subdivisions 6.41, 6.42, and 6.43 of this Subsection and the general provisions of Part One, Chapter I, Section 9 and except as otherwise specified in these Rules and Regulations, the Board delegates to the Executive Vice Chancellor for Business Affairs or a designee specified in writing the authority to execute and deliver on behalf of the Board contracts, agreements, and other documents or instruments regarding or conveying interests in, real property owned or controlled by the Board, including Permanent University Fund lands; real property acquired by purchase, gift, or bequest; and real property used for institutional purposes. The authority granted in this Subsection shall include all instruments necessary and convenient relating to the management, control, sale, acquisition, lease, and disposition of any real property, including mineral interests, owned or controlled by the Board, and licenses, permits for activities on such lands, and instruments relating to mortgages.
    - 6.41 The delegate shall comply with all guidelines issued by the Office of General Counsel.
    - 6.42 The delegate shall consult with the institutional chief business officer prior to approving and executing any agreement or instrument relating to lands used or to be used for institutional purposes.
    - 6.43 The authority granted by this Subsection 6.4 to execute and deliver binding contracts, agreements, and other documents or instruments relating to the acquisition of real property applies only if the real property is within a

campus master plan approved by the Board or if the matter is an easement or other similar agreement necessary to implement projects approved by the Board in the Capital Improvement Program and the Capital Budget.

...

- 6.8 Planned Gifts and Bequests.--The Office of Estates and Trusts shall, in accordance with applicable Board policies, process and administer the receipt of real property assets received by the Board through a bequest, an interest in an account held in trust, or gift to establish or modify an endowment (other than the Permanent University Fund), a fund functioning as an endowment or a life income or annuity fund. The Office of Estates and Trusts shall promptly notify the Real Estate Office of real property received, processed, and administered pursuant to this Subsection 6.8 to be managed by the Real Estate Office. This Subsection 6.8 shall not apply to current purpose gifts of real property (other than gifts received through a bequest or a trust) or additions to an existing endowment, a fund functioning as an endowment, or a life income or annuity fund if the addition does not change or modify the endowment or fund.
- 6.9 Current Purpose Gifts.--The Real Estate Office shall, in accordance with Board policies, process and administer the receipt of all gifts of real property that are not processed and administered in accordance with Subsection 6.8 of this Section. The Real Estate Office shall manage all real property so received, unless the property is used as campus property by the component. The component shall manage real property used for campus purposes.
- 6.(10) Rents, Mortgages, and Other Charges.--The Board delegates to the System Real Estate Office authority to collect, and account for, all rents, mortgages, and other charges relating to real property managed by that Office.

The amendments to the Regents' Rules and Regulations, Part Two, Chapter I, Section 1, Subsections 1.3 through 1.5 delegate authority to the Executive Vice Chancellor for Business Affairs to accept all gifts of real property designated for current purpose that have a value of \$500,000 or less and will enable The University of Texas System to handle gifts of real property with greater efficiency.

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

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

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

3. U. T. Board of Regents: Authorization to Accept a Gift of Approximately Eight Acres of Land in Brownsville, Cameron County, Texas, and Authorization for the Executive Vice Chancellor for Business Affairs or Executive Director of Real Estate to Execute All Documents Related Thereto.--Upon recommendation of the Business Affairs and Audit Committee, the Board accepted a gift of approximately eight acres of land located adjacent to the Texas Southmost College campus in Brownsville, Cameron County, Texas, from Southmost Union Junior College District.

Further, the Executive Vice Chancellor for Business Affairs or Executive Director of Real Estate was authorized to execute all documents, instruments, and other agreements and to take all such further actions deemed necessary or desirable to carry out the purpose and intent of the foregoing acquisition.

This land is located adjacent to the eastern boundary of the Texas Southmost College campus, the home of The University of Texas at Brownsville. A portion of the eight-acre tract will be the site for the new Life & Health Science Building for U. T. Brownsville. This new academic building will support the Allied Health and Nursing Departments of the College of Health Sciences and the Biology Department of the College of Science and Math.

Once the space needs have been determined, the remaining portion of this eight-acre tract will be used to house the Brownsville Public Health Division of the Lower Rio Grande Valley Regional Academic Health Center approved by the U. T. Board of Regents in November 1998, as a branch of the School of Public Health at The University of Texas Health Science Center at Houston.

See Page 92 relating to the Brownsville Public Health Division of the RAHC.

4. U. T. System: Adoption of Fiscal Year 2000 Budget Preparation Policies and Limitations for General Operating Budgets, Auxiliary Enterprises, Contracts and Grants, Restricted Current Funds, Designated Funds, and Service and Revolving Funds Activities and Calendar for Budget Operations.--The Business Affairs and Audit Committee recommended and the Board adopted the following Budget Preparation Policies and Limitations and Calendar for preparation of the FY 2000 Operating Budget for The University of Texas System:

#### U. T. System FY 2000 Budget Preparation Policies

**General Guidelines** – The regulations and directives which will be included in the General Appropriations Act enacted by the 76th Texas Legislature serve as the basis for these guidelines and policies. In preparing the draft of the FY 2000 Operating Budget, the Chief Administrative Officer of each component institution should adhere to guidelines and policies as detailed below and as included in the General Appropriations Act. Following legislative approval of the General Appropriations Act, the Chancellor will issue detailed instructions regarding the implementation of those regulations and directives into the component budget process.

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

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

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

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

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

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

3. **Other Increases** – Equity adjustments, competitive offers, and increases to accomplish contractual commitments may also be granted in this budget and should also consider merit where appropriate, subject to available resources. Such increases should be noted and explained in the supplemental data accompanying the budget.
4. **New Positions** – New administrative and professional, classified staff and faculty positions are to be requested only when justified by workloads or to meet needs for developing new programs.
5. **It is the expectation that Fiscal Year 2000 salary increases for merit, equity, or other reasons be included in the Operating Budgets.**

**Staff Benefits Guidelines** – Recommendations regarding the state contribution for employees staff benefits such as group insurance premiums, teacher retirement, and optional retirement are subject to legislative determination via the General

Appropriations Act. Upon approval of this legislation, the Chancellor will issue appropriate instructions regarding the implementation of the benefits into the budget process.

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

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

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

## FY 2000 Operating Budget Calendar

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

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

5. U. T. System: Authorization for Component Institutions to (a) Increase the Existing Distance Education Fee for Courses Administered Through the UT TeleCampus and (b) Charge an Application Fee to Students Seeking Admission to Online Degree Programs Offered Through the UT TeleCampus Effective for the Fall Semester 1999 (Catalog Change).--The University of Texas System Office of Telecommunications and Information Technology, through the UT TeleCampus, provides centralized administrative and technical services for distance education courses delivered by the U. T. System component institutions. One of the important functions of the UT TeleCampus is to coordinate the delivery of courses and degree programs through its virtual campus. Many degree programs will be collaborative in nature and will allow students to take courses from several participating U. T. System institutions.

At the February 1998 meeting, the U. T. Board of Regents authorized each component institution to charge an incidental fee for distance education in an amount not to exceed \$25 per semester credit hour with appropriate administrative approval. Previously, the Board had authorized component institutions to waive fees for services such as parking which are not available to students taking distance education courses. The U. T. System institutions need additional flexibility to charge for the distance education services provided on their campuses and by the UT TeleCampus.

In accordance therewith, and upon recommendation of the Business Affairs and Audit Committee, the Board:

- a. Authorized the U. T. System component institutions to increase the distance education fee from up to \$25 per semester credit hour to up to \$80 per semester credit hour for distance education courses administered through the UT TeleCampus effective for the Fall Semester 1999
- b. Authorized the U. T. System component institutions to charge an application fee of up to \$150 to students seeking admission to online degree programs offered through the UT TeleCampus effective for the Fall Semester 1999.

The average cost of preparing a course for delivery through the UT TeleCampus is \$33,000 which exceeds the anticipated revenue generated by this fee for a typical three semester credit hour course. The increase in the authorized distance education fee to up to \$80 per semester credit hour will allow partial recovery of costs related to the development of a course.

It is expected that student interest in online courses will be high and, thus, it will be important to receive and process these applications in a timely manner. The fee authorization is justified on the basis of the cost of comparable services provided to medical/dental school applicants. Application fees will be nonrefundable; however, a process will be created that will permit certain students to reapply in subsequent years without having to pay the full application fee again, if the application was denied due to program capacity limits.

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

It was ordered that the next appropriate catalog published at the respective component institution be amended to reflect approved charges.

6. U. T. Austin - Brackenridge Tract: Approval to Sell Real Property Located at 119 Birnam Wood Court, Austin, Travis County, Texas, and Authorization for the Executive Vice Chancellor for Business Affairs or the Executive Director of Real Estate to Execute All Documents Related Thereto.--Authorization was given for The University of Texas System Real Estate Office, on behalf of The University of Texas at Austin, to sell real property located at 119 Birnam Wood Court, also known as Lot 7, Block A, Stratford Hills Section III, Austin, Travis County, Texas. The property will be sold on a competitive basis at a price that meets or exceeds its appraised fair market value of \$700,000.

Further, the Executive Vice Chancellor for Business Affairs or the Executive Director of Real Estate was authorized to execute all documents, instruments, and other agreements and to take all such further actions deemed necessary or desirable to carry out the purpose and intent of the foregoing sale.

The subject property, which was a gift to U. T. Austin from former Regent George W. Brackenridge in 1910, is a 1.518 acre lot that was retained by The University of Texas System when lots were subdivided and sold in the Stratford Hills Subdivision following approval by the U. T. Board of Regents at its April 1992 meeting.

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

7. U. T. El Paso: Frank B. Cotton Trust and the Tropical Sportswear International Endowed Fund for Entrepreneurship - Approval to Sell or to Lease Real Property Located at 1500 East Third Avenue, El Paso, El Paso County, Texas, and Authorization for the Executive Vice Chancellor for Business Affairs or the Executive Director of Real Estate to Execute All Documents Related Thereto.--The Business Affairs and Audit Committee recommended and the Board authorized The University of Texas System Real Estate Office, on behalf of The University of Texas at El Paso, to sell or lease property located at 1500 East Third Avenue in El Paso, El Paso County, Texas, at its appraised fair market value.

Further, the Executive Vice Chancellor for Business Affairs or the Executive Director of Real Estate was authorized to execute all documents, instruments, and other agreements and to take all such further actions deemed necessary or desirable to carry out the purpose and intent of the foregoing action.

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

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

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

8. U. T. Pan American: Approval to Purchase Certain Land Parcels Within the Master Plan Zone Located in the City of Edinburg, Hidalgo County, Texas, and Authorization for the Executive Vice Chancellor for Business Affairs or the Executive Director of Real Estate to Execute All Documents Related Thereto.--The Board, upon recommendation of the Business Affairs and Audit Committee, authorized The University of Texas System Real Estate Office, on behalf of The University of Texas - Pan American, to purchase certain land parcels located in Edinburg, Hidalgo County, Texas, that are within the master plan zone, as they become available for sale. All purchases are to be at fair market value or less, as determined by independent appraisals.

Further, the Executive Vice Chancellor for Business Affairs or the Executive Director of Real Estate was authorized to execute all documents, instruments, and other agreements and to take all such further actions deemed necessary or desirable to carry out the purpose and intent of the foregoing purchases. Any transactions that require approval by the Texas Higher Education Coordinating Board will be submitted for appropriate approval.

These properties are located within the boundaries of areas that have been designated by U. T. Pan American for future campus expansion. The [legal descriptions of these properties](#) are on file in the Office of the Board of Regents.

9. U. T. System: Establishment of (a) United HealthCare Insurance Company, Minnetonka, Minnesota, as a Self-Funded Health Maintenance Organization (HMO) to Serve Employees and Retirees in the Austin and San Antonio Areas; (b) Texas Universities Health Plan (TUHP), Austin, Texas, as a Self-Funded HMO to Serve Employees and Retirees in the San Antonio Area; (c) UTMB HealthCare Systems, Galveston, Texas, as a Fully-Insured HMO to Serve Employees and Retirees in the Galveston Area; and (d) Prudential HealthCare, Houston, Texas, as a Fully-Insured HMO to Serve Employees and Retirees in the Houston Area; and Appointment of United HealthCare Insurance Company and Texas Universities Health Plan (TUHP) as Administrative Agents and UTMB HealthCare Systems and Prudential HealthCare as Insurers for the Medical Plans to be Effective September 1, 1999.--

Committee Chairman Riter noted that supplemental material related to the proposed establishment of three new self-funded medical plans and two fully-insured health maintenance organizations (HMOs) for employees and retirees of The University of Texas System were before the Board on yellow paper.

In accordance therewith, the Board approved the following HMOs effective September 1, 1999:

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

Further, United HealthCare Insurance Company and Texas Universities Health Plan (TUHP) were appointed administrative agents and UTMB HealthCare Systems and Prudential HealthCare were appointed the insurers for the above described plans.

After extensive review of proposals by the U. T. System Employee Group Insurance Program and upon recommendation of Milliman and Robertson, Inc., a nationally recognized consulting firm based in Denver, Colorado, United HealthCare, Minnetonka, Minnesota, was selected as the HMO for the Austin and San Antonio areas due to their low administrative cost and extensive network available to employees and retirees in the service areas. Texas Universities Health Plan (TUHP), Austin, Texas, was selected to provide benefits in the San Antonio area. UTMB HealthCare Systems, Galveston, Texas, and Prudential HealthCare, Houston, Texas, were selected as the HMOs to serve the Galveston and Houston areas, respectively, on the basis of the most reasonable premium rates and the networks available to members.

See Item 10 below for monthly premium rates for the group medical plans.

10. U. T. System: Approval of Monthly Insurance Premiums for the Medical and Dental Plans and the Health Maintenance Organizations (HMOs) to be Effective September 1, 1999.--Supplemental material related to recommended monthly insurance premiums for FY 1999-2000 medical and dental plans and the health maintenance organizations (HMOs) for employees of The University of Texas System was before the Board on yellow paper.

Committee Chairman Riter called on Executive Vice Chancellor Burck who stated that the U. T. System Administration makes every effort to keep premium rates as low as possible while ensuring quality health programs. Executive Vice Chancellor Burck said that, in comparison, other institutions of higher education experience higher health plan premium rates.

The Board approved the monthly premiums as shown in the tables on Pages 45 - 49 for the U. T. System self-funded medical and dental plans and health maintenance organizations to be effective September 1, 1999.

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

U. T. SYSTEM SELF-FUNDED HMO AND EPO* MONTHLY PREMIUMS FOR FY 1999-2000		
	U. T. SOUTHWESTERN HEALTH PLAN HMO (DALLAS)	NYLCARE VALLEY EPO
Coverage Level		
Subscriber Only	\$200.67	\$224.41
Subscriber and Spouse	\$396.33	\$429.03
Subscriber and Child(ren)	\$363.65	\$385.26
Subscriber and Family	\$545.73	\$573.03
*EPO is an Exclusive Provider Organization.		

U. T. SYSTEM SELF-FUNDED POINT-OF-SERVICE MONTHLY PREMIUMS FOR FY 1999-2000		
	TEXAS UNIVERSITIES HEALTH PLAN (TUHP) POINT-OF-SERVICE HOUSTON/GALVESTON	TEXAS UNIVERSITIES HEALTH PLAN (TUHP) POINT-OF-SERVICE DALLAS
Coverage Level		
Subscriber Only (Automatic Package)	\$200.67	\$200.67
Subscriber Only (Non-Automatic Package)	\$200.67	\$200.67
Subscriber and Spouse	\$385.91	\$376.27
Subscriber and Child(ren)	\$359.71	\$340.92
Subscriber and Family	\$545.04	\$523.46

FULLY-INSURED HMO MONTHLY PREMIUMS FOR FY 1999-2000	
	HUMANA HMO AUSTIN
Coverage Level	
Subscriber Only	\$176.01
Subscriber and Spouse	\$352.03
Subscriber and Child(ren)	\$316.82
Subscriber and Family	\$484.04

FULLY-INSURED HMO MONTHLY PREMIUM RATES FOR FY 1999-2000			
	PRUDENTIAL HMO AUSTIN	PRUDENTIAL HMO EL PASO	PRUDENTIAL HMO SAN ANTONIO
Coverage Level			
Subscriber Only	\$190.00	\$190.98	\$175.16
Subscriber and Spouse	\$377.78	\$361.03	\$329.53
Subscriber and Child(ren)	\$340.94	\$336.64	\$297.40
Subscriber and Family	\$496.54	\$509.98	\$433.13

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

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

DENTAL PLAN MONTHLY PREMIUMS FOR FY 1999-2000			
	U. T. SYSTEM SELF-FUNDED DELTA DENTAL RATES STANDARD PLAN	U. T. SYSTEM SELF-FUNDED DELTA DENTAL RATES PREVENT PLAN	UNITED DENTAL (DENTAL HMO)
Coverage Level			
Subscriber Only	\$20.70	\$8.68	\$11.06
Subscriber and Spouse	\$37.18	\$15.13	\$20.56
Subscriber and Child(ren)	\$47.25	\$20.48	\$27.01
Subscriber and Family	\$58.87	\$30.22	\$32.47

<b>MONTHLY SMOKER PREMIUM RATE</b>
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A rate of \$10.00 will be added to either a U. T. System self-funded medical or dental plan for employees and retirees who do not sign an affidavit stating they are nonsmokers unless the employee or retiree is covered by the automatic plan.
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Since the 76th Texas Legislature, which was in session at the time of the May meeting, has not yet provided premium sharing funds for U. T. System employees and retirees, the approved rates above were based on expected funding from the Texas Legislature.

In accordance therewith, the Executive Vice Chancellor of Business Affairs was authorized to approve a modification to the rates for self-funded plans that will be within 3% of the rates above, if necessary.

The premium rates shown for the self-funded medical and dental plans were increased based upon past and projected claims experience based upon recommendations by Milliman & Robertson, Inc., a nationally recognized consulting firm based in Denver, Colorado.

In order to reduce the amount of premium increases, modifications have been made to benefits in the Delta Dental Prevent Plan, which covers diagnostic and preventive services only. Copayments were increased for the PCS Prescription Plan from a \$15 brand copayment to \$20 and from a \$5 generic copayment to \$10. The Delta Dental Prevent Plan will now be offered state-wide rather than in just the Houston and Galveston areas. The premium rates for the fully-insured HMOs and United Dental HMO were set by each organization.

Employees and retirees who smoke and are enrolled in a U. T. self-funded medical or dental plan will be assessed a \$10 per month smoker fee which is consistent with a previously established Regental Policy.

See Item 9 regarding establishment of HMOs effective September 1, 1999.

11. U. T. System: Appointment of Life Insurance Company of North America, Philadelphia, Pennsylvania, a subsidiary of CIGNA Corporation, as Provider for Life Insurance and Accidental Death and Dismemberment (AD&D) Plans; Approval of Basic, Optional and Supplemental Life Insurance Plan Rates and Benefits; and Approval of Accidental Death and Dismemberment (AD&D) Plan Rates and Benefits to be Effective September 1, 1999.--Before the Board on yellow paper were recommendations related to the proposed appointment of a provider and rates and benefits for the Life Insurance Plan and Accidental Death and Dismemberment (AD&D) Plan for employees and retirees of The University of Texas System.

The Board approved, effective September 1, 1999:

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

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

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

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

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

- c. The rate of \$.015 per \$1,000 of monthly earnings for the Accidental Death and Dismemberment (AD&D) Plan for Basic Coverage and the rate of \$0.017 per \$1,000 of Coverage for Optional Employee and Dependent Coverage.

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

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

Following an extensive review of the fourteen responses to the Request for Proposals (RFP) for Basic, Optional and Supplemental Life Insurance and Accidental Death and Dismemberment (AD&D) Coverages with Plumoff and Associates, a nationally recognized consulting firm based in Houston, Texas, and selected through a competitive bid process in 1997, the U. T. System Employee Group Insurance Office recommended that the Basic, Optional and Supplemental Life Insurance and Accidental Death and Dismemberment (AD&D) contract be awarded to Life Insurance Company of North America, Philadelphia, Pennsylvania, a subsidiary of CIGNA Corporation.

The Life Insurance and Accidental Death and Dismemberment (AD&D) rates are significantly lower than the current rates being offered to employees for the FY 1998-1999 Plan year. The Life Insurance Plan will offer Basic Coverage of \$10,000, Optional Coverage which allows employees to purchase an additional \$40,000 and Supplemental Coverage which allows for Coverage above \$50,000. In addition, the previous Life Insurance Plan allowed active employees one to four times basic annual salary and retirees a \$2,500 or \$10,000 Optional Coverage. The Life Insurance Plan allows active employees to elect Coverage up to six times annual salary and provides retirees with a \$3,000 Basic Plan and a \$2,000 or \$7,000 Optional selection.

### INFORMATIONAL REPORTS

1. U. T. System: Presentation of the March 1999 Monthly Financial Report.-- Mr. R. D. Burck, Executive Vice Chancellor for Business Affairs, reviewed the March 1999 Monthly Financial Report for The University of Texas System and emphasized that there were no variances from budget which did not have reasonable explanations.

A copy of [The University of Texas System Monthly Financial Report](#) as of March 1999 is on file in the Office of the Board of Regents.

2. U. T. System: Report Relating to Proposed Office of Intellectual Property.-- Executive Vice Chancellor for Business Affairs Burck reported that The University of Texas System is considering the establishment of an Office of Intellectual Property which would be available to assist component institutions for marketing, technology assessment, evaluation of business proposals, and finding investment capital for intellectual properties and investments. Mr. Burck said he would bring this item back to the Board during presentation of the operating budget.

REPORT AND RECOMMENDATIONS OF THE ACADEMIC AFFAIRS COMMITTEE (Pages 55 - 63).--Committee Chairman Miller stated that as a freshman Board member, he was honored to be given the responsibility to Chair the Academic Affairs Committee and said he looked forward to fresh ideas for the Committee with the organizational changes in The University of Texas System Office of Academic Affairs. Chairman Miller reported the 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 and without objection by the U. T. Board of Regents:

1. U. T. Board of Regents - Regents' Rules and Regulations, Part One: Approval to Amend Chapter III, Section 1, Subsection 1.8 (Academic Titles), Subdivision 1.83(c).--Upon recommendation of the Academic Affairs and the Health Affairs Committees, the Board amended the Regents' Rules and Regulations, Part One, Chapter III, Section 1, Subsection 1.8, Subdivision 1.83(c), regarding academic titles, to read as set forth below:

1.83

...

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

...

This amendment to the Regents' Rules and Regulations allows The University of Texas System component institutions to make distinctions among Lecturers based upon experience, teaching performance, and qualifications. At this time, only The University of Texas at San Antonio plans to use these divisions of Lecturers.

2. U. T. System: Authorization to Increase Designated Tuition for General Academic Institutions Effective with the Fall Semester 1999 (Catalog Change).--The Board, upon recommendation of the Academic Affairs Committee, authorized The University of Texas System general academic institutions to increase designated tuition up to the statutory maximum of \$38 per semester credit hour effective with the Fall Semester 1999. The actual amount of the tuition increase will be based on the level of appropriation and resulting unmet need and will be contingent upon the conduct of a public hearing at each institution requesting an increase as required by the statute authorizing the designated tuition charge.

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

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

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

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

In the past several years, these two councils have coordinated their efforts on behalf of the men's and women's athletic programs. As a result, the Athletic Director, Intercollegiate Athletics for Men, and the Director, Intercollegiate Athletics for Women, requested that the two councils be merged into one council to be named the Longhorn Foundation Advisory Council which would operate on behalf of both men's and women's athletics at U. T. Austin.

In accordance therewith and pursuant to the Regents' Rules and Regulations, Part One, Chapter VII, Section 3, regarding the advisory councils of a component institution, approval was given to merge the Longhorn Foundation Advisory Council for men's athletics and the Longhorn Associates for Excellence in Women's Athletics Advisory Council to establish the Longhorn Foundation Advisory Council at U. T. Austin.

The Longhorn Foundation will continue to be included on the list of approved internal foundations set out in the Regents' Rules and Regulations, Part One, Chapter VII, Section 4, Subsection 4.3, Subdivision 4.33, and the Longhorn Associates for Excellence in Women's Athletics Foundation will be deleted from this listing.

4. U. T. Dallas: Establishment of a Master of Science Degree in Computer Engineering; Authorization to Submit the Degree Program to the Coordinating Board for Approval (Catalog Change); and Authorization of Certification that Coordinating Board Criteria for Approval are Met.--  
The Academic Affairs Committee recommended and the Board:
- a. Established a Master of Science degree in Computer Engineering at The University of Texas at Dallas
  - b. Authorized submission of the proposal to the Texas Higher Education Coordinating Board for review and appropriate action
  - c. Authorized the Chancellor or the Vice Chancellor for Academic Affairs to certify on behalf of the Board of Regents that relevant Coordinating Board criteria for approval by the Commissioner of Higher Education have been met.

This master's degree program is consistent with U. T. Dallas' Table of Programs and institutional plans for offering quality degree programs to meet student needs.

The new Master of Science degree in Computer Engineering will meet a strong local and regional demand for engineers knowledgeable and skilled in the design of complex systems comprised of both hardware and software. The curriculum is interdisciplinary, with an emphasis on the design of high-speed and complex hardware and highly reliable and time-critical software systems, and will draw upon existing courses in two programs: Computer Science and Electrical Engineering. Both programs offer related doctoral and master's degree programs and have experienced rapid growth, high student demand, and strong support from local high-tech industry. For the new Computer Engineering major, six new courses will be established. Students will select one of three nine-hour areas of emphasis in computer systems, computer architecture, or Very Large-Scale Integrated (VLSI) systems.

It is anticipated that the new program will enroll 30 full-time and part-time students (full-time equivalent of 18) in its first year, and achieve a cumulative head count of 105 (63 full-time equivalent) in five years.

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

The estimated additional cost to offer this program is \$94,250. The program will be built upon existing courses and delivered by existing faculty and new hires that would be needed to cover normal program growth at the School of Engineering and Computer Sciences.

The degree program meets all applicable Coordinating Board criteria (8) for degree programs which may be approved by the Commissioner of Higher Education on behalf of the Coordinating Board. The criterion regarding clinical or in-service placements is not applicable to this program.

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

5. U. T. El Paso: Authorization to Establish a Master of Information Technology Degree; Approval to Submit the Degree Program to the Coordinating Board for Approval (Catalog Change); and Authorization of Certification that Coordinating Board Criteria for Approval are Met.--Upon recommendation of the Academic Affairs Committee, authorization was granted to:

- a. Establish a Master of Information Technology degree at The University of Texas at El Paso
- b. Submit the proposal to the Texas Higher Education Coordinating Board for review and appropriate action.

Further, authorization was given to the Chancellor or the Vice Chancellor for Academic Affairs to certify on behalf of the Board of Regents that relevant Coordinating Board criteria for approval by the Commissioner of Higher Education have been met.

The master's degree program is consistent with U. T. El Paso's Table of Programs and institutional plans for offering quality degree programs to meet student needs.

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

This innovative program will draw on expertise of faculty from two departments in two colleges at U. T. El Paso: the Computer Science Department in the College of Engineering and the Information and Decision Sciences Department in the College of Business Administration. Ten newly organized courses are more user-oriented and application-oriented than existing Computer Science programs and more focused on programmer-level technical knowledge than existing Information Science.

It is anticipated that the Master of Information Technology degree program will enroll 12 students in its first year and grow to at least 30 students in five years.

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

The program meets all applicable Coordinating Board criteria (8) for degree programs which may be approved by the Commissioner of Higher Education on behalf of the Coordinating Board. The criterion regarding clinical or in-service placements is not applicable to this program.

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

Committee Chairman Miller stated that the Academic Affairs Committee had discussed the allocation of resources and theme of accountability to the public related to academic degree programs in The University of Texas System.

He explained that the Texas Higher Education Coordinating Board is putting more responsibility on the Regents at the higher education institutions to decide on the quality of new academic programs and, thus, the Committee was preparing objective criteria for evaluating new degree programs. The criteria will involve the analysis of significant amounts of data and information related to planning and budgeting processes for each component.

Regent Miller stated that the Academic Affairs Committee will develop a recommended set of selection criteria which could have a higher hurdle than the Coordinating Board standards and be reflective of the quality of the U. T. System component institutions. A draft of Program Approval Standards for The University of Texas System which will form the basis of U. T.'s criteria for new degree programs is being prepared.

Regent Miller said the Committee had also started discussions on the issue of reviewing and assessing existing programs in the U. T. System. He said that when programs are reduced or terminated, the funding is reallocated to other programs within the institutions. He said that within the past 15-20 years, only four program terminations resulted in the dismissal of faculty.

In this theme of broad accountability to the public for academic programs, Chairman Miller stated that the Committee would have a presentation on these new initiatives for the Board of Regents, perhaps as early as August 1999.

Chairman Evans thanked Regent Miller for his leadership of this important Committee.

6. U. T. Board of Regents: Presentation of Certificates of Appreciation and Resolution of Appreciation to Dr. Samuel A. Kirkpatrick, President of U. T. San Antonio.--Committee Chairman Miller called on Dr. Edwin R. Sharpe, Vice Chancellor for Academic Affairs, who presented a Certificate of Appreciation to Dr. Samuel A. Kirkpatrick, President of The University of Texas at San Antonio, signed by Chancellor Cunningham, Vice Chancellor Sharpe, and the chief administrative officers of The University of Texas System academic institutions.

Following Vice Chancellor Sharpe's presentation, Vice-Chairman Loeffler read the following Resolution of Appreciation to Dr. Kirkpatrick in recognition of his outstanding leadership at U. T. San Antonio and the tremendous impact he has had on the San Antonio metropolitan community, South Texas, the State of Texas, and the nation. Vice-Chairman Loeffler also thanked Mrs. Pam Kirkpatrick for her service to the U. T. System.

## RESOLUTION OF APPRECIATION

WHEREAS, Dr. Samuel A. Kirkpatrick has served as President of The University of Texas at San Antonio with distinction, honor, and vision for over nine years;

WHEREAS, Dr. Kirkpatrick has been engaged in higher education administration and teaching since 1969, including a distinguished career as Dean of the College of Liberal Arts and Sciences at Arizona State University prior to coming to The University of Texas at San Antonio;

WHEREAS, Dr. Kirkpatrick has expanded student recruitment programs, retention efforts, and scholarship support for financially disadvantaged students, resulting in recognition of The University of Texas at San Antonio as one of the nation's most diverse institutions of higher education;

WHEREAS, Dr. Kirkpatrick has provided leadership for further development of The University of Texas at San Antonio campuses, including establishment of the Downtown Campus, major refurbishing of existing classrooms, and initiation of an art program to promote cultural education and enhance the aesthetic features of the campus;

WHEREAS, Dr. Kirkpatrick has been instrumental in the expansion of academic programs, including development of the first doctoral programs at the University;

WHEREAS, Dr. Kirkpatrick has, during his tenure at the University, served the San Antonio community and the South Texas area in numerous and distinctive capacities;

WHEREAS, Dr. Kirkpatrick will leave the presidency to return to academic service in the Division of Social and Policy Sciences at The University of Texas at San Antonio; and

WHEREAS, Dr. Kirkpatrick has been ably assisted and supported in his responsibilities and activities by his wife, Pam.

NOW, THEREFORE BE IT RESOLVED, That the Board of Regents of The University of Texas System expresses its deep appreciation to Sam and Pam Kirkpatrick for their excellent service and devotion to The University of Texas at San Antonio and The University of Texas System; and be it

RESOLVED, That the Board of Regents recognizes the outstanding accomplishments of Dr. Kirkpatrick and applauds the significant positive impact he has had on students and colleagues at U. T. San Antonio and on higher education in the State of Texas; and be it further

RESOLVED, That the original of this Resolution be presented to Dr. and Mrs. Samuel A. Kirkpatrick as a token of esteem and gratitude of the Board of Regents of The University of Texas System and that a copy be incorporated in the Minutes of this meeting as a testament to their invaluable service.

Adopted by unanimous vote this 13th day of May 1999

A Certificate of Appreciation, signed by all members of the Board and the Executive Secretary to the Board, was also presented to President Kirkpatrick in recognition of his distinguished service to the U. T. System as President and Professor of Social and Policy Sciences at The University of Texas at San Antonio from 1990 to 1999.

Following a standing ovation, Dr. Kirkpatrick, whose presidency concludes on May 17, 1999, graciously accepted this accolade and expressed sincere appreciation to the Board of Regents for this opportunity to serve the U. T. System.

Chairman Evans also expressed gratitude to Dr. Kirkpatrick for his service to U. T. and to the country.

REPORT AND RECOMMENDATIONS OF THE HEALTH AFFAIRS COMMITTEE (Pages 64 - 66).--Committee Chairman Loeffler 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 approved in open session and without objection by the U. T. Board of Regents:

1. U. T. Board of Regents - Regents' Rules and Regulations: Amendments to Part One, Chapter I, Section 9 (Documents Executed on Behalf of the Board) and Part Two, Chapter III, Section 4 (Local Institutional Funds).--Upon recommendation of the Health Affairs Committee, the Board amended the Regents' Rules and Regulations, as set forth below:
  - a. Part One, Chapter I, Section 9, Subsection 9.2, Subdivision 9.22, relating to dollar limitations on delegated authority, was amended to add a new item 9.227 as follows:

9.227 Loans of institutional funds to certified nonprofit health corporations, which loans have been approved as provided in Part Two, Chapter III, Section 4, Subsection 4.5 of these Rules and Regulations.
  - b. Part Two, Chapter III, Section 4, relating to local institutional funds, was amended to add a new Subsection 4.5 to authorize the Chancellor and the Executive Vice Chancellor for Health Affairs to approve loans of institutional funds to certified nonprofit health corporations and to execute and deliver on behalf of the U. T. Board of Regents contracts, agreements, and other documents or instruments relating to such loans, as set forth below:

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

by the Board and certified under Section 5.01(a) of the Medical Practice Act (Article 4495b, Texas Civil Statutes), as amended from time to time.

- 4.51 The delegate shall comply with guidelines issued by the Office of General Counsel.
- 4.52 The delegate shall consult with the institutional chief administrative officer prior to approving and executing any agreement or instrument relating to a loan.

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

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

Nonprofit health corporations are certified under Section 5.01(a) of the Medical Practice Act. On April 14, 1994, the U. T. Board of Regents authorized each health component of The University of Texas System to establish a certified nonprofit health corporation and stipulated certain requirements for the establishment of those corporations. Each corporation is a single member corporation; and the single member is the chief administrative officer of the health component. The model articles of incorporation and bylaws approved by the U. T. Board of Regents identify the purpose of the nonprofit health corporations as providing health care to the public, as well as support for health care education, scholarships and loans to students, grants to the component institution for research and development of education programs, and opportunities for clinical experience in connection with medical education.

2. U. T. System: Approval to Decrease Premium Rates of The University of Texas System Professional Medical Liability Benefit Plan Effective September 1, 1999.--Upon recommendation of the Health Affairs Committee, the Board approved a decrease of 7% in the premium rates for The University of Texas System Professional Medical Liability Benefit Plan for faculty physicians and resident physicians effective September 1, 1999, with 50% of the premium reduction being based on the actuarially determined experience of each U. T. System health component by risk class as follows:

	<u>RISK CLASS 1</u>		<u>RISK CLASS 2</u>		<u>RISK CLASS 3</u>	
	<u>PREMIUM RATES</u>		<u>PREMIUM RATES</u>		<u>PREMIUM RATES</u>	
	<u>Staff</u>	<u>Resident</u>	<u>Staff</u>	<u>Resident</u>	<u>Staff</u>	<u>Resident</u>
UTSMCDAL	\$ 2,280	\$ 1,296	\$ 2,856	\$ 1,632	\$ 4,560	\$ 2,604
UTMB	2,988	1,704	3,732	2,136	5,976	3,408
UTHSCHOU	2,676	1,524	3,348	1,908	5,352	3,060
UTHSCSA	2,604	1,488	3,252	1,860	5,208	2,976
UTMDACC	2,472	1,416	3,084	1,764	4,944	2,820
UTHCTY	2,772	1,584	3,468	1,980	5,544	3,168

  

	<u>RISK CLASS 4</u>		<u>RISK CLASS 5</u>	
	<u>PREMIUM RATES</u>		<u>PREMIUM RATES</u>	
	<u>Staff</u>	<u>Resident</u>	<u>Staff</u>	<u>Resident</u>
UTSMCDAL	\$10,608	\$ 6,060	\$14,832	\$ 8,472
UTMB	13,884	7,932	19,416	11,088
UTHSCHOU	12,444	7,116	17,400	9,948
UTHSCSA	12,108	6,924	16,932	9,672
UTMDACC	11,496	6,564	16,068	9,180
UTHCTY	12,900	7,368	18,024	10,296

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

Currently, 4,192 faculty and resident physicians and 3,345 medical students are enrolled in the Plan. Premiums for physicians are charged on a departmental basis and coverage for medical students is provided through the assessment of an incidental fee at the time of enrollment.

REPORT AND RECOMMENDATIONS OF THE FACILITIES PLANNING AND CONSTRUCTION COMMITTEE (Pages 67 - 102).--Committee Chairman Clements 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 and without objection by the U. T. Board of Regents:

1. U. T. Board of Regents - Regents' Rules and Regulations, Part Two: Amendments to Chapter VIII, Section 2, Subsection 2.1, Subdivision 2.13 (Major Construction and Repair and Rehabilitation Projects).--Upon recommendation of the Facilities Planning and Construction Committee, the Board amended the Regents' Rules and Regulations, Part Two, Chapter VIII, Section 2, Subsection 2.1, Subdivision 2.13, regarding funding for major projects under the general requirements for the major construction and repair and rehabilitation projects, to read as set forth below:

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

...

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

...

These amendments to the Regents' Rules and Regulations provide for appropriation of funds through the Capital Budget for major repair and rehabilitation projects that are not architecturally or historically significant and allow these types of projects to be presented to the Chancellor for approval of design development plans and authorization of expenditure of funds.

2. U. T. Arlington - New Residence Hall (Project No. 301-991): Approval of Design Development Plans; Approval of Total Project Cost; Appropriation of Funds and Authorization of Expenditure; and Approval of Use of Revenue Financing System Parity Debt, Receipt of Parity Debt Certificate, and Finding of Fact with Regard to Financial Capacity.--Following a presentation on the New Residence Hall project at The University of Texas at Arlington by Mr. Chris Barnes of the Design-Build Team of The Clark Construction Group, Incorporated, Dallas, Texas, and upon recommendation of the Facilities Planning and Construction Committee, the Board:
- a. Approved design development plans for the New Residence Hall at U. T. Arlington
  - b. Approved a total project cost of \$22,000,000
  - c. Appropriated funds and authorized expenditure of \$19,000,000 from Revenue Financing System Bond Proceeds and \$3,000,000 from Unexpended Plant Funds for total project funding.

In compliance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System, adopted by the U. T. Board of Regents on February 14, 1991, and amended on October 8, 1993, and August 14, 1997, and upon delivery of the Certificate of an Authorized Representative as set out on Page 70, 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 \$19,000,000

- d. This resolution satisfies the official intent requirements set forth in Section 1.150-2 of the U. S. Treasury Regulations.

The New Residence Hall at U. T. Arlington is included in the FY 1998-2003 Capital Improvement Program and the FY 1998 and FY 1999 Capital Budget at a preliminary project cost of \$20,000,000, with funding from Revenue Financing System Bond Proceeds.

The New Residence Hall will provide approximately 600 beds with single and double rooms. Each room will have access to the University's computer network, telephone system, and local cable television. All rooms will be furnished to provide an attractive housing alternative to the existing campus facilities. The development will include a commons facility with amenities to include food services, computer labs, study lounges, conference facilities, exercise room, and a general store. Project construction will commence in Summer 1999, and will be ready for occupancy for the Fall 2000 Semester.

The debt is to be repaid from revenues generated by housing revenue from the existing 808 beds, housing revenue generated by the new 600 residence hall beds in FY 2001, and a onetime transfer of \$990,000 from designated funds to cover the debt service in the construction year.

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

PARITY DEBT CERTIFICATE OF U. T. SYSTEM REPRESENTATIVE

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

EXECUTED this 7<sup>th</sup> day of April 9 9 9

Pamela K. Clayton  
Assistant Vice Chancellor for Finance

3. U. T. Austin - Applied Research Laboratory (ARL) Expansion (Project No. 102-982): Authorization to Amend the FY 1998-2003 Capital Improvement Program and the FY 1998 and FY 1999 Capital Budget to Include Project; Approval of Design Development Plans; Approval of Total Project Cost; and Appropriation of Funds and Authorization of Expenditure.--  
Mr. Joe Stoeltje of Wilson Stoeltje Martin, Austin, Texas, made a presentation on the Applied Research Laboratory Expansion project at The University of Texas at Austin. Based upon this presentation, the Board, upon recommendation of the Facilities Planning and Construction Committee:
- a. Approved design development plans for the Applied Research Laboratory (ARL) Expansion at U. T. Austin
  - b. Approved a total project cost of \$3,100,000
  - c. Appropriated funds and authorized expenditure of \$3,100,000, with funding of \$2,600,000 from Unexpended Plant Funds, and \$500,000 from ARL Fixed Fee Account for total project funding.

The Applied Research Laboratory (ARL) Expansion at U. T. Austin was included in the FY 1998-2003 Capital Improvement Program and the FY 1998 and FY 1999 Capital Budget at a preliminary project cost of \$10,000,000. At the completion of the Facility Program and Design Development, the project scope and cost were reduced to the current total project cost of \$3,100,000.

The project will construct a building containing 20,000 gross square feet which will house the ARL Information Systems Laboratory and provide space for new employees as the workload increases. The various elements of this laboratory are currently housed in a number of portable buildings located on the ARL complex. Construction of a permanent, quality facility is necessary to compete with other similar organizations for both research opportunities and the qualified staff necessary to conduct the research.

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

4. U. T. Austin - Applied Computational Engineering and Science Equipment: Authorization to Amend the FY 1998-2003 Capital Improvement Program and the FY 1998 and FY 1999 Capital Budget to Include Project and Appropriation of Funds.--Upon recommendation of the Facilities Planning and Construction Committee, the Board:

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

The Applied Computational Engineering and Science Equipment project at U. T. Austin will benefit the Department of Computer Sciences, the Texas Institute for Computational and Applied Mathematics (TICAM), the Department of Electrical and Computer Engineering, and other related educational and research programs. The project will be managed by U. T. Austin and will provide for the purchase of furniture, furnishings, and equipment, U. T. Austin design construction support, security equipment and installation, relocation of TICAM, and removal of waste materials.

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

Vice-Chairman Clements serves as a director of the O'Donnell Foundation which has provided funding for the building where the new equipment will be housed. Pursuant to Texas Education Code, Section 51.923, she asked that the record clearly reflect her abstention from discussion or vote on this item.

Chairman Evans said he is excited about this innovative project which will bring the College of Engineering to the 21st Century and thanked the O'Donnell Foundation for their leadership role and support of the project. He then called on President Faulkner for any remarks.

Dr. Faulkner credited Mr. Peter O'Donnell for project conception and said the building will house advanced, state-of-the-art computational networking. He

clarified that the building is being constructed on a ground lease previously approved by the Board of Regents and that the building, which will be gifted to U. T. Austin upon completion, is being constructed wholly at the cost and under supervision of the O'Donnell Foundation. The commitment to the University is to provide furnishings for the facility and pre-project utilities to allow the building to be constructed.

5. U. T. Austin - Hotel and Conference Center: Amendment of the FY 1998-2003 Capital Improvement Program and the FY 1998 and FY 1999 Capital Budget to Include Project.--Following a brief overview of the project by President Faulkner, the Board, upon recommendation of the Facilities Planning and Construction Committee, amended the FY 1998-2003 Capital Improvement Program and the FY 1998 and FY 1999 Capital Budget to include the Hotel and Conference Center project at The University of Texas at Austin.

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

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

The addition of this project to the FY 1998-2003 Capital Improvement Program allows U. T. Austin to proceed with development and issuance of the RFP, with the assistance of The University of Texas System Administration. If an acceptable proposal is received in response to the

RFP, U. T. Austin will work with U. T. System to recommend a contract award, ground lease, and project design to the U. T. Board of Regents.

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

6. U. T. Austin - Jester Center Fire and Life Safety Renovation (Project No. 102-998): Approval to Amend the FY 1998-2003 Capital Improvement Program and the FY 1998 and FY 1999 Capital Budget to Include Project; Authorization to Increase Residence Hall Rates Effective Fall 1999; Appropriation of Funds; and Approval of Use of Revenue Financing System Parity Debt, Receipt of Parity Debt Certificate, and Finding of Fact with Regard to Financial Capacity.--Since 1994, The University of Texas at Austin has been following a schedule, in coordination with the State Fire Marshal, to accomplish life safety improvements in the Jester Center Dormitory. Discussions and plans have been underway since 1998 for installation of a fire sprinkler system and an improved fire alarm system. Other planned measures include improvements of fire separation doors and smoke protection in the stairs.

The fire alarm improvements, a project handled at the institutional level, is now nearly complete. Other portions of the fire safety work, particularly the fire sprinkler system, were to be completed under a large capital project managed by The University of Texas System Office of Facilities Planning and Construction, with preparation of the Facilities Program to begin in May 2000.

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

In order to meet this project completion schedule and upon recommendation of the Facilities Planning and Construction Committee, the Board:

- a. Amended the FY 1998-2003 Capital Improvement Program and the FY 1998 and FY 1999 Capital Budget to include the Jester Center Fire and Life Safety Renovation project at U. T. Austin at a preliminary project cost of \$6,000,000, with

funding of \$5,000,000 from Revenue Financing System Bond Proceeds and \$1,000,000 from Designated Tuition Funds

- b. Authorized an increase in Residence Hall rates of \$100 per bed per long session effective Fall 1999
- c. Appropriated funds of \$5,000,000 from Revenue Financing System Bond Proceeds, and \$1,000,000 from Designated Tuition Funds for total project funding.

In compliance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System, adopted by the U. T. Board of Regents on February 14, 1991, and amended on October 8, 1993, and August 14, 1997, and upon delivery of the Certificate of an Authorized Representative as set out on Page 76, 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. Austin, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. Board of Regents of tax-exempt Parity Debt in the aggregate amount of \$5,000,000
- d. This resolution satisfies the official intent requirements set forth in Section 1.150-2 of the U. S. Treasury Regulations.

The debt is to be repaid from revenues generated by increasing the existing housing revenue \$100 per bed per long session, in addition to the increases in housing rates previously approved by the U. T. Board of Regents for

FY 2000. The preapproved rate for a double room with community bath of \$2,421 per long session will increase 4.1% to \$2,521 per long session. The single room rate will increase from \$3,875 to \$3,975 per long session. These increases will apply to the original 5,283 beds and an additional 850 beds by FY 2002 from the new student housing.

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

PARITY DEBT CERTIFICATE OF U. T. SYSTEM **REPRESENTATIVE**

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

EXECUTED this 7<sup>th</sup> day of April, 1999

Pamela K. Clayton  
Assistant Vice **Chancellor for Finance**

7. U. T. Austin - Parking Garage 4B and Office Building (Project No. 102-985): Approval of Design Development Plans; Approval of Total Project Cost; Appropriation of Funds and Authorization of Expenditure; and Approval of Use of Revenue Financing System Parity Debt, Receipt of Parity Debt Certificate, and Finding of Fact with Regard to Financial Capacity.--Following a presentation on the Parking Garage 4B and Office Building project at The University of Texas at Austin by Mr. Rick Archer, representing Overland Partners, San Antonio, Texas, and upon recommendation of the Facilities Planning and Construction Committee, the Board:
- a. Approved design development plans for the Parking Garage 4B and Office Building at U. T. Austin
  - b. Approved a total project cost of \$21,600,000
  - c. Appropriated funds and authorized expenditure of \$9,600,000 from Designated Tuition Funds and \$12,000,000 from Revenue Financing System Bond Proceeds for total project funding.

In compliance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System, adopted by the U. T. Board of Regents on February 14, 1991, and amended on October 8, 1993, and August 14, 1997, and upon delivery of the Certificate of an Authorized Representative as set out on Page 79, 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. Austin, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master

Resolution relating to the issuance by the U. T. Board of Regents of tax-exempt Parity Debt in the aggregate amount of \$12,000,000

- d. This resolution satisfies the official intent requirements set forth in Section 1.150-2 of the U. S. Treasury Regulations.

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

Construction of the project is estimated to take 12 months and will begin when Garage 4A is completed in August 1999. This project, which will be completed around August 2000, consists of two elements. The first element is the construction of a five-level parking structure, with an estimated capacity of 780 vehicles. The facility will also include a zone shop for Physical Plant Maintenance. The total cost of this aspect of the project is \$12,600,000. Of this amount, \$12,000,000 will be funded from Revenue Financing System Bond Proceeds and \$600,000 will be funded from Designated Tuition Funds to finance the cost of the zone shop.

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

The debt is to be repaid from revenues generated by the Parking and Traffic Division, including revenue from surface permits, citations, parking meters, and parking garages. During the Garage 4B construction phase, debt service will be supported by the Parking and Traffic revenues and fund reserves.

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

PARITY DEBT CERTIFICATE OF U. T. SYSTEM REPRESENTATIVE

I, the undersigned Assistant Vice Chancellor for Finance of The University of Texas System, a U. T. System Representative under the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System,(the "Master Resolution"), adopted by the U. T. Board of Regents ("Board") on February 14, 1991, and amended on October 8, 1993, and August 14, 1997, do hereby execute this certificate for the benefit of the Board pursuant to Section 5(a)(ii) of the Master Resolution in connection with the authorization by the Board to issue "Parity Debt" to finance the construction cost of the Parking Garage 4B and Office Building at U. T. Austin, and do certify that to the best of my knowledge, the Board is in compliance with and not in default of any terms, provisions, and conditions in the Master Resolution, the First Supplemental Resolution Establishing the Revenue Financing System Commercial Paper Program, ("First Supplemental"), the Second Supplemental Resolution, the Third Supplemental Resolution, the Fourth Supplemental Resolution, the Fifth Supplemental Resolution, the Sixth.. Supplemental Resolution, the Seventh Supplemental Resolution, and the Eighth Supplemental Resolution.

EXECUTED this 7<sup>th</sup> day of April 9 9

Pamela K Clayton  
Assistant Vice Chancellor for Finance

8. U. T. Austin - Student Housing (Project No. 102-964): Approval of Design Development Plans; Approval of Total Project Cost; Appropriation of Funds and Authorization of Expenditure; and Approval of Use of Revenue Financing System Parity Debt, Receipt of Parity Debt Certificate, and Finding of Fact with Regard to Financial Capacity.--Mr. David Short of Lotti Krishan Short, Tulsa, Oklahoma, a member of the Design-Build Team of Hensel Phelps Construction Company, Austin, Texas, presented the design development plans for the Student Housing project at The University of Texas at Austin.

Based upon this presentation and upon recommendation of the Facilities Planning and Construction Committee, the Board:

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

In compliance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System, adopted by the U. T. Board of Regents on February 14, 1991, and amended on October 8, 1993, and August 14, 1997, and upon delivery of the Certificate of an Authorized Representative as set out on Page 82, 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. Austin, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. Board of Regents of tax-exempt Parity Debt in the aggregate amount of \$45,400,000
- d. This resolution satisfies the official intent requirements set forth in Section 1.150-2 of the U. S. Treasury Regulations.

The Student Housing project at U. T. Austin is included in the FY 1998-2003 Capital Improvement Program and the FY 1998 and FY 1999 Capital Budget at a preliminary project cost of \$40,000,000. The Facility Program for the project has determined that a project cost of \$52,400,000 will be required to accomplish the desired project scope. The project will provide an additional 850 beds which are a critical element of meeting the U. T. Austin goal of providing on-campus housing for 75% of all first-time freshmen.

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

The debt is to be repaid from revenues generated by existing housing revenue which consists of 5,300 beds and new housing revenue generated by the addition of 400 beds in FY 2001 and another 450 beds in FY 2002.

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

Committee Chairman Clements complimented U. T. Austin for its campus master plan and recommended that the Facilities Planning and Construction Committee "put on its walking shoes" and visit the U. T. Austin campus soon. She also encouraged Board members to tour existing facilities and facilities under construction as they visit the different campuses. She added that

campus plans are a great benefit to the University. Board Chairman Evans endorsed Vice-Chairman **Clements'** remarks on the campus master plans and complimented her for her leadership of the Committee.

PARITY DEBT CERTIFICATE OF U. T. SYSTEM **REPRESENTATIVE**

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

EXECUTED this 7<sup>th</sup> day of April, 1999

Pamela K. Clayton  
Assistant Vice Chancellor for Finance

9. U. T. Pan American - General Classroom/Computer Center Building (Project No. 901-961): Approval of Design Development Plans; Approval of Total Project Cost; Appropriation of Funds and Authorization of Expenditure; and Approval of Use of Revenue Financing System Parity Debt, Receipt of Parity Debt Certificate, and Finding of Fact with Regard to Financial Capacity.-- Following a presentation by Mr. Charles Croslin of Croslin and Associates, Incorporated, Austin, Texas, and upon recommendation of the Facilities Planning and Construction Committee, the Board:
- a. Approved design development plans for the General Classroom/Computer Center Building at The University of Texas - Pan American
  - b. Approved a total project cost of \$17,200,000
  - c. Appropriated funds and authorized expenditure of \$17,000,000 from Tuition Revenue Bonds and \$200,000 from Local Funds for total project funding.

In compliance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System, adopted by the U. T. Board of Regents on February 14, 1991, and amended on October 8, 1993, and August 14, 1997, and upon delivery of the Certificate of an Authorized Representative as set out on Page 85, 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. component institutions, which are "Members" as such term is used in the Master Resolution, possess the financial capacity to satisfy their direct obligation as defined in the

Master Resolution relating to the issuance by the U. T. Board of Regents of tax-exempt Parity Debt in the aggregate amount of \$17,000,000

- d. This resolution satisfies the official intent requirements set forth in Section 1.150-2 of the U. S. Treasury Regulations.

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

The General Classroom/Computer Center Building, which will be ready for occupancy in Spring 2001, will provide classrooms, labs, and faculty offices for the Mathematics Department and facilities for the University Computer Center. These two major categories of activities will function independently and will require approximately 107,000 gross square feet of space.

The 75th Texas Legislature authorized \$17,000,000 of tuition bonds to be issued for U. T. Pan American. No additional tuition bond authority will remain for U. T. Pan American after the issuance of the tuition bonds for this project.

PARITY DEBT CERTIFICATE OF U. T. SYSTEM REPRESENTATIVE

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

EXECUTED this 7<sup>th</sup> day of April, 1999

Pamela K. Clayton  
Assistant Vice Chancellor for Finance

10. U. T. San Antonio - Downtown Campus Building - Phase III (Project No. 401-975): Approval of Design Development Plans for the Academic Building; Approval of Total Project Cost; Appropriation of Funds and Authorization of Expenditure; and Approval of Use of Revenue Financing System Parity Debt, Receipt of Parity Debt Certificate, and Finding of Fact with Regard to Financial Capacity.--Mr. Boone Powell of Ford Powell and Carson, Incorporated, a Limited Liability Corporation, San Antonio, Texas, gave a presentation on the Downtown Campus Building - Phase III project at The University of Texas at San Antonio.

Based on this presentation, the Board, upon recommendation of the Facilities Planning and Construction Committee:

- a. Approved design development plans for the Academic Building portion of the Downtown Campus Building - Phase III at U. T. San Antonio
- b. Approved a total project cost of \$35,000,000
- c. Appropriated funds and authorized expenditure of \$30,000,000 from Tuition Revenue 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 upon delivery of the Certificate of an Authorized Representative as set out on Page 88, 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. component institutions, which are "Members" as such term is used in the Master Resolution, possess the financial capacity to satisfy their direct obligation as defined in the Master Resolution relating to the issuance by the U. T. Board of Regents of tax-exempt Parity Debt in the aggregate amount of \$30,000,000
- d. This resolution satisfies the official intent requirements set forth in Section 1.150-2 of the U. S. Treasury Regulations.

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

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

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

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

PARITY DEBT CERTIFICATE OF U. T. SYSTEM REPRESENTATIVE

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

EXECUTED this 7<sup>th</sup> day of April 9 9 9

Pamela K. Clayton  
Assistant Vice Chancellor for Finance

11. U. T. Southwestern Medical Center - Dallas - Radiation Oncology Center (Project No. 303-990): Approval of Design Development Plans; Approval of Total Project Cost; and Appropriation of Funds and Authorization of Expenditure.--Following a presentation by Mr. James Wright of Page South-erland Page, Dallas, Texas, on the design development plans for the Radia-tion Oncology Center at The University of Texas Southwestern Medical Center at Dallas and upon recommendation of the Facilities Planning and Construction Committee, the Board:
- a. Approved design development plans for the Radiation Oncology Center at U. T. Southwestern Medical Center - Dallas
  - b. Approved a total project cost of \$10,000,000
  - c. Appropriated funds and authorized expenditure of \$10,000,000 from Hospital and Contract Revenues.

The Radiation Oncology Center at U. T. Southwestern Medical Center - Dallas is included in the FY 1998-2003 Capital Improvement Program and the FY 1998 and FY 1999 Capital Budget at a preliminary project cost of \$10,000,000, with funding from Hospital and Contract Revenues.

Construction of the Center is scheduled to begin in November 1999 with occupancy scheduled for Spring 2001.

12. U. T. Medical Branch - Galveston - Keiller Building Laboratory Expansion (Project No. 601-939): Approval of Revised Preliminary Project Cost and Appropriation of Funds.--The Facilities Planning and Construction Committee recommended and the Board:
- a. Approved a revised preliminary project cost for the Keiller Building Laboratory Expansion at The University of Texas Medical Branch at Galveston of \$2,461,331, with funding of \$1,230,666 from Institutional Funds and \$1,230,665 from Gifts and Grants
  - b. Appropriated \$1,230,666 from Institutional Funds and \$1,230,665 from Gifts and Grants.

The Keiller Building Laboratory Expansion project at U. T. Medical Branch - Galveston is included in the FY 1998-2003 Capital Improvement Program and the FY 1998 and FY 1999 Capital Budget at a preliminary project cost of \$5,670,000, with funding of \$2,835,000 from Hospital Revenues and \$2,835,000 from Gifts and Grants.

The original scope of this renovation project included finishout of the entire ground floor. Based on a reduced project scope planned to complete only 7,800 gross square feet of the available space, the approved level of funding has been reduced and modified and an additional 12,500 gross square feet of the ground floor space will remain available to accommodate expansion and future programs.

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

13. U. T. Medical Branch - Galveston - Radiology Renovation (Project No. 601-925): Approval of Revised Total Project Cost, and Appropriation of Funds and Authorization of Expenditure.--In order to more accurately reflect current costs for the Radiology Renovation project at The University of Texas Medical Branch at Galveston, and to reflect the generous contribution by The Sealy & Smith Foundation to fully fund the project, the Board:
- a. Approved a revised total project cost of \$13,810,000 for the Radiology Renovation at U. T. Medical Branch - Galveston
  - b. Appropriated funds and authorized expenditure of \$13,810,000 from Gifts and Grants for total project funding.

The Radiology Renovation project at U. T. Medical Branch - Galveston is included in the FY 1998-2003 Capital Improvement Program and the FY 1998 and FY 1999 Capital Budget at a total project cost of \$10,850,000, with funding from Hospital Revenues.

This renovation project received design development plan approval from the Chancellor in July 1998. The revised total project cost is due to more accurate pricing for a complex clinical renovations project intended to provide a state-of-the-art fully digital inpatient Radiology Department, including a Picture Archiving and Communication System. The project, which includes renovation of contiguous areas on the second floor of the John W. McCullough, Clinical Science, John Sealy Annex, and University Hospital Clinic Buildings, will be performed in multiple construction stages, while the existing Radiology Department continues to operate with minimal disruptions to other clinical and hospital operations.

The source of funds for the project were changed from Hospital Revenues to Gifts and Grants due to the generous contribution by The Sealy & Smith Foundation for the full cost of the project.

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

14. U. T. Medical Branch - Galveston - Utilities Systems Upgrade (Project No. 601-977): Amendment of the FY 1998-2003 Capital Improvement Program and the FY 1998 and FY 1999 Capital Budget to Modify Funding and Appropriation of Funds.--Upon recommendation of the Facilities Planning and Construction Committee, the Board amended the FY 1998-2003 Capital Improvement Program and the FY 1998 and FY 1999 Capital Budget to modify funding for the Utilities Systems Upgrade at The University of Texas Medical Branch at Galveston to \$10,700,000 from Utility Revenues and \$2,000,000 from Permanent University Fund Bond Proceeds and appropriated funds of \$10,700,000 from Utility Revenues and \$2,000,000 from Permanent University Fund Bond Proceeds for total project funding.

This project is included in the FY 1998-2003 Capital Improvement Program and the FY 1998 and FY 1999 Capital Budget at a preliminary project cost of \$12,700,000, with funding of \$6,200,000 from Utility Revenues, \$4,500,000 from Hospital Revenues, and \$2,000,000 from Permanent University Fund Bond Proceeds.

This project, which is a comprehensive review and upgrade of the utility systems, will include replacing existing lamps and ballasts with more energy efficient materials over approximately 3.5 million gross square feet.

Additionally, two existing chillers in the Central Chilled Water Plant will be upgraded for greater efficiency and capability of using currently acceptable refrigerant. An obsolete and inefficient cooling tower will be replaced. The chilled water and steam main distribution lines will be extended and the loop closed to provide a more efficient and reliable supply of chilled water and steam to the campus. A thermal storage system will be added to provide the capacity to lower peak electricity demand and to offer the possibility of supplying chilled water to some areas in the event of a major power outage.

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

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

15. U. T. Health Science Center - Houston - Brownsville Public Health Division of the Regional Academic Health Center (RAHC) (Project No. 701-995): Authorization to Amend the FY 1998-2003 Capital Improvement Program and the FY 1998 and FY 1999 Capital Budget to Include Project.--At the November 11, 1998, U. T. Board of Regents' meeting, it was determined that the Regional Academic Health Center (RAHC) project would be divided into four divisions and delivered through four separate projects as follows: Brownsville Public Health Division as a branch of The University of Texas Health Science Center at Houston School of Public Health; Harlingen Medical Education Division; Hidalgo County Medical Research Division; and the McAllen Branch of the Medical Education Division. The Harlingen, Hidalgo County, and McAllen Divisions will be overseen and operated by The University of Texas Health Science Center at San Antonio.

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

The Facilities Planning and Construction Committee recommended and the Board amended the FY 1998-2003 Capital Improvement Program and the FY 1998 and FY 1999 Capital Budget to include the Brownsville Public Health Division of the RAHC at U. T. Health Science Center - Houston at a preliminary project cost of \$5,000,000, with funding from Tuition Revenue Bond Proceeds.

This project, combined with the U. T. Health Science Center - San Antonio Harlingen Medical Education Division at a preliminary project cost of \$25,000,000, replaces the Regional Academic Health Center project for the U. T. System, with funding of \$30,000,000 from Tuition Revenue Bond Proceeds.

See Item 16 on Page 94 related to the Harlingen Medical Education Division, the Hidalgo County Medical Research Division, and the McAllen Branch of the Medical Education Division of the RAHC. Approval of the related agenda item will amend the FY 1998-2003 Capital Improvement Program and the FY 1998 and FY 1999 Capital Budget to add the Hidalgo County Medical Research Division and the McAllen Branch of the Medical Education Division of the RAHC for the U. T. Health Science Center - San Antonio, with funding of \$15,000,000 and \$5,000,000 from Permanent University Fund Bond Proceeds, respectively.

Selection of the sites and implementation of the programs related to the multiple divisions of the RAHC is contingent on the execution of definitive agreements, including provisions incorporating the U. T. System's requirements for the sites and programs, together with appropriate affiliation agreements. The U. T. System Office of Facilities Planning and Construction will manage the design and construction of these four major capital projects.

See the item on Page 34 relating to a gift of land for the Brownsville Public Health Division of the RAHC.

16. U. T. Health Science Center - San Antonio - Regional Academic Health Center (RAHC) - Harlingen Medical Education Division (Project No. 402-994); Hidalgo County Medical Research Division (Project No. 402-996); and McAllen Branch of the Medical Education Division (Project No. 402-999): Amendment of the FY 1998-2003 Capital Improvement Program and the FY 1998 and FY 1999 Capital Budget to Include Projects.-- Upon recommendation of the Facilities Planning and Construction Committee, the Board amended the FY 1998-2003 Capital Improvement Program and the FY 1998 and FY 1999 Capital Budget to include the following three Regional Academic Health Center (RAHC) projects for The University of Texas Health Science Center at San Antonio:
- a. Harlingen Medical Education Division at a preliminary project cost of \$25,000,000, with funding from Tuition Revenue Bond Proceeds
  - b. Hidalgo County Medical Research Division at a preliminary project cost of \$15,000,000, with funding from Permanent University Fund Bond Proceeds
  - c. McAllen Branch of the Medical Education Division at a preliminary project cost of \$5,000,000, with funding from Permanent University Fund Bond Proceeds.

Approval of the Harlingen Medical Education Division of the RAHC for the U. T. Health Science Center - San Antonio project amends the FY 1998-2003 Capital Improvement Program and the FY 1998 and FY 1999 Capital Budget to include the project at a preliminary project cost of \$25,000,000, with funding from Tuition Revenue Bond Proceeds. This project, combined with The University of Texas Health Science Center at Houston Brownsville Public Health Division's preliminary project cost of \$5,000,000, replaces the RAHC project for the U. T. System, with funding of \$30,000,000 from Tuition Revenue Bond Proceeds.

Approval of the Hidalgo County Medical Research Division of the RAHC for the U. T. Health Science Center - San Antonio and the McAllen Branch of the Medical Education Division of the RAHC for the U. T. Health Science Center - San Antonio amends the FY 1998-2003 Capital Improvement

Program and the FY 1998 and FY 1999 Capital Budget to add these two projects, with funding of \$15,000,000 and \$5,000,000 from Permanent University Fund Bond Proceeds, respectively.

See Item 15 on Page 92 related to the Brownsville Public Health Division of the RAHC.

17. U. T. Health Science Center - San Antonio - Central Energy Plant and Conservation Retrofits (Project No. 402-953): Approval of Revised Preliminary Project Cost; Appropriation of Funds; and Approval of Use of Revenue Financing System Parity Debt, Receipt of Parity Debt Certificate, and Finding of Fact with Regard to Financial Capacity.--The Facilities Planning and Construction Committee recommended and the Board:
- a. Approved a revised preliminary project cost for the Central Energy Plant and Conservation Retrofits at The University of Texas Health Science Center at San Antonio of \$6,772,000
  - b. Appropriated funds of \$6,338,000 from Revenue Financing System Bond Proceeds and \$434,000 from Institutional Funds.

In compliance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System, adopted by the U. T. Board of Regents on February 14, 1991, and amended on October 8, 1993, and August 14, 1997, and upon delivery of the Certificate of an Authorized Representative as set out on Page 97, 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. Health Science Center - San Antonio, which is a “Member” as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. Board of Regents of tax-exempt Parity Debt in the aggregate amount of \$6,338,000
- d. This resolution satisfies the official intent requirements set forth in Section 1.150-2 of the U. S. Treasury Regulations.

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

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

The preliminary project cost for the performance contract renovation projects listed in the FY 1998-2003 Capital improvement Program was based on rough estimates in August 1997 and included capitalized interest of \$1,600,000. The original scope of work has been increased and now includes the replacement of inefficient chillers, upgrade of lighting system, and installation of a state-of-the-art energy management control system. Based on these scope changes and a determination by U. T. Health Science Center - San Antonio not to capitalize interest, the project cost, without capitalized interest, has increased from \$5,000,000 to \$6,772,000.

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

PARITY DEBT CERTIFICATE OF U. T. SYSTEM REPRESENTATIVE

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

EXECUTED this 7<sup>th</sup> day of April, 1999

Pamela K. Cloutier  
Assistant Vice Chancellor for Finance

18. U. T. Health Science Center - San Antonio: Authorization to Redesignate the Research Building in the Texas Research Park as the South Texas Centers for Biology in Medicine.--In order to better convey the determined use of the Research Building in the Texas Research Park project at The University of Texas Health Science Center at San Antonio, approval was given to redesignate the project as the South Texas Centers for Biology in Medicine.

The construction of this project is nearing completion. This research facility will be a complex of laboratories and support facilities that will incorporate such areas as the Center for Prevention of Disease, the Center for Investigation of Diabetic Disease, the Center for Aging Research, the Center for the Study of Bone Disease, and the Center for Research in Immunology.

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

19. U. T. M.D. Anderson Cancer Center - Combined Backfill - Phase I, Stage 1 and 2 (Project No. 703-911) and Combined Backfill Renovation - Phase II (Project No. 703-929): Approval to Increase Project Management Authorization of the U. T. M.D. Anderson Cancer Center Administration.--Upon recommendation of the Facilities Planning and Construction Committee, the Board authorized The University of Texas M.D. Anderson Cancer Center to locally manage the total project budgets, appoint architects, approve facility programs, prepare final plans, and award contracts associated with the Combined Backfill - Phase I, Stage 1 and 2 project, and the Combined Backfill Renovation - Phase II project for all Backfill projects under and over \$600,000.

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

Breast Center, are over \$1,000,000. However, the projects have one common trait: the renovations occur in clinical space that must remain fully operational 24 hours a day.

U. T. M.D. Anderson Cancer Center employs a staff of professional project managers trained to execute clinical renovation projects under the difficult conditions of construction in occupied space. They are also trained to maintain specialized conditions required in hospital operations such as infection control, Joint Commission on Accreditation of Healthcare Organizations interim life safety codes, and critical utility systems. These project managers also work closely with facilities maintenance personnel and medical/nursing staff to coordinate construction activities with minimal disruption. Because of the nature of the work and the specialized ability of U. T. M.D. Anderson Cancer Center personnel, it has been determined that the institution is best able to manage the Backfill projects under and over \$600,000.

The Office of Facilities Planning and Construction will continue to monitor the overall project budget and contracting process.

20. U. T. M.D. Anderson Cancer Center - Jesse H. Jones Rotary House International Phase II (Project No. 703-973): Approval of Design Development Plans; Approval of Total Project Cost; Appropriation of Funds and Authorization of Expenditure; and Approval of Use of Revenue Financing System Parity Debt, Receipt of Parity Debt Certificate, and Finding of Fact with Regard to Financial Capacity.--Mr. Mickey Sheppard of Morris Architects, a Limited Liability Corporation, Houston, Texas, gave a presentation on The University of Texas M.D. Anderson Cancer Center Jesse H. Jones Rotary House International Phase II project.

Following this presentation and upon recommendation of the Facilities Planning and Construction Committee, the Board:

- a. Approved design development plans for the Jesse H. Jones Rotary House International Phase II at U. T. M.D. Anderson Cancer Center
- b. Approved a total project cost of \$13,600,000

- c. Appropriated funds and authorized expenditure of \$13,600,000 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 upon delivery of the Certificate of an Authorized Representative as set out on Page 101, 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 \$13,600,000
- d. This resolution satisfies the official intent requirements set forth in Section 1.150-2 of the U. S. Treasury Regulations.

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

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

The debt is to be repaid from revenues generated by the Rotary House, which consists of 198 beds and the additional 126 beds for the expansion.

PARITY DEBT CERTIFICATE OF U. T. SYSTEM REPRESENTATIVE

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

EXECUTED this 1<sup>th</sup> day of April, 1999

Pamela K. Clayton  
Assistant Vice Chancellor for Finance

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At the conclusion of the Facilities Planning and Construction Committee meeting, Committee Chairman Clements reported that since the last regular meeting the Chancellor had approved one (1) general construction contract for \$2,500,000 which included a 20.59% participation by Historically Underutilized Businesses, 16.37% by women-owned firms and 4.22% by minority-owned firms. In addition, four (4) architect/engineer contracts totaling \$2,700,000 have been awarded since the last meeting and these indicate a 10.65% participation by Historically Underutilized Businesses, 1.42% by women-owned firms and 9.23% by minority-owned firms.

In closing, Committee Chairman Clements thanked Chancellor Cunningham and Executive Vice Chancellor Burck for streamlining the presentation process for the various architectural reports.

RECONVENE.--At 12:15 p.m., the Board reconvened as a committee of the whole to consider those items remaining on the agenda.

## REPORT OF BOARD FOR LEASE OF UNIVERSITY LANDS

### Report

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

Regents Charles Miller and Raul R. Romero have been selected by Chairman Evans to serve as members of the Board for Lease of University Lands. Formal approval of these Regent members to the Board for Lease was given by the U. T. Board of Regents at this (May 13, 1999) meeting. Each Regent member will serve a term expiring February 1, 2001.

MEETING WITH REPRESENTATIVES OF THE UNIVERSITY OF TEXAS SYSTEM STUDENT ADVISORY COUNCIL.--On behalf of the Board, Chairman Evans welcomed the following Executive members of The University of Texas System Student Advisory Council to the meeting and asked Chair De los Santos to make the appropriate introductions and to begin the discussions per the [agenda](#) which was before the Board and which is on file in the Office of the Board of Regents:

Mr. Roy De los Santos, Jr., The University of Texas at Brownsville, Chair

Mr. Steven Saul King, The University of Texas at Brownsville, Secretary

Ms. Sandra Senna, The University of Texas at Tyler, Tuition and Fees  
Committee

Mr. Angel Mendoza, The University of Texas at El Paso, Student Rights Committee

Mr. Matthew Mireles, The University of Texas Health Science Center at Houston, Minorities and Multicultural Affairs Committee

Mr. Mike Pearlman, The University of Texas Health Science Center at Houston and The University of Texas M.D. Anderson Cancer Center, Vice-Chair and Graduate Affairs Committee

Ms. Tejah Shah, The University of Texas at Dallas, Academic Affairs Committee (In the absence of Ms. Shah, Mr. De los Santos presented the report of this Committee)

At the request of Chairman Evans, Chair De los Santos said that the Council had met three weeks ago and their recommendations, as presented today (May 13) to the Board, are being drafted and would be submitted soon to Chancellor Cunningham. Chairman Evans urged the Council to work toward getting the recommendations to Chancellor Cunningham prior to the May Board meeting each year.

Following discussion of the Council's recommendation to track and record student recruitment and retention at U. T. System component institutions, Regent Sanchez asked for an update on a pending University of Texas at Austin study on the status of review to determine why some admitted students do not enroll.

In closing, Chairman Evans expressed appreciation for the time and effort the Council has devoted to student concerns within the U. T. System and said he looked forward to receiving the Council's report in the near future.

Dr. Homer Peña, Executive Director for South Texas Program Development for the U. T. System, presented a plaque to Mr. Roy De los Santos, Jr., as a token of appreciation for his service as Chair of the Student Advisory Council.

Council Chairman De los Santos thanked Dr. Peña and Ms. Patricia Culler of the U. T. System Office of Academic Affairs for their support of the Council.

**SCHEDULED MEETING.**--Chairman Evans announced that the next scheduled meeting of the U. T. Board of Regents would be held on August 11-12, 1999, at The University of Texas Medical Branch at Galveston.

ADJOURNMENT.--There being no further business, the meeting was adjourned at 12:55 p.m.

/s/ Francie A. Frederick  
Executive Secretary

June 29, 1999