

Meeting No. 969

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

Pages 1 - 113

August 6-7, 2003

San Antonio, Texas

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OF
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SAN ANTONIO, TEXAS

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MEETING NO. 969

WEDNESDAY, AUGUST 6, 2003.--The members of the Board of Regents of The University of Texas System convened at 12:25 p.m. on Wednesday, August 6, 2003, in the San Antonio Ballroom A/B in the Westin La Cantera Resort Hotel, San Antonio, Texas, with the following in attendance:

ATTENDANCE.--

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

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

RECESS TO EXECUTIVE SESSION.--At 12:25 p.m., Chairman Miller announced that the Board would recess to convene in Executive Session pursuant to Texas Government Code Sections 551.071 and 551.074 to consider those matters listed on the Executive Session agenda.

RECONVENE.--At 3:35 p.m., the Board reconvened in open session.

EXECUTIVE SESSION OF THE BOARD OF REGENTS

1. U. T. Board of Regents: Discussion and appropriate action regarding legal issues related to decision in University of Michigan affirmative action cases

Chairman Miller stated that action on the item relating to affirmative action at The University of Texas System would be considered at the Board meeting on Thursday, August 7 (See item on Page 4).

2. U. T. Board of Regents: Legal issues regarding performance of Investment Management Services Agreement with The University of Texas Investment Management Company (UTIMCO)

No action was taken related to legal issues regarding performance of the Investment Management Services Agreement with The University of Texas Investment Management Company (UTIMCO).

3. U. T. Arlington: Consideration of personnel matters relating to Presidential Search

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

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

No action was taken related to appointment, employment, evaluation, assignment, and duties of officers or employees at The University of Texas System.

5. U. T. System: Consideration of personnel matters relating to evaluation of presidents, U. T. System Executive Officers, and employees

No action was taken related to evaluation of presidents, Executive Officers, and employees at The University of Texas System.

6. U. T. System: Consideration of individual personnel aspects of the operating budgets for the Fiscal Year ending August 31, 2004, and authorization for the Chancellor to make editorial corrections therein

Action on the item related to personnel aspects of the Fiscal Year 2004 Operating Budgets was deferred for consideration at the Board meeting on Thursday, August 7, and was approved at that time (See Item 1 on Page 6).

RECESS.--At 3:35 p.m., Chairman Miller announced that the Board would recess to reconvene in open session at 8:30 a.m. on Thursday, August 7, 2003, in the Nursing Building at The University of Texas Health Science Center at San Antonio, San Antonio, Texas.

THURSDAY, August 7, 2003.--The members of the Board of Regents of The University of Texas System reconvened at 8:35 a.m. on Thursday, August 7, 2003, in Room 1.463 of the Nursing Building at The University of Texas Health Science Center at San Antonio, San Antonio, Texas, with the following in attendance:

ATTENDANCE.--

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

Chairman Miller announced a quorum present and called the meeting to order. He said the Board was pleased to be meeting at The University of Texas Health Science Center at San Antonio and thanked President Francisco G. Cigarroa for his hospitality in hosting this meeting. On behalf of the faculty, staff, and students of the institution, President Cigarroa welcomed members of the Board and other guests to the campus.

WELCOME TO VICE CHANCELLOR RANDA S. SAFADY.--Chairman Miller called on Chancellor Yudof to introduce new Vice Chancellor for External Relations, Dr. Randa S. Safady, who will begin employment at The University of Texas System on October 1, 2003. Dr. Safady will replace Vice Chancellor for Development and External Relations Perry who will become special advisor to Vice Chancellor Safady and Chancellor Yudof until her retirement from the U. T. System on March 1, 2004.

U. T. BOARD OF REGENTS: APPROVAL OF MINUTES OF REGULAR MEETING HELD MAY 7-8, 2003, AND SPECIAL MEETINGS HELD JUNE 16 AND JULY 7, 2003.-- The Minutes of the regular meeting of the Board of Regents of The University of Texas System held on May 7-8, 2003, in Austin, Texas, were approved as prepared by the Counsel and Secretary to the Board. The official copy of these Minutes is recorded in the Permanent Minutes, Volume L, Pages 454 - 646.

The Board also approved the Minutes of the special meetings of the Board of Regents of the U. T. System held on June 16 and July 7, 2003, in Austin, Texas, as prepared by the Counsel and Secretary to the Board. The official copy of these Minutes is recorded in the Permanent Minutes, Volume L, Pages 647 - 662.

Chairman Miller noted that the July Minutes include a description of the work underway to revise the Regents' Rules and Regulations following the framework suggested by Professor Donde Plowman of The University of Texas at San Antonio. He said Professor Robert Hamilton of The University of Texas at Austin is assisting the Office of the Board of Regents with the general approach for the revisions.

EXECUTIVE SESSION OF THE BOARD OF REGENTS

Chairman Miller called on Regent Estrada for a motion relating to affirmative action as discussed in Executive Session on August 6, 2003, as follows:

U. T. Board of Regents: Discussion and appropriate action regarding legal issues related to decision in University of Michigan affirmative action cases

Pursuant to discussion in Executive Session on August 6, 2003, and on behalf of The University of Texas System, Regent Estrada moved that:

- a. Each component institution be and is authorized to develop and propose plans regarding whether to consider an applicant's race and ethnicity as part of the component's admissions or financial assistance policies in accordance with the standards enunciated in the recent Supreme Court cases of *Grutter v. Bollinger* and *Gratz v. Bollinger*. Initial responsibility for developing and proposing such admissions and financial assistance policies may be further delegated within each component to colleges, departments, or other programs.
- b. No component or program shall propose to consider race or ethnicity unless it finds, after serious and good-faith consideration, that race-neutral alternatives are inadequate. This consideration may include the degree of diversity attainable with race-neutral methods and the impact on other academic objectives of exclusive reliance on those race-neutral methods.
- c. Any component or program that proposes to consider race or ethnicity shall propose a written plan. Any such plan must provide for individualized and holistic review of applicant files in which race and ethnicity are among a broader array of qualifications and

characteristics considered. Any such plan must also provide for periodic review of whether, and to what extent, the plan is still needed or needs revisions.

- d. Any proposal for admissions or financial assistance policies that considers race and ethnicity among an array of qualifications and characteristics and any subsequent revisions to such policies, must be reviewed and approved by the Office of General Counsel and by the Executive Vice Chancellor for Academic Affairs or the Executive Vice Chancellor for Health Affairs, as appropriate, prior to implementation.
- e. The policy expressed herein shall be reviewed by the Board of Regents in a period not to exceed five years from the date of adoption hereof.

The motion was seconded and carried unanimously.

Chancellor Yudof said authority for the consideration of race and ethnicity in admission and financial assistance policies is being delegated to the campuses and that delegation of authority must be accompanied by strong accountability measures to ensure conformity with the two Supreme Court opinions. He said conformance will be closely monitored for adherence to a holistic and periodic review of the whole program and expressed that this is now the law of the land for all 50 states and brings Texas into conformity with the law and practice of the other states.

Regent Estrada endorsed Chancellor Yudof's remarks to ensure that the importance of the action proposed to achieve the overall goal of diversity on the campuses is within the Supreme Court guidelines.

Chairman Miller clarified that the focus on the use of affirmative action in admission to universities is a first step to meet the demands of "Closing the Gaps": participation, success, excellence, and research, and that the Board is not forgetting these duties, but rather emphasizing them.

See Item 1 on Page 1 relating to discussion in Executive Session on August 6, 2003.

SPECIAL ITEMS

1. U. T. System: Approval of the operating budgets for the Fiscal Year ending August 31, 2004, and approval of Permanent University Fund Bond Proceeds allocation for Library, Equipment, Repair and Rehabilitation Projects

Chancellor Yudof began his presentation of The University of Texas System Operating Budgets for Fiscal Year 2004 by reviewing the year-long process to arrive at the proposed budget. He then presented the \$7.8 billion budget and remarked that expenditures are up 7.6% from the Fiscal Year 2003 budget and up 60% over the past five years. He emphasized that the 60% is not coming from the State of Texas, but from sources such as increased health-care services at the System's hospitals and clinics, increased sponsored programs such as research grants, and increased federal financial aid such as Pell grants. He mentioned increased instructional expenditures due to growing student enrollment and clarified this budget does not include tuition increases as a result of tuition deregulation from the 78th Texas Legislature. (A copy of Chancellor Yudof's PowerPoint presentation on the budget was included in the Agenda Book.)

Chancellor Yudof discussed value added by the System Administration to the function of the University as a whole. He noted the Administration has special fiduciary responsibilities for the Permanent University Fund and other endowments; manages University lands; carries out Board policies, with the Board being the chief policy-making body for the entire System; collaborates with the Board and others on strategic planning; targets new opportunities; serves as consultants to the component institutions; provides centralized, cost-effective, value-added services; and implements accountability and performance measures. Chancellor Yudof elaborated on value-added services in academic affairs (degree programs, distance education, pre-K through 16, and learning assessment); business affairs (facilities planning and construction, workers' compensation, employee group insurance; real estate, and financial services); audit; compliance; fund-raising; and charter schools. He said the U. T. System Administration budget is being reduced by 5.75%.

In summary, Chancellor Yudof said he will adhere to the Board's priorities, producing savings where and when needed.

Upon motion of Vice-Chairman Hunt, seconded by Regent Huffines, the Board approved the U. T. System Operating Budgets for the Fiscal Year ending August 31, 2004, including executive compensation and revisions to deferred compensation agreements as considered by the Board in Executive Session on August 6, 2003 (See Item 6 on Page 2), and Auxiliary Enterprises, Grants and Contracts, Designated Funds, Restricted Current Funds, and Medical and Dental Services, Research and Development Plans.

The Board authorized the Chancellor to make editorial corrections therein with subsequent adjustments to be reported to the U. T. Board of Regents through the Docket.

The Board also approved that Permanent University Fund Bond Proceeds in the amount of \$40,000,000 be allocated to fund Library, Equipment, Repair and Rehabilitation (LERR) Projects for Fiscal Year 2004.

The Board further authorized U. T. System component institutions to purchase approved equipment items and library materials and to contract for repair and rehabilitation projects following standard purchasing and contracting procedures within approved dollar limits. Substitute equipment purchases are to receive prior approval by the Chancellor, the appropriate Executive Vice Chancellor and, where required, the U. T. Board of Regents. Transfers by the U. T. System Administration of allocated funds to institutional control or to vendors will coincide with vendor payment requirements. Final approval of specific repair and rehabilitation projects will be in accordance with procedures for construction projects established by the Board.

Fiscal Year 2004 funds from these reserves not expended or obligated by contract/purchase order within six months after the close of Fiscal Year 2004 are to be available for future System-wide reallocation unless specific authorization to continue obligating the funds is given by the Executive Vice Chancellor for Business Affairs on recommendation of the president of the component institution and the appropriate Executive Vice Chancellor.

Regent Estrada said there is tremendous value added by the U. T. System Administration and Vice-Chairman Hunt agreed, saying there is strength in the 15 component institutions. Regent Huffines and Chairman Miller also said the leaders of the State need to recognize all that the University does for the people of the State of Texas.

Counsel and Secretary's Note: These budgets are made a part of the record of this meeting and are included in the official copy of the Minutes of this meeting.

2. U. T. System: Adoption of the six-year Capital Improvement Program (CIP) for Fiscal Years 2004-2009

Chancellor Yudof presented the six-year Capital Improvement Program (CIP) for Fiscal Years 2004-2009 for The University of Texas System and highlighted that money is going primarily to health institutions since the CIP is largely determined by availability of funding sources. Chancellor Yudof said what is troubling about the plan is not its size but the fact that money is not there to meet the academic needs of campuses. He noted that, in general, the University is underinvesting in deferred maintenance.

Assistant Vice Chancellor Sanders summarized the actions the Board is being requested to approve and Vice-Chairman Hunt called the Board's attention to the goal of the "Closing the Gaps" program, which is to increase enrollment, yet pointed out there is not the revenue financing capacity to renew academic instructional buildings to provide U. T.'s share to close the gaps. He noted there is a challenge to the State and a need for a closing the gaps capital fund that will require state involvement sooner rather than later.

Regent Krier pointed out the parallel, and perhaps a model, in the State's public school finance several years ago and she encouraged pursuing the option to take up the issue in a special legislative session next year on public school finance, looking at the K-16 program that might fit well with the "Closing the Gaps" approach. Chancellor Yudof asked Executive Vice Chancellor Kennedy to look at this model program.

Following further discussion, the Board:

- a. Adopted the U. T. System Capital Improvement Program for Fiscal Years 2004-2009 as set forth in the Summary of Projects (Attachment 1 on Pages 10 - 18)
- b. Approved the redesignation of projects previously approved in the CIP as set forth in Attachment 2 on Page 19
- c. Approved the Capital Budget for Fiscal Years 2004-2005 as set forth in the Summary of Projects (Attachment 1 on Pages 10 - 18)
- d. Reduced previously appropriated funds in an aggregate amount of \$7,200,000 for repair and rehabilitation projects deleted or decreased in scope in the FY 2004-2005 Capital Budget as reflected in the Deleted or Reduced Appropriations column in Attachment 3 on Pages 20 - 22
- e. Appropriated additional funding with increased total project costs for previously approved repair and rehabilitation projects in an aggregate amount of \$45,200,000 as reflected in the FY 2004-2005 Capital Budget as set forth in the Additional Appropriations column in Attachment 3 on Pages 20 - 22
- f. Appropriated funding in an aggregate amount of \$172,372,000 for new repair and rehabilitation projects initiated in the FY 2004-2005 Capital Budget as reflected in the Appropriations for Projects Initiated in the Capital Budget column in Attachment 3 on Pages 20 - 22

- g. Appropriated additional funding from Revenue Financing System Bond Proceeds for previously approved projects in an aggregate amount of \$2,500,000 for Student Housing at The University of Texas of the Permian Basin and \$23,600,000 for Research Facilities Expansion at The University of Texas Medical Branch at Galveston in Attachment 4 on Page 23
- h. Appropriated additional funding from Tuition Revenue Bond Proceeds for a previously approved project in an aggregate amount of \$56,000,000 for North Campus Phase 4 at The University of Texas Southwestern Medical Center at Dallas in Attachment 4 on Page 23
- i. Approved the use of \$199,148,250 of Revenue Financing System Parity Debt for certain construction and repair and rehabilitation projects in the FY 2004-2005 Capital Budget for which Revenue Financing System Bond Proceeds have been identified as all or a portion of the funding for the U. T. System component institutions as set forth in Attachment 4 on Page 23
- j. Made the “finding of fact” determinations regarding the ability to repay debt and satisfy financial obligations with respect to the issuance of \$199,148,250 of Parity Debt described in Attachment 4 pursuant to Section 5 of the Master Resolution as a condition to the issuance of additional Revenue Financing System Parity Debt
- k. Approved combining the following projects at The University of Texas M. D. Anderson Cancer Center: Campus Circulation Improvements (total project cost of \$12,400,000) and Life Safety/Fire Access/Pedestrian Traffic Improvements at Clark Entrance (total project cost of \$7,000,000) into one project with the previously approved Ambulatory Clinical Building (total project cost of \$347,000,000) for a new total project cost of \$366,400,000.

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

Attachment 1

The University of Texas System
FY 2004-2009 Capital Improvement Program
Major Construction Projects Summary

Institution	Inst. Managed	CIP Project Cost Total	Project Cost OFPC Managed	Project Cost Inst. Managed	FY 2004-2005 Proj. Exp. Total
<u>Academic Institutions</u>					
<u>The University of Texas at Arlington</u>					
Chemistry and Physics Building	<input type="checkbox"/>	\$ 39,875,945	39,875,945	0	20,366,649
Continuing Education and Workforce Development Center	<input type="checkbox"/>	9,784,000	9,784,000	0	7,407,978
Deferred Maintenance/Capital Renewal Projects	<input checked="" type="checkbox"/>	1,405,354	0	1,405,354	336,028
Fine Arts Annex	<input type="checkbox"/>	5,420,000	5,420,000	0	4,113,780
Fire and Life Safety and Security Projects	<input checked="" type="checkbox"/>	3,605,847	0	3,605,847	2,804,239
Intramural Field Renovation	<input checked="" type="checkbox"/>	3,300,000	0	3,300,000	1,856,250
Kalpana Chawla Hall	<input type="checkbox"/>	19,200,000	19,200,000	0	16,417,788
Meadow Run Apartments - Phase II	<input type="checkbox"/>	10,572,000	10,572,000	0	7,555,316
Meadow Run Apartments - Phase III	<input type="checkbox"/>	8,119,000	8,119,000	0	0
Natural History Specimen Annex	<input checked="" type="checkbox"/>	980,000	0	980,000	757,540
New Chiller #5 and Infrastructure Improvements	<input checked="" type="checkbox"/>	4,200,000	0	4,200,000	3,827,172
New Residence Hall - (400 Bed)	<input type="checkbox"/>	22,590,000	22,590,000	0	143,623
Parking Improvements/Addition	<input type="checkbox"/>	1,800,000	1,800,000	0	430,390
Student Apartments	<input type="checkbox"/>	14,357,000	14,357,000	0	0
University Center Addition	<input type="checkbox"/>	4,100,000	4,100,000	0	3,647,327
Subtotal U. T. Arlington		\$ 149,309,146	135,817,945	13,491,201	69,664,080
			Projected FY 2004	5,916,249	38,231,709
			Projected FY 2005	3,664,980	31,432,371
<u>The University of Texas at Austin</u>					
ADA Compliance Modifications and Improvements - Phase III	<input checked="" type="checkbox"/>	\$ 4,000,000	0	4,000,000	1,350,926
Applied Computational Engineering and Sciences Building (ACES) Fourth	<input type="checkbox"/>	3,600,000	3,600,000	0	2,959,200
Applied Research Lab Expansion - Phase II	<input type="checkbox"/>	2,500,000	2,500,000	0	395,349
Benedict/Mezes/Batts Renovation - Phase I	<input type="checkbox"/>	30,000,000	30,000,000	0	18,236,041
Biological Science/Wet Lab Building	<input type="checkbox"/>	60,000,000	60,000,000	0	37,452,830

<u>Institution</u>	<u>Inst. Managed</u>	<u>CIP Project Cost Total</u>	<u>Project Cost OFPC Managed</u>	<u>Project Cost Inst. Managed</u>	<u>FY 2004-2005 Proj. Exp. Total</u>
Biomedical Engineering Building	<input type="checkbox"/>	\$ 25,000,000	25,000,000	0	0
Campus Fire and Life Safety Improvements - Phase I	<input checked="" type="checkbox"/>	14,000,000	0	14,000,000	8,350,309
Campus Fire and Life Safety Improvements - Phase II	<input checked="" type="checkbox"/>	20,000,000	0	20,000,000	12,568,421
College of Communication Building-New	<input type="checkbox"/>	32,000,000	32,000,000	0	1,542,058
Erwin Center Renovations/Fire and Life Safety/Basketball Practice Facility (Stages 1-3)	<input type="checkbox"/>	55,800,000	55,800,000	0	24,480,766
Experimental Science Building Renovation Phase I and II	<input type="checkbox"/>	35,000,000	35,000,000	0	12,479,665
Gregory Gymnasium Aquatics	<input type="checkbox"/>	12,360,000	12,360,000	0	11,250,241
Hogg Auditorium Renovation	<input type="checkbox"/>	15,000,000	15,000,000	0	607,895
Hotel and Conference Center	<input type="checkbox"/>	55,000,000	55,000,000	0	7,607,143
Institute for Geophysics and Advanced Computing Center	<input type="checkbox"/>	18,000,000	18,000,000	0	5,608,890
Jack S. Blanton Museum of Art - Phase I	<input type="checkbox"/>	58,500,000	58,500,000	0	37,348,843
Jack S. Blanton Museum of Art - Phase II	<input type="checkbox"/>	25,000,000	25,000,000	0	18,590,834
Jamail Texas Swim Center Renovation - Phase I and Phase II	<input type="checkbox"/>	5,300,000	5,300,000	0	3,011,584
Library Storage Facility	<input type="checkbox"/>	4,800,000	4,800,000	0	1,704,622
Marine Science Institute Wetlands Education Center	<input type="checkbox"/>	5,000,000	5,000,000	0	2,151,696
New Residence Halls - Phase II	<input type="checkbox"/>	30,000,000	30,000,000	0	8,470,545
Nueces Garage	<input type="checkbox"/>	20,500,000	20,500,000	0	3,451,606
Old Student Health Center Renovation - Phase I	<input type="checkbox"/>	17,009,000	17,009,000	0	15,498,502
Performing Arts Center Infrastructure Upgrades - Phase I	<input type="checkbox"/>	400,000	400,000	0	13,248
Performing Arts Center Infrastructure Upgrades - Phase II	<input type="checkbox"/>	7,600,000	7,600,000	0	253,688
Pharmacy Building Renovation - Phase I	<input type="checkbox"/>	250,000	250,000	0	148,345
Stadium Fire and Life Safety	<input type="checkbox"/>	10,000,000	10,000,000	0	4,904,000
Utility Infrastructure Expansion/Upgrade	<input checked="" type="checkbox"/>	45,700,000	0	45,700,000	36,054,713
Subtotal U. T. Austin		\$ 612,319,000	528,619,000	83,700,000	276,491,960
		Projected FY 2004	103,414,955	24,334,113	127,749,068
		Projected FY 2005	114,752,636	33,990,256	148,742,892
<u>The University of Texas at Brownsville</u>					
Education and Business Complex	<input type="checkbox"/>	\$ 26,010,000	26,010,000	0	20,040,755

Institution	Inst. Managed	CIP Project Cost Total	Project Cost OFPC Managed	Project Cost Inst. Managed	FY 2004-2005 Proj. Exp. Total
Subtotal U. T. Brownsville					
		\$ 26,010,000	26,010,000	0	20,040,755
		Projected FY 2004	7,362,347	0	7,362,347
		Projected FY 2005	12,678,408	0	12,678,408
<u>The University of Texas at Dallas</u>					
Activity Center Expansion	<input checked="" type="checkbox"/>	\$ 3,100,000	0	3,100,000	2,822,763
Founders/Founders Annex/Berkner Renovation	<input type="checkbox"/>	36,993,750	36,993,750	0	14,032,676
Parking Garage I	<input type="checkbox"/>	8,000,000	8,000,000	0	6,158,195
Subtotal U. T. Dallas					
		\$ 48,093,750	44,993,750	3,100,000	23,013,634
		Projected FY 2004	3,724,409	2,554,252	6,278,661
		Projected FY 2005	16,466,462	268,511	16,734,973
<u>The University of Texas at El Paso</u>					
Academic Services Building	<input type="checkbox"/>	\$ 10,000,000	10,000,000	0	8,568,132
Biosciences Facility	<input type="checkbox"/>	27,000,000	27,000,000	0	20,706,162
Campus Energy Performance Project	<input checked="" type="checkbox"/>	4,700,000	0	4,700,000	699,000
Engineering Building Expansion	<input type="checkbox"/>	7,000,000	7,000,000	0	5,850,646
Kelly Hall Renovation of 3 floors - Phase 1	<input checked="" type="checkbox"/>	2,286,000	0	2,286,000	2,044,337
Kelly Hall Renovation of 3 Floors - Phase 2	<input checked="" type="checkbox"/>	2,286,000	0	2,286,000	160,020
New Bookstore	<input type="checkbox"/>	4,950,000	4,950,000	0	108,731
Parking Garage ID#, P-4	<input type="checkbox"/>	25,000,000	25,000,000	0	5,535,461
Seamon Hall Renovation	<input checked="" type="checkbox"/>	2,100,000	0	2,100,000	1,705,468
Student Housing Phase II	<input type="checkbox"/>	12,100,000	12,100,000	0	8,634,660
Subtotal U. T. El Paso					
		\$ 97,422,000	86,050,000	11,372,000	54,012,617
		Projected FY 2004	16,694,256	1,870,065	18,564,321
		Projected FY 2005	32,709,536	2,738,760	35,448,296
<u>The University of Texas - Pan American</u>					
Administrative Offices Renovation	<input checked="" type="checkbox"/>	\$ 5,037,000	0	5,037,000	1,974,587
Business Administration Annex	<input type="checkbox"/>	9,000,000	9,000,000	0	0
Campus Repair and Renovations	<input checked="" type="checkbox"/>	1,550,000	0	1,550,000	1,314,986
Education Complex Addition and Renovation	<input type="checkbox"/>	22,000,000	22,000,000	0	19,329,701

<u>Institution</u>	<u>Inst. Managed</u>	<u>CIP Project Cost Total</u>	<u>Project Cost OFPC Managed</u>	<u>Project Cost Inst. Managed</u>	<u>FY 2004-2005 Proj. Exp. Total</u>
Health and Kinesiology Physiology/Recreation Center	<input type="checkbox"/>	\$ 18,000,000	18,000,000	0	496,957
International Trade and Technology Phase II	<input type="checkbox"/>	9,000,000	9,000,000	0	0
Subtotal U. T. Pan American		\$ 64,587,000	58,000,000	6,587,000	23,116,231
Projected FY 2004			5,771,561	3,289,573	9,061,134
Projected FY 2005			14,055,097	0	14,055,097

The University of Texas of the Permian Basin

Mesa Building Improvements/Gymnasium Renovations, Phase I	<input type="checkbox"/>	\$ 9,350,000	9,350,000	0	8,509,852
Student Housing Phase II	<input type="checkbox"/>	8,300,000	8,300,000	0	7,406,848
Student Housing Phase III	<input type="checkbox"/>	6,000,000	6,000,000	0	271,304
Subtotal U. T. Permian Basin		\$ 23,650,000	23,650,000	0	16,188,004
Projected FY 2004			8,047,099	0	8,047,099
Projected FY 2005			8,140,905	0	8,140,905

The University of Texas at San Antonio

Academic Building III	<input type="checkbox"/>	\$ 52,332,154	52,332,154	0	36,786,446
Biotechnology, Sciences and Engineering Building	<input type="checkbox"/>	89,700,000	89,700,000	0	67,614,104
Campus Parking Garage, Phase I	<input type="checkbox"/>	11,250,000	11,250,000	0	8,446,804
Campus Parking Garage, Phase III	<input type="checkbox"/>	9,450,000	9,450,000	0	0
East Campus Surface Parking, Phases I and II	<input checked="" type="checkbox"/>	2,594,500	0	2,594,500	1,547,068
Student Housing Expansion, Phase I	<input type="checkbox"/>	45,000,000	45,000,000	0	39,298,235
Student Housing Expansion, Phase II	<input type="checkbox"/>	20,500,000	20,500,000	0	1,993,298
Thermal Energy Plant No. 2	<input type="checkbox"/>	8,000,000	8,000,000	0	1,923,536
University Center Expansion, Phase III	<input type="checkbox"/>	32,200,000	32,200,000	0	5,199,957
Subtotal U. T. San Antonio		\$ 271,026,654	268,432,154	2,594,500	162,809,448
Projected FY 2004			67,258,204	1,547,068	68,805,272
Projected FY 2005			94,004,176	0	94,004,176

The University of Texas at Tyler

Engineering, Sciences, and Technology Building	<input type="checkbox"/>	\$ 34,850,000	34,850,000	0	27,332,831
Student Apartments	<input type="checkbox"/>	7,200,000	7,200,000	0	6,624,000
Student Dormitory and Academic Excellence Center	<input type="checkbox"/>	11,000,000	11,000,000	0	7,270,523

<u>Institution</u>	<u>Inst. Managed</u>	<u>CIP Project Cost Total</u>	<u>Project Cost OFPC Managed</u>	<u>Project Cost Inst. Managed</u>	<u>FY 2004-2005 Proj. Exp. Total</u>
Student Resident Home I	<input type="checkbox"/>	\$ 1,400,000	1,400,000	0	1,168,877
Student Resident Home II	<input checked="" type="checkbox"/>	1,900,000	0	1,900,000	858,252
Subtotal U. T. Tyler		\$ 56,350,000	54,450,000	1,900,000	43,254,483
		Projected FY 2004	11,518,733	69,049	11,587,782
		Projected FY 2005	30,877,498	789,203	31,666,701
Subtotal Academic Institutions		\$ 1,348,767,550	1,226,022,849	122,744,701	688,591,212
		Projected FY 2004	256,107,024	39,580,369	295,687,393
		Projected FY 2005	351,452,109	41,451,710	392,903,819

Health Institutions

The University of Texas Southwestern Medical Center at Dallas

Biosafety Level Three Laboratory	<input type="checkbox"/>	\$ 9,600,000	9,600,000	0	3,189,616
Central Pathology Laboratory	<input type="checkbox"/>	4,000,000	4,000,000	0	1,692,673
Day Care Center	<input type="checkbox"/>	3,000,000	3,000,000	0	2,555,039
Hazardous Waste Handling Facility	<input type="checkbox"/>	4,500,000	4,500,000	0	3,978,572
North Campus Phase 4	<input type="checkbox"/>	307,600,000	307,600,000	0	116,325,977
Remodel Carey, Holitzelle, and Danciger Basic Science Buildings	<input checked="" type="checkbox"/>	25,000,000	0	25,000,000	205,526
Southwestern Medical Park Apartments	<input type="checkbox"/>	17,500,000	17,500,000	0	15,112,786
St. Paul University Hospital - Remodel	<input checked="" type="checkbox"/>	12,000,000	0	12,000,000	8,158,103
Subtotal U. T. S.M.C. Dallas		\$ 383,200,000	346,200,000	37,000,000	151,218,292
		Projected FY 2004	69,106,466	5,374,460	74,480,926
		Projected FY 2005	73,748,197	2,989,169	76,737,366

The University of Texas Medical Branch at Galveston

Ashbel Smith Building Renovation	<input type="checkbox"/>	\$ 3,000,000	3,000,000	0	1,158,936
BSL - 4 Laboratory Facility	<input type="checkbox"/>	15,500,000	15,500,000	0	5,835,063
Day Care Center	<input checked="" type="checkbox"/>	3,100,000	0	3,100,000	2,821,255
Keiller Building Research Support	<input type="checkbox"/>	3,000,000	3,000,000	0	1,120,892
Laboratory Buildout 4th Floor Building 021	<input type="checkbox"/>	4,130,000	4,130,000	0	1,595,469

Institution	Inst. Managed	CIP Project Cost Total	Project Cost OFPC Managed	Project Cost Inst. Managed	FY 2004-2005 Proj. Exp. Total
Library Facilities Upgrade	<input type="checkbox"/>	\$ 7,900,000	7,900,000	0	499,752
National Biocontainment Laboratory	<input type="checkbox"/>	180,000,000	180,000,000	0	58,687,279
Rebecca Sealy Hospital Renovation	<input type="checkbox"/>	9,850,000	9,850,000	0	1,048,168
Research Facilities Expansion	<input type="checkbox"/>	77,180,000	77,180,000	0	65,115,548
Student Housing	<input type="checkbox"/>	18,780,000	18,780,000	0	1,233,381
TDCJ Hospital Cladding Restoration	<input type="checkbox"/>	6,560,000	6,560,000	0	107,333
TDCJ Hospital Fire Sprinklers	<input checked="" type="checkbox"/>	6,970,000	0	6,970,000	6,071,099
University Plaza Development	<input type="checkbox"/>	25,000,000	25,000,000	0	22,138,889
Subtotal U. T. M.B. Galveston		\$ 360,970,000	350,900,000	10,070,000	167,433,064
			Projected FY 2004	54,681,217	59,573,041
			Projected FY 2005	103,859,493	107,860,023

The University of Texas Health Science Center at Houston

Basic Science Research Building	<input type="checkbox"/>	\$ 80,000,000	80,000,000	0	2,288,568
Campus Parking Garage, Phase I	<input type="checkbox"/>	7,500,000	7,500,000	0	356,768
Completion of MSB Hazard Mitigation	<input checked="" type="checkbox"/>	10,000,000	0	10,000,000	8,883,542
Data Center Relocation	<input checked="" type="checkbox"/>	5,000,000	0	5,000,000	2,554,641
Expansion of RAHC Public Health Satellite	<input type="checkbox"/>	4,000,000	4,000,000	0	2,343,704
Expansion of School of Health Information Sciences	<input checked="" type="checkbox"/>	3,000,000	0	3,000,000	2,760,000
Expansion of Student Housing	<input type="checkbox"/>	28,700,000	28,700,000	0	24,184,703
Indoor Air Quality at the Medical School	<input type="checkbox"/>	26,200,000	26,200,000	0	21,696,310
Life Safety and Emergency Power Adaptations ongoing	<input checked="" type="checkbox"/>	3,000,000	0	3,000,000	2,405,870
Medical School Building - Perimeter Berms	<input type="checkbox"/>	10,000,000	10,000,000	0	9,135,484
Medical School Building - Rooftop Vivarium and Exterior Elevator	<input type="checkbox"/>	38,000,000	38,000,000	0	34,719,932
Mental Sciences Institute - Replacement Facility	<input type="checkbox"/>	22,500,000	22,500,000	0	20,477,620
New Teaching and Clinical Research Facility Phase 1	<input checked="" type="checkbox"/>	19,550,000	0	19,550,000	11,069,190
Recreation Center Reconstruction	<input checked="" type="checkbox"/>	3,000,000	0	3,000,000	2,631,640
Repair of the Medical School Building, Phase I	<input checked="" type="checkbox"/>	50,000,000	0	50,000,000	41,094,060
Research Expansion Project (Institute of Molecular Medicine)	<input type="checkbox"/>	120,000,000	120,000,000	0	76,410,231
School of Nursing and Student Community Center	<input type="checkbox"/>	63,700,000	63,700,000	0	32,547,446

Institution	Inst. Managed	CIP Project Cost Total	Project Cost OFPC Managed	Project Cost Inst. Managed	FY 2004-2005 Proj. Exp. Total
Subtotal U. T. H.S.C. Houston		\$ 494,150,000	400,600,000	93,550,000	295,559,709
		Projected FY 2004	83,216,975	30,725,110	113,942,085
		Projected FY 2005	140,943,791	40,673,833	181,617,624
<u>The University of Texas Health Science Center at San Antonio</u>					
Cancer Research Building	<input type="checkbox"/>	\$ 18,000,000	18,000,000	0	418,040
Emergency , Fire and Safety Initiative, Phase I	<input type="checkbox"/>	9,000,000	9,000,000	0	7,830,000
Medical Research Division of the RAHC	<input type="checkbox"/>	20,000,000	20,000,000	0	15,854,054
Sam and Ann Barshop Center for Longevity and Aging Studies	<input type="checkbox"/>	20,000,000	20,000,000	0	16,899,131
Student Services/Academic Administration Building	<input type="checkbox"/>	17,900,000	17,900,000	0	14,674,109
Teaching/Learning Lab - Laredo	<input type="checkbox"/>	12,700,000	12,700,000	0	3,740,826
Teaching/Learning Lab, RAHC Harlingen	<input type="checkbox"/>	25,500,000	25,500,000	0	6,068,483
Subtotal U. T. H.S.C. San Antonio		\$ 123,100,000	123,100,000	0	65,484,643
		Projected FY 2004	32,354,388	0	32,354,388
		Projected FY 2005	33,130,255	0	33,130,255
<u>The University of Texas M. D. Anderson Cancer Center</u>					
Ambulatory Clinical Building	<input type="checkbox"/>	\$ 366,400,000	366,400,000	0	189,614,566
American Disabilities Act Upgrades	<input checked="" type="checkbox"/>	6,000,000	0	6,000,000	4,687,942
Backfill Phase III	<input checked="" type="checkbox"/>	74,500,000	0	74,500,000	22,619,805
Basic Science Research Building Two	<input type="checkbox"/>	185,000,000	185,000,000	0	0
Basic Science Research Building Two Parking Garage	<input type="checkbox"/>	20,000,000	20,000,000	0	0
Bastrop Facility Strategic Plan	<input type="checkbox"/>	9,000,000	9,000,000	0	1,842,914
Cancer Prevention Building	<input type="checkbox"/>	110,400,000	110,400,000	0	76,906,250
Chimp Compound Expansion	<input checked="" type="checkbox"/>	7,330,000	0	7,330,000	4,639,322
Computer Center Relocation	<input checked="" type="checkbox"/>	12,000,000	0	12,000,000	4,362,532
Elevator Modernizations	<input checked="" type="checkbox"/>	3,000,000	0	3,000,000	2,760,000
Emergency Generator Plant	<input checked="" type="checkbox"/>	12,000,000	0	12,000,000	436,098
Energy Management Projects Phase II	<input checked="" type="checkbox"/>	15,500,000	0	15,500,000	14,260,000
Faculty Center Two	<input type="checkbox"/>	73,000,000	73,000,000	0	0
Faculty Center Two Parking Garage	<input type="checkbox"/>	20,000,000	20,000,000	0	0
FEMA 404 Projects	<input checked="" type="checkbox"/>	32,100,000	0	32,100,000	13,315,500

<u>Institution</u>	<u>Inst. Managed</u>	<u>CIP Project Cost Total</u>	<u>Project Cost OFPC Managed</u>	<u>Project Cost Inst. Managed</u>	<u>FY 2004-2005 Proj. Exp. Total</u>
FEMA 406 Projects	<input checked="" type="checkbox"/>	\$ 12,000,000	0	12,000,000	9,157,952
FHB Maintenance and Renovation	<input checked="" type="checkbox"/>	6,700,000	0	6,700,000	2,512,292
George and Cynthia Mitchell Basic Sciences Research Building	<input type="checkbox"/>	221,900,000	221,900,000	0	96,209,099
HMB Demolition	<input checked="" type="checkbox"/>	10,000,000	0	10,000,000	97,418
Library Expansion	<input checked="" type="checkbox"/>	7,000,000	0	7,000,000	0
Lutheran Pavilion Patient Tower Refurbishment	<input checked="" type="checkbox"/>	21,500,000	0	21,500,000	4,756,352
Mid-Campus Infrastructure	<input checked="" type="checkbox"/>	6,000,000	0	6,000,000	0
MSI Building Demolition	<input checked="" type="checkbox"/>	3,000,000	0	3,000,000	1,554,653
New Patient Care Facilities and Parking - (Part A)	<input type="checkbox"/>	98,600,000	98,600,000	0	585,393
New Patient Care Facilities and Parking - (Part B)	<input type="checkbox"/>	201,400,000	201,400,000	0	0
Patient Care Facility Garage North	<input type="checkbox"/>	20,000,000	20,000,000	0	0
PPB Redevelopment	<input checked="" type="checkbox"/>	19,000,000	0	19,000,000	9,707,517
Redevelopment	<input checked="" type="checkbox"/>	70,000,000	0	70,000,000	9,231,280
Research Lab Renovations	<input checked="" type="checkbox"/>	25,000,000	0	25,000,000	19,452,970
Roof Replacement Gimbel, Bates Freeman, Anderson Center, New Clark	<input checked="" type="checkbox"/>	4,000,000	0	4,000,000	1,695,570
Rotary House International Guest Services Build-out	<input checked="" type="checkbox"/>	3,000,000	0	3,000,000	2,198,473
Rotary House International Phase III	<input type="checkbox"/>	21,000,000	21,000,000	0	0
Science Park Res. Div. Infrastructure Upgrades/Griffin Bldg. Expansion	<input checked="" type="checkbox"/>	13,600,000	0	13,600,000	4,431,610
Smithville Facility Strategic Plan	<input type="checkbox"/>	30,000,000	30,000,000	0	6,143,046
South Campus Research Building Phase II	<input type="checkbox"/>	50,000,000	50,000,000	0	42,453,417
Tan-9 Floor Buildout	<input checked="" type="checkbox"/>	3,100,000	0	3,100,000	2,852,000
UT Research Park Building 3	<input type="checkbox"/>	50,000,000	50,000,000	0	5,370,689
UT Research Park Garage 2	<input type="checkbox"/>	5,000,000	5,000,000	0	4,600,000
UT Research Park Infrastructure Improvements	<input checked="" type="checkbox"/>	20,000,000	0	20,000,000	0
Subtotal U. T. M. D. A.C.C.		\$ 1,868,030,000	1,481,700,000	386,330,000	558,454,660
		Projected FY 2004	283,593,713	44,160,945	327,754,658
		Projected FY 2005	140,131,661	90,568,341	230,700,002
<u>The University of Texas Health Center at Tyler</u>					
Ambulatory Care Center - Phase II	<input type="checkbox"/>	\$ 2,178,000	2,178,000	0	1,856,377
Biomedical Research Wing Addition	<input type="checkbox"/>	11,513,250	11,513,250	0	9,963,389

Institution	Inst. Managed	CIP Project Cost Total	Project Cost OFPC Managed	Project Cost Inst. Managed	FY 2004-2005 Proj. Exp. Total
Subtotal U. T. H.C. Tyler		\$ 13,691,250	13,691,250	0	11,819,766
	Projected FY 2004		5,458,947	0	5,458,947
	Projected FY 2005		6,360,819	0	6,360,819
Subtotal Health Institutions		\$ 3,243,141,250	2,716,191,250	526,950,000	1,249,970,134
	Projected FY 2004		528,411,706	85,152,339	613,564,045
	Projected FY 2005		498,174,216	138,231,873	636,406,089
Total Major Construction Projects		\$ 4,591,908,800	3,942,214,099	649,694,701	1,938,561,346
	Total Projected FY 2004		784,518,730	124,732,708	909,251,438
	Total Projected FY 2005		849,626,325	179,683,583	1,029,309,908

**THE UNIVERSITY OF TEXAS SYSTEM
FY 2004-2009 Capital Improvement Program**

Attachment 2

PROJECTS REDESIGNATED IN THIS CIP

Institution	Previously Approved Project Name	Redesignated Project Name
<u>UT Arlington</u>	Intramural and Recreation Complex - Phase I	Intramural Field Renovation
<u>UT Austin</u>	Experimental Science Building Renovation	Experimental Science Building Renovation Phase I and II
	Institute for Geophysics and Bureau of Economic Geology/Additions and Renovations	Institute for Geophysics and Advanced Computing Center
	New Residence Halls and Food Service - Phase II	New Residence Halls - Phase II
	Texas Swim Center Renovation - Phase I and Phase II	Jamail Texas Swim Center Renovation - Phase I and Phase II
19 <u>UT Tyler</u>	Student Resident Home	Student Resident Home I
<u>UTSWMC Dallas</u>	Remodel Carey Basic Science Building	Remodel Carey, Holitzelle, and Danciger Basic Science Buildings
<u>UTHSC Houston</u>	Expansion of School of Health Information Sciences 2001-2002	Expansion of School of Health Information Sciences
	Freeman Building Replacement	Basic Sciences Research Building
	Mental Sciences Institute - Replacement Facility, Phase I	Mental Sciences Institute - Replacement Facility
<u>UTHSC San Antonio</u>	Medical Research Division	Medical Research Division of the RAHC
<u>UTMDACC</u>	Campus Circulation Improvements and Life Safety/Fire Access/ Pedestrian Traffic Improvements at Clark Entrance combined into Combined Backfill - Phase III	Ambulatory Clinical Building Backfill Phase III
	Federal Emergency Management Agency (FEMA) 404 Projects	FEMA 404 Projects
	Federal Emergency Management Agency (FEMA) 406 Projects	FEMA 406 Projects

**The University of Texas System
Fiscal Years 2004-2005 Capital Budget Repair and Rehabilitation Projects**

Attachment 3

	<u>Previously Approved Projects</u>			<u>New Projects</u>	<u>Total Projects</u>
	<u>Current Appropriations</u>	<u>Deleted or Reduced Appropriations</u>	<u>Additional Appropriations</u>	<u>Appropriations For Projects Initiated in the Capital Budget</u>	<u>Capital Budget Total Project Costs</u>
<u>UT Arlington</u>					
Fire and Life Safety and Security Projects	3,605,847				3,605,847
Intramural Field Renovation	3,300,000				3,300,000
New Chiller #5 and Infrastructure Improvements				4,200,000	4,200,000
Subtotal	6,905,847			4,200,000	11,105,847
<u>UT Austin</u>					
ADA Compliance Modifications and Improvements - Phase III				4,000,000	4,000,000
Applied Computational Engineering and Sciences Building (ACES) Fourth	3,600,000				3,600,000
Benedict/Mezes/Batts Renovation - Phase I	30,000,000				30,000,000
Campus Fire and Life Safety Improvements - Phase I	14,000,000				14,000,000
Campus Fire and Life Safety Improvements - Phase II				20,000,000	20,000,000
Experimental Science Building Renovation Phase I and II	35,000,000				35,000,000
Hogg Auditorium Renovation	8,000,000		7,000,000		15,000,000
Jamail Texas Swim Center Renovation - Phase I and Phase II	5,300,000				5,300,000
Old Student Health Center Renovation - Phase I	17,009,000				17,009,000
Performing Arts Center Infrastructure Upgrades - Phase I	400,000				400,000
Performing Arts Center Infrastructure Upgrades - Phase II				7,600,000	7,600,000
Pharmacy Building Renovation - Phase I	250,000				250,000
Stadium Fire and Life Safety	10,000,000				10,000,000
Utility Infrastructure Expansion/Upgrade	45,700,000				45,700,000
Subtotal	169,259,000		7,000,000	31,600,000	207,859,000
<u>UT Dallas</u>					
Activity Center Expansion	3,100,000				3,100,000
Founders/Founders Annex/Berkner Renovation	36,993,750				36,993,750
Subtotal	40,093,750				40,093,750
<u>UT El Paso</u>					
Campus Energy Performance Project				4,700,000	4,700,000
Kelly Hall Renovation of 3 Floors - Phase 1				2,286,000	2,286,000
Kelly Hall Renovation of 3 Floors - Phase 2				2,286,000	2,286,000
Seamon Hall Renovation	2,500,000	(400,000)			2,100,000
Subtotal	2,500,000	(400,000)		9,272,000	11,372,000
<u>UT Pan American</u>					
Administrative Offices Renovation	5,037,000				5,037,000
Campus Repair and Renovations	1,550,000				1,550,000
Subtotal	6,587,000				6,587,000
<u>UT Permian Basin</u>					
Mesa Building Improvements/Gymnasium Renovations, Phase I	9,350,000				9,350,000

**The University of Texas System
Fiscal Years 2004-2005 Capital Budget Repair and Rehabilitation Projects**

Attachment 3

	<u>Previously Approved Projects</u>			<u>New Projects</u>	<u>Total Projects</u>
	<u>Current Appropriations</u>	<u>Deleted or Reduced Appropriations</u>	<u>Additional Appropriations</u>	<u>Appropriations For Projects Initiated in the Capital Budget</u>	<u>Capital Budget Total Project Costs</u>
Subtotal	9,350,000				9,350,000
<u>UT SWMC Dallas</u>					
Remodel Carey, Holitzelle, and Danciger Basic Science Buildings	28,000,000	(3,000,000)			25,000,000
St. Paul University Hospital - Remodel	15,000,000	(3,000,000)			12,000,000
Subtotal	43,000,000	(6,000,000)			37,000,000
<u>UTMB Galveston</u>					
Ashbel Smith Building Renovation				3,000,000	3,000,000
Keiller Building Research Support	3,000,000				3,000,000
Library Facilities Upgrade	7,900,000				7,900,000
Rebecca Sealy Hospital Renovation	9,850,000				9,850,000
Research Facilities Expansion	48,000,000				48,000,000
TDCJ Hospital Cladding Restoration	6,560,000				6,560,000
TDCJ Hospital Fire Sprinklers	6,300,000		1,700,000		8,000,000
Subtotal	81,610,000		1,700,000	3,000,000	86,310,000
<u>UT HSC Houston</u>					
Completion of MSB Hazard Mitigation				10,000,000	10,000,000
Expansion of School of Health Information Sciences	3,000,000				3,000,000
Indoor Air Quality at the Medical School	26,200,000				26,200,000
Life Safety and Emergency Power Adaptations ongoing				3,000,000	3,000,000
Medical School Building - Rooftop Vivarium and Exterior Elevator	38,000,000				38,000,000
Repair of the Medical School Building, Phase I	50,000,000				50,000,000
Subtotal	117,200,000			13,000,000	130,200,000
<u>UTHSC San Antonio</u>					
Emergency , Fire and Safety Initiative, Phase I	9,000,000				9,000,000
Subtotal	9,000,000				9,000,000
<u>UTMDACC</u>					
American Disabilities Act Upgrades	6,000,000				6,000,000
Backfill Phase III	60,000,000		14,500,000		74,500,000
Elevator Modernizations				3,000,000	3,000,000
Energy Management Projects Phase II				15,500,000	15,500,000
FEMA 404 Projects	32,100,000				32,100,000
FEMA 406 Projects	12,000,000				12,000,000
FHB Maintenance and Renovation				6,700,000	6,700,000
HMB Demolition				10,000,000	10,000,000
Lutheran Pavilion Patient Tower Refurbishment	9,700,000		11,800,000		21,500,000
MSI Building Demolition				3,000,000	3,000,000
PPB Redevelopment	8,800,000		10,200,000		19,000,000
Redevelopment				70,000,000	70,000,000

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**The University of Texas System
Fiscal Years 2004-2005 Capital Budget Repair and Rehabilitation Projects**

Attachment 3

	<u>Previously Approved Projects</u>			<u>New Projects</u>	<u>Total Projects</u>
	Current Appropriations	Deleted or Reduced Appropriations	Additional Appropriations	Appropriations For Projects Initiated in the Capital Budget	Capital Budget Total Project Costs
Research Lab Renovations	25,000,000				25,000,000
Roof Replacement Gimbel, Bates Freeman, Anderson Center, New Clark	4,000,000				4,000,000
Rotary House International Guest Services Build-out	3,000,000				3,000,000
Science Park Res. Div. Infrastructure Upgrades/Griffin Bldg. Expansion	13,600,000				13,600,000
Tan-9 Floor Buildout				3,100,000	3,100,000
Subtotal	174,200,000		36,500,000	111,300,000	322,000,000
<u>UT HC Tyler</u>					
Ambulatory Care Center - Phase II	2,980,000	(800,000)			2,180,000
Subtotal	2,980,000	(800,000)			2,180,000
Totals	662,685,597	(7,200,000)	45,200,000	172,372,000	873,057,597

**Approval of Revenue Financing System Debt
For Certain Construction and Repair and Rehabilitation Projects in the FY 2004-2005 Capital Budget**

Component	Project	Type 1/	Total Project Cost	Amount of RFS or TRB	Type of Debt	Source of Funds for Repayment	Component DSC 2/		
							Level	Min	Max
U. T. Arlington	New Chiller #5 and Infrastructure Improvements	IM	4,200,000	4,200,000	RFS	Designated tuition	Component	1.81	3.51
U. T. Austin	Experimental Science Building Renovations Phase - I and II	R&R	35,000,000	35,000,000	RFS	Designated tuition	Component	1.29	1.88
U. T. Dallas	Activity Center Expansion	IM	3,100,000	3,100,000	RFS	Activity center fees	Project	1.42	2.13
	Founders/Founders Annex/ Berkner Renovation	R&R	36,993,750	21,993,750	TRB	Pledged revenues of the U. T. System	System	2.77	3.66
U. T. El Paso	Kelly Hall Renovations - Phase I	IM	2,286,000	686,000	RFS	Designated tuition	Component	1.82	2.87
	Kelly Hall Renovations - Phase II	IM	2,286,000	686,000	RFS	Designated tuition			
	Campus Energy Performance Project	R&R	4,700,000	4,700,000	RFS	Designated tuition			
U. T. Permian Basin	Mesa Building Improvements/ Gymnasium Renovations - Phase I	R&R	9,350,000	5,610,000	TRB	Pledged revenues of the U. T. System	System	2.77	3.66
	Student Housing - Phase II	INC	8,300,000	2,500,000	RFS	Housing revenues	Project	1.31	1.31
U. T. San Antonio	East Campus Surface Parking Phases - I and II	IM	2,594,500	2,594,500	RFS	Parking revenues	Project	1.29	1.50
U. T. Tyler	Student Resident Home II	IM	1,900,000	1,400,000	RFS	Housing revenues	Project	1.09	1.85
U. T. Southwestern Medical Center - Dallas	North Campus Phase IV	INC	307,600,000	56,000,000	TRB	Pledged revenues of the U. T. System	System	2.77	3.66
U. T. Medical Branch - Galveston	Day Care Center	IM	3,100,000	2,500,000	RFS	Day Care and Parking Revenues	Component	1.81	3.27
	Research Facilities Expansion	INC	77,000,000	23,600,000	RFS	Operating Revenues	Component	1.81	3.27
U. T. Health Science Center - Houston	Repair of the Medical School Building	IM	50,000,000	15,100,000	TRB	Pledged revenues of the U. T. System	System	2.77	3.66
	Completion of MSB Hazard Mitigation	IM	10,000,000	10,000,000	TRB				
	MSB - Rooftop Vivarium and Elevator	R&R	38,000,000	7,300,000	TRB				
U. T. Health Center - Tyler	Ambulatory Care Center - Phase II	IM	2,178,000	2,178,000	RFS	Patient income	Component	2.89	5.28
Total			598,588,250	199,148,250					

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1/ IM = Institutionally Managed; R&R = Repair and Rehabilitation; INC = Increase in RFS Debt.

2/ Component Debt Service Coverage ("DSC") is net revenue divided by debt service. TRB DSC is based on the U. T. System's combined financial forecast.

INFORMATIONAL REPORTS

1. U. T. System: Update on "Every Child, Every Advantage" Program

Dr. Edwin R. Sharpe, Vice Chancellor for Educational System Alignment, presented a report on The University of Texas System's "Every Child, Every Advantage" program, using a PowerPoint presentation included in the Agenda Book. Dr. Sharpe said the first school will consist of three grades (prekindergarten through first grade) to serve an inner city population in East Austin and will open on August 19, 2003. Vice Chancellor Sharpe and Chairman Miller recognized Mr. Sandy Kress, a partner with Akin, Gump, Strauss, Hauer & Feld, LLP, and Ms. Beth Ann Bryan, also of Akin, Gump and former special assistant to U.S. Secretary of Education Rod Paige, both consultants for the U. T. System as people who have contributed to changing public education issues in Texas.

Regent Estrada noted for the record the philanthropic support for the U. T. System from the San Antonio community, such as the Frost family and the SBC Foundation, which supports implementation of the UTeach program at The University of Texas at San Antonio.

Regent Krier thanked Dr. Sharpe for his leadership of this program that is an example of how the U. T. System helps the State of Texas on K-16 programs.

2. U. T. System: Update on Accountability and Compacts (Deferred)

At the request of Chairman Miller, a progress report by Dr. Geri H. Malandra, Assistant Vice Chancellor for Accountability, on development of The University of Texas System Accountability and Performance project and on the System's new Compact Process was deferred to a future Board meeting.

3. U. T. System: Quarterly report on gift acceptance

The Summary of Gift Acceptance for The University of Texas System for the period March 1, 2003, through May 31, 2003, is set forth on Page 25. The report includes 124 items conforming to Board policy including the acceptance of \$30,659,695 in gifts and other transfers of previously accepted

funds totaling \$1,908,661.27. The report includes only those funds that relate to endowments, estates, and other funds managed by the U. T. System Office of Development and External Relations.

<u># ALL</u> <u>ITEMS</u>	<u>COMPONENT INSTITUTION</u>	<u>TOTAL VALUE</u>
3	U. T. System Administration	\$ 55,000
11	U. T. Arlington	2,074,589
49	U. T. Austin	8,840,665 *
5	U. T. Brownsville	64,775 *
1	U. T. Dallas	515,050
7	U. T. El Paso	109,569
1	U. T. Pan American	70,000
2	U. T. Permian Basin	56,152
8	U. T. San Antonio	1,070,403
4	U. T. Tyler	85,000
6	U. T. Southwestern Medical Center - Dallas	10,292,876
4	U. T. Medical Branch - Galveston	35,021
6	U. T. Health Science Center - Houston	1,587,350 *
6	U. T. Health Science Center - San Antonio	1,573,027
10	U. T. M. D. Anderson Cancer Center	4,222,514
<u>1</u>	<u>U. T. Health Center – Tyler</u>	<u>7,703</u>
124	TOTAL	\$ 30,659,695

* Not included in total:

U. T. Austin: \$725,000 transfer of previously accepted funds; and

U. T. Brownsville: \$1,000,847.66 transfer of previously accepted funds; and

U. T. Health Science Center – Houston: \$182,813.61 transfer of previously accepted funds.

SPECIAL ITEMS

1. U. T. Board of Regents: Resolution on communications regarding governmental relations

Members of the Board discussed the need for a consistent message to be distributed to the public concerning the priorities and mission of The University of Texas System, as proposed in a draft resolution on communications regarding governmental relations included in the Agenda Book. No action was taken on the item.

Chairman Miller stressed the goal that everyone should understand their statutory, fiduciary, and policy duties and have an effective structure for communicating among various parties including internal and external parties.

2. U. T. Health Science Center - San Antonio and U. T. San Antonio: Discussion of cooperative activities regarding the San Antonio Life Sciences Institute

Chairman Miller acknowledged Senator Jeffrey Wentworth, San Antonio, and Mr. Gilbert Lorendo from the staff of Senator Van de Putte, San Antonio, who were present at the meeting. Mr. Miller and Chancellor Yudof thanked them, Senator Zaffirini, and others for their leadership on the San Antonio Life Sciences Institute legislation. Chancellor Yudof announced that \$6.5 million will be committed to the Institute for initial support to promote education and economic development in biomedicine and biotechnology. He said \$2.5 million will come from reserves from medical liability funding and \$4.5 million will come from the two institutions.

President Cigarroa and Steven A. Wartman, M.D., Ph.D., Executive Vice President for Academic and Health Affairs and Dean of the School of Medicine at The University of Texas Health Science Center at San Antonio; and President Romo and Dr. Guy Bailey, Provost and Vice President for Academic Affairs at The University of Texas at San Antonio, reported on the activities of the San Antonio Life Sciences Institute.

House Bill 1716, passed in the 77th Texas Legislature and codified as Texas Education Code Section 75.201, authorized the establishment of the San Antonio Life Sciences Institute to facilitate or enable collaborative and joint research and degree programs between U. T. Health Science Center - San Antonio and U. T. San Antonio. The Institute was identified by the U. T. Board of Regents in 2002 as one of the top implementation priorities for the two institutions and as an excellent structure for formal collaboration. The Institute was referenced in the U. T. Board of Regents' report to the Texas Legislature dated September 21, 2002, on the study of the feasibility of operating U. T. San Antonio and U. T. Health Science Center - San Antonio as a single research institution. This joint program was again discussed during the 78th Texas Legislature. While no funding was appropriated by the Legislature for either biennium, the two institutions have proceeded with planning efforts to develop doctoral degree programs in Biomedical Engineering, Neurosciences, and Sports Sciences.

The Institute will continue to develop strategies and programs to enhance the "pipeline" of students interested in health professions and scientific careers through teacher enrichment programs and other K-16 efforts.

Regent Estrada noted potential collaboration with Brooks Air Force Base and the Department of Defense to enhance the viability of Brooks to the community. Chairman Miller commended President Cigarroa and President Romo on this model of collaboration, adding this is a perfect opportunity for funding from the Governor's Economic Development Fund.

RECESS FOR COMMITTEE MEETINGS AND COMMITTEE REPORTS TO THE BOARD.--At 11:00 a.m., prior to consideration of the item on governmental relations (Item 1 on Page 25) and the Life Sciences Institute report (Item 2 on Page 26), the Board recessed for meetings of the Standing Committees, and Chairman Miller announced that at the conclusion of each committee meeting the Board would reconvene to approve the report and recommendations of that committee.

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

REPORTS AND RECOMMENDATIONS OF STANDING COMMITTEES

REPORT OF EXECUTIVE COMMITTEE (Page 28).--Chairman Miller reported that there were no items referred from the Executive Committee to the Board pursuant to Section 7, Subsection 7.1, Subdivision 7.14 of Chapter I of Part One of the Regents' Rules and Regulations.

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REPORT OF AUDIT, COMPLIANCE, AND MANAGEMENT REVIEW COMMITTEE (Page 28).--There were no items referred from the Audit, Compliance, and Management Review Committee to the Board pursuant to Section 7, Subsection 7.1, Subdivision 7.16 of Chapter I of Part One of the Regents' Rules and Regulations.

REPORT AND RECOMMENDATIONS OF THE HEALTH AFFAIRS COMMITTEE (Pages 29 - 36).--Committee Chairman Clements reported that the Health Affairs Committee met in open session to consider those matters on its agenda and to formulate recommendations for the U. T. Board of Regents. Unless otherwise indicated, the actions set forth in the Minute Orders which follow were recommended by the Health Affairs Committee and approved in open session by the U. T. Board of Regents:

1. U. T. M. D. Anderson Cancer Center: Approval of paid leave program

The 77th Texas Legislative Session passed House Bill 1545 [codified as Texas Education Code Section 51.961(h)] authorizing the governing board of a university system to adopt a comprehensive leave policy on behalf of employees working within the system's medical or dental units.

In accordance therewith and on behalf of The University of Texas M. D. Anderson Cancer Center, the Board:

- a. Adopted a paid leave program to be implemented on or before September 2004
- b. Authorized The University of Texas System through the Office of the Vice Chancellor for Administration and the Office of General Counsel to take all steps necessary to meet the requirements of Texas Education Code Section 51.961(h), including the execution of documents.

The U. T. M. D. Anderson Cancer Center leave program will be comprised of three primary components: (1) a bank of Paid Time Off (PTO) days to provide paid time off for an employee's discretionary use; (2) an Extended Illness Bank (EIB) of days to provide income replacement through paid leave in the case of serious illness of an employee or dependent; and (3) a Reduced Salary Paid Leave feature to, in conjunction with the paid leave program, provide the employee with income equal to 50% of base salary for a defined period of time.

2. U. T. M. D. Anderson Cancer Center: Determination of necessity and authorization to acquire real property located at 1301 Braeswood Boulevard, Houston, Harris County, Texas, through purchase or condemnation (Deferred)

The item related to acquisition of real property located at 1301 Braeswood Boulevard, Houston, Harris County, Texas, for The University of Texas M. D. Anderson Cancer Center was deferred on August 6, 2003, by the Health Affairs Committee.

3. U. T. M. D. Anderson Cancer Center: Authorization to purchase real property and infrastructure located at 5610 Guhn Road, Houston, Harris County, Texas

Authorization was granted to The University of Texas M. D. Anderson Cancer Center to:

- a. Purchase the real property and infrastructure located at 5610 Guhn Road, Houston, Harris County, Texas, at a total price of \$2.8 million plus related closing costs
- b. Submit a request to the Texas Higher Education Coordinating Board for approval of the transaction
- c. Expend local funds in an amount sufficient for the purchase
- d. Authorize the Executive Vice Chancellor for Business Affairs or the Executive Director of Real Estate to execute all documents, instruments, and other agreements and to take all further actions necessary to acquire the above real property.

Purchase of the existing data center building, fixtures, and infrastructure will provide an off-site data center to back up and protect mission-critical data of the institution and patient medical records. At present, M. D. Anderson Cancer Center leases equipment and space from a data center located in Pennsylvania.

The one-story building, consisting of 25,600 gross square feet, and infrastructure, consisting of three chillers, five air-handling units, three generators, and an uninterrupted power supply to serve the data processing space, has all the power, telecommunications connections, and climate conditions required for a data back-up center.

4. U. T. Medical Branch - Galveston: Approval of Master of Science and Doctor of Philosophy in Clinical Science

The Board:

- a. Established a Master of Science (M.S.) and a Doctor of Philosophy (Ph.D.) in Clinical Science at The University of Texas Medical Branch at Galveston
- b. Authorized submission of the proposal to the Texas Higher Education Coordinating Board for review and appropriate action.

In addition, the Coordinating Board will be asked to change the Table of Programs for the institution to reflect authorization for the degree programs.

The programs, which will be administered by the Graduate Program in Preventive Medicine and Community Health in the Graduate School of Biomedical Sciences (GSBS), are designed for students who seek more advanced training in the methods used for research in human subjects and populations.

Although there is no specific requirement in terms of course credit hours for the Ph.D., U. T. Medical Branch - Galveston students enrolled in the GSBS customarily earn 48-54 course credits to complete required and elective courses. At least 36 semester credit hours are required for the M.S. degree.

The curriculum will involve individualized degree plans that share common core courses as well as selected electives. Courses required for all students in the programs include: Statistical Methodology I, Introduction to Epidemiologic Methods, Prevention and Public Health, Research Methods, Ethics of Science, and Seminar.

Administration of these programs in Clinical Science will not require new funds and will utilize existing resources, including faculty and support staff. The five-year projected costs of \$465,441 are to support faculty and staff salaries and represent reallocated funds. The reallocated costs for the Clinical Science program have been integrated into the School of Medicine Department of Preventive Medicine and Community Health budget over the past three years. Current and future costs are part of the current and future operating budgets. Additional support has and will continue to come from School of Medicine endowments and faculty-generated funds as needed.

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

5. U. T. Medical Branch - Galveston: Authorization to conduct a private fundraising campaign

Authorization was granted to The University of Texas Medical Branch at Galveston to conduct a private fundraising campaign pursuant to the Regents' Rules and Regulations, Part One, Chapter VII, Section 5, Subsection 5.5 to fund priority areas of excellence. A range for the campaign goal has been set at \$150 - \$250 million over five years, beginning September 1, 2003, and concluding December 31, 2008.

The campaign will focus on funding for four areas of excellence, including (1) biodefense, infectious diseases, and vaccines; (2) longevity, chronic disease/molecular medicine, and neurosciences; (3) access to health care and telehealth; and (4) innovations in education.

6. U. T. Health Science Center - San Antonio: Approval of Master of Science in Respiratory Care

The Board:

- a. Authorized The University of Texas Health Science Center at San Antonio to establish a Master of Science (M.S.) in Respiratory Care
- b. Approved submission of the proposal to the Texas Higher Education Coordinating Board for review and appropriate action
- c. Authorized the Acting Executive Vice Chancellor for Health Affairs to certify on behalf of the Board of Regents that relevant Coordinating Board criteria for approval by the Commissioner of Higher Education have been met.

In addition, the Coordinating Board will be asked to change the Table of Programs for U. T. Health Science Center - San Antonio to reflect authorization for the degree program.

The M.S. in Respiratory Care is a 31-41 semester credit hour program under the School of Allied Health Sciences, Department of Respiratory Care, and the Graduate School of Biomedical Sciences.

This is an integrated program, building on the existing Bachelor of Science (B.S.) degree program and incorporating a postbaccalaureate advanced certificate option. Students entering the B.S. degree program may exit with a degree or continue to complete the postbaccalaureate certificate. Students completing the postbaccalaureate certificate may exit or choose to continue on to complete the M.S. degree.

The curriculum for the advanced certificate will consist of 16.5 semester credit hours of graduate-level coursework in management, education, research, issues and trends, and clinical specialization. Students desiring to complete the M.S. degree program will apply and continue on to complete a minimum of 14.5 additional semester credit hours of graduate-level coursework, for a total of 31 semester hours, which is the minimum for the M.S. degree.

The additional coursework will include a research seminar, supervised practicum, statistics, ethics, advanced respiratory care seminar, and thesis. Students may also choose from 0-6 semester hours of elective courses, which may include additional coursework in the areas of clinical research methods, biostatistics, or special topics in respiratory care.

The goals of the postbaccalaureate certificate program are to: (1) prepare advanced level respiratory therapists for clinical practice; (2) provide leadership training in the areas of management, supervision, education, and research; and (3) develop clinical specialists in the areas of adult critical care, pediatric critical care, neonatal critical care, pulmonary function technology and cardiopulmonary diagnostics, polysomnography, and other clinical areas, as needed.

Goals of the M.S. degree program are to: (1) prepare future faculty for college and university-based respiratory care educational programs; (2) develop individuals who can formulate appropriate questions, organize and test hypotheses, and apply research results to the practice of respiratory care; (3) prepare clinical practitioners with advanced knowledge and skills in basic and clinical sciences; and (4) prepare leaders, who are able to plan, develop, and deliver high quality, cost-effective health-care services.

There are currently five full-time faculty with the Department of Respiratory Care and one full-time faculty member with the Department of Medicine available to teach and provide student advisement. In addition, 15 faculty within the School of Allied Health Sciences and School of Medicine are available to provide thesis supervision.

The estimated five-year cost for the program is projected to be \$333,500. No new state funding is being requested. The funds for the program will be from formula income and designated tuition, with the majority of the funding coming from reallocation of existing funds.

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

7. U. T. System: Adjustment of the Plan participant premium rate for the U. T. System Professional Medical Liability Benefit Plan effective September 1, 2003, and authorization to return a portion of excess Plan reserves to participating U. T. System health components

The faculty participant premium rate for Fiscal Year 2004 for The University of Texas System Professional Medical Liability Benefit Plan was reduced by an average of 44%, and the premium rate for certain residents was changed, resulting in an increased average of 4%, both effective September 1, 2003, as shown on Pages 35 - 36. The premiums take into account certain tort reform measures passed by the 78th Texas Legislature that would limit the liability to \$100,000 for a physician or dentist employed by the State.

The Plan has excess reserves well above the actuarially projected risks associated with the Plan, and a return of \$50 million representing a portion of such excess reserves will be returned to the participating U. T. System health components, proportionately to the premiums paid for Fiscal Year 2003. This will be the seventh consecutive year for a partial return of Plan excess reserves. Further, an additional \$15 million will be returned to U. T. System health components for special projects as designated by the Chancellor following prior notification to the U. T. Board of Regents.

As of August 31, 2002, there were 5,652 staff and resident physicians of the U. T. System covered by the Plan, with basic liability limits of \$500,000 per claim for staff physicians and \$100,000 for residents. In addition, approximately 3,300 medical students are enrolled in the Plan by paying \$25 a year for \$25,000 coverage.

THE UNIVERSITY OF TEXAS SYSTEM PROFESSIONAL MEDICAL LIABILITY BENEFIT PLAN
Summary of Rates by Risk Class by Component

<u>Component</u>	<u>Risk Class 1</u>		<u>Risk Class 2</u>		<u>Risk Class 3</u>	
	<u>Staff</u>	<u>Resident</u>	<u>Staff</u>	<u>Resident</u>	<u>Staff</u>	<u>Resident</u>
UT Cancer Center	\$ 1,064	\$ 996	\$ 1,665	\$ 1,558	\$ 2,660	\$ 2,489
UT SMC Dallas	988	924	1,546	1,446	2,469	2,310
UTMB Galveston	1,571	1,469	2,458	2,299	3,926	3,672
UT HSC Houston	1,480	1,385	2,316	2,168	3,700	3,463
UT HSC San Antonio	1,183	1,107	1,851	1,733	2,957	2,768
UT HC Tyler	1,384	1,295	2,166	2,027	3,460	3,237
UT Austin	1,183	1,107	1,851	1,733	2,957	2,768
UT Arlington	1,183	1,107	1,851	1,733	2,957	2,768

<u>Component</u>	<u>Risk Class 4</u>		<u>Risk Class 5</u>	
	<u>Staff</u>	<u>Resident</u>	<u>Staff</u>	<u>Resident</u>
UT Cancer Center	\$ 4,948	\$ 4,629	\$ 7,289	\$ 6,820
UT SMC Dallas	4,593	4,297	6,766	6,330
UTMB Galveston	7,303	6,829	10,758	10,061
UT HSC Houston	6,882	6,441	10,137	9,488
UT HSC San Antonio	5,499	5,149	8,101	7,586
UT HC Tyler	6,435	6,022	9,479	8,871
UT Austin	5,499	5,149	8,101	7,586
UT Arlington	5,499	5,149	8,101	7,586

THE UNIVERSITY OF TEXAS SYSTEM PROFESSIONAL MEDICAL LIABILITY BENEFIT PLAN

Dental Rates by Component

<u>Component</u>	<u>Rates as of 9/1/2003</u>	
	<u>Staff</u>	<u>Residents</u>
<u>Dentist - NOC* (Risk Class A)</u>		
UT Cancer Center	\$ 372	\$ 348
UT SMC Dallas	346	323
UTMB Galveston	550	514
UT HSC Houston	518	485
UT HSC San Antonio	414	388
UT HC Tyler	484	453
UT Austin	414	388
UT Arlington	414	388
*No Other Classification		

Dentist - Oral Surgery (Risk Class B)

UT Cancer Center	\$ 1,665	\$ 1,558
UT SMC Dallas	1,546	1,446
UTMB Galveston	2,458	2,299
UT HSC Houston	2,316	2,168
UT HSC San Antonio	1,851	1,733
UT HC Tyler	2,166	2,027
UT Austin	1,851	1,733
UT Arlington	1,851	1,733

REPORT AND RECOMMENDATIONS OF THE ACADEMIC AFFAIRS COMMITTEE (Pages 37 - 49).--Committee Chairman Krier reported that the Academic Affairs Committee met in open session to consider those matters on its agenda and to formulate recommendations for the U. T. Board of Regents. Unless otherwise indicated, the actions set forth in the Minute Orders which follow were recommended by the Academic Affairs Committee and approved in open session by the U. T. Board of Regents:

1. U. T. Brownsville: Approval of Master of Science in Physics

The Board:

- a. Established a Master of Science (M.S.) in Physics at The University of Texas at Brownsville
- b. Authorized submission of the proposal to the Texas Higher Education Coordinating Board for review and appropriate action
- c. Authorized the Executive 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.

In addition, the Coordinating Board will be asked to change the Table of Programs for U. T. Brownsville to reflect authorization for the degree program.

The program will have two main tracks, either 30 semester credit hours plus thesis, or 36 semester credit hours of coursework and completion of a major research project. For admission, students will need to possess a bachelor's degree in physics from an accredited institution or possess a bachelor's degree in mathematics, chemistry, or engineering with advance undergraduate coursework in classic mechanics, quantum mechanics, classical electrodynamics, and mathematical physics.

The U. T. Brownsville Department of Physics and Astronomy currently has 11 full-time tenured or tenure-track faculty who will be directly involved in teaching and advising students in the program. In addition, the department has five postdoctoral research associates who will help teach and guide students with research-related projects. Three new faculty will join the department in 2004, one of whom will have partial support from The University of Texas at Dallas NanoTech Institute.

The main resources for the program are already in place. The existing faculty, grant funding, and agreements with The University of Texas at El Paso and U. T. Dallas are sufficient to support the program. Existing National Aeronautics and Space Administration (NASA) support for students will be \$350,000 per year for the next five years. Existing support for faculty, equipment, and postdoctoral associates will continue at \$700,000 per year for five years. Funding is also currently in place for clerical and staff support.

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

2. U. T. El Paso: Authorization of Doctor of Philosophy in Interdisciplinary Health Sciences

The Board:

- a. Authorized establishment of a Doctor of Philosophy (Ph.D.) in Interdisciplinary Health Sciences at The University of Texas at El Paso
- b. Approved submission of the proposal to the Texas Higher Education Coordinating Board for review and appropriate action.

In addition, the Coordinating Board will be asked to change the Table of Programs for the institution to reflect authorization for the degree program.

The program is designed to respond to the growing demand for doctorally-trained professionals in health-related fields and to address critical health research needs in Texas, especially those related to the U.S.-Mexico border region. Administered by the College of Health Sciences, the program will consist of at least 48 semester credit hours beyond the master's degree.

There are 23 current faculty members in the College of Health Sciences who are members of the graduate faculty and will teach and supervise students in the program. These faculty have demonstrated research and publication records. In FY 2002, the College of Health Sciences received over \$2.4 million in new grant awards. These extramural funds will provide support and research opportunities for graduate students enrolled in the program.

Estimated expenditures for the first five years of the program are \$1,843,957. This includes \$600,000 for new faculty positions, \$630,000 for additional teaching and research assistant positions, \$260,000 for additional staff, \$125,000 for program administration, and \$228,957 for equipment, library

resources, facilities renovation, and supplies. U. T. El Paso will commit \$624,544 of existing resources in addition to \$1,219,413 in formula funding to finance the first five years of the program.

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

3. U. T. Pan American: Approval of Master of Science in Occupational Therapy

The Board:

- a. Established a Master of Science (M.S.) in Occupational Therapy at The University of Texas - Pan American
- b. Authorized submission of the proposal to the Texas Higher Education Coordinating Board for review and appropriate action
- c. Authorized the Executive 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.

In addition, the Coordinating Board will be asked to change the Table of Programs for U. T. Pan American to reflect authorization for the degree program.

The M.S. in Occupational Therapy will be an entry-level master's program, preparing practitioners for entry-level licensure and is not considered an advanced master's degree. The program will require 71 semester credit hours of classroom and practical study. The program curriculum is designed to comply with the Accreditation Council for Occupational Therapy Education (ACOTE) Standards for an Accredited Educational Program for the Occupational Therapist. Graduates of the program will be eligible to take the ACOTE certification examination and apply for licensure.

The current Occupational Therapy program at U. T. Pan American is accredited by ACOTE, and the faculty and resources of the current program will be utilized in the new program.

Estimated increased expenditures for the first five years of the program are nominal. Funding currently available to the bachelor's-level program will be reassigned to the new master's-level program. Revenues will increase slightly due to increased formula funding.

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

4. U. T. System: Approval of revised Mission Statement for U. T. Arlington and expansion of degree planning authority

The Board:

- a. Authorized an editorial amendment to the introduction section and approved the revised Mission Statement for The University of Texas at Arlington as set forth on Pages 41 - 42
- b. Approved Tables of Programs for U. T. Arlington, The University of Texas at Brownsville, The University of Texas at Dallas, The University of Texas at El Paso, The University of Texas - Pan American, The University of Texas of the Permian Basin, The University of Texas at San Antonio, and The University of Texas at Tyler as set forth on Pages 41 - 49
- c. Authorized submission of the U. T. Arlington Mission Statement and Tables of Programs to the Texas Higher Education Coordinating Board for consideration.

Texas Education Code Section 61.051(e) requires the Texas Higher Education Coordinating Board to review public university Mission Statements and Tables of Programs every four years. These documents broadly describe the academic mission of each institution and the academic fields and degree levels that are appropriate to the mission. The Table of Programs specifically describes the current degree granting authority of each institution and those academic fields and degree levels within fields that each institution has the authority to plan for future degree offerings. Coordinating Board approval of new degree programs involves two steps: gaining planning authority for a program via the Table of Programs and submitting an acceptable proposal.

**The University of Texas at Arlington
Expansion of Degree Planning Authority and
Changes to Mission Statement**

Visual & Performing Arts:

Planning Authority for a Master's in
Visual & Performing Arts.

**MISSION STATEMENT TO FULFILL THE CONDITIONS OF SACS
ACCREDITATION**

The University of Texas at Arlington is a comprehensive research, teaching, and public service institution whose mission is the advancement of knowledge and the pursuit of excellence. The University is committed to the promotion of lifelong learning through its academic and continuing education programs and to the formation of good citizenship through its community service learning programs. The diverse student body shares a wide range of cultural values and the University community fosters unity of purpose and cultivates mutual respect.

As a University, we affirm our commitment to the following objectives:

- The University is committed to comprehensive programs of academic research. This research effort requires attracting and retaining scholars who promote a culture of intellectual curiosity, rigorous inquiry, and high academic standards among their fellow faculty and the students they teach.
- The University prepares students for full, productive lives and informed and active citizenship. To that end, we have developed undergraduate and graduate curricula and classroom practices that engage students actively in the learning process. Outside the classroom a wide range of student organizations and activities contribute to the learning environment. Our service learning program offers students the opportunity to supplement their academic study with internships in a variety of community settings, testing their skills and aptitudes and challenging their values. State-of-the-art teaching technologies, distance education, and off-site instruction afford access to off-campus as well as traditional students. Nondegree certificate and continuing education programs offer practical, aesthetic, and intellectually stimulating opportunities for community learners, for individual courses or a sustained program of study.
- The mission of a university can be achieved only when its students, faculty, staff, and administrators value and promote free expression in an atmosphere of tolerance, responsibility, and trust. The University regards these attributes as prerequisites for any community of learners and vigilantly strives to maintain them.

- Mindful of its role as a resource to the community, locally, nationally, and internationally, the University continually seeks partnerships with public and private concerns in order to advance the economic, social, and cultural welfare of its constituencies. We serve the needs of the North Texas community by sponsoring public lectures and academic symposia, as well as artistic, musical, and dramatic productions.

**The University of Texas at Brownsville
Expansion of Degree Planning Authority**

Public Administration & Services:	Planning Authority for Master's degrees in Public Policy and Administration, and Social Work.
Law & Legal Studies:	Planning Authority for a Master of Arts in Juvenile Justice.
Visual & Performing Arts:	Planning Authority for a Master's in Music.
Conservation & Renewable Nat. Resources:	Planning Authority for a Bachelor of Science in Environmental Science.
Computer & Information Sciences:	Planning Authority for Master of Science degrees in Computer Science and Software Engineering.
Physical Sciences:	Planning Authority for a Cooperative, with one or more U. T. Components, Ph.D. in Physics, and a Master of Science in Physics.
Parks, Rec., Leisure, & Fitness Studies:	Planning Authority for Bachelor's and Master's in Arts in Hospitality Management.
Business Mgmt. & Admin. Services:	Planning Authority for a Master's in Accountancy.
Education:	Planning Authority for a Cooperative, with one or more U. T. Components, Ed.D. or Ph.D. in Curriculum & Instruction.
Health Professions & Related Sciences:	Planning Authority for a Master of Science in Physician Assistant, and Master's in Speech-Language Pathology.

**The University of Texas at Dallas
Expansion of Degree Planning Authority**

Communications:	Planning Authority for a Master's and Bachelor's in Communications.
Foreign Languages & Literatures:	Planning Authority for a Bachelor's in Foreign Languages & Literatures.
English Language & Literature Letters:	Planning Authority for a Ph.D. in English Language & Literature Letters.
Multi/Interdisciplinary Studies:	Planning Authority for a Ph.D. in Multi/Interdisciplinary Studies.
Social Sciences and History:	Planning Authority for a Ph.D. in Social Sciences and History.
Visual & Performing Arts:	Planning Authority for a Master's and Ph.D. in Visual & Performing Arts.

**The University of Texas at El Paso
Expansion of Degree Planning Authority**

Architecture & Related Programs:	Planning Authority for a B.S. in Architecture and a Master's in Urban Planning.
Communications:	Planning Authority for Master's degrees in various areas of Communication, including Journalism and Mass Communication and Communication Technology such as web development and distance education.
Computer & Information Systems:	Planning Authority for a Ph.D. in Computer Science.
Education:	Planning Authority for a Ph.D. in Curriculum and Instruction.
Engineering:	Planning Authority for Ph.D. in Electrical Engineering.
Law & Legal Studies:	Planning Authority for Undergraduate and Master's programs.
English Language & Literature/Letters:	Planning Authority for Ph.D. in Comparative Literature.
Biological/Life Sciences:	Planning Authority for Ph.D.s in Biosystematics and Ecology.
Mathematics:	Planning Authority for a Ph.D. in Computational Science (applied math).
Physical Sciences:	Planning Authority for a Ph.D. in Chemistry.
Psychology:	Planning Authority for Ph.D.-level studies in Applied and Experimental Psychology.
Social Sciences & History:	Planning Authority for a Ph.D. in Public Policy and Regional Development.

**The University of Texas - Pan American
Expansion of Degree Planning Authority**

- Engineering:** Planning Authority for a Ph.D. in Industrial/Manufacturing Engineering, a Master's in Engineering/Industrial Management, and a Bachelor's in Civil Engineering and Computer Engineering.
- English Language & Literature/Letters:** Planning Authority for a Ph.D. in English Composition, and a Master of Fine Arts in Creative Writing.
- Health Professions & Related Sciences:** Planning Authority for a Cooperative, with one or more U. T. Components, Ph.D. in Rehabilitation Sciences, a Cooperative, with one or more U. T. Components, Ph.D. in Biomedical Life Sciences, and a Master's in Physician Assistant.
- Physical Sciences:** Planning Authority for a Master's in Chemistry and Physics.
- Social Sciences & History:** Planning Authority for a Master's in International Studies.

**The University of Texas of the Permian Basin
Expansion of Degree Planning Authority**

Communications:	Planning Authority for a Master of Arts in Communication.
Engineering:	Planning Authority for Bachelor's degrees in Control Engineering, Petroleum Engineering, and Industrial Technology.
Public Administration and Services:	Planning Authority for Bachelor's and Master's degrees in Public Administration.
Visual and Performing Arts:	Planning Authority for a Master's degree in Visual Arts.
Education:	Planning Authority for a Cooperative, with one or more U. T. Components, Ph.D. program in Educational Leadership.

Removal of restrictions in program areas where the institution offers one or more degrees to allow for additional planning.

**The University of Texas at San Antonio
Expansion of Degree Planning Authority**

Architecture and Related Programs:	Planning Authority for a Bachelor's in Construction Sciences.
Education:	Remove limitations to allow full planning authority in the field of Education.
Engineering:	Remove limitations to allow full planning authority in the field of Engineering.
Biological/Life Sciences:	Remove limitations to allow full planning authority in the field of Biological/Life Sciences.
Mathematics:	Planning Authority for a Ph.D. in Applied Mathematics and a Ph.D. in Statistics.
Physical Sciences:	Planning Authority for a Ph.D. in Chemistry.
Psychology:	Planning Authority for a Ph.D. in Psychology and a Ph.D. in School Psychology.
Public Administration and Services:	Planning Authority for a Ph.D. in Public Policy, a Master's of Social Work degree, and a Bachelor's in Urban Studies.
Social Sciences and History:	Remove limitations to allow full planning authority within the field and include planning authority for a Ph.D. in Anthropology, a Ph.D. in Political Science and a Ph.D. in Sociology.
Business Management and Administrative Services:	Formally recognize that the University already offers a Ph.D. in business with concentrations in accounting, finance, organizational behavior and information systems and grant unlimited planning authority within the field.

**The University of Texas at Tyler
Expansion of Degree Planning Authority**

Conservation & Renewable Nat. Resources:	Planning Authority for a Bachelor's in Environmental Science Studies.
Philosophy:	Planning Authority for a Bachelor's in Religious Studies.
Business Mgmt. & Admin. Services:	Request permission to examine the feasibility of a Ph.D. in Human Resource Development.
Education:	Planning Authority for a Cooperative, with one or more U. T. Components, Ph.D. in Educational Administration.
Engineering:	Planning Authority for a Bachelor of Science in Civil Engineering, and a Master of Science in Civil Engineering.
Engineering-Related Technologies:	Planning Authority for a Bachelor of Science in Construction Management.
Health Professions & Related Sciences:	Planning Authority for a Cooperative, with one or more U. T. Components, Ph.D. in Clinical Exercise Physiology, and a Cooperative, with one or more U. T. Components, Ph.D. in Nursing.

REPORT AND RECOMMENDATIONS OF THE FINANCE AND PLANNING COMMITTEE (Pages 50 - 110).--Committee Chairman Hunt reported that the Finance and Planning Committee met in open session to consider those matters on its agenda and to formulate recommendations for the U. T. Board of Regents. Unless otherwise indicated, the actions set forth in the Minute Orders which follow were recommended by the Finance and Planning Committee and approved in open session by the U. T. Board of Regents:

1. U. T. System: Approval of Docket No. 114 (Catalog Change)

The Board approved Docket No. 114 in the form distributed by the Counsel and Secretary to the Board. It is attached following Page 113 in the official copies of the Minutes and is made a part of the record of this meeting.

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

2. U. T. System: Authorization to transfer funds between legislative appropriation items during the biennium beginning September 1, 2003

In order to provide the most effective utilization of the General Revenue Appropriations during the biennium beginning September 1, 2003, the following resolution was adopted by the Board:

RESOLUTION

Pursuant to the appropriate transfer provisions of the General Appropriations Act of the 78th Legislature, it is hereby resolved that the State Comptroller be requested to make necessary transfers within the legislative appropriations (and/or Cost Centers) from the General Revenue Fund as authorized by the Chief Financial Officer of each entity as follows:

The University of Texas at Arlington
The University of Texas at Austin
The University of Texas at Brownsville
The University of Texas at Dallas
The University of Texas at El Paso
The University of Texas - Pan American
The University of Texas of the Permian Basin
The University of Texas at San Antonio
The University of Texas at Tyler
The University of Texas Southwestern Medical Center at Dallas

The University of Texas Medical Branch at Galveston
The University of Texas Health Science Center at Houston
The University of Texas Health Science Center at San Antonio
The University of Texas M. D. Anderson Cancer Center
The University of Texas Health Center at Tyler
The University of Texas System Administration

3. U. T. System: Approval to exceed the full-time equivalent limitation on employees paid from appropriated funds

Article IX, Section 6.14 of the General Appropriations Act passed by the 77th Texas Legislature places a limit on the number of full-time equivalent (FTE) employees paid from appropriated funds that an institution may employ without written approval from the Governor and the Legislative Budget Board. In order to exceed the FTE limitation, a request must be submitted by the governing board and must include the date on which the board approved the request, a statement justifying the need to exceed the limitation, the source of funds to be used to pay the salaries, and an explanation as to why the functions of the proposed additional FTEs cannot be performed within current staffing levels.

The Board approved those institutions, as set forth in the table on Page 52, to exceed the number of FTE employees for Fiscal Year 2004 that are authorized in Article III of the General Appropriations Act. U. T. System Administration did not exceed the FTE limitation. Further, as required by Article IX, Section 6.14 of the General Appropriations Act, the U. T. Board of Regents will submit a request to the Governor's Office and the Legislative Budget Board to grant approval for these institutions to exceed the authorized number of FTE employees paid from appropriated funds.

Counsel and Secretary's Note: On September 17, 2003, the U. T. Board of Regents submitted the required letter and supporting materials to the Governor's Office and the Legislative Budget Board.

**The University of Texas System
EXPLANATION OF REQUESTS TO EXCEED
FULL-TIME EQUIVALENT LIMITATION
Fiscal Year 2004**

Component	Requested FTE Increase*	Major Reasons for Request
U. T. Arlington	58.34	To achieve goals outlined in the Texas Higher Education Coordinating Board's Closing the Gaps program.
U. T. Brownsville	469.88	The FTE cap in the Appropriations Bill does not include staff associated with Texas Southmost College. This request is a technical adjustment to the Appropriations Bill.
U. T. El Paso	60.00	To meet demand of enrollment growth.
U. T. Pan American	123.32	To meet demand of enrollment growth and the expansion of academic programs.
U. T. Permian Basin	16.00	To meet enrollment goals and growth.
U. T. San Antonio	91.00	To meet demand of enrollment growth and continue efforts to increase total semester credit hours taught by tenured faculty.
U. T. Health Science Center - San Antonio	137.00	The Appropriations Bill was funded near "current services" level. The FTE cap was set at a level far below current FTEs. This request restores the FTEs to a level required to maintain current services.
U. T. M. D. Anderson Cancer Center	480.00	To continue to provide the standard of care and services to an increasing number of patients and improve the capacity to deliver cancer care. To provide research programs with financial support and resources to grow and prosper.

*Educational and General Funds are the source of funding for these increases.
U. T. M. D. Anderson Cancer Center will also use Patient Income as a source of funds.

4. U. T. System: Adoption of a new Regental Policy on Presidential Cash Compensation

To assist in the determination of appropriate compensation for The University of Texas System component institution presidents, the Board of Regents adopted a Regental Policy entitled The University of Texas System Presidential Cash Compensation Policy. The Policy, to be implemented in stages, simplifies compensation structure and valuation methodologies and is set forth below:

THE UNIVERSITY OF TEXAS SYSTEM
PRESIDENTIAL CASH COMPENSATION POLICY

1. Purpose

This Policy sets forth the cash compensation structure that is authorized for presidents of the component institutions of The University of Texas System. It is prospective in nature and application and is not intended to be applied retroactively. It does not pertain to, nor affect, benefit programs such as insurance, retirement, and deferred compensation, which may also be a part of a president's overall compensation package.

2. Policy

In order to attract and to retain effective, highly skilled, and committed presidents of the component institutions of The University of Texas System and to recognize their professional achievements, it is the policy of The University of Texas System to offer competitive levels of cash compensation within a compensation structure that is applied consistently. This Policy establishes and defines the various elements for the cash compensation portion of the presidential compensation package. Compensation packages for the presidents are recommended by the appropriate Executive Vice Chancellor to the Chancellor, and then by the Chancellor to the Board for approval.

3. Procedures

3.1 Base Salary

3.1.1 The base salary rate for each president shall be set by The University of Texas System based on a review of state and national compensation survey data for respective peer institutions. Comparable salaries are

reported in surveys by the College and University Personnel Association and other nationally recognized organizations. These surveys typically exclude allowances such as car, housing, and housekeeping, and retirement plans and other fringe benefits.

3.1.2 In addition to the base salary rate, each president shall receive as part of his or her base salary the market value of one half-time housekeeper. The market value shall be calculated by taking 65% of the average mid-point salary of the housekeeper positions included in The University of Texas System Classified Pay Plan; that calculation is intended to establish a market value that reflects the salary and benefits of a half-time housekeeping position. Each president, at his or her option, may privately employ a housekeeper, in which event the president shall be responsible for the tax-related implications and expenses associated with the employment of the housekeeper, or the president may elect to use the services of the institution's housekeeping staff, in which event the president shall reimburse the institution for the salary and benefits associated with that use. Each institution, at the institution's expense, shall provide appropriate housekeeping and other support services for business-related functions held at the president's residence.

3.2 Practice Plan Supplement

The bylaws of the physician practice plans provide that the compensation for the presidents of the health component institutions may be supplemented by up to 30% of the president's salary from practice plan funds. The supplement is contingent on availability of funds in the practice plan. Practice plan supplements are included in national surveys of chief executive compensation. The practice plan salary supplement is not a part of the base salary and shall be reported as a separate element of the health president's cash compensation because of the special nature of the source of funding. Practice plan supplements are not eligible for Teacher Retirement System and Optional Retirement Program retirement benefits or other retirement benefits and no employer matching contributions may be made with respect to practice plan supplements.

3.3 Salary Supplement

- 3.3.1 The salary supplement shall be paid in lieu of a housing allowance to all presidents, including those who are provided a residence owned by The University of Texas System. It is intended to cover the hypothetical cost of a model residence, as described below. The salary supplement shall be eligible for retirement benefits but is not a part of the base salary.
- 3.3.2 The amount of the salary supplement shall be calculated by determining the fair market rental value of a standardized model residence containing 4,100 square feet of improvements and located where the president owns or leases his or her personal residence. In the case of a president who is provided a residence owned by The University of Texas System, the 4,100 square foot model residence shall be valued as if situated where the institutionally-owned residence is located.
- 3.3.3 When a new president takes office, he or she shall initially receive a salary supplement equal to the most recent fair market rental value determined for the location of his or her predecessor's residence until such time as he or she obtains permanent housing. It is anticipated that the new president will obtain permanent housing within one year of hire date. If, after one year, the president has not obtained permanent housing, the value of the salary supplement shall be calculated based on the fair market rental value of the 4,100 square foot model residence located at the president's current residence location.
- 3.3.4 In no event may the amount of the salary supplement exceed the fair market rental value of the 4,100 square foot model residence calculated at the location of the Bauer House (the official residence of the U. T. System Chancellor).
- 3.3.5 No separate allowance for maintenance, utilities, landscaping, or other expenses attributable to the president's residence may be paid. All personal expenses associated with a president's residence are intended to be covered by the salary supplement.

3.3.6 Except as provided in the following sentence, each president of a component institution for which a residence owned by The University of Texas System is available shall have the option of leasing from The University of Texas System the institutionally-owned residence or acquiring a personal residence. If, however, the Board makes arrangements with the president that require the president to reside in the institutionally-owned residence or if covenants, conditions, or restrictions applicable to the institutionally-owned residence require occupancy by the president, then the president shall reside in the institutionally-owned residence.

3.3.7 Those presidents who either elect to or are required, as provided in Section 3.3.6, to reside in an institutionally-owned residence shall enter into a lease of the residence with The University of Texas System. The rental rate to be paid by the president under the lease shall be based on the current fair market rental value of that portion of the residence that is used as the president's private residence.

3.4 No Car Allowance

No separate car allowance may be provided to presidents of the component institutions. A component institution may reimburse a president for business use of the president's personal vehicle in accordance with the latest published Internal Revenue Service guidelines, the State Travel Regulations Act (Texas Government Code Chapter 660), and applicable institutional policies.

3.5 Institutionally-Provided Property and Services

3.5.1 Institutionally-provided property and services, such as club memberships, shall not be considered elements of a president's cash compensation. Such property and services shall be subject to appropriate authorization and approval and monitoring of personal use and business use.

3.5.2 No tax equity adjustments may be paid to a president. Tax equity adjustments are cash compensation to the president for the federal income tax consequences to the president arising out of the president's personal use

of institutionally-provided property or services. Rather, each president shall reimburse the institution for his or her personal use of institutionally-provided property and services at appropriate rates as determined by the institution in accordance with Internal Revenue Service guidelines and applicable institutional policies.

4. Authority

The statutory authority for this Policy is provided by Texas Education Code Section 65.31, General Powers and Duties.

5. Applicability

This Policy is applicable to each component institution of The University of Texas System (each referred to herein as an “institution” or “component institution”).

6. Interpretation

The Counsel and Secretary to the Board of Regents officially interprets this Policy and is responsible for proposing revisions to the Board of Regents as necessary to meet the changing needs of The University of Texas System and statutory and regulatory requirements.

7. Approval and Revisions

The Policy reflects the recommendations of a review team that was established following the August 7, 2002, Executive Session of the U. T. Board of Regents at which presidential compensation was considered. The Board requested that U. T. System Administration staff review each of the cash and noncash elements comprising the institutional presidents’ compensation for opportunities to simplify the compensation structure and provide appropriate and consistent System-wide policies. The compensation structure, as it then existed, had developed over the years and had been administered in the absence of a formal policy, resulting in inconsistent applications and some confusion as to the varying elements of compensation. The review team consisted of representatives from the Office of Business Affairs, Office of the Board of Regents, Office of the Controller, Real Estate Office, Office of General Counsel, Office of Health Affairs, and Office of Academic Affairs.

5. U. T. Board of Regents: Approval of Second Amended and Restated Investment Management Services Agreement with The University of Texas Investment Management Company (UTIMCO)

The Board of Directors of The University of Texas Investment Management Company (UTIMCO) recommended and the U. T. Board of Regents approved the Second Amended and Restated Investment Management Services Agreement effective August 7, 2003, as set forth on Pages 60 - 74. The Agreement amends and restates the Amended and Restated Investment Management Services Agreement effective November 16, 2000, and amended by a first amendment effective March 1, 2001.

The amendments add and revise certain sections in the Amended and Restated Investment Management Services Agreement to accomplish the following:

- a. Clarify the role of the U. T. Board of Regents, the Chancellor, and the President of UTIMCO related to matters of public policy (Section 2)
- b. Require an annual review of the Investment Policy Statements of The University of Texas System Funds under UTIMCO's management by UTIMCO and System Administration staff (Section 3a)
- c. Institute reporting requirements by UTIMCO to provide quarterly compliance reports to the U. T. Board of Regents or its designee and to certify reports in a manner consistent with standards set forth in the Sarbanes-Oxley Act of 2002 (Section 3f)
- d. Add a Disclosure of Information section regarding private investments (Section 3g)
- e. Clarify that UTIMCO is subject to the Texas Open Meetings Act, Chapter 551 of the Texas Government Code (Section 12). With limited exceptions, the Texas Legislature codified UTIMCO's prior practice of observation of the provisions of the Texas Open Meetings Act effective September 1, 2002
- f. Delete outdated language on confidentiality to be consistent with other wording in the agreement (Section 21), delete unnecessary or ambiguous language [Sections 7(a), 8, and 18, and former Section 22], and add clarifying language (Section 4).

- g. Amend the termination provisions to require 90 days' notice before UTIMCO may terminate the agreement (Section 15).

See related revisions to the UTIMCO Bylaws (Pages 75 - 76) and to the Regents' Rules and Regulations (Pages 104 - 106).

SECOND AMENDED AND RESTATED INVESTMENT MANAGEMENT SERVICES AGREEMENT

This Second Amended and Restated Investment Management Services Agreement (this "Agreement") by and between the Board of Regents (the "U. T. Board") of The University of Texas System (the "U. T. System") and The University of Texas Investment Management Company ("UTIMCO"), a Texas nonprofit corporation, is effective August 7, 2003 (the "Effective Date"), and amends and restates that certain Amended and Restated Investment Management Agreement by and between the U. T. Board and UTIMCO, effective November 16, 2000, as amended by the first amendment effective March 1, 2001, which amended and restated that certain Investment Management Services Agreement by and between the U. T. Board and UTIMCO, effective March 1, 1996, as amended by the first amendment effective June 2, 1997, the second amendment effective November 12, 1998, and the third amendment effective September 1, 1999.

RECITALS

WHEREAS, the U. T. Board, pursuant to the Constitution and statutes of the State of Texas, is responsible for the investment of the Permanent University Fund, the local and institutional funds of the U. T. System and the funds of various trusts and foundations for which it serves as trustee, all of which funds are under the control and management of the U. T. Board; and

WHEREAS, Section 66.08, Texas Education Code, as amended, authorizes the U. T. Board, subject to certain conditions, to enter into a contract with a nonprofit corporation for the corporation to invest funds under the control and management of the U. T. Board, as designated by the U. T. Board; and

WHEREAS, UTIMCO has been organized under the laws of the State of Texas, including the Texas Nonprofit Corporation Act, Article 1396-1.01 et seq., Vernon's Texas Civil Statutes, for the express purpose of investing funds under the control and management of the U. T. Board, as designated by the U. T. Board, in accordance with the laws of the State of Texas; and

WHEREAS, the U. T. Board desires to enter into this Agreement with UTIMCO in order to provide for UTIMCO to invest certain designated funds under the control and management of the U. T. Board; and

WHEREAS, UTIMCO desires to enter into this Agreement with the U. T. Board and to invest certain designated funds under the control and management of the U. T. Board; and

WHEREAS, all conditions precedent to the execution and delivery of this Agreement have been fully satisfied and fulfilled, including, without limitations, the conditions established by Section 66.08, Texas Education Code, as amended;

NOW THEREFORE, for and in consideration of the premises and the mutual promises contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

AGREEMENT

Section 1. Definitions.

Accounts shall mean those funds for which the U. T. Board has responsibility, namely (a) the Permanent University Fund, excluding PUF Lands, (b) the Permanent Health Fund, (c) the U. T. Board Accounts and (d) the U. T. Board Trust Accounts.

Available University Fund or AUF shall mean the fund that consists of the distributions made to it from the total return on all investment assets of the Permanent University Fund, including the net income attributable to the surface of PUF Lands, all as provided by Article VII, Section 18 of the Texas Constitution.

Affiliate shall mean an entity directly or indirectly controlling, controlled by, or under common control with UTIMCO, including an entity with whom UTIMCO has an express or implied agreement regarding the direct or indirect purchase of investments by each from the other.

Claims shall mean all claims, lawsuits, causes of action and other legal actions and proceedings of whatever nature brought against (whether by way of direct action, counter claim, cross action, or impleader) any Indemnified Party and all requests or demands for indemnification made by any third party upon any Indemnified Party, even if groundless, false or fraudulent, so long as the claim, lawsuit, cause of action, other legal action or proceeding, request or demand is alleged or determined, directly or indirectly, to arise out of, result from, relate to or be based upon, in whole or in part, the duties, activities, acts or omissions of any person arising under this Agreement.

Custodian or Custodians shall mean a commercial bank, trust company or other entity selected by UTIMCO to hold and safekeep physical securities representing investment assets of any Account and to perform the other functions listed in Section 5 hereof. The primary Custodian as of the effective date of this Agreement is Mellon Trust of Everett, Massachusetts. Substitute or additional Custodians may be appointed by UTIMCO from time to time.

General Endowment Fund or **GEF** shall mean the pooled fund for the collective investment of long-term funds under the control and management of the U. T. Board. The PUF, PHF, LTF or other long-term funds may invest in the GEF as authorized by the U. T. Board in each fund's investment policy statement.

Indemnified Parties shall mean UTIMCO and any of its officers, directors, employees and agents.

Investment Policies shall mean the written investment policies determined and approved by the U. T. Board relating to the Permanent University Fund, General Endowment Fund, Permanent Health Fund, Long Term Fund, Separately Invested Funds, Short Intermediate Term Fund and the Short Term Fund. Amendments may be presented by UTIMCO to the U. T. Board for review and approval.

Long Term Fund or **LTF** shall mean the long-term pooled investment fund previously established by the U. T. Board for the collective investment of all endowment and other long-term funds of component institutions of the U. T. System.

Losses shall mean losses, costs, damages, expenses, judgments and liabilities of whatever nature (including, but not limited to, attorneys', accountants' and other professionals' fees, litigation and court costs and expenses, amounts paid in settlement, amounts paid to discharge judgments and amounts payable by an Indemnified Party to any other person under any arrangement providing for indemnification of that person) directly or indirectly resulting from, arising out of or relating to one or more Claims.

Permanent Health Fund or **PHF** shall mean collectively the permanent funds for health-related institutions established pursuant to Chapter 63, Texas Education Code, for which the U. T. Board is an administrator.

Permanent University Fund or **PUF** shall mean the constitutional fund known by that name and established pursuant to Article VII, Section 11 of the Texas Constitution.

Permanent University Fund Lands or **PUF Lands** shall mean approximately 2.1 million acres of land located in 24 Texas counties, primarily in West Texas, and constituting a part of the Permanent University Fund.

Separately Invested Funds or **SIFs** shall mean U. T. System Funds or U. T. Board Trust accounts which, by election of the U. T. Board or by requirement of the trust indenture or donative instrument, are invested separately and apart from other U. T. System Funds and the PUF.

Short Intermediate Term Fund or SITF shall mean the short intermediate term pooled investment fund previously established by the U. T. Board for the collective investment of funds (other than endowment and other long-term funds, including the Permanent University Fund) of the component institutions of the U. T. System.

Short Term Fund or STF shall mean the money market mutual fund or funds approved by UTIMCO from time to time as an investment for U. T. System Funds.

U. T. Board Accounts shall mean the investment assets of the General Endowment Fund and U. T. System Funds.

U. T. Board Trust Accounts shall mean the assets of charitable remainder trusts, foundations and other separately invested funds for which the U. T. Board serves as trustee on behalf of itself and other co-beneficiaries.

U. T. System Funds shall mean all funds under the control and management of the U. T. Board, other than the Permanent University Fund, the Permanent Health Fund and the U. T. Board Trust Accounts.

Section 2. Delegation of Investment Authority; Retention of Policy Setting Authority.

The U. T. Board hereby appoints UTIMCO as its investment manager with complete authority to act for the Board in the investment of the Accounts, subject, however, to such limitations and restrictions as are set forth in the Investment Policies. UTIMCO shall furnish the U. T. Board with continuous investment management services and shall invest and reinvest the assets of the Accounts in such ways and at such times as are consistent with the Investment Policies and Section 4 hereof. UTIMCO shall be responsible for overall management of the U. T. Board's investment affairs as covered by this Agreement and shall manage each Account as a discretionary account.

The U. T. Board, as ultimate fiduciary for the Accounts, retains policy setting authority. Unless otherwise provided in writing by the U. T. Board, UTIMCO is authorized to look to the Chancellor to provide primary oversight and management concerning matters other than the core investment duties delegated above, including relations with the media, legal issues (such as public disclosure of information), intergovernmental relations, and policy issues other than those associated with investment allocation and/or return. The Board of UTIMCO and the President of UTIMCO shall be responsible for implementing the investment policy of the U. T. Board and performing those core investment duties delegated above. It shall be the responsibility of the President of UTIMCO to inform the Chancellor of unresolved policy issues not governed by the Investment Policies immediately so that appropriate oversight and management can be provided by the Chancellor. UTIMCO hereby agrees to abide by such oversight and management decisions made by the Chancellor.

Section 3. Description of Investment Management Services.

During the term of this Agreement, UTIMCO shall provide the following services in conjunction with the investment of the Accounts:

- a) **Investment Policies:**
UTIMCO shall review current investment policies for each Account at least annually. Such review shall include distribution (spending) guidelines, long-term investment return expectations and expected risk levels, asset allocation targets and ranges for each eligible asset class, expected returns for each asset class and fund, and designated performance benchmarks for each asset class. After UTIMCO completes its assessment, it shall forward any recommended changes to U. T. System staff for review prior to being submitted to the U. T. Board for approval.
- b) **Investment Management:**
UTIMCO shall oversee the investment management process. Such oversight shall include the development of an investment outlook based on global economic and capital market forecasts, the rebalancing of allocations to each asset class within ranges in response to changes in the investment outlook, and the selection of a combination of portfolio managers to construct portfolios designed to generate the expected returns of each asset class.
- c) **Investment Performance:**
UTIMCO shall monitor and report on investment performance for the PUF, PHF and U. T. Board accounts. Such responsibilities shall include the calculation and evaluation of performance of asset classes and individual portfolios, against established benchmarks over various periods of time, the periodic review of performance benchmarks, the reporting of investment performance of Separately Invested Assets and U. T. Board Trust Accounts as requested by the U. T. Board, and the reporting to regulatory agencies and others regarding investments under management to the extent required by applicable law.
- d) **Operations:**
UTIMCO shall execute such operational responsibilities as the purchase and sale of investments, the settlement of all trades (to the extent such trades are not settled by the Custodian or brokers), the accounting for all transactions at the portfolio level in accordance with generally accepted accounting principles, the preparation and delivery of periodic financial reports on all funds, and the maintenance of complete books and records (internally or through contract with the designated Custodian for the assets under management) reflecting transactions and balances of the Accounts.
- e) **Books and Records:**
UTIMCO shall maintain the books and records for each Account on the basis of a fiscal year ending August 31st (or such other fiscal year as the U. T. Board may establish from time to time), and shall keep full separate records of all transactions

with respect to each Account. The books and records of the Accounts and all records concerning UTIMCO's operations shall be available during normal business hours for inspection by an authorized representative of U. T. System. UTIMCO shall provide full audit access to auditors representing the U. T. Board or the State Auditor, including access to any and all information concerning the operations of UTIMCO.

f) **Reporting:**

In connection with the annual audited financial statements of UTIMCO, effective with the August 31, 2004 financial statements, the chief executive officer and the chief financial officer of UTIMCO shall provide certifications similar to those required by Section 302 of the Sarbanes-Oxley Act of 2002, Corporate Responsibility for Financial Reports. In addition, UTIMCO will begin following the U. T. System compliance guidelines as outlined in the Action Plan to Enhance Institutional Compliance, including providing the U. T. Board or its designee quarterly compliance reports.

g) **Disclosure of Information:**

The U. T. Board is committed to a policy of full and fair disclosure to the public. As part of that commitment with respect to private investments in the Accounts, the following information shall be disclosed to the public with respect to such private investments ("private investment information"): the name and purpose of each private investment entity; the names of the individual principals managing such private investment; the amount invested by UTIMCO in such private investments; the investment returns for such private investment, including internal rates of return; and remaining value information. UTIMCO shall make no private investment with an entity unless the U. T. Board and UTIMCO has clear and unequivocal authority to disclose to the public the private investment information, described immediately above, relating to such investment.

Before UTIMCO declines to disclose any information it has collected, assembled or maintained in its role as investment manager for the U. T. Board that is requested under the Texas Public Information Act, the President of UTIMCO shall consult with the U. T. System Vice Chancellor and General Counsel. UTIMCO shall disclose the information unless the Vice Chancellor and General Counsel, after consultation with the Chancellor, approves a Public Information Act request to the Attorney General.

h) **Other Services:**

UTIMCO shall perform other investment management services to include attending meetings of the U. T. Board and making such reports as the U. T. Board may request from time to time, rendering services to promoters of private equity investments in which UTIMCO has decided to invest, attending meetings of governing bodies of companies in which UTIMCO's managed Accounts have invested, voting of securities (or proxies with respect thereto) held as investments of the Accounts

according to written policies of the U. T. Board; providing U. T. System component institutions with annual endowment reports reflecting, among other things, changes in the investment value of such component's endowment and distributions made to such component to support the activities for which the endowment was established; providing charitable trust administration services such as portfolio management, annual tax return preparation, annual trust reporting to donors and remittance of quarterly distributions; providing annual reporting of investment transactions and balances and distributing funds to authorized beneficiaries on foundation accounts; effecting distributions directly or through the Custodian to U. T. System component institutions or other named beneficiaries from the Accounts; supporting and maintaining on-line account information system for endowment accounts; and any other services necessary to provide investment management of the Accounts.

Section 4. Investment Manager as Fiduciary.

UTIMCO acknowledges that it will be acting as a fiduciary with respect to managing the investments of the Accounts subject to the Investment Policies and applicable law. The U. T. Board recognizes that all individual investment transactions involve a variety of significant potential risks, including, without limitation, market risk, liquidity risk, credit risk, cash flow risk, operational risk and counterparty risk, although taken as a whole these transactions are also expected to manage risk. The U. T. Board agrees that (i) UTIMCO will not be liable for any losses incurred in the Accounts as a result of investments made pursuant to the Investment Policies, and (ii) UTIMCO will not be liable for actions of co-fiduciaries. The Board also acknowledges that UTIMCO shall not be liable for, and, to the fullest extent authorized by the Constitution and laws of the State of Texas, agrees to hold UTIMCO harmless from the consequences of any action taken or omitted to be taken by the U. T. System or any of its employees or agents prior to March 1, 1996.

Section 5. Custody of Assets.

UTIMCO shall use custodians for safekeeping, settlement of security purchases, sales, collection of income and other duties as more fully described in the existing custody agreement between UTIMCO and the Custodian, which agreement, together with the U. T. Board's rights, duties and obligations thereunder, has been assigned to UTIMCO. In addition, UTIMCO may from time to time use a brokerage firm to settle security sales on behalf of the U. T. Board and may invest in a regulated mutual fund, externally managed commingled funds, or other investments in which assets are held outside of the bank custody relationship. Any physical certificates not held in safekeeping with a Custodian shall be held in safekeeping at a local bank as designated by UTIMCO.

Section 6. Use of Unaffiliated Investment Managers.

UTIMCO shall be entitled to use unaffiliated investment advisors to invest all or part of the Accounts and to perform other duties as more fully described in existing investment advisory agreements between UTIMCO and such investment advisors, which agreements,

together with the U. T. Board's rights, duties and obligations thereunder, have been assigned to UTIMCO.

Section 7. Investment Management Fees; Direct Expenses.

For services performed hereunder, UTIMCO shall be compensated in the amounts and in the manner set forth below:

a) **Annual Budget and Management Fee:**

UTIMCO shall submit to the U. T. Board its proposed annual budget for the following fiscal year (an "Annual Budget") within the time frame specified by the Board. The Annual Budget shall include all estimated expenses associated with the management of the Accounts. The Annual Budget shall also include an annual UTIMCO management fee (an "Annual UTIMCO Management Fee") which shall include all operating expenses associated with the general management of the Accounts, including, without limitation, salaries, benefits and performance compensation of portfolio management and support personnel, expenses for consulting services, office space lease expenses, office furniture and equipment expenses, professional, legal, payroll, and other general services expenses, travel, insurance, capital expenditures, and other miscellaneous expenses incurred by UTIMCO in connection with the performance of its obligations hereunder.

At the same time that UTIMCO submits its Annual Budget, it shall also submit to the U. T. Board an allocation formula for charging the Annual Budget to the Accounts. The Annual Budget and the allocation formula shall be approved or disapproved by the U. T. Board. Any such Budget or formula that is disapproved shall be promptly revised by UTIMCO and resubmitted to the U. T. Board for approval.

On or before the first day of each fiscal quarter, UTIMCO shall be entitled to charge each Account with its allocable share (determined in accordance with the allocation formula then in effect) of one-fourth of the amount of the Annual UTIMCO Management Fee to pay UTIMCO's operating expenses for the succeeding fiscal quarter. UTIMCO shall be entitled, with the approval of the U. T. Board, to revise the Annual UTIMCO Management Fee and allocation formula at any time during a fiscal year. Any statements for partial quarters at the beginning or end of this Agreement shall be prorated to reflect the actual time services were rendered during such partial quarters.

UTIMCO is hereby authorized to pay from each Account direct expenses incurred for portfolio management, custodian, auditing, and other services which are performed by external vendors specifically for each Account.

- b) **Directors Fees:**
Members of UTIMCO management, with the approval of the UTIMCO Board, may serve as directors of companies in which UTIMCO has directly invested Account assets. In such event, any and all compensation paid to UTIMCO management for their services as directors shall be endorsed over to UTIMCO and considered a part of UTIMCO's fee income. Furthermore, UTIMCO Board approval of UTIMCO management's services as directors of investee companies shall be conditioned upon the extension of UTIMCO's Directors and Officers Insurance Policy coverage to UTIMCO management's services as directors of investee companies.
- c) **Fees for Services Rendered:**
Members of UTIMCO management may perform services for which UTIMCO receives a fee ("Service Fees") from investment promoters or investee companies in consideration of the UTIMCO staff's private investment activities and/or investment origination activities. Such Service Fees shall be considered additional fee income to UTIMCO. UTIMCO may also receive commitment fees, standby fees and other similar fees ("Capital Fees") accruing or inuring to the capital invested on behalf of the Accounts managed by UTIMCO. Such Capital Fees shall be credited to the Accounts from which such investments are funded.
- d) **Miscellaneous Fees:**
UTIMCO management may perform specialized services for accounts that are separately invested for which UTIMCO receives a fee from the account. These fees primarily relate to maintenance of computer programs for the separately invested accounts. Such Miscellaneous Fees shall be considered additional fee income to UTIMCO.

Section 8. Brokerage Commissions.

The U. T. Board acknowledges and agrees that the investment management fees provided for in Section 6 are in addition to any compensation that may be due to a broker or dealer in effecting and executing transactions on behalf of UTIMCO. UTIMCO is hereby authorized and empowered, with full discretion, to issue instructions in accordance with the Investment Policies to such unaffiliated brokerage firms as may be selected by UTIMCO for the execution of orders for the purchase, sale, exchange and general investment of the Accounts; provided that UTIMCO shall not select a brokerage firm that is an Affiliate of UTIMCO. All orders for Account transactions shall be placed in such markets and through such brokers as UTIMCO determines will offer the most favorable price, execution and commission cost of each order. The U. T. Board acknowledges and agrees that UTIMCO, from time to time and in accordance with applicable law, may pay commissions to brokers that are higher than those that might be obtainable elsewhere in order to obtain from such brokers research and other services expected to enhance the long-term value of the Accounts.

Section 9. Valuation of Account Assets.

The valuation of the account shall be determined in accordance with the Investment Policies approved by the U. T. Board for the account.

Section 10. Representations and Warranties of Parties.

U. T. Board.

- A. The U. T. Board (a) is duly established and validly existing under the laws of the State of Texas and is an agency of the State of Texas, (b) has all power and authority and all material government licenses, authorizations, consents and approvals required to carry on its business as now conducted, and (c) has full power and authority to execute, deliver and perform this Agreement.
- B. The execution, delivery and performance by the U. T. Board of this Agreement have been duly authorized by all necessary action and do not contravene, or result in the violation of or constitute a default under, any provision of applicable law or regulation, or any order, rule or regulation of any court, governmental agency or instrumentality or any agreement, resolution or instrument to which the U. T. Board is a party or by which it or any of its property is bound.
- C. No authorization, consent, approval, permit, license, or exemption of, or filing or registration with, any court or governmental department, commission, board, bureau, agency or instrumentality that has not been obtained or issued is or will be necessary for the valid execution, delivery or performance by the U. T. Board of this Agreement.
- D. This Agreement constitutes a valid and binding agreement of the U. T. Board.
- E. There is no action, suit or proceeding pending or, to the knowledge of the U. T. Board, threatened against or affecting the U. T. Board or the U. T. System, or relating to this Agreement, in any court or before or by any governmental department, agency or instrumentality which, if adversely determined, would materially affect the ability or authority of the U. T. Board to enter into, and perform its obligations under, this Agreement, or which in any manner questions the validity or enforceability of this Agreement.
- F. The U. T. Board has approved:
 - (1) the Articles of Incorporation and Bylaws of UTIMCO;
 - (2) the Investment Policies;
 - (3) the Audit and Ethics committee of UTIMCO; and
 - (4) the Code of Ethics of UTIMCO.

- G. The U. T. Board has been provided with the opportunity to ask questions of, and it has received answers thereto satisfactory to it from, UTIMCO and its representatives regarding this Agreement and has obtained all additional information requested by it of UTIMCO and its representatives prior to entering into this Agreement.

UTIMCO.

- A. UTIMCO (a) is duly organized and validly existing as a Texas nonprofit corporation under the laws of the State of Texas, particularly the Texas Nonprofit Corporation Act, Article 1396-1.01 et seq., Vernon's Texas Civil Statutes, (b) has all corporate power and authority and all material government licenses, authorizations, consents and approvals required to carry on its business as now conducted, and (c) has full power and authority to execute, deliver and perform this Agreement.
- B. The execution, delivery and performance by UTIMCO of this Agreement have been duly authorized by all necessary action by UTIMCO and do not contravene, or result in the violation of or constitute a default under, any provision of applicable law or regulation, or any order, rule or regulation of any court, governmental agency or instrumentality or any agreement, resolution or instrument to which UTIMCO is a party or by which it or any of its property is bound.
- C. No authorization, consent, approval, permit, license, or exemption of, or filing or registration with, any court or governmental department, commission, board, bureau, agency or instrumentality that has not been obtained or issued is or will be necessary for the valid execution, delivery or performance by UTIMCO of this Agreement.
- D. This Agreement constitutes a valid and binding agreement of UTIMCO.
- E. There is no action, suit or proceeding pending or, to the knowledge of UTIMCO, threatened against or affecting UTIMCO, or relating to this Agreement in any court or before or by any governmental department, agency or instrumentality which, if adversely determined, would materially affect the ability or authority of UTIMCO to enter into, and to perform its obligations under, this Agreement, or which in any manner questions the validity or enforceability of this Agreement.

Section 11. UTIMCO's Code of Ethics.

Consistent with the requirements of Section 66.08, Texas Education Code, UTIMCO's Directors, and Employees shall abide by UTIMCO's Code of Ethics as approved by the U. T. Board.

Section 12. UTIMCO's Open Meeting Policy.

Except as otherwise provided in Section 66.08, Texas Education Code, UTIMCO shall comply with the Texas Open Meetings Act, Chapter 551 of the Texas Government Code.

Section 13. Prohibition Against Service to Other Clients.

In accordance with Section 66.08, Texas Education Code, UTIMCO shall not engage in any business other than managing the Accounts under this Agreement.

Section 14. Investment Company Act.

UTIMCO shall not be required to register as an "investment company" under Section 80a-8 of Title 15 of the United States Code (the Investment Company Act of 1940), as amended.

Section 15. Termination.

The U. T. Board may terminate this Agreement at any time by written notice to UTIMCO, effective immediately upon receipt of such notice by UTIMCO, subject to reasonable allowance for settlement of pending trades. UTIMCO may terminate this Agreement upon ninety (90) days' written notice to the U. T. Board. There shall be no penalty for termination; however, UTIMCO shall be entitled to all compensation and benefits earned prior to termination.

Section 16. Amendments.

No amendment hereto shall be effective unless executed in the same manner as this Agreement.

Section 17. Notices.

All notices or communications hereunder shall be in writing and shall not be effective until hand delivered and receipted to the other party, or sent by overnight delivery, or sent by United States Certified or Registered Mail, postage prepaid, to the addressed party. The following are the designated addresses for such notices or communications and may only be changed by communication in the manner required by this paragraph:

To U. T. Board:
Board of Regents of The University of Texas System
Attn: Counsel and Secretary
201 West Seventh Street, Suite 820
Austin, Texas 78701
Tel. (512) 499-4402
Fax. (512) 499-4425

To UTIMCO:

The University of Texas Investment Management Company
Attn: President and CEO
221 West Sixth St., Suite 1700
Austin, Texas 78701
Tel. (512) 225-1600
Fax. (512) 225-1660

Section 18. Non-Assignability.

No Assignment of this Agreement by UTIMCO shall be made without having obtained the prior written consent of the U. T. Board nor is the Agreement assignable by the U. T. Board.

Section 19. No Waiver of Breach.

A waiver of a breach of any provision of this Agreement shall not constitute a waiver of any subsequent breach of that provision or a breach of any provision hereof. Failure of either party to enforce at any time or from time to time any provision of this Agreement shall not be construed as a waiver thereof.

Section 20. Indemnification.

a) **Agreements to Indemnify:**

To the fullest extent authorized by the Constitution and laws of the State of Texas, the U. T. Board shall indemnify and hold harmless each of the Indemnified Parties against any and all Losses, including Losses resulting from the negligence of the Indemnified Party claiming indemnification; provided, however, the U. T. Board shall not be obligated to indemnify an Indemnified Party against Losses to the extent such Losses are caused by (i) an act or omission that involves intentional misconduct or a knowing violation of law by the Indemnified Party claiming indemnification, (ii) a transaction from which the Indemnified Party claiming indemnification received an improper benefit, (iii) an act or omission for which the liability of the Indemnified Party claiming indemnification is expressly provided by an applicable statute, or (iv) an act or omission constituting gross negligence by the Indemnified Party claiming indemnification; provided further that indemnification payments by the U. T. Board shall be paid from the same sources as the Annual Fee pursuant to Section 7.

b) **Reimbursement:**

Each Indemnified Party shall reimburse the U. T. Board for payments made by the U. T. Board pursuant to this Section to the extent of any proceeds, net of all expenses of collection, actually received by it from any insurance with respect to any Loss. At the request and expense of the U. T. Board, each Indemnified Party shall

have the duty to claim any such insurance proceeds and such Indemnified Party shall assign its rights to such proceeds, to the extent of such required reimbursement, to the U. T. Board.

c) **Notice:**

In case any Claim shall be brought or, to the knowledge of any Indemnified Party, threatened against any Indemnified Party in respect of which indemnity may be sought against the U. T. Board, such Indemnified Party shall promptly notify the U. T. Board in writing; provided, however, that any failure so to notify shall not relieve the U. T. Board of its obligations under this Section.

d) **Defense:**

The U. T. Board shall have the right to assume the investigation and defense of all Claims, including the employment of counsel and the payment of all expenses. Each Indemnified Party shall have the right to employ separate counsel in any such action and participate in the investigation and defense thereof, but the fees and expenses of such counsel shall be paid by such Indemnified Party unless (i) the employment of such counsel has been specifically authorized by the U. T. Board, in writing, (ii) the U. T. Board has failed to assume the defense and to employ counsel, or (iii) the named parties to any such action (including any impleaded parties) include both an Indemnified Party and the U. T. Board, and such Indemnified Party shall have been advised by counsel that there may be one or more legal defenses available to it which are different from or additional to those available to the U. T. Board (in which case, if such Indemnified Party notifies the U. T. Board in writing that it elects to employ separate counsel at the U. T. Board's expense, the U. T. Board shall not have the right to assume the defense of the action on behalf of such Indemnified Party; provided, however, that the U. T. Board shall not, in connection with any one action or separate but substantially similar or related actions in the same jurisdiction arising out of the same general allegation or circumstances, be liable for the reasonable fees and expenses of more than one separate firm of attorneys for the Indemnified Parties, which firm shall be designated in writing by such Indemnified Parties).

e) **Cooperation; Settlement:**

Each Indemnified Party shall use reasonable efforts to cooperate with the U. T. Board in the defense of any action or Claim. The U. T. Board shall not be liable for any settlement of any action or Claim without its consent but, if any such action or Claim is settled with the consent of the U. T. Board or there be final judgment for the plaintiff in any such action or with respect to any such Claim, the U. T. Board shall indemnify and hold harmless the Indemnified Parties from and against any Loss by reason of such settlement or judgment as provided in Subsection (a) of this Section.

f) **Survival; Right to Enforce:**

The provisions of this Section shall survive the termination of this Agreement, and the obligations of the U. T. Board hereunder shall apply to Losses or Claims whether asserted prior to or after the termination of this Agreement. In the event of failure by the U. T. Board to observe the covenants, conditions and agreements contained in this Section, any Indemnified Party may take any action at law or in equity to collect amounts then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the U. T. Board under this Section.

Section 21. Governing Law.

This Agreement and all matters arising under it shall be governed by the Constitution and laws of the State of Texas. Venue for any action brought by any party hereto concerning the subject matter of this Investment Management Agreement shall be in Travis County, Texas.

**BOARD OF REGENTS OF THE
UNIVERSITY OF TEXAS SYSTEM**

Date: _____

By _____
Charles Miller
Chairman

**THE UNIVERSITY OF TEXAS
INVESTMENT MANAGEMENT COMPANY**

Date: _____

By _____
Bob Boldt
President and Chief Executive Officer

6. U. T. Board of Regents: Amendments to the Bylaws of The University of Texas Investment Management Company (UTIMCO)

Pursuant to Texas Education Code Section 66.08 that requires U. T. Board of Regents' approval of the Bylaws of The University of Texas Investment Management Company (UTIMCO) and any amendments thereto, the Board of Directors of UTIMCO recommended and the Board approved amendments to the UTIMCO Bylaws as set forth below.

The amendments delete outdated reference to expiration of terms for members of the Board of Directors and add language regarding powers and duties of a new position, Vice Chairman for Policy, to be held by the Chancellor, to codify within the Bylaws revisions to the Regents' Rules and Regulations (See Pages 104 - 106) and the Investment Management Services Agreement (See Pages 58 - 74) regarding the retention of policy-making authority by the U. T. Board of Regents.

- a. Article III, relating to Board of Directors, was amended to read as follows:

ARTICLE III
BOARD OF DIRECTORS

...

Section 3. Appointment and Term. Except for those Directors named in the Articles of Incorporation, Directors shall be appointed by the Board of Regents, except that the Chancellor of the System shall serve as a Director so long as he remains Chancellor of the System. Until otherwise changed by the Board of Regents in compliance with applicable law, the members of the Board of Directors shall include (i) the Chancellor of the System, (ii) at least three (3) persons then serving as members of the Board of Regents ("Regental Directors"), and (iii) one or more persons selected by the Board of Regents from a list of candidates with substantial background and expertise in investments that is submitted by the Board of Regents of The Texas A&M University System (together with the Chancellor of the System and the Regental Directors, the "Affiliated Directors"). The three (3) Regental Directors shall serve for two-year terms that expire on the first day of April of each odd-numbered year. The remaining Directors (other than the Chancellor of the System and the Regental Directors) shall serve three-year staggered terms that expire on the first day of April of the appropriate year. No such Director (other than the Affiliated Directors) shall serve more than three (3) full three-year terms. Notwithstanding the foregoing, the Board of Regents may, from

time to time, alter the terms of the Directors. Each person serving as a Director shall serve until the expiration of such Director's term, or until such Director's successor has been chosen and qualified, or until such Director's earlier death, resignation, or removal as provided in these Bylaws.

- b. Article V, relating to officers, was amended to read as follows:

ARTICLE V
OFFICERS

. . .

Section 6. Powers and Duties of the Vice Chairman for Policy.
The Chancellor of the System shall serve as Vice Chairman for Policy and shall coordinate those responsibilities, including the appropriate resolution of policy issues, assigned to UTIMCO and the System by the Rules and Regulations of the Board of Regents and the Investment Management Services Agreement in order to facilitate UTIMCO's performance of its core investment duties.

7. U. T. Board of Regents: Approval to Amend the Permanent University Fund, General Endowment Fund, Permanent Health Fund, Long Term Fund, Short Intermediate Term Fund, Separately Invested Accounts, and Short Term Fund Investment Policy Statements

Upon recommendation from a Task Force comprised of University of Texas System employees and University of Texas Investment Management Company (UTIMCO) representatives charged with reviewing the report submitted to the U. T. Board of Regents on February 12, 2003, by Baker Botts, LLP, as outside counsel to the U. T. Board of Regents, and upon UTIMCO recommendations as summarized on Pages 77 - 79, the Board approved amendments to the following Investment Policy Statements. The primary changes relate to clarification of appropriate investment standards, selection of external auditors, and acknowledgement of the Derivative Investment Policy enacted by the UTIMCO Board.

- a. Permanent University Fund (PUF)
- b. General Endowment Fund (GEF)
- c. Permanent Health Fund (PHF)
- d. Long Term Fund (LTF)

- e. Short Intermediate Term Fund (SITF)
- f. Separately Invested Accounts (SIF)
- g. Short Term Fund (STF)

AMENDMENTS BASED ON BAKER BOTTS TASK FORCE RECOMMENDATIONS:

- In the PUF Investment Policy Statement, eliminate the terminology “prudent person investment standard” and replace with “prudent investor standard”. Article VII of the Texas Constitution authorizes the Board of Regents of The University of Texas System to acquire, exchange, sell, supervise, manage, or retain, through procedures and subject to restrictions it establishes and in amounts it considers appropriate, any kind of investment that prudent investors, exercising reasonable care, skill, and caution, would acquire or retain in light of the purposes, terms, distribution requirements, and other circumstances of the fund then prevailing, taking into consideration the investment of all the assets of the fund rather than a single investment. This differs from the less flexible prudent person standard, which requires the fiduciary to be primarily concerned with preserving capital rather than other considerations.
- In the SITF and STF Investment Policy Statements, eliminate the terminology “prudent person rule”. Add language to clarify that the primary and constant standard for making investment decisions for the SITF and STF is the investment standard set forth in the Uniform Management of Institutional Funds Act (Texas Property Code Section 163.007).
- Clarify in the PUF, GEF, PHF, and LTF Investment Policy Statements that the independent accounting firm to audit the funds will be selected by the U. T. Board of Regents rather than the UTIMCO Board of Directors.

Section 66.08 of the Texas Education Code states that the Board of Regents shall provide for an annual financial audit of the PUF. By agreement between the Board of Regents and the UTIMCO Board, the independent auditors for the GEF, PHF, LTF and SITF will also be selected by the Board of Regents. New language was added to the SITF Investment Policy Statement concerning selection of the independent auditor by the Board of Regents. The SITF Statement did not contain any reference to the selection of an independent auditor.

AMENDMENTS BASED ON UTIMCO RECOMMENDATIONS:

- Amend performance measurement sections of the PUF, GEF, PHF, LTF, and SITF policies to clarify that investment performance is routinely measured by the Fund's custodian, which is an unaffiliated organization with recognized expertise in this field and reporting responsibility to the UTIMCO Board of Directors.
- In the PHF Investment Policy Statement, modify the purpose language to clarify which of the permanent health funds created by Chapter 63 of the Texas Education Code are invested in the PHF. Certain funds previously invested in the PHF are now managed by the Comptroller of Public Accounts.
- Also in the PHF Investment Policy Statement, eliminate reference to the permanent health funds that are managed by the Comptroller of Public Accounts.
- In the LTF Investment Policy Statement, clarify that the Uniform Management of Institutional Funds Act allows the LTF to distribute unrealized appreciation in the fair market value of the assets of the LTF as well as realized appreciation as follows:

Pursuant to the Uniform Management of Institutional Funds Act ("Act"), a governing board may distribute, for the uses and purposes for which the fund is established, the net appreciation, realized and unrealized, in the fair market value of the assets of an endowment fund over the historic dollar value of the fund to the extent prudent under the standard provided by the Act. In addition, income may be distributed for the purposes associated with the endowments/foundations.

- In the PUF and GEF Investment Policy Statements, replace detailed references to Derivative Securities with references to the Derivative Investment Policy approved by the UTIMCO Board of Directors on October 31, 2002, using the following language:

The GEF may utilize Derivative Securities to: a) simulate the purchase or sale of an underlying market index while retaining a cash balance for fund management purposes; b) facilitate trading; c) reduce transaction costs; d) seek higher investment returns when a Derivative Security is priced more attractively than the underlying security; e) index or to hedge risks associated with GEF investments; or f) adjust the market exposure of the asset allocation, including long

and short strategies and other strategies provided that the GEF's use of derivatives complies with the Derivative Investment Policy approved by the UTIMCO Board.

- Make minor editorial changes to assure that terminology in all investment policies is consistent.

Counsel and Secretary's Note: The [Derivative Investment Policy](#) was included in the Agenda Book.

8. U. T. Board of Regents: Approval of amendments to The University of Texas Investment Management Company (UTIMCO) Code of Ethics Policy

In accordance with Section 66.08 of the Texas Education Code that requires U. T. Board of Regents' approval of The University of Texas Investment Management Company (UTIMCO) Code of Ethics Policy and any amendments thereto, the Board of Directors of UTIMCO recommended and the Board approved amendments to the Code as set forth below:

- a. The Specific Policy Statement, relating to Definitions, was amended to read as follows:

Definitions

...

- (3) "Chief Compliance Officer" means the person designated from time to time as the Chairman of the Employee Ethics and Compliance Committee.

...

- (9) "General Counsel" means the lawyer or firm of lawyers designated from time to time as the General Counsel of UTIMCO; provided that when the General Counsel is a firm of lawyers, one principal within that firm shall be identified to receive all written and oral communications hereunder.

- b. Article III, Section A, relating to investments, and Section D, relating to employees, were amended to read as follows:

III. Prohibited Transactions and Interests

- A. *UTIMCO*: Agreements or Transactions. *UTIMCO* and *UTIMCO* entities may not enter into an agreement or transaction with:
- (1) a director or employee acting in other than an official capacity on behalf of *UTIMCO*;
 - (2) a director entity, employee entity or other business entity (including an investment fund) in which a director or employee has any pecuniary interest;
 - (3) a former director or employee, an investment fund or other entity controlled by a former director or employee (with control being determined in the manner specified in the definition of “director entity” above), or a business entity in which a former director or employee has a pecuniary interest, on or before the first anniversary of the date the person ceased to be a director or employee; or
 - (4) an investment fund or account (other than the Accounts) managed by a director, director entity, employee or employee entity as a fiduciary or agent for compensation.

Except as provided below, a person shall be deemed to have a pecuniary interest in a business entity if the person:

- (i) owns five percent or more of the voting stock or shares of the business entity; or
- (ii) owns five percent or more of the fair market value of the business entity; or
- (iii) received more than five percent of his or her gross income for the preceding calendar year from the business entity;

provided that any private investment by a person in a business entity (including an investment fund) controlled by such person shall constitute a pecuniary interest in that business entity. For purposes of the foregoing, control of a business entity shall be determined in the manner specified in the definition of “director entity” above.

Investments. Without limiting the foregoing, UTIMCO and UTIMCO entities will implement procedures and safeguards to insure that none of the Accounts is invested in the publicly traded securities of a publicly traded company in which a director, director entity, employee or employee entity has any pecuniary interest (as described above). Further, UTIMCO and UTIMCO entities may not (i) invest in the private investments of a business entity if a director, director entity, employee or employee entity then owns a private investment in the same business entity or (ii) coinvest with a director, director entity, employee or employee entity in the private investments of the same business entity.

Prior to consideration by the Board of an agreement or transaction with a business entity or investment in a business entity, each director and key employee shall certify that he or she does not have any pecuniary interest in the associated business entity.

...

D. *Employees:* No employee or employee entity may:

- (1) engage in outside employment, business, or other activities which detract from the ability to fulfill the full-time responsibilities to UTIMCO;

(Key employees must obtain advance written approval from the President for any outside employment or business, including service as a director, officer, or investment consultant or manager for another person or entity. Any outside employment by the President must be approved in advance by the Board.

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

- (2) engage in a personal securities transaction without obtaining preclearance for each such transaction with the Chief Compliance Officer; or

[The Chief Compliance Officer shall verify that no buy/sell order has been placed by a UTIMCO internal manager for securities of the same class. If such a buy/sell order has been placed, no employee may conduct a personal securities transaction for such securities until one trading day after the buy/sell order has been completed or canceled. Preclearances will be documented by the Chief Compliance Officer in a personal securities transaction log for each employee, which will provide a record of all requests and approvals or denials of preclearances for personal securities transactions. Preclearance for personal securities transactions is effective for one trading day only.

An employee who engages in personal securities transaction must also provide transactional disclosure for each such transaction. Transactional disclosure forms must be completed for all personal securities transactions and given to the Chief Compliance Officer within ten calendar days of the trade date. The transactional disclosure form must contain the following information: name and amount of the security involved, date and nature of the transaction, price at which the transaction was effected, and name of the broker through whom the transaction was effected.

The preclearance and transactional disclosure requirements for personal securities transactions apply only to equity or equity-related transactions, including stocks, convertibles, preferreds, options on securities, warrants, rights, etc., for domestic and foreign securities, whether publicly traded or privately placed. The preclearance and transactional disclosure requirements do not apply to bonds (with the exception of convertible bonds), mutual funds, commingled trust funds, financial futures, and options on futures.]

- (3) (a) invest in the private investments of a business entity if UTIMCO, a UTIMCO entity, a director or a director entity then owns a private investment in the same business entity or (b) a coinvest with UTIMCO, a UTIMCO entity, a director or director entity in the private investments of the same business entity.

The amendments to the Code of Ethics Policy are in response to recommendations from Baker Botts, LLP, outside counsel to the U. T. Board of Regents, and include minor editorial changes identified during an annual review of the UTIMCO Bylaws by UTIMCO management and Vinson & Elkins, counsel for UTIMCO.

Attorneys with Baker Botts, LLP, noted that Texas law and the Code of Ethics Policy were not clear if external managers investing funds under UTIMCO's management were prohibited from investing in the publicly traded securities of a publicly traded company in which a director, director entity, employee, or employee entity has any pecuniary interest. Article III of the Code is amended to include all accounts under UTIMCO's management within the prohibition of investment in certain securities by external managers.

9. U. T. Board of Regents: Approval of the Annual Budget and Management Fee Schedule for The University of Texas Investment Management Company (UTIMCO)

Upon recommendation of the Board of Directors of The University of Texas Investment Management Company (UTIMCO), the Board approved the Annual Budget and Management Fee Schedule for UTIMCO for the fiscal year ending August 31, 2004, as set forth on Page 84, subject to final review and approval of amendments to Investment Policy Statements at a future meeting of the Board.

UTIMCO Fee and Direct Budgeted Investment Expenses
Annual Fee and Allocation Schedule
For the fiscal year ending August 31, 2004

	The Permanent University Fund (PUF)	The Permanent Health Fund (PHF)	The University of Texas System Long Term Fund (LTF)	General Endowment Fund (GEF)	The University of Texas System Short Intermediate Term Fund (SITF)	Short Term Fund (STF)	Separately Invested Endowments and Charitable Trust Accounts	Total
Market Value 2/28/03 (\$ millions)	6,300.0	667.3	2,542.5	3,209.8	1,594.7	1641.8	151.1	12,897.4
UTIMCO Services(1)	5,360,677	621,526	2,990,223		539,348			9,511,773
Direct Expenses of the Fund								
External Management Fees	6,234,803			3,290,296		N/A (2)		9,525,099
External Management Fees - Performance Based	5,399,717			3,023,924				8,423,640
Other Direct Costs	1,769,946	23,313	56,493	1,440,046	124,202			3,414,000
Total Direct Expenses of the Fund	13,404,465	23,313	56,493	7,754,266	124,202		0	21,362,739
TOTAL	18,765,143	644,839	3,046,716	7,754,266	663,550	N/A (2)	0	30,874,512
Percentage of Market Value								
UTIMCO Services	0.085%	0.093%	0.118%	0.000%	0.034%	0.000%	0.000%	0.074%
Direct Expenses of the Fund	0.213%	0.003%	0.002%	0.242%	0.008%	0.000%	0.000%	0.166%
TOTAL	0.298%	0.097%	0.120%	0.242%	0.042%	0.000%	0.000%	0.239%

(1) Allocation Ratio: PUF-56%, Health Fund-7%, LTF-32%, SITF-5%

(2) Income is net of fees

(amounts may not foot due to rounding adjustments)

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

Subject to final review and approval of amendments to Investment Policy Statements at a future meeting of the Board and upon recommendation of the Board of Directors of The University of Texas Investment Management Company (UTIMCO), the Board approved the UTIMCO Liquidity Policy, as set out on Pages 86 - 88.

The purpose of the Liquidity Policy is to establish limits on the overall liquidity profile of investments in the Permanent University Fund (PUF) and General Endowment Fund (GEF). The established liquidity profile limits will act in conjunction with, but do not supercede, the investment policies established by the UTIMCO Board and approved by the U. T. Board of Regents.

Liquidity risk can be defined as the uncertainty in the value of an investment position that exists because the position cannot be readily converted to cash or cash equivalents. Because liquidity risk is an important element of the total investment risks affecting the PUF and GEF, this Policy establishes strategic limits on acceptable liquidity risk, yet provides liquidity ranges to allow UTIMCO to make tactical decisions as expected returns for assuming liquidity risk change in investment markets.

The University of Texas Investment Management Company

Liquidity Policy

Effective Date of Policy: August 7, 2003

Date Approved by UTIMCO Board: June 26, 2003

Purpose:

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

Objective:

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

Scope:

This Policy applies to all PUF and GEF investments made by UTIMCO, both by internal and by external managers. Policy implementation will be managed at the aggregate UTIMCO Level and will not be a responsibility of individual internal or external managers managing a portion of the aggregate assets.

Definition of Liquidity Risk:

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

Liquidity Risk Measurement-The Liquidity Profile:

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

- **Highly Liquid:** Investments that could be readily converted to cash within 1 day to 4 weeks, at a discount of 5% or less from current value.
- **Liquid:** Investments that could be converted to cash within a period of 1 month to 3 months in an orderly market at minimal discount or in a shorter time period by accepting a discount of 20% or less.
- **Moderately Illiquid:** Investments that could be converted to cash within a period of 3 months to 12 months in an orderly market at minimal discount or in a shorter time period by accepting a discount of 30% or less.
- **Illiquid:** Investments that could be converted to cash over a period of 1 year or more in an orderly market at minimal discount or in a shorter time period by accepting a discount of more than 30%.

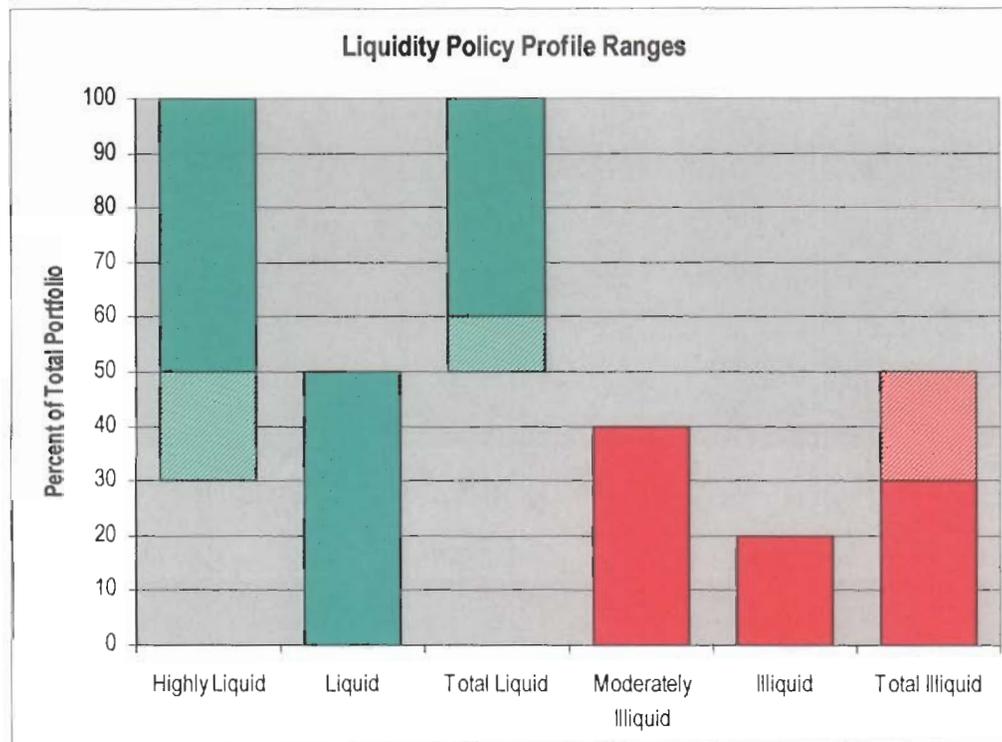
The measurements necessary to segregate all investments into one of the four categories assume normally functioning capital markets and cash market transactions, excluding swap or other derivatives transactions which could be utilized in actual emergency situations to create liquidity.

The University of Texas Investment Management Company Liquidity Policy

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

Liquidity Policy Profile:

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



The green bars indicate the Policy ranges for investments categorized as “liquid”, including subtotals for “Highly Liquid” and “Liquid” categories as well as the total for all liquid categories. The shaded portions of the green bars indicate trigger zones requiring special action by UTIMCO staff and Board. For example, the allowable range for “Highly Liquid” investments is currently 30% to 100% of total assets, while Total Liquid asset must comprise at least 50% of the total portfolio to as much as 100% of the portfolio. However, should actual Highly Liquid investments fall below 50% of total portfolio assets into the defined trigger zone, special review and action would be required by the UTIMCO Board as specified in the Documentation and Control section of this Policy. Likewise, the red bars illustrate the allowable range for “Illiquid” investments, 0% to 20%, while Total Illiquid assets may not comprise more than 50% of total assets. The trigger zone for Total Illiquid assets is 30% or more of the total portfolio.

Documentation and Controls:

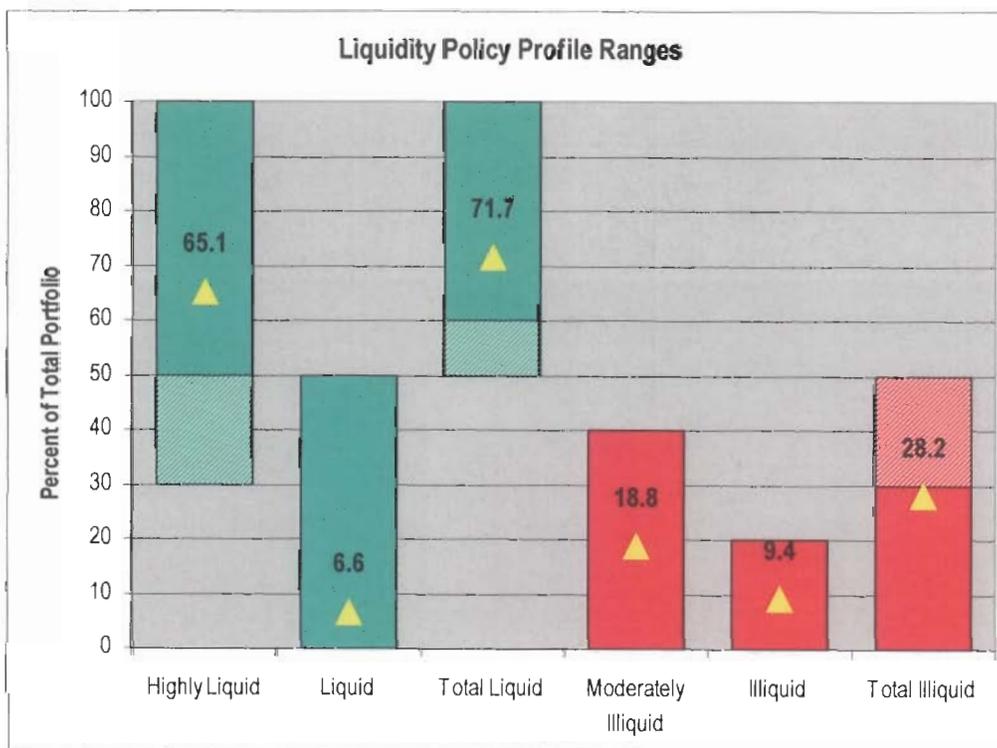
Managing Directors responsible for each asset class are responsible for determining the liquidity category for each investment in that class. These classifications will be reviewed by the Risk Manager and must receive final approval from the Chief Investment Officer. Classifications and weights within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

The University of Texas Investment Management Company Liquidity Policy

As additional safeguards, trigger zones have been established as indicated above to trigger required review and action by the UTIMCO Board in the event any investment action would cause any liquidity measure to enter any of the designated trigger zones, or in the event market actions caused measures to move into trigger zones. In addition, any proposed investment actions which would change any single liquidity category percentage by 10% or more would also require UTIMCO Board review and action prior to the change. Any actual positions in any trigger zones or outside the policy ranges will be communicated to the Chief Investment Officer immediately. The Chief Investment Officer will then determine the process to be used to eliminate the exception and report promptly to the UTIMCO Board the circumstances of the deviation from Policy and the remedy to the situation.

Reporting:

The actual Liquidity Profile of the Funds and compliance with the Liquidity Policy will be reported to the UTIMCO Board on at least a quarterly basis. Any exception to the Policy and actions taken to remedy the exception will be reported promptly. An example of the method of reporting is shown below where the yellow points and number labels indicate current actual exposure levels within each Liquidity Policy Range (numbers shown are examples only). For example, in this illustration the current exposure to "Highly Liquid" investments is 65.1%, while exposure to "Illiquid" investments is 9.4% and both are within their respective allowable policy ranges and not in defined trigger zones.



11. U. T. System: Report on Investments for the nine months ended May 31, 2003

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

Pages 90 - 98 contain the Summary Reports on Investments for the nine months ended May 31, 2003.

Item I on Pages 90 - 92 reports summary activity for the Permanent University Fund (PUF) investments. The PUF's net investment return for the nine months was 6.28%. The PUF's net investment return for marketable securities for the nine months was 8.85% versus its composite benchmark return of 7.16%. The PUF's net asset value increased by \$112.6 million since the beginning of the year to \$6,850.9 million. This change in net asset value includes increases due to contributions from PUF land receipts and net investment return and a decrease from the annual distribution to the AUF made in September 2002 for \$363.0 million.

Item II on Pages 93 - 96 reports summary activity for the General Endowment Fund (GEF), the Permanent Health Fund (PHF), and Long Term Fund (LTF). The GEF's net investment return for the nine months was 6.98%. The GEF's net investment return for marketable securities for the nine months was 9.06% versus its composite benchmark return of 7.16%. The GEF's net asset value increased \$170.8 million since the beginning of the year to \$3,464.0 million.

Item III on Page 97 reports summary activity for the Short Intermediate Term Fund (SITF). Total net investment return on the SITF was 1.94% for the nine months versus the SITF's performance benchmark of 3.25%. The SITF's net asset value increased by \$202.4 million since the beginning of the year to \$1,638.3 million.

Item IV on Page 98 presents book and market value of cash, fixed income, equity, and other securities held in funds outside of internal investment pools. Total cash and equivalents, consisting primarily of component operating funds held in the Dreyfus money market fund, decreased by \$184,655 thousand to \$1,613,256 thousand during the four months since the last reporting period. Market values for the remaining asset types were fixed income securities: \$321,821 thousand versus \$315,453 thousand at the beginning of the period; equities: \$211,361 thousand versus \$186,523 thousand at the beginning of the period; and other investments: \$10,226 thousand versus \$43 thousand at the beginning of the period.

I. PERMANENT UNIVERSITY FUND (1)

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

(\$ millions)

	FY01-02	FY02-03			
	Full Year	1st Qtr	2nd Qtr	3rd Qtr	Year-to-Date
Beginning Net Assets	7,540.1	6,738.3	6,397.1	6,300.0	6,738.3
PUF Lands Receipts (3)	80.5	22.2	23.6	31.3	77.1
Investment Return	(522.9)	4.3	(115.7)	524.8	413.4
Expenses	(21.0)	(4.7)	(5.0)	(5.2)	(14.9)
Distributions to AUF	(338.4)	(363.0)	-	-	(363.0)
Ending Net Assets	<u>6,738.3</u>	<u>6,397.1</u>	<u>6,300.0</u>	<u>6,850.9</u>	<u>6,850.9</u>
AUF Distribution:					
From PUF Investments	338.4	363.0	-	-	363.0
From Surface Income	8.1	0.8	2.1	0.9	3.8
Total	<u>346.5</u>	<u>363.8</u>	<u>2.1</u>	<u>0.9</u>	<u>366.8</u>
Total Net Investment Return	-7.35%	0.06%	-1.86%	8.23%	6.28%

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

(2) General - The Investment Summary Report excludes PUF Lands mineral and surface interests with estimated August 31, 2002 values of \$639.8 million and \$161.1 million, respectively.

(3) PUF Land Receipts - As of May 31, 2003: 1,163,590 acres under lease; 522,070 producing acres; 3,152 active leases; and 2,081 producing leases.

1. PERMANENT UNIVERSITY FUND (continued)

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

	Asset Allocation	Endowment Neutral Policy Portfolio	Actual Net Investment Return	Endowment Neutral Policy Portfolio Return (1)	Benchmark
Cash and Cash Equivalents	0.2%	0.0%	1.07%	1.09%	90 Day T-Bills Average Yield
Domestic Public Equities					Wilshire 5000 U.S. Equities Index
Passive Management	16.6%		6.44%	7.94%	
Active Management	11.8%		9.10%	7.94%	
Hedge and Structured Active Management	7.0%		5.23%	7.94%	
Total Domestic Public Equities	35.4%	31.0%	6.85%	7.94%	
International Public Equities					Morgan Stanley Capital International - All Country World Free ex U.S.
Passive Management	7.9%		2.77%	3.29%	
Active Management	9.0%		5.76%	3.29%	
Hedge and Structured Active Management	1.0%		6.02%	3.29%	
Total International Public Equities	17.9%	19.0%	4.50%	3.29%	
Absolute Return	9.4%	10.0%	15.95%	4.15%	90 Day T-Bills Average Yield plus 4%
Inflation Hedging	7.9%	10.0%	11.93%	10.35%	25%(Goldman Sachs Commodity Index minus 100 basis points) plus 25%(Treasury Inflation Protected Securities) plus 25%(National Commercial Real Estate Index Fund) plus 25%(Wilshire Associates Real Estate Securities Index)
Fixed Income	17.0%	15.0%	9.82%	7.45%	33%(Lehman Brothers Aggregate Bond Index ex U.S. Governments) plus 67%(Lehman Brothers Government Bond Index)
Total Marketable Securities	87.8%	85.0%	8.85%	7.16%	
Private Capital	12.2%	15.0%	-8.81%	11.17%	Wilshire 5000 U.S. Equities Index plus 4% (2)
Total	100.0%	100.0%	6.28%	7.81%	

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

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

I. PERMANENT UNIVERSITY FUND (continued)

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

	Asset Allocation	Endowment Neutral Policy Portfolio	Endowment Neutral Policy Portfolio Return (1)	Benchmark
Cash	0.2%	0.0%	1.09%	90 Day T-Bills Average Yield
Domestic Common Stocks:				
Large/Medium Capitalization Equities	20.0%	25.0%	6.66%	Standard and Poor's 500 Index
Small Capitalization Equities	8.4%	7.5%	14.09%	Russell 2000 Index
Total Domestic Common Stocks	28.4%	32.5%		
International Common Stocks:				
Established Markets	10.6%	12.0%	1.57%	Morgan Stanley Capital International Europe, Asia, Far East Index (net)
Emerging Markets	6.3%	3.0%	5.54%	Morgan Stanley Capital International Emerging Markets Free
Total International Common Stocks	16.9%	15.0%		
Inflation Hedging	7.9%	7.5%	9.14%	33% (Goldman Sachs Commodity index minus 100 basis points) plus 67% (National Commercial Real Estate Index Fund)
Fixed Income:				
Domestic	12.3%	15.0%	7.49%	Lehman Brothers Aggregate Bond Index
International	4.7%	5.0%	17.56%	Salomon Non-U.S. World Government Bond Index, Unhedged
Total Fixed Income	17.0%	20.0%		
Marketable Alternative Equities	17.4%	10.0%	6.52%	90 Day T-Bills Average Yield plus 7%
Total Marketable Securities	87.8%	85.0%	8.08%	
Nonmarketable Alternative Equities	12.2%	15.0%	11.17%	Wilshire 5000 U.S. Equities Index plus 4%
Total	100.0%	100.0%	8.60%	

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

II GENERAL ENDOWMENT FUND (1) (2)

a.) Summary Investment Report at May 31, 2003

(\$ millions)

	FY01-02		FY02-03					
	Full Year		1st Qtr	2nd Qtr	3rd Qtr	Year-to-Date		
Beginning Net Assets	3,723.9		3,293.2	3,267.7	3,209.8	3,293.2		
Net Contributions	(230.7)		(47.4)	(12.5)	(21.6)	(81.5)		
Investment Return	(245.3)		9.3	(61.2)	284.5	232.6		
Expenses	(7.2)		(1.2)	(1.4)	(1.5)	(4.1)		
Allocations (3)	52.5		33.0	(2.6)	(7.2)	23.8		
Ending Net Assets	3,293.2		3,267.7	3,209.8	3,464.0	3,464.0		
Net Asset Value per Unit	90.932		91.154	89.433	97.253	97.253		
Units and Percentage Ownership								
(End of Period):								
PHF	7,876,762	21.2%	7,569,873	21.0%	7,459,839	20.6%	7,358,338	20.7%
LTF	28,539,369	78.8%	28,498,629	79.0%	28,439,265	79.2%	28,259,455	79.3%
Total	36,216,151	100.0%	36,067,902	100.0%	35,899,104	100.0%	35,618,393	100.0%
Total Net Investment Return	-6.96%		0.27%	-1.63%	6.73%	6.98%		

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

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

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

II. GENERAL ENDOWMENT FUND (continued)

b.) Unit Holders' Summary Investment Report at May 31, 2003 (1)

(\$ millions)

	FY01-02	FY02-03			Year-to-Date
	Full Year	1st Qtr	2nd Qtr	3rd Qtr	
PERMANENT HEALTH FUND					
Beginning Net Assets	881.4	698.2	690.2	667.3	698.2
Withdrawals	(88.2)	-	-	-	-
Investment Return	(52.6)	1.7	(13.0)	58.4	47.1
Expenses	(0.6)	(0.1)	(0.2)	(0.2)	(0.5)
Distributions (Payout)	(41.8)	(9.6)	(9.7)	(9.6)	(28.9)
Ending Net Assets	698.2	690.2	667.3	715.9	715.9
Net Asset Value per Unit (2)	0.851524	0.841653	0.813836	0.873014	0.873014
No. of Units (End of Period)	820,000,000	820,000,000	820,000,000	820,000,000	820,000,000
Distribution Rate per Unit	0.04700	0.01175	0.01175	0.01175	0.03525
Total Net Investment Return	-7.05%	0.22%	-1.91%	8.72%	6.88%
LONG TERM FUND					
Beginning Net Assets	2,843.3	2,595.1	2,597.6	2,542.5	2,595.1
Net Contributions	89.3	34.1	30.5	17.2	81.8
Investment Return	(199.7)	6.4	(49.6)	224.9	181.7
Expenses	(3.0)	(2.6)	(0.1)	(0.2)	(2.9)
Distributions (Payout)	(134.8)	(35.4)	(35.9)	(36.2)	(107.5)
Ending Net Assets	2,595.1	2,597.6	2,542.5	2,748.2	2,748.2
Net Asset Value per Unit (2)	4.788	4.730	4.576	4.912	4.912
No. of Units (End of Period)	542,049,359	549,178,011	555,609,797	559,537,648	559,537,648
Distribution Rate per Unit	0.25100	0.06450	0.06450	0.06450	0.19350
Total Net Investment Return	-6.97%	0.27%	-1.89%	8.79%	7.02%

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

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

II. GENERAL ENDOWMENT FUND (continued)

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

	Asset Allocation	Endowment Neutral Policy Portfolio	Actual Net Investment Return	Endowment Neutral Policy Portfolio Return (1)	Benchmark
Cash and Cash Equivalents	0.2%	0.0%	1.07%	1.09%	90 Day T-Bills Average Yield
Domestic Public Equities					Wilshire 5000 U.S. Equities Index
Passive Management	16.2%		6.73%	7.94%	
Active Management	12.0%		8.49%	7.94%	
Hedge and Structured Active Management	7.5%		5.24%	7.94%	
Total Domestic Public Equities	35.7%	31.0%	6.80%	7.94%	
International Public Equities					Morgan Stanley Capital International - All Country World Free ex U.S.
Passive Management	8.8%		2.90%	3.29%	
Active Management	9.0%		5.77%	3.29%	
Hedge and Structured Active Management	1.0%		6.02%	3.29%	
Total International Public Equities	18.8%	19.0%	4.47%	3.29%	
Absolute Return	10.2%	10.0%	15.92%	4.15%	90 Day T-Bills Average Yield plus 4%
Inflation Hedging	8.2%	10.0%	11.95%	10.35%	25%(Goldman Sachs Commodity Index minus 100 basis points) plus 25%(Treasury Inflation Protected Securities) plus 25%(National Commercial Real Estate Index Fund) plus 25%(Wilshire Associates Real Estate Securities Index)
Fixed Income	16.3%	15.0%	10.35%	7.45%	33%(Lehman Brothers Aggregate Bond Index ex U.S. Governments) plus 67%(Lehman Brothers Government Bond Index)
Total Marketable Securities	89.4%	85.0%	9.06%	7.16%	
Private Capital	10.6%	15.0%	-8.05%	11.17%	Wilshire 5000 U.S. Equities Index plus 4% (2)
Total	100.0%	100.0%	6.98%	7.81%	

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

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

II. GENERAL ENDOWMENT FUND (continued)

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

	Asset Allocation	Endowment Neutral Policy Portfolio	Endowment Neutral Policy Portfolio Return (1)	Benchmark
Cash	0.2%	0.0%	1.09%	90 Day T-Bills Average Yield
Domestic Common Stocks:				
Large/Medium Capitalization Equities	19.7%	25.0%	6.66%	Standard and Poor's 500 Index
Small Capitalization Equities	8.4%	7.5%	14.09%	Russell 2000 Index
Total Domestic Common Stocks	28.1%	32.5%		
International Common Stocks:				
Established Markets	11.1%	12.0%	1.57%	Morgan Stanley Capital International Europe, Asia, Far East Index (net)
Emerging Markets	6.7%	3.0%	5.54%	Morgan Stanley Capital International Emerging Markets Free
Total International Common Stocks	17.8%	15.0%		
Inflation Hedging	8.2%	7.5%	9.14%	33% (Goldman Sachs Commodity Index minus 100 basis points) plus 67% (National Commercial Real Estate Index Fund)
Fixed Income:				
Domestic	11.1%	15.0%	7.49%	Lehman Brothers Aggregate Bond Index
International	5.2%	5.0%	17.56%	Salomon Non-U.S. World Government Bond Index, Unhedged
Total Fixed Income	16.3%	20.0%		
Marketable Alternative Equities	18.8%	10.0%	6.52%	90 Day T-Bills Average Yield + 7%
Total Marketable Securities	89.4%	85.0%	8.08%	
Nonmarketable Alternative Equities	10.6%	15.0%	11.17%	Wilshire 5000 U.S. Equities Index + 4%
Total	100.0%	100.0%	8.60%	

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

III. SHORT INTERMEDIATE TERM FUND (1)

Summary Investment Report at May 31, 2003

(\$ millions)

	FY01-02	FY02-03			
	Full Year	1st Qtr	2nd Qtr	3rd Qtr	Year-to-Date
Beginning Net Assets	1,704.6	1,435.9	1,449.7	1,594.7	1,435.9
Net Contributions	(261.0)	26.4	143.2	46.2	215.8
Investment Return	60.3	2.5	17.4	10.3	30.2
Expenses	(0.7)	(0.2)	(0.2)	(0.2)	(0.6)
Distributions of Income	(67.3)	(14.9)	(15.4)	(12.7)	(43.0)
Ending Net Assets	1,435.9	1,449.7	1,594.7	1,638.3	1,638.3
Net Asset Value per Unit	10.099	10.013	10.025	10.008	10.008
No. of Units (End of Period)	142,184,975	144,787,656	159,078,135	163,697,013	163,697,013
Total Net Investment Return	3.75%	0.17%	1.14%	0.62%	1.94%

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

IV. SEPARATELY INVESTED ASSETS

Summary Investment Report at May 31, 2003

(\$ thousands)

ASSET TYPES	FUND TYPE													
	CURRENT PURPOSE				ENDOWMENT & SIMILAR FUNDS		ANNUITY & LIFE INCOME FUNDS		AGENCY FUNDS		OPERATING FUNDS		TOTAL	
	DESIGNATED		RESTRICTED		BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET
Cash & Equivalents:	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET
Beginning value 01/31/03	1,662	1,662	2,312	2,312	17,892	17,892	206	206	79	79	1,775,740	1,775,740	1,797,911	1,797,911
Increase/(Decrease)	2,054	2,054	266	266	2,075	2,075	269	269	-	-	(189,319)	(189,319)	(184,655)	(184,655)
Ending value 05/31/03	3,736	3,736	2,578	2,578	19,967	19,967	475	475	79	79	1,586,421	1,586,421	1,613,256	1,613,256
Debt Securities:														
Beginning value 01/31/03	-	-	263	192	39,178	41,779	14,717	15,374	-	-	257,284	258,108	311,442	315,453
Increase/(Decrease)	-	-	-	14	(496)	113	(1,198)	(808)	-	-	7,380	7,049	5,686	6,368
Ending value 05/31/03	-	-	263	206	38,682	41,892	13,519	14,566	-	-	264,664	265,157	317,128	321,821
Equity Securities:														
Beginning value 01/31/03	40	4,511	1,996	1,653	38,130	36,738	23,794	16,537	-	-	185,793	127,084	249,743	185,523
Increase/(Decrease)	-	2,322	(16)	(11)	(48)	3,048	(145)	2,849	-	-	(259)	16,630	(468)	24,838
Ending value 05/31/03	40	6,833	1,980	1,642	38,082	39,786	23,649	19,386	-	-	185,524	143,714	249,275	211,361
Other:														
Beginning value 01/31/03	-	-	-	-	-	-	141	43	-	-	-	-	141	43
Increase/(Decrease)	7,500	7,500	1,899	1,899	784	784	12	-	-	-	-	-	10,195	10,163
Ending value 05/31/03	7,500	7,500	1,899	1,899	784	784	153	43	-	-	-	-	10,336	10,226

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

12. U. T. Board of Regents: Appointment of members to the Board of Directors of The University of Texas Investment Management Company (UTIMCO)

In accordance with Section 66.08 of the Texas Education Code, and upon recommendation of the Board of Directors of The University of Texas Investment Management Company (UTIMCO), the Board approved appointment of the following individuals to the UTIMCO Board of Directors to serve until the expiration of their terms, or until their successors are chosen and qualify, or until their earlier death, resignation, or removal:

Mr. J. Philip Ferguson and Mr. I. Craig Hester for appointment until the expiration of terms ending April 1, 2006.

Mr. J. Philip Ferguson is the Senior Investment Officer of AIM Capital Management, Inc. He is also a former Managing Partner of Beutel, Goodman Capital Management, Senior Vice President of Lehman Brothers, Inc., and Vice President of Goldman, Sachs & Co. Mr. Ferguson holds a Bachelor of Business Administration degree from Texas Christian University and a Doctor of Jurisprudence degree from The University of Texas at Austin School of Law. He currently serves on the board of various organizations and is also a volunteer at various organizations.

Mr. I. Craig Hester is the founder of Hester Capital Management, L.L.C. Mr. Hester has been actively involved in professional investment management since 1972. Mr. Hester holds Bachelor of Business Administration and Master of Business Administration degrees from The University of Texas at Austin and is a CFA and CIC. He is the past president of the Austin Investment Association and a member and past president of the Austin and San Antonio Societies of Financial Analysts. He currently serves on the board of The University of Texas at Austin Ex-Students' Association, on the advisory council of the KMFA Capitol Broadcasting Association, and as a Junior League of Austin Community Advisor. He is the 2003 Chair-Elect of the Foundation for SafePlace and also serves on various investment committees.

These positions were previously held by Mr. John McStay and Mr. L. Lowry Mays and are not "Affiliated Director" positions.

To avoid any appearance of a conflict of interest, Regent Huffines asked that he be recorded as abstaining from vote on the appointment of Mr. Craig Hester because he has a business relationship with Mr. Hester. Additionally, Regent Caven abstained from vote on the appointment of Mr. Philip Ferguson because they work for separate business entities that are wholly-owned subsidiaries of the same company. Vice-Chairman Hunt remarked that he and Chancellor Yudof served on the nominating committee and that the interviews followed an exhaustive process.

13. U. T. Board of Regents: Amendment of the Regents' Rules and Regulations in response to recommendations from Baker Botts Task Force (Part Two, Chapter IX, Sections 1, 2, and 5)

The Board approved amendment of the Regents' Rules and Regulations, Part Two, Chapter IX, Sections 1, 2, and 5, as set forth below:

- a. Section 1, Subsection 1.8, relating to other assets, was amended to read as follows:

Sec. 1. Authority Regarding Assets

...

1.8 Other Assets

Assets that are not a part of the Permanent University Fund, an endowment fund, a fund functioning as an endowment, a life income or annuity fund, or consolidated System funds shall be managed as set forth in this Subsection:

1.81 Tangible personal property shall be managed by the component institution president.

1.82 Intangible personal property consisting of securities, interests in businesses, and equity interests in technology transfer firms as set out in the Regents' intellectual property policy shall be managed by the component institution president or by UTIMCO, as determined by the component institution president. UTIMCO shall hold all stock certificates of securities managed by, or held on behalf of, the component institution president and shall assign, transfer, or sell such securities, as directed by the component institution president or his or her designees, in accordance with Section 2 of this Chapter. Other intangible personal property shall be managed by the component institution president.

1.83 The component institution president may designate in writing one or more committees, employees, officers, or other agents of the institution, or one or more outside managers to manage any or all of the assets described in Subdivisions 1.81 or 1.82 of this Chapter on behalf of the component institution president.

- b. Section 2, Subsection 2.5, relating to authority to receive and collect money or property, was amended to read as follows:

Sec. 2. Authorizations Regarding Sales, Assignments, Conveyances, Receipt of Property, and Proxies

...

2.5 Authority to Receive and Collect Money or Property

2.51 UTIMCO is authorized and empowered to seek, demand, collect, recover, and receive any and all sums of money, debts, dues, rights, property, effects, or demands due, payable, or belonging, or that may become due, payable, or belonging to the PUF or the Board from any person or persons as a result of any investment transaction and to execute any and all necessary or proper receipts, releases, and discharges therefor and any other instruments as may be necessary or appropriate from time to time relating to the handling, management, control, and disposition of any investment. The authority granted in this Subdivision does not include the authority to institute litigation on behalf of the Board or to settle contested claims or litigation that may result in UTIMCO receiving less than full value for the claim or the payment of damages or awards. The settlement of any contested claim or litigation for less than full value requires the prior approval of the U. T. System Vice Chancellor and General Counsel and appropriate System officials as set out in Part Two, Chapter XI, Section 3 of these Rules and Regulations.

.....

- c. Section 5, Subsections 5.1 and 5.2, relating to investment and management of endowment, trust, and other accounts, were amended to read as follows:

Sec. 5. Policy for Investment and Management of Endowment, Trust, and Other Accounts Invested Through or Separate from U. T. Investment Pools

5.1 Management of Endowments

Endowment funds and funds functioning as endowments will be managed in a manner consistent with the U. T. System Gift Acceptance Procedures, and the investment standards set forth in the Uniform Management of Institutional Funds Act (Texas Property Code Chapter 163 et seq.). These funds will be managed separately and not commingled with the Long Term Fund if the terms of the instrument by which the fund was created preclude investment through the Long Term Fund. In addition, nonmarketable securities held by an endowment fund may be recorded as separately invested. All other endowment funds and funds functioning as endowments will be invested through the Long Term Fund.

5.2 Trust Fund and Life Income Accounts

Trust funds and other life income accounts will be invested and administered consistent with The University of Texas System Separately Invested Endowment, Trust, and Other Accounts Investment Policy Statement, U. T. System Gift Acceptance Procedures, and the investment standards set forth in the Texas Trust Code (Texas Property Code Section 111.001 et seq.).

The amendments to the Regents' Rules and Regulations are in response to recommendations from the Baker Botts, LLP, outside counsel to the U. T. Board of Regents, report dated February 12, 2003, to the U. T. Board of Regents regarding the relationship with The University of Texas Investment Management Company (UTIMCO).

The amendment to Section 1, Subsection 1.8, Subdivision 1.82 permits the president of a component institution to determine whether the president or UTIMCO will manage securities, interests in businesses, and equity interests in technology firms, thus allowing the president to determine how the asset can best be managed to maximize its value. The amendment also clarifies

that, notwithstanding that such securities may be institutionally managed, the stock certificates will be held by UTIMCO and sold and transferred by UTIMCO as directed by the president.

The addition of Subdivision 1.83 permits the president to designate an officer or employee of the institution or an outside manager to manage such assets. The ability to designate an outside manager will provide the component institution with a means to manage institutional conflicts of interest.

The amendment to Section 2, Subsection 2.5, Subdivision 2.51 clarifies language concerning UTIMCO's role in settlements. The original language is ambiguous and could be read to give UTIMCO unlimited authority to settle contested matters. The amendment provides that settlement delegation to UTIMCO is subject to the same oversight and limitations applicable to The University of Texas System. Those oversight requirements in Part Two, Chapter XI, Section 3, Subsection 3.2 of the Regents' Rules and Regulations are as follows:

- a. settlements of \$150,000 or less may be settled by the Vice Chancellor and General Counsel and require no additional approval;
- b. settlements greater than \$150,000 to \$500,000 require approval by the Chancellor or appropriate Executive Vice Chancellor (which in this case would be the Executive Vice Chancellor for Business Affairs); and
- c. settlements greater than \$500,000 require approval by the U. T. Board of Regents, the Executive Committee, or the appropriate standing committee of the Board (which in this case would be the Finance and Planning Committee).

The amendments to Section 5, Subsections 5.1 and 5.2, reflect the correct investment standard. The U. T. Board of Regents, under the Texas Constitution, may acquire or retain any kind of investment that prudent investors, exercising reasonable care, skill, and caution, would acquire or retain in light of the purposes, terms, distribution requirements, and other circumstances of the fund then prevailing, taking into consideration the investment of all assets of the fund rather than a single investment. This differs from the less flexible prudent person standard, which requires the fiduciary to be primarily concerned with preserving capital rather than other considerations.

14. U. T. Board of Regents: Amendment of Regents' Rules and Regulations regarding oversight of The University of Texas Investment Management Company (UTIMCO) (Part One, Chapter II, Sections 3, 5, and 12)

The Regents' Rules and Regulations, Part One, Chapter II, Sections 3, 5, and 12, regarding oversight of The University of Texas Investment Management Company (UTIMCO), were amended to read as set forth below:

Sec. 3. Chancellor

...

3.2 Primary Duties and Responsibilities of the Chancellor

...

3.2(12) Serving on the Board of Directors of The University of Texas Investment Management Company (UTIMCO). Generally overseeing the operations of UTIMCO and coordinating interaction between the System and UTIMCO. Ensuring that UTIMCO implements the core investment functions delegated to it in conformance with these Rules and Regulations, the Investment Management Services Agreement, and the Investment Policy Statements adopted by the Board. Directing UTIMCO in areas other than core investment functions, such as relations with the media, intergovernmental relations, and public disclosure issues.

...

3.4 Compliance

The Chancellor, as chief executive officer of the System, is responsible for ensuring the implementation of a compliance program for the System. Accordingly, the System-wide Compliance Officer prepares an executive summary of all compliance activity of the component institutions, UTIMCO, and System Administration.

3.41 System-Wide Compliance Officer

The System-wide Compliance Officer is responsible, and will be held accountable for, apprising the Chancellor and the Audit, Compliance, and Management Review Committee of the institutional compliance functions and activities at System Administration, UTIMCO, and at each of

the component institutions as set out in Subparagraph 3.412 of this Chapter. The System-wide Compliance Officer provides institutional compliance assistance to the Chancellor, the Executive Vice Chancellors, the Vice Chancellors, and the Chief Compliance Officer of UTIMCO in the exercise of their responsibilities.

3.411 Appointment

The System-wide Compliance Officer shall be appointed by the Chancellor. The System-wide Compliance Officer is the senior compliance official of The University of Texas System; provides assistance and advice covering all component, UTIMCO, and System Administration compliance programs; and shall hold office without fixed term, subject to the pleasure of the Chancellor.

3.412 Duties and Responsibilities

The primary responsibilities of the System-wide Compliance Officer include developing an infrastructure for the effective operation of The University of Texas System Institutional Compliance Program; chairing the System-wide Compliance Committee and the Compliance Officers Council; and prescribing the format for the annual risk based compliance plan and the quarterly compliance status reports to be submitted by each component institution, UTIMCO, and System Administration.

...

Sec. 5. Executive Vice Chancellor for Business Affairs

...

5.2 Duties and Responsibilities

...

5.2(24) Designating and supervising the System liaison to UTIMCO, overseeing audits and investment

performance assessments of UTIMCO, and reviewing budgetary and investment reports submitted by UTIMCO.

- 5.2(25) Performing such other duties as may be assigned by the Chancellor.

...

Sec. 12. Vice Chancellor and General Counsel

...

12.2 Duties and Responsibilities

- 12.2(18) Overseeing legal services provided to UTIMCO by outside legal counsel, consistent with the requirements of the Texas Disciplinary Rules of Professional Conduct, and providing counsel, advice, and legal interpretations to the Board, the Chancellor, and other System officials concerning UTIMCO-related issues.
- 12.2(19) Performing such other duties as may be assigned by the Chancellor.

These amendments to the Regents' Rules and Regulations will clarify the responsibilities of the Chancellor, System-wide Compliance Officer, Executive Vice Chancellor for Business Affairs, and the Vice Chancellor and General Counsel concerning oversight of UTIMCO. The Baker Botts, LLP, outside counsel to the U. T. Board of Regents, report prepared for the Board on February 12, 2003, confirmed that policy-making is reserved to the U. T. Board of Regents and that UTIMCO has been delegated responsibility for core investment functions and implementation of the investment policies set by the Board. The Chancellor and other University of Texas System officials must oversee UTIMCO's activities and ensure that UTIMCO complies with the Investment Management Services Agreement and the investment policies established by the Board as set out in approved Investment Policy Statements. The Chancellor retains management authority in areas such as inter-governmental relations and public information disclosure that have significant implications for U. T. System that are not part of the core investment responsibilities delegated to UTIMCO. These amendments to the Regents' Rules make this division of responsibilities more explicit.

See related revisions to the Investment Management Services Agreement (Pages 58 - 74) and to the UTIMCO Bylaws (Pages 75 - 76).

15. U. T. System: Authorization for an aggregate amount of equipment financing for Fiscal Year 2004

The Board approved an aggregate amount of \$80,929,000 in equipment to be purchased in Fiscal Year 2004 under the Revenue Financing System Equipment Financing Program as allocated to those University of Texas System component institutions set out on Page 108.

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

- a. Parity Debt shall be issued to pay the cost of equipment including costs incurred 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 Board relating to the Financing System
- c. The component institutions and U. T. System Administration, 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 \$80,929,000 for the purchase of equipment
- d. This resolution satisfies the official intent requirements set forth in Section 1.150-2 of the Code of Federal Regulations.

APPROVAL OF U. T. SYSTEM EQUIPMENT FINANCING
FY 2004

Component	\$ Amount of Request	Description of Equipment Purchases	Source of Funds	DSC*	
				Min	Max
U. T. Arlington	\$5,000,000	Utilities, physical plant vehicles and equipment, teaching/research equip	Designated tuition	1.81	3.51
U. T. Austin	1,000,000	IT hardware/networking, research	Designated tuition	1.29	1.88
U. T. El Paso	2,431,000	Network system upgrades (switches, routers, & fiber)	Designated tuition	1.82	2.87
U. T. San Antonio	4,150,000	Computer equipment & software, scientific & lab equipment	Designated tuition & fee income	1.77	2.21
U. T. Southwestern Medical Center - Dallas	3,000,000	Breast MRI machine, CT scanner	Patient income	1.40	1.61
U. T. Medical Branch - Galveston	10,000,000	Clinical & info technology equipment	Clinical income	1.81	3.27
U. T. M. D. Anderson Cancer Center	50,000,000	Diagnostic imaging, radiation and research equipment	Patient income	4.25	6.12
U. T. Health Center - Tyler	5,148,000	Surgery, research, and radiology equipment	Patient income	2.89	5.28
U. T. System Administration	200,000	Office equipment	Available University Fund and departmental funds	2.77	3.66
Total		\$80,929,000			

* Debt Service Coverage ("DSC") is net revenue divided by debt service.

16. U. T. Board of Regents: Approval of dissolution of Quasi-Endowment for Investment Excellence and authorization to expend remaining balance for educational purposes

Subject to review of related legal issues by The University of Texas System Office of General Counsel, the Board approved dissolution of the Quasi-Endowment for Investment Excellence established by the Board in 1988 and approved that the remaining balance in the Fund be used for educational purposes as authorized by Texas Education Code Section 65.37.

In December 1988, the Board of Regents authorized the assessment of an investment fee against all endowments and trusts managed by the U. T. System Office of Asset Management. The fee was authorized at an annual rate equal to one-tenth of one percent of the Long Term Funds' (LTF) market value and was to be used to fund the Quasi-Endowment for Investment Excellence. The Board further authorized use of the income from the Quasi-Endowment to provide performance compensation for investment professionals employed by the Office of Asset Management.

On August 10, 1995, the Board took the following actions, effective for Fiscal Year 1996:

- a. maintained the assessment of the investment fee at one-tenth of one percent of the market value of the LTF;
- b. discontinued the use of the fee to fund the Quasi-Endowment;
- c. authorized the use of the fee to fund educational purposes at U. T. System Administration in an amount equal to four-hundredths of one percent of the market value of the LTF; and
- d. authorized use of the fee to fund expenses related to management of endowments and trusts in an amount equal to six-hundredths of one percent.

On August 14, 1997, the Board took the following actions, effective September 1, 1997:

- a. reduced the LTF fee for investment management to 0%;

- b. authorized reimbursement of the LTF management fees from the Endowment Investment Fee Management Expense account as well as the Quasi-Endowment account;
- c. reduced the Administrative Charge to Trust Funds from \$300,000/year to \$0; and
- d. reduced the current assessment of the LTF fee for educational purposes from four-hundredths to two-hundredths of one percent.

In the material provided to the Board in 1997, the staff projected that the Quasi-Endowment Fund balance would be drawn down by 2002 and that, beginning in 2003, the management fees would be paid directly from the LTF itself. Those projections were conservative, and the Fund currently has a balance of approximately \$3.8 million.

Dissolution of the Quasi-Endowment will further simplify use of the remaining Fund balance consistent with U. T. System priorities and as authorized by State law.

Timing of the dissolution of the Quasi-Endowment will be accomplished by withdrawals of the invested funds as needed and as best timed to maximize income generation and preservation of the Fund balance.

Counsel and Secretary's Note: The legal review was completed on September 10, 2003.

REPORT AND RECOMMENDATIONS OF THE FACILITIES PLANNING AND CONSTRUCTION COMMITTEE (Pages 111 - 112).--Committee Chairman Huffines reported that the Facilities Planning and Construction Committee met in open session to consider those matters on its agenda and to formulate recommendations for the U. T. Board of Regents. Unless otherwise indicated, the actions set forth in the Minute Orders which follow were recommended by the Facilities Planning and Construction Committee and approved in open session by the U. T. Board of Regents:

1. U. T. Southwestern Medical Center - Dallas - North Campus Phase 4: Honoric Naming of a Wing as the Moncrief Radiation Oncology Center (Regents' Rules and Regulations, Part Two, Chapter VIII, Section 1, Subsection 1.3, Honoric Namings)

The Board approved the naming of a wing of the North Campus Phase 4 project at The University of Texas Southwestern Medical Center at Dallas as the Moncrief Radiation Oncology Center to recognize the continuous commitment and the significant contribution of \$7,500,000 to the institution by former Regent W. A. "Tex" Moncrief, Jr.

The Radiation Oncology Center is at the east end of the Seay Biomedical Building and is integrated with other Cancer Center facilities. There are 35,000 gross square feet that include four treatment bays; state-of-the-art diagnostic, planning, and treatment equipment; research space for data analysis; and academic offices for faculty of the Department of Radiation Oncology.

2. U. T. Tyler: Approval of Honoric Naming of the Patriot Center as the Louise Herrington Patriot Center and Jean Lancaster Health and Kinesiology Wing as the Jean Lancaster Academic Wing (Regents' Rules and Regulations, Part Two, Chapter VIII, Section 1, Subsection 1.3, Honoric Namings)

The Board:

- a. Approved the honorific naming of the Patriot Center as the Louise Herrington Patriot Center at The University of Texas at Tyler
- b. Approved the honorific renaming of the Jean Lancaster Health and Kinesiology Wing as the Jean Lancaster Academic Wing.

The Patriot Center contains approximately 127,000 square feet of high-tech classrooms, sophisticated labs and faculty offices, recreational space for fitness activities, aerobics, swimming, intramural programs, and lounging areas. In February 2001, the Board approved design development for the Patriot Center and in July 2001, under delegated authority, the Chancellor approved the naming of the Student Health and Kinesiology Building as the Patriot Center. Renaming of the Patriot Center as the Louise Herrington Patriot Center will recognize the significant contributions of the Ornelas family to the U. T. Tyler community. After making the pledge of \$6,400,000 for the Patriot Center, Mr. Joseph Ornelas requested the building be named using Mrs. Ornelas' maiden name (Herrington).

In August 2002, the Board approved the honorific naming of the Jean Lancaster Health and Kinesiology Wing. Renaming the Wing as the Jean Lancaster Academic Wing will more accurately reflect the use of the space to provide offices for faculty and staff, laboratories, and teaching facilities and will allow flexibility in use of the wing over the years.

INFORMATIONAL REPORT

U. T. System: Historically Underutilized Businesses (HUB) Quarterly Report

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

The total expenditures for Building Construction and Other Facilities by the Office of Facilities Planning and Construction through the third quarter of Fiscal Year 2003 was approximately \$387,827,000. Of that amount, 15.74% was paid to Certified Historically Underutilized Businesses, 0.81% was paid to Graduated Historically Underutilized Businesses, and Noncertified Historically Underutilized Businesses received 7.44%, for a total of 23.99% or approximately \$93,045,000.

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

Committee Chairman Huffines stated for the record that in Fiscal Year 2001, HUB expenditures represented 14.91% of construction expenditures whereas in Fiscal Year 2003, 24.23% of construction expenditures are HUB expenditures. He said this was a remarkable trend and complimented the staff of the Office of Facilities Planning and Construction.

RECONVENE.--At 11:45 a.m., the Board reconvened as a committee of the whole to consider those items remaining on the agenda.

OTHER MATTERS

U. T. Board of Regents: Report of the B-On-Time Student Loan Program

Chairman Miller announced that an additional item had been posted with the Secretary of State to permit discussion of the B-On-Time Student Loan Program established to encourage students who have certain achievement levels and who graduate on time by forgiving their loans.

Chairman Miller called on Vice Chancellor Smith who reported that late in the 78th Texas Legislative Session, a law was enacted that provided for a tuition set aside. He noted that three issues within the tuition set aside and the B-On-Time legislation were being reconciled as follows: (1) the Lieutenant Governor will direct his staff to support legislation that will put the 5% set aside for the B-On-Time bill within the 20% bill on tuition deregulation, (2) the Lieutenant Governor has directed his staff to exempt graduate students, and (3) the Lieutenant Governor has instructed his staff to study the issue of private institutions where students are funded from the 5% B-On-Time program.

Following further discussion on tuition equalization, Chairman Miller said the B-On-Time program has great benefits for the State in that, if students graduate on a timely basis with a certain achievement standard (B average), that could provide a great economic benefit for the students, parents, and the State of Texas. He stated the program is a great goal to support but the program should not be paid by those who are not able to pay or by those who are inequitably asked to pay.

SCHEDULED MEETING.--Chairman Miller announced that the next regularly scheduled meeting would be held at The University of Texas of the Permian Basin on November 12-13, 2003.

ADJOURNMENT.--There being no further business, the meeting was adjourned at 11:50 a.m.

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

September 16, 2003

**THE UNIVERSITY OF TEXAS SYSTEM ADMINISTRATION
DOCKET NO. 114**

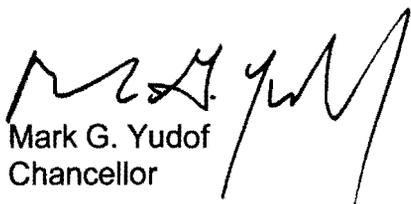
July 16, 2003

TO MEMBERS OF THE FINANCE AND PLANNING COMMITTEE:

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

The Docket for The University of Texas System Administration and the Dockets recommended by the Presidents concerned and prepared by the component institutions listed below are submitted for approval as appropriate at the meeting of the U. T. Board of Regents on August 7, 2003. The Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, the Acting Executive Vice Chancellor for Health Affairs, the Vice Chancellor and General Counsel, and I concur in these recommendations.

<u>Institutions</u>	<u>Pages</u>
The University of Texas System Administration	Docket 1 - 19
The University of Texas at Arlington	Docket 20 - 26
The University of Texas at Austin	Docket 27 - 34
The University of Texas at Brownsville	Docket 35 - 38
The University of Texas at Dallas	Docket 39 - 41
The University of Texas at El Paso	Docket 42 - 46
The University of Texas - Pan American	Docket 47 - 52
The University of Texas of the Permian Basin	Docket 53 - 54
The University of Texas at San Antonio	Docket 55 - 56
The University of Texas at Tyler	Docket 57 - 60
The University of Texas Southwestern Medical Center at Dallas	Docket 61 - 64
The University of Texas Medical Branch at Galveston	Docket 65 - 70
The University of Texas Health Science Center at Houston	Docket 71 - 74
The University of Texas Health Science Center at San Antonio	Docket 75 - 79
The University of Texas M. D. Anderson Cancer Center	Docket 80 - 87


Mark G. Yudof
Chancellor

xc: Other Members of
the Board

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U. T. SYSTEM ADMINISTRATION

CONTRACTS

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

GENERAL CONTRACTS

FUNDS GOING OUT

1. Agency: Navigant International/South Central L.P.
Funds: \$1,800,000
Period: July 31, 2003 through July 31, 2005
Description: Navigant International/South Central L.P. agrees to provide travel agency reservation services for the U. T. System. Navigant International/South Central L.P. was selected from 20 bidders following a competitive bid process.

AMENDMENT TO THE 2002-03 BUDGET

TRANSFERS OF FUNDS

The following Request for Budget Change (RBC) has been administratively approved by the appropriate Executive Vice Chancellor and the Chancellor and is recommended for approval by the U. T. Board of Regents.

<u>Description</u>	<u>\$ Amount</u>	<u>RBC #</u>
UNEMPLOYMENT COMPENSATION INSURANCE BENEFITS		
1. Amount of Transfer:	1,000,000	8

From: Unemployment Compensation Insurance - Income

To: Unemployment Compensation Insurance – Compensation Benefits

To increase available funds to reimburse the Texas Workforce Commission for System-wide unemployment compensation insurance claims anticipated to be higher than originally budgeted.

OTHER MATTERS

APPROVAL OF NEWLY COMMISSIONED U. T. SYSTEM PEACE OFFICERS

In accordance with Chapter 51.203 of the Texas Education Code, the U. T. Board of Regents is requested to approve the commissioning of the individuals listed below as peace officers effective June 6, 2003. The following officers have completed a course of training that included mandated Texas Commission on Law Enforcement Officer Standards and Education courses at The University of Texas System Police Training Academy and have successfully passed the State of Texas Peace Officer Licensing Examination.

<u>Name</u>	<u>Component Institution</u>
Jason Balusek	U. T. San Antonio
Hector H. Barrera	U. T. San Antonio
Alberto Casarez	U. T. Health Science Center - Houston
Gerald D. Crosby	U. T. Health Science Center - Houston
Calvin C. Lawrence	U. T. Health Science Center - San Antonio
Shahab I. Lawrence	U. T. Arlington
Jason Michael Lee	U. T. Arlington
Manuel J. Leston	U. T. Health Science Center - Houston
David C. Lucas	U. T. Health Science Center - Houston
Hongchen Ma	U. T. Arlington
Christopher Charles Malone	U. T. Arlington
Kevin Lee Nance	U. T. Arlington
Joshua Robinson	U. T. San Antonio
Gabriel Rodriquez	U. T. Medical Branch - Galveston
David A. Ross	U. T. Southwestern Medical Center - Dallas
Darrin K. Watson	U. T. Health Science Center - Houston
Samantha Lee Willburn	U. T. Arlington

REAL ESTATE OFFICE REPORT

THE UNIVERSITY OF TEXAS SYSTEM REAL ESTATE ASSETS

Managed by U. T. System Real Estate Office

Summary Report at May 31, 2003

FUND TYPE

	Current Purpose Restricted		Endowment & Similar Funds		Annuity & Life Income Funds		TOTAL	
	Book	Market	Book	Market	Book	Market	Book	Market
Land & Buildings:								
Ending Value 2/28/03	\$ 6,935,819	\$ 24,274,684	\$ 23,277,798	\$ 115,186,458	\$ 1,249,644	\$ -	\$ 31,463,261	\$ 141,306,657
Increase or Decrease	390,003	413,253	(226,690)	625,397	-	13,000	163,313	1,051,650
Ending Value 5/31/03	\$ 7,325,822	\$ 24,687,937	\$ 23,051,108	\$ 115,811,855	\$ -	\$ 858,515	\$ 31,463,261	\$ 141,358,307
Other Real Estate:								
Ending Value 2/28/03	\$ 167,134	\$ 168,759	\$ 309,066	\$ 309,066	\$ -	\$ -	\$ 476,200	\$ 477,825
Increase or Decrease	(21,495)	(23,120)	(87,260)	(87,260)	-	-	(108,755)	(110,380)
Ending Value 5/31/03	\$ 145,639	\$ 146,639	\$ 221,806	\$ 221,806	\$ -	\$ -	\$ 367,445	\$ 367,445

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

Details of individual assets by account furnished on request.

**The University of Texas System
Physician/Dental Practice Plans Year-to-Date Summary of Operations
For the Nine Months Ending May 31, 2003**

	Cumulative Year-to-Date FY 2003	Cumulative Year-to-Date FY 2002 (Restated)	Increase/ (Decrease)	Percent Increase/ (Decrease)
Operating Revenues:				
Gross Charges	\$ 1,506,419,068	1,367,487,338	138,931,730	10.16%
Less:				
Un-sponsored Charity Care	443,019,102	398,936,441	44,082,661	11.05%
Contractual Adjustments	502,794,453	426,297,122	76,497,331	17.94%
Other Unreimbursed Medical Costs	37,986,098	38,992,633	(1,006,535)	-2.58%
Bad Debt Expense	39,984,374	64,029,755	(24,045,381)	-37.55%
Net Patient Revenue	<u>482,635,041</u>	<u>439,231,387</u>	<u>43,403,654</u>	<u>9.88%</u>
Contractual Revenues	148,509,029	134,856,173	13,652,856	10.12%
Other Operating Revenues	20,167,904	28,044,525	(7,876,621)	-28.09%
Total Operating Revenues Included in Monthly Financial Report	<u>651,311,974</u>	<u>602,132,085</u>	<u>49,179,889</u>	<u>8.17%</u>
Operating Expenses:				
Faculty Salaries	229,853,970	203,786,137	26,067,833	12.79%
Staff Salaries	117,450,851	107,075,854	10,374,997	9.69%
Resident Salaries	2,572,695	3,205,466	(632,771)	-19.74%
Fringe Benefits	134,851,625	121,617,621	13,234,004	10.88%
Maintenance and Operations	114,279,307	114,377,135	(97,828)	-0.09%
Professional Liability Insurance	15,921,824	13,452,836	2,468,988	18.35%
Travel	8,296,561	7,411,690	884,871	11.94%
Official Functions	1,963,570	1,603,750	359,820	22.44%
Other Operating Expenses	19,167,000	21,611,000	(2,444,000)	-11.31%
Total Operating Expenses Included in Monthly Financial Report	<u>644,357,403</u>	<u>594,141,489</u>	<u>50,215,914</u>	<u>8.45%</u>
Operating Income (Loss)	6,954,571	7,990,596	(1,036,025)	-12.97%
Investment Income	4,336,886	7,240,227	(2,903,341)	-40.10%
Interest Expense on Debt Service	(1,063,732)	(1,055,404)	(8,328)	-0.79%
Adjusted Income (Loss)	10,227,725	14,175,419	(3,947,694)	-27.85%
Adjusted Income (Loss) - as a percentage	1.56%	2.33%		
Other Nonoperating Revenues (Expenses)	(2,059,606)	(195,485)	(1,864,121)	-953.59%
Income (Loss) Before Other Items	8,168,119	13,979,934	(5,811,815)	-41.57%
Transfers In	4,834,897	2,110,657	2,724,240	129.07%
Transfers Out	(15,389,175)	(15,963,650)	574,475	3.60%
Debt Service	(2,196,797)	(1,834,433)	(362,364)	-19.75%
Capital Outlay	(5,762,918)	(7,967,888)	2,204,970	27.67%
Change in Net Assets	<u>(10,345,874)</u>	<u>(9,675,380)</u>	<u>(670,494)</u>	<u>-6.93%</u>
Net Assets - September 1 - As Previously Reported	374,591,980	387,655,165	(13,063,185)	-3.37%
Restatements	(9,838,301)	(8,283,224)	(1,555,077)	-18.77%
Net Assets - September 1 - As Restated	<u>364,753,679</u>	<u>379,371,941</u>	<u>(14,618,262)</u>	<u>-3.85%</u>
Net Assets - May 31	<u>\$ 354,407,805</u>	<u>369,696,561</u>	<u>(15,288,756)</u>	<u>-4.14%</u>

**The University of Texas System
Physician/Dental Practice Plans
Comparison of Year-to-Date FY 2003 Adjusted Income (Loss)
to Year-to-Date FY 2002 Adjusted Income (Loss)
For the Nine Months Ending May 31, 2003**

	<u>Year-to-Date FY 2003 Adjusted Income (Loss)</u>	<u>Year-to-Date FY 2002 Adjusted Income (Loss) (Restated)</u>	<u>Variance of Current Year-to-Date to Prior Year-to-Date</u>	<u>Fluctuation Percentage</u>
U. T. Southwestern Medical Center - Dallas	\$ 1,348,580	12,137,456	(10,788,876)	-88.89% (1)
U. T. Southwestern Medical Center - Dallas (Allied Health)	329,527	82,251	247,276	300.64%
U. T. Medical Branch - Galveston	(600,956)	1,561,548	(2,162,504)	-138.48% (2)
U. T. Health Science Center - Houston	(5,556,551)	(2,683,254)	(2,873,297)	-107.08% (3)
U. T. Health Science Center - San Antonio (Physician)	2,153,207	675,472	1,477,735	218.77% (4)
U. T. Health Science Center - San Antonio (Dental)	1,131,988	995,439	136,549	13.72%
U. T. M. D. Anderson Cancer Center	12,236,624	2,623,881	9,612,743	366.36% (5)
U. T. Health Center at Tyler	<u>(814,694) (6)</u>	<u>(1,217,374)</u>	<u>402,680</u>	<u>33.08%</u>
Total Adjusted Income (Loss)	<u>\$ 10,227,725</u>	<u>14,175,419</u>	<u>(3,947,694)</u>	<u>-27.85%</u>

**Explanations of Variances on the
Practice Plans Summary of Operations
For the Nine Months Ending May 31, 2003**

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

- (1) *U. T. Southwestern Medical Center - Dallas* – The \$10.8 million (88.9%) decrease in adjusted income as compared to the same period last year was due to an increase in total operating expenses of \$22.7 million, partially offset by an increase in total operating revenues of \$12.6 million due to growth in patient volumes and an increase in fee schedules. Total operating expenses increased largely due to increases in both faculty and staff salaries resulting from the creation of new positions in OB-GYN, Dermatology, Internal Medicine and Cardiothoracic Surgery, as well as annual salary increases. Fringe benefits increased not only due to the creation of the new positions, but also as a result of increases in faculty incentives and insurance premiums.

- (2) *U. T. Medical Branch - Galveston* – The \$2.2 million (138.5%) decrease in adjusted income as compared to the same period last year was due to an increase in total operating expenses of \$2.9 million, as well as a decrease in investment income of \$937,000. Total operating expenses increased primarily as a result of an increase in faculty full-time equivalents and annual salary increases. Investment income declined as a result of the Texas Department of Insurance lowering the interest rate on the surplus debenture (loan) between the nonprofit healthcare corporation, U.T.M.B. Healthcare Systems, Inc., and the physician practice plan retroactive to January 1, 2002. Rather than restating the prior period, current year investment income was adjusted to reflect this change since the amount was considered immaterial to overall operations of the physician practice plan. The increased operating expenses and reduced investment income were partially offset by a \$1.7 million increase in total operating revenues. Gross charges increased due to higher patient volumes. As a result of these factors, *U. T. Medical Branch - Galveston* has a year-to-date adjusted loss of \$601,000. Seasonal trends impact the timing of revenues and expenses. The practice plan is expected to break even by year-end as a result of higher patient volumes in the last three months and cost reductions associated with the hiring freeze.

**Explanations of Variances on the Practice Plans Summary of Operations
For the Nine Months Ending May 31, 2003 (Continued)**

- (3) *U. T. Health Science Center - Houston* – The \$2.9 million (107.1%) decrease in adjusted income as compared to the same period last year was due to a larger increase in operating expenses of \$9.7 million versus operating revenues of \$7.1 million. The majority of the increase in operating expenses was due to increased salaries resulting primarily from merit adjustments, market adjustments and promotions. While operating revenues increased over last year, they are still not at the level expected by management. Typically only 47% of total professional fees are received during the first six months of each fiscal year due to fewer clinical days, whereas expenses are more evenly distributed. The result is that a loss is usually experienced the first six months of each fiscal year. Even considering the 47 percent and 53 percent split in professional fees, the professional fees that resulted during the first six months of FY 2003 were not at the level anticipated. This was a result of several factors. First, there are still faculty vacancies in several areas that were not expected: Internal Medicine, Cardiology, Neurosurgery, and Dermatology's Mohs Surgery. These areas usually produce high dollar charges relative to many other areas. Next, a shift in the payor mix resulted in fewer net collections on gross charges. Finally, the general downturn of the economy resulted in a payor mix at some practice plan locations with a slightly higher rate of self-pay and indigent patients than before, negatively affecting collections. Charges and collections increased during April and May of FY 2003; however, these increases were later in the year than expected and were still not quite at the level anticipated. As a result of these factors, the practice plan has a year-to-date adjusted loss of \$5.6 million. The practice plan has implemented various expense reductions for the remainder of FY 2003. These expense reductions are expected to reduce the practice plan's deficit to \$3.5 million by year-end.
- (4) *U. T. Health Science Center - San Antonio (Physician Practice Plan)* – The majority of the \$1.5 million (218.8%) increase in adjusted income as compared to the same period last year was due to a realignment of revenues and expenses in the physician practice plan. Management determined that there were certain revenues and expenses related to the practice plan that were being captured in other areas of the institution.

In addition to the realignment, gross charges increased due to improved controls over the patient registration process, as well as increased provider productivity. A negotiated increase in the base care contract with the teaching hospital contributed to the increase in contractual revenues. Also contributing to the increase in adjusted income was a decrease in the overall costs of the nonprofit healthcare corporation, University Physicians Group, Inc., primarily due to lower capitation costs as a result of fewer contracts with providers for capitation services.

**Explanations of Variances on the Practice Plans Summary of Operations
For the Nine Months Ending May 31, 2003 (Continued)**

- (5) U. T. M. D. Anderson Cancer Center – The \$9.6 million (366.4%) increase in adjusted income as compared to the same period last year was due to a \$22.6 million increase in total operating revenues, which was partially offset by an increase in total operating expenses of \$12.3 million. Total operating revenues increased due to higher patient volumes, as well as price increases. Following the events of September 11, 2001, U. T. M. D. Anderson Cancer Center experienced a decline in the number of clinical visits, which combined with a decrease in the number of international patients, caused revenues to be reduced in the first part of 2002. Total operating expenses increased primarily due to increases in faculty salaries and fringe benefits related to salary increases and new positions. Staff salaries increased due to a shift in classified salaries from Educational and General funds to the practice plan effective in the third quarter of FY 2003. Fringe benefits also increased as a result of increases in insurance premiums, as well as the shift in classified salaries from Educational and General funds to the practice plan.
- (6) U. T. Health Center - Tyler – The \$815,000 year-to-date adjusted loss is due to a continued high level of contractual write-offs. A shift in the payor mix away from commercial insurance to Medicare, Medicaid and self-pay have contributed to the increases in contractual adjustments. Educational and General funds will reimburse the physician practice plan for indigent care, administrative support and education services by year-end. U. T. Health Center – Tyler anticipates this reimbursement of indirect costs of the practice plan will be \$2.2 million. As a result of these cost recoveries, U. T. Health Center - Tyler's physician practice plan is expected to break even at year-end.

GLOSSARY OF TERMS

OPERATING REVENUES:

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

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

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

GLOSSARY OF TERMS (CONTINUED)

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

NET PATIENT REVENUES - Gross charges less all deductions.

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

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

OPERATING EXPENSES:

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

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

RESIDENT SALARIES - Salaries paid to resident physicians.

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

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

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

TRAVEL - All costs associated with travel.

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

OTHER OPERATING EXPENSES - Other operating-related expense items not listed elsewhere.

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

GLOSSARY OF TERMS (CONTINUED)

OTHER NONOPERATING ADJUSTMENTS:

INVESTMENT INCOME - Income earned from investments.

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

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

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

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

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

TRANSFERS IN - Transfers from non-practice plan funds.

TRANSFERS OUT - Transfers to non-practice plan funds.

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

CAPITAL OUTLAY - Cost of capital acquisitions funded from plan resources.

**The University of Texas Southwestern Medical Center at Dallas
Physician Practice Plan Year-to-Date Summary of Operations
For the Nine Months Ending May 31, 2003**

	Cumulative Year-to-Date 2003*	Cumulative Year-to-Date 2002	Increase/ (Decrease)	Percent Increase/ (Decrease)
Operating Revenues:				
Gross Charges	\$ 482,999,050	430,740,695	52,258,355	12.13%
Less:				
Un-sponsored Charity Care	206,034,210	184,669,916	21,364,294	11.57%
Contractual Adjustments	120,505,999	101,568,454	18,937,545	18.65%
Other Unreimbursed Medical Costs	13,313,321	12,481,811	831,510	6.66%
Bad Debt Expense	6,667,056	5,714,233	952,823	16.67%
Net Patient Revenues	<u>136,478,464</u>	<u>126,306,281</u>	<u>10,172,183</u>	<u>8.05%</u>
Contractual Revenues	62,459,197	59,902,737	2,556,460	4.27%
Other Operating Revenues	5,994,235	6,104,638	(110,403)	-1.81%
Total Operating Revenues Included in Monthly Financial Report	<u>204,931,896</u>	<u>192,313,656</u>	<u>12,618,240</u>	<u>6.56%</u>
Operating Expenses:				
Faculty Salaries	65,489,566	56,842,581	8,646,985	15.21%
Staff Salaries	51,534,848	45,469,734	6,065,114	13.34%
Fringe Benefits	42,493,567	37,369,074	5,124,493	13.71%
Maintenance and Operations	37,746,338	35,989,875	1,756,463	4.88%
Professional Liability Insurance	3,848,780	3,347,154	501,626	14.99%
Travel	1,955,694	1,715,249	240,445	14.02%
Official Functions	350,162	-	350,162	100.00%
Total Operating Expenses Included in Monthly Financial Report	<u>203,418,955</u>	<u>180,733,667</u>	<u>22,685,288</u>	<u>12.55%</u>
Operating Income (Loss)	1,512,941	11,579,989	(10,067,048)	-86.93%
Investment Income	887,000	1,586,181	(699,181)	-44.08%
Interest Expense on Debt Service	<u>(1,051,361)</u>	<u>(1,028,714)</u>	<u>(22,647)</u>	<u>-2.20%</u>
Adjusted Income (Loss)	1,348,580	12,137,456	(10,788,876)	-88.89%
Adjusted Income (Loss) - as a percentage	0.66%	6.26%		
Transfers In	4,599,795	2,107,820	2,491,975	118.23%
Transfers Out	(11,457,383)	(6,267,737)	(5,189,646)	-82.80%
Debt Service	(2,028,797)	(1,666,433)	(362,364)	-21.74%
Capital Outlay	<u>(3,257,453)</u>	<u>(4,925,649)</u>	<u>1,668,196</u>	<u>33.87%</u>
Change in MSRDP/PRS Net Assets	<u>(10,795,258)</u>	<u>1,385,457</u>	<u>(12,180,715)</u>	<u>-879.18%</u>
Net Assets - September 1 - As Previously Reported	141,810,647	151,295,372	(9,484,725)	-6.27%
Restatements	<u>(2,698,273)</u>	<u>(312,722)</u>	<u>(2,385,551)</u>	<u>-762.83%</u>
Net Assets - September 1 - As Restated	139,112,374	150,982,650	(11,870,276)	-7.86%
Net Assets - May 31	<u>\$ 128,317,116</u>	<u>152,368,107</u>	<u>(24,050,991)</u>	<u>-15.78%</u>

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

**The University of Texas Southwestern Medical Center at Dallas
Allied Health Faculty Services Plan Year-to-Date Summary of Operations
For the Nine Months Ending May 31, 2003**

	Cumulative Year-to-Date 2003	Cumulative Year-to-Date 2002	Increase/ (Decrease)	Percent Increase/ (Decrease)
Operating Revenues:				
Gross Charges	\$ 1,244,281	1,438,485	(194,204)	-13.50%
Less:				
Un-sponsored Charity Care	10,346	11,676	(1,330)	-11.39%
Contractual Adjustments	267,201	363,368	(96,167)	-26.47%
Other Unreimbursed Medical Costs	34,833	35,167	(334)	-0.95%
Bad Debt Expense	20,044	22,254	(2,210)	-9.93%
Net Patient Revenues	911,857	1,006,020	(94,163)	-9.36%
Contractual Revenues	468,654	268,335	200,319	74.65%
Other Operating Revenues	29,876	18,807	11,069	58.86%
Total Operating Revenues Included in Monthly Financial Report	1,410,387	1,293,162	117,225	9.06%
Operating Expenses:				
Faculty Salaries	141,847	210,472	(68,625)	-32.61%
Staff Salaries	412,557	492,076	(79,519)	-16.16%
Fringe Benefits	138,513	179,709	(41,196)	-22.92%
Maintenance and Operations	352,257	309,056	43,201	13.98%
Professional Liability Insurance	8,777	-	8,777	100.00%
Travel	33,453	30,593	2,860	9.35%
Official Functions	785	-	785	100.00%
Total Operating Expenses Included in Monthly Financial Report	1,088,189	1,221,906	(133,717)	-10.94%
Operating Income (Loss)	322,198	71,256	250,942	352.17%
Investment Income	7,329	10,995	(3,666)	-33.34%
Adjusted Income (Loss)	329,527	82,251	247,276	300.64%
Adjusted Income (Loss) - as a percentage	23.24%	6.31%		
Transfers In	4,138	-	4,138	100.00%
Transfers Out	(93,240)	(94,474)	1,234	1.31%
Capital Outlay	(1,157)	(10,262)	9,105	88.73%
Change in MSRDP/PRS Net Assets	239,268	(22,485)	261,753	1164.10%
Net Assets - September 1 - As Previously Reported	2,776,476	2,756,656	19,820	0.72%
Net Assets - May 31	\$ 3,015,744	2,734,171	281,573	10.30%

**The University of Texas Medical Branch at Galveston
Physician Practice Plan Year-to-Date Summary of Operations
For the Nine Months Ending May 31, 2003**

	Cumulative Year-to-Date 2003	Cumulative Year-to-Date 2002	Increase/ (Decrease)	Percent Increase/ (Decrease)
Operating Revenues:				
Gross Charges	\$ 231,712,941	224,918,259	6,794,682	3.02%
Less:				
Un-sponsored Charity Care	68,419,112	63,611,424	4,807,688	7.56%
Contractual Adjustments	71,132,371	74,448,794	(3,316,423)	-4.45%
Other Unreimbursed Medical Costs	11,833,153	8,956,874	2,876,279	32.11%
Bad Debt Expense	9,308,197	11,792,950	(2,484,753)	-21.07%
Net Patient Revenues	<u>71,020,108</u>	<u>66,108,217</u>	4,911,891	7.43%
Contractual Revenues	23,822,500	24,340,414	(517,914)	-2.13%
Other Operating Revenues	800,866	3,519,267	(2,718,401)	-77.24%
Total Operating Revenues Included in Monthly Financial Report	<u>95,643,474</u>	<u>93,967,898</u>	1,675,576	1.78%
Operating Expenses:				
Faculty Salaries	35,656,532	31,794,593	3,861,939	12.15%
Staff Salaries	24,685,879	24,858,852	(172,973)	-0.70%
Resident Salaries	2,572,695	3,205,466	(632,771)	-19.74%
Fringe Benefits	17,219,626	16,471,337	748,289	4.54%
Maintenance and Operations	10,551,657	11,764,901	(1,213,244)	-10.31%
Professional Liability Insurance	4,465,010	4,092,984	372,026	9.09%
Travel	1,195,071	1,189,631	5,440	0.46%
Official Functions	150,881	218,427	(67,546)	-30.92%
Total Operating Expenses Included in Monthly Financial Report	<u>96,497,351</u>	<u>93,596,191</u>	2,901,160	3.10%
Operating Income (Loss)	(853,877)	371,707	(1,225,584)	-329.72%
Investment Income	<u>252,921</u>	<u>1,189,841</u>	(936,920)	-78.74%
Adjusted Income (Loss)	(600,956)	1,561,548	(2,162,504)	-138.48%
Adjusted Income (Loss) - as a percentage	-0.63%	1.64%		
Transfers In	22,060	-	22,060	100.00%
Transfers Out	(248,978)	(551,718)	302,740	54.87%
Capital Outlay	(639,199)	(1,866,399)	1,227,200	65.75%
Change in MSRDP/PRS Net Assets	<u>(1,467,073)</u>	<u>(856,569)</u>	(610,504)	-71.27%
Net Assets - September 1 - As Previously Reported	<u>45,932,815</u>	<u>43,424,899</u>	2,507,916	5.78%
Net Assets - May 31	<u>\$ 44,465,742</u>	<u>42,568,330</u>	1,897,412	4.46%

**The University of Texas Health Science Center at Houston
Physician Practice Plan Year-to-Date Summary of Operations
For the Nine Months Ending May 31, 2003**

	Cumulative Year-to-Date 2003*	Cumulative Year-to-Date 2002	Increase/ (Decrease)	Percent Increase/ (Decrease)
Operating Revenues:				
Gross Charges	\$ 228,986,221	221,770,723	7,215,498	3.25%
Less:				
Un-sponsored Charity Care	77,969,808	76,422,191	1,547,617	2.03%
Contractual Adjustments	63,941,594	62,051,448	1,890,146	3.05%
Other Unreimbursed Medical Costs	6,617,702	6,675,299	(57,597)	-0.86%
Bad Debt Expense	13,098,012	12,751,817	346,195	2.71%
Net Patient Revenues	67,359,105	63,869,968	3,489,137	5.46%
Contractual Revenues	38,139,811	32,228,688	5,911,123	18.34%
Other Operating Revenues	4,370,228	6,715,747	(2,345,519)	-34.93%
Total Operating Revenues Included in Monthly Financial Report	109,869,144	102,814,403	7,054,741	6.86%
Operating Expenses:				
Faculty Salaries	47,969,073	40,358,706	7,610,367	18.86%
Staff Salaries	15,758,322	13,995,392	1,762,930	12.60%
Fringe Benefits	15,992,739	15,017,779	974,960	6.49%
Maintenance and Operations	13,566,876	12,235,012	1,331,864	10.89%
Professional Liability Insurance	2,361,317	1,864,395	496,922	26.65%
Travel	589,922	586,173	3,749	0.64%
Official Functions	669,603	670,863	(1,260)	-0.19%
Other Operating Expenses	19,167,000	21,611,000	(2,444,000)	-11.31%
Total Operating Expenses Included in Monthly Financial Report	116,074,852	106,339,320	9,735,532	9.16%
Operating Income (Loss)	(6,205,708)	(3,524,917)	(2,680,791)	-76.05%
Investment Income	651,172	852,214	(201,042)	-23.59%
Interest Expense on Debt Service	(2,015)	(10,551)	8,536	80.90%
Adjusted Income (Loss)	(5,556,551)	(2,683,254)	(2,873,297)	-107.08%
Adjusted Income (Loss) - as a percentage	-5.03%	-2.59%		
Transfers Out	(351,544)	(45,884)	(305,660)	-666.16%
Debt Service	(76,000)	(76,000)	-	0.00%
Capital Outlay	(682,553)	(948,864)	266,311	28.07%
Change in MSRDP/PRS Net Assets	(6,666,648)	(3,754,002)	(2,912,646)	-77.59%
Net Assets - September 1 - As Previously Reported	47,906,025	52,127,688	(4,221,663)	-8.10%
Restatements	(7,140,028)	(9,096,000)	1,955,972	21.50%
Net Assets - September 1 - As Restated	40,765,997	43,031,688	(2,265,691)	-5.27%
Net Assets - May 31	\$ 34,099,349	39,277,686	(5,178,337)	-13.18%

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

**The University of Texas Health Science Center at San Antonio
Physician Practice Plan Year-to-Date Summary of Operations
For the Nine Months Ending May 31, 2003**

	Cumulative Year-to-Date 2003*	Cumulative Year-to-Date 2002	Increase/ (Decrease)	Percent Increase/ (Decrease)
Operating Revenues:				
Gross Charges	\$ 148,120,658	139,954,369	8,166,289	5.83%
Less:				
Un-sponsored Charity Care	56,617,484	44,907,579	11,709,905	26.08%
Contractual Adjustments	36,179,712	19,553,798	16,625,914	85.03%
Other Unreimbursed Medical Costs	333,503	5,728,072	(5,394,569)	-94.18%
Bad Debt Expense	2,202,182	17,964,655	(15,762,473)	-87.74%
Net Patient Revenues	<u>52,787,777</u>	<u>51,800,265</u>	<u>987,512</u>	<u>1.91%</u>
Contractual Revenues	23,013,524	17,523,124	5,490,400	31.33%
Other Operating Revenues	8,146,876	10,893,542	(2,746,666)	-25.21%
Total Operating Revenues Included in Monthly Financial Report	<u>83,948,177</u>	<u>80,216,931</u>	<u>3,731,246</u>	<u>4.65%</u>
Operating Expenses:				
Faculty Salaries	26,632,385	25,240,689	1,391,696	5.51%
Staff Salaries	6,125,695	5,132,762	992,933	19.35%
Fringe Benefits	10,325,172	9,636,186	688,986	7.15%
Maintenance and Operations	35,911,606	37,517,250	(1,605,644)	-4.28%
Professional Liability Insurance	2,178,735	1,635,373	543,362	33.23%
Travel	600,854	621,276	(20,422)	-3.29%
Official Functions	211,623	214,955	(3,332)	-1.55%
Total Operating Expenses Included in Monthly Financial Report	<u>81,986,070</u>	<u>79,998,491</u>	<u>1,987,579</u>	<u>2.48%</u>
Operating Income (Loss)	1,962,107	218,440	1,743,667	798.24%
Investment Income	201,456	473,171	(271,715)	-57.42%
Interest Expense on Debt Service	(10,356)	(16,139)	5,783	35.83%
Adjusted Income (Loss)	2,153,207	675,472	1,477,735	218.77%
Adjusted Income (Loss) - as a percentage	2.56%	0.84%		
Transfers In	208,904	2,837	206,067	7263.55%
Transfers Out	(197,781)	-	(197,781)	-100.00%
Debt Service	(92,000)	(92,000)	-	0.00%
Capital Outlay	(854,929)	(174,714)	(680,215)	-389.33%
Change in MSRDP/PRS Net Assets	<u>1,217,401</u>	<u>411,595</u>	<u>805,806</u>	<u>195.78%</u>
Net Assets - September 1 - As Previously Reported	<u>35,934,204</u>	<u>30,534,090</u>	<u>5,400,114</u>	<u>17.69%</u>
Net Assets - May 31	<u>\$ 37,151,605</u>	<u>30,945,685</u>	<u>6,205,920</u>	<u>20.05%</u>

*Includes the operations of the nonprofit healthcare corporation.

**The University of Texas Health Science Center at San Antonio
Dental Practice Plan Year-to-Date Summary of Operations
For the Nine Months Ending May 31, 2003**

	Cumulative Year-to-Date 2003	Cumulative Year-to-Date 2002	Increase/ (Decrease)	Percent Increase/ (Decrease)
Operating Revenues:				
Gross Charges	\$ 4,782,510	4,407,357	375,153	8.51%
Total Operating Revenues Included in Monthly Financial Report	<u>4,782,510</u>	<u>4,407,357</u>	<u>375,153</u>	<u>8.51%</u>
Operating Expenses:				
Faculty Salaries	357,039	380,920	(23,881)	-6.27%
Staff Salaries	1,221,482	1,016,325	205,157	20.19%
Fringe Benefits	554,529	495,971	58,558	11.81%
Maintenance and Operations	1,374,621	1,394,830	(20,209)	-1.45%
Professional Liability Insurance	35,170	67,403	(32,233)	-47.82%
Travel	101,676	126,387	(24,711)	-19.55%
Official Functions	32,205	10,715	21,490	200.56%
Total Operating Expenses Included in Monthly Financial Report	<u>3,676,722</u>	<u>3,492,551</u>	<u>184,171</u>	<u>5.27%</u>
Operating Income (Loss)	1,105,788	914,806	190,982	20.88%
Investment Income	26,200	80,633	(54,433)	-67.51%
Adjusted Income (Loss)	1,131,988	995,439	136,549	13.72%
Adjusted Income (Loss) - as a percentage	23.54%	22.18%		
Transfers Out	(10,249)	(3,837)	(6,412)	-167.11%
Capital Outlay	(327,627)	(42,000)	(285,627)	-680.06%
Change in DSRDP Net Assets	<u>794,112</u>	<u>949,602</u>	<u>(155,490)</u>	<u>-16.37%</u>
Net Assets - September 1 - As Previously Reported	<u>8,037,871</u>	<u>7,322,127</u>	<u>715,744</u>	<u>9.78%</u>
Net Assets - May 31	<u>\$ 8,831,983</u>	<u>8,271,729</u>	<u>560,254</u>	<u>6.77%</u>

**The University of Texas M. D. Anderson Cancer Center
Physician Practice Plan Year-to-Date Summary of Operations
For the Nine Months Ending May 31, 2003**

	Cumulative Year-to-Date 2003	Cumulative Year-to-Date 2002	Increase/ (Decrease)	Percent Increase/ (Decrease)
Operating Revenues:				
Gross Charges	\$ 381,158,894	318,965,464	62,193,430	19.50%
Less:				
Un-sponsored Charity Care	31,646,184	25,577,063	6,069,121	23.73%
Contractual Adjustments	198,113,466	158,548,959	39,564,507	24.95%
Other Unreimbursed Medical Costs	5,073,637	3,911,643	1,161,994	29.71%
Bad Debt Expense	6,273,172	13,408,093	(7,134,921)	-53.21%
Net Patient Revenues	140,052,435	117,519,706	22,532,729	19.17%
Other Operating Revenues	627,106	533,306	93,800	17.59%
Total Operating Revenues Included in Monthly Financial Report	140,679,541	118,053,012	22,626,529	19.17%
Operating Expenses:				
Faculty Salaries	47,835,821	44,144,143	3,691,678	8.36%
Staff Salaries	16,247,972	13,956,804	2,291,168	16.42%
Fringe Benefits	46,435,843	40,751,116	5,684,727	13.95%
Maintenance and Operations	13,336,686	14,021,392	(684,706)	-4.88%
Professional Liability Insurance	2,621,153	2,088,271	532,882	25.52%
Travel	3,709,589	3,025,649	683,940	22.60%
Official Functions	548,311	488,790	59,521	12.18%
Total Operating Expenses Included in Monthly Financial Report	130,735,375	118,476,165	12,259,210	10.35%
Operating Income (Loss)	9,944,166	(423,153)	10,367,319	2450.02%
Investment Income	2,292,458	3,047,034	(754,576)	-24.76%
Adjusted Income (Loss)	12,236,624	2,623,881	9,612,743	366.36%
Adjusted Income (Loss) - as a percentage	8.56%	2.17%		
Other Nonoperating Revenues (Expenses)	(1,124,886)	(195,485)	(929,401)	-475.43%
Income (Loss) Before Other Items	11,111,738	2,428,396	8,683,342	357.58%
Transfers Out	(3,030,000)	(9,000,000)	5,970,000	66.33%
Change in MSRDP/PRS Net Assets	8,081,738	(6,571,604)	14,653,342	222.98%
Net Assets - September 1 - As Previously Reported	92,760,304	99,828,964	(7,068,660)	-7.08%
Net Assets - May 31	\$ 100,842,042	93,257,360	7,584,682	8.13%

**The University of Texas Health Center at Tyler
Physician Practice Plan Year-to-Date Summary of Operations
For the Nine Months Ending May 31, 2003**

	Cumulative Year-to-Date 2003*	Cumulative Year-to-Date 2002	Increase/ (Decrease)	Percent Increase/ (Decrease)
Operating Revenues:				
Gross Charges	\$ 27,414,513	25,291,986	2,122,527	8.39%
Less:				
Un-sponsored Charity Care	2,321,958	3,736,592	(1,414,634)	-37.86%
Contractual Adjustments	12,654,110	9,762,301	2,891,809	29.62%
Other Unreimbursed Medical Costs	779,949	1,203,767	(423,818)	-35.21%
Bad Debt Expense	2,415,711	2,375,753	39,958	1.68%
Net Patient Revenues	<u>9,242,785</u>	<u>8,213,573</u>	1,029,212	12.53%
Contractual Revenues	605,343	592,875	12,468	2.10%
Other Operating Revenues	198,717	259,218	(60,501)	-23.34%
Total Operating Revenues Included in Monthly Financial Report	<u>10,046,845</u>	<u>9,065,666</u>	<u>981,179</u>	<u>10.82%</u>
Operating Expenses:				
Faculty Salaries	5,771,707	4,814,033	957,674	19.89%
Staff Salaries	1,464,096	2,153,909	(689,813)	-32.03%
Fringe Benefits	1,691,636	1,696,449	(4,813)	-0.28%
Maintenance and Operations	1,439,266	1,144,819	294,447	25.72%
Professional Liability Insurance	402,882	357,256	45,626	12.77%
Travel	110,302	116,732	(6,430)	-5.51%
Total Operating Expenses Included in Monthly Financial Report	<u>10,879,889</u>	<u>10,283,198</u>	<u>596,691</u>	<u>5.80%</u>
Operating Income (Loss)	(833,044)	(1,217,532)	384,488	31.58%
Investment Income	18,350	158	18,192	11513.92%
Adjusted Income (Loss)	(814,694)	(1,217,374)	402,680	33.08%
Adjusted Income (Loss) - as a percentage	-8.09%	-13.43%		
Other Nonoperating Revenues (Expenses)	(934,720)	-	(934,720)	-100.00%
Change in MSRDP/PRS Net Assets	(1,749,414)	(1,217,374)	(532,040)	-43.70%
Net Assets - September 1 - As Previously Reported	(566,362)	365,369	(931,731)	-255.01%
Restatements	-	1,125,498	(1,125,498)	-100.00%
Net Assets - September 1 - As Restated	<u>(566,362)</u>	<u>1,490,867</u>	<u>(2,057,229)</u>	<u>-137.99%</u>
Net Assets - May 31	<u>\$ (2,315,776)</u>	<u>273,493</u>	<u>(2,589,269)</u>	<u>-946.74%</u>

*Includes the operations of the nonprofit healthcare corporation.

U. T. ARLINGTON

GIFTS

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

1. Donor Name: Anonymous
College/School/ Department: College of Business Administration
Purpose: To create the Goolsby Leadership Academy and Goolsby Distinguished Professorships honoring Mr. and Mrs. John Goolsby
Asset Type: Cash
Value: \$2,000,000

CHANGES TO ADMISSION CRITERIA

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

Summary of Changes to Graduate School Admission Criteria

The Admissions Policy is in compliance with Texas Education Code Section 51.821 et seq. This policy describes the requirements for entrance and selection factors used in the selection of students.

Geology Master's program:

Old Admission Requirement: A minimum of 60% of the possible combined total score on the verbal, quantitative, and analytical portions of the Graduate Record Examination (GRE) exam.

New Admission Requirement: A minimum of the 60th percentile on each of the verbal, quantitative, and analytical writing portions of the GRE exam.

English Master's program:

Old Admission Requirement: GRE scores: A minimum of 500 verbal and 1000 verbal and quantitative or verbal and analytical.

New Admission Requirement: GRE scores: A minimum of 500 verbal. Additionally, either a combined verbal and quantitative score of at least 1000 or a score of at least 4.5 on the Analytical Writing Measure.

English Ph.D. program:

Old Admission Requirement: GRE scores: A minimum of 500 verbal and 1000 verbal and quantitative or verbal and analytical.

New Admission Requirement: GRE scores: A minimum of 500 verbal. Additionally, either a combined verbal and quantitative score of at least 1000 or a score of at least 4.5 on the Analytical Writing Measure.

CHANGES TO ADMISSION CRITERIA (CONTINUED)

Summary of Changes to Graduate School Admission Criteria (Continued)

History Master's program:

Old Admission Requirement: A minimum combined score of 1000 on the verbal and analytical sections of the GRE aptitude test (verified by official GRE scores sent to Graduate Admissions) or a 500 verbal score plus a comparable satisfactory score on the revised (October 2002) analytical section to the GRE aptitude test.

New Admission Requirement: A minimum score of 500 on the verbal section and a minimum score of 4 on the analytical writing section of the GRE aptitude test (verified by official GRE scores sent to Graduate Admissions).

History Ph.D. program:

Old Admission Requirement: A minimum combined score of 1100 on the verbal and analytical sections of the GRE aptitude test (verified by official GRE scores sent to Graduate Admissions) or a 500 verbal score plus a comparable satisfactory score on the revised (October 2002) analytical section to the GRE aptitude test.

New Admission Requirement: A minimum score of 550 on the verbal section and a minimum score of 5 on the analytical writing section of the GRE aptitude test (verified by official GRE scores sent to Graduate Admissions).

School of Social Work, Ph.D. program:

Old Admission Requirement: Master's GPA of 3.4 minimum as calculated by the Graduate School or a GRE score of 1000 (Quantitative & Analytical) or a score of 500 on the PAEG (equivalent of GRE in Mexico).

New Admission Requirement: A superior score on the verbal, quantitative, and analytical writing portion of the GRE if graduate GPA is less than 3.4.

AMENDMENTS TO THE 2002-03 BUDGET

APPOINTMENTS AND PROMOTIONS

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

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

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
SCHOOL OF EDUCATION					
Office of the Dean					
1. Jeanne M. Gerlach (T)					68
From: Dean and Professor		100 0	12 09	118,368 81,276	
To: Associate Vice President of K-16 Education and Dean and Professor	3/1-8/31 3/1-8/31	100 0	12 09	118,368 81,276	

AMENDMENTS TO THE 2002-03 BUDGET (CONTINUED)

TRANSFERS OF FUNDS

<u>Description</u>	<u>\$ Amount</u>	<u>RBC #</u>
SENIOR VICE PRESIDENT FOR FINANCE AND ADMINISTRATION (VPFA)		
2. Amount of Transfer:	505,442	61
From: VPFA – Information and Technology Fee Income	505,442	
To: OIT – Academic Computing Services – A & P Salaries	14,723	
OIT – Academic Computing Services – Classified Salaries	36,947	
OIT – Academic Computing Services – Staff Benefits	15,652	
OIT – Business Computing Services – A & P Salaries	47,889	
OIT – Business Computing Services – Classified Salaries	305,350	
OIT – Business Computing Services – Staff Benefits	84,881	

These adjustments are needed to support salaries in the Office of Information Technology transferred from General Revenue accounts to designated accounts to accommodate the state budget 7% reduction.

SMALL CLASS REPORT, FALL 2002 AND SPRING 2003

Pursuant to Section 51.403 of the Texas Education Code and Section 5.301 of the Texas Higher Education Coordinating Board Rules, codified as 19 Texas Administrative Code Section 5.301, a report for the record regarding the teaching of small classes has been filed. The statutory requirement to report this information to the Board will end August 31, 2003. The purpose of the subtotal below is to distinguish small classes that are required by some exigency (e.g. accreditation) as opposed to those the component simply wishes to offer.

The institution has reviewed the data in this report and, as appropriate, made administrative changes to ensure that teaching such small classes continues to be justified. The detailed listing of small classes is available in the U. T. System Office of Academic Affairs and is summarized as follows:

Organized Undergraduate Classes with Fewer than 10 Enrolled Students

Primary Reasons for Teaching	Fall	Spring	Total	Prior Year Total
a. Required for graduation	5	12	17	19
b. To keep proper sequence	29	18	47	57
c. New program	3	4	7	22
d. Cross listed	5	2	7	8
e. First time offered	0	1	1	2
f. Accreditation or licensing standard	0	0	0	29
g. Limited facilities	4	14	18	19
Subtotal	46	51	97	156
h. Voluntarily offered	8	12	20	14
Total	54	63	117	170

SMALL CLASS REPORT, FALL 2002 AND SPRING 2003 (CONTINUED)

**Organized Graduate Classes with
Fewer than 5 Enrolled Students**

Primary Reasons for Teaching	Fall	Spring	Total	Prior Year Total
a. Required for graduation	4	6	10	12
b. To keep proper sequence	0	0	0	7
c. New program	0	2	2	3
d. Cross listed	3	2	5	34
e. First time offered	1	0	1	0
f. Accreditation or licensing standard	0	0	0	0
g. Limited facilities	0	0	0	0
Subtotal	8	10	18	56
h. Voluntarily offered	1	2	3	6
Total	9	12	21	62

U. T. AUSTIN

AMENDMENTS TO THE 2002-03 BUDGET

TRANSFERS OF FUNDS

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

<u>Description</u>	<u>\$ Amount</u>	<u>RBC #</u>
PLANT FUNDS		
1. Amount of Transfer:	1,500,000	108
From: Vice President and Chief Financial Officer- Designated Tuition Holding Account		
To: Academic Space Improvements- Designated Tuition		
To transfer funding from the Designated Tuition Holding account to the Physical Plant for various academic space improvement projects.		
2. Amount of Transfer:	750,000	113
From: Designated Funds – Vice President and Chief Financial Officer – Designated Tuition		
To: Physical Plant – Campus Wayfinding		
To provide funding for Campus Wayfinding. Continuing wayfinding and signage efforts included in the Campus Master Plan and the main campus transportation, a detailed plan for campus-wide signage graphics is to be established. The assignment will include phase one of a potential two or three phase construction implementation of campus signs.		

PARKING AND TRAFFIC REGULATIONS

The following listing summarizes the substantive changes proposed to Parking and Traffic Regulations of The University of Texas at Austin. They have been approved by the Executive Vice Chancellor for Academic Affairs and the Office of General Counsel.

PARKING AND TRAFFIC REGULATIONS FOR 2003-04

<u>Page Numbers</u>	<u>Summary of Proposed Substantive Changes</u>
9	The term "sidewalk" has been extended to include "walkway" in accordance with the Texas law.
18	Currently, a motorcycle permit is provided at no cost to someone who has purchased and fully paid for a vehicle permit. The following was added for clarification: "...no more than one of these permitted vehicles is allowed on campus at a time."
19	Explains new online service for required bicycle registration and describes new bicycle regulations.
20	Adds and explains bicycle lock removal service.
31	Class C+ permits are commuting student surface parking permits plus Night Horn Access Cards available to any student.
31	Night Horn Access Cards are available to any student. It is designated to provide low cost parking for those wishing to access libraries, labs, and late afternoon classes.
35	Carpool/Vanpool members are eligible to purchase a UT Share Pass providing access to any available parking garage at a discounted daily rate with advance purchase. This provides members the opportunity to park their personal vehicle when necessary.
43	Adds "Unregistered Bicycle" to the "Driving and Parking Offenses" and designates fine.
43	Adds special access parking restrictions to Lots 38 and 40 near the Thompson Conference Center and LBJ Library and Museum.

FEEES AND MISCELLANEOUS CHARGES

OTHER FEES AND CHARGES

BARBARA JORDAN AND CÉSAR CHÁVEZ STATUES FEE

Approval is recommended for the Barbara Jordan and César Chávez Statues fee to be effective beginning with the Spring Semester 2004 and continuing through the 2007 Summer Session. The fee was authorized by the 78th Texas Legislature (Texas Education Code Section 54.5135), has been approved by an affirmative student vote, and has been administratively approved by the Executive Vice Chancellor for Academic Affairs.

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

	<u>Current Rates \$</u>	<u>Proposed Rates \$</u>	<u>Percent Increase</u>
<u>For each regular semester</u>			
Per student	n/a	2	n/a
<u>For each summer session</u>			
Per student	n/a	2	n/a

FEES AND MISCELLANEOUS CHARGES (CONTINUED)

**HOUSING RATES
(INCLUDING APARTMENTS, DORMITORY ROOMS, RESIDENCE HALLS)**

Approval is recommended for the following cable television charge to be effective beginning with the Fall Semester 2003. The proposed rate has been approved by the University Apartments Tenant Advisory Board and has been administratively approved by the Executive Vice Chancellor for Academic Affairs.

In the future, cost of cable service will be included in the university housing rates submitted for approval in February of each year.

	<u>Current Rates \$</u>	<u>Proposed Rates \$</u>	<u>Percent Increase</u>
<u>UNIVERSITY APARTMENTS</u>			
<u>FAMILY STUDENT HOUSING</u>			
<u>Cable Rates Per month</u>			
1 bedroom	n/a	5.40	n/a
2 bedroom	n/a	5.40	n/a
3 bedroom	n/a	5.40	n/a

FEES AND MISCELLANEOUS CHARGES (CONTINUED)

PARKING PERMIT FEES

Approval is recommended for the following parking permit fees to be effective beginning with the Fall Semester 2003. The Student Fees Advisory Committee, as required under Section 54.514 of the Texas Education Code, has approved the fees. The fees have also been administratively approved by the Executive Vice Chancellor for Academic Affairs.

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

	<u>Current Rates \$</u>	<u>Proposed Rates \$</u>	<u>Percent Increase</u>
<u>Academic Year:</u>			
<u>Student (Surface)</u>			
Permit "C+"	n/a	139	n/a
<u>Any Employee/Student</u>			
Night Horn Access Card	n/a	50	n/a
<u>Single Semester Fee:</u>			
<u>Any Employee/Student</u>			
Night Horn Access Card	25	35	40%
<u>Fee Per Entry:</u>			
<u>Any Employee/Student</u>			
UT Share Garage Pass			
Parking garages 5 and 7	3	2	-33%
All other garages	7	4	-43%

FEES AND MISCELLANEOUS CHARGES (CONTINUED)

PARKING ENFORCEMENT FEES

Approval is recommended for the following parking permit fees to be effective beginning with the Fall Semester 2003. The Student Fees Advisory Committee, as required under Section 54.514 of the Texas Education Code, has approved the fees. The fees have also been administratively approved by the Executive Vice Chancellor for Academic Affairs.

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

	<u>Current Rates \$</u>	<u>Proposed Rates \$</u>	<u>Percent Increase</u>
Unregistered bicycle	n/a	10	n/a
Unauthorized parking in Lots 38 and 40 near the Thompson Conference Center and the LBJ Library and Museum	n/a	25	n/a

SMALL CLASS REPORT, FALL 2002 AND SPRING 2003

Pursuant to Section 51.403 of the Texas Education Code and Section 5.301 of the Texas Higher Education Coordinating Board Rules, codified as 19 Texas Administrative Code Section 5.301, a report for the record regarding the teaching of small classes has been filed. The statutory requirement to report this information to the Board will end August 31, 2003. The purpose of the subtotal below is to distinguish small classes that are required by some exigency (e.g. accreditation) as opposed to those the component simply wishes to offer.

The institution has reviewed the data in this report and, as appropriate, made administrative changes to ensure that teaching such small classes continues to be justified. The detailed listing of small classes is available in the U. T. System Office of Academic Affairs and is summarized as follows:

Organized Undergraduate Classes with Fewer than 10 Enrolled Students

<u>Primary Reasons for Teaching</u>	<u>Fall</u>	<u>Spring</u>	<u>Total</u>	<u>Prior Year Total</u>
a. Required for graduation	35	58	93	112
b. To keep proper sequence	72	83	155	169
c. New program	0	0	0	4
d. Cross listed	21	16	37	52
e. First time offered	0	0	0	0
f. Accreditation or licensing standard	6	2	8	14
g. Limited facilities	0	0	0	0
Subtotal	134	159	293	351
h. Voluntarily offered	10	14	24	20
Total	144	173	317	371

SMALL CLASS REPORT, FALL 2002 AND SPRING 2003 (CONTINUED)

**Organized Graduate Classes with
Fewer than 5 Enrolled Students**

Primary Reasons for Teaching	Fall	Spring	Total	Prior Year Total
a. Required for graduation	20	24	44	91
b. To keep proper sequence	16	22	38	34
c. New program	0	0	0	0
d. Cross listed	41	59	100	86
e. First time offered	0	0	0	0
f. Accreditation or licensing standard	13	9	22	29
g. Limited facilities	0	0	0	0
Subtotal	90	114	204	240
h. Voluntarily offered	0	0	0	0
Total	90	114	204	240

U. T. BROWNSVILLE

AMENDMENTS TO THE 2002-03 BUDGET

APPOINTMENTS AND PROMOTIONS

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

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

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
COLLEGE OF SCIENCE, MATH AND TECHNOLOGY					
Physics and Astronomy					
1. Joseph D. Romano (T)					15
From: Associate Professor		100	09	49,462	
To: Associate Professor and Department Chair	9/1-5/31 1/2-5/31	100 SUPLT	09 09	49,462 6,667	
2. Mario Diaz (T)					19
From: Associate Professor and Interim Department Chair		100 SUPLT	09 09	45,000 8,000	
To: Associate Professor and Director of Center for Gravitational Wave Astronomy	9/1-5/31 1/2-5/31	100 SUPLT	09 09	60,788 9,333	

AMENDMENTS TO THE 2002-03 BUDGET (CONTINUED)

APPOINTMENTS AND PROMOTIONS (CONTINUED)

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
COLLEGE OF SCIENCE, MATH AND TECHNOLOGY (Continued)					
Biology					
3. Luis V. Colom (T)					16
From: Associate Professor		100	09	78,880	
To: Associate Professor and Department Chair	9/1-5/31 1/10-5/31	100 SUPLT	09 09	78,880 8,000	
4. Alfredo Muñoz (T)					18
From: Assistant Professor and Department Chair		100 SUPLT	09 09	53,065 8,000	
To: Assistant Professor	9/1-5/31	100	09	53,065	
Engineering					
5. Manuel Blanco (T)					17
From: Associate Professor		100	09	65,000	
To: Associate Professor and Department Chair	9/1-5/31 1/2-5/31	100 SUPLT	09 09	65,000 6,667	

SMALL CLASS REPORT, FALL 2002 AND SPRING 2003

Pursuant to Section 51.403 of the Texas Education Code and Section 5.301 of the Texas Higher Education Coordinating Board Rules, codified as 19 Texas Administrative Code Section 5.301, a report for the record regarding the teaching of small classes has been filed. The statutory requirement to report this information to the Board will end August 31, 2003. The purpose of the subtotal below is to distinguish small classes that are required by some exigency (e.g. accreditation) as opposed to those the component simply wishes to offer.

The institution has reviewed the data in this report and, as appropriate, made administrative changes to ensure that teaching such small classes continues to be justified. The detailed listing of small classes is available in the U. T. System Office of Academic Affairs and is summarized as follows:

Organized Undergraduate Classes with Fewer than 10 Enrolled Students

<u>Primary Reasons for Teaching</u>	<u>Fall</u>	<u>Spring</u>	<u>Total</u>	<u>Prior Year Total</u>
a. Required for graduation	17	21	38	57
b. To keep proper sequence	9	8	17	44
c. New program	5	5	10	3
d. Cross listed	14	9	23	33
e. First time offered	2	7	9	1
f. Accreditation or licensing standard	0	0	0	3
g. Limited facilities	0	0	0	31
Subtotal	47	50	97	172
h. Voluntarily offered	1	4	5	9
Total	48	54	102	181

SMALL CLASS REPORT, FALL 2002 AND SPRING 2003 (CONTINUED)

**Organized Graduate Classes with
Fewer than 5 Enrolled Students**

Primary Reasons for Teaching	Fall	Spring	Total	Prior Year Total
a. Required for graduation	3	1	4	15
b. To keep proper sequence	0	1	1	1
c. New program	2	3	5	0
d. Cross listed	1	1	2	0
e. First time offered	1	3	4	1
f. Accreditation or licensing standard	0	0	0	0
g. Limited facilities	0	0	0	0
Subtotal	7	9	16	17
h. Voluntarily offered	1	5	6	3
Total	8	14	22	20

U. T. DALLAS

AMENDMENTS TO THE 2002-03 BUDGET

APPOINTMENTS AND PROMOTIONS

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

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

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
ERIK JONSSON SCHOOL OF ENGINEERING AND COMPUTER SCIENCE					
Dean, Lars Magnus Ericsson Chair In Electrical Engineering and Professor					
1. C. Robert Helms (T)	5/16-8/31	100	12	285,000	12
	5/16-8/31	WOS	9	185,000	
SCHOOL OF ARTS AND HUMANITIES					
2. S. Michael Simpson					13
From: Professor (T)		0	0		
To: Professor Emeritus	6/1-8/31				
SCHOOL OF MANAGEMENT					
3. Larry J. Merville					14
From: Professor (T)		0	0		
To: Professor Emeritus	6/1-8/31				
4. Gerald W. Scully					15
From: Professor (T)		0	0		
To: Professor Emeritus	6/1-8/31				

SMALL CLASS REPORT, FALL 2002 AND SPRING 2003

Pursuant to Section 51.403 of the Texas Education Code and Section 5.301 of the Texas Higher Education Coordinating Board Rules, codified as 19 Texas Administrative Code Section 5.301, a report for the record regarding the teaching of small classes has been filed. The statutory requirement to report this information to the Board will end August 31, 2003. The purpose of the subtotal below is to distinguish small classes that are required by some exigency (e.g. accreditation) as opposed to those the component simply wishes to offer.

The institution has reviewed the data in this report and, as appropriate, made administrative changes to ensure that teaching such small classes continues to be justified. The detailed listing of small classes is available in the U. T. System Office of Academic Affairs and is summarized as follows:

Organized Undergraduate Classes with Fewer than 10 Enrolled Students

Primary Reasons for Teaching	Fall	Spring	Total	Prior Year Total
a. Required for graduation	19	20	39	20
b. To keep proper sequence	21	23	44	29
c. New program	0	0	0	1
d. Cross listed	67	80	147	78
e. First time offered	7	5	12	5
f. Accreditation or licensing standard	0	0	0	0
g. Limited facilities	0	0	0	2
Subtotal	114	128	242	135
h. Voluntarily offered	2	2	4	5
Total	116	130	246	140

SMALL CLASS REPORT, FALL 2002 AND SPRING 2003 (CONTINUED)

**Organized Graduate Classes with
Fewer than 5 Enrolled Students**

<u>Primary Reasons for Teaching</u>	<u>Fall</u>	<u>Spring</u>	<u>Total</u>	<u>Prior Year Total</u>
a. Required for graduation	2	7	9	4
b. To keep proper sequence	7	5	12	14
c. New program	0	0	0	0
d. Cross listed	18	18	36	18
e. First time offered	2	1	3	0
f. Accreditation or licensing standard	0	0	0	0
g. Limited facilities	0	0	0	0
Subtotal	29	31	60	36
h. Voluntarily offered	4	4	8	5
Total	33	35	68	41

U. T. EL PASO

AMENDMENTS TO THE 2002-03 BUDGET

TRANSFERS OF FUNDS

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

<u>Description</u>	<u>\$ Amount</u>	<u>RBC #</u>
SPECIAL EVENTS AND TICKET CENTER		
1. Amount of Transfer:	1,000,000	34
From: Road Shows and Special Events – Ticket Sales Income		
To: Road Shows and Special Events – Performer Fees	920,000	
Road Shows and Special Events – Balance Forward Prior Year	80,000	
Budget adjustment to reflect increase in revenue.		

AMENDMENTS TO THE 2002-03 BUDGET (CONTINUED)

TRANSFERS OF FUNDS (CONTINUED)

<u>Description</u>	<u>\$ Amount</u>	<u>RBC #</u>
INTERCOLLEGIATE ATHLETICS		
2. Amount of Transfer:	1,000,000	35
From: Interest on Designated Funds Time Deposit	324,401	
Auxiliary Administration	233,325	
Interest on Restricted Funds Time Deposits	92,274	
Auxiliary Administration – Repair and		
Replacement Reserves	150,000	
Student Services Fees – Unallocated	200,000	
To: Intercollegiate Athletics – Estimated Income		
and Transfers	1,000,000	

Budget adjustment is necessary to reflect an increase in transfers for Intercollegiate Athletics due to lower than anticipated revenue collections.

SMALL CLASS REPORT, FALL 2002 AND SPRING 2003

Pursuant to Section 51.403 of the Texas Education Code and Section 5.301 of the Texas Higher Education Coordinating Board Rules, codified as 19 Texas Administrative Code Section 5.301, a report for the record regarding the teaching of small classes has been filed. The statutory requirement to report this information to the Board will end August 31, 2003. The purpose of the subtotal below is to distinguish small classes that are required by some exigency (e.g. accreditation) as opposed to those the component simply wishes to offer.

The institution has reviewed the data in this report and, as appropriate, made administrative changes to ensure that teaching such small classes continues to be justified. The detailed listing of small classes is available in the U. T. System Office of Academic Affairs and is summarized as follows:

Organized Undergraduate Classes with Fewer than 10 Enrolled Students

Primary Reasons for Teaching	Fall	Spring	Total	Prior Year Total
a. Required for graduation	4	13	17	38
b. To keep proper sequence	4	3	7	14
c. New program	2	3	5	6
d. Cross listed	64	90	154	122
e. First time offered	0	1	1	0
f. Accreditation or licensing standard	0	1	1	0
g. Limited facilities	2	0	2	1
Subtotal	76	111	187	181
h. Voluntarily offered	11	4	15	20
Total	87	115	202	201

SMALL CLASS REPORT, FALL 2002 AND SPRING 2003 (CONTINUED)

**Organized Graduate Classes with
Fewer than 5 Enrolled Students**

Primary Reasons for Teaching	Fall	Spring	Total	Prior Year Total
a. Required for graduation	7	3	10	12
b. To keep proper sequence	0	3	3	11
c. New program	0	2	2	2
d. Cross listed	20	17	37	40
e. First time offered	1	0	1	0
f. Accreditation or licensing standard	0	0	0	0
g. Limited facilities	0	0	0	0
Subtotal	28	25	53	65
h. Voluntarily offered	3	2	5	12
Total	31	27	58	77

OTHER MATTERS

APPROVAL OF DUAL POSITIONS OF HONOR, TRUST, OR PROFIT

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

- | | |
|---------------|--|
| Name: | Dr. Maceo C. Dailey, Jr. |
| Title: | Associate Professor, History Department and Director, African American Studies |
| Position: | Appointment to the Texas Council for the Humanities |
| Period: | June 2003 through December 31, 2004 |
| Compensation: | None |
| Description: | In June 2003 Governor Rick Perry reappointed Dr. Dailey to the Texas Council for the Humanities. The Texas Council for the Humanities reviews proposals for projects to be funded by the National Endowment for the Humanities, which are related to exploring the history and many diverse cultures of Texas. |

**U. T. PAN AMERICAN
CONTRACTS**

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

GENERAL CONTRACTS

FUNDS GOING OUT

1. Agency: Kaplan, Inc. dba Kaplan K-12 Learning Services
Funds: \$1,268,000
Period: February 3, 2003 through January 21, 2007
Description: Will provide high school students with access to online college preparation courses and training for site coordinators, leader teachers and parent liaisons.

AMENDMENTS TO THE 2002-03 BUDGET

APPOINTMENTS AND PROMOTIONS

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

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

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
COLLEGE OF BUSINESS ADMINISTRATION					
Economics and Finance					
1. Charles Ellard					12
From: Professor (T)		0	0		
To: Professor Emeritus	1/6-8/31				
COLLEGE OF SCIENCE AND ENGINEERING					
Biology					
2. William Ware					13
From: Professor (T)		0	0		
To: Professor Emeritus	3/31-8/31				
COLLEGE OF HEALTH SCIENCES AND HUMAN SERVICES					
Pharmacy Coop Doctorate					
3. William J. McIntrye					15
From: Assistant Dean and Associate Professor		100	12	100,157	
To: Dean and Associate Professor (T)	6/15-8/31	100	12	110,000	

AMENDMENTS TO THE 2002-03 BUDGET (CONTINUED)

TRANSFERS OF FUNDS

<u>Description</u>	<u>\$ Amount</u>	<u>RBC #</u>
THE TEXAS HIGHER EDUCATION COORDINATING BOARD – TEXAS GRANT FUNDS		
Texas Grant Program		
4. Amount of Transfer:	4,457,812	14

From: The Texas Higher Education
Coordinating Board –
Texas Grant Funds

To: E&G Funds –
Texas Grant Program

Additional allocation of Texas Grant Funds from the Texas Higher
Education Coordinating Board.

OTHER FISCAL ITEMS

EMPLOYMENT AGREEMENTS

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

1. Item: Head Women's Basketball Coach
Funds: \$62,476 annually
Period: March 10, 2003 through March 31, 2004
Description: Agreement for employment of Head Basketball Coach, DeAnn Craft, for the above designated period following the standard coach's employment contract prepared by the Office of General Counsel.

SMALL CLASS REPORT, FALL 2002 AND SPRING 2003

Pursuant to Section 51.403 of the Texas Education Code and Section 5.301 of the Texas Higher Education Coordinating Board Rules, codified as 19 Texas Administrative Code Section 5.301, a report for the record regarding the teaching of small classes has been filed. The statutory requirement to report this information to the Board will end August 31, 2003. The purpose of the subtotal below is to distinguish small classes that are required by some exigency (e.g. accreditation) as opposed to those the component simply wishes to offer.

The institution has reviewed the data in this report and, as appropriate, made administrative changes to ensure that teaching such small classes continues to be justified. The detailed listing of small classes is available in the U. T. System Office of Academic Affairs and is summarized as follows:

Organized Undergraduate Classes with Fewer than 10 Enrolled Students

Primary Reasons for Teaching	Fall	Spring	Total	Prior Year Total
a. Required for graduation	0	2	2	26
b. To keep proper sequence	6	6	12	16
c. New program	1	0	1	4
d. Cross listed	30	37	67	88
e. First time offered	0	0	0	3
f. Accreditation or licensing standard	0	6	6	0
g. Limited facilities	15	0	15	13
Subtotal	52	51	103	150
h. Voluntarily offered	99	87	186	107
i. Administrative	1	8	9	4
Total	152	146	298	261

SMALL CLASS REPORT, FALL 2002 AND SPRING 2003 (CONTINUED)

**Organized Graduate Classes with
Fewer than 5 Enrolled Students**

Primary Reasons for Teaching	Fall	Spring	Total	Prior Year Total
a. Required for graduation	2	0	2	5
b. To keep proper sequence	0	5	5	1
c. New program	1	0	1	0
d. Cross listed	6	8	14	12
e. First time offered	1	0	1	1
f. Accreditation or licensing standard	0	0	0	0
g. Limited facilities	16	0	16	1
Subtotal	26	13	39	20
h. Voluntarily offered	43	20	63	56
i. Administrative	1	0	1	1
Total	70	33	103	77

U. T. PERMIAN BASIN

SMALL CLASS REPORT, FALL 2002 AND SPRING 2003

Pursuant to Section 51.403 of the Texas Education Code and Section 5.301 of the Texas Higher Education Coordinating Board Rules, codified as 19 Texas Administrative Code Section 5.301, a report for the record regarding the teaching of small classes has been filed. The statutory requirement to report this information to the Board will end August 31, 2003. The purpose of the subtotal below is to distinguish small classes that are required by some exigency (e.g. accreditation) as opposed to those the component simply wishes to offer.

The institution has reviewed the data in this report and, as appropriate, made administrative changes to ensure that teaching such small classes continues to be justified. The detailed listing of small classes is available in the U. T. System Office of Academic Affairs and is summarized as follows:

Organized Undergraduate Classes with Fewer than 10 Enrolled Students

Primary Reasons for Teaching	Fall	Spring	Total	Prior Year Total
a. Required for graduation	35	14	49	23
b. To keep proper sequence	15	25	40	53
c. New program	0	0	0	2
d. Cross listed	32	21	53	18
e. First time offered	7	0	7	0
f. Accreditation or licensing standard	0	0	0	0
g. Limited facilities	0	0	0	0
Subtotal	89	60	149	96
h. Voluntarily offered	2	7	9	3
Total	91	67	158	99

SMALL CLASS REPORT, FALL 2002 AND SPRING 2003 (CONTINUED)

**Organized Graduate Classes with
Fewer than 5 Enrolled Students**

Primary Reasons for Teaching	Fall	Spring	Total	Prior Year Total
a. Required for graduation	0	0	0	6
b. To keep proper sequence	2	4	6	2
c. New program	0	0	0	0
d. Cross listed	6	3	9	7
e. First time offered	0	1	1	0
f. Accreditation or licensing standard	0	0	0	0
g. Limited facilities	0	0	0	0
Subtotal	8	8	16	15
h. Voluntarily offered	3	1	4	6
Total	11	9	20	21

U. T. SAN ANTONIO

SMALL CLASS REPORT, FALL 2002 AND SPRING 2003

Pursuant to Section 51.403 of the Texas Education Code and Section 5.301 of the Texas Higher Education Coordinating Board Rules, codified as 19 Texas Administrative Code Section 5.301, a report for the record regarding the teaching of small classes has been filed. The statutory requirement to report this information to the Board will end August 31, 2003. The purpose of the subtotal below is to distinguish small classes that are required by some exigency (e.g. accreditation) as opposed to those the component simply wishes to offer.

The institution has reviewed the data in this report and, as appropriate, made administrative changes to ensure that teaching such small classes continues to be justified. The detailed listing of small classes is available in the U. T. System Office of Academic Affairs and is summarized as follows:

**Organized Undergraduate Classes with
Fewer than 10 Enrolled Students**

Primary Reasons for Teaching	Fall	Spring	Total	Prior Year Total
a. Required for graduation	11	22	33	19
b. To keep proper sequence	13	12	25	21
c. New program	2	5	7	12
d. Cross listed	16	15	31	30
e. First time offered	3	1	4	5
f. Accreditation or licensing standard	0	0	0	0
g. Limited facilities	1	2	3	5
Subtotal	46	57	103	92
h. Voluntarily offered	14	11	25	24
Total	60	68	128	116

SMALL CLASS REPORT, FALL 2002 AND SPRING 2003 (CONTINUED)

**Organized Graduate Classes with
Fewer than 5 Enrolled Students**

Primary Reasons for Teaching	Fall	Spring	Total	Prior Year Total
a. Required for graduation	2	8	10	10
b. To keep proper sequence	8	4	12	5
c. New program	2	3	5	4
d. Cross listed	6	5	11	15
e. First time offered	4	0	4	1
f. Accreditation or licensing standard	0	0	0	0
g. Limited facilities	0	0	0	0
Subtotal	22	20	42	35
h. Voluntarily offered	5	4	9	9
Total	27	24	51	44

U. T. TYLER

GIFTS

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

1. Donor Name: Estate of Mrs. Jacqueline M. Braithwaite
College/School/ Department: College of Nursing and Health Sciences
Purpose: David G. and Jacqueline M. Braithwaite Nursing Building
Asset Type: Cash
Value: \$2,500,000

CONTRACTS

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

GENERAL CONTRACTS

FUNDS GOING OUT

1. Agency: Southeast Service Corporation dba SSC Service Solutions
Funds: \$2,712,057
Period: June 1, 2003 through August 31, 2004
Description: Southeast Service Corporation agrees to provide custodial services on campus.

SMALL CLASS REPORT, FALL 2002 AND SPRING 2003

Pursuant to Section 51.403 of the Texas Education Code and Section 5.301 of the Texas Higher Education Coordinating Board Rules, codified as 19 Texas Administrative Code Section 5.301, a report for the record regarding the teaching of small classes has been filed. The statutory requirement to report this information to the Board will end August 31, 2003. The purpose of the subtotal below is to distinguish small classes that are required by some exigency (e.g. accreditation) as opposed to those the component simply wishes to offer.

The institution has reviewed the data in this report and, as appropriate, made administrative changes to ensure that teaching such small classes continues to be justified. The detailed listing of small classes is available in the U. T. System Office of Academic Affairs and is summarized as follows:

Organized Undergraduate Classes with Fewer than 10 Enrolled Students

Primary Reasons for Teaching	Fall	Spring	Total	Prior Year Total
a. Required for graduation	23	15	38	47
b. To keep proper sequence	16	22	38	82
c. New program	12	6	18	4
d. Cross listed	2	10	12	0
e. First time offered	2	8	10	6
f. Accreditation or licensing standard	0	0	0	0
g. Limited facilities	1	4	5	3
Subtotal	56	65	121	142
h. Voluntarily offered	2	4	6	2
i. Internet	8	10	18	1
Total	66	79	145	145

SMALL CLASS REPORT, FALL 2002 AND SPRING 2003 (CONTINUED)

**Organized Graduate Classes with
Fewer than 5 Enrolled Students**

<u>Primary Reasons for Teaching</u>	<u>Fall</u>	<u>Spring</u>	<u>Total</u>	<u>Prior Year Total</u>
a. Required for graduation	9	0	9	10
b. To keep proper sequence	4	2	6	14
c. New program	0	0	0	0
d. Cross listed	1	1	2	0
e. First time offered	0	6	6	3
f. Accreditation or licensing standard	0	0	0	0
g. Limited facilities	0	0	0	0
Subtotal	14	9	23	27
h. Voluntarily offered	2	3	5	2
i. Internet	4	0	4	0
Total	20	12	32	29

U. T. SOUTHWESTERN MEDICAL CENTER - DALLAS

GIFTS

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

1. Donor Name: Southwestern Medical Foundation
Purpose: The Foundation's grant to The University of Texas Southwestern Medical Center at Dallas for the 2002-03 academic year

Asset Type: Cash
Value: \$777,500 (represents the second and final payment on a \$1,555,000 commitment)

2. Donor Name: Ortho-McNeil Pharmaceutical
College/School/ Department: Department of Pharmacology
Purpose: To support The Alliance for Cellular Signaling
Asset Type: Cash
Value: \$500,000

3. Donor Name: Roche Laboratories, Inc.
College/School/ Department: Department of Continuing Education
Purpose: To support the continuing education activity entitled, "Research Rounds XVIII," which will be held at The University of Texas Southwestern Medical Center at Dallas August 1-5, 2003

Asset Type: Cash
Value: \$1,287,905.50

AMENDMENTS TO THE 2002-03 BUDGET

APPOINTMENTS AND PROMOTIONS

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

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

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
SOUTHWESTERN MEDICAL SCHOOL					
Internal Medicine					
1. Chou-Long Huang (T)					30
From: Associate Professor		100	12	127,200	
To: Associate Professor and Jacob Lemann, M.D. Professorship in Calcium Transport	6/1-8/31	100	12	127,200	
Psychiatry					
2. C. Munro Cullum (T)					33
From: Professor		100	12	165,000	
To: Professor and Pam Blumenthal Distinguished Professorship in Clinical Psychology	5/1-8/31	100	12	190,000	

SMALL CLASS REPORT, FALL 2002 AND SPRING 2003

Pursuant to Section 51.403 of the Texas Education Code and Section 5.301 of the Texas Higher Education Coordinating Board Rules, codified as 19 Texas Administrative Code Section 5.301, a report for the record regarding the teaching of small classes has been filed. The statutory requirement to report this information to the Board will end August 31, 2003. The purpose of the subtotal below is to distinguish small classes that are required by some exigency (e.g. accreditation) as opposed to those the component simply wishes to offer.

The institution has reviewed the data in this report and, as appropriate, made administrative changes to ensure that teaching such small classes continues to be justified. The detailed listing of small classes is available upon request from the Registrar's Office and is summarized as follows:

Organized Undergraduate Classes with Fewer than 10 Enrolled Students

Primary Reasons for Teaching	Fall	Spring	Total	Prior Year Total
a. Required for graduation	19	15	34	30
b. To keep proper sequence	0	0	0	10
c. New program	0	0	0	0
d. Cross listed	0	0	0	0
e. First time offered	0	0	0	0
f. Accreditation or licensing standard	0	0	0	0
g. Limited facilities	1	3	4	22
Subtotal	20	18	38	62
h. Voluntarily offered	1	1	2	2
Total	21	19	40	64

SMALL CLASS REPORT, FALL 2002 AND SPRING 2003 (CONTINUED)

**Organized Graduate Classes with
Fewer than 5 Enrolled Students**

Primary Reasons for Teaching	Fall	Spring	Total	Prior Year Total
a. Required for graduation	6	11	17	13
b. To keep proper sequence	1	2	3	4
c. New program	0	0	0	0
d. Cross listed	1	4	5	6
e. First time offered	0	0	0	1
f. Accreditation or licensing standard	0	0	0	0
g. Limited facilities	0	0	0	0
Subtotal	8	17	25	24
h. Voluntarily offered	0	0	0	0
Total	8	17	25	24

U. T. MEDICAL BRANCH – GALVESTON

GIFTS

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

1. Donor Name: The Sealy & Smith Foundation
College/School/ Department: Research Department
Purpose: Final payment of the \$10,000,000 grant for research facilities expansion project
Asset Type: Cash
Value: \$3,333,334

2. Donor Name: The Sealy & Smith Foundation
College/School/ Department: School of Medicine, Radiology Department
Purpose: Final Payment of the \$6,115,000 grant for imaging units
Asset Type: Cash
Value: \$1,514,000

3. Donor Name: The Sealy & Smith Foundation
College/School/ Department: John Sealy Hospital
Purpose: Payment on \$2,281,000 grant for operating room renovations
Asset Type: Cash
Value: \$1,454,195

4. Donor Name: The Sealy & Smith Foundation
College/School/ Department: School of Medicine, Ophthalmology Department
Purpose: Payment on \$4,000,000 grant for the repair and renovation of 700 University Boulevard
Asset Type: Cash
Value: \$1,423,495

GIFTS (CONTINUED)

5. Donor Name: The Sealy & Smith Foundation
College/School/ Department: John Sealy Hospital
Purpose: Final payment of the \$3,283,000 grant for the upgrade of the patient monitoring capability in the hospital, the upgrade of patient care beds, and the acquisition of equipment
Asset Type: Cash
Value: \$1,351,410
6. Donor Name: The Sealy & Smith Foundation
College/School/ Department: John Sealy Hospital
Purpose: Payment on \$1,300,000 grant for the upgrade of the Rebecca Sealy Day Surgery Unit
Asset Type: Cash
Value: \$1,100,000

AMENDMENTS TO THE 2002-03 BUDGET

APPOINTMENTS AND PROMOTIONS

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

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

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
SCHOOL OF MEDICINE					
Office of the Dean of Medicine; Internal Medicine-Endocrinology					
1. Steven A. Lieberman (T)					32
From: Associate Dean for Educational Affairs and Associate Professor		100	12	168,459	
To: Associate Dean for Educational Affairs, Dr. and Mrs. A. H. Potthast Professorship in Teaching Excellence, and Associate Professor	3/1-8/31	100	12	168,459	

AMENDMENTS TO THE 2002-03 BUDGET (CONTINUED)

APPOINTMENTS AND PROMOTIONS (CONTINUED)

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
SCHOOL OF MEDICINE; RESEARCH ENHANCEMENT Anatomy and Neurosciences (WOS); Internal Medicine-Gastroenterology; Biomedical Engineering Center (WOS)					
2. Pankaj J. Pasricha (T)					33
From: Professor and Senior Scientist		100	12	297,926	
To: Professor, Bassel and Frances Blanton Distinguished Professorship in Internal Medicine and Professor, and Senior Scientist	3/1-8/31	100	12	297,926	

SMALL CLASS REPORT, FALL 2002 AND SPRING 2003

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The institution has reviewed the data in this report and, as appropriate, made administrative changes to ensure that teaching such small classes continues to be justified. The detailed listing of small classes is available upon request from the Registrar's Office and is summarized as follows:

Organized Undergraduate Classes with Fewer than 10 Enrolled Students

<u>Primary Reasons for Teaching</u>	<u>Fall</u>	<u>Spring</u>	<u>Total</u>	<u>Prior Year Total</u>
a. Required for graduation	9	17	26	38
b. To keep proper sequence	15	17	32	43
c. New program	0	3	3	0
d. Cross listed	0	9	9	9
e. First time offered	4	0	4	0
f. Accreditation or licensing standard	0	0	0	0
g. Limited facilities	0	1	1	0
Subtotal	28	47	75	90
h. Voluntarily offered	0	1	1	0
Total	28	48	76	90

SMALL CLASS REPORT, FALL 2002 AND SPRING 2003 (CONTINUED)

**Organized Graduate Classes with
Fewer than 5 Enrolled Students**

Primary Reasons for Teaching	Fall	Spring	Total	Prior Year Total
a. Required for graduation	8	10	18	5
b. To keep proper sequence	22	11	33	78
c. New program	4	3	7	2
d. Cross listed	7	6	13	5
e. First time offered	3	3	6	7
f. Accreditation or licensing standard	0	0	0	0
g. Limited facilities	9	11	20	0
Subtotal	53	44	97	97
h. Voluntarily offered	12	13	25	0
Total	65	57	122	97

U. T. HEALTH SCIENCE CENTER – HOUSTON

GIFTS

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

- | | |
|--------------------------------|--|
| Donor Name: | The Cullen Trust for Health Care |
| College/School/
Department: | Institution |
| Purpose: | Support the New Frontiers Campaign for capital use in the construction of the Institute of Molecular Medicine for the Prevention of Human Diseases |
| Asset Type: | Cash |
| Value: | \$600,000 |

AMENDMENTS TO THE 2002-2003 BUDGET

APPOINTMENTS AND PROMOTIONS

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<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
MEDICAL SCHOOL					
Surgery - Administration					
1. Richard Andrassy (T)					33
From: Denton A. Cooley, M.D. Chair in Surgery, Professor and Chairman of Surgery		100 SUPLT	12 12	460,000 95,000	
To: Denton A. Cooley, M.D. Chair in Surgery, Professor and Chairman of Surgery and Associate Dean for Clinical Operations	3/1-8/31 3/1-8/31	100 SUPLT SUPLT	12 12 12	460,000 95,000 50,000	
Internal Medicine - Cardiology					
2. Lance K. Gould (T)					34
From: Professor		100	12	287,718	
To: Professor and Martin Bucksbaum Distinguished University Chair	3/1-8/31 3/1-8/31	100 SUPLT	12 12	287,718 80,000	

SMALL CLASS REPORT, FALL 2002 AND SPRING 2003

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Organized Undergraduate Classes with Fewer than 10 Enrolled Students

Primary Reasons for Teaching	Fall	Spring	Total	Prior Year Total
a. Required for graduation	3	0	3	2
b. To keep proper sequence	0	1	1	0
c. New program	0	0	0	0
d. Cross listed	0	0	0	0
e. First time offered	0	0	0	0
f. Accreditation or licensing standard	0	0	0	0
g. Limited facilities	4	1	5	3
Subtotal	7	2	9	5
h. Voluntarily offered	0	0	0	0
Total	7	2	9	5

SMALL CLASS REPORT, FALL 2002 AND SPRING 2003 (CONTINUED)

**Organized Graduate Classes with
Fewer than 5 Enrolled Students**

<u>Primary Reasons for Teaching</u>	<u>Fall</u>	<u>Spring</u>	<u>Total</u>	<u>Prior Year Total</u>
a. Required for graduation	14	19	33	20
b. To keep proper sequence	40	52	92	80
c. New program	7	3	10	11
d. Cross listed	5	2	7	27
e. First time offered	6	3	9	4
f. Accreditation or licensing standard	0	0	0	0
g. Limited facilities	0	0	0	0
Subtotal	72	79	151	142
h. Voluntarily offered	8	19	27	20
Total	80	98	178	162

U. T. HEALTH SCIENCE CENTER - SAN ANTONIO

GIFTS

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

- | | |
|--------------------------------|--|
| Donor Name: | Texas Research Park Foundation |
| College/School/
Department: | Institution |
| Purpose: | Meet the needs of U. T. Health Science Center – San Antonio in accordance with the master plan for the campus in the Texas Research Park. The gift includes a provision that if the land is sold, the proceeds shall be held by U. T. Health Science Center – San Antonio for investment in other facilities or programs within the Texas Research Park. |
| Asset Type: | 57.88 acres of land |
| Value: | \$1,500,000 |

AMENDMENTS TO THE 2002-2003 BUDGET

APPOINTMENTS AND PROMOTIONS

The following Request for Budget Change (RBC) has been administratively approved by the Acting Executive Vice Chancellor for Health Affairs and is recommended for approval by the U. T. Board of Regents.

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

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
MEDICAL SCHOOL					
Department of Medicine					
1. Abraham C. Verghese (T)					46
From: Professor and Director of The Center for Medical Humanities and Ethics		25	12	200,000	
To: Professor, Director of The Center for Medical Humanities and Ethics, and Marvin Forland, Distinguished Professorship in Medical Ethics	7/01/03	25	12	200,000	

FEEES AND MISCELLANEOUS CHARGES

OTHER FEES AND CHARGES

The following new charge recommended for approval by the U. T. Board of Regents and inclusion in institutional catalogs has been approved by the Acting Executive Vice Chancellor for Health Affairs. The recommended charge is proposed to be effective for the academic year 2005 consistent with applicable statutory requirements under Section 54.504 and Section 55.16 of the Texas Education Code.

<u>Name/Description</u>	<u>Amount of Fee</u>
INSTRUCTIONAL TECHNOLOGY FEE To provide learning materials, electronic teaching equipment used in classrooms (other than computers), expendables, models for teaching and training, etc.	\$6 per semester credit hour for all entering students in all Allied Health courses for the academic year 2005

SMALL CLASS REPORT, FALL 2002 AND SPRING 2003

Pursuant to Section 51.403 of the Texas Education Code and Section 5.301 of the Texas Higher Education Coordinating Board Rules, codified as 19 Texas Administrative Code Section 5.301, a report for the record regarding the teaching of small classes has been filed. The statutory requirement to report this information to the Board will end August 31, 2003. The purpose of the subtotal below is to distinguish small classes that are required by some exigency (e.g. accreditation) as opposed to those the component simply wishes to offer.

The institution has reviewed the data in this report and, as appropriate, made administrative changes to ensure that teaching such small classes continues to be justified. The detailed listing of small classes is available upon request from the Registrar's Office and is summarized as follows:

Organized Undergraduate Classes with Fewer than 10 Enrolled Students

<u>Primary Reasons for Teaching</u>	<u>Fall</u>	<u>Spring</u>	<u>Total</u>	<u>Prior Year Total</u>
a. Required for graduation	4	6	10	17
b. To keep proper sequence	19	14	33	25
c. New program	8	6	14	18
d. Cross listed	3	2	5	2
e. First time offered	0	0	0	0
f. Accreditation or licensing standard	0	0	0	0
g. Limited facilities	12	22	34	14
Subtotal	46	50	96	76
h. Voluntarily offered	15	9	24	29
Total	61	59	120	105

SMALL CLASS REPORT, FALL 2002 AND SPRING 2003 (CONTINUED)

**Organized Graduate Classes with
Fewer than 5 Enrolled Students**

Primary Reasons for Teaching	Fall	Spring	Total	Prior Year Total
a. Required for graduation	5	11	16	14
b. To keep proper sequence	16	16	32	51
c. New program	2	0	2	0
d. Cross listed	5	3	8	12
e. First time offered	0	0	0	0
f. Accreditation or licensing standard	0	0	0	0
g. Limited facilities	0	5	5	13
Subtotal	28	35	63	90
h. Voluntarily offered	30	35	65	49
Total	58	70	128	139

U. T. M. D. ANDERSON CANCER CENTER

GIFTS

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

1. Donor Name: Cynthia & George Mitchell Charitable Remainder Unitrust ("Trust")
College/School/ Department: Institution
Purpose: Capital Improvement Program
Asset Type: Cash
Value: \$4,000,000

2. Donor Name: M. D. Anderson Foundation
College/School/ Department: Institution
Purpose: Basic Science Research Building
Asset Type: Stock
Value: \$1,482,579.24

3. Donor Name: Estate of Morris Doyne Matthews
College/School/ Department: Thoracic/Head & Neck Medical Oncology
Purpose: Lung Cancer Research
Asset Type: Cash
Value: \$1,000,000

4. Donor Name: Commonwealth Foundation for Research on behalf of Mr. & Mrs. William H. Goodwin, Jr.
College/School/ Department: Translational Research
Purpose: Cancer Research
Asset Type: Cash
Value: \$1,250,000

CONTRACTS

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

GENERAL CONTRACTS

FUNDS COMING IN

1. Agency: Kelsey-Seybold Medical Group
Funds: Cancer Center reimbursed for covered services provided at 80% (eighty percent); anesthesiologists shall be reimbursed at seventy percent (70%) and reimbursement for applicable technical Covered Services shall be at eighty percent (80%) of full-billed charges
Period: February 1, 2003 for a period of twelve months and unless earlier terminated shall automatically renew for successive one-year terms
Description: Provider Services Agreement
2. Agency: Quality Health Management, L.L.C.
Funds: Cancer Center reimbursed for covered charges provided at eighty-five percent (85%)
Period: April 1, 2002 for a period of twelve (12) months and unless earlier terminated shall automatically renew for successive one-year terms
Description: Medical Services Agreement for international patients
3. Agency: Olympus Managed Health Care, Inc.
Funds: Cancer Center reimbursed for covered charges provided at eighty percent (80%)
Period: October 19, 2001 for a period of twelve (12) months and unless earlier terminated shall automatically renew for successive one-year terms
Description: Medical Services Agreement for international patients. In April 2003, the Office of Managed Care at U. T. M. D. Anderson Cancer Center was charged with assisting the International Patient Center in the management of their insurance agreement. Through this process it was discovered that this agreement had not been docketed.

CONTRACTS (CONTINUED)

GENERAL CONTRACTS (CONTINUED)

FUNDS GOING OUT

4. Agency: PST Products, Inc. dba Per-Se Technologies
Funds: \$9,502,480 plus annual support and maintenance fees of \$1,003,125
Period: September 30, 2002 until either party terminates agreement
Description: Original Per-Se contract is amended to allow the Per-Se software to be integrated with the electronic medical records software iKnowMed
5. Agency: BDM Information Systems, LTD
Funds: \$5,000,000
Period: January 31, 2003 for ten years
Description: Pharmacy system software and support services

CONTRACTS (CONTINUED)

NONINTELLECTUAL PROPERTY-RELATED SPONSORED RESEARCH AGREEMENTS – FOREIGN

FUNDS COMING IN

6. Country: Denmark
Grantor: International Health Insurance danmark a/s
No.: None
New Funds: Cancer Center reimbursed for covered services provided at 90% (ninety percent) of billed charges
Current Period: June 15, 1999 for a period of twelve (12) months and unless earlier terminated shall automatically renew for successive one-year terms
Description: International Medical Services Agreement. In April 2003, the Office of Managed Care at U. T. M. D. Anderson Cancer Center was charged with assisting the International Patient Center in the management of their insurance agreement. Through this process it was discovered that this agreement had not been docketed.
7. Country: Korea
Grantor: CoreMed, Inc.
No.: None
New Funds: Cancer Center reimbursed for covered services provided at 90% (ninety percent) of billed charges
Current Period: November 26, 2002 for a period of twelve (12) months and unless earlier terminated shall automatically renew for successive one-year terms
Description: International Medical Services Agreement

AMENDMENTS TO THE 2002-03 BUDGET

APPOINTMENTS AND PROMOTIONS

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

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

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
THE TUMOR INSTITUTE – MEDICAL STAFF					
Gastrointestinal Medical Oncology and International Operations					
1. Thomas Brown (T)					47
From: Vice President for International Operations and Professor		100	12	278,100	
To: Vice President for Extramural Programs and Special Advisor to the President and Professor	2/1-8/31	100	12	278,100	
Clinical Operations and Programs, Endocrine Neoplasia and HD					
2. Robert F. Gagel (T)					50
From: Division Head (ad interim), Chair (ad interim) and Professor		100 SUPLT	12 12	288,092 15,000	
To: Division Head and Professor	3/1-8/31	100	12	325,000	

AMENDMENTS TO THE 2002-03 BUDGET (CONTINUED)

APPOINTMENTS AND PROMOTIONS (CONTINUED)

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
THE TUMOR INSTITUTE – MEDICAL STAFF (Continued)					
Head and Neck Surgery					
Chair and Professor					
3. Randal Weber (T)	7/15-8/31	100	12	385,000	48
4. Gary L. Clayman (T)					55
From: Professor		100	12	327,599	
To: Professor and Alando J. Ballantyne Distinguished Chair of Head and Neck Surgery	4/1-8/31	100	12	333,599	
Experimental Radiation Oncology					
5. Raymond E. Meyn (T)					51
From: Professor and Kathryn O'Connor Research Professorship		100	12	174,201	
To: Chair (ad interim), Professor and Kathryn O'Connor Research Professorship	3/1-8/31	100 SUPLT	12 12	174,201 10,000	
Experimental Diagnostic Imaging					
Chair and Professor					
6. Juri Gelovani (T)	7/1-8/31	100	12	230,000	52

AMENDMENTS TO THE 2002-03 BUDGET (CONTINUED)

APPOINTMENTS AND PROMOTIONS (CONTINUED)

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
THE TUMOR INSTITUTE – RESEARCH					
Immunology					
7. Yong-Jun Liu (T)					56
From: Chair and Professor		100	12	240,000	
		SUPLT	12	10,000	
To: Chair, Professor and Vivian L. Smith Distinguished Chair in Immunology	5/1-8/31	100	12	240,000	
		SUPLT	12	10,000	

AMENDMENTS TO THE 2002-03 BUDGET (CONTINUED)

TRANSFERS OF FUNDS

<u>Description</u>	<u>\$ Amount</u>	<u>RBC #</u>
DIVISION OF PATHOLOGY AND LABORATORY MEDICINE		
8. Amount of Transfer:	107,000	54
From: Omnigrd Spotter		
To: Sun Microsystems Computer Server		
Request to make an item substitution on the FY 2003 allocation of Permanent University Fund reserves for Genomic/Cancer Genetics in the Division of Pathology and Laboratory Medicine.		