

Meeting No. 995

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

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August 10-11, 2005

Galveston, Texas

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 OF  
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## MEETING NO. 995

WEDNESDAY, AUGUST 10, 2005.--The members of the Board of Regents of The University of Texas System convened at 9:50 a.m. on Wednesday, August 10, 2005, in the Main Auditorium Conference Room, 2nd Floor, William C. Levin Hall, The University of Texas Medical Branch at Galveston, 11th and Market Streets, Galveston, Texas, with the following participation:

### ATTENDANCE.--

#### Present

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

Counsel and Secretary Frederick

In accordance with a notice being duly posted with the Secretary of State and there being a quorum present, Chairman Huffines called the meeting to order.

### SPECIAL ITEMS

1. U. T. System Board of Regents: Approval of Regent Robert B. Rowling as Chairman of the Finance and Planning Committee effective immediately

Upon motion by Vice-Chairman Hunt, Chairman of the Finance and Planning Committee, the Board approved Chairman Huffines' recommended appointment of Regent Robert B. Rowling to the chairmanship of the Finance and Planning Committee effective immediately, pursuant to the Regents' *Rules and Regulations*, Series 10402.

Regent Caven seconded the motion, which carried by acclamation, with abstention by Regent Rowling. Chairman Huffines commended Vice-Chairman Hunt for his commitment and service in leading the Finance and Planning Committee for the past four years.

For the record, the composition of the Finance and Planning Committee follows:

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

2. U. T. System Board of Regents: Resolution of appreciation to The Sealy & Smith Foundation

The Board approved the following resolution to recognize The Sealy & Smith Foundation of Galveston for its historic and visionary philanthropy, which reached the \$500 million milestone in 2004 and which has, over the past eight decades, transformed The University of Texas Medical Branch at Galveston into a world-class academic medical center that remains forever committed to the health and well-being of its hometown neighbors, as well as to the citizens of Texas. (Consideration of this item was on August 10, 2005, and a copy of the resolution was presented to representatives of The Sealy & Smith Foundation at the social event that evening.)

RESOLUTION

WHEREAS, The Sealy & Smith Foundation, since its establishment in 1922 by Jennie Sealy Smith and John Sealy II, the heirs of John Sealy I, has perpetuated the Sealy family's longstanding tradition of visionary philanthropy to improve the health of the Galveston community;

WHEREAS, The Foundation has provided the crucial margin of excellence that has enabled the state's oldest academic medical center to serve the health needs of the citizens of Galveston, and by extension the entire State of Texas, through innovative patient care practices that have been developed in part through the University's robust research initiatives and its efforts to train generations of caregivers;

WHEREAS, The Sealy & Smith Foundation has generously provided for many of the buildings and much of the state-of-the-art equipment that enables The University of Texas Medical Branch to advance medical knowledge and medical practice in order to afford the people of Galveston and beyond access to world-class health care services and facilities;

WHEREAS, The Foundation has invested in the important work of dedicated clinicians who serve their patients with cutting-edge expertise, utmost skill, and deep compassion; creative educators of tomorrow's health workforce; and pioneering researchers whose groundbreaking discoveries advance the practice of medicine;

WHEREAS, By virtue of having contributed more than \$500 million to The University of Texas Medical Branch at Galveston over the course of its history, the Foundation is distinguished as the largest single contributor to any University of Texas System institution and is among the largest single contributors to any public medical school in the nation;

WHEREAS, This extraordinary tradition of philanthropy has been made possible by generations of Sealy & Smith Foundation leaders -- embodied most recently by Mr. Charles A. Worthen, President Emeritus, who led the Foundation from 1992 through 2004, and Mr. John Kelso, current President of the Foundation -- who have set the standard for charitable organizations in terms of a forward-thinking spirit, wise stewardship of resources, and a strategic approach to giving that yields maximum benefit for patients; and

WHEREAS, The University of Texas System Board of Regents is eternally grateful for the enduring support of The Sealy & Smith Foundation, which will continue to transform the health care landscape in Galveston and throughout Texas well into the future;

THEREFORE, BE IT RESOLVED this 10th day of August, 2005, that the Board of Regents of The University of Texas System formally recognizes The Sealy & Smith Foundation for its vital role in shaping not only The University of Texas Medical Branch and the health care environment in Galveston, but also the very nature of Texas medicine.

RECESS TO EXECUTIVE SESSION.--At 9:53 a.m., Chairman Huffines announced the Board would recess to convene in Executive Session pursuant to *Texas Government Code* Sections 551.071, 551.072, and 551.074 to consider those matters listed on the Executive Session agenda.

RECESS.--At 12:00 p.m., Chairman Huffines announced the Board would recess for the groundbreaking ceremony of the Galveston National Laboratory in the Main Auditorium, 2nd Floor, William C. Levin Hall, The University of Texas Medical Branch at Galveston. The Board reconvened in Executive Session in the Main Auditorium Conference Room at 12:45 p.m.

RECONVENE IN OPEN SESSION.--At 1:50 p.m., the Board reconvened in open session and took the following action on matters discussed in Executive Session:

1a. U. T. Austin: Discussion of legal issues related to the proposed The University of Texas Professional Education and Conference Center

No action was taken on legal issues related to the proposed The University of Texas Professional Education and Conference Center at The University of Texas at Austin.

(See Item 3 on Page 118 regarding action taken on contracting for management of the Center.)

1b. U. T. System and U. T. Dallas: Approval of settlement in *Carl B. Collins and Farzin Davanloo v. The Gillette Company* (Deferred)

The Item related to a proposed settlement for The University of Texas System and The University of Texas at Dallas in the pending litigation of *Carl B. Collins and Farzin Davanloo v. The Gillette Company* was deferred for consideration by the Board on August 11, 2005 (see Item 1c on Page 159.)

2. U. T. System: Discussion and appropriate action regarding individual personnel matters relating to appointment, employment, evaluation, compensation, assignment, and duties of presidents (academic and health institutions), U. T. System Administration officers (Executive Vice Chancellors and Vice Chancellors), other officers reporting directly to the Board (Chancellor, Counsel and Secretary, and Director of Audits), and U. T. System employees and related personnel aspects of the operating budget for the year ending August 31, 2006

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

Action on the item related to personnel aspects of the Fiscal Year 2006 Operating Budgets was deferred for consideration at the Board meeting on Thursday, August 11, and was approved at that time (See Item 5 on Page 27).

RECESS.--At 1:55 p.m., Chairman Huffines announced Committee meetings would be held in the afternoon (August 10, 2005) and the meeting of the Audit, Compliance, and Management Review Committee scheduled for August 11 was cancelled. Instead, the Board would reconvene in Executive Session at 8:00 a.m. on Thursday, August 11, followed by the meeting of the Student, Faculty, and Staff Campus Life Committee. The Board would reconvene in Open Session at 10:00 a.m. on August 11.

THURSDAY, AUGUST 11, 2005.--The members of the Board of Regents of The University of Texas System reconvened at 8:05 a.m. on Thursday, August 11, 2005, in the Dining Room, 2nd Floor, William C. Levin Hall, The University of Texas Medical Branch at Galveston, 11th and Market Streets, Galveston, Texas, with the following participation:

ATTENDANCE.--

Present

Chairman Huffines, presiding  
Vice-Chairman Clements  
Vice-Chairman Hunt  
Vice-Chairman Krier  
Regent Barnhill  
Regent Caven (absent for Executive Session)  
Regent Craven  
Regent Estrada  
Regent Rowling

Counsel and Secretary Frederick

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

RECESS TO EXECUTIVE SESSION.--At 8:05 a.m., Chairman Huffines announced the Board would recess to convene in Executive Session pursuant to *Texas Government Code* Sections 551.071, 551.072, and 551.074 to continue discussion of matters listed on the Executive Session agenda.

U. T. System: Discussion and appropriate action regarding individual personnel matters relating to appointment, employment, evaluation, compensation, assignment, and duties of presidents (academic and health institutions), U. T. System Administration officers (Executive Vice Chancellors and Vice Chancellors), other officers reporting directly to the Board (Chancellor, Counsel and Secretary, and Director of Audits), and U. T. System employees and related personnel aspects of the operating budget for the year ending August 31, 2006

No action was taken on August 10, 2005, related to general personnel matters concerning appointment, employment, evaluation, compensation, assignment, and duties of presidents and officers and employees of The University of Texas System.

Action on the item related to personnel aspects of the Fiscal Year 2006 Operating Budgets was deferred for consideration at the Board meeting on Thursday, August 11, and was approved at that time (See Item 5 on Page 27.)

RECONVENE IN OPEN SESSION AND RECESS.--At 9:20 a.m., the Board reconvened in open session to recess for the meeting of the Student, Faculty, and Staff Campus Life Committee. No action was taken at this time on matters discussed in Executive Session:

RECONVENE IN OPEN SESSION.--At 10:45 a.m., there being a quorum present, Chairman Huffines called the meeting to order.

WELCOME TO DR. DAVID E. DANIEL, PRESIDENT, U. T. DALLAS.--Chairman Huffines welcomed Dr. David E. Daniel, new President of The University of Texas at Dallas, to the Board meeting.

U. T. BOARD OF REGENTS: APPROVAL OF MINUTES.--The Minutes of the regular meetings of the Board of Regents of The University of Texas System held on May 11-12, 2005, and July 8, 2005, in Austin, Texas, were approved as prepared by the Counsel and Secretary to the Board. The official copy is recorded in the *Permanent Minutes*, Volume LII, Pages 465 - 633.

The Board also approved the Minutes of the special meeting of the Board of Regents of the U. T. System held on July 18, 2005, in Austin, Texas, as prepared by the Counsel and Secretary to the Board. The official copy is recorded in the *Permanent Minutes*, Volume LII, Pages 634 - 637.

#### SPECIAL ITEMS

1. U. T. System Board of Regents: Amendments to the Regents' Rules and Regulations, Series 10403, regarding public testimony during open meetings

The Board approved amendments to the Regents' *Rules and Regulations*, Series 10403, Section 6 to read as set forth below to comply with Senate Bill 511 passed during the 79th Regular Texas Legislative Session concerning the issue of public testimony during open meetings:

2. **Rule and Regulation**

...

Sec. 6 Request to Provide Public Testimony on an Agenda Item.  
Members of the public are allowed to present written and oral testimony, for a reasonable amount of time as determined by the Chairman of the Board, on any topic listed on the agenda for a Committee or Board meeting that is open to the public. Testimony on topics not listed on the agenda will not be allowed. Members of

the public wishing to present testimony shall provide their name and the agenda topic they wish to address to the Counsel and Secretary to the Board at least 24 hours in advance of the meeting. Insofar as possible, any person who provides oral testimony before the Board shall provide a written statement of the substance of such person's testimony to the Counsel and Secretary to the Board in sufficient time for copies to be distributed to the Regents prior to the meeting. The Board shall consider the public testimony presented to the Board on an issue before making a decision on the issue. The Chairman or a majority of the Board may prescribe sanctions against any person exceeding established time limits or speaking on a topic not relevant to the agenda topic.

....

Senate Bill 511 (which adds Section 51.355 to the *Texas Education Code*) requires the governing board of a university system to adopt a policy that allows the public to present, for a reasonable amount of time and for any item on the agenda, both written and oral testimony at a regular meeting of the board by October 1, 2005. Senate Bill 511 also requires that the governing board consider the public testimony before making a decision on the issue.

The Regents' *Rules and Regulations* at Series 10403, Section 6 contained the procedures necessary for a person to appear before the Board of Regents. While the intent of the procedures was to provide a method for individuals to present public testimony, the procedures contained certain provisions that are more restrictive than what is intended by Senate Bill 511. The amendments align the Regents' *Rules and Regulations* with Senate Bill 511.

2. U. T. System Board of Regents: Amendments to the Regents' *Rules and Regulations*, Series 30201, Section 9.4 (Military Duty)

The Regents' *Rules and Regulations*, Series 30201, Section 9.4, regarding military duty, were amended to read as set forth below:

**2. Rule and Regulation**

...

Sec. 9 Military Duty. . .

9.4 In accordance with *Texas Government Code* Section 661.9041, the Chancellor or president of an institution shall grant sufficient emergency leave as differential pay to a state employee on unpaid military leave if the employee's

military pay is less than the employee's state gross pay. The combination of emergency leave and military pay may not exceed the employee's actual state gross pay.

....

This amendment to the Regents' *Rules and Regulations* conforms with a recent amendment to *Texas Government Code* Section 661.9041 that relates to the pay differential (emergency leave) a State agency must pay to a state employee on unpaid military leave. Under prior law, State agencies used the military gross pay of an employee for purposes of calculating the pay differential, which was the employee's state gross pay minus military gross pay. Under the new legislation, combat zone pay, hardship pay, and family separation pay are excluded from military pay in arriving at the differential amount. Accordingly, the Regents' *Rules and Regulations* are amended to delete reference to military "gross" pay.

3. U. T. System Board of Regents: Amendments to the Regents' *Rules and Regulations*, Series 80201, Sections 2 and 3 (Disposal of U. T. System Property)

The Regents' *Rules and Regulations*, Series 80201, Sections 2 and 3, regarding disposal of University of Texas System property, were amended to read as set forth below:

**2. Rule and Regulation**

...

Sec. 2 Transfer to Public School. If the chief business officer determines that the equipment is not needed for any department, that it is not practical to store the equipment for possible future use, and that the equipment can be used for instructional purposes, it shall be made available to a public school, school district, or an assistance organization designated by the school district at a price or for other consideration agreeable to the U. T. System and the public school, school district, or the assistance organization in accordance with *Texas Government Code* Section 2175.304(b) before disposing of the property in another manner. Preference must be given to a public school or school district or to an assistance organization designated by the school district before disposing of the property in another manner. If more than one public school, school district, or assistance organization seeks to acquire the same equipment on substantially the same terms, the preferences stated in *Texas Government Code* Section 2175.304(c) shall govern the disposition. The instructional equipment may be transferred to the

public school or school district for such consideration, or for no consideration, as the chief business officer determines appropriate. Any surplus or salvage property not otherwise disposed of under this Section and having no resale value may be donated to an assistance organization, as defined by *Texas Government Code* Section 2175.001(1).

- Sec. 3 Disposal of Information Technology Equipment. Surplus or salvage information technology equipment, as defined by *Texas Government Code* Section 2054.003(3)(A), that is not transferred to a public school, school district, or an assistance organization designated by the school district as provided in Section 2 above or that is not disposed of under other law must be offered next and at no charge to a school district, an open-enrollment charter school, or the Texas Department of Criminal Justice in accordance with *Texas Government Code* Chapter 2175, Subchapter C.

.....

These amendments to the Regents' *Rules and Regulations* conform with a recent amendment to *Texas Government Code* Section 2175.304 authorizing an institution of higher education to donate to an assistance organization any surplus or salvage property having no resale value and not otherwise disposed of under that statute, which allows direct transfer of materials or equipment usable for instructional purposes to a public school, a school district, or an assistance organization designated by a school district.

4. U. T. System: Adoption of the six-year Capital Improvement Program (CIP) for Fiscal Years 2006-2011, approval of Capital Budget for Fiscal Year 2006-2007, redesignation of previously approved projects in the CIP, reduction of previously appropriated funds for repair and rehabilitation projects deleted or decreased in scope; appropriation of additional funds for previously approved projects with increased total project costs; appropriation of funds for new repair and rehabilitation projects initiated in the Capital Budget; and approval of the use of Revenue Financing System parity debt for repair and rehabilitation projects initiated in the Capital Budget for which revenue financing system bonds are identified as a funding source, resolution regarding parity debt, make finding of fact, and authorize expenditure for Founders Renovation project at U. T. Dallas

Following a PowerPoint presentation by Executive Vice Chancellor Kelley, Chairman Huffines reminded the members of the Board that they had passed a resolution at the July 18, 2005 meeting identifying tuition revenue bonds as a critical need for The University of Texas System and for higher education.

He invited comments on the proposed program and budget from the Chairmen of the Facilities Planning and Construction Committee, the Academic Affairs Committee, and the Health Affairs Committee to assure that the proposed projects listed in the U. T. System Capital Improvement Program for Fiscal Years 2006-2011 and the Fiscal Year 2006-2007 Capital Budget are consistent with institutional needs, missions, and priorities, and that the funding sources are realistic.

Remarks by Facilities Planning and Construction Committee  
Chairman Barnhill

Mr. Chairman, in my role as Chair of the Facilities Planning and Construction Committee, I have reviewed the FY 2006-2011 Capital Improvement Program with System staff and I recommend that the program be approved. I believe that the Capital Improvement Program outlined before you today is reasonable, financially sound, and necessary for the continued pursuit of excellence throughout the U. T. System.

If I may Mr. Chairman, I'd like to highlight a few facts about the CIP.

First, the \$4.1 billion Capital Improvement Program before you today represents a \$900 million reduction from the previous capital plan, and is the first decline in 10 years. This is not, of course, because of a reduction in need at our institutions, which are experiencing record growth in enrollment, research, and patient volume. Rather, this drop in the CIP is driven by a reduction of available funds, most notably Tuition Revenue Bonds, which are a critical source of capital funding for Higher Education.

This lack of funding from the state could not come at a more critical time for the U. T. System. The Capital Planning Task Force, led by Vice-Chairman Krier and Vice-Chairman Hunt, concluded that the U. T. System alone will need \$7 billion of capital funding in order to effectively "Close the Gaps" for student participation and success by 2030. Additionally, one-third of the System-wide space inventory is 25 to 45 years old, and is in need of replacement or renovation. The "pent-up" demand for capital construction is evidenced by the fact that there are projects totaling \$6.7 billion on the "Futures List", an all-time high. The Futures List contains projects that do not have any identifiable source of funding.

Finally, I'd like to point out that a handful of U. T. System institutions are closely approaching their institutional debt capacity, in spite of significant unmet capital needs. I'm comfortable that

the Office of Finance has effectively screened these projects to ensure that each institution has the ability to more than meet their debt requirements; however, it highlights the fact that alternative sources of capital funding must be identified if we are to effectively meet the expectations of the citizens of the State of Texas.

In summary, I support the Capital Improvement Plan as presented to you today and move for its approval.

Remarks by Academic Affairs Committee Chairman Krier

Mr. Chairman, I think you have zeroed in on the two areas of concern from academic affairs, one being the status of tuition revenue bonds (TRB) and the other being the challenge of meeting the Closing the Gaps requirements. Vice-Chairman Hunt and I worked on a study about a year and a half ago that projected this exact dilemma that we were going to bring to a head as we try to educate more students without additional revenues and I think it is unfortunately proving true. The one thing I would add without changing the recommendations or the motion that Chairman Barnhill has just presented is to encourage us to work during the interim regardless of what happens with tuition revenue bonds in this Session to come up with a solution for future funding of our facilities. I hate to think the Legislature would change the rules of the TRB game this far into the process. It may not be a perfect process; it is probably not a perfect process, but they have not offered any alternatives and until they do, with interest rates near a historic low, for us not to take advantage of this time to build facilities that are not only needed for future students on many of our campuses are needed for our current students would show a remarkable lack of planning and foresight. I hope we will continue to encourage the state leaders and the legislative leaders to pursue funding.

Health Affairs Committee Chairman Clements said she is pleased with the progress of construction at the health-related institutions and noted the institutions are recognized both statewide and nationally. While she does not want to lose momentum at the health institutions, Mrs. Clements said she realizes the time is coming when construction for the academic institutions needs to be emphasized.

The Board:

- a. adopted U. T. System Capital Improvement Program (CIP) for Fiscal Years 2006-2011 as set forth in the Summary of Projects (Attachment 1 on Pages 14 - 21);

- b. approved the Capital Budget for Fiscal Years 2006-2007 as set forth in the Summary of Projects (Attachment 1 on Pages 14 - 21);
- c. approved the redesignation of projects previously approved in the CIP as set forth in Attachment 2 on Page 22;
- d. reduced previously appropriated funds in an aggregate amount of \$21,800,000 for repair and rehabilitation projects deleted or decreased in scope in the FY 2006-2007 Capital Budget as reflected in the Deleted or Reduced Appropriations column in Attachment 3 on Pages 23 - 25;
- e. appropriated additional funding with increased total project costs for previously approved repair and rehabilitation projects in an aggregate amount of \$46,345,000 as reflected in the FY 2006-2007 Capital Budget as set forth in the Additional Appropriations column in Attachment 3 on Pages 23 - 25;
- f. appropriated funding in an aggregate amount of \$251,150,005 for new repair and rehabilitation projects initiated in the FY 2006-2007 Capital Budget as reflected in the Appropriations for Projects Initiated in the Capital Budget column in Attachment 3 on Pages 23 - 25;
- g. appropriated additional funding from Revenue Financing System Bond Proceeds for previously approved project in an aggregate amount of \$4,000,000 for the Center for Brain Health project at U. T. Dallas in Attachment 4 on Page 26;
- h. approved the use of \$119,900,000 Revenue Financing System Parity Debt for certain construction and repair and rehabilitation projects in the FY 2006-2007 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 institutions as set forth in Attachment 4 on Page 26;
- i. made the "finding of fact" determinations regarding the ability to repay debt and satisfy financial obligations with respect to the issuance of \$119,900,000 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; and
- j. appropriated funding and authorize expenditure of \$3,310,000 from Permanent University Fund Bond Proceeds for the Founders Renovation at The University of Texas at Dallas.

The CIP is a six-year projection of major repair and rehabilitation and new construction projects to be implemented and funded from institutions and U. T. System-wide revenue sources. Projects included in the CIP correspond to the highest priority needs identified in the long-range strategic planning process and institutional capital renewal plans as determined by the Facilities Renewal Model presented to the Facilities Planning and Construction Committee of the U. T. System Board of Regents on July 1, 2002. Future projects listed in the CIP are for consideration when funding has been secured.

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 institution initially but may be reimbursed from project funds after design development approval and appropriation of project funds by the U. T. System Board of Regents.

The Capital Budget is the first two years of the six-year CIP. Approval of the Capital Budget authorizes and appropriates funding amounts and sources for identified major repair and rehabilitation projects that are not architecturally or historically significant. Authorization of these projects and appropriation of these funds allow these projects to be presented to the Associate Vice Chancellor for Facilities Planning and Construction for design development plan approval and authorization for expenditure of funds and subsequent execution of the project by the administrative staff without returning to the U. T. System Board of Regents for further approvals. The U. T. System Board of Regents approves the design development plans for all major projects other than repair and rehabilitation projects that are not architecturally or historically significant.

The redesignation of projects in the CIP was requested by the institutions to more accurately reflect the work to be accomplished.

[Counsel and Secretary's Note: In addition to the projects listed in this item, the following three projects were approved by the Facilities Planning and Construction Committee meeting for Revenue Financing System Bond Proceeds Parity Debt:

The University of Texas at El Paso - Parking Garage (Page 149)  
The University of Texas - Pan American - Wellness and Recreation Sports Complex (Page 151)  
The University of Texas M. D. Anderson Cancer Center - Faculty Center Tower (Page 155)]

**The University of Texas System**  
**FY 2006-2011 Capital Improvement Program**  
**Major Construction Projects Summary**

Attachment 1

	<b>CIP Project Cost Total</b>	<b>FY 2006-2007 Proj. Exp. Total</b>
<b><u>Academic Institutions</u></b>		
<b><u>The University of Texas at Arlington</u></b>		
<i>Institutionally Managed</i>		
Clock and Bell Tower	\$ 1,500,000	1,154,662
Energy Performance Contract	15,000,000	9,944,445
<b>Subtotal Inst Mgd</b>	<b>\$ 16,500,000</b>	<b>11,099,107</b>
<i>OFPC Managed</i>		
Activities Building Renovation and Expansion - Phase 1	\$ 16,370,005	566,192
Chemistry and Physics Building	43,472,945	17,675,864
<b>Subtotal OFPC Mgd</b>	<b>\$ 59,842,950</b>	<b>18,242,056</b>
<b>Subtotal U. T. Arlington</b>	<b>\$ 76,342,950</b>	<b>29,341,163</b>
<b><u>The University of Texas at Austin</u></b>		
<i>Institutionally Managed</i>		
Painter Hall - Mechanical System Upgrades	\$ 4,000,000	3,680,000
<b>Subtotal Inst Mgd</b>	<b>\$ 4,000,000</b>	<b>3,680,000</b>
<i>OFPC Managed</i>		
Almetris Duren Residence Hall	\$ 50,000,000	41,689,189
Applied Research Lab Expansion - Phase II	2,500,000	2,036,539
Benedict/Mezes/Batts Renovation - Phase I and II	48,000,000	17,181,845
Biomedical Engineering Building	55,100,000	18,647,795
Child Development Center	3,605,000	1,337,012
College of Communication Building-New	32,000,000	198,388
Darrell K Royal - Texas Memorial Stadium Fire and Life Safety/Improvement Planning	10,000,000	9,101,903
Elementary Charter School Permanent Facility	4,500,000	3,074,772

	<b>CIP Project Cost Total</b>	<b>FY 2006-2007 Proj. Exp. Total</b>
Garrison Hall Renovations	\$ 10,400,000	1,539,309
Gregory Gymnasium Aquatics Complex	15,290,000	5,567,236
Hogg Auditorium Renovation	15,000,000	569,246
Imaging Research Center	5,500,000	3,304,825
Institute for Geophysics and Advanced Computing Center	20,444,000	18,207,012
Jack S. Blanton Museum of Art - Phase I and II	83,500,000	35,201,192
Jamail Texas Swim Center Renovation - Phase I and Phase II	5,300,000	993,328
LBJ Plaza Renovation/Lady Bird Johnson Center	30,000,000	4,863,141
Library Storage Facility	4,800,000	13,084
Marine Science Institute Wetlands Education Center	5,000,000	4,261,654
Nano Science and Technology Building	39,100,000	29,950,600
Nueces Garage	20,500,000	3,440,676
Performing Arts Center Infrastructure Upgrades - Phase I and II	14,700,000	1,585,915
Pharmacy Building Renovation - Phase I	250,000	7,312
Renovations to Disch-Falk Field	18,000,000	2,730,994
School of Nursing Addition	4,000,000	3,420,373
Speedway Mall North of 21st Street and East Mall/East Mall Fountain, Plaza	12,000,000	9,661,065
The University of Texas Professional Education and Conference Center	84,000,000	23,540,163
	<b>Subtotal OFPC Mgd</b>	<b>242,124,568</b>
	<b>Subtotal U. T. Austin</b>	<b>245,804,568</b>

### **The University of Texas at Dallas**

#### ***Institutionally Managed***

Waterview Science and Technology Center	\$ 2,950,000	1,943,772
	<b>Subtotal Inst Mgd</b>	<b>1,943,772</b>

#### ***OFPC Managed***

Center for Brain Health	\$ 13,925,000	11,608,743
Founders Renovation	27,293,750	20,736,499
Natural Science and Engineering Research Building	85,000,000	62,518,116
	<b>Subtotal OFPC Mgd</b>	<b>94,863,358</b>

	<b>CIP Project Cost Total</b>	<b>FY 2006-2007 Proj. Exp. Total</b>
<b>Subtotal U. T. Dallas</b>	\$ <b>129,168,750</b>	<b>96,807,130</b>

### **The University of Texas at El Paso**

#### ***Institutionally Managed***

Campus Energy Performance Project	\$ 4,700,000	3,235,913
Campus Police Relocation	1,700,000	1,321,629
Kelly Hall Renovation of 3 Floors - Phase 2	2,286,000	1,999,753
Renovation of Former Academic Services Building	900,000	802,623
Union West Renovations - 2nd Floor	1,000,000	910,719
<b>Subtotal Inst Mgd</b>	<b>\$ 10,586,000</b>	<b>8,270,637</b>

#### ***OFPC Managed***

Biosciences Facility	\$ 30,500,000	15,930,068
Parking Garage	23,500,000	21,398,266
<b>Subtotal OFPC Mgd</b>	<b>\$ 54,000,000</b>	<b>37,328,334</b>
<b>Subtotal U. T. El Paso</b>	<b>\$ 64,586,000</b>	<b>45,598,971</b>

### **The University of Texas - Pan American**

#### ***Institutionally Managed***

Administrative Offices Renovation	\$ 5,657,000	2,151,312
Child Development Center	1,594,000	1,250,442
<b>Subtotal Inst Mgd</b>	<b>\$ 7,251,000</b>	<b>3,401,754</b>

#### ***OFPC Managed***

Administration Annex	\$ 7,000,000	1,310,229
Animal Research Facility	5,000,000	3,289,474
Business Administration Addition and Renovation	6,000,000	732,509
Chill Water Extension	625,000	575,000
Multi-Function Classroom Building	5,000,000	1,915,361
New Chiller	1,200,000	1,104,000
Social and Behavioral Sciences Renovation	6,430,000	0
Student Health Clinic	1,300,000	192,887

	<b>CIP Project Cost Total</b>	<b>FY 2006-2007 Proj. Exp. Total</b>
Student Housing Phase II	\$ 12,500,000	345,109
Wellness and Recreation Sports Center	26,000,000	14,107,627
<b>Subtotal OFPC Mgd</b>	<b>\$ 71,055,000</b>	<b>23,572,196</b>
<b>Subtotal U. T. Pan American</b>	<b>\$ 78,306,000</b>	<b>26,973,950</b>
 <b><u>The University of Texas of the Permian Basin</u></b>		
<i>OFPC Managed</i>		
Mesa Building Improvements/Gymnasium Renovations, Phase I	\$ 9,350,000	5,339,657
<b>Subtotal OFPC Mgd</b>	<b>\$ 9,350,000</b>	<b>5,339,657</b>
<b>Subtotal U. T. Permian Basin</b>	<b>\$ 9,350,000</b>	<b>5,339,657</b>
 <b><u>The University of Texas at San Antonio</u></b>		
<i>Institutionally Managed</i>		
Campus Roadway and Parking Improvements	\$ 4,100,000	1,432,118
Recreation and Athletic Facilities	1,900,000	585,200
<b>Subtotal Inst Mgd</b>	<b>\$ 6,000,000</b>	<b>2,017,318</b>
<i>OFPC Managed</i>		
Downtown Campus Cladding Repairs	\$ 850,000	0
Laurel Village at UTSA	35,620,000	156,490
Monterey Building Renovations	2,700,000	1,369,880
Recreation and Wellness Facilities, Phase II	42,000,000	3,832,366
Thermal Energy Plant No. 2/Garage	25,900,000	21,833,000
University Center Expansion, Phase III	25,200,000	23,417,811
<b>Subtotal OFPC Mgd</b>	<b>\$ 132,270,000</b>	<b>50,609,547</b>
<b>Subtotal U. T. San Antonio</b>	<b>\$ 138,270,000</b>	<b>52,626,865</b>
 <b><u>The University of Texas at Tyler</u></b>		
<i>OFPC Managed</i>		
Student Resident Home II	\$ 1,900,000	1,030,630
University Center Renovation/Expansion (Phase I)	11,000,000	1,772,050

	<b>CIP Project Cost Total</b>	<b>FY 2006-2007 Proj. Exp. Total</b>
William R. "Bill" Ratliff Engineering and Science Complex	\$ 34,850,000	17,137,824
<b>Subtotal OFPC Mgd</b>	<b>\$ 47,750,000</b>	<b>19,940,504</b>
<b>Subtotal U. T. Tyler</b>	<b>\$ 47,750,000</b>	<b>19,940,504</b>

<b>Total Academic Institutions</b>	<b>\$ 1,141,262,700</b>	<b>522,432,808</b>
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**Health Institutions**

**The University of Texas Southwestern Medical Center at Dallas**

***Institutionally Managed***

Ambulatory Clinic Building and Parking Garage	\$ 62,400,000	49,695,911
Hazardous Waste Handling Facility	2,800,000	1,125,613
<b>Subtotal Inst Mgd</b>	<b>\$ 65,200,000</b>	<b>50,821,524</b>

***OFPC Managed***

Laboratory Research and Support Building	\$ 25,000,000	12,057,588
North Campus Phase 4	307,600,000	106,413,949
<b>Subtotal OFPC Mgd</b>	<b>\$ 332,600,000</b>	<b>118,471,537</b>
<b>Subtotal U. T. S.M.C. Dallas</b>	<b>\$ 397,800,000</b>	<b>169,293,061</b>

**The University of Texas Medical Branch at Galveston**

***Institutionally Managed***

Basic Science Renovation	\$ 6,000,000	2,445,825
Laboratory Buildout	4,130,000	1,498,150
Library Facilities Upgrade	7,900,000	4,332,251
Rebecca Sealy Hospital Renovation	9,850,000	404,264
TDCJ Hospital Cladding Restoration	6,560,000	41,073
<b>Subtotal Inst Mgd</b>	<b>\$ 34,440,000</b>	<b>8,721,563</b>

***OFPC Managed***

1108 Strand Renovation	\$ 9,800,000	3,994,846
Clinic Facility (League City)	30,000,000	2,530,388

	<b>CIP Project Cost Total</b>	<b>FY 2006-2007 Proj. Exp. Total</b>
Galveston National Laboratory	\$ 167,090,673	59,984,888
Jennie Sealy Hospital Replacement	250,000,000	19,563,954
Research Facilities Expansion	77,180,000	39,492,104
Student Housing	18,780,000	1,203,831
University Plaza Development	27,360,254	14,258,442
<b>Subtotal OFPC Mgd</b>	<b>\$ 580,210,927</b>	<b>141,028,453</b>
<b>Subtotal U. T. M.B. Galveston</b>	<b>\$ 614,650,927</b>	<b>149,750,016</b>

**The University of Texas Health Science Center at Houston**

***Institutionally Managed***

Expansion of School of Health Information Sciences	\$ 3,000,000	1,264,592
Repair of the Medical School Building, Phase I	60,000,000	21,278,644
<b>Subtotal Inst Mgd</b>	<b>\$ 63,000,000</b>	<b>22,543,236</b>

***OFPC Managed***

Campus Parking Garage, Phase I, South Campus	\$ 7,500,000	6,543,232
Fayez S. Sarofim Research Building	120,000,000	48,508,029
Medical School Building - Perimeter Berm	10,000,000	6,788,537
Mental Sciences Institute - Replacement Facility	22,500,000	17,114,584
Replacement Research Facility	80,530,000	70,977,629
<b>Subtotal OFPC Mgd</b>	<b>\$ 240,530,000</b>	<b>149,932,011</b>
<b>Subtotal U. T. H.S.C. Houston</b>	<b>\$ 303,530,000</b>	<b>172,475,247</b>

**The University of Texas Health Science Center at San Antonio**

***OFPC Managed***

Cancer Research Institute	\$ 18,000,000	10,686,575
Emergency , Fire and Safety Initiative, Phase I	9,000,000	7,030,800
Medical Arts Research Center (Ambulatory Clinic)	95,000,000	17,035,089
Teaching/Learning Lab - Laredo	12,700,000	8,176,201
Teaching/Learning Lab, RAHC Harlingen	25,500,000	21,077,308
<b>Subtotal OFPC Mgd</b>	<b>\$ 160,200,000</b>	<b>64,005,973</b>

	<b>CIP Project Cost Total</b>	<b>FY 2006-2007 Proj. Exp. Total</b>
<b>Subtotal U. T. H.S.C. San Antonio</b>	<b>\$ 160,200,000</b>	<b>64,005,973</b>

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

***Institutionally Managed***

Administrative Support Building Phase I	\$ 60,000,000	9,237,931
Administrative Support Building Phase II	40,000,000	0
Alkek HVAC Redundancy	13,200,000	12,144,000
American Disabilities Act Upgrades	18,400,000	5,102,492
Backfill Phase III	91,600,000	44,140,591
Basic Science Research Building Two	185,000,000	377,551
Basic Science Research Building Two Parking Garage	24,000,000	0
Basic Science Research Building Two Utility Connections	2,500,000	2,210,484
Bates-Freeman Office Conversion	14,700,000	0
Braeswood Parking Garage	26,000,000	16,833,834
Brain Suite	2,800,000	2,010,465
Elevator Modernizations	3,000,000	1,860,465
Emergency Generator Plant	12,000,000	0
Energy Management Projects Phase II	15,500,000	5,055,000
Exterior Cladding Main Campus	10,000,000	1,483,746
Faculty Center Tower	145,000,000	89,026,677
FEMA 404 Projects	38,400,000	16,984,131
FEMA 406 Projects	12,700,000	1,907,865
FHB Maintenance and Renovation	6,700,000	3,675,695
HMB Demolition	10,000,000	19,305
Library Expansion	2,500,000	980,959
Lutheran Pavilion Patient Tower Refurbishment	27,000,000	9,594,059
Mid-Campus Central Parking Facility	24,000,000	2,415,000
Mid-Campus Infrastructure	16,600,000	15,157,039
MSI Building Demolition	3,000,000	102,278
New Patient Care Facilities and Parking - (Part A)	98,600,000	70,429
New Patient Care Facilities and Parking - (Part B)	201,400,000	0

	<b>CIP Project Cost Total</b>	<b>FY 2006-2007 Proj. Exp. Total</b>
Patient Care Life Safety Code Improvements	\$ 7,200,000	6,624,000
Redevelopment - Phase I	56,000,000	10,930,433
Research Lab Renovations	25,000,000	13,720,986
Roof Replacement Gimbel, Bates Freeman, Anderson Center, New Clark	4,000,000	1,695,570
Rotary House International Phase III	21,000,000	949,565
Smithville Facility Strategic Plan	30,300,000	4,687,135
South Campus Vivarium Facility	25,000,000	22,357,143
UT Research Park Building 3	55,000,000	24,080,032
UT Research Park Building 4	70,000,000	8,710,695
UT Research Park Garage 2	8,000,000	7,017,705
UT Research Park Garage 3	8,400,000	0
UT Research Park Infrastructure Improvements	20,000,000	14,333,333
UTRP Utilities and Central Maintenance Facilities	30,000,000	11,009,894

**Subtotal Inst Mgd**     \$ **1,464,500,000**     **366,506,487**

***OFPC Managed***

Bastrop Facility Strategic Plan	\$ 21,000,000	17,042,899
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**Subtotal OFPC Mgd**     \$ **21,000,000**     **17,042,899**

**Subtotal U. T. M. D. A.C.C.**     \$ **1,485,500,000**     **383,549,386**

**The University of Texas Health Center at Tyler**

***OFPC Managed***

Health Clinic	\$ 3,500,000	2,749,225
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**Subtotal OFPC Mgd**     \$ **3,500,000**     **2,749,225**

**Subtotal U. T. H.C. Tyler**     \$ **3,500,000**     **2,749,225**

<b>Total Health Institutions</b>	<b>\$ 2,965,180,927</b>	<b>941,822,908</b>
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<b>Total Major Construction Projects</b>	<b>\$ 4,106,443,627</b>	<b>1,464,255,716</b>
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**THE UNIVERSITY OF TEXAS SYSTEM  
FY 2006-2011 Capital Improvement Program**

Attachment 2

**PROJECTS REDESIGNATED IN THIS CIP**

<u>Institution</u>	<u>Previously Approved Project Name</u>	<u>Redesignated Project Name</u>
<u>UT Austin</u>	Hotel and Conference Center Performing Arts Center Infrastructure Upgrades - Phase I and Performing Arts Center Infrastructure Upgrades Phase II combined  Stadium Fire and Life Safety/Improvement Planning	The University of Texas Professional Education and Conference Center  Performing Arts Center Infrastructure Upgrades - Phase I and II Darrell K Royal-Texas Memorial Stadium - Fire and Life Safety/Improvement Planning
<u>UT Dallas</u>	Founders/Founders Annex/Berkner Renovation	Founders Renovation  Separated into two projects listed as Parking Garage project and Bookstore project
<u>UT El Paso</u>	Parking Garage and Bookstore	
<u>UT Pan American</u>	Health and Kinesiology Physiology/Recreation Center	Wellness and Recreation Sports Center
<u>UT San Antonio</u>	North/South Connector Road	Campus Roadway and Parking Improvements
<u>UTSWMCD</u>	Ambulatory Surgical Center	Ambulatory Clinic Building and Parking Garage
<u>UTMB</u>	Laboratory Buildout 4th Floor Building 021	Laboratory Buildout
<u>UTHSCH</u>	Campus Parking Garage, Phase I	Campus Parking Garage, Phase I, South Campus
<u>UTMDACC</u>	Faculty Center Two  Faculty Center Two Parking Garage  Redevelopment	Faculty Center Tower  Faculty Center Tower Parking Garage  Redevelopment - Phase I
<u>UTHC Tyler</u>	The Riter Center for Advanced Medicine	The Riter Center for Advanced Medicine Phase I

**The University of Texas System  
Fiscal Years 2006-2007 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
<b><u>UT Arlington</u></b>					
Activities Building Renovation and Expansion-Phase I				16,370,005	16,370,005
Energy Performance Contract (IM)				15,000,000	15,000,000
Subtotal				31,370,005	31,370,005
<b><u>UT Austin</u></b>					
Benedict/Mezes/Batts Renovation - Phase I	48,000,000				48,000,000
Garrison Hall Renovations				10,400,000	10,400,000
Hogg Auditorium Renovation	15,000,000				15,000,000
Jamail Texas Swim Center Renovation - Phase I and Phase II	5,300,000				5,300,000
LBJ Plaza Renovation/Lady Bird Johnson Center				30,000,000	30,000,000
Painter Hall - Mechanical System Upgrades (IM)				4,000,000	4,000,000
Performing Arts Center Infrastructure Upgrades - Phase I and II				14,700,000	14,700,000
Pharmacy Building Renovation - Phase I	250,000				250,000
Renovations to Disch Falk Field				18,000,000	18,000,000
School of Nursing				4,000,000	4,000,000
Speedway Mall North of 21st St. & East Mall/East Mall Fountain				12,000,000	12,000,000
Darrell K Royal-Texas Memorial Stadium Fire and Life Safety/Improvement Planning				10,000,000	10,000,000
Subtotal	68,550,000			103,100,000	171,650,000
<b><u>UT Dallas</u></b>					
Center for Brain Health	5,000,000		8,925,000		13,925,000
Founders Renovation	27,293,750				27,293,750
Waterview Science and Technology Center (IM)	2,950,000				2,950,000
Subtotal	35,243,750		8,925,000		44,168,750
<b><u>UT El Paso</u></b>					
Campus Energy Performance Project (IM)	4,700,000				4,700,000
Campus Police Relocation (IM)	5,000,000	(3,300,000)			1,700,000
Kelly Hall Renovation of 3 Floors - Phase 2 (IM)	2,286,000				2,286,000
Renovation of Former Academic Services Building (IM)				900,000	900,000
Union West Renovations - 2nd Floor (IM)				1,000,000	1,000,000
Subtotal	11,986,000	(3,300,000)		1,900,000	10,586,000
<b><u>UT Pan American</u></b>					
Administrative Offices Renovation (IM)	5,037,000		620,000		5,657,000
Social and Behavioral Sciences Renovation				6,430,000	6,430,000
Subtotal	5,037,000		620,000	6,430,000	12,087,000
<b><u>UT Permian Basin</u></b>					

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**The University of Texas System  
Fiscal Years 2006-2007 Capital Budget Repair and Rehabilitation Projects**

Attachment 3

	Previously Approved Projects			New Projects	Total Projects
	Current Appropriations	Deleted or Reduced Appropriations	Additional Appropriations	Appropriations For Projects Initiated in the Capital Budget	Capital Budget Total Project Costs
Mesa Building Improvements/Gymnasium Renovations, Phase I	9,350,000				9,350,000
Subtotal	9,350,000				9,350,000
<b><u>UT San Antonio</u></b>					
Downtown Campus Cladding Repairs				850,000	850,000
Monterey Building Renovation				2,700,000	2,700,000
Subtotal				3,550,000	3,550,000
<b><u>UT Tyler</u></b>					
University Center Renovations/Expansion				11,000,000	11,000,000
				11,000,000	11,000,000
<b><u>UTMB Galveston</u></b>					
1108 Strand Renovation				9,800,000	9,800,000
Basic Science Renovation (IM)				6,000,000	6,000,000
Library Facilities Upgrade (IM)				7,900,000	7,900,000
Rebecca Sealy Hospital Renovation (IM)	9,850,000				9,850,000
Research Facilities Expansion	77,180,000				77,180,000
TDCJ Hospital Cladding Restoration (IM)	6,560,000				6,560,000
Subtotal	93,590,000			23,700,000	117,290,000
<b><u>UT HSC Houston</u></b>					
Expansion of School of Health Information Sciences (IM)	3,000,000				3,000,000
Medical School Building - Perimeter Berm	10,000,000				10,000,000
Repair of the Medical School Building, Phase I (IM)	60,000,000				60,000,000
Subtotal	73,000,000				73,000,000
<b><u>UTHSC San Antonio</u></b>					
Emergency, Fire and Safety Initiative, Phase I	9,000,000				9,000,000
Subtotal	9,000,000				9,000,000
<b><u>UTMDACC</u></b>					
Alkek HVAC Redundancy (IM)				13,200,000	13,200,000
American Disabilities Act Upgrades (IM)	6,000,000		12,400,000		18,400,000
Backfill Phase III (IM)	74,500,000		17,100,000		91,600,000
Bates-Freeman Office Conversion (IM)				14,700,000	14,700,000
Brain Suite (IM)	2,800,000				2,800,000
Elevator Modernizations (IM)	3,000,000				3,000,000
Energy Management Projects Phase II (IM)	15,500,000				15,500,000
Exterior Cladding Main Campus (IM)				10,000,000	10,000,000
FEMA 404 Projects (IM)	37,300,000		1,100,000		38,400,000
FEMA 406 Projects (IM)	12,000,000		700,000		12,700,000
FHB Maintenance and Renovation (IM)	6,700,000				6,700,000

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**The University of Texas System  
Fiscal Years 2006-2007 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
HMB Demolition	10,000,000				10,000,000
Library Expansion (IM)	7,000,000	(4,500,000)			2,500,000
Lutheran Pavilion Patient Tower Refurbishment (IM)	21,500,000		5,500,000		27,000,000
MSI Demolition	3,000,000				3,000,000
Patient Care Life Safety Code Improvements (IM)				7,200,000	7,200,000
Redevelopment-Phase I (IM)	70,000,000	(14,000,000)			56,000,000
Research Lab Renovations (IM)	25,000,000				25,000,000
Roof Replacement Gimbel, Bates Freeman, Anderson Center, New Clark(IM)	4,000,000				4,000,000
South Campus Vivarium Facility (IM)				25,000,000	25,000,000
Subtotal	298,300,000	(18,500,000)	36,800,000	70,100,000	386,700,000
<b>Totals</b>	<b>604,056,750</b>	<b>(21,800,000)</b>	<b>46,345,000</b>	<b>251,150,005</b>	<b>879,751,755</b>

\* (IM) - Institutionally Managed

Approval of Revenue Financing System Debt  
For Certain Construction and Repair and Rehabilitation Projects in the FY 2006-2011 Capital Improvement Program

Component	Project	Type 1/	Total Project Cost	Amount of RFS or TRB	Type of Debt	Component DSC 2/
U. T. Arlington	Activities Building Renovation and Expansion - Phase 1	R&R	16,370,000	16,370,000	RFS	
	Energy Performance Contract	R&R	15,000,000	15,000,000	RFS	
U. T. Austin	Garrison Hall Renovations	R&R	10,400,000	10,400,000	RFS	
	Performing Arts Center Infrastructure Upgrades - Phase I and II	R&R	14,700,000	14,200,000	RFS	
	Renovations to Disch-Falk Field	R&R	18,000,000	11,000,000	RFS	
	Stadium Fire & Life Safety/Improvement Planning	R&R	10,000,000	10,000,000	RFS	
U. T. Dallas	Center for Brain Health	R&R	13,925,000	4,000,000	RFS	
U. T. El Paso	Renovation of Former Academic Services Building	R&R	900,000	900,000	RFS	
	Union West Renovations - 2nd Floor	R&R	1,000,000	1,000,000	RFS	
U. T. Pan American	Social and Behavioral Sciences Renovation	R&R	6,430,000	6,430,000	RFS	
U. T. San Antonio	Downtown Campus Cladding Repairs	R&R	850,000	850,000	RFS	
U. T. Tyler	University Center Renovation/Expansion Phase I	R&R	11,000,000	11,000,000	RFS	
U. T. Medical Branch - Galveston	1108 Strand Renovation	R&R	9,800,000	9,800,000	RFS	
	Basic Science Renovation	R&R	6,000,000	6,000,000	RFS	
	Library Facilities Upgrade	R&R	7,900,000	2,950,000	RFS	
<b>Total</b>			<b>142,275,000</b>	<b>119,900,000</b>		

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.

5. U. T. System: Approval of the nonpersonnel aspects of the operating budgets for the fiscal year ending August 31, 2006, and approval of Permanent University Fund Bond Proceeds allocation for Library, Equipment, Repair and Rehabilitation Projects

Following a PowerPoint presentation by Chancellor Yudof, and upon motion by Regent Rowling, duly seconded, the Board approved The University of Texas System Operating Budgets for the fiscal year ending August 31, 2006, including the compensation for those individuals requiring Board approval as recommended to and considered by the Board in Executive Session yesterday (August 10); Auxiliary Enterprises; Grants and Contracts; Designated Funds; Restricted Current Funds; and Medical and Dental Services, Research and Development Plans, be approved, with delegation to the Chancellor to authorize new or extended deferred compensation agreements, with the concurrence of the appropriate Executive Vice Chancellor, consistent with the Board's discussion in Executive Session.

Approval of the budget for Fiscal Year 2006 includes the appropriation of \$70 million of Permanent University Fund Bond Proceeds to fund Library, Equipment, Repair and Rehabilitation projects (LERR). The Board further approved that LERR appropriations not expended or obligated by contract or purchase order within six months after the close of Fiscal Year 2006 are to be available for future System-wide reallocation.

In addition, the Board authorized the Chancellor to make editorial corrections therein and that subsequent adjustments be reported to the U. T. System Board of Regents through the docket.

The Board further authorized that, effective immediately, any material proposed changes to contracts or compensation for highly compensated employees whose compensation requires Board approval pursuant to Regents' *Rules and Regulations*, Series 20204, be approved in advance by the Vice Chancellor and General Counsel.

Regent Caven abstained from vote on the portion of the budget related to the U. T. System Audit Office.

Permanent University Fund Bond Proceeds in the amount of \$70,000,000 were appropriated to the institutions to fund Library, Equipment, Repair and Rehabilitation (LERR) Projects for Fiscal Year 2006. Of the \$70,000,000, \$40,000,000 was appropriated directly to U. T. System institutions to authorize the purchase of 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 or repair and rehabilitation projects are to receive prior approval by the Chancellor, the appropriate Executive Vice Chancellor and, where required, the U. T. System Board of Regents.

Transfers by 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 U. T. System Board of Regents.

Of the remaining \$30,000,000, \$15,000,000 was appropriated to provide additional funding to build and enhance research infrastructure to attract and retain the best qualified faculty known as the Science and Technology Acquisition and Retention (STARs) Program. Through a competitive proposal process determined by U. T. System Administration, funds will be distributed to the seven academic institutions for recruiting top researchers. \$10,000,000 was appropriated to provide funds to substantially strengthen programs within The University of Texas Health Science Center at Houston School of Public Health; its four regional campuses: Brownsville, Dallas, El Paso, and San Antonio; and a potential campus at The University of Texas at Austin. Further, the remaining \$5,000,000 will be used to provide for equipment and renovations related to the recruitment and retention of faculty at University of Texas Schools of Nursing and support of improved instruction and research in these institutions.

Additionally, LERR appropriations not expended or obligated by contract or purchase order within six months after the close of Fiscal Year 2006 are to be available for future System-wide reallocation unless specific authorization to continue obligating the funds is given by the appropriate Executive Vice Chancellor upon recommendation of the president of the institution.

The appropriation of Permanent University Fund Bond Proceeds was presented in the Fiscal Year 2006 LERR Budget. This is the third and final year that The University of Texas at Dallas will be appropriated \$10,000,000 of these funds for equipping a Natural Science and Engineering Research Building and Technology Accelerator built in connection with an economic development effort with the State of Texas and Texas Instruments. U. T. Dallas will not participate in the allocation of remaining funds. The allocation of these LERR funds to the U. T. System institutions was developed from prioritized lists of projects submitted by the institutions and reviewed by U. T. System Administration staff.

The U. T. System operating budgets are a part of the official copy of the Minutes and are made a part of the record of this meeting.

6. U. T. System Board of Regents: Report on Centralization of Operating Funds

Executive Vice Chancellor Kelley reported on the status of the Centralization of Operating Funds, publicly congratulating UTIMCO President, Chief Executive Officer, and Chief Investment Officer Bob Boldt for moving this item forward.

7. U. T. System Board of Regents: Approval of Annual Budget and Management Fee Schedule for The University of Texas Investment Management Company (UTIMCO) and related actions

Upon recommendation of The University of Texas Investment Management Company (UTIMCO) Board of Directors, the Annual Budget on Page 30 and the Annual Fee and Allocation Schedule for the fiscal year ending August 31, 2006, as set forth on Page 31, were approved conditioned on the requirement that all capital expenditures by UTIMCO be reviewed and approved in advance by the Executive Vice Chancellor for Business Affairs in the interest of improving transparency and improved oversight.

The Annual Budget of \$48.6 million for Fiscal Year 2006 was approved by the UTIMCO Board on July 21, 2005. The Budget is an increase of 27.3% from the Fiscal Year 2005 Budget. The Budget includes \$6.8 million for the implementation and management of the centralized operating funds. Excluding the costs for centralization, the Budget is 9.5% greater than the Fiscal Year 2005 Budget (17% more than projected actual Fiscal Year 2005 expenses).

Vice-Chairman Krier said she asked Executive Vice Chancellor Kelley to track the impact of the projected cost of the centralized operating funds budget on the UTIMCO budget to avoid confusion in the future related to UTIMCO budget costs.

Vice-Chairman Hunt commented on UTIMCO staff, saying that the size of the staff has increased from 30 in 1998-99 to 36 in 2004-05 and each manages the same (\$450 million) but presently, there is a more complex asset allocation and a less risky asset allocation. He summarized that staff is managing in a more complex and intense way.

Regent Rowling expressed concern the budget was increasing at a significant cost escalation, and he understood that was to reward good performance. He accepted this as long as the performance is good: as long as we are outperforming our benchmarks and outperforming our peers. He noted the increases are internal controllable costs for the most part and do not include the operating funds or funds with third party managers.

<b>Budget Comparisons</b>	<b>Fiscal Year 2005-2006 Budget</b>	<b>Fiscal Year 2004-2005 Budget</b>	<b>Increase (Decrease)</b>	<b>% Change</b>
UTIMCO Services	\$ 11,434,302	\$ 10,450,615	\$ 983,687	9.41%
Direct Fund Expenses	30,319,406	27,696,238	2,623,168	9.47%
New Operating Funds Direct Expenses	6,792,284	-	-	-
<b>Total Budget</b>	<b>\$ 48,545,992</b>	<b>\$ 38,146,853</b>	<b>\$ 1,399,139</b>	<b>27.26%</b>
As a Percent of Assets Managed	0.227%	0.239%	0.034%	

**UTIMCO Budget  
Annual Fee and Allocation Schedule  
For the fiscal year ending August 31, 2006**

	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)	Institutional Index Funds (IIF)	Separately Invested Funds (SIF)	New Operating Funds	Total
<b>UTIMCO Management Fee</b> (1) (includes all operating expenses associated with the general management of the Funds)	5,591,136	704,817	3,259,091		196,943				1,682,317	11,434,302
<b>Direct Expenses of the Fund</b>										
External Management Fees	9,692,367	0	0	5,020,351		N/A (2)			5,708,281	20,421,000
External Management Fees - Performance Based	7,441,918	0	0	2,949,453						10,391,371
Other Direct Costs	2,719,717	14,910	143,128	2,205,988	131,575				1,084,003	6,299,320
<b>Total Direct Expenses of the Fund</b>	19,854,002	14,910	143,128	10,175,792	131,575		0	0	6,792,284	37,111,691
<b>TOTAL</b>	<b>25,445,138</b>	<b>719,727</b>	<b>3,402,219</b>	<b>10,175,792</b>	<b>328,518</b>	<b>N/A (2)</b>	<b>0</b>	<b>0</b>	<b>8,474,601</b>	<b>48,545,992</b>
<b>Market Value 2/28/05 (\$ millions)</b>	8,832.2	896.5	3,795.3	4,691.8 (3)	1,206.4	2,388.2	215.4	213.0	3,810.0 (4)	17,547.0
<b>Percentage of Market Value</b>										
UTIMCO Services	0.063%	0.079%	0.086%	0.000%	0.016%	0.000%	0.000%	0.000%	0.044%	0.065%
Direct Expenses of the Fund	0.225%	0.002%	0.004%	0.217%	0.011%	0.000%	0.000%	0.000%	0.178%	0.211%
<b>TOTAL</b>	<b>0.288%</b>	<b>0.080%</b>	<b>0.090%</b>	<b>0.217%</b>	<b>0.027%</b>	<b>0.000%</b>	<b>0.000%</b>	<b>0.000%</b>	<b>0.222%</b>	<b>0.277%</b>

(1) Allocation Ratio: PUF-48%, Health Fund-6%, LTF-29%, SITF-2%, Ops-15%

(2) Income is net of fees

(3) Pooled Fund for the collective investment of the PHF and LTF

(4) This Ops Fund is anticipated to include the balances of the STF, SITF and IIF.

(amounts may not foot due to rounding adjustments)

8. U. T. System Board of Regents: Approval of revised Investment Management Services Agreement with The University of Texas Investment Management Company (UTIMCO) and approval of distribution of cash reserves to investment accounts

Upon motion by Regent Barnhill, seconded by Regent Craven, the Board approved the revised Investment Management Services Agreement to be effective September 1, 2005, as set forth on Pages 33 - 49.

Further, the Board directed The University of Texas Investment Management Company (UTIMCO) to distribute \$4.0 million of Surplus Cash Reserves back to the investment accounts in the same proportion that the accounts contributed to Cash Reserves, as provided for in the Investment Management Services Agreement.

The Investment Management Services Agreement was revised to (a) conform to new Sections 552.0225 and 552.143 of the *Texas Government Code* regarding Right of Access to Investment Information and Confidentiality of Certain Investment Information; (b) make certain revisions to the provisions regarding distribution of surplus UTIMCO Cash Reserves to the investment accounts; and (c) make other housekeeping changes.

The revised agreement will be submitted to the UTIMCO Board of Directors for approval.

## INVESTMENT MANAGEMENT SERVICES AGREEMENT

This 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 September 1, 2005 (the “Effective Date”), and supersedes all earlier agreements by and between the U. T. Board and UTIMCO regarding the subject matter hereof.

### 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;

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;

WHEREAS, UTIMCO has been organized under the laws of the State of Texas, including the Texas Non-Profit Corporation Act, Tex. Rev. Civ. Stat. Ann. art. 1396-1.01 *et seq.*, 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;

WHEREAS, the U. T. Board desires to continue an Agreement with UTIMCO for UTIMCO to invest certain designated funds under the control and management of the U. T. Board;

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.

**Cash Reserves** shall mean cash on hand plus investments, plus prepaid expenses, less accounts payable, less other liabilities.

**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.

**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 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 19 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 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.

**Surplus Cash Reserves** shall mean Cash Reserves on the last day of the fiscal year in excess of twenty-five percent (25%) of the upcoming fiscal year's projected operating budget plus approved capital expenditures budgeted for the upcoming fiscal year.

**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 shall 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 other matters arising out of UTIMCO's activities as investment manager under this Agreement that implicate policies of the U. T. Board other than investment policy. 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.

The UTIMCO President shall consult with the Chairman and the Vice Chairmen of the UTIMCO Board, including the Chancellor as Vice Chairman for Policy, on the draft agenda for meetings of the UTIMCO Board at least two (2) weeks prior to each regular UTIMCO Board meeting.

### **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, including without limitation policies concerning Asset Allocation, Liquidity, Proxy Voting, and Derivatives, at least annually by June 1 of each year. 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 with adequate time for review prior to being submitted to the U. T. Board for review and 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) **Maintenance of and Access to 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 any and all records concerning UTIMCO and 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 any and all information concerning the operations of UTIMCO, including information necessary to review UTIMCO expenditures for compliance and reasonableness with the approved budget, to auditors representing the U. T. Board or the State Auditor.

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. UTIMCO will follow the U. T. System compliance guidelines as outlined in the Action Plan to Enhance Institutional Compliance, as may be amended, including providing the U. T. Board or its designee with 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, UTIMCO shall disclose to the public with respect to such private investments all information required to be disclosed pursuant to Section 552.0225 of the *Texas Government Code* regarding "Right of Access to Investment Information" ("private investment information"). UTIMCO shall make no private investment with an entity unless the U. T. Board and UTIMCO have 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 notify the U. T. System Vice Chancellor and General Counsel and solicit his or her input to the process. UTIMCO shall disclose the information unless it is confidential and excepted as provided in Section 552.143 of the *Texas Government Code* regarding "Confidentiality of Certain Investment Information" or the Vice Chancellor and General Counsel, after consultation with the Chancellor, approves a Public Information Act request to the Attorney General of Texas. In addition, the U. T. Board reserves the right and authority, in its sole discretion, to disclose, or direct the disclosure of, any information

at any time, to the extent such disclosure would not result in a violation of applicable law or breach or result in a default under any agreement binding upon UTIMCO or the U. T. Board.

h) **Other Services:**

UTIMCO shall perform other investment management services including but not limited to 1) attending meetings of the U. T. Board and making such reports as the U. T. Board may request from time to time, 2) attending an annual Joint Meeting between the UTIMCO Board of Directors and the U. T. System Board of Regents as referenced in Article III, Section 7 of the UTIMCO Bylaws, 3) rendering services to managers of private equity investments in which UTIMCO has decided to invest, 4) attending meetings of governing bodies of companies in which UTIMCO's managed Accounts have invested, 5) voting of securities (or proxies with respect thereto) held as investments of the Accounts according to written policies of the U. T. Board; 6) providing U. T. System institutions with annual endowment reports reflecting, among other things, changes in the investment value of such institution's endowment and distributions made to such institution to support the activities for which the endowment was established; 7) 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; 8) effecting distributions directly or through the Custodian to U. T. System institutions or other named beneficiaries from the Accounts; 9) supporting and maintaining on-line account information system for endowment accounts; and 10) any other services necessary to provide investment management of the Accounts.

**Section 4. Investment Manager as Fiduciary; Training and Education.**

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 U. T. 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.

UTIMCO agrees to provide training and education to members of the UTIMCO Board of Directors to assure that all duties required of directors under the Texas Non-Profit Corporation Act and that matters related to legal and fiduciary responsibilities of the Directors, including current regulations for determining reasonable compensation, are outlined and discussed fully.

**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.

**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 U. T. Board for other annual budget submissions. 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, reasonable 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. Items proposed in the Annual Budget and the allocation formula may be approved, disapproved, or approved with modification by the U. T. Board. Any such Budget item or formula allocation that is disapproved or approved with modification may be promptly reviewed and revised by UTIMCO and resubmitted to the U. T. Board for additional consideration.

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 may, with the approval of the U. T. Board, 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 and reflected in the Budget. 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 and reflected in the Budget.
- e) **Cash Reserves:**  
Within 90 days after the end of each fiscal year, UTIMCO will distribute back to the Accounts which generated the surplus that portion of the Surplus Cash Reserves as may be directed by the U. T. Board, in its sole discretion, from time to time. Such distribution back to the Accounts shall be in the same proportion that the Accounts contributed to the Cash Reserves.

#### **Section 8. Brokerage Commissions.**

The U. T. Board acknowledges and agrees that the investment management fees provided for in Section 7 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, Tex. Rev. Civ. Stat. Ann. art. 1396-1.01 *et seq.*, (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. Compliance with Bylaws, Policies, Regulations and Financial Disclosure Requirements.**

In the performance of this Agreement, UTIMCO's Directors, Officers, and Employees shall abide by the following policies:

- a) UTIMCO Code of Ethics as approved by the U. T. Board
- b) UTIMCO Bylaws as approved by the U. T. Board
- c) All UTIMCO policies
- d) Applicable portions of Regents' *Rules and Regulations*.

Financial advisors and service providers as defined in *Texas Government Code* Section 2263.002 shall comply with the disclosure requirements contained in *Texas Government Code* Section 2263.005.

**Section 12. UTIMCO's Open Meeting Policy.**

Except as otherwise provided in Section 66.08, *Texas Education Code*, UTIMCO shall comply with all applicable provisions of 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 and State Securities Act.**

The parties to this agreement acknowledge that UTIMCO shall not be required to register as an “investment company” under Title 15 *United States Code* Section 80a-8 (the Investment Company Act of 1940), as amended, and Tex. Rev. Civ. Stat. Ann. art. 581-1 *et seq.* (The Securities Act).

**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 management fees, compensation, and benefits earned prior to the effective date of 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. Claims By and Against Managed Funds.**

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 U. T. 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 Section does not include the authority to institute litigation on behalf of the U. T. 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 the Regents' *Rules and Regulations*.

**Section 22. Communications.**

UTIMCO and U. T. System will assure that communications are clear and timely. UTIMCO will provide notice of actions taken in meetings of the UTIMCO Board and committees to members of the U. T. Board through the Office of the Board of Regents. U. T. will provide notice of actions taken by the U. T. Board related to UTIMCO issues to members of the UTIMCO Board of Directors through the President and CEO of UTIMCO.

**Section 23. Authority to Purchase, Exchange, and Sell Securities.**

UTIMCO may purchase, exchange, and sell, for and on behalf of the Permanent University Fund or the U. T. Board, any and all securities of any description whatever and from any source, including gifts and bequests, registered in the name of the PUF or the U. T. Board, or in any other form of registration of such securities held for the account of the PUF or the U. T. Board in whatever manner, including all fiduciary capacities and including those registered in the names of trusts or foundations managed and controlled by said U. T. Board. In addition, external investment managers appointed by UTIMCO may purchase, sell, or exchange securities, pursuant to written agreement with UTIMCO.

**Section 24. Authority to Assign and Transfer Securities.**

UTIMCO may assign and transfer any and all securities of any description whatever and from any source, including gifts and bequests, and execute any and all documents necessary to the consummation of any sale, assignment, or transfer of any securities registered in the name of the PUF or the U. T. Board, or in any other form of registration of such securities held for the account of the PUF or the U. T. Board in whatever manner, including all fiduciary capacities and including those registered in the names of trusts or foundations managed and controlled by said U. T. Board. In addition, custodian banks appointed by UTIMCO may assign and transfer securities and execute any and all documents necessary to the consummation of any sale, assignment, or transfer of any security owned by the U. T. Board.

**Section 25. 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 Services Agreement shall be in Travis County, Texas.

BOARD OF REGENTS OF THE  
UNIVERSITY OF TEXAS SYSTEM

Date: \_\_\_\_\_

By \_\_\_\_\_  
Chairman

THE UNIVERSITY OF TEXAS INVESTMENT  
MANAGEMENT COMPANY

Date: \_\_\_\_\_

By \_\_\_\_\_  
Chairman

9. U. T. System Board of Regents: Approval to amend the Permanent University Fund and General Endowment Fund Investment Policy Statements including asset allocation

The Board approved amendments to the following Investment Policy Statements, including asset allocation, as set forth on the referenced pages:

- a. Permanent University Fund (PUF) (Pages 52 - 66)
- b. General Endowment Fund (GEF) (Pages 67 - 79).

As suggested by Vice-Chairman Hunt, two changes were approved to Exhibit A of the statements and are reflected on Pages 66 and 79:

- a. the private capital was amended to reduce the maximum policy range from 20 to 15
- b. the hedge funds maximum policy range was reduced from 30 to 27.5, with a commitment not to invest over the 25 target.

Section 3(a) of the Investment Management Services Agreement dated August 12, 2004, between the Board of Regents of the University of Texas System and The University of Texas Investment Management Company (UTIMCO) provides that UTIMCO shall review the investment policies of the assets under its management and recommend any changes of such policies for approval by the U. T. System Board of Regents. No proposed amendments to the Permanent Health Fund, Long Term Fund, Short Intermediate Term Fund, Separately Invested Accounts, and Short Term Fund Investment Policy Statements are being recommended at this time.

The amended Investment Policy Statements for the Permanent University Fund (PUF) and General Endowment Fund (GEF) were approved by the UTIMCO Board on July 21, 2005, provided that certain changes were made. The attached documents incorporate these changes and also add an amendment to require that the Board of Regents review and approve the Derivatives Policy.

Based on the completion of UTIMCO staff's work with Cambridge Associates and other external consultants, the UTIMCO Board recommends the adoption of new asset allocation policy portfolios for the PUF and the GEF. In addition to minor editorial changes, amendments to the PUF and GEF Investment Policy Statements revise the asset allocation, including proposed changes in the policy portfolio asset classifications, targets, ranges, and benchmarks, as summarized below:

- Modify policy ranges to avoid having targets that are at the upper or lower end of a range. (Policy range maximums increase for total hedge

funds from 25% to 30%, for private capital from 15% to 20%, and for commodities from 5% to 6%; range minimum for fixed income decreases from 10% to 5%. Targets in each case remain unchanged.)

- Remove REITS from the U. S. Equities asset class and include under new Inflation Linked asset class.
- Provide definitions for Non-U.S. Developed Equity and Emerging Markets Equity, sub-asset classes for Global ex-U.S. Equities.
- Change a sub-asset class of Hedge Funds from Equity Hedge Funds to Directional Hedge Funds. Clarify what is included in this asset class.
- Add Inflation Linked Asset class, which will include REITS, Commodities and TIPS.
- Eliminate TIPS as a sub-asset class of Fixed Income. TIPS will now be included under Inflation Linked assets.
- Edit general investment guidelines related to derivative language.
- Clarify timing of final determination of net asset values at each month end.
- Provide that UTIMCO CEO will determine the effective date for the revised Exhibit A – Policy Targets, Ranges and Performance Objectives, on or before November 1, 2005.
- Adjust policy portfolio targets for venture capital and private equity within the private capital asset class to be more in line with market opportunities. The target total for private capital investments remains unchanged at 15%.
- Modify benchmarks for U.S. Equities (to exclude the REIT component), Global ex U.S. Equities, Hedge Funds, and Commodities.

In accordance with the new Investment Performance Reporting Error Correction Policy, benchmark changes will be reflected in performance reporting on a forward basis only, with disclosure of the change and no restatement of benchmark history.

**THE UNIVERSITY OF TEXAS SYSTEM  
PERMANENT UNIVERSITY FUND  
INVESTMENT POLICY STATEMENT**

**Purpose**

The Permanent University Fund (the “PUF”) is a public endowment contributing to the support of institutions of The University of Texas System (other than The University of Texas - Pan American and The University of Texas at Brownsville) and institutions of The Texas A&M University System (other than Texas A&M University-Corpus Christi, Texas A&M International University, Texas A&M University-Kingsville, West Texas A&M University, Texas A&M University-Commerce, Texas A&M University-Texarkana, and Baylor College of Dentistry).

**PUF Organization**

The PUF was established in the Texas Constitution of 1876 through the appropriation of land grants previously given to The University of Texas at Austin plus one million acres. The land grants to the PUF were completed in 1883 with the contribution of an additional one million acres of land. Today, the PUF contains 2,109,190 acres of land (the “PUF Lands”) located in 19 counties primarily in West Texas.

The 2.1 million acres comprising the PUF Lands produce two streams of income: a) mineral income, primarily in the form of oil and gas royalties and b) surface income, primarily from surface leases and easements. Under the Texas Constitution, mineral income, as a non-renewable source of income, remains a non-distributable part of PUF corpus, and is invested pursuant to this Policy Statement. Surface income, as a renewable source of income, is distributed to the Available University Fund (the “AUF”), as received. The Constitution also requires that all surface income and investment distributions paid to the AUF be expended for certain authorized purposes.

The expenditure of the AUF is subject to a prescribed order of priority:

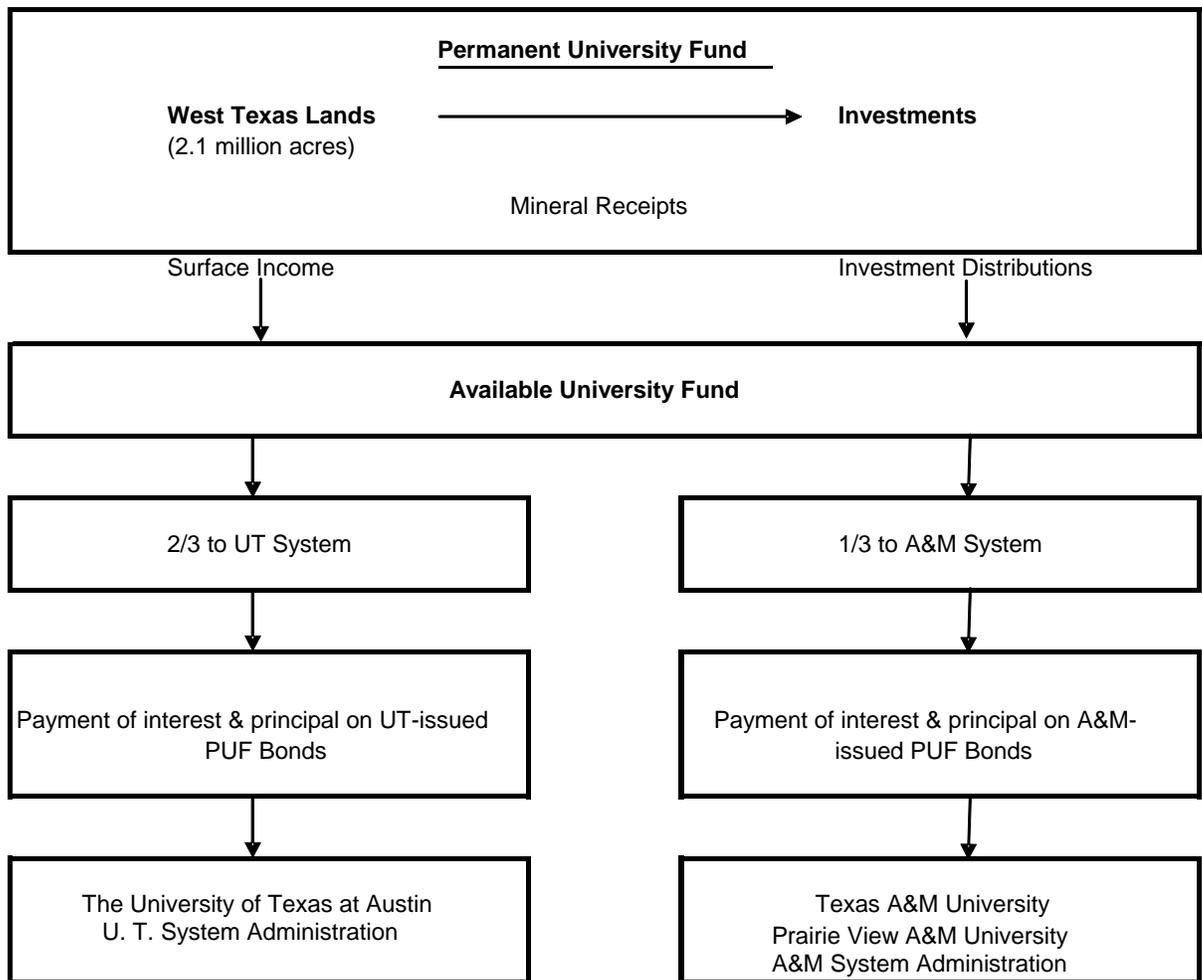
First, following a 2/3rds and 1/3rd allocation of AUF receipts to the U. T. System and the A&M System, respectively, expenditures for debt service on PUF bonds. Article VII of the Texas Constitution authorizes the Board of Regents and the Texas A&M University System Board of Regents (the “TAMUS Board”) to issue bonds payable from their respective interests in AUF receipts to finance permanent improvements and to refinance outstanding PUF obligations. The Constitution limits the amount of bonds and notes secured by each System’s interest in divisible PUF income to 20% and 10% of the book value of PUF investment securities, respectively. Bond resolutions adopted by both Boards also prohibit the issuance of additional PUF

parity obligations unless the interest of the related System in AUF receipts during the preceding fiscal year covers projected debt service on all PUF Bonds of that System by at least 1.5 times.

Second, expenditures to fund a) excellence programs specifically at U. T. Austin, Texas A&M University and Prairie View A&M University and b) the administration of the university Systems.

The payment of surface income and investment distributions from the PUF to the AUF and the associated expenditures is depicted below in Exhibit 1:

**Exhibit 1**



## **PUF Management**

Article VII, Section 11b of the Texas Constitution assigns fiduciary responsibility for managing and investing the PUF to the Board of Regents. Article VII, Section 11b authorizes the Board of Regents, subject to procedures and restrictions it establishes, to invest the PUF in any kind of investments and in amounts it considers appropriate, provided that it adheres to the prudent investor standard. This standard provides that the Board of Regents, in making investments, may 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.

Ultimate fiduciary responsibility for the PUF rests with the Board of Regents. Section 66.08 of the *Texas Education Code*, as amended, authorizes the Board of Regents, subject to certain conditions to enter into a contract with a nonprofit corporation to invest funds under the control and management of the Board of Regents.

Pursuant to an Investment Management Services Agreement between the Board of Regents and The University of Texas Investment Management Company ("UTIMCO"), the PUF shall be managed by UTIMCO, which shall a) recommend investment policy for the PUF, b) recommend specific asset allocation targets, ranges and performance benchmarks consistent with PUF objectives, and c) monitor PUF performance against PUF objectives. UTIMCO shall invest the PUF's assets in conformity with this Policy Statement. All changes to this Policy Statement or the exhibits to this Policy Statement, including changes to asset allocation targets, ranges, and performance benchmarks, are subject to approval by the Board of Regents.

UTIMCO may select and terminate unaffiliated investment managers subject to the Delegation of Authority Policy approved by the UTIMCO Board. Managers shall be monitored for performance and adherence to investment disciplines.

## **PUF Administration**

UTIMCO shall employ an administrative staff to ensure that all transaction and accounting records are complete and prepared on a timely basis. Internal controls shall be emphasized so as to provide for responsible separation of duties and adequacy of an audit trail. Custody of PUF assets shall comply with applicable law and be structured so as to provide essential safekeeping and trading efficiency.

## **PUF Investment Objectives**

The PUF and the General Endowment Fund (the “GEF”) are pooled for efficient investment purposes. The primary investment objective for each fund shall be to preserve the purchasing power of fund assets and annual distributions by earning an average annual real return over rolling ten-year periods or longer at least equal to the target distribution rate of such fund plus the annual expected expense. The current 5.1% target was derived by adding the PUF’s current target distribution rate of 4.75% plus an annual expected expense of .35%. The target is subject to adjustment from time to time consistent with the primary investment objectives for the funds. The PUF’s success in meeting its objectives depends upon its ability to generate high returns in periods of low inflation that will offset lower returns generated in years when the capital markets underperform the rate of inflation.

The secondary fund objective is to generate a fund return in excess of the Policy Portfolio benchmark and the median return of the universe of the college and university endowments with assets greater than \$1 billion as reported by Cambridge Associates over rolling five-year periods or longer. The Policy Portfolio benchmark will be maintained by UTIMCO and will be comprised of a blend of asset class indices weighted to reflect PUF’s asset allocation policy targets.

## **Asset Allocation and Policy**

Asset allocation is the primary determinant of the volatility of investment return and, subject to the asset allocation ranges specified in Exhibit A, is the responsibility of UTIMCO. Specific asset allocation positions may be changed from time to time, within the ranges specified in Exhibit A, based on the economic and investment outlook. In the event that actual portfolio positions in asset categories move outside the ranges indicated in Exhibit A, UTIMCO staff will rebalance portfolio positions back within the policy ranges in an orderly manner as soon as practicable.

PUF assets shall be allocated among the following broad asset classes based upon their individual return/risk characteristics and relationships to other asset classes:

- A. U.S. Equities – U.S. equities represent ownership in U.S. companies that are traded in public markets. U.S. equities include common stocks, exchange traded funds, and derivatives based on common stocks, including warrants, rights, options, and futures. In addition, derivative applications that serve as a U.S. equity substitute will be classified as traditional U.S. equity. Global mandates that include a majority of U.S. equities will be included in U.S. equities. U.S. equities provide both current income and capital gains.

- B. Global ex U.S. Equities – Global ex U.S. equities represent ownership in global companies that are traded in public markets. The global ex U.S. markets include established (non-U.S. developed) and emerging markets. Global ex U.S. equities include common stocks, exchange traded funds, and derivatives based on common stocks, including warrants, rights, options, and futures. In addition, derivative applications that serve as a Global ex U.S. equity substitute will be classified as Global ex U.S. equities. Global mandates that include a majority of Global ex U.S. equities will be included in Global ex U.S. equities. Global ex U.S. equities provide both current income and capital gains.

Non-U.S. Developed Equity – Non-U.S. developed equities represent ownership in companies domiciled in developed economies (countries) included in the MSCI All – Country World Equity Index – excluding those classified as part of the MSCI Emerging Markets Equity Index. These securities are typically constituents of countries in Europe, the Americas (North/Latin/South) and the Far East with high per-capita income, mature capital markets, and stable governments. The benchmark for this asset category will be the MSCI EAFE Index, with net dividends.

Emerging Markets Equity – Emerging markets equities represent ownership in companies domiciled in emerging economies as defined by the current composition of the MSCI Emerging Markets Equity Index. In addition, such definition will also include those companies domiciled in economies that have yet to reach MSCI Emerging Markets Equity Index qualification status (either through financial or qualitative measures). The benchmark for this asset category will be the MSCI Emerging Markets Equity Index, with net dividends.

- C. Hedge Funds – Hedge funds are broadly defined to include nontraditional investment strategies whereby the majority of the underlying securities are traded on public exchanges or are otherwise readily marketable.

Directional Hedge Funds – Directional hedge fund investments include U.S. and international long/short equity or fixed income strategies and other such strategies that exhibit directional market characteristics using commodities, currencies, derivatives, or other global market instruments. These strategies attempt to exploit profits from security selection skills by taking long and short positions in various securities. These strategies may also include fund of hedge fund investments. Directional hedge fund investments are made through private placement agreements. Directional hedge fund investments may be held in an internally managed commingled fund.

Absolute Return Hedge Funds – Absolute return hedge fund investments include arbitrage, event driven strategies and other relative value strategies. Arbitrage strategies attempt to exploit pricing discrepancies between closely related securities, utilizing a variety of different tactics primarily within equity, fixed income and convertible securities markets. Event driven strategies attempt to exploit discrete events such as bankruptcies, mergers, and takeovers. Absolute return hedge funds may include multi-strategy managers and fund of hedge fund investments. Absolute return hedge fund investments are made through private placement agreements. Absolute return hedge fund investments may be held in an internally managed commingled fund.

- D. Private Capital - Private capital investments include the illiquid debt and equity securities of private or publicly-traded companies. Private capital investments consist of two sub-asset class categories: Venture Capital and Private Equity.

Venture Capital – Venture capital investments consist of investments in companies, both U.S. and non-U.S. that are in the early stages of development. Venture capital investments are held either through limited partnerships or as direct ownership interests.

Private Equity – Private equity investments consist of investments in the equity securities of private businesses, both U.S. and non-U.S., that are considered to be in the post-start-up phase and that are profitable and generating income. Private equity investments are held either through limited partnerships or as direct ownership interests. The Private equity category also includes mezzanine and opportunistic investments. Mezzanine investments consist of investments in funds that make subordinated debt or minority equity investments in private companies. Opportunistic investments are limited to illiquid assets and may include distressed debt or secondary private equity partnerships. Mezzanine and opportunistic investments are held through limited partnerships or as direct ownership interests.

- E. Inflation Linked – Inflation linked investments are intended to provide some degree of inflation protection and generally consist of assets with a higher correlation of returns with inflation than other eligible asset classes. Inflation linked investments include:

REITS – REITS are real estate investment trusts that may be held as either trust certificates, derivative investments, or exchange traded funds. REITS own, and in most cases operate, income producing real estate.

Commodities – Commodities include natural resource investments including oil and gas interests and other hard assets. These investments may be held through partnerships, derivative investments, exchange traded funds or direct investments.

TIPS – TIPS are inflation protected securities with a return linked to the inflation rate. For diversification purposes, TIPS may include non-U.S. inflation protected fixed income securities as well as nominal fixed income securities.

- F. Fixed Income – Fixed income investments include debt (whether U.S. or foreign) issued by Governments, various government enterprises and agencies, and domestic and foreign corporations. The principal securities include bonds, notes, bills and mortgage and asset-backed securities. In addition, derivative applications that serve as a fixed income substitute may be classified as fixed income.
- G. Cash and Cash Equivalents – Cash and cash equivalents consist of internal and external pooled investment funds, deposits of the Texas State Treasury, cash in foreign currencies, and other overnight funds that have not been allocated to a specific asset class.

### **Performance Measurement**

The investment performance of the PUF will be measured by the PUF's custodian, an unaffiliated organization, with recognized expertise in this field and reporting responsibility to the UTIMCO Board, and compared against the stated investment benchmarks of the PUF, as indicated in Exhibit A.

### **Investment Guidelines**

The PUF must be invested at all times in strict compliance with applicable law.

Investment guidelines include the following:

#### General

- Investment guidelines for index, commingled funds, and limited partnerships managed externally shall be governed by the terms and conditions of the respective investment management contracts or partnership agreements.
- All investments will be U.S. dollar denominated assets unless held by an internal or external portfolio manager with the authority to invest in foreign currency denominated securities.

- Investment policies of any unaffiliated liquid investment fund must be reviewed and approved by UTIMCO's chief investment officer prior to investment of PUF assets in such liquid investment fund.
- No securities may be purchased or held which would jeopardize the PUF's tax-exempt status.
- No internal investment strategy or program may purchase securities on margin or use leverage unless specifically authorized by the UTIMCO Board.
- No internal investment strategy or program employing short sales may be made unless specifically authorized by the UTIMCO Board.
- The PUF's investments in warrants shall not exceed more than 5% of the PUF's net assets or 2% with respect to warrants not listed on the New York or American Stock Exchanges.
- The PUF may utilize derivatives to: a) simulate the purchase or sale of an underlying market index while retaining a collateral 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) hedge risks associated with PUF investments; or f) adjust the market exposure of the asset allocation, including the use of long and short strategies and other such strategies provided that the PUF's use of derivatives complies with the Derivative Investment Policy approved by the UTIMCO Board and the Board of Regents. The Derivative Investment Policy shall serve the purpose of defining permitted applications under which derivatives can be used, which applications are prohibited, and the requirements for the reporting and oversight of their use. Derivative applications implemented in compliance with the Derivative Investment Policy shall be deemed to be specifically authorized by the UTIMCO Board for purposes of this Policy Statement. The objective of the Derivative Investment Policy is to facilitate risk management and provide efficiency in the implementation of the investment strategies using derivatives.

### Cash and Cash Equivalents

Holdings of cash and cash equivalents may include the following:

- Internal pooled investment funds managed by UTIMCO.
- Unaffiliated liquid investment funds as approved by UTIMCO's chief investment officer.

- Deposits of the Texas State Treasury.
- The PUF's custodian late deposit interest bearing liquid investment fund.
- Municipal short-term securities
- Commercial paper rated in the two highest quality classes by Moody's Investors Service, Inc. (P1 or P2) or Standard & Poor's Corporation (A1 or A2).
- Negotiable certificates of deposit with a bank that is associated with a holding company meeting the commercial paper rating criteria specified above or that has a certificate of deposit rating of 1 or better by Duff & Phelps.
- Repurchase agreements and reverse repurchase agreements transacted with a dealer that is approved by UTIMCO and selected by the Federal Reserve Bank as a Primary Dealer in U.S. Treasury securities and rated A-1 or P-1 or the equivalent.
  - Each approved counterparty shall execute the Standard Public Securities Association (PSA) Master Repurchase Agreement with UTIMCO.
  - Eligible collateral securities for repurchase agreements are limited to U.S. Treasury securities and U.S. Government Agency securities with a maturity of not more than 10 years.
  - The maturity for a repurchase agreement may be from one day to two weeks.
  - The value of all collateral shall be maintained at 102% of the notional value of the repurchase agreement, valued daily.
  - All collateral shall be delivered to the PUF custodian bank. Tri-party collateral arrangements are not permitted.
  - The aggregate amount of repurchase agreements with maturities greater than seven calendar days may not exceed 10% of the PUF's fixed income assets.
  - Overnight repurchase agreements may not exceed 25% of the PUF's fixed income assets.

- Mortgage Backed Securities (MBS) dollar rolls shall be executed as matched book transactions in the same manner as reverse repurchase agreements above. As above, the rules for trading MBS dollar rolls shall follow the Public Securities Association standard industry terms.

## Fixed Income

### Domestic Fixed Income

Permissible securities for investment include securities within the component categories of the Lehman Brothers Aggregate Bond Index (LBAGG). These component categories include investment grade government and corporate securities, agency mortgage pass-through securities, and asset-backed securities. These sectors are divided into more specific sub-sectors: 1) Government securities: Treasury and Agency; 2) Corporate securities: Industrial, Finance, Utility, and Yankee; 3) Mortgage-backed securities: GNMA, FHLMC, and FNMA; 4) Asset-backed securities; 5) Taxable Municipal securities; and 6) Commercial Mortgage-backed securities. In addition to the permissible securities listed above, the following securities shall be permissible: a) floating rate securities with periodic coupon changes in market rates issued by the same entities that are included in the LBAGG as issuers of fixed rate securities; b) medium term notes issued by investment grade corporations; c) zero coupon bonds and stripped Treasury and Agency securities created from coupon securities; and d) structured notes issued by LBAGG qualified entities.

- U.S. Domestic Bonds must be rated investment grade, Baa3 or better by Moody's Investors Services, BBB- or better by Standard & Poor's Corporation, or an equivalent rating by a nationally recognized rating agency at the time of acquisition. This provision does not apply to an investment manager that is authorized by the terms of an investment advisory agreement to invest in below investment grade bonds.
- Not more than 5% of the market value of domestic fixed income securities may be invested in corporate and municipal bonds of a single issuer provided that such bonds, at the time of purchase, are rated, not less than Baa3 or BBB-, or the equivalent, by any two nationally-recognized rating services, such as Moody's Investors Service, Standard & Poor's Corporation, or Fitch Investors Service.

## Non-U.S. Fixed Income

Non-dollar denominated bond investments shall be restricted to bonds rated equivalent to the same credit standard as the U.S. Fixed Income Portfolio unless an investment manager has been authorized by the terms of an investment advisory agreement to invest in below investment grade bonds.

- Not more than 50% of the PUF's fixed income portfolio may be invested in non-U.S. dollar denominated bonds.
- Not more than 15% of the PUF's fixed income portfolio may be invested in emerging market debt.
- International currency exposure may be hedged or unhedged at UTIMCO's discretion or delegated by UTIMCO to an external investment manager.

## Equities

The PUF shall:

- hold no more than 25% of its equity securities in any one industry or industries (as defined by the standard industry classification code and supplemented by other reliable data sources) at market, or
- hold no more than 5% of its equity securities in the securities of one corporation at cost unless authorized by UTIMCO's chief investment officer.

## **PUF Distributions**

The PUF shall balance the needs and interests of present beneficiaries with those of the future. PUF spending policy objectives shall be to:

- provide a predictable, stable stream of distributions over time;
- ensure that the inflation adjusted value of distributions is maintained over the long term; and
- ensure that the inflation adjusted value of PUF assets after distributions is maintained over rolling 10-year periods.

The goal is for the PUF's average spending rate over time not to exceed the PUF's average annual investment return after inflation and expenses in order to preserve the purchasing power of PUF distributions and underlying assets.

The Texas Constitution states that “The amount of any distributions to the available university fund shall be determined by the board of regents of The University of Texas System in a manner intended to provide the available university fund with a stable and predictable stream of annual distributions and to maintain over time the purchasing power of permanent university fund investments and annual distributions to the available university fund. The amount distributed to the available university fund in a fiscal year must be not less than the amount needed to pay the principal and interest due and owing in that fiscal year on bonds and notes issued under this section. If the purchasing power of permanent university fund investments for any rolling 10-year period is not preserved, the board may not increase annual distributions to the available university fund until the purchasing power of the permanent university fund investments is restored, except as necessary to pay the principal and interest due and owing on bonds and notes issued under this section. An annual distribution made by the board to the available university fund during any fiscal year may not exceed an amount equal to seven percent of the average net fair market value of permanent university fund investment assets as determined by the board, except as necessary to pay any principal and interest due and owing on bonds issued under this section. The expenses of managing permanent university fund land and investments shall be paid by the permanent university fund.”

Annually, the Board of Regents will approve a distribution amount to the AUF.

In conjunction with the annual U. T. System budget process, UTIMCO shall recommend to the Board of Regents in May of each year an amount to be distributed to the AUF during the next fiscal year. UTIMCO's recommendation on the annual distribution shall be an amount equal to 4.75% of the trailing twelve quarter average of the net asset value of the PUF for the quarter ending February of each year.

Following approval of the distribution amount, distributions from the PUF to the AUF may be quarterly or annually at the discretion of UTIMCO Management.

### **PUF Accounting**

The fiscal year of the PUF shall begin on September 1st and end on August 31st. Market value of the PUF shall be maintained on an accrual basis in compliance with Financial Accounting Standards Board Statements, Government Accounting Standards Board Statements, industry guidelines, or state statutes, whichever is applicable. Significant asset write-offs or write-downs shall be approved by UTIMCO's chief investment officer and reported to the UTIMCO Board of Directors. The PUF's financial statements shall be audited each year by an independent accounting firm selected by the Board of Regents.

## **Valuation of Assets**

As of the close of business on the last business day of each month, UTIMCO shall determine the fair market value of all PUF net assets. Valuation of PUF assets shall be based on the books and records of the custodian for the valuation date. The final determination of PUF net assets for a month end close shall normally be completed within five business days but determination may be longer under certain circumstances. Valuation of alternative assets shall be determined in accordance with the UTIMCO Valuation Criteria for Alternative Assets.

The fair market value of the PUF's net assets shall include all related receivables and payables of the PUF on the valuation. Such valuation shall be final and conclusive.

## **Securities Lending**

The PUF may participate in a securities lending contract with a bank or nonbank security lending agent for purposes of realizing additional income. Loans of securities by the PUF shall be collateralized by cash, letters of credit or securities issued or guaranteed by the U.S. Government or its agencies. The collateral will equal at least 100% of the current market value of the loaned securities. The contract shall state acceptable collateral for securities loaned, duties of the borrower, delivery of loaned securities and collateral, acceptable investment of collateral and indemnification provisions. The contract may include other provisions as appropriate.

The securities lending program will be evaluated from time to time as deemed necessary by the UTIMCO Board. Monthly reports issued by the lending agent shall be reviewed by UTIMCO staff to insure compliance with contract provisions.

## **Investor Responsibility**

As a shareholder, the PUF has the right to a voice in corporate affairs consistent with those of any shareholder. These include the right and obligation to vote proxies in a manner consistent with the unique role and mission of higher education as well as for the economic benefit of the PUF. Notwithstanding the above, the UTIMCO Board shall discharge its fiduciary duties with respect to the PUF solely in the interest of the U. T. System and the A&M System and shall not invest the PUF so as to achieve temporal benefits for any purpose including use of its economic power to advance social or political purposes.

## **Amendment of Policy Statement**

The Board of Regents reserves the right to amend this Policy Statement as it deems necessary or advisable.

**Effective Date**

The effective date of this policy shall be August 11, 2005, except for Exhibit A. The effective date for Exhibit A shall be no later than November 1, 2005. The selection of the date shall be determined by UTIMCO's Chief Investment Officer and notification to the Chairmen of the UTIMCO Board and the Board of Regents shall occur prior to the effective date.

**EXHIBIT A**  
**POLICY TARGETS, RANGES AND PERFORMANCE OBJECTIVES**

<b>Asset Category</b>	<b>Percent of Portfolio (%)</b>		<b>Benchmarks</b>
	<b>Policy Targets</b>	<b>Policy Ranges</b>	
<b>US Equities</b>	<b>20.0</b>	<b>10 to 30</b>	Russell 3000 Index
<b>Global ex US Equities</b>	<b>17.0</b>	<b>10 to 30</b>	
Non-US Developed Equity	10.0	0 to 30	MSCI EAFE Index with net dividends
Emerging Markets Equity	7.0	0 to 10	MSCI Emerging Markets Index with net dividends
<b>Hedge Funds</b>	<b>25.0</b>	<b>15 to 27.5</b>	
Directional Hedge Funds	10.0	5 to 15	Combination index: 50% S&P Event-Driven Hedge Fund Index plus 50% S&P Directional/Tactical Hedge Fund Index
Absolute Return Hedge Funds	15.0	10 to 20	Combination index: 66.7% S&P Event-Driven Hedge Fund Index plus 33.3% S&P Arbitrage Hedge Fund Index
<b>Private Capital</b>	<b>15.0</b>	<b>5 to 15</b>	Venture Economics' Periodic IRR Index
Venture Capital	4.0	0 to 8	
Private Equity	11.0	5 to 15	
<b>Inflation Linked</b>	<b>13.0</b>	<b>5 to 20</b>	
REITS	5.0	0 to 10	Dow Jones Wilshire Real Estate Securities Index
Commodities	3.0	0 to 6	Combination index: 66.7% GSCI minus .5% plus 33.3% DJ-AIG Commodity Index
TIPS	5.0	0 to 10	Lehman Brothers US TIPS Index
<b>Fixed Income:</b>	<b>10.0</b>	<b>5 to 15</b>	Lehman Brothers Aggregate Bond Index
<b>Cash</b>	<b>0.0</b>	<b>0 to 10</b>	90 Day T-Bills

<b>Expected Annual Return (%)</b>	<b>8.34</b>
<b>1 yr Downside Deviation (%)</b>	<b>-7.6</b>
<b>Standard Deviation (%)</b>	<b>10.8</b>

**THE UNIVERSITY OF TEXAS SYSTEM  
GENERAL ENDOWMENT FUND  
INVESTMENT POLICY STATEMENT**

**Purpose**

The General Endowment Fund (the "GEF"), established by the Board of Regents of The University of Texas System (the "Board of Regents") March 1, 2001, is a pooled fund for the collective investment of certain long-term funds under the control and management of the Board of Regents. The GEF provides for greater diversification of investments than would be possible if each account were managed separately.

**GEF Organization**

The GEF functions like a mutual fund in which each eligible fund purchases and redeems GEF units as provided herein. The ownership of GEF assets shall at all times be vested in the Board of Regents. Such assets shall be deemed to be held by the Board of Regents, as a fiduciary, regardless of the name in which the assets may be registered.

**GEF Management**

Article VII, Section 11b of the Texas Constitution authorizes the Board of Regents, subject to procedures and restrictions it establishes, to invest the Permanent University Fund (the "PUF") in any kind of investment and in amounts it considers appropriate, provided that it adheres to the prudent investor standard. This standard provides that the Board of Regents, in making investments, may 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. Pursuant to Section 51.0031(c) of the *Texas Education Code*, the Board of Regents has elected the PUF prudent investor standard to govern its management of the GEF.

Ultimate fiduciary responsibility for the GEF rests with the Board of Regents. Section 66.08, *Texas Education Code*, as amended, authorizes the Board of Regents, subject to certain conditions, to enter into a contract with a nonprofit corporation to invest funds under the control and management of the Board of Regents.

Pursuant to an Investment Management Services Agreement between the Board of Regents and The University of Texas Investment Management Company (“UTIMCO”), the GEF shall be managed by UTIMCO, which shall a) recommend investment policy for the GEF, b) recommend specific asset allocation targets, ranges, and performance benchmarks consistent with GEF objectives, and c) monitor GEF performance against GEF objectives. UTIMCO shall invest the GEF assets in conformity with this Policy Statement. All changes to this Policy Statement or the exhibits to this Policy Statement, including changes to asset allocation targets, ranges and performance benchmarks, are subject to approval by the Board of Regents.

UTIMCO may select and terminate unaffiliated investment managers subject to the Delegation of Authority Policy approved by the UTIMCO Board. Managers shall be monitored for performance and adherence to investment disciplines.

### **GEF Administration**

UTIMCO shall employ an administrative staff to ensure that all transaction and accounting records are complete and prepared on a timely basis. Internal controls shall be emphasized so as to provide for responsible separation of duties and adequacy of an audit trail. Custody of GEF assets shall comply with applicable law and be structured so as to provide essential safekeeping and trading efficiency.

### **Funds Eligible to Purchase GEF Units**

No fund shall be eligible to purchase units of the GEF unless it is under the sole control, with full discretion as to investments, of the Board of Regents and/or UTIMCO.

Any fund whose governing instrument contains provisions which conflict with this Policy Statement, whether initially or as a result of amendments to either document, shall not be eligible to purchase or hold units of the GEF.

Currently, the Long Term Fund (the “LTF”) and the Permanent Health Fund (the “PHF”) purchase units in the GEF.

### **GEF Investment Objectives**

The GEF and the PUF are pooled for efficient investment purposes. The primary investment objective for each fund shall be to preserve the purchasing power of fund assets by earning an average annual real return over rolling ten-year periods or longer at least equal to the target distribution rate of such fund (in case of the GEF, the target distribution rate of the LTF and the PHF) plus the annual expected expense. The current 5.1% target was derived by adding the PUF’s current target distribution rate of 4.75% plus an annual expected expense of .35%. The target is

subject to adjustment from time to time consistent with the primary investment objectives for the funds. The GEF's success in meeting its objectives depends upon its ability to generate high returns in periods of low inflation that will offset lower returns generated in years when the capital markets underperform the rate of inflation.

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- B. Global ex U.S. Equities – Global ex U.S. equities represent ownership in global companies that are traded in public markets. The global ex U.S. markets include established (non U.S. developed) and emerging markets. Global ex U.S. equities include common stocks, exchange traded funds, and derivatives based on common stock, including warrants, rights, options, and futures. In addition, derivative applications that serve as a Global ex U.S. equity substitute will be classified as Global ex U.S. equities. Global mandates that include a majority of Global ex U.S. equities will be included in Global ex U.S. equities. Global ex U.S. equities provide both current income and capital gains.

Non-U.S. Developed Equity – Non-U.S. developed equities represent ownership in companies domiciled in developed economies (countries) included in the MSCI All – Country World Equity Index – excluding those classified as part of the MSCI Emerging Markets Equity Index. These securities are typically constituents of countries in Europe, the Americas (North/Latin/South) and the Far East with high per-capita income, mature capital markets, and stable governments. The benchmark for this asset category will be the MSCI EAFE Index, with net dividends.

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Absolute Return Hedge Funds – Absolute return hedge fund investments include arbitrage, event driven strategies and other relative value strategies. Arbitrage strategies attempt to exploit pricing discrepancies between closely related securities, utilizing a variety of different tactics primarily within equity, fixed income and convertible securities markets. Event driven strategies attempt to exploit discrete events such as bankruptcies, mergers, and takeovers. Absolute return hedge funds may include multi-strategy managers and fund of hedge fund investments. Absolute return hedge fund investments are made through private placement agreements. Absolute return hedge fund investments may be held in an internally managed commingled fund.

- D. Private Capital - Private capital investments include the illiquid debt and equity securities of private or publicly-traded companies. Private capital investments consist of two sub-asset class categories: Venture Capital and Private Equity.

Venture Capital – Venture capital investments consist of investments in companies, both U.S. and non-U.S., that are in the early stages of development. Venture capital investments are held either through limited partnerships or as direct ownership interests.

Private Equity – Private equity investments consist of investments in the equity securities of private businesses, both U.S. and non-U.S., that are considered to be in the post-start-up phase and that are profitable and generating income. Private equity investments are held either through limited partnerships or as direct ownership interests. The Private equity category also includes mezzanine and opportunistic investments. Mezzanine investments consist of investments in funds that make subordinated debt or minority equity investments in private companies. Opportunistic investments are limited to illiquid assets and may include distressed debt or secondary private equity partnerships. Mezzanine and opportunistic investments are held through limited partnerships or as direct ownership interests.

- E. Inflation Linked – Inflation linked investments are intended to provide some degree of inflation protection and generally consist of assets with a higher correlation of returns with inflation than other eligible asset classes. Inflation linked investments include:

REITS – REITS are real estate investment trusts that may be held as either trust certificates, derivative investments, or exchange traded funds. REITS own, and in most cases operate, income producing real estate.

Commodities – Commodities include natural resource investments including oil and gas interests and other hard assets. These investments may be held through partnerships, derivative investments, exchange traded funds or direct investments.

TIPS – TIPS are inflation protected securities with a return linked to the inflation rate. For diversification purposes, TIPS may include non-U.S. inflation protected fixed income securities as well as nominal fixed income securities.

- F. Fixed Income – Fixed income investments include debt (whether U.S. or foreign) issued by Governments, various government enterprises, and agencies and domestic and foreign corporations. The principal securities include bonds, notes, bills and mortgage and asset-backed securities. In addition, derivative applications that serve as a fixed income substitute may be classified as fixed income.
- G. Cash and Cash Equivalents – Cash and cash equivalents consist of internal and external pooled investment funds, cash in foreign currencies, and other overnight funds that have not been allocated to a specific asset class.

### **Performance Measurement**

The investment performance of the GEF will be measured by the GEF's custodian, an unaffiliated organization, with recognized expertise in this field and reporting responsibility to the UTIMCO Board, and compared against the stated investment benchmarks of the GEF, as indicated in Exhibit A.

### **Investment Guidelines**

The GEF must be invested at all times in strict compliance with applicable law.

Investment guidelines include the following:

#### General

- Investment guidelines for index, commingled funds, and limited partnerships managed externally shall be governed by the terms and conditions of the respective investment management contracts or partnership agreements.
- All investments will be U.S. dollar denominated assets unless held by an internal or external portfolio manager with the authority to invest in foreign currency denominated securities.
- Investment policies of any unaffiliated liquid investment fund must be reviewed and approved by UTIMCO's chief investment officer prior to investment of GEF assets in such liquid investment fund.
- No securities may be purchased or held which jeopardize the GEF's tax exempt status.
- No internal investment strategy or program may purchase securities on margin or use leverage unless specifically authorized by the UTIMCO Board.
- No internal investment strategy or program employing short sales may be made unless specifically authorized by the UTIMCO Board.

- The GEF's investments in warrants shall not exceed more than 5% of the GEF's net assets or 2% with respect to warrants not listed on the New York or American Stock Exchanges.
- The GEF may utilize derivatives to: a) simulate the purchase or sale of an underlying market index while retaining a collateral 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) hedge risks associated with GEF investments; or f) adjust the market exposure of the asset allocation, including the use of long and short strategies and other such strategies provided that the GEF's use of derivatives complies with the Derivative Investment Policy approved by the UTIMCO Board and the Board of Regents. The Derivative Investment Policy shall serve the purpose of defining permitted applications under which derivatives can be used, which applications are prohibited, and the requirements for the reporting and oversight of their use. Derivative applications implemented in compliance with the Derivative Investment Policy shall be deemed to be specifically authorized by the UTIMCO Board for purposes of this Policy Statement. The objective of the Derivative Investment Policy is to facilitate risk management and provide efficiency in the implementation of the investment strategies using derivatives.

#### Cash and Cash Equivalents

Holdings of cash and cash equivalents may include the following:

- Internal pooled investment funds managed by UTIMCO.
- Unaffiliated liquid investment funds as approved by UTIMCO's chief investment officer.
- The GEF's custodian late deposit interest bearing liquid investment fund.
- Municipal short-term securities.
- Commercial paper rated in the two highest quality classes by Moody's Investors Service, Inc. (P1 or P2) or Standard & Poor's Corporation (A1 or A2).
- Negotiable certificates of deposit with a bank that is associated with a holding company meeting the commercial paper rating criteria specified above or that has a certificate of deposit rating of 1 or better by Duff & Phelps.

- Repurchase agreements and reverse repurchase agreements transacted with a dealer that is approved by UTIMCO and selected by the Federal Reserve Bank as a Primary Dealer in U.S. Treasury securities and rated A-1 or P-1 or the equivalent.
  - Each approved counterparty shall execute the Standard Public Securities Association (PSA) Master Repurchase Agreement with UTIMCO.
  - Eligible collateral securities for repurchase agreements are limited to U.S. Treasury securities and U.S. Government Agency securities with a maturity of not more than 10 years.
  - The maturity for a repurchase agreement may be from one day to two weeks.
  - The value of all collateral shall be maintained at 102% of the notional value of the repurchase agreement, valued daily.
  - All collateral shall be delivered to the GEF custodian bank. Tri-party collateral arrangements are not permitted.
  - The aggregate amount of repurchase agreements with maturities greater than seven calendar days may not exceed 10% of the GEF's fixed income assets.
  - Overnight repurchase agreements may not exceed 25% of the GEF's fixed income assets.
- Mortgage Backed Securities (MBS) dollar rolls shall be executed as matched book transactions in the same manner as reverse repurchase agreements above. As above, the rules for trading MBS dollar rolls shall follow the Public Securities Association standard industry terms.

### Fixed Income

#### Domestic Fixed Income

Permissible securities for investment include securities within the component categories of the Lehman Brothers Aggregate Bond Index (LBAGG). These component categories include investment grade government and corporate securities, agency mortgage pass-through securities, and asset-backed securities. These sectors are divided into more specific sub-sectors: 1) Government securities: Treasury and Agency; 2) Corporate securities: Industrial, Finance, Utility, and Yankee; 3) Mortgage-backed securities: GNMA, FHLMC, and FNMA;

4) Asset-backed securities; 5) Taxable Municipal securities; and 6) Commercial Mortgage-backed securities. In addition to the permissible securities listed above, the following securities shall be permissible: a) floating rate securities with periodic coupon changes in market rates issued by the same entities that are included in the LBAGG as issuers of fixed rate securities; b) medium term notes issued by investment grade corporations; c) zero coupon bonds and stripped Treasury and Agency securities created from coupon securities; and d) structured notes issued by LBAGG qualified entities.

- U.S. Domestic Bonds must be rated investment grade, Baa3 or better by Moody's Investors Services, BBB- or better, by Standard & Poor's Corporation, or an equivalent rating by a nationally recognized rating agency at the time of acquisition. This provision does not apply to an investment manager that is authorized by the terms of an investment advisory agreement to invest in below investment grade bonds.
- Not more than 5% of the market value of domestic fixed income securities may be invested in corporate and municipal bonds of a single issuer provided that such bonds, at the time of purchase, are rated, not less than Baa3 or BBB-, or the equivalent, by any two nationally-recognized rating services, such as Moody's Investors Service, Standard & Poor's Corporation, or Fitch Investors Service.

#### Non-U.S. Fixed Income

Non-dollar denominated bond investments shall be restricted to bonds rated equivalent to the same credit standard as the U.S. Fixed Income Portfolio unless an investment manager has been authorized by the terms of an investment advisory agreement to invest in below investment grade bonds.

- Not more than 50% of the GEF's fixed income portfolio may be invested in non-U.S. dollar denominated bonds.
- Not more than 15% of the GEF's fixed income portfolio may be invested in emerging market debt.
- International currency exposure may be hedged or unhedged at UTIMCO's discretion or delegated by UTIMCO to an external investment manager.

#### Equities

The GEF shall:

- hold no more than 25% of its equity securities in any one industry or industries (as defined by the standard industry classification code and supplemented by other reliable data sources) at market, or

- hold no more than 5% of its equity securities in the securities of one corporation at cost unless authorized by UTIMCO's chief investment officer.

### **GEF Accounting**

The fiscal year of the GEF shall begin on September 1st and end on August 31st. Market value of the GEF shall be maintained on an accrual basis in compliance with Financial Accounting Standards Board Statements, Government Accounting Standards Board Statements, industry guidelines, or state statutes, whichever is applicable. Significant asset write-offs or write-downs shall be approved by UTIMCO's chief investment officer and reported to the UTIMCO Board of Directors. The GEF's financial statements shall be audited each year by an independent accounting firm selected by the Board of Regents.

### **Valuation of Assets**

As of the close of business on the last business day of each month, UTIMCO shall determine the fair market value of all GEF net assets and the net asset value per unit of the GEF. Valuation of GEF assets shall be based on the books and records of the custodian for the valuation date. The final determination of GEF net assets for a month end close shall normally be completed within five business days but determination may be longer under certain circumstances. Valuation of alternative assets shall be determined in accordance with the UTIMCO Valuation Criteria for Alternative Assets.

The fair market value of the GEF's net assets shall include all related receivables and payables of the GEF on the valuation date and the value of each unit thereof shall be its proportionate part of such net value. Such valuation shall be final and conclusive.

### **Purchase of GEF Units**

Purchase of GEF units may be made on any quarterly purchase date (September 1, December 1, March 1, and June 1 of each fiscal year or the first business day subsequent thereto) upon payment of cash to the GEF or contribution of assets approved by UTIMCO's chief investment officer, at the net asset value per unit of the GEF as of the most recent quarterly valuation date. Each fund whose monies are invested in the GEF shall own an undivided interest in the GEF in the proportion that the number of units invested therein bears to the total number of all units comprising the GEF.

## **Redemption of GEF Units**

Redemption of GEF units shall be paid in cash as soon as practicable after the quarterly valuation date of the GEF. Withdrawals from the GEF shall be at the market value price per unit determined at the time of the withdrawal.

## **Securities Lending**

The GEF may participate in a securities lending contract with a bank or nonbank security lending agent for purposes of realizing additional income. Loans of securities by the GEF shall be collateralized by cash, letters of credit, or securities issued or guaranteed by the U.S. Government or its agencies. The collateral will equal at least 100% of the current market value of the loaned securities. The contract shall state acceptable collateral for securities loaned, duties of the borrower, delivery of loaned securities and collateral, acceptable investment of collateral and indemnification provisions. The contract may include other provisions as appropriate.

The securities lending program will be evaluated from time to time as deemed necessary by the UTIMCO Board. Monthly reports issued by the lending agent shall be reviewed by UTIMCO staff to insure compliance with contract provisions.

## **Investor Responsibility**

As a shareholder, the GEF has the right to a voice in corporate affairs consistent with those of any shareholder. These include the right and obligation to vote proxies in a manner consistent with the unique role and mission of higher education as well as for the economic benefit of the GEF. Notwithstanding the above, the UTIMCO Board shall discharge its fiduciary duties with respect to the GEF solely in the interest of GEF unitholders and shall not invest the GEF so as to achieve temporal benefits for any purpose including use of its economic power to advance social or political purposes.

## **Amendment of Policy Statement**

The Board of Regents reserves the right to amend this Policy Statement as it deems necessary or advisable.

**Effective Date**

The effective date of this policy shall be August 11, 2005, except for Exhibit A. The effective date for Exhibit A shall be no later than November 1, 2005. The selection of the date shall be determined by UTIMCO's Chief Investment Officer and notification to the Chairmen of the UTIMCO Board and the Board of Regents shall occur prior to the effective date.

**EXHIBIT A**  
**POLICY TARGETS, RANGES AND PERFORMANCE OBJECTIVES**

Asset Category	Percent of Portfolio (%)		Benchmarks
	Policy Targets	Policy Ranges	
<b>US Equities</b>	<b>20.0</b>	<b>10 to 30</b>	Russell 3000 Index
<b>Global ex US Equities</b>	<b>17.0</b>	<b>10 to 30</b>	
Non-US Developed Equity	10.0	0 to 30	MSCI EAFE Index with net dividends
Emerging Markets Equity	7.0	0 to 10	MSCI Emerging Markets Index with net dividends
<b>Hedge Funds</b>	<b>25.0</b>	<b>15 to 27.5</b>	
Directional Hedge Funds	10.0	5 to 15	Combination index: 50% S&P Event-Driven Hedge Fund Index plus 50% S&P Directional/Tactical Hedge Fund Index
Absolute Return Hedge Funds	15.0	10 to 20	Combination index: 66.7% S&P Event-Driven Hedge Fund Index plus 33.3% S&P Arbitrage Hedge Fund Index
<b>Private Capital</b>	<b>15.0</b>	<b>5 to 15</b>	Venture Economics' Periodic IRR Index
Venture Capital	4.0	0 to 8	
Private Equity	11.0	5 to 15	
<b>Inflation Linked</b>	<b>13.0</b>	<b>5 to 20</b>	
REITS	5.0	0 to 10	Dow Jones Wilshire Real Estate Securities Index
Commodities	3.0	0 to 6	Combination index: 66.7% GSCI minus .5% plus 33.3% DJ-AIG Commodity Index
TIPS	5.0	0 to 10	Lehman Brothers US TIPS Index
<b>Fixed Income:</b>	<b>10.0</b>	<b>5 to 15</b>	Lehman Brothers Aggregate Bond Index
<b>Cash</b>	<b>0.0</b>	<b>0 to 10</b>	90 Day T-Bills

<b>Expected Annual Return (%)</b>	<b>8.34</b>
<b>1 yr Downside Deviation (%)</b>	<b>-7.6</b>
<b>Standard Deviation (%)</b>	<b>10.8</b>

10. U. T. System Board of Regents: Approval to amend The University of Texas Investment Management Company (UTIMCO) Liquidity Policy and approval of the Derivative Investment Policy

Upon recommendation of the Board of Directors of The University of Texas Investment Management Company (UTIMCO), the Board approved revisions to the UTIMCO Liquidity Policy, which is set forth in its entirety on Pages 81 - 84. The Board also approved the UTIMCO Derivative Investment Policy set forth on Pages 85 - 89.

Liquidity Policy

Amendments to the Liquidity Policy, approved by the UTIMCO Board on July 21, 2005, reflect the name change of the Liquidity Committee to the Risk Committee, and accommodate the new asset allocations for the Permanent University Fund (PUF) and General Endowment Fund (GEF).

Acting on the recommendation of the Risk Committee, the UTIMCO Board voted to increase the maximum allowable illiquid investments from 30% to 35%, and to change the illiquid “trigger zone” from 20% - 30% to 30% - 35%.

Derivative Investment Policy

The UTIMCO Board approved amendments to the Derivative Investment Policy on July 21, 2005. The purpose of the Derivative Investment Policy is to enumerate the applications, documentation, and limitations for investment in derivatives in the PUF and GEF. The Derivative Investment Policy supplements, but does not supersede, the Investment Policy Statements for the PUF and GEF. Although the Board of Regents had not formally approved the Derivative Investment Policy in the past, Investment Policy Statement guidelines for the PUF and GEF allow for investment in derivatives, provided that their use is in compliance with the Derivative Investment Policy.

The amendments represent technical corrections to the current Policy, including removing Exchange Traded Funds from the definition of derivatives. Consistent with this change, the UTIMCO Board reduced the threshold for the total gross value of all internal derivative positions from 50% to 45% of the net asset value of the Funds.

## The University of Texas Investment Management Company Liquidity Policy

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Effective Date of Policy: August 11, 2005

Original Effective Date of Policy: August 7, 2003

### **Purpose:**

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

### **Objective:**

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

### **Scope:**

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

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

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

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

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

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

The measurements necessary to segregate all investments into one of the two categories assume normally functioning capital markets and cash market transactions. In addition, swaps, derivatives, or other third party

## The University of Texas Investment Management Company Liquidity Policy

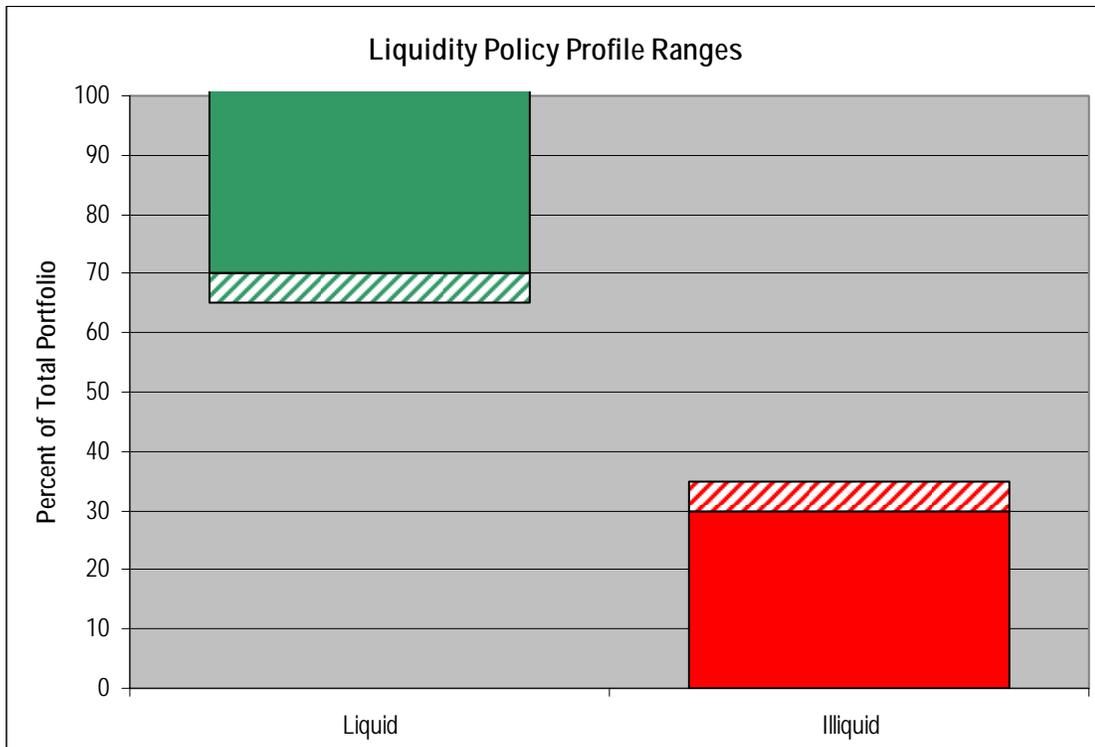
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arrangements to alter the status of an investment classified as illiquid may be considered, with the prior approval of the UTIMCO Board or the Risk Committee<sup>1</sup>, in determining the appropriate liquidity category for each investment.

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

### Liquidity Policy Profile:

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



The green bar indicates the Policy range for investments categorized as “liquid” by the definition presented earlier. The red bar indicates the Policy range for investments categorized as “illiquid” by earlier definition. The shaded sections of the green and red bars indicate trigger zones requiring special action by the UTIMCO Board or the Risk Committee. For example, the allowable range for illiquid investments is 0% to 35% of the total portfolio. However, any illiquid investments made in the 30% to 35% trigger zone requires prior approval by the Risk Committee or the UTIMCO Board. Risk Committee review of new investments in the illiquid trigger zone will supplement, rather than replace, the procedures established by the UTIMCO Board for the approval of new investments.

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

## The University of Texas Investment Management Company

### Liquidity Policy

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#### **Documentation and Controls:**

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

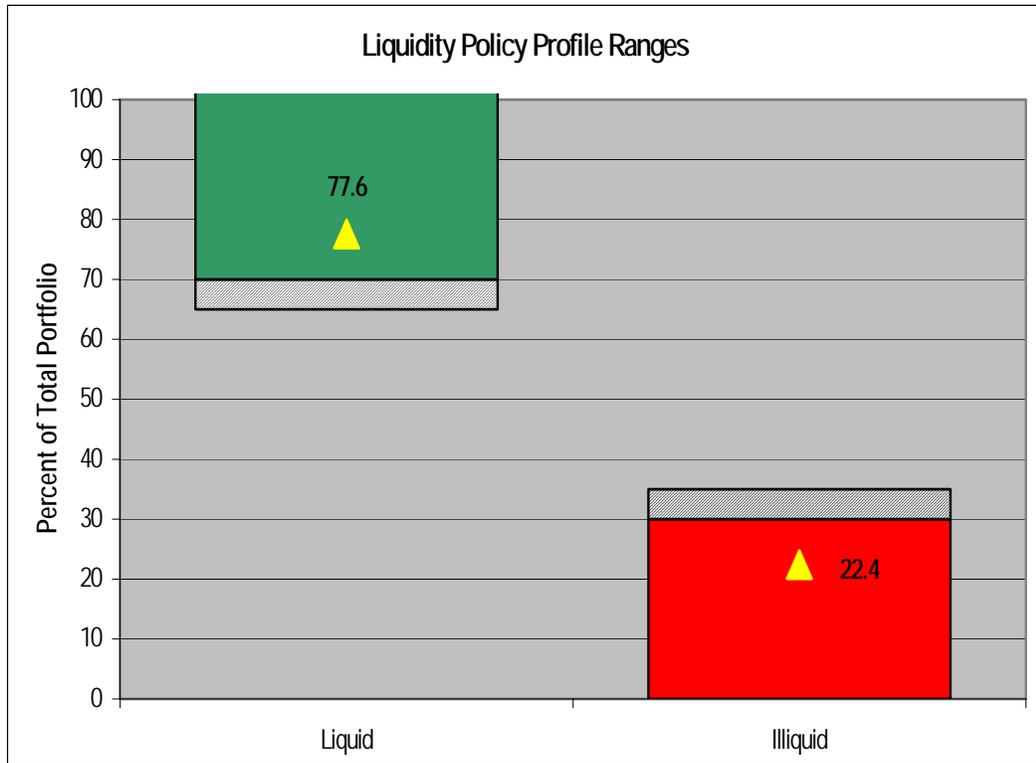
As additional safeguards, trigger zones have been established as indicated above to trigger required review and action by the UTIMCO Board or the Risk Committee in the event any investment action would cause the actual investment position in illiquid investments to enter the designated trigger zone,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

#### **Reporting:**

The actual liquidity profile of the Funds and compliance with this Liquidity Policy will be reported to the UTIMCO Board on at least a quarterly basis. Any exception to this Liquidity Policy and actions taken to remedy the exception will be reported promptly. An example of the method of reporting is shown below where the yellow points and number labels indicate current actual exposure levels within each Liquidity Policy Range (numbers shown are examples only). For example, in this illustration the current exposure to “liquid” investments is 77.6%, while exposure to “illiquid” investments is 22.4% and both are within their respective allowable policy ranges and not in defined trigger zones.

The University of Texas Investment Management Company  
Liquidity Policy

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## **The University of Texas Investment Management Company Derivative Investment Policy**

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Effective Date of Policy: August 11, 2005

Date Approved by UTIMCO Board: July 21, 2005

### **Purpose:**

The purpose of the Derivative Investment Policy is to enumerate the applications, documentation and limitations for investment in derivatives in the Permanent University Fund (PUF) and the General Endowment Fund (GEF), hereinafter referred to as the Funds. The Board of Regents approved investment policy guidelines for the Funds to allow for investment in derivatives provided that their use is in compliance with UTIMCO's Board approved Derivative Investment Policy. This Derivative Investment Policy supplements the Investment Policy Statement for the Funds.

### **Objective:**

The objective of investing in derivatives is to facilitate risk management and provide efficiency in the implementation of various investment strategies for the Funds. Through the use of derivatives, the complex risks that are bound together in traditional cash market investments can be separated and managed independently. Derivatives provide the Funds with the most economical means to improve the Funds risk/return profile.

### **Scope:**

This Policy applies to internal management of derivatives at UTIMCO only. Derivatives policies for external managers are established on a case by case basis with each external manager, as described below. This Policy applies to both exchange traded derivatives and over the counter derivative instruments. This Policy shall not be construed to apply to index or other common or commingled funds in which the Funds typically invest. These commingled investment vehicles are governed by separate investment policy statements.

### **External Managers:**

An external investment manager of public market investments employed by UTIMCO may engage in derivative transactions only if the transactions are consistent with the overall investment objectives of the account. Derivative applications shall be approved only with investment managers that demonstrate investment expertise in their use, and have appropriate risk management policies and procedures to effectively monitor and control their use. Disclosure of permitted derivative applications with external investment managers of public market investments shall be made to UTIMCO's Board.

The due diligence process in the selection of managers of alternative marketable equities employed by UTIMCO requires a clear understanding of the managers use of derivatives, particularly as it relates to various risk controls and leverage. UTIMCO will invest in such strategies exclusively through limited partnership agreements, offshore corporations or other legal entities that limit the Funds' exposure to its investment in the strategy. Disclosure of derivative applications with alternative marketable equity managers shall be made to UTIMCO's Board.

### **Definition of Derivatives:**

Derivatives are financial instruments whose value is derived, in whole or part, from the value of any one or more underlying securities or assets, or index of securities or assets (such as a bonds, stocks, commodities, and currencies). For the purposes of this Policy, derivatives shall include futures contracts, forward contracts, swaps and all forms of options, but shall not include a broader range of securities including mortgage backed securities, structured notes and convertible bonds. (Refer to attached exhibit for glossary of terms)

## **The University of Texas Investment Management Company Derivative Investment Policy**

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### **Permitted Derivative Applications:**

Derivative applications may be used:

- To implement investment strategies in a low cost and efficient manner;
- To alter the Funds market (systematic) exposure without trading the underlying cash market securities through purchases or short sales, or both, of appropriate derivatives;
- To construct portfolios with risk and return characteristics that could not be created with cash market securities;
- To hedge and control risks so that the Funds' risk/return profile is more closely aligned with the Funds' targeted risk/return profile through purchases or short sales, or both, of appropriate derivatives; or
- To facilitate transition trading.

The primary intent of derivative transactions should be to hedge risk in portfolios or to implement investment strategies more effectively and at a lower cost than would be possible in the cash market. Only the above derivative applications are permitted until such time as this policy is amended and approved by UTIMCO's Board. The Chief Investment Officer shall recommend and the UTIMCO Board approve any new derivative applications prior to implementation, after fully considering the permissibility, merits, and compliance with all documentation and controls requirements of the application.

### **Derivative Applications Not Permitted:**

Derivative applications shall not be used to invest in asset classes that are not consistent with the Funds policy asset categories, implementation strategies and risk/return characteristics.

### **Documentation and Controls:**

Prior to the implementation of a new derivative application, UTIMCO shall document the purpose, justification, baseline portfolio, derivative application portfolio, risks (including at a minimum modeling, pricing, liquidity and legal risks), the expected increase or reduction in systematic and specific risk resulting from the application, the acceptable criteria for counterparties in over the counter derivative applications, and the procedures in place to monitor and manage the derivative exposure. Internal control procedures to properly account and value the Funds' exposure to the derivative application shall be fully documented. UTIMCO shall establish an appropriate risk management procedure to monitor compliance and will take corrective action if necessary. UTIMCO shall make a comprehensive report of all derivative applications to the UTIMCO Board on at least a quarterly basis.

### **Limitations:**

Leverage is inherent in derivatives since only a small cash deposit is required to establish a much larger economic impact position. Thus, relative to the cash markets, where in most cases the cash outlay is equal to the asset acquired, derivatives applications offer the possibility of establishing substantially larger market risk exposures with the same amount of cash as a traditional cash market portfolio. Therefore, risk management and control processes must focus on the total risk assumed in a derivatives application, which is the sum of the application-specific risk and the market (systematic) risk established by the derivative application. In order to control and limit the leverage risk, each derivative application must specify a baseline portfolio, and risk measures such as Value at Risk (VAR) will be employed to assure that the total economic impact risk of the derivative application portfolio relative to the baseline portfolio will not exceed 20% of the underlying value of the baseline portfolio. The total relative economic impact risk of each derivative application will be monitored on a daily basis by the most appropriate risk management tools for the particular derivatives application.

As an additional global limitation, the total gross value (without netting counter positions) of all internal derivatives positions shall not exceed 45% of the net asset value of the Funds.

**The University of Texas Investment Management Company**  
**Derivative Investment Policy**

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In order to limit the financial risks associated with derivative applications, rigorous counterparty selection criteria and netting agreements shall be required to minimize counterparty risk for over the counter derivatives. The counterparty must be an investment grade credit and the agreement must be marked to market no less frequently than monthly.

**The University of Texas Investment Management Company**  
**Derivative Investment Policy**

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**Derivative Investment Policy Exhibit**  
**Glossary of Terms**

**Application-specific risk** – The portion of total risk in a derivatives application which is due to factors unique to the application as opposed to more systematic, market-related factors. For example, in an option on a specific stock, the risk associated with the specific business results of the company which issued the stock underlying the option would be application-specific risk, as opposed to the overall risk of the stock market which would be Systematic Risk.

**Baseline portfolio** – The cash-market based portfolio which will serve as the basis for calculating the relative risk level of an equivalent derivatives application.

**Cash equivalents** – Includes cash, short term fixed income instruments, accruals, variation margin and one day deposits in transit to the account.

**Cash market** - The physical market for a commodity or financial instrument.

**Counterparty** - The offsetting party in an exchange agreement.

**Derivative application** – A definition of the intended use of a derivative-based position such as replication or enhancing index returns, asset allocation or completion fund strategies, and various alpha transport strategies.

**Derivative application portfolio** – The portfolio including derivative instruments, cash equivalents, and other cash market assets established to replicate a specified baseline portfolio.

**Economic exposure** - The total effective exposure of a derivative position. The economic exposure is the product of the dollar value of the exposure and the market or systematic risk level of the exposure. A common method of measuring economic exposure is with risk management tools such as “value at risk.”

**Exchange traded derivatives** - A derivative instrument traded on an established national or international exchange. These instruments “settle” daily in that cash exchanges are made between the exchange and parties to the contracts consistent with the change in price of the instrument. Fulfillment of the contract is guaranteed by the exchange on which the instruments are traded. Examples include S&P 500 futures contracts and Goldman Sachs Commodities Index futures contracts.

**Forward contract** - A non-standardized contract for the physical or electronic (through a bookkeeping entry) delivery of a commodity or financial instrument at a specified price at some point in the future.

**Futures contract** - A standardized contract for either the physical delivery of a commodity or instrument at a specified price at some point in the future, or a financial settlement derived from the change in market price of the commodity or financial instrument during the term of the contract.

**Option** - An instrument that conveys the right but not the obligation to buy or deliver the subject financial instrument at a specified price, at a specified future date.

## The University of Texas Investment Management Company Derivative Investment Policy

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**Over the counter derivatives** - A derivative instrument which result from direct negotiation between a buyer and a counterparty. The terms of such instruments are non-standard and are the result of specific negotiations. Settlement occurs at the negotiated termination date, although the terms may include interim cash payments under certain conditions. Examples include currency swaps and forward contracts, interest rate swaps, and collars.

**Swap** - A contract whereby the parties agree to exchange cash flows of defined investment assets in amounts and times specified by the contract.

**Systematic risk** – The non-diversifiable risks associated with an investment in a particular asset market. For example the financial, political, and other risks associated with a portfolio of common stocks are known as “market” or systematic risks.

**Value at risk (VAR)** – An established method of measuring economic exposure risk. The measure conveys the maximum potential loss (in dollars or percent of total assets) for a particular investment position, for a particular period of time, for a particular level of confidence.

11. U. T. System Board of Regents: Discussion of revised disclosure regarding restatement of investment performance against benchmarks

Executive Vice Chancellor Kelley discussed revised disclosure language for the restatement of investment performance benchmarks and received suggestions on the disclosure statement from members of the Board.

12. U. T. System: Report on highlights of the 79th Texas Legislature, Regular Session

Vice Chancellor Ashley Smith presented highlights of the 79th Texas Legislature, Regular Session, including both academic and health institutions received increased appropriations over Fiscal Year 2004-2005, and a non-voting student Regent was added to each of the state's Boards of Regents. He discussed key measures and their effect on higher education in the upcoming 2006-2007 biennium including System-wide plans to enhance educational attainment and research in Texas through Closing the Gaps; ensuring high quality education and academic success; providing excellence in health care; enhancing institutional competitiveness for educators and researchers; strengthening services to public education and communities; and improving efficiency of operations and productive use of resources.

[Counsel and Secretary's Note: At the request of Regent Caven, the following additional information was provided following the meeting regarding 2006-07 appropriations for the academic and health-related institutions. Vice Chancellor Smith clarified the \$160 million and \$58 million on Page 19.4 of the Agenda Book reflect the total formula funding dollar increases granted in the appropriation process to the 35 academic institutions and 9 health institutions in the state, not just U. T. institutions.

The \$118.3 million on Page 19.5 of the Agenda Book and the \$92.8 million on Page 19.6 are inclusive of formula and non-formula funding or special items funding increases received by the U. T. academic and health institutions respectively. The \$211.06 million on Page 19.6 is the total increase in formula and non-formula or special items funding inclusive of health institutions, academic institutions, and U. T. System Administration.]

13. U. T. System: Accountability Framework Refinements for 2005 Report (Deferred)

The item related to The University of Texas System Strategic Planning Framework Proposal for 2005-06 was deferred due to time constraints.

14. U. T. System Board of Regents: Resolution of appreciation to The Sealy & Smith Foundation (Deferred)

(See Item 2 on Page 2 for action on the resolution taken on August 10, 2005, so that a copy of the resolution could be presented to representatives of The Sealy & Smith Foundation at the social event that evening.)

15. U. T. System Board of Regents: Resolution to honor former Southmost Union Junior College District Board of Trustees Chairman Mary Rose Cárdenas

Vice-Chairman Krier and Regent Estrada co-moved the Board's approval of the following resolution to recognize the contributions of former Southmost Union Junior College District Board of Trustees Chairman Mary Rose Cárdenas to The University of Texas System. The motion was duly seconded and the resolution passed by acclamation.

#### RESOLUTION

WHEREAS, Mary Rose Cárdenas was first elected to the Texas Southmost College Board of Trustees in 1984;

WHEREAS, Mary Rose Cárdenas announced her retirement from the Texas Southmost College Board at Spring Commencement 2005 after 21 years of extraordinary service;

WHEREAS, During her tenure on the Board, Mary Rose Cárdenas was elected by her colleagues and served four terms as Chair of the Southmost Union Junior College District Board;

WHEREAS, In 1987, Mary Rose Cárdenas played a significant role in helping raise money and guide the establishment of a scholarship endowment program that has grown to over \$5 million and has helped over 10,000 students;

WHEREAS, In 1991, the inspiring leadership of Mrs. Cárdenas was key in helping create and design the historical academic partnership between U. T. Brownsville and Texas Southmost College making it the first such partnership in the State of Texas;

WHEREAS, Mary Rose Cárdenas has served as a key member of the Partnership Advisory Committee with Regents and Trustees;

WHEREAS, Mary Rose Cárdenas has been a guiding force in ensuring the success of the Partnership, and in 2000, together with U. T. Board Chairman Donald L. Evans, signed an extension of the Partnership for 99 years;

WHEREAS, Twice Mary Rose Cárdenas played a vital role in obtaining voters' approval for bond issues for capital improvements of the campus, first in 1986 and again in 2004, making available more than \$81 million for campus expansion;

WHEREAS, Mary Rose Cárdenas has served on the U. T. Brownsville and Texas Southmost College Development Board since its inception in 1994;

WHEREAS, Together with her husband, Renato, the Cárdenas Family has established an endowment at U. T. Brownsville and Texas Southmost College and has been enormously generous over the years in supporting music, the arts, science, chess, and innumerable student scholarships and activities;

WHEREAS, Mrs. Cárdenas was recognized nationally for her service to the college district as the 2002 recipient of the prestigious Distinguished Service Award from the Association of Governing Boards of Universities and Colleges;

WHEREAS, Mrs. Cárdenas was honored as the Texas Southmost College Distinguished Alumnus in 2004; and

WHEREAS, In her honor the Trustees of Texas Southmost College have named a building on their campus Mary Rose Cárdenas Hall North and South.

THEREFORE, BE IT RESOLVED that appreciation be extended to the incomparable and visionary Mary Rose Cárdenas for her 21 years of invaluable and unselfish service to Texas Southmost College and that it further commend her for her hard work and fairness in performing her duties; and be it further

RESOLVED that an official copy of this resolution be prepared for Mary Rose Cárdenas as an expression of highest esteem and warmest regards.

[Counsel and Secretary's Note: A copy of the resolution was mailed to Mrs. Cárdenas on August 16, 2005.]

16. U. T. System Board of Regents: Rescission of Regents' Rules and Regulations, Series 40503 (Anonymous Publications)

The Board rescinded Series 40503 of the Regents' *Rules and Regulations*, regarding anonymous publications. The deleted provision, which was before the Board on yellow paper as it was not included in the Agenda materials, follows:

**2. Rule and Regulation**

Sec. 1 Prohibition. Anonymous publications are prohibited, and any individual or organization publishing, aiding in publishing, or circulating or aiding in circulating any anonymous publication will be subject to disciplinary action.

The federal Fifth Circuit Court of Appeals ruled that Series 40503 of the Regents' *Rules and Regulations*, as applied to the plaintiffs in litigation titled *Justice for All v. Faulkner, et al.* is unconstitutional. Upon remand of the case, the federal district court will very shortly consider whether Series 40503 is unconstitutional on its face. In light of the Fifth Circuit's opinion, trial counsel at the Attorney General's office recommended elimination of Series 40503 from the Regents' *Rules and Regulations*.

RECESS FOR COMMITTEE MEETINGS AND COMMITTEE REPORTS TO THE BOARD.--At 12:45 p.m., the Board recessed for meetings of the Standing Committees, and Chairman Huffines announced that at the conclusion of each committee meeting the Board would reconvene to approve the report and recommendations of that committee.

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

REPORT AND RECOMMENDATIONS OF THE FINANCE AND PLANNING COMMITTEE (Pages 94 - 116).--Committee Chairman Rowling 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. System Board of Regents. Unless otherwise indicated, the actions set forth in the Minute Orders that follow were recommended by the Finance and Planning Committee and approved in open session by the U. T. System Board of Regents:

1. U. T. System: Approval of Docket No. 123

The Board approved *Docket No. 123* in the form distributed by the Counsel and Secretary to the Board. It is attached following Page 159 in the official copy of the *Minutes* and is made a part of the record of this meeting.

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

Notice of the change of appointment for former University of Texas at Dallas President Franklyn G. Jenifer as Professor, Research Scientist Faculty and Special Administrative Assignment was provided to the Legislative Budget Board.

Committee Chairman Rowling noted a correction in the salary for Head Golf Coach Watkins on Page Docket - 21. He called on Ms. Patricia Ohlendorf, Vice President for Institutional Relations and Legal Affairs, to comment on contracts for head coaches and athletic directors at The University of Texas at Austin (Pages Docket - 17 to 21). Vice President Ohlendorf said a number of the compensation elements are significant but are based on market data and include incentives related to academic performance. Chairman Huffines asked Vice President Ohlendorf to comment on some of the recent changes at the NCAA level regarding academic eligibility and said the Board shares a deep commitment to improve graduation rates. Vice President Ohlendorf said several changes have taken place: (1) the "cut score" for the SAT and ACT was eliminated and admittance for athletes is now based on a sliding scale correlation between the SAT/ACT score and high school GPA, and (2) for student athletes admitted after August 2003, 46% of the degree plan must be completed by the end of the second year and 80% of the degree plan must be completed by the end of the fourth year. Vice President Ohlendorf said the NCAA determined federal graduation rates were not a good predictor and has developed two new measures: (1) academic performance rate, and (2) graduation success rate. She noted that all elements of the athletics budget are self-supporting and coach and athletic director compensation is paid from athletic revenue.

2. U. T. System: Presentation of Monthly Financial Report

This item was considered only by the Committee (see Committee Minutes).

3. U. T. System: Approval of transfer of funds between Legislative Appropriation items during the biennium beginning September 1, 2005

To provide for the most effective utilization of the General Revenue Appropriations during the biennium beginning September 1, 2005, the following resolution was adopted by the Board:

RESOLUTION

Pursuant to the appropriate transfer provisions of the General Appropriations Act of the 79th Legislature, it is hereby resolved that the State Comptroller be requested to make necessary transfers within the Legislative Appropriations (and/or Informational Items of Appropriation) 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

4. 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 places a limit on the number of full-time equivalent (FTE) employees paid from appropriated funds that an institution may employ without written approval of the Governor and the Legislative Budget Board. 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 additional FTEs cannot be performed within current staffing levels.

The Board approved those institutions, as set forth in the table on Page 97, to exceed the number of FTE employees for Fiscal Year 2006 that are authorized in Article III of the General Appropriations Act. The University of Texas System Administration, The University of Texas at Austin, The University of Texas at Dallas, and The University of Texas Health Science Center at Houston did not exceed the FTE limitation. Further, as required by Article IX, Section 6.14 of the General Appropriations Act, the U. T. System 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 1, 2005, the U. T. System 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**  
**Approval to Exceed Full-time Equivalent Limitation on Employees Paid From Appropriated Funds**

**Approval to Exceed Cap - by Function**

	<u>Faculty</u>	<u>Staff</u>	<u>Total</u>
Instruction	520.35	234.86	755.21
Academic Support	-	15.35	15.35
Research	20.30	63.77	84.07
Public Service	-	0.70	0.70
Hospitals and Clinics	70.30	764.12	834.42
Institutional Support	-	455.33	455.33
Student Support	-	58.62	58.62
Operations and Maintenance of Plant	-	345.00	345.00
Scholarships and Fellowships	-	0.37	0.37
Total	<u>610.95</u>	<u>1,938.12</u>	<u>2,549.07</u>

**Approval to Exceed Cap - by Institution**

	<u>FY 2006 Cap</u>	<u>Approval to Exceed Cap</u>		
		<u>Faculty</u>	<u>Staff</u>	<u>Total</u>
U. T. Arlington	2,104.80	74.00	12.00	86.00
U. T. Austin	6,641.00	-	-	- *
U. T. Brownsville	429.90	156.33	98.35	254.68
U. T. Dallas	1,354.80	-	-	- *
U. T. El Paso	1,724.60	26.74	39.16	65.90
U. T. Pan American	1,445.70	36.00	98.84	134.84
U. T. Permian Basin	268.30	5.50	10.00	15.50
U. T. San Antonio	1,834.00	65.00	77.00	142.00
U. T. Tyler	419.00	24.50	24.25	48.75
Total Academic Institutions	<u>16,222.10</u>	<u>388.07</u>	<u>359.60</u>	<u>747.67</u>
U. T. Southwestern Medical Center	1,773.20	81.85	57.30	139.15
U. T. Medical Branch - Galveston	5,729.80	9.13	379.42	388.55
U. T. Health Science Center - Houston	1,858.10	-	-	- *
U. T. Health Science Center - San Antonio	2,208.60	25.70	79.00	104.70
U. T. M. D. Anderson Cancer Center	10,452.39	106.20	987.80	1,094.00
U. T. Health Center - Tyler	919.70	0.00	75.00	75.00
Total Health Institutions	<u>22,941.79</u>	<u>222.88</u>	<u>1,578.52</u>	<u>1,801.40</u>
U. T. System Administration	<u>249.00</u>	<u>-</u>	<u>-</u>	<u>- *</u>
U. T. System Total	<u>39,412.89</u>	<u>610.95</u>	<u>1,938.12</u>	<u>2,549.07</u>

\*U. T. Austin, U. T. Dallas, U. T. HSC Houston, and U. T. System Administration will not exceed their cap.

5. U. T. System: Approval of Optional Retirement Program employer contribution rates for Fiscal Year 2006

The Board approved the Optional Retirement Program (ORP) employer contribution rates for Fiscal Year 2006 as follows:

- a. 8.5% for all institutions and System Administration with respect to employees who participated in the ORP prior to September 1, 1995; and
- b. for all other employees, an employer contribution rate as recommended by each institution and set forth on Page 100.

Prior to September 1, 1995, the ORP employer contribution rate was 8.5% for all ORP participants. An enactment by the 74th Texas Legislature reduced ORP employer contributions to participants from 8.5% to 6.0%, effective September 1, 1995. However, The University of Texas System was permitted to "grandfather" those employees participating in the ORP during the 1994-95 biennium. This resulted in a two-tiered ORP employer contribution rate for U. T. System employees: those who participated in ORP during the 1994-95 biennium continued to receive 8.5%, while those who did not participate during the 1994-95 biennium received 6.0%.

The 78th Texas Legislature enacted *Texas Government Code* Section 830.2015, which expanded the definition of a grandfathered employee from one who had participated during the 1994-95 biennium to one who had participated in ORP prior to September 1, 1995. The legislation also granted permissive authority for institutions of higher education to set the ORP employer contribution rate for grandfathered and nongrandfathered participants at any percentage level between 6.0% and 8.5%. It is not required that the rate be the same for grandfathered employees, nor that the rate be the same for all U. T. System institutions.

Given the diversity of the U. T. System institutions and the differential budget impact for each institution, each institutional president was asked to propose its ORP employer contribution rates for grandfathered and nongrandfathered participants. For Fiscal Year 2006, with respect to grandfathered employees hired prior to September 1, 1995, all U. T. System institutions elected to continue the current 8.5% employer contribution rate. For nongrandfathered participants hired after September 1, 1995, five institutions elected to increase the ORP employer contribution rate from the rate established by the Board for Fiscal Year 2005. Four institutions (The University of Texas at Austin, The University of Texas at Dallas, The University of Texas - Pan American, and The University of Texas Southwestern Medical Center at Dallas) elected to increase the contribution rate from 6.0% to 6.5%. The University of Texas

at Tyler elected to increase the contribution rate from 6.0% to 8.5%. For nongrandfathered participants hired after September 1, 1995, the remaining institutions elected to adopt the same rate adopted in the prior year.

The governing board of an institution of higher education has the authority to set the ORP employer contribution rates in accordance with rules issued by the Texas Higher Education Coordinating Board. Under those rules, the governing board is to determine the employer contribution rates once per fiscal year, to be effective for the entire fiscal year. All institutions will implement the employer contribution rates effective September 1, 2005, with the exception of U. T. Austin. Because of the number of employees this will impact and the required analysis of each individual's tax deferrals to ensure compliance with the *Internal Revenue Code*, U. T. Austin will implement the new employer contribution rate change beginning with paychecks issued on or after January 1, 2006, contingent upon the Coordinating Board adopting a rule change authorizing implementation of the employer contribution rate on a date other than the first day of the fiscal year.

**The University of Texas System  
Optional Retirement Plan Contribution Rates**

	Fiscal Year 2005		Fiscal Year 2006	
	Grandfathered	Nongrandfathered	Grandfathered	Nongrandfathered
<b>U. T. Arlington</b>	8.5%	6.0%	8.5%	6.0%
<b>U. T. Austin</b>	8.5%	6.0%	8.5%	6.5%
<b>U. T. Brownsville</b>	8.5%	6.0%	8.5%	6.0%
<b>U. T. Dallas</b>	8.5%	6.0%	8.5%	6.5%
<b>U. T. El Paso</b>	8.5%	6.0%	8.5%	6.0%
<b>U. T. Pan American</b>	8.5%	6.0%	8.5%	6.5%
<b>U. T. Permian Basin</b>	8.5%	8.5%	8.5%	8.5%
<b>U. T. San Antonio</b>	8.5%	8.5%	8.5%	8.5%
<b>U. T. Tyler</b>	8.5%	6.0%	8.5%	8.5%
<b>U. T. Southwestern Medical Center - Dallas</b>	8.5%	6.0%	8.5%	6.5%
<b>U. T. Medical Branch - Galveston</b>	8.5%	8.5%	8.5%	8.5%
<b>U. T. HSC - Houston</b>	8.5%	6.0%	8.5%	6.0%
<b>U. T. HSC - San Antonio</b>	8.5%	6.0%	8.5%	6.0%
<b>U. T. M. D. Anderson Center</b>	8.5%	8.5%	8.5%	8.5%
<b>U. T. Health Center - Tyler</b>	8.5%	8.5%	8.5%	8.5%
<b>U. T. System Administration</b>	8.5%	8.5%	8.5%	8.5%

6. U. T. System Board of Regents: Report on Investments for quarter ended May 31, 2005, Liquidity Profile, and Performance Report by Ennis Knupp + Associates

The Report on Investments for The University of Texas System for the quarter ended May 31, 2005, for the Permanent University Fund (PUF), General Endowment Fund (GEF), Permanent Health Fund (PHF), Long Term Fund (LTF), Short Intermediate Term Fund (SITF), and Separately Invested Assets as prepared by The University of Texas Investment Management Company (UTIMCO) is summarized below.

Pages 103 - 110 contain the Summary Reports on Investments for the three months ended May 31, 2005.

Item I on Pages 103 - 104 reports summary activity for the Permanent University Fund (PUF) investments. The PUF's net investment return for the three months was .14% versus its composite benchmark return of 1.89%. The PUF's net asset value increased by \$67.6 million since the beginning of the quarter to \$8,899.8 million. This change in net asset value includes increases due to contributions from PUF land receipts and net investment return.

Item II on Pages 105 - 107 reports summary activity for the General Endowment Fund (GEF), the Permanent Health Fund (PHF), and the Long Term Fund (LTF). The GEF's net investment return for the three months was .09% versus its composite benchmark return of 1.89%. The GEF's net asset value decreased \$12.2 million since the beginning of the quarter to \$4,679.5 million.

Item III on Page 108 reports summary activity for the Short Intermediate Term Fund (SITF). Total net investment return on the SITF was .98% for the three months versus the SITF's performance benchmark of .95%. The SITF's net asset value decreased by \$4.4 million since the beginning of the quarter to \$1,202.0 million. This decrease in net asset value was due to net withdrawals and distributions to the SITF.

Item IV on Page 109 presents book and market value of cash, debt, equity, and other securities held in funds outside of internal investment pools. Total cash and equivalents, consisting primarily of institutional operating funds held in the Dreyfus money market fund, decreased by \$60.8 million to \$2,406.3 million during the three months since the last reporting period. Market values for the remaining asset types were debt securities: \$47.3 million versus \$51.1 million at the beginning of the period; equities: \$346.2 million versus \$296.4 million at the beginning of the period; and other investments: \$2.2 million versus \$2.0 million at the beginning of the period.

The May 31, 2005, PUF and GEF Combined Liquidity Profile is set forth on Page 110.

An [Executive Summary](#) of the Performance Report on investments for the quarter ended May 31, 2005, as prepared by Ennis Knupp + Associates was included in the Agenda Book and is on file in the Office of the Board of Regents.

I. PERMANENT UNIVERSITY FUND (1)a.) Summary Investment Report at May 31, 2005

(\$ millions)

	FY03-04	FY04-05			
	Full Year	1st Qtr	2nd Qtr	3rd Qtr	Year-to-Date
Beginning Net Assets	7,244.8	8,087.9	8,648.2	8,832.2	8,087.9
PUF Lands Receipts (3)	146.7	67.7	31.1	59.0	157.8
Investment Return	1,070.2	583.9	420.7	26.9	1,031.5
Expenses	(25.8)	(6.0)	(11.9)	(18.3)	(36.2)
Distributions to AUF	(348.0)	(85.3)	(255.9)	-	(341.2)
Ending Net Assets	8,087.9	8,648.2	8,832.2	8,899.8	8,899.8
AUF Distribution:					
From PUF Investments	348.0	85.3	255.9	-	341.2
From Surface Income	7.6	1.0	2.5	2.0	5.5
Total	355.6	86.3	258.4	2.0	346.7
Total Net Investment Return	14.73%	7.23%	4.83%	0.14%	12.56%

- 
- (1) Report prepared in accordance with *Texas Education Code* Sec. 51.0032.
- (2) General - The Investment Summary Report excludes PUF Lands mineral and surface interests with estimated August 31, 2004 values of \$752.1 million and \$164.0 million, respectively.
- (3) PUF Lands Receipts - As of May 31, 2005: 1,220,843 acres under lease; 510,284 producing acres; 3,282 active leases; and 2,058 producing leases.

## I. PERMANENT UNIVERSITY FUND (continued)

b.) Comparison of Asset Allocation Versus Endowment Neutral Policy Portfolio  
and Net Investment Return for the three months ended May 31, 2005

	Asset Allocation	Endowment Neutral Policy Portfolio	Actual Net Investment Return	Endowment Neutral Policy Portfolio Return (1)	Benchmark
Cash and Cash Equivalents	2.0%	0.0%	0.70%	0.73%	90 Day T-Bills Average Yield
U.S. Equities	26.9%	25.0%	1.59%	1.29%	80% Russell 3000 Index plus 20% Dow Jones Wilshire Real Estate Securities Index
Global Equities	16.4%	17.0%	-4.12%	-4.74%	Morgan Stanley Capital International - All Country World Free ex U.S., net
Equity Hedge Funds	10.0%	10.0%	-0.15%	1.74%	90 Day T-Bills Average Yield plus 4%
Absolute Return Hedge Funds	14.4%	15.0%	0.19%	1.48%	90 Day T-Bills Average Yield plus 3%
Commodities	4.7%	3.0%	-1.70%	-3.22%	Goldman Sachs Commodity Index minus 100 basis points
Fixed Income	15.7%	15.0%	1.79%	2.18%	66.7% Lehman Brothers Aggregate Bond Index plus 33.3% Lehman Brothers US Index Treasury Inflation Protected Securities
<b>Total Marketable Securities</b>	<b>90.1%</b>	<b>85.0%</b>	<b>-0.32%</b>	<b>0.19%</b>	
<b>Private Capital</b>	<b>9.9%</b>	<b>15.0%</b>	<b>4.51%</b>	<b>11.90%</b>	Venture Economics' Periodic IRR Index
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.14%</b>	<b>1.89%</b>	

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

II. GENERAL ENDOWMENT FUND (1) (2)

a.) Summary Investment Report at May 31, 2005

(\$ millions)

	FY03-04		FY04-05							
	Full Year		1st Qtr	2nd Qtr	3rd Qtr	Year-to-Date				
Beginning Net Assets	3,584.8		4,207.6	4,503.7	4,691.7	4,207.6				
Net Contributions	559.5		95.5	118.6	108.0	322.1				
Investment Return	559.0		315.0	223.2	11.4	549.6				
Expenses	(9.6)		(1.8)	(6.5)	(8.5)	(16.8)				
Allocations (3)	(486.1)		(112.6)	(147.3)	(123.1)	(383.0)				
Ending Net Assets	4,207.6		4,503.7	4,691.7	4,679.5	4,679.5				
Net Asset Value per Unit	117.595		126.278	132.324	132.403	132.403				
Units and Percentage Ownership										
(End of Period):										
PHF	6,923,785	19.4%	6,846,092	19.2%	6,773,278	19.1%	6,699,254	19.0%	6,699,254	19.0%
LTF	28,857,142	80.6%	28,818,941	80.8%	28,683,029	80.9%	28,643,980	81.0%	28,643,980	81.0%
Total	35,780,927	100.0%	35,665,033	100.0%	35,456,307	100.0%	35,343,234	100.0%	35,343,234	100.0%
Total Net Investment Return	14.77%		7.39%	4.79%	0.09%	12.65%				

(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, 2005 (1)

(\$ millions)

	FY03-04	FY04-05			Year-to-Date
	Full Year	1st Qtr	2nd Qtr	3rd Qtr	
<u>PERMANENT HEALTH FUND</u>					
Beginning Net Assets	745.0	814.4	864.7	896.5	814.4
Investment Return	108.6	60.1	41.4	0.6	102.1
Expenses	(0.7)	(0.2)	-	(0.2)	(0.4)
Distributions (Payout)	(38.5)	(9.6)	(9.6)	(9.7)	(28.9)
Ending Net Assets	814.4	864.7	896.5	887.2	887.2
Net Asset Value per Unit (2)	0.993200	1.054513	1.093241	1.081939	1.081939
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	0.035250
Total Net Investment Return	14.60%	7.36%	4.79%	0.04%	12.55%
<u>LONG TERM FUND</u>					
Beginning Net Assets	2,839.8	3,393.3	3,639.0	3,795.3	3,393.3
Net Contributions	276.5	37.7	22.5	38.0	98.2
Investment Return	441.1	253.1	175.4	2.3	430.8
Expenses	(6.1)	(3.7)	0.1	(1.1)	(4.7)
Distributions (Payout)	(158.0)	(41.4)	(41.7)	(42.1)	(125.2)
Ending Net Assets	3,393.3	3,639.0	3,795.3	3,792.4	3,792.4
Net Asset Value per Unit (2)	5.585	5.923	6.139	6.074	6.074
No. of Units (End of Period)	607,622,749	614,379,162	618,174,345	624,354,307	624,354,307
Distribution Rate per Unit	0.264500	0.067425	0.067425	0.067425	0.202275
Total Net Investment Return	14.59%	7.36%	4.80%	0.04%	12.55%

(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 institutions.

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

II. GENERAL ENDOWMENT FUND (continued)

c.) Comparison of Asset Allocation Versus Endowment Neutral Policy Portfolio and Net Investment Return for the three months ended May 31, 2005

	Asset Allocation	Endowment Neutral Policy Portfolio	Actual Net Investment Return	Endowment Neutral Policy Portfolio Return (1)	Benchmark
Cash and Cash Equivalents	0.7%	0.0%	0.70%	0.73%	90 Day T-Bills Average Yield
U.S. Equities	26.4%	25.0%	1.60%	1.29%	80% Russell 3000 Index plus 20% Dow Jones Wilshire Real Estate Securities Index
Global Equities	16.7%	17.0%	-4.15%	-4.74%	Morgan Stanley Capital International - All Country World Free ex U.S., net
Equity Hedge Funds	10.0%	10.0%	-0.09%	1.74%	90 Day T-Bills Average Yield plus 4%
Absolute Return Hedge Funds	14.8%	15.0%	0.20%	1.48%	90 Day T-Bills Average Yield plus 3%
Commodities	4.8%	3.0%	-1.71%	-3.22%	Goldman Sachs Commodity Index minus 100 basis points
Fixed Income	16.0%	15.0%	1.72%	2.18%	66.7% Lehman Brothers Aggregate Bond Index plus 33.3% Lehman Brothers US Index Treasury Inflation Protected Securities
<b>Total Marketable Securities</b>	<b>89.4%</b>	<b>85.0%</b>	<b>-0.34%</b>	<b>0.19%</b>	
<b>Private Capital</b>	<b>10.6%</b>	<b>15.0%</b>	<b>3.97%</b>	<b>11.90%</b>	Venture Economics' Periodic IRR Index
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.09%</b>	<b>1.89%</b>	

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

III. SHORT INTERMEDIATE TERM FUND (1)

Summary Investment Report at May 31, 2005

(\$ millions)

	FY03-04	FY04-05			
	Full Year	1st Qtr	2nd Qtr	3rd Qtr	Year-to-Date
Beginning Net Assets	1,435.3	1,178.0	1,199.0	1,206.4	1,178.0
Net Contributions (Withdrawals)	(261.3)	22.8	9.5	(7.8)	24.5
Investment Return	33.2	4.3	4.9	11.8	21.0
Expenses	(0.6)	(0.2)	-	(0.1)	(0.3)
Distributions of Income	(28.6)	(5.9)	(7.0)	(8.3)	(21.2)
Ending Net Assets	1,178.0	1,199.0	1,206.4	1,202.0	1,202.0
Net Asset Value per Unit	9.927	9.911	9.894	9.923	9.923
No. of Units (End of Period)	118,671,708	120,971,065	121,930,268	121,136,214	121,136,214
Total Net Investment Return	2.49%	0.34%	0.40%	0.98%	1.73%

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

IV. SEPARATELY INVESTED ASSETS

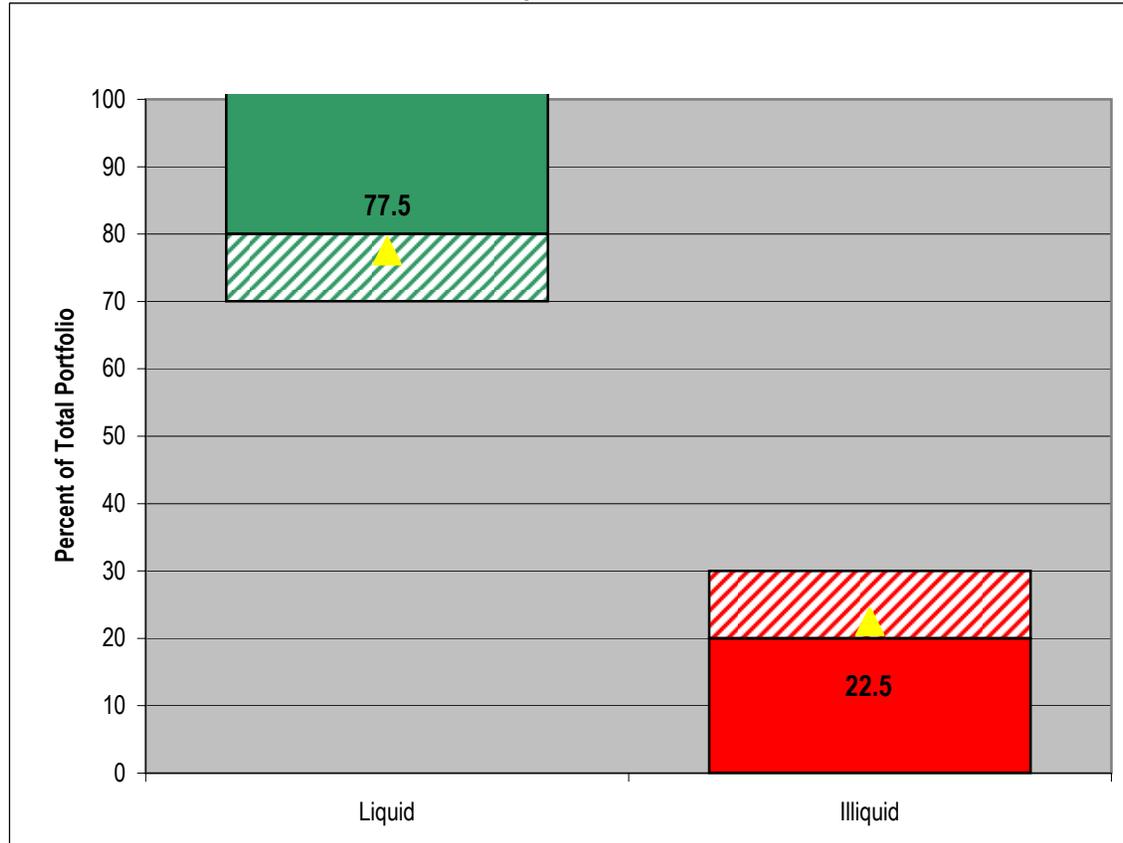
Summary Investment Report at May 31, 2005

(\$ thousands)

ASSET TYPES	FUND TYPE													
	CURRENT PURPOSE				ENDOWMENT & SIMILAR FUNDS		ANNUITY & LIFE INCOME FUNDS		AGENCY FUNDS		OPERATING FUNDS		TOTAL	
	DESIGNATED		RESTRICTED		BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET
<b>Cash &amp; Equivalents:</b>														
Beginning value 02/28/05	2,721	2,721	2,227	2,227	71,408	71,408	2,546	2,546	2	2	2,388,230	2,388,230	2,467,134	2,467,134
Increase/(Decrease)	59	59	4,108	4,108	(3,206)	(3,206)	(1,922)	(1,922)	(2)	(2)	(59,853)	(59,853)	(60,816)	(60,816)
Ending value 05/31/05	2,780	2,780	6,335	6,335	68,202	68,202	624	624	-	-	2,328,377	2,328,377	2,406,318	2,406,318
<b>Debt Securities:</b>														
Beginning value 02/28/05	-	-	263	207	34,729	34,989	15,565	15,916	-	-	-	-	50,557	51,112
Increase/(Decrease)	-	-	-	7	(5,351)	(5,047)	932	1,190	-	-	-	-	(4,419)	(3,850)
Ending value 05/31/05	-	-	263	214	29,378	29,942	16,497	17,106	-	-	-	-	46,138	47,262
<b>Equity Securities:</b>														
Beginning value 02/28/05	34	9,473	1,875	1,477	41,000	46,203	20,904	23,837	-	-	248,472	215,446	312,285	296,436
Increase/(Decrease)	2	(272)	189	279	97	(201)	671	85	-	-	58,414	49,862	59,373	49,753
Ending value 05/31/05	36	9,201	2,064	1,756	41,097	46,002	21,575	23,922	-	-	306,886	265,308	371,658	346,189
<b>Other:</b>														
Beginning value 02/28/05	-	-	1,917	1,917	3	3	206	86	-	-	-	-	2,126	2,006
Increase/(Decrease)	2,000	2,000	(1,806)	(1,806)	(3)	(3)	12	-	-	-	-	-	203	191
Ending value 05/31/05	2,000	2,000	111	111	-	-	218	86	-	-	-	-	2,329	2,197

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

# PUF and GEF Combined Liquidity Profile May 31, 2005



The solid bar on the left indicates the Policy range for investments categorized as "liquid". The solid bar on the right indicates the Policy range for investments categorized as "illiquid". The shaded sections of the bars indicate trigger zones requiring special action by the UTIMCO Board or the Risk Committee. For example, the allowable range for illiquid investments is 0% to 30% of the total portfolio. However, any illiquid investments made in the 20% to 30% trigger zone requires prior approval by the Risk Committee or the UTIMCO Board.

7. U. T. System: Approval of an aggregate amount of equipment financing for Fiscal Year 2006 and resolution regarding parity debt

The Board

- a. approved an aggregate amount of \$95,511,000 of Revenue Financing System Equipment Financing as allocated to those University of Texas System institutions set out on Page 112; and
- b. resolved in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that
  - parity debt shall be issued to pay the cost of equipment including costs incurred prior to the issuance of such parity debt;
  - sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System;
  - the 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. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$95,511,000 for the purchase of equipment; and
  - this resolution satisfies the official intent requirements set forth in Section 1.150-2 of the *Code of Federal Regulations* that evidences the Board's intention to reimburse project expenditures with bond proceeds.

APPROVAL OF U. T. SYSTEM EQUIPMENT FINANCING  
FY 2006

Institution	\$ Amount	Description of Equipment Purchases	DSC*	
			Min	Max
U. T. Austin	\$1,500,000	Classroom and research equipment, and technology infrastructure	3.30	4.26
U. T. Brownsville	435,000	Various mechanized equipment and vehicles	2.46	2.92
U. T. Dallas	5,000,000	SCT Banner Enterprise Resource Planning (ERP) hardware, software, and services	(0.15)	3.42
U. T. El Paso	926,000	Technology infrastructure, and vehicle replacement	1.54	2.31
U. T. San Antonio	5,200,000	Scientific and lab equipment	2.03	2.69
U. T. Southwestern Medical Center - Dallas	35,000,000	Clinical & hospital equipment, technology infrastructure	2.35	3.05
U. T. Medical Branch - Galveston	20,000,000	Clinical & information technology equipment	1.43	1.79
U. T. Health Science Center - San Antonio	4,000,000	Research & clinical equipment	2.05	2.75
U. T. M. D. Anderson Cancer Center	20,000,000	Research & clinical equipment	3.34	5.07
U. T. Health Center - Tyler	3,450,000	Clinical equipment	2.12	8.57
<b>Total</b>				
	\$95,511,000			

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

U. T. System Office of Finance, June 23, 2005

8. U. T. System: Permanent University Fund quarterly update

This item was considered only by the Committee (see Committee Minutes).

9. U. T. System Board of Regents: Adoption of a Resolution authorizing the issuance, sale, and delivery of Permanent University Fund Bonds not to exceed \$300,000,000 and authorization to complete all related transactions

The Board

- a. adopted a Resolution, substantially in the form previously approved by the Board of Regents, authorizing the issuance, sale, and delivery of Board of Regents of The University of Texas System Permanent University Fund Bonds in one or more installments in an aggregate principal amount not to exceed \$300,000,000 to be used to refund certain outstanding Permanent University Fund Bonds, to refund all or a portion of the then outstanding Permanent University Fund Flexible Rate Notes, Series A, and to pay the costs of issuance; and
- b. authorized appropriate officers and employees of U. T. System as set forth in the Resolution to take any and all actions necessary to carry out the intentions of the U. T. System Board of Regents within the limitations and procedures specified therein; to make certain covenants and agreements in connection therewith; and to resolve other matters incident and related to the issuance, sale, security, and delivery of such bonds.

Adoption of the Resolution authorizes the advance refunding of a portion of certain outstanding Permanent University Fund (PUF) Bonds provided the refunding exceeds a minimum 3% present value debt service savings threshold. An advance refunding involves issuing bonds to refund outstanding bonds in advance of the call date. Refunding bonds are issued at lower interest rates thereby producing debt service savings. Adoption of this Resolution provides the flexibility to select the particular bonds to be refunded depending on market conditions at the time of pricing.

As provided in the Resolution, the potential bonds to be refunded include up to

- \$97,395,000 of PUF Bonds, Series 1996, maturing 2007-2010
- \$85,545,000 of PUF Bonds, Series 2002B, maturing 2020-2022
- \$17,240,000 of PUF Bonds, Series 2004A, maturing 2015-2016
- \$396,520,000 of PUF Bonds, Series 2004B, maturing 2023-2033

The Resolution also authorizes the refunding of the PUF Flexible Rate Notes, Series A. The PUF Flexible Rate Note program is used to provide interim financing for PUF projects approved by the Board. Adoption of the Resolution permits the interim financing provided through the Notes to be replaced with long-term financing provided through the issuance of the Series 2006 Bonds.

Proceeds from the Series 2006 Bonds will be used to purchase U.S. government or other eligible securities to be placed in one or more escrow accounts. Proceeds from the escrowed securities will be used to redeem the refunded bonds and the refunded Flexible Rate Notes.

10. U. T. System Board of Regents: Adoption of Fifteenth Supplemental Resolution authorizing Revenue Financing System Bonds in an amount not to exceed \$600,000,000; authorization to complete all related transactions; and resolution regarding parity debt

The Board

- a. adopted the Fifteenth Supplemental Resolution to the Master Resolution, substantially in the standard form approved by the Board of Regents on November 13, 2003, authorizing the issuance, sale, and delivery of Board of Regents of The University of Texas System Revenue Financing System Bonds in one or more installments in an aggregate principal amount not to exceed \$600,000,000 with a final maturity not to exceed the Year 2037 for the purpose of refunding a portion of the outstanding Revenue Financing System Commercial Paper Notes, Series A; to provide new money to fund construction and acquisition costs of projects in the Capital Improvement Program; to advance refund certain outstanding Revenue Financing System Bonds to produce present value debt service savings; and to pay the costs of issuance and any original issue discount;
- b. authorized issuance of the Bonds and the execution of corresponding interest rate swap transactions for the purposes of hedging the interest rates of the Bonds consistent with the U. T. System Interest Rate Swap Policy; and
- c. authorized appropriate officers and employees of the U. T. System as set forth in the Fifteenth Supplemental Resolution to take any and all actions necessary to carry out the intentions of the U. T. System Board of Regents, within the limitations and procedures specified therein, make certain covenants and agreements in connection therewith; and resolve other matters incident and related to the issuance, sale, security, and delivery of such Bonds.

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. System Board of Regents on February 14, 1991, amended on October 8, 1993 and August 14, 1997, and upon delivery of the Certificate of an Authorized Representative as required by Section 5 of the Master Resolution, the Board resolved that

- a. 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; and
- b. the institutions, which are "Members" as such term is used in the Master Resolution, possess the financial capacity to satisfy their direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt Parity Debt.

The Fifteenth Supplemental Resolution (Resolution) authorizes the advance refunding of certain outstanding Revenue Financing System (RFS) Bonds provided the refunding exceeds a minimum 3% present value debt service savings threshold. An advance refunding involves issuing bonds to refund outstanding bonds in advance of the call date. Refunding bonds are issued at lower interest rates thereby producing debt service savings. The Resolution provides authority to execute interest rate swap agreements to effectively hedge the interest rate on the bonds. The determination to utilize an interest rate swap agreement will be made based on market conditions at the time of pricing and will be in accordance with the U. T. System Interest Rate Swap Policy approved by the Board in February 2003 using standard International Swaps and Derivatives Association, Inc. documentation. The Chairman of the Board of Regents and the Chairman of the Finance and Planning Committee will be informed of any proposed transactions to be undertaken pursuant to the Resolution.

In addition, the Resolution authorizes remarketing, tender, auction and broker-dealer agreements customarily utilized in connection with the types of variable rate instruments authorized.

The Resolution also authorizes the refunding of a portion of the outstanding Revenue Financing System Commercial Paper Notes, Series A, and provides new money to fund construction and acquisition costs of projects in the Capital Improvement Program. Generally, commercial paper debt is issued to fund projects during the construction phase and the debt is not amortized. Once construction is complete, the commercial paper is refunded with bonds.

Depending on the level of interest rates at the time of pricing, outstanding commercial paper and new money for construction may be financed with long-term debt.

As provided in the Resolution, the potential bonds to be refunded include up to

- \$8,985,000 of RFS Bonds, Series 1995A, maturing 2006-2017
- \$24,485,000 of RFS Bonds, Series 1996A, maturing 2007-2016
- \$3,605,000 of RFS Bonds, Series 1998A, maturing 2014-2018
- \$56,185,000 of RFS Bonds, Series 1998B, maturing 2008 and 2012-2018
- \$3,365,000 of RFS Bonds, Series 1998C, maturing 2019
- \$39,725,000 of RFS Bonds, Series 2001B, maturing 2020-2022
- \$18,770,000 of RFS Bonds, Series 2001C, maturing 2020-2022
- \$69,765,000 of RFS Bonds, Series 2003A, maturing 2014-2023
- \$362,505,000 of RFS Bonds, Series 2003B, maturing 2014-2033.

Adoption of this Resolution provides the flexibility to select the particular bonds to be refunded depending on market conditions at the time of pricing provided the refunding achieves the minimum 3% savings target. The particular bonds to be refunded will be called for redemption, at par plus accrued interest, on the first practical optional redemption date for each series of refunded bonds occurring after the delivery of the refunding bonds.

Note: The Fifteenth Supplemental Resolution and forms of auction agreement and broker-dealer agreement are in substantially the same form as the Thirteenth Supplemental Resolution, Fourteenth Supplemental Resolution, and forms of auction agreement and broker-dealer agreement previously approved by the Board on November 13, 2003 for use as standard agreements.

REPORT AND RECOMMENDATIONS OF THE ACADEMIC AFFAIRS COMMITTEE (Pages 117-128).--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. System Board of Regents. Unless otherwise indicated, the actions set forth in the Minute Orders that follow were recommended by the Academic Affairs Committee and approved in open session by the U. T. System Board of Regents.

1. U. T. System: Reports from academic presidents, Academic Affairs Committee members, and Executive Vice Chancellor Sullivan

This item was considered only by the Committee (see Committee Minutes).

2. U. T. Arlington: Authorization to purchase the real property and improvements located at 200 East Loop 820, Fort Worth, Tarrant County, Texas, at fair market value as established by independent appraisals, for use as a computing center

Authorization was granted by The University of Texas System Board of Regents, on behalf of The University of Texas at Arlington, to

- a. purchase the real property and improvements located at 200 East Loop 820, Fort Worth, Tarrant County, Texas, at fair market value as established by independent appraisals, plus all due diligence expenses, closing costs, and other costs and expenses to complete the acquisition of the property as deemed necessary or advisable by the Executive Vice Chancellor for Business Affairs or the Executive Director of Real Estate; and
- b. authorize the Executive Vice Chancellor for Business Affairs or the Executive Director of Real Estate to execute all documents, instruments and other agreements, and take all further actions deemed necessary or advisable to carry out the purpose and intent of the foregoing actions.

U. T. Arlington leases the subject property, consisting of 2.5 acres with a 51,200 square foot office building, to house the institution's data center. The University's MyMav programming team working on conversion of the student information system has also relocated to the building, now known as the UTA Computing Center. Since entering into the existing Space Lease Agreement in December 2004, U. T. Arlington has made extensive fire suppression enhancements and other improvements at a cost exceeding \$500,000.

The terms of the existing Space Lease Agreement include an option to purchase the building within certain time restrictions and U. T. Arlington plans to purchase the building within the option period to preserve its investment in the improvements and avoid future increases in the acquisition cost of the property. The institution will use available cash balances for the purchase estimated at \$8.5 million.

3. U. T. Austin: Authorization to contract with FLIK International Corporation Conference Center Management for management of The University of Texas Professional Education and Conference Center and delegate approval authority

Authorization was granted by The University of Texas System Board of Regents, on behalf of The University of Texas at Austin, to enter into a contract for a management services agreement with FLIK International Corporation Conference Center Management to manage The University of Texas Professional Education and Conference Center when it is completed. Approval was conditioned on a revision of the contract to protect The University of Texas interests in the event of delay or cancellation of the project and approval by the Chancellor and the Office of General Counsel. There was also an understanding U. T. Austin would come back to the Board with a recommendation for final site selection and design.

Further, authority was delegated to the Executive Vice Chancellor for Business Affairs to execute all documents, instruments, and other agreements subject to approval of all such documents as to legal form by the Office of General Counsel and to take all further actions deemed necessary or advisable to carry out the purpose and intent of the foregoing actions.

On May 13, 1999, the U. T. System Board of Regents approved adding the building of a professional education and conference center titled "the Hotel and Conference Center project" to the Capital Improvement Program for U. T. Austin. The center will consist of state-of-the-art conference facilities consisting of 30,000 to 35,000 net square feet of meeting space, approximately 250-300 guest rooms, high-quality food service, and parking.

On November 4, 2004, the Board approved acquisition of seven parcels. The acquisitions were approved by the Texas Higher Education Coordinating Board on December 10, 2004. Negotiations have resulted in multiple contracts to purchase the required parcels of land to be used for the education and conference center and the associated campus parking garage.

A feasibility study was conducted by Horwath Horizon Hospitality Advisors, LLC and first submitted to U. T. Austin on July 12, 2002. An updated study was provided by Horwath on March 25, 2005, and the major findings and assumptions are as follows:

1. No facilities in Austin meet the education center needs of the campus.
2. Because the market is defined as “U. T.-focused” the competitive status of the facility with the downtown market is minimized.
3. The overall design and outfitting of the facility will position it as the signature university center of this type in the country.
4. A major focus of the long-range marketing strategy will be on the promotion and support of regional, national, and international academic symposia featuring the prominent faculty of U. T. Austin.
5. A specific effort that will be included in the University’s education center support plan is a comprehensive program for the support of faculty and staff who sponsor and organize academic conferences, symposia, and related events.
6. The facility will provide superior meeting facilities to a broad array of target markets including the University, State of Texas agencies, education-oriented state associations, and business and leisure travelers who have a direct tie to the University.
7. The pro forma predicts a strong revenue stream of unrestricted income that will be required for the bonds needed to construct the facility.

This facility will become the “living room” of the campus, open to all faculty and staff for a variety of activities including conferences, symposia, meetings, and dining and will promote the development of community throughout the campus. It is anticipated that the Campus Club, a dining facility for faculty and staff, will relocate to the facility.

The management contract will be for an initial term of 10 years, with two five-year extensions beginning with the opening date of the facility, estimated to be September 1, 2008. Termination may occur 180 days after notice by either party or 30 days after payment or other material default. Early termination fees are due if the facility is closed or if the contract is terminated for reasons other than default. A termination fee, if any, will not exceed the management fee for one year.

The fixed management fee is estimated to be as follows:

<u>Year</u>	<u>Management Fee</u>
1	\$521,403
2	\$651,733
3	\$724,066
4	\$773,743
5	\$794,818
6-10	\$810,000

Compass Group will have the opportunity to earn a quarterly incentive as additional compensation, up to a total annual incentive fee not greater than 15% of the fixed management fee. The incentive fee will be based on mutually agreed upon quarterly objectives, incentive goals, measurable criteria, and scoring for customer satisfaction, quality, and service.

Other significant financial terms of the agreement include:

- Compass Group will guarantee \$1,000,000 to U. T. Austin. Of this amount, \$100,000 will be applied toward the management fee for the first year. Should operating losses occur the first two years, U. T. Austin may request up to \$900,000 be applied toward any operating loss. Any remaining balance of this guarantee will be equally divided and applied toward the management fee for the remaining years of the agreement.
- Compass Group will purchase up to \$2,000,000 of furniture, fixtures, and equipment for the facility, and lease this investment to U. T. Austin for 10 years at an annual interest rate of 2%. Title will be transferred to U. T. Austin after the 10-year lease.

4. U. T. El Paso: Authorization to purchase the unimproved real property located at 1614 Hawthorne Street, El Paso, El Paso County, Texas, at fair market value as established by an independent appraisal to construct a parking lot

Authorization was granted by The University of Texas System Board of Regents, on behalf of The University of Texas at El Paso, to

- a. purchase the real property and improvements located at 1614 Hawthorne Street, El Paso, El Paso County, Texas, at the fair market value of \$47,500 as established by an independent appraisal, plus all due diligence expenses, closing costs, and other costs and expenses to complete the acquisition of the property as deemed necessary or advisable by the Executive Vice Chancellor for Business Affairs or the Executive Director of Real Estate; and

- b. authorize the Executive Vice Chancellor for Business Affairs or the Executive Director of Real Estate to execute all documents, instruments and other agreements, and take all further actions deemed necessary or advisable to carry out the purpose and intent of the foregoing actions.

The subject property consists of approximately 6,344 square feet of vacant land with retaining walls located across the street from a U. T. El Paso parking lot and near the Office of University Relations and the Center for Inter-American and Border Studies. Additionally, the land includes frontage along Hawthorne Street and Schuster Drive near the recently constructed Academic Services Building.

U. T. El Paso will use local reserves to fund the purchase.

- 5. U. T. Pan American: Authorization to purchase the unimproved land located along the north side of West University Drive, west of Sugar Road and adjacent to the southwest corner of the campus Physical Plant, in Edinburg, Texas, described as the east approximately 16.42 acres west of Canal out of Lot 5, Section 273, Texas-Mexican Railway Company Subdivision, City of Edinburg, Hidalgo County, Texas, at fair market value as established by independent appraisals; for expansion of the campus to accommodate future academic facilities and resolution regarding parity debt

Authorization was granted by The University of Texas System Board of Regents, on behalf of The University of Texas - Pan American, to

- a. purchase the unimproved land located along the north side of West University Drive, west of Sugar Road and adjacent to the southwest corner of the campus Physical Plant, in Edinburg, Texas, described as the east approximately 16.42 acres west of Canal out of Lot 5, Section 273, Texas-Mexican Railway Company Subdivision, City of Edinburg, Hidalgo County, Texas, at the fair market value of \$2.5 million as established by independent appraisals, plus all due diligence expenses, closing costs, and other costs and expenses to complete the acquisition of the property as deemed necessary or advisable by the Executive Vice Chancellor for Business Affairs or the Executive Director of Real Estate;
- b. authorize the Executive Vice Chancellor for Business Affairs or the Executive Director of Real Estate to execute all documents, instruments, and other agreements, and take all further actions deemed necessary or advisable to carry out the purpose and intent of the foregoing actions; and

- c. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that
- parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt;
  - sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System;
  - U. T. Pan American, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$2.7 million; and
  - this resolution satisfies the official intent requirements set forth in Section 1.150-2 of the *Code of Federal Regulations* that evidences the Board's intention to reimburse project expenditures with bond proceeds.

The property is contiguous to other property that the institution is acquiring for University use and includes 510 feet of frontage along University Drive, the main traffic artery to campus. This frontage will provide access and visibility from University Drive to all of the campus west of Sugar Road.

6. U. T. Pan American: Authorization to purchase the real property and improvements located at 521 North Jackson Road, Edinburg, Hidalgo County, Texas, at fair market value as established by independent appraisals for future campus expansion and resolution regarding parity debt

Authorization was granted by The University of Texas System Board of Regents, on behalf of The University of Texas - Pan American, to

- a. purchase the real property and improvements located at 521 North Jackson Road, Edinburg, Hidalgo County, Texas, at the fair market value of \$475,000 as established by independent appraisals, plus all due diligence expenses, closing costs, and other costs and expenses to complete the acquisition of the

property as deemed necessary or advisable by the Executive Vice Chancellor for Business Affairs or the Executive Director of Real Estate;

- b. authorize the Executive Vice Chancellor for Business Affairs or the Executive Director of Real Estate to execute all documents, instruments, and other agreements, and take all further actions deemed necessary or advisable to carry out the purpose and intent of the foregoing actions; and
- c. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that
  - parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt;
  - sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System;
  - U. T. Pan American, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$500,000; and
  - this resolution satisfies the official intent requirements set forth in Section 1.150-2 of the *Code of Federal Regulations* that evidences the Board's intention to reimburse project expenditures with bond proceeds.

The subject property consists of approximately 9.7 acres of mostly undeveloped pasture land with a house and ancillary improvements located along the western border of the U. T. Pan American campus and across Jackson Road from property that the institution is acquiring for University use. After acquisition, the house and ancillary improvements will be demolished and the site will be used for campus support functions and services. U. T. System Revenue Financing System debt will be used to fund the purchase.

7. U. T. Pan American: Authorization to name the Raúl Yzaguirre Policy Institute and approval to create the Raúl Yzaguirre Policy Institute Advisory Council (Regents' Rules and Regulations, Series 60302, regarding advisory councils)

The Board approved the naming of the Raúl Yzaguirre Policy Institute and the creation the Raúl Yzaguirre Policy Institute Advisory Council to provide advice on fund raising and policy. Approval was conditioned upon a review of all institutes and centers pursuant to a 1996 policy outlining the Board's expectation of review prior to the establishment of new centers and institutes and periodic review of established centers and institutes.

The United States Congress, through sponsorship by Representative Rubén Hinojosa, appropriated \$640,000 in the Fiscal Year 2005 Omnibus Appropriations bill as seed money for the creation of a world-class center for scholarly research in areas affecting Hispanics and to serve as a catalyst in the constructive formation of future Hispanic leaders. Operations of the center will be divided into two interrelated programs: Policy Research and Leadership Development. Sources of additional funds for operations, including research grants, are being identified. No designated tuition funds will be spent on center operations.

The Policy Research program will collect and disseminate information pertaining to the social, political, and economic forces affecting Hispanics in America. The Leadership Development program will work with existing and upcoming leaders to advance a greater understanding of the issues that have an impact on the Hispanic community. Emphasis will be in the public policy, public administration, and government areas. Hands-on training will be provided through internships and fellowships for undergraduates, graduates, and public officials.

Naming of the center as the Raúl Yzaguirre Policy Institute is consistent with Representative Hinojosa's sponsorship of the appropriation.

Mr. Yzaguirre served as president and Chief Executive Officer of the National Council of La Raza from 1974 to 2004. During his 30-year tenure with the Council, Mr. Yzaguirre turned his vision of Pan-Hispanic unity among Latino subgroups into a reality and played a leading role in expanding the economic and political influence of Hispanics. Mr. Yzaguirre is a native of the Lower Rio Grande Valley of Texas.

Mr. Yzaguirre is currently the Presidential Professor of Practice in Community Development and Civil Rights at Arizona State University where he is helping to establish a center focused on community development and academic scholarship.

8. U. T. San Antonio: Approval to create the College of Public Policy Advisory Council (Regents' *Rules and Regulations*, Series 60302, regarding advisory councils)

The Board approved the creation of the College of Public Policy Advisory Council at The University of Texas at San Antonio.

The College of Public Policy is comprised of the undergraduate criminal justice program and the graduate justice policy and public administration programs. The mission of the College of Public Policy is to serve as a bridge between the theory and knowledge of the global academic communities represented by the disciplines in the College and the practical needs of policy-makers and practitioners in a diverse community of citizens and organizations. The College fulfills this mission by engaging in research in the areas of public policy, teaching at both the undergraduate and graduate level, and service activities appropriate to units of the College.

The Advisory Council will provide counsel to the deans and support to U. T. San Antonio's fund-raising development efforts.

9. U. T. San Antonio: Approval to create the College of Sciences Advisory Council (Regents' *Rules and Regulations*, Series 60302, regarding advisory councils)

The Board approved the creation of an advisory council to be known as the College of Sciences Advisory Council at The University of Texas at San Antonio.

Establishment of this Advisory Council is consistent with Regents' *Rules and Regulations* Series 60302. Membership in the College of Sciences Advisory Council will be subject to approval by the Chancellor. The Advisory Council will provide counsel to the deans and support to U. T. San Antonio's fund-raising development efforts.

The College of Sciences offers unparalleled opportunities to participate in cutting-edge research in information security, cell and molecular biology, neuroscience, and environmental remediation. Students often receive financial assistance to gain the hands-on research experience that should lead to profitable future academic and business careers.

10. U. T. San Antonio: Authorization to establish a Ph.D. degree program in Anthropology

The Board authorized

- a. establishment of a Ph.D. degree program in Anthropology at U. T. San Antonio; and
- b. 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 U. T. San Antonio Table of Programs to reflect authorization for the degree program.

The Ph.D. in Anthropology degree program will be offered by the Department of Anthropology in the College of Liberal and Fine Arts and is designed to prepare leading professionals in the field of ecological anthropology, which directs anthropological knowledge toward the resolution of real-world problems.

Students admitted to the program will take 90 semester credit hours of post-baccalaureate coursework. The program requires 54 semester credit hours of organized coursework beyond the Bachelor's degree distributed as follows: 18 semester credit hours of foundation courses in theory and research methods; 21 semester credit hours of designated electives in areas such as medical anthropology, primate behavioral ecology, and cultural anthropology; and 15 semester credit hours of support work, which may include courses outside the field of anthropology such as statistics or earth and environmental science. The program also requires 18 semester credit hours of supervised research and 18 semester credit hours of dissertation.

Eleven members of the Department of Anthropology, as well as two anthropologists employed by U. T. San Antonio's Center of Archaeological Research and four anthropologists who are faculty members in departments other than the Department of Anthropology comprise the core faculty who will contribute to the delivery of the program. Four additional faculty members from U. T. San Antonio, two faculty members from the Southwest Foundation for Biomedical Research, one faculty member from The University of Texas Health Science Center at San Antonio, and one faculty member from Michigan State University will contribute to the program through membership on dissertation committees and teaching courses in their area of expertise. All contributing faculty members are active publishing researchers who are capable of teaching courses and supervising student research in the program. Two new faculty members have been hired and two additional faculty members will be hired before the program's implementation. It is estimated that four tenure-track

faculty members will be hired during the first five years of the program. All recently hired faculty and anticipated hires will contribute approximately 50% of their time to the delivery of the Ph.D. program. These positions are included in the College of Liberal and Fine Arts' faculty hiring plan.

The program will require additional office space for the anticipated new faculty and graduate teaching assistants, as well as additional classroom space for the anticipated increase in course offerings. However, the opening of a new building on the 1604 Campus and one on the Downtown Campus should free space that could be used for the delivery of the program. The Department has sufficient information technology resources to support the program.

The cost of operating the program for five years is approximately \$989,369. This includes \$417,500 for faculty salaries, \$41,665 for program administration, \$489,104 for graduate student support, \$37,500 for support staff, and \$3,600 for supplies and materials. Revenues of \$809,692 from formula funding, and the reallocation of \$530,769 in existing university resources are expected to be sufficient to fully fund the program.

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

11. U. T. Brownsville: Approval of Revised Mission Statement for U. T. Brownsville/Texas Southmost College Partnership

The Board approved the revised University of Texas at Brownsville/Texas Southmost College Partnership Mission Statement as set forth below ~~to~~ in congressional style to show further amendments approved by the Texas Higher Education Coordinating Board on October 27, 2005.

**Mission Statement**

The mission of The University of Texas at Brownsville ~~and~~/Texas Southmost College (UTB/TSC) Partnership is to provide accessible, affordable, postsecondary education of high quality; to conduct research that expands knowledge; and to provide programs of workforce training and continuing education, public service, and cultural value. The partnership combines the strengths of the community college and those of a university by increasing student access and eliminating inter-institutional barriers while fulfilling the distinctive responsibilities of each type of institution.

The University of Texas at Brownsville and/Texas Southmost College UTB/TSC Partnership offers eCertificates and aAssociate, bBaccalaureate, master's, and Graduate doctoral degrees in liberal arts, the sciences, and professional programs designed to meet student demand as well as regional, national, and international needs.

The UTB/TSC Partnership places excellence in learning and teaching at the core of its commitments. It seeks to help students at all levels develop the skills of critical thinking, quantitative analysis, and effective communications which will sustain lifelong learning. It seeks to be a community university which ~~that~~ respects the dignity of each learner and addresses the needs of the entire community.

The UTB/TSC Partnership advances economic and social development, enhances the quality of life, fosters respect for the environment, provides for personal enrichment, and expands knowledge through programs of research, service, continuing education, and training. It convenes the cultures of its community, fosters an appreciation of the unique heritage of the Lower Rio Grande Valley and encourages the development and application of bilingual abilities in its students. It provides academic leadership to the intellectual, cultural, social, and economic life of the binational urban region it serves.

12. U. T. Arlington: Discussion of compact priorities (Deferred)

This item was for consideration only by the Committee but was deferred.

13. U. T. System Board of Regents: Update regarding Task Force on Admissions, Tuition, and Financial Aid (Deferred)

This item was for consideration only by the Committee but was deferred.

14. U. T. System: Discussion of System-wide initiative to improve graduation rates (Deferred)

This item was for consideration only by the Committee but was deferred.

REPORT AND RECOMMENDATIONS OF THE HEALTH AFFAIRS COMMITTEE (Pages 129 - 146).--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. System Board of Regents. Unless otherwise indicated, the actions set forth in the Minute Orders that follow were recommended by the Health Affairs Committee and approved in open session by the U. T. System Board of Regents:

1. U. T. System: Quarterly report on health issues by Executive Vice Chancellor Shine

This item was considered only by the Committee (see Committee Minutes).

2. U. T. System: Approval of the following changes to the U. T. System Professional Medical Liability Benefit Plan: (a) premium rates effective September 1, 2005; (b) revisions to add U. T. System institutions and adoption of associated premiums; and (c) revisions to increase coverage for certain out-of-state externships and adoption of associated premiums

The Board approved that

- a. faculty and resident participant premium rates for Fiscal Year 2006 for The University of Texas System Professional Medical Liability Benefit Plan (Plan) as set forth in Exhibits 1 and 2 on Pages 133 - 135 be unchanged from the rates for Fiscal Year 2005 and that no portion of reserves from the Plan be returned to the participating U. T. System institutions
- b. Article II of the Plan (Definitions) be amended as shown on Page 130 to provide coverage to U. T. System institutions to be effective immediately and to apply retroactively to liability claims filed after September 1, 2003, and that premium rates be adopted for the increased coverage shown in Exhibit 3 on Page 136; and
- c. Article VII of the Plan (Limits of Liability) be amended as shown on Page 131 to provide coverage to U. T. medical students who are pursuing clinical externships outside of Texas effective September 1, 2005, and that premium rates be adopted for the increased coverage as shown in Exhibits 4 and 5 on Pages 137 - 138.

**THE UNIVERSITY OF TEXAS SYSTEM PROFESSIONAL  
MEDICAL LIABILITY BENEFIT PLAN**

. . .

**ARTICLE II  
DEFINITIONS**

Unless otherwise required by the context, the following definitions shall control:

A. ***Plan Participant*** shall mean:

1. Staff physicians and dentists who are medical doctors, oral surgeons, oral pathologists, dentists, doctors of osteopathy, or podiatrists appointed to the full-time faculty of a medical or dental school or hospital of the System, medical doctors employed in health services at and by a general academic institution of the System;
2. Residents and fellows enrolled in a residency program or fellowship at a System medical or dental school who are duly licensed, credentialed, and registered to practice their profession;
3. Medical doctors, oral surgeons, oral pathologists, dentists, doctors of osteopathy, and podiatrists appointed to the faculty of a medical school or hospital of the System on a part-time or volunteer basis, and who either devote their total professional service to such appointments or provide services to patients by assignment from the department chairman. For purposes of the Plan, such persons are "Plan Participants" only when providing services to patients in conjunction with supervision of medical or dental students or residents by assignment from the department chairman and shall become Participants in the Plan only as provided in Article IV, Section 2;
4. Medical or dental students of a medical or dental school of the System and only when participating (with prior approval of such medical or dental school) in a patient-care program of a duly accredited medical or dental school under the direct supervision of a faculty member of the school conducting such program; and
5. System institutions against which a liability claim, as that term is defined in Article II. B. below, is made that arises from the treatment or lack of treatment by a Plan Participant in 1-4 above.

- B. **Liability Claim** means a claim, lawsuit or cause of action based upon treatment or lack of treatment within the United States of America, its territories or possessions, or Canada that departs from accepted standards of medical or dental care which proximately results in injury to or death of a patient, whether the claim or cause of action sounds in tort or contract, subject to the exclusions described in Article V, Section 4, below.

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## ARTICLE VII LIMITS OF LIABILITY

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### **Limits of Liability Schedule**

The following limits shall apply unless lower liability limits are set by law, in which case the lower limits shall apply:

Staff Physician - \$500,000.00 per Liability Claim (up to \$1,500,000.00 for all Liability Claims during any one enrollment period)

Resident and Fellows - \$100,000.00 per Liability Claim (up to \$300,000.00 for all Liability Claims during any one enrollment period)

Medical or Dental Student - \$25,000.00 per Liability Claim (up to \$75,000.00 for all Liability Claims during any one enrollment period); upon approval by the Plan Administrator or a delegate, \$1,000,000.00 per Liability Claim (up to \$3,000,000.00 for all Liability Claims during any one enrollment period) for participation in an "away" or off-site experience outside of Texas sanctioned by the U. T. institution and not exceeding three months in duration during any one enrollment period

Annual Aggregate - \$30,000,000.00 for all Liability Claims for all Participants during any one Plan year

Per Claim Limitation - Plan liability shall be limited to \$2,000,000.00 per claim regardless of the number of the claimants or Plan Participants involved in an incident.

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Authority for the establishment of a self-insurance program to indemnify U. T. System physicians, dentists, and medical students was granted to the Board of Regents by Senate Bill 391, Acts of the 65th Legislature, effective March 10, 1977 (later codified as *Texas Education Code* Section 59.01 *et seq.*). The Plan for Professional Medical Malpractice Self-Insurance was originally approved by the Board of Regents on April 15, 1977. The Plan has been amended several times, with the most recent amendments on August 12, 2004, to add coverage for physicians and other Plan Participants in actions before state licensing boards. The Plan is funded primarily by the payment of premiums from the Faculty Physicians Practice Plans of the health institutions of the U. T. System.

**The University of Texas System Professional Medical Liability Benefit Plan**  
Summary of Rates by Risk Class by Institution

**Risk Class 1**

Institution	Fiscal Year 2006	
	Rates	
	Staff	Resident
UT Cancer Center	\$1,025	\$959
UT SMC Dallas	1,019	953
UTMB Galveston	1,675	1,567
UT HSC Houston	1,624	1,519
UT HSC San Antonio	1,214	1,137
UT HC Tyler	1,452	1,358
UT Austin	1,214	1,137
UT Arlington	1,214	1,137

**Risk Class 2**

Institution	Fiscal Year 2006	
	Rates	
	Staff	Resident
UT Cancer Center	\$1,603	\$1,500
UT SMC Dallas	1,594	1,491
UTMB Galveston	2,620	2,453
UT HSC Houston	2,541	2,378
UT HSC San Antonio	1,899	1,780
UT HC Tyler	2,272	2,126
UT Austin	1,899	1,780
UT Arlington	1,899	1,780

**Risk Class 3**

Institution	Fiscal Year 2006	
	Rates	
	Staff	Resident
UT Cancer Center	\$2,562	\$2,397
UT SMC Dallas	2,546	2,382
UTMB Galveston	4,185	3,918
UT HSC Houston	4,059	3,799
UT HSC San Antonio	3,034	2,843
UT HC Tyler	3,630	3,396
UT Austin	3,034	2,843
UT Arlington	3,034	2,843

**Risk Class 4**

Institution	Fiscal Year 2006	
	Rates	
	Staff	Resident
UT Cancer Center	\$4,765	\$4,458
UT SMC Dallas	4,735	4,430
UTMB Galveston	7,785	7,287
UT HSC Houston	7,550	7,066
UT HSC San Antonio	5,642	5,288
UT HC Tyler	6,750	6,317
UT Austin	5,642	5,288
UT Arlington	5,642	5,288

For easier presentation, the premium rates shown here have been rounded by Tillinghast-Towers Perrin, the Plan actuary.  
 Office of General Counsel 7/25/05

**The University of Texas System Professional Medical Liability Benefit Plan**  
Summary of Rates by Risk Class by Institution

**Risk Class 5**

Institution	Fiscal Year 2006 Rates	
	Staff	Resident
UT Cancer Center	\$7,019	\$6,568
UT SMC Dallas	6,976	6,526
UTMB Galveston	11,468	10,735
UT HSC Houston	11,120	10,408
UT HSC San Antonio	8,312	7,791
UT HC Tyler	9,943	9,306
UT Austin	8,312	7,791
UT Arlington	8,312	7,791

**All Risk Classes Combined**

Institution	Fiscal Year 2006 Rates	
	Staff	Resident
UT Cancer Center	\$2,464	\$2,974
UT SMC Dallas	2,792	2,538
UTMB Galveston	4,546	4,274
UT HSC Houston	4,290	9,206
UT HSC San Antonio	2,867	3,127
UT HC Tyler	2,809	4,260
UT Austin	NA	NA
UT Arlington	NA	NA
Total/Weighted Average	3,252	3,370

**The University of Texas System Professional Medical Liability Benefit Plan**  
Dental Rates by Institution

Institution	Fiscal Year 2006	
	Staff	Residents
<b><u>Dentist - NOC (Risk Class A)</u></b>		
UT Cancer Center	\$358	\$335
UT SMC Dallas	357	333
UTMB Galveston	586	548
UT HSC Houston	568	532
UT HSC San Antonio	425	398
UT HC Tyler	508	475
UT Austin	425	398
UT Arlington	425	398
<b><u>Dentist - Oral Surgery (Risk Class B)</u></b>		
UT Cancer Center	\$1,603	\$1,500
UT SMC Dallas	1,594	1,491
UTMB Galveston	2,620	2,453
UT HSC Houston	2,541	2,378
UT HSC San Antonio	1,899	1,780
UT HC Tyler	2,272	2,126
UT Austin	1,899	1,780
UT Arlington	1,899	1,780

For easier presentation, the premium rates show here have been rounded by Tillinghast-Towers Perrin, the Plan actuary.  
Office of General Counsel 7/25/05

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**Institution Premium Charge**


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	<b><u>2004/2005 Physician Premium</u></b>	<b><u>Institution Premium*</u></b>
UT Cancer Center	\$2,182,539	\$100,000
UT SMC Dallas	3,705,087	100,000
UTMB Galveston	4,873,702	100,000
UT HSC Houston	3,982,982	100,000
UT HSC San Antonio	3,343,273	100,000
UT HC Tyler	220,379	11,019
UT Arlington	6,776	339
UT San Antonio	3,177	159
UT Austin	<u>32,249</u>	<u>1,612</u>
Total	\$18,350,164	\$513,129

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\*Minimum of 5% of 2004/2005 physician premium or \$100,000.

**University of Texas System Self-Insurance Plan**  
 Medical Professional Liability  
 Annual Occurrence Rates  
 \$1M Limits

Class Code	Class Relativity	Occurrence Rates by Group					Staff and Resident FTE
		Group A	Group B	Group C	Group D	Group E	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	1.000	\$380	\$506	\$658	\$911	\$1,772	1,945
2	1.565	594	792	1,030	1,426	2,773	941
3	2.500	949	1,266	1,645	2,278	4,430	667
4	4.650	1,766	2,354	3,060	4,237	8,239	987
5	6.850	2,601	3,468	4,508	6,242	12,137	539
(9)	Group Relativity	0.75	1.00	1.30	1.80	3.50	5,080
<b>(10)</b>	<b>Selected Avg Rate</b>	<b>\$999</b>	<b>\$1,332</b>	<b>\$1,732</b>	<b>\$2,398</b>	<b>\$4,664</b>	

Notes:

(2) Based on UT's current rates.

(3) - (7) Indicated Occurrence Rate from Exhibit 3 x Respective Class Relativity x Respective Group Relativity.

(8) Based on UT's staff and resident exposures for accident year ending 8/31/2004.

(9) Judgmentally selected. See table below for states included in each group.

(10) Weighted average of columns (3) through (7) and (8).

\*\* States included in

Group A	Group B	Group C	Group D	Group E
Alabama	Alaska	Arizona	California-3	Florida-1
Arkansas	California-1	California-2	DC	Florida-3
Colorado	Connecticut	Hawaii	Florida-2	Michigan-1
Georgia	Delaware	Illinois-2	Illinois-1	New York-0
Idaho	Illinois-4	Illinois-3	Michigan-2	New York-1
Indiana	Kansas	Louisiana	Michigan-3	New York-2
Iowa	Maryland-2	Missouri	Nevada-1	
Kentucky	Maryland-3	Nevada-2	New York-3	
Maine	New Hampshire	Ohio-2	New York-4	
Maryland-1	New Jersey	Oklahoma	Ohio-4	
Massachusetts	New Mexico	Pennsylvania-1	Rhode Island	
Minnesota	North Dakota	Pennsylvania-4	Texas-1	
Mississippi	Ohio-3	Texas-2	West Virginia	
Montana	Pennsylvania-5	Texas-4		
Nebraska	Texas-3	Wyoming		
North Carolina	Utah			
Ohio-1	Virginia-1			
Oregon	Virginia-2			
Pennsylvania-2				
Pennsylvania-3				
South Carolina				
South Dakota				
Tennessee				
Vermont				
Virginia-3				
Virginia-4				
Washington				
Wisconsin				

\*\* See Exhibit 2 for Counties within State Territories.

Also several states have special funds related to medical malpractice. These are: Indiana, Kansas, Louisiana, Nebraska, New Mexico, Pennsylvania, South Carolina and Wisconsin. Most of these have required charges payable to the Fund. UT will need to check with the Facility that the students are working in to determine steps to satisfy Fund requirements.

**University of Texas System Self-Insurance Plan**  
 Medical Professional Liability  
 State Territories

State	Territory	Territory Description
California	1	Rest of State
	2	San Diego, Kern, Santa Barbara, Ventura
	3	LA, Orange, San Bernardino
Florida	1	Dade, Broward
	2	Rest of State
	3	Palm Beach
Illinois	1	Cook, McHenry, Madison, St. Clair, Will
	2	DuPage, Kane, Lake
	3	Champaign, Jackson, Macon, Sagamon, Vermilion
	4	Rest of State
Maryland	1	Rest of State
	2	Prince George, Montgomery, Howard, Anne Arundel
	3	City of Baltimore and County
Michigan	1	Wayne, Oakland, Macomb
	2	Bay, Genesee, Hillsdale, Huron, Ingham, Jackson, Lapeer, Lenawee, Livingston, Monroe, Saginaw, St. Clair, Sanilac, Shiawassee, Tuscola, Washtenaw
	3	Rest of State
Nevada	1	Clark
	2	Rest of State
New York	0	Rest of State
	1	New York, Orange, Ulster, Westchester
	2	Bronx, Kings, Queens, Richmond, Sullivan
	3	Nassau, Suffolk
Ohio	1	Adams, Brown, Carroll, Champaign, Clermont, Clinton, Coshocton, Crawford, Darke, Delaware, Fairfield, Fulton, Guernsey, Hamilton, Hardin, Harrison, Henry, Highland, Hocking, Holmes, Jackson, Knox, Lawrence, Logan, Madison, Meigs, Mercer, Monroe, Morgan, Morrow, Noble, Paulding, Perry, Pickaway, Pike, Preble, Putnam, Scioto, Shelby, Tuscarawas, Union, Van Wert, Vinton, Warren, Washington, Wyandot
	2	Cuyahoga, Geauga, Huron, Lake, Lorain, Mahoning, Marion, Medina, Stark, Summit
	3	Allen, Ashland, Athens, Auglaize, Belmont, Butler, Clark, Defiance, Erie, Fayette, Franklin, Gallia, Greene, Hancock, Jefferson, Licking, Lucas, Miami, Montgomery, Muskingum, Ottawa, Ross, Sandusky, Seneca, Wayne, Williams, Wood
	4	Ashtabula, Columbiana, Portage, Richland, Trumbull
Pennsylvania	1	Philadelphia, Montgomery, Delaware
	2	Rest of State
	3	Allegheny
	4	Bucks, Schuylkill
	5	Chester, Lackawanna, Mercer, Monroe, Westmoreland
Texas	1	Brazoria, Cameron, Fort Bend, Galveston, Harris, Hidalgo, Jefferson, Montgomery, Orange
	2	Collin, Dallas, El Paso, Grayson, Kaufman, Tarrant
	3	Rest of State
	4	Bee, Brewster, Brooks, Crane, Crockett, Culberson, Dimmit, Duvall, Ector, Glasscock, Hudspeth, Jeff Davis, Jim Hogg, Jim Wells, Kennedy, Kinney, Kleberg, Lasalle, Live Oak, Loving, Maverick, McMullen, Midland, Pecos, Presidio, Reagan, Reeves, San Patricio, Starr, Terrell, Upton, Val Verde, Ward, Webb, Willacy, Winkler, Zapata
Virginia	1	Arlington, Fairfax, Fauquier, Loudoun Prince William
	2	Gloucester, Isle of Wright, James City, Surry, York
	3	Rest of State
	4	Charles City, Chesterfield, Dinwiddle, Goochland, Henrico, Hanover New Kent, Powhatan, Prince George

3. U. T. System Board of Regents: Amendment of Regents' *Rules and Regulations*, Series 31007, regarding tenure, to allow U. T. Health Center - Tyler to offer term appointments for faculty (Deferred)

The item concerning amendment of the Regents' *Rules and Regulations*, Series 31007 to allow The University of Texas Health Center at Tyler to offer seven-year term appointments for faculty was deferred.

4. U. T. Health Center - Tyler: Authorization to acquire approximately 21.38 acres of land and improvements located at 3402 Old Omen Road, Tyler, Smith County, Texas, from Tyler Area Senior Citizens Association (TASCA) at fair market value as established by independent appraisals for extension of campus programs, and resolution regarding parity debt

Authorization was granted by The University of Texas System Board of Regents, on behalf of The University of Texas Health Center at Tyler, to

- a. purchase approximately 21.38 acres of land and improvements located at 3402 Old Omen Road, Tyler, Smith County, Texas, from Tyler Area Senior Citizens Association (TASCA) for \$2.6 million, plus an agreement permitting TASCA limited use of the improvements for 15 years after the closing, plus all due diligence expenses, closing costs, and other costs and expenses to complete the acquisition of the property as deemed necessary or advisable by the Executive Vice Chancellor for Business Affairs or the Executive Director of Real Estate;
- b. 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 deemed necessary or advisable to carry out the purpose and intent of the foregoing actions; and
- c. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that
  - parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt;
  - sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt

Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System;

- U. T. Health Center - Tyler, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$2,000,000; and
- this resolution satisfies the official intent requirements set forth in Section 1.150-2 of the *Code of Federal Regulations* that evidences the Board's intention to reimburse project expenditures with bond proceeds.

The subject property, owned by TASCAs, consists of a 20,726 square foot multipurpose building and 21.38 acres of land. The building includes office space, meeting rooms, a commercial kitchen, and a ballroom. The land, improvements, and most of the furnishings will be used for programs of the U. T. Health Center - Tyler Center for Healthy Aging, other educational and outreach programs, research, meetings, and conferences.

As part of the consideration for the purchase of the property, U. T. Health Center - Tyler will enter into an agreement with TASCAs pursuant to which TASCAs will be permitted limited use of the improvements for a 15-year period. Also, as a part of the overall transaction, TASCAs has agreed to establish an endowment in the amount of \$370,000 to benefit the Center for Healthy Aging and to support the operational costs of the improvements on the property.

U. T. Health Center - Tyler has agreed to transfer the unimproved acreage to The University of Texas at Tyler, subject to Board of Regents' approval to be sought at a subsequent meeting of the Board. The exact acreage and price have yet to be determined. Additionally, and also subject to Board of Regents' approval, the two institutions have agreed that at the end of 15 years following the acquisition of the property by U. T. Health Center - Tyler, the institution will transfer the improved portion of the property to U. T. Tyler at a price to be determined.

U. T. Health Center - Tyler will use local institutional funds and U. T. System Revenue Financing System debt to fund the purchase.

5. U. T. Southwestern Medical Center - Dallas: Approval of a Doctor in Physical Therapy (DPT) degree program

The Board

- a. established a Doctor of Physical Therapy (DPT) degree program at The University of Texas Southwestern Medical Center at Dallas; and
- b. authorized submission of the proposal to the Texas Higher Education Coordinating Board for review and appropriate action.

This approval is in accordance with the national trend to recognize the increasing complexity and science-based practice of physical therapy, by moving the entry level of physical therapist education from the Master's degree to the clinical doctorate.

The program will be a clinical/professional degree rather than an academic/research degree and replaces the Master of Physical Therapy (MPT) degree. The objectives of the DPT program support graduating students who are competent generalist practitioners and will prepare DPT graduates to practice autonomously in underserved areas.

The DPT degree will be administered through the Department of Physical Therapy in the Allied Health Sciences School and the curriculum will include 22 new courses and seven with an enriched curriculum for a total of 94 semester credit hours. Students will also need to successfully complete three clinical experiences to graduate.

The current faculty consists of 9.5 full-time employees. Five of the full-time faculty members hold a Ph.D. in associated areas; the others hold a MPT with a special certification in their areas of expertise. New faculty will have a terminal degree at the doctoral level. Recognized expert clinicians from the community have been granted adjunct faculty positions with the department in anticipation of needing their assistance in the curriculum by providing small group instruction in laboratory sessions.

Implementation of the DPT will require no new state funds since all funding sources associated with the previously offered MPT program will be used to support the DPT program. A new full-time faculty position will be added in Fiscal Year 2006-2007 and in year three (Fiscal Year 2009-2010) there will be a one-time renovation cost of \$60,000 to convert existing physical therapy space into teaching laboratories. Funding for the additional costs will come from revenue generated by the clinical practice.

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

6. U. T. M. D. Anderson Cancer Center and U. T. Health Science Center - Houston: Authorization to negotiate and enter into an economic development agreement with the State of Texas for creation of the Center for Advanced Biomedical Imaging

The Board granted authorization for the Chancellor to negotiate the terms of and execute any and all documents necessary to enter into an economic development agreement, containing the significant provisions outlined below, with the State of Texas, acting by and through the Office of the Governor, Economic Development and Tourism (State), to create the Center for Advanced Biomedical Imaging ("the Center") in The University of Texas Research Park.

Because the economic development agreement also involves a sponsored research agreement with General Electric Medical Systems, to avoid any appearance of a possible conflict of interest, Vice-Chairman Clements, Regent Barnhill, and Regent Craven were recorded as abstaining from vote on this item because of stock holdings in General Electric.

The University of Texas Health Science Center at Houston and The University of Texas M. D. Anderson Cancer Center have entered into a memorandum of understanding with General Electric Medical Systems (GEMS) to establish and provide for contribution by GEMS to the equipment and operation of the Center in the U. T. Research Park adjacent to the Texas Medical Center in Houston, Texas. Integral to this new Center will be research programs in the areas of in vitro and in vivo diagnostics including molecular imaging, advanced imaging applications, and instrumentation development and optimization focused on delivering the "next generation" imaging applications, technologies, and treatments to healthcare.

The U. T. institutions' interests will be served through enhanced research productivity resulting from on-site access to technology and technical expertise, tools, and support. This productivity will be measured through increased scientific discovery and collaboration, leveraged grant funding, jobs creation, and royalty revenues from commercialized technologies. GEMS' interests will be served through more rapid development of new product applications that meet the needs of its customers and their patients, and through development of new technologies that keep GEMS in a technology leadership position. Moreover, patients will benefit through the optimization of clinical tools as well

as the timely utilization of the new state-of-the-art applications. Finally, the newly created Center will provide promising opportunities for the advancement of healthcare delivery, jobs creation, and technology commercialization in the State of Texas.

Significant provisions of the arrangement are summarized below:

#### **I. TEXAS ENTERPRISE FUND COMMITMENT**

The Governor, Lieutenant Governor, and Speaker of the House have approved an allocation from the state to The University of Texas System in the total amount of \$25,000,000 in support of the Center, to be disbursed according to the following schedule:

- (i) \$15,000,000 as soon as practicable following the execution of the Agreement; and
- (ii) \$10,000,000 as soon as practicable following U. T. System providing the state with sufficient evidence that the construction of the Center has commenced.

#### **II. U. T. SYSTEM OBLIGATIONS**

U. T. System will take all steps necessary to ensure that GEMS participation in the project is secured for the full term of the Agreement and, in addition to the funding provided by the state, U. T. System (through U. T. Health Science Center - Houston and U. T. M. D. Anderson Cancer Center) will contribute \$25,000,000 for construction and equipment costs for the project.

U. T. System (through U. T. Health Science Center - Houston and U. T. M. D. Anderson Cancer Center) commits to meeting a "Job Target" of creating and maintaining 2,252 new full-time employment positions with an average annual gross compensation of \$70,000 by December 31, 2011.

Beginning in January 2008, U. T. System must deliver to the Economic Development and Tourism Division of the Governor's Office (OOGEDT), by January 31 of each year, a compliance verification signed by a duly authorized representative of U. T. System that certifies the number of and generally describes the new employment positions created during the year just ended, and certifies the number of total employment positions existing as of December 31 of the year just ended.

#### **State Funding Subject to Recovery (Claw-Back)**

To ensure that the jobs are created and that they are permanent jobs at a salary level that meets the state's expectations in making the grant, funds

granted under this agreement must be returned to the state with interest according to a schedule set out in the agreement if the jobs are not created, or if they are fewer in number than the agreed upon job target.

To secure payment for all amounts that may be owed to OOGEDT; U. T. System, U. T. M. D. Anderson Cancer Center, and U. T. Health Science Center - Houston grant to OOGEDT a lien against and security interest in any revenues received by U. T. System through U. T. M. D. Anderson Cancer Center and U. T. Health Science Center - Houston for commercialization of any technologies that result from activities within the Center.

### **U. T. System's Additional Obligations**

U. T. System agrees to maintain detailed and accurate records and other supporting data that establish satisfaction of its obligations, and to furnish OOGEDT a copy of U. T. Health Science Center - Houston's and U. T. M. D. Anderson Cancer Center 's annual financial statements. Upon request from OOGEDT, U. T. Health Science Center - Houston and U. T. M. D. Anderson Cancer Center will allow OOGEDT or its designee to audit U. T. Health Science Center - Houston's and U. T. M. D. Anderson Cancer Center 's financial records related to the expenditure of the funds and the satisfaction of the U. T. System obligations.

### **III. GENERAL ELECTRIC MEDICAL SYSTEMS COMMITMENT**

U. T. M. D. Anderson Cancer Center, U. T. Health Science Center - Houston, and GEMS have agreed in principle to partner in the Center that will house several biomedical imaging and engineering programs that are in development at U. T. M. D. Anderson Cancer Center and U. T. Health Science Center - Houston, and is intended to form the foundation for a long-term, collaborative relationship between GEMS, U. T. M. D. Anderson Cancer Center, and U. T. Health Science Center - Houston.

GEMS is committed to providing the following equipment for the Center:

- 1) 3T MR System
- 2) CT Multi Slice system
- 3) Cyclotron and Radiopharmaceutical equipment

In addition to the equipment listed above, GEMS will also provide a state-of-the-art PET/CT system, as well as software upgrades on this system. The U. T. institutions will purchase service contracts for all units at the regular U. T. M. D. Anderson Cancer Center rates. This GEMS investment including

equipment and upgrade (at list price), and annual scientist support could total over \$21,400,000 over a 5-year period, and \$30,600,000 over a 10-year period.

The parties intend to conclude definitive, written collaborative research, option, license, sponsored research, and equipment transfer agreements on terms and conditions that are agreed to by the U. T. institutions and GEMS. Under these agreements, GEMS will have the opportunity to obtain certain worldwide license rights to use technology and intellectual property arising from research and activities at the Center.

The GEMS support includes the list of equipment identified below along with personnel support, a financing proposal, and options to upgrade the equipment during the 10-year term.

1. Estimated List Price Value of GEMS' support for the Center:

Equipment

- 3T Whole Body
- Cyclotron dual beam PETTrace
- TRACERlab MXfdg Radiosynthesis unit
- TRACERlab FXn Radiosynthesis unit
- PET/CT (16 slice)
- CT VCT (64 slice)

Total List Price of Equipment: \$12,400,000

Yearly service contracts, beginning in year two, would be paid separately by the U. T. institutions for all equipment identified above but the U. T. institutions' annual liability under such contracts will not exceed \$600,000 and any cost above the annual limit will be borne by GEMS.

Should, during the term of the collaborative relationship, the U. T. institutions request additional GEMS diagnostic equipment for the purpose of conducting research at the U. T. Research Park, the U. T. institutions and GEMS will, in good faith, negotiate the terms and conditions for providing such incremental equipment to the U. T. institutions.

2. Additional support offered by GEMS includes the following:

- On-site scientist support, with a total value of \$4,000,000 and \$8,000,000 for 5 and 10 years, respectively.

- Application hardware and software upgrade at estimated list price, valued at \$1,000,000 per year, with the total value of \$5,000,000 and \$10,000,000 for 5 and 10 years, respectively. This excludes magnet swaps or full system replacements.

Coincident with the agreement relating to formation of the Center, the parties intend to conclude a definitive, written option and license agreement that provides GEMS the opportunity to obtain worldwide license rights to use technology and intellectual property arising from activities at the Center.

7. U. T. Health Science Center - San Antonio: Discussion of compact priorities

This item was considered only by the Committee (see Committee Minutes).

REPORT AND RECOMMENDATIONS OF THE FACILITIES PLANNING AND CONSTRUCTION COMMITTEE (Pages 147 - 158).--Committee Chairman Barnhill reported that the Facilities Planning and Construction Committee met in open session to consider those matters on its agenda and to formulate recommendations for The University of Texas System Board of Regents. Unless otherwise indicated, the actions set forth in the Minute Orders that follow were recommended by the Facilities Planning and Construction Committee and approved in open session by the U. T. System Board of Regents:

1. U. T. System: Consideration of designation of the U. T. Austin Garrison Hall Renovations project and Renovations to Disch-Falk Field project as architecturally or historically significant

This item was considered only by the Committee (see Committee Minutes).

2. U. T. Austin: Darrell K Royal - Texas Memorial Stadium Fire and Life Safety/Improvement Planning - Approval of design development; approval of evaluation of alternative energy economic feasibility; appropriation of funds and authorization of expenditure; and resolution regarding parity debt

The Board approved the recommendations for the Darrell K Royal - Texas Memorial Stadium Fire and Life Safety/Improvement Planning project at The University of Texas at Austin as follows:

**Project Number:** 102-081

**Architecturally or Historically Significant:** Yes  No

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

**Substantial Completion Date:** August 2006

**Total Project Cost:**

<u>Source</u>	<u>Current</u>
Revenue Financing System Bond Proceeds	\$10,000,000

- a. approve design development plans;
- b. approve the evaluation of alternative energy economic feasibility;
- c. appropriate funds and authorize expenditure of funds; and

- d. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that
- parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt;
  - sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System; and
  - U. T. Austin, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$10,000,000.

#### Debt Service

The \$10,000,000 debt service in Revenue Financing System debt will be repaid from Stadium Club seating revenues. Total annual debt service on the project is estimated at \$707,162. Debt service coverage on the project is expected to be at least 2.39 times.

#### Previous Board Action

On December 10, 2004, the project was included in the Capital Improvement Program (CIP) with a preliminary project cost of \$5,000,000 with funding from Auxiliary Enterprise Balances. With the adoption of the Fiscal Year 2006-2011 CIP (see Item 4 on Page 9), the preliminary project cost was increased to \$10,000,000 with funding from Revenue Financing System Bond Proceeds.

#### Project Description

This project began as a comprehensive feasibility and planning study of the Darrell K Royal - Texas Memorial Stadium. The full scope of options and associated costs for improving the fire and life safety of the stadium has been recommended to define current code and infrastructure needs.

The Stage I - Belmont Hall Renovation portion of the Stadium Fire and Life Safety/Improvement Planning project will address several life safety concerns within the existing Belmont Hall, and provide waterproofing and structural repairs and building system upgrades. The project will also include

renovation and expansion of the ninth floor Centennial Room, the addition of fixed seating at that level, and renovations to the eighth floor Press Box area to accommodate additional working press.

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

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

3. U. T. El Paso: Parking Garage - Approval of design development; approval of evaluation of alternative energy economic feasibility; appropriation of funds and authorization of expenditure; and resolution regarding parity debt

The Board approved the recommendations for the Parking Garage project at The University of Texas at El Paso as set forth below:

**Project Number:** 201-184

**Architecturally or Historically Significant:** Yes  No

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

**Substantial Completion Date:** December 2006

<b>Total Project Cost:</b>	<u>Source</u>	<u>Current</u>
	Revenue Financing System Bond Proceeds	\$23,500,000

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

- sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System; and
- U. T. El Paso, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$23,500,000.

### Debt Service

The \$23,500,000 debt service in Revenue Financing System debt will be repaid from net parking revenues. Total annual debt service on the project is estimated at \$1,707,249. Debt service coverage on the project is expected to achieve 2.00 times by Fiscal Year 2007.

### Previous Board Actions

On August 7, 2003, the Parking Garage ID#, P-4 project was included in the Capital Improvement Program (CIP) with a preliminary project cost of \$25,000,000 and the New Bookstore project was included in the CIP with a preliminary project cost of \$4,950,000. On August 12, 2004, the projects were combined with a new preliminary project cost of \$29,950,000 with funding of \$25,000,000 from Revenue Financing System Bond Proceeds and \$4,950,000 from Auxiliary Enterprise Balances. With the adoption of the Fiscal Year 2006-2011 CIP (see Item 4 on Page 9), the project will be separated and a new preliminary project cost of \$23,500,000 with funding from Revenue Financing System Bond Proceeds will be approved.

### Project Description

The parking garage will contain approximately 2,040 parking spaces in a six-story facility to be located north of the intersection of Sun Bowl Drive and University Avenue.

*Texas Government Code* Section 2166.403 requires the governing body of a State agency to verify in an open meeting the economic feasibility of incorporating alternative energy devices into a new State building. Therefore, the Project Architect prepared an evaluation for this project in accordance with the Energy Conservation Design Standards for New State Buildings.

This evaluation determined that alternative energy devices such as solar, wind, biomass, or photovoltaic energy are not economically feasible for the project.

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

4. U. T. Pan American: Wellness and Recreation Sports Complex - Approval of design development; approval of evaluation of alternative energy economic feasibility; appropriation of funds and authorization of expenditure; and resolution regarding parity debt

The Board approved the recommendations for the Wellness and Recreation Sports Complex project at The University of Texas - Pan American as set forth below:

**Project Number:** 901-204

**Architecturally or Historically Significant:** Yes  No

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

**Substantial Completion Date:** July 2007

**Total Project Cost:**

<u>Source</u>	<u>Current</u>
Revenue Financing System Bond Proceeds	\$26,000,000

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

- U. T. Pan American, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U.T. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$26,000,000.

### Debt Service

The \$26,000,000 debt service in Revenue Financing System debt will be repaid from net revenues generated from recreation fees. Total annual debt service on the project is estimated at \$1,888,872. Debt service coverage on the project is expected to be at least 1.29 times and average 1.48 times over the first four years of operation.

### Previous Board Action

On August 7, 2003, the project was included in the Capital Improvement Program (CIP) with a preliminary project cost of \$18,000,000 with funding of \$7,000,000 from Designated Tuition and \$11,000,000 from Revenue Financing System Bond Proceeds. With the adoption of the Fiscal Year 2006-2011 CIP (see Item 4 on Page 9), the project cost will be increased, the funding source changed to Revenue Financing System Bond Proceeds, and the project name redesignated.

### Project Description

The campus has a growing recreational sports program, a program that is currently operating without dedicated indoor facilities. The facility is designed to promote the development of a healthier, more active student lifestyle that will benefit the campus population and enhance the student life experience on the U. T. Pan American campus.

The new facility will consist of 95,900 gross square feet to include a two-court gymnasium, a multipurpose gymnasium, four racquetball courts, a large weight and fitness area, cardio theater rooms, a climbing wall, men's and women's lockers, elevated indoor running track, two aerobics rooms, meeting and lounge areas, multiple student lounge and seating areas, and supporting office space. In addition to the indoor areas, outdoor recreation areas consisting of a recreational pool and outdoor lounge area, two sand volleyball courts, two basketball courts, and two tennis courts will be provided.

*Texas Government Code* Section 2166.403 requires the governing body of a State agency to verify in an open meeting the economic feasibility of incorporating alternative energy devices into a new State building. Therefore, the Project Architect prepared an evaluation for this project in accordance with the Energy Conservation Design Standards for New State Buildings.

This evaluation determined that alternative energy devices such as solar, wind, biomass, or photovoltaic energy are not economically feasible for the project.

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

5. U. T. San Antonio: Thermal Energy Plant No. 2/Garage - Approval of design development for the Parking Garage portion of the project

The Board approved the design development plans for the Parking Garage portion of the Thermal Energy Plant No. 2 project at The University of Texas at San Antonio as follows:

**Project Number:** 401-177

**Architecturally or Historically Significant:** Yes  No

**Project Delivery Method:** Competitive Sealed Proposals

**Substantial Completion Date:** April 2006

**Total Project Cost:**

<u>Source</u>	<u>Current</u>
Revenue Financing System Bond Proceeds	\$25,900,000

Previous Board Actions

On August 7, 2003, the project was included in the Capital Improvement Program (CIP) with a preliminary project cost of \$8,000,000 with funding from Designated Tuition. On November 5, 2004, the Board approved design development plans and increased the total project cost to \$16,500,000 with funding from Revenue Financing System Bond Proceeds. On May 12, 2005, the Board approved the increase of the total project cost to \$25,900,000 to include the parking garage and appropriated the additional funding of \$9,400,000 from Revenue Financing System Bond Proceeds.

Project Description

The scope of the Thermal Energy Plant No. 2 project will be increased with the addition of a four-level, 482 space parking garage that will include two elevators, an elevator lobby, and support spaces. The Thermal Energy Plant will support the University Center Expansion, Phase III; Biotechnology, Sciences and Engineering, Phase II; and the Recreation and Wellness Center, Phase II.

6. U. T. Southwestern Medical Center - Dallas: Hazardous Waste Handling Facility - Approval of design development, approval of evaluation of alternative energy economic feasibility, and appropriation of funds and authorization of expenditure

The Board approved the recommendations for the Hazardous Waste Handling Facility at The University of Texas Southwestern Medical Center at Dallas as follows:

**Project Number:** 303-121

**Architecturally or Historically Significant:** Yes  No

**Project Delivery Method:** Competitive Sealed Proposals

**Substantial Completion Date:** May 2006

<b>Total Project Cost:</b>	<u>Source</u> Interest on Local Funds	<u>Current</u> \$2,800,000
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- a. approve design development plans;
- b. approve the evaluation of alternative energy economic feasibility; and
- c. appropriate funds and authorize expenditure of funds.

Previous Board Action

On August 6, 2003, the project was included in the Capital Improvement Program (CIP) with a preliminary project cost of \$4,500,000 with funding from Interest on Local Funds. With the adoption of the Fiscal Year 2006-2011 CIP (see Item 4 on Page 9), the preliminary project cost will be reduced to \$2,800,000 with funding from Interest on Local Funds.

Project Description

The project consists of new construction of approximately 11,000 gross square feet of building area and associated site improvements to provide adequate space for the operating requirements of the Environmental Health and Safety Department with regard to receipt and distribution of radioactive materials and controlled substances. Radioactive, chemical, and biomedical waste materials are strictly regulated by the Texas Natural Resource Conservation Commission and the Texas Department of Health, Bureau of Radiation Control. As a part of ongoing educational, research, and clinical activities, regulated wastes must be collected and removed from functional areas of the general facilities. In addition, the growth of the campus is creating more regulated waste materials that have to be managed.

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

The economic impact of the project was reported to The University of Texas System Board of Regents as part of the design development presentation.

7. U. T. M. D. Anderson Cancer Center: Faculty Center Tower - Approval of design development; approval of evaluation of alternative energy economic feasibility; appropriation of funds and authorization of expenditure; and resolution regarding parity debt

The Board approved the recommendations for the Faculty Center Tower project at The University of Texas M. D. Anderson Cancer Center as follows:

**Project Number:** 000-000  
**Institutionally Managed:** Yes  No   
**Architecturally or Historically Significant:** Yes  No   
**Project Delivery Method:** Construction Manager at Risk  
**Substantial Completion Date:** December 2007

<b>Total Project Cost:</b>	<u>Source</u>	<u>Current</u>
	Revenue Financing System Bond Proceeds	\$ 80,000,000
	Hospital Revenues	<u>\$ 65,000,000</u>
		\$145,000,000

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

- sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System; and
- U. T. M. D. Anderson Cancer Center, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$80,000,000.

### Debt Service

The \$80,000,000 debt service in Revenue Financing System debt will be repaid from net revenues generated by patient care. Total debt service coverage at U. T. M. D. Anderson Cancer Center is expected to average 3.90 times over the next six years.

### Previous Board Action

On August 6, 2003, the project was included in the Capital Improvement Program (CIP) as the Faculty Center Two project with a preliminary project cost of \$73,000,000 with funding of \$50,000,000 from Revenue Financing System Bond Proceeds and \$23,000,000 from Hospital Revenues. With adoption of the Fiscal Year 2006-2011 CIP (see Item 4 on Page 9), the total project cost will be increased to \$145,000,000 with funding of \$80,000,000 from Revenue Financing System Bond Proceeds and \$65,000,000 from Hospital Revenues.

### Project Description

The administrative office building will contain approximately 730,000 gross square feet over 21 floors developed to meet the needs of faculty and staff. Currently, the offices are located on the Main Campus and are taking up valuable research and clinical space. Additionally, the building will support the growing needs for office space required to maintain the current institutional growth rate and reduce lease expenses.

*Texas Government Code* Section 2166.403 requires the governing body of a State agency to verify in an open meeting the economic feasibility of incorporating alternative energy devices into a new State building. Therefore, the Project Architect prepared an evaluation for this project in accordance with the Energy Conservation Design Standards for New State Buildings.

This evaluation determined that alternative energy devices such as solar, wind, biomass, or photovoltaic energy are not economically feasible for the project.

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

8. U. T. Tyler: Honorific naming of the Engineering, Sciences and Technology Building as the Bill Ratliff Engineering and Science Complex

The Board approved the naming of the Engineering, Sciences and Technology Building at The University of Texas at Tyler as the Bill Ratliff Engineering and Science Complex in honor of former Lieutenant Governor William R. "Bill" Ratliff. Throughout Governor Ratliff's 18 years of elected public service, he was committed to improving education across the State of Texas. He especially recognized the need for greater access to higher education in East Texas and the potential for U. T. Tyler to become a significant university that would have an important impact on the lives of East Texans and the future wealth of the region. In December 2002, Governor Ratliff donated his political papers and memorabilia to U. T. Tyler.

The Engineering, Sciences and Technology Building project consists of approximately 148,885 gross square feet of new research and teaching space for the College of Engineering and Computer Science and for the College of Arts and Sciences. The University of Texas System Board of Regents approved design development plans in May 2003 and substantial completion is expected in February 2006.

[Counsel and Secretary's Notes: Clarification of the honoree's wishes, received after the August 11, 2005 Board meeting, show the preferred name as the Bill Ratliff Engineering and Science Complex. The Agenda Item proposed the building be named the William R. "Bill" Ratliff Engineering and Science Complex.

It was clarified after the August 11, 2005 Board Meeting that the preferred name is the Bill Ratliff Engineering and Science Complex.]

9. U. T. Tyler: Honorific naming of the Student Dormitory and Academic Excellence Center as the Mr. and Mrs. Joseph Z. Ornelas Residence Hall

The Board approved the naming of the Student Dormitory and Academic Excellence Center project at The University of Texas at Tyler as the Mr. and Mrs. Joseph Z. Ornelas Residence Hall. Mr. and Mrs. Joseph Z. Ornelas are longtime friends and supporters of U. T. Tyler. Mrs. Ornelas previously contributed \$6.4 million toward the building of the Louise Herrington Patriot

Center as well as other gifts toward a professorship, a chair, and scholarship funds. The University of Texas System Board of Regents named the Patriot Center in honor of Louise (Herrington) Ornelas in August 2003. In October 2004, Mrs. Ornelas anonymously contributed \$3 million toward the construction of the Residence Hall.

The residence hall project is the first dormitory constructed at U. T. Tyler. A five-story building with approximately 77,000 gross square feet, the dormitory is expected to be complete in July 2006.

RECESS TO EXECUTIVE SESSION.--At 12:54 p.m., Chairman Huffines announced the Board would recess to convene in Executive Session pursuant to *Texas Government Code* Sections 551.071, 551.072, and 551.074 to continue discussion of matters listed on the Executive Session agenda.

RECONVENE IN OPEN SESSION.--At 2:43 p.m., the Board reconvened in open session and took the following action on matters discussed in Executive Session:

- 1a. U. T. Austin: Discussion and appropriate action regarding legal issues related to Declaration of Trust with Texas Student Publications, Inc.

No action was taken concerning legal issues related to the Declaration of Trust with Texas Student Publications, Inc. at The University of Texas at Austin.

- 1b. U. T. System: Discussion of legal issues related to Los Alamos National Laboratory

No action was taken on legal issues related to the Los Alamos National Laboratory.

- 1c. U. T. System and U. T. Dallas: Approval of settlement in *Carl B. Collins and Farzin Davanloo v. The Gillette Company*

Regent Estrada moved that the Vice Chancellor and General Counsel be authorized to accept and acknowledge receipt of funds for The University of Texas System and The University of Texas at Dallas from settlement of litigation titled *Carl B. Collins and Farzin Davanloo v. The Gillette Company* and to execute documents necessary to receive such funds in accordance with the proposal presented in Executive Session.

The motion was seconded and carried by acclamation.

(This Item was deferred from considered by the Board on August 10, 2005. See Item 1b on Page 4.)

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

ADJOURNMENT.--There being no further business, the meeting was adjourned at 2:45 p.m.

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

November 7, 2005

THE UNIVERSITY OF TEXAS SYSTEM ADMINISTRATION  
DOCKET NO. 123

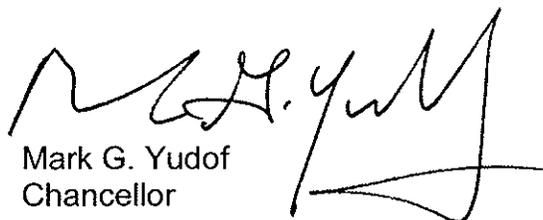
July 22, 2005

TO MEMBERS OF THE FINANCE AND PLANNING COMMITTEE:

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

The Docket for The University of Texas System Administration and the Dockets recommended by the presidents concerned and prepared by the institutions listed below are submitted for approval as appropriate at the meeting of the U. T. System Board of Regents on August 11, 2005. The Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Health Affairs, and the Vice Chancellor and General Counsel, and I concur in these recommendations.

<u>Institutions</u>	<u>Pages</u>
The University of Texas System Administration	Docket 1 - 4
The University of Texas at Arlington	Docket 5 - 12
The University of Texas at Austin	Docket 13 - 35
The University of Texas at Brownsville	Docket 36 - 37
The University of Texas at Dallas	Docket 38 - 42
The University of Texas at El Paso	Docket 43 - 45
The University of Texas - Pan American	Docket 46 - 50
The University of Texas of the Permian Basin	Docket 51 - 55
The University of Texas at San Antonio	Docket 56 - 60
The University of Texas at Tyler	Docket 61 - 63
The University of Texas Southwestern Medical Center at Dallas	Docket 64 - 70
The University of Texas Medical Branch at Galveston	Docket 71 - 79
The University of Texas Health Science Center at Houston	Docket 80 - 85
The University of Texas Health Science Center at San Antonio	Docket 86 - 92
The University of Texas M. D. Anderson Cancer Center	Docket 93-102
The University of Texas Health Center at Tyler	Docket 103

  
Mark G. Yudof  
Chancellor

xc: Other Members of  
the Board

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## U. T. SYSTEM ADMINISTRATION

### CONTRACTS

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

#### GENERAL CONTRACTS

##### FUNDS COMING IN

1. Agency: Global Payments Direct, Inc.  
Funds: Based on a fee schedule and is expected to exceed \$1,000,000 over the contract period  
Period: August 10, 2005 through August 31, 2007  
(includes an extension up to three additional years)  
Description: Global Payments will serve as the Merchant Bank for credit card services for all U. T. System institutions.

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

The following personnel action involving the appointment, reappointment, or promotion of relatives has been administratively approved by the Chancellor. The personnel action is consistent with the provisions of Chapter 573 of the *Texas Government Code* and the Regents' *Rules and Regulations*, Series 30106.

<u>College, Department, Title, Name</u>	<u>College, Department, Title, Name</u>
1. Office of the Chancellor Chancellor Mark G. Yudof	Office of the Chancellor Special Associate for Outreach Judy Yudof (spouse)*

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

## 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. System Board of Regents is requested to approve the commissioning of the individuals listed below as peace officers effective June 16, 2005. 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>Institution</u>
Stacy A. Clayton	U. T. Medical Branch - Galveston
Jason J. Diaz	U. T. San Antonio
Armando Gonzalez	U. T. San Antonio
Rolando Javier Gonzalez	U. T. Pan American
Carlos M. Guzman	U. T. Health Science Center - Houston
Maria Hernandez	U. T. Pan American
Seema C. Jacob	U. T. Health Science Center - Houston
Joe L. Mirales	U. T. San Antonio
Mary M. Molinar	U. T. Arlington
Bradley R. Robertson	U. T. Permian Basin
Philip Kyle Sanford	U. T. Austin
J. Lamont Smith	U. T. Arlington
Daniel Torres	U. T. San Antonio
D'Anna K. Turnell	U. T. Austin
Pedro Vasquez	U. T. Brownsville
Jason Watson	U. T. Austin

# REAL ESTATE REPORT

## THE UNIVERSITY OF TEXAS SYSTEM SEPARATELY INVESTED ASSETS

Managed by U. T. System

Summary Report at May 31, 2005

### FUND TYPE

	Current Purpose Restricted		Endowment & Similar Funds		Annuity & Life Income Funds		TOTAL	
	Book	Market	Book	Market	Book	Market	Book	Market
<b>Land &amp; Buildings:</b>								
Ending Value 2/28/05	\$ 4,117,315	\$ 22,325,510	\$ 107,720,303	\$ 203,968,029	\$ 1,138,209	\$ 1,063,080	\$ 112,975,828	\$ 227,356,619
Increase or Decrease	(407,203)	(23,203)	(28,517)	(449,480)	-	-	(435,720)	(472,683)
Ending Value 5/31/05	\$ 3,710,112	\$ 22,302,307	\$ 107,691,786	\$ 203,518,549	\$ 1,138,209	\$ 1,063,080	\$ 112,540,108	\$ 226,883,936
<b>Other Real Estate:</b>								
Ending Value 2/28/05	\$ 122,742	\$ 122,742	\$ 313,042	\$ 313,042	\$ -	\$ -	\$ 435,783	\$ 435,783
Increase or Decrease	(1,492)	(1,492)	(11,046)	(11,046)	-	-	(12,538)	(12,538)
Ending Value 5/31/05	\$ 121,250	\$ 121,250	\$ 301,996	\$ 301,996	\$ -	\$ -	\$ 423,245	\$ 423,245

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

Details of individual assets by account furnished on request.

Note: Surface estates are managed by the U. T. System Real Estate Office. Mineral estates are managed by U. T. System University Lands – West Texas Operations. The royalty interests received from the Estate of John A. Jackson for the John A. and Katherine G. Jackson Endowed Fund in Geosciences are managed by the U. T. Austin Geology Foundation, with the assistance of the Bureau of Economic Geology.

**U. T. ARLINGTON**

**CHANGES TO ADMISSION CRITERIA**

The following listing summarizes the changes proposed to admission criteria to be included in the Graduate Catalog of The University of Texas at Arlington. The changes have been administratively approved by the Executive Vice Chancellor for Academic Affairs and are recommended for approval by U. T. System Board of Regents. The proposed changes in admission criteria allow the Department of Linguistics to consider skills demonstrated on each subtest of the Graduate Record Examination separately allowing them to use the tests in conformity with best practices recommended by the tests' designers.

**Proposed Revisions to the U. T. Arlington Graduate Catalog**

**M.A. in TESOL (Teaching English to Speakers of Other Languages)**

Type of Admission	Current Requirements	Proposed Requirements
Unconditional	GRE combined V+Q+A $\geq$ 1500  TOEFL $\geq$ 600 / $\geq$ 250 (computer-based test) or  GRE combined V+Q+A $\geq$ 1300	GRE-V $\geq$ 550 GRE-Q $\geq$ 450 TOEFL $\geq$ 250 (computer-based test) or GRE-V $\geq$ 500 GRE-Q $\geq$ 400
Probationary	If - Undergrad GPA < 3.0      or - GRE (VQA) < 1500      or - insufficient undergraduate preparation but otherwise meet a majority of the factors for unconditional admission	If - GRE-V < 500      or - GRE-Q < 400      or - 230 < TOEFL < 249      or - insufficient undergraduate preparation but otherwise meet a majority of the factors for unconditional admission
Provisional	Appear to meet admission requirements (either unconditional or probationary) but unable to supply all required documentation prior to the admission deadline	Not offered. Students with incomplete dossiers will have admission decisions deferred.
Deferred	Applicants for whom the admission file is incomplete but for whom provisional admission is not appropriate	Applicants for whom the admission file is incomplete

## CHANGES TO ADMISSION CRITERIA (CONTINUED)

### M.A. in Linguistics

Type of Admission	Current Requirements	Proposed Requirements
Unconditional	<p>GRE combined V+Q+A <math>\geq</math> 1500 full set of acceptable Qualitative Factors</p> <p>TOEFL <math>\geq</math> 600 / <math>\geq</math> 250 (computer)</p> <p>or</p> <p>GRE combined V+Q+A <math>\geq</math> 1300</p> <p>TOEFL <math>\geq</math> 600 (paper-based test) or <math>\geq</math> 250 (computer-based test)</p>	<p>GRE-V <math>\geq</math> 450 GRE-Q <math>\geq</math> 550 GRE-A <math>\geq</math> 4.5 TOEFL <math>\geq</math> 250</p> <p>or</p> <p>GRE-V <math>\geq</math> 400 GRE-Q <math>\geq</math> 500 GRE-A <math>\geq</math> 4.0</p> <p>TOEFL <math>\geq</math> 250 (computer-based test)</p>
Probationary	<p>- Undergrad GPA &lt; 3.0      or</p> <p>- GRE (V+Q+A) &lt; 1500      or</p>	<p>- GRE-V &lt; 400      or</p> <p>- GRE-Q &lt; 500      or</p> <p>- GRE-A &lt; 4.0      or</p> <p>- 230 &lt; TOEFL &lt; 249</p>
Provisional	Appear to meet admission requirements (either unconditional or probationary) but unable to supply all required documentation prior to the admission deadline	Not offered. Students with incomplete dossiers will have admission decisions deferred.
Deferred	Applicants for whom the admission file is incomplete but for whom provisional admission is not appropriate	Applicants for whom the admission file is incomplete

**CHANGES TO ADMISSION CRITERIA (CONTINUED)**

**Ph.D. in Linguistics**

Type of Admission	Current Requirements	Proposed Requirements
Unconditional	<p>Undergrad GPA <math>\geq 3.0</math>                      GRE combined V+Q+A <math>\geq 1500</math>                      full set of acceptable Qualitative Factors</p> <p>TOEFL <math>\geq 600</math> (paper-based test)  <math>\geq 250</math> (computer-based test)</p> <p>or</p> <p>Undergrad GPA <math>\geq 3.5</math>                      GRE combined V+Q+A <math>\geq 1300</math>                      full set of acceptable Qualitative Factors                      TOEFL <math>\geq 600</math> (paper-based test or  <math>\geq 250</math> (computer-based test)</p>	<p>Previous Graduate GPA <math>\geq 3.3</math>                      GRE-V <math>\geq 500</math>                      GRE-Q <math>\geq 600</math>                      GRE-A <math>\geq 4.5</math>                      TOEFL <math>\geq 250</math> (computer-based test)</p> <p>or</p> <p>30 Graduate Hours (in any field of study)                      Previous Graduate GPA <math>\geq 3.6</math>                      GRE-V <math>\geq 450</math>                      GRE-Q <math>\geq 550</math>                      GRE-A <math>\geq 4.0</math>                      TOEFL <math>\geq 250</math> (computer-based test)</p>
Probationary	<ul style="list-style-type: none"> <li>- Undergrad GPA <math>&lt; 3.0</math>            or</li> <li>- GRE (V+Q+A) <math>&lt; 1500</math>            or</li> <li>- insufficient undergraduate preparation but otherwise meet a majority of the factors for unconditional admission</li> </ul>	<ul style="list-style-type: none"> <li>- GRE-V <math>&lt; 450</math>                            or</li> <li>- GRE-Q <math>&lt; 550</math>                            or</li> <li>- GRE-A <math>&lt; 4.0</math>                            or</li> <li>- <math>230 &lt; \text{TOEFL} &lt; 249</math>            or</li> <li>- insufficient undergraduate preparation but otherwise meet a majority of the factors for unconditional admission.</li> </ul> <p>NOTE: 30 hours of prior graduate study are required for probationary admission.</p>

## CHANGES TO ADMISSION CRITERIA (CONTINUED)

### Ph.D. in Linguistics (Continued)

Type of Admission	Current Requirements	Proposed Requirements
Provisional	Appear to meet admission requirements (either unconditional or probationary) but unable to supply all required documentation prior to the admission deadline	Not offered. Students with incomplete dossiers will have admission decisions deferred.
Deferred	Applicants for whom the admission file is incomplete but for whom provisional admission is not appropriate	Applicants for whom the admission file is incomplete

Note: Students who have not yet completed 30 graduate hours of coursework (in any field) but who would otherwise be eligible for admission to the Linguistics Ph.D. program will be asked to change their application status from Ph.D. to M.A. Upon entry into the M.A. program, these students will have the opportunity to request a transfer into the Ph.D. program once they have complete the required 30 graduate hours of coursework.

GRE = Graduate Record Examination

V = Verbal subtest of the GRE

Q = Quantitative subtest of the GRE

A = Analytic subtest of the GRE

**note:** Revised criteria use the new form of the Analytical subtest of the GRE that now emphasizes written analysis. It is scored differently than the previous version.

V+Q+A = Sum of the scores earned on the Verbal, Quantitative, and Analytic subtests

TOEFL = Test of English as a Foreign Language

This summary highlights proposed changes to current admission requirements. Only those requirements that are to be revised are presented. If approved, the revised criteria will be applied in conjunction with other previously approved and unchanged) criteria in admission decision making. This document may create the impression that admission decisions are largely driven by standardized test performance, but such an impression would be incorrect as this summary only presents the subset of admission criteria that are to be considered for revision. Linguistics and TESOL evaluate several other factors in addition to test scores in their decision making. Test scores do not and will not constitute the sole or primary criteria for admission in Linguistics and TESOL.

## AMENDMENTS TO THE 2004-05 BUDGET

### APPOINTMENTS AND PROMOTIONS

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

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
COLLEGE OF EDUCATION					
Curriculum and Instruction					
1. Nancy L. Hadaway (T)					701
From: Professor		100	09	71,077	
To: Professor and Associate Chair	1/16-5/31	100	09	71,077	
	1/16-5/31	SUPLT	09	2,000	
COLLEGE OF LIBERAL ARTS					
Art and Art History					
Professor and Chair					
2. Robert F. Hower (T)	6/1-8/31	21.55	09	77,000	705

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

The following personnel actions involving the appointment, reappointment, or promotion of relatives have been administratively approved by the Executive Vice Chancellor for Academic Affairs. The personnel actions are consistent with the provisions of Chapter 573 of the *Texas Government Code* and the Regents' *Rules and Regulations*, Series 30106.

<u>College, Department, Title, Name</u>	<u>College, Department, Title, Name</u>
1. Office of the President President James D. Spaniolo	Office of the President Special Assistant Sally Spaniolo (spouse)*
2. College of Business Administration Office of the Dean Dean Daniel D. Himarios	College of Business Administration Economics Department Senior Lecturer Jane S. Himarios (spouse)
3. College of Science Chemistry and Biochemistry Faculty Associate Res Sharad Singhal	College of Science Chemistry and Biochemistry Tech Staff Assistant V Jyotsana Singhal (spouse)
4. Psychology Associate Professor/Associate Chair Perry Fuchs	Psychology Office Assistant Melissa Fuchs (spouse)
5. Campus Printing/Mail Service Director Steven M. Burdette	Campus Printing/Mail Service Assistant Director Mary K. Ruesing (spouse)

\*Mrs. Spaniolo is not listed in the budget as she is appointed without compensation.

## NEW TENURE APPOINTMENTS AND PROMOTIONS WITHIN TENURE RANKS

The following personnel actions involving new tenure appointments and promotion within tenure ranks have been administratively approved by the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the 2006 Annual Operating Budget of each institution and are consistent with the *Regents' Rules and Regulations*, Series 31007.

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>College of Business Administration</b>		
Accounting		
Chandra Subramaniam	Assistant Professor (NT)	Associate Professor (T)
<b>College of Engineering</b>		
Civil and Environmental Engineering		
Laureano Hoyos	Assistant Professor (NT)	Associate Professor (T)
Anand Puppula	Associate Professor (T)	Professor (T)
Computer Science Engr.		
Mohan Kumar	Associate Professor (T)	Professor (T)
<b>College of Liberal Arts</b>		
Art and Art History		
Marilyn Jolly	Assistant Professor (NT)	Associate Professor (T)
History		
Robert Trevino	Assistant Professor (NT)	Associate Professor (T)
Modern Languages		
Jinny Choi	Assistant Professor (NT)	Associate Professor (T)
Political Science		
Jose Angel Gutierrez	Associate Professor (T)	Professor (T)
<b>College of Science</b>		
Biology		
Laura Gough	Assistant Professor (NT)	Associate Professor (T)
Mathematics		
James A. Epperson	Assistant Professor (NT)	Associate Professor (T)

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

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>School of Architecture</b> Marian Millican	Associate Professor (NT)	Associate Professor (T)
<b>School of Nursing</b> Cheryl Anderson Jennifer Gray	Assistant Professor (NT) Assistant Professor (NT)	Associate Professor (T) Associate Professor (T)

## U. T. AUSTIN

### GIFTS

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

- |                            |   |
|----------------------------|---|
| Donor Name:                | The Cockrell Foundation   |
| College/School/Department: | College of Engineering, Office of the Dean  |
| Purpose:                   | Enhancement of two existing endowments: 50% (\$1,050,000) to the Virginia and Ernest Cockrell, Jr. Scholarships in Engineering, 50% (\$1,050,000) to the Cockrell Consolidated Chair in Engineering |
| Asset Type:                | Cash  |
| Value:                     | \$2,100,000   |

## CONTRACTS

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

### GENERAL CONTRACTS

#### FUNDS COMING IN

1. Agency: ARAMARK Educational Services of Texas, Inc.  
Funds: \$5,000,000  
Period: Effective June 1, 2005 through May 31, 2015  
Description: Amendment to a Food Service Agreement entered into June 1, 2003. This amendment will extend the term an additional ten years and will remove two previous locations, add three new locations, and revise financial terms.
  
2. Agency: Department of State Health Services  
Funds: \$1,015,825  
Period: Effective April 4, 2004 through September 30, 2005  
Description: Amendment to Interagency Cooperation Contract whereby the state agency compensates U. T. Austin for work provided in evaluation, consultation, and training services.
  
3. Agency: Texas Comptroller of Public Accounts State Energy Conservation Office  
Funds: \$2,000,000  
Period: September 1, 2005 through August 31, 2006  
Description: U. T. Austin is designated as the lead agency in developing and submitting a response on behalf of the State of Texas to the United States Department of Energy's FutureGen Request for Proposals (RFP). This RFP is expected to be released by the Department in the Fall of 2005 and is anticipated to be for the further development and definition of a \$1 billion power plant of the future for inclusion in the response on behalf of the selected state.

**AMENDMENTS TO THE 2004-05 BUDGET**

**APPOINTMENTS AND PROMOTIONS**

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

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
<b>LBJ SCHOOL OF PUBLIC AFFAIRS</b>					
1. Bobby R. Inman (T)					552
From: Lyndon B. Johnson Centennial Chair in National Policy and Professor		33 67	09 09	123,575 123,575	
To: Interim Dean	1/1-8/31	100	12	180,000	

**TRANSFERS OF FUNDS**

<u>Description</u>	<u>\$ Amount</u>	<u>RBC #</u>
<b>DESIGNATED FUNDS</b>		
College of Engineering		
2. Amount of Transfer:	500,000	663
From: Center for Lifelong Engineering Education – Short Course Operating Income		
To: Center for Lifelong Engineering Education – Short Course Maintenance, Operation, and Equipment		

To increase budget to cover current year operations for a new continuing education program with the Texas Department of Transportation.

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

**TRANSFERS OF FUNDS (CONTINUED)**

<u>Description</u>	<u>\$ Amount</u>	<u>RBC #</u>
PLANT FUNDS		
Physical Plant - Kinsolving		
3. Amount of Transfer:	716,000	718
From: Housing and Food Services General Repair And Replacement Reserve Account		
To: Kinsolving Dormitory – Renovate First Floor Dining Area		
Supplemental funding for renovation of the first floor dining service area in Kinsolving Dormitory.		
Intercollegiate Athletics – Golf Academy		
4. Amount of Transfer:	500,000	719
From: Intercollegiate Athletics for Men Other Expenses Account		
To: Golf Academy Construction Reimbursement All Expenses Account		
Funding for the initial two construction reimbursement payments for the Golf Academy.		

## OTHER FISCAL ITEMS

### EMPLOYMENT AGREEMENTS

The following agreements have been approved by the Executive Vice Chancellor for Academic Affairs and are recommended for approval by the U. T. System Board of Regents. Such employment under these agreements is subject to the Constitution and Bylaws of the National Collegiate Athletic Association, the Big XII Conference, and the *Rules and Regulations* of the U. T. System Board of Regents and U. T. Austin.

1. Item: Men's Head Basketball Coach  
Funds: \$1,300,000 annually  
Period: April 1, 2005 through March 31, 2015  
Description: Agreement for employment of Head Basketball Coach, Rick Barnes, for the above designated period following a coach's employment contract approved by the U. T. System Office of General Counsel.
2. Item: Men's Head Football Coach  
Funds: \$2,159,173 annually  
Period: January 1, 2005 through December 31, 2014  
Description: Agreement for employment of Head Football Coach, William Mack Brown, for the above designated period following a coach's employment contract approved by the U. T. System Office of General Counsel.
3. Item: Men's Head Tennis Coach  
Funds: \$116,989 annually  
Period: September 1, 2005 through August 31, 2007  
Description: Agreement for employment of Head Tennis Coach, Michael Center, for the above designated period following the standard coach's employment contract prepared by the U. T. System Office of General Counsel.

## OTHER FISCAL ITEMS (CONTINUED)

### EMPLOYMENT AGREEMENTS (CONTINUED)

4. Item: Women's Head Softball Coach  
Funds: \$101,532 annually plus camp payments budgeted annually  
Period: September 1, 2005 through August 31, 2008  
Description: Agreement for employment of Head Softball Coach, Connie Clark, for the above designated period following the standard coach's employment contract prepared by the U. T. System Office of General Counsel.
5. Item: Women's Head Basketball Coach  
Funds: \$540,500 annually  
Period: September 1, 2005 through August 31, 2009  
Description: Agreement for employment of Head Basketball Coach, Jody Conradt, for the above designated period following the standard coach's employment contract prepared by the U. T. System Office of General Counsel.
6. Item: Director of Men's Athletics  
Funds: \$455,000 annually  
Period: Extension through August 31, 2009  
Description: Third amendment to the employment agreement between Darrell DeLoss Dodds and U. T. Austin to extend the term of the agreement two years.
7. Item: Women's Head Volleyball Coach  
Funds: \$105,594 annually plus camp payments budgeted annually  
Period: September 1, 2005 through February 1, 2009  
Description: Agreement for employment of Head Volleyball Coach, Jerritt Elliott, for the above designated period following the standard coach's employment contract prepared by the U. T. System Office of General Counsel.

**OTHER FISCAL ITEMS (CONTINUED)**

**EMPLOYMENT AGREEMENTS (CONTINUED)**

8. Item: Women's Head Tennis Coach  
Funds: \$132,000 annually plus camp payments budgeted annually  
Period: July 12, 2005 through August 31, 2010  
Description: Agreement for employment of Head Tennis Coach, Patricia Fendick-McCain, for the above designated period following the standard coach's employment contract prepared by the Office of General Counsel.
9. Item: Men's Head Golf Coach  
Funds: \$109,684 annually  
Period: September 1, 2005 through August 31, 2007  
Description: Agreement for employment of Head Golf Coach, John Fields, for the above designated period following the standard coach's employment contract prepared by the U. T. System Office of General Counsel.
10. Item: Men's Head Baseball Coach  
Funds: \$550,000 annually  
Period: September 1, 2005 through August 31, 2010  
Description: Agreement for employment of Head Baseball Coach, August E. Garrido, Jr., for the above designated period following a coach's employment contract approved by the U. T. System Office of General Counsel.
11. Item: Women's Head Rowing Coach  
Funds: \$87,637 annually plus camp payments budgeted annually  
Period: September 1, 2005 through June 30, 2007  
Description: Agreement for employment of Head Rowing Coach, Carie Graves, for the above designated period following the standard coach's employment contract prepared by the U. T. System Office of General Counsel.

## OTHER FISCAL ITEMS (CONTINUED)

### EMPLOYMENT AGREEMENTS (CONTINUED)

12. Item: Women's Head Track and Field/Cross Country Coach  
Funds: \$230,254 annually  
Period: September 1, 2005 through July 31, 2007  
Description: Agreement for employment of Head Track and Field/Cross Country Coach, Beverly Kearney, for the above designated period following the standard coach's employment contract prepared by the U. T. System Office of General Counsel.
13. Item: Women's Head Soccer Coach  
Funds: \$201,108 annually plus camp payments budgeted annually  
Period: September 1, 2005 through December 31, 2007  
Description: Agreement for employment of Head Soccer Coach, Chris Petrucelli, for the above designated period following the standard coach's employment contract prepared by the U. T. System Office of General Counsel.
14. Item: Director of Women's Athletics  
Funds: \$253,000 annually  
Period: September 1, 2005 through August 31, 2009  
Description: Agreement for employment of Women's Athletics Director, Christine A. Plonsky, for the above designated period following the standard director's employment contract prepared by the U. T. System Office of General Counsel.
15. Item: Men's Head Swimming Coach  
Funds: \$155,787 annually  
Period: September 1, 2005 through August 31, 2006  
Description: Agreement for employment of Head Swimming Coach, Edwin C. Reese, for the above designated period following the standard coach's employment contract prepared by the U. T. System Office of General Counsel.

## OTHER FISCAL ITEMS (CONTINUED)

### EMPLOYMENT AGREEMENTS (CONTINUED)

16. Item: Women's Co-Head Swimming Coach  
Funds: \$80,896 annually plus camp payments budgeted annually  
Period: September 1, 2005 through April 15, 2006  
Description: Agreement for employment of Co-Head Swimming Coach, Jill Sterkel, for the above designated period following the standard coach's employment contract prepared by the U. T. System Office of General Counsel.
17. Item: Men's Head Track and Field Coach  
Funds: \$122,629 annually  
Period: September 1, 2005 through August 31, 2007  
Description: Agreement for employment of Head Track and Field Coach, Charles G. Thornton, for the above designated period following the standard coach's employment contract prepared by the U. T. System Office of General Counsel.
18. Item: Women's Co-Head Swimming Coach  
Funds: \$87,418 annually plus camp payments budgeted annually  
Period: September 1, 2005 through April 15, 2008  
Description: Agreement for employment of Co-Head Swimming Coach, Michael Walker, for the above designated period following the standard coach's employment contract prepared by the U. T. System Office of General Counsel.
19. Item: Women's Head Golf Coach  
Funds: \$89,200 annually plus camp payments budgeted annually  
Period: September 1, 2005 through June 30, 2007  
Description: Agreement for employment of Head Golf Coach, Susan Watkins, for the above designated period following the standard coach's employment contract prepared by the U. T. System Office of General Counsel.

## PARKING AND TRAFFIC REGULATIONS

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

<u>Page Number(s)</u>	<u>Summary of Proposed Substantive Change</u>
15, 51	Clarify violation regarding vehicles in University buildings to exclude University parking facilities.
20, 24	Add that persons with disabilities whose vehicles display the appropriate plate, permit, or placards are exempt from the payment of fees at parking meters.
25	Clarify the motorcycle parking as limited to designated motorcycles spaces only, require a University "M" permit as signed, and visitors on motorcycles should go to the kiosks for temporary parking.
35-36	Change Class "E" permit parking options to include Manor and Trinity garages on a space-available basis.
36	Align Class "F" permit eligibility requirements to mirror Class "A" permit requirements.
41	Remove Class "VP" permits.
47	Change the regulation for immobilization or impoundment from the accumulation of four outstanding citations to the accumulation of four outstanding citations or any outstanding citation that is more than 120 days past due.
51	Remove violation for "unauthorized parking in a service space/loading zone."
51	Remove violation for "unauthorized parking in a state vehicle or University vehicle space."
51	Remove violation for "parked opposite the flow of traffic (where angled parking is required)."
51	Remove violation for "parking a vehicle overnight in an unauthorized place."

## PARKING AND TRAFFIC REGULATIONS (CONTINUED)

<u>Page Number(s)</u>	<u>Summary of Proposed Substantive Change</u>
51	Add "penalty doubles upon second offense and all subsequent violations are subject to immobilization or impound" as a footnote to the Driving and Parking Offenses table. Would only apply to violations noted in the table.

## FEEES AND MISCELLANEOUS CHARGES

### PARKING PERMIT FEES

Approval is recommended for the following parking permit fees to be effective beginning with the Fall Semester 2005. 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 institution catalog will be amended to reflect these new fees.

	<u>Current Rates \$</u>	<u>Proposed Rates \$</u>	<u>Percent Increase</u>
Annual Fee: <u>Non-University Affiliate</u>			
Permit "E"	60	80	33.33
 <u>Transient Parking Garage Rates</u>			
31-60 minutes	3	2	-33.33
61-90 minutes	5	4	-20.00
91-120 minutes	5	6	20.00
Over 2 hours	7	8	14.28
 <u>Administrative Charge for Refund</u>	n/a	5	n/a

## FEES AND MISCELLANEOUS CHARGES (CONTINUED)

### PARKING AND TRAFFIC ENFORCEMENT FEES

Approval is recommended for the following parking enforcement fees to be effective beginning with the Fall Semester 2005. The proposed fees are consistent with the applicable statutory requirements under Section 51.202 of the *Texas Education Code* and have been administratively approved by the Executive Vice Chancellor for Academic Affairs.

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

<u>Violation Description</u>	<u>Current Rates \$</u>	<u>Proposed Rates \$</u>	<u>Percent Increase</u>
Improper method of parking	20	25	25.00
Unauthorized parking in a space designated for persons with disabilities	100	150	50.00
Parking or operating a motor vehicle while privileges are suspended	25	100	300.00
Improper exit from a University parking garage	25	50	100.00
Theft of property or damaging property by unauthorized boot removal	50	75	50.00
Automobile boot fee	25	35	40.00

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

The following personnel actions involving the appointment, reappointment, or promotion of relatives have been administratively approved by the Executive Vice Chancellor for Academic Affairs. The personnel actions are consistent with the provisions of Chapter 573 of the *Texas Government Code* and the Regents' *Rules and Regulations*, Series 30106.

<u>College, Department, Title, Name</u>	<u>College, Department, Title, Name</u>
1. Office of the President President Larry R. Faulkner	Office of the President Special Assistant Mary Ann Faulkner (spouse)*
	Campus Club Communications and Marketing Manager Jacqueline M. Faulkner (daughter-in-law)
2. Red McCombs School of Business Accounting Professor Rowland Atiase	Red McCombs School of Business Accounting Lecturer Florence Atiase (spouse)
3. College of Communication Office of the Dean Assistant Dean Darrell Rocha	College of Communication Office of the Dean Administrative Associate Rosemary Rocha (niece)
4. College of Education Educational Administration Sid W. Richardson Regents Chair in Community College Leadership John E. Roueche, Jr.	College of Education Educational Administration  Senior Lecturer and Editor Suanne Roueche (spouse)
5. College of Engineering Biomedical Engineering Fletcher Stuckey Pratt Chair in Engineering Nicholas Peppas	College of Engineering Biomedical Engineering  Research Professor Lisa Peppas (spouse)

\*Mrs. Faulkner is not listed in the budget as she is appointed without compensation.

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

<u>College, Department, Title, Name</u>	<u>College, Department, Title, Name</u>
6. College of Education Kinesiology and Health Education Professor Lawrence D. Abraham	College of Education Kinesiology and Health Education Senior Lecturer Dorothy D. Lambdin (spouse)
7. College of Fine Arts Theatre and Dance Joanne Sharp Crosby Regents Chair in Design Technology Richard M. Isackes	College of Fine Arts Theatre and Dance  Associate Professor Sharon Grady (spouse)
8. College of Liberal Arts History Oliver H. Radky Regents Professor in History Robert H. Abzug	College of Liberal Arts History  Senior Lecturer Penne Restad (spouse)
9. College of Natural Sciences Section of Integrative Biology Professor and Dean of College of Natural Sciences Mary Ann Rankin	College of Natural Sciences Section of Neurobiology  Professor Wesley Thompson (spouse)
10. College of Natural Sciences Cellular and Molecular Biology Mr. and Mrs. Frank A. Smith, Jr. Regents Chair in Molecular Biology Alan Lambowitz	College of Natural Sciences Cellular and Molecular Biology  Assistant Professor Ellen Gottlieb (spouse)
11. College of Natural Sciences Molecular Cell and Developmental Biology Associate Professor David Stein	College of Natural Sciences Molecular Cell and Developmental Biology Research Assistant Professor Leslie Stevens (spouse)
12. College of Pharmacy Clinical Assistant Professor Jon T. Albrecht	College of Pharmacy Clinical Instructor Linda S. Albrecht (spouse)

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

<u>College, Department, Title, Name</u>	<u>College, Department, Title, Name</u>
13. College of Pharmacy Clinical Associate Professor Yui-Wing Lam	College of Pharmacy Clinical Assistant Professor Chi –Yim Chan-Lam (spouse)
14. College of Pharmacy George H. Hitchings Chair in Drug Design Hung-Wen Liu	College of Pharmacy  Research Associate Yung-Nan Liu (spouse)
15. College of Pharmacy Associate Professor Richard A. Morrisett	College of Pharmacy Research Associate Regina E. Maldve (spouse)
16. College of Pharmacy Clinical Assistant Professor Veronica C. Rudder	College of Pharmacy Clinical Instructor John W. Rudder (spouse)
17. College of Pharmacy Johnson & Johnson Centennial Fellow in Pharmacy Robert O. Williams III	College of Pharmacy  Director of Continuing Education Jill L. Williams (spouse)
18. Marine Science Institute Research Professor Lee A. Fuiman	Marine Science Institute Senior Office Assistant Linda T. Fuiman (spouse)
19. Bureau of Business Research Associate Director J. Bruce Kellison	Bureau of Business Research Editor II Sally J. Furgeson (spouse)
20. Information Technology Services Associate Director Joanna Russell	Information Technology Services Sr. Operating Systems Specialist James C. Cooley (spouse)
21. Texas Union General Services Assistant Director Blake Justice	Texas Union General Services Manager Laurie Langston Justice (spouse)

## NEW TENURE APPOINTMENTS AND PROMOTIONS WITHIN TENURE RANKS

The following personnel actions involving new tenure appointments and promotion within tenure ranks have been administratively approved by the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the 2006 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations*, Series 31007.

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>School of Architecture</b>		
Architecture and Planning		
Dean J. Almy	Assistant Professor (NT)	Associate Professor (T)
David D. Heymann	Associate Professor (T)	The Martin S. Kermacy Centennial Professor in Architecture and Distinguished Teaching Professor (T)
<b>College of Business</b>		
<b>Administration</b>		
Finance		
Andres Almazan	Assistant Professor (NT)	Associate Professor (T)
Robert Parrino	Associate Professor (T)	Professor (T)
Management		
Pamela R. Haunschild	Associate Professor (T)	Professor (T)
Marketing Administration		
Frenkel Ter Hofstede	Assistant Professor (NT)	Associate Professor (T)
<b>College of Communication</b>		
Advertising		
Wei-Na Lee	Associate Professor (T)	Professor (T)
Communication Sciences and Disorders		
Lisa M. Bedore	Assistant Professor (NT)	Associate Professor (T)
Radio-Television-Film		
David J. Phillips	Assistant Professor (NT)	Associate Professor (T)

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

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>College of Education</b>		
Curriculum and Instruction Anthony J. Petrosino	Assistant Professor (NT)	Associate Professor (T)
Educational Psychology Stephanie S. Rude	Associate Professor (T)	Professor (T)
Special Education Mark F. O'Reilly	Associate Professor (T)	Professor (T)
<b>College of Engineering</b>		
Aerospace Engineering Maruthi R. Akella	Assistant Professor (NT)	Associate Professor (T)
Noel T. Clemens	Associate Professor (T)	Professor (T)
David B. Goldstein	Associate Professor (T)	Professor (T)
Cesar A. Ocampo	Assistant Professor (NT)	Associate Professor (T)
Civil Engineering Chandra R. Bhat	Associate Professor (T)	Professor (T)
Kevin J. Folliard	Assistant Professor (NT)	Associate Professor (T)
Robert B. Gilbert	Associate Professor (T)	Professor (T)
Loukas F. Kallivokas	Assistant Professor (NT)	Associate Professor (T)
Lance Manuel	Assistant Professor (NT)	Associate Professor (T)
Electrical Engineering Brian L. Evans	Associate Professor (T)	Professor (T)
Margarida Jacome	Associate Professor (T)	Professor (T)
Scott Nettles	Assistant Professor (NT)	Associate Professor (T)
Leonard F. Register	Assistant Professor (NT)	Associate Professor (T)
Mechanical Engineering Shaochen Chen	Assistant Professor (NT)	Associate Professor (T)
Ofodike A. Ezekoye	Associate Professor (T)	Professor (T)
Omar N. Ghattas	New	John A. and Katherine G. Jackson Chair in Computational Geosciences (T)
John J. Hasenbein	Assistant Professor (NT)	Associate Professor (T)
Richard R. Neptune	Assistant Professor (T)	Associate Professor (T)

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

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>College of Fine Arts</b>		
Art and Art History		
Melvin L. Ziegler	Assistant Professor (NT)	Associate Professor (T)
Music		
James W. Buhler	Assistant Professor (NT)	Associate Professor (T)
Edward R. Pearsall	Assistant Professor (T)	Associate Professor (T)
Kevin M. Puts	Assistant Professor (NT)	Associate Professor (T)
<b>College of Liberal Arts</b>		
Anthropology		
Kamran Ali	Assistant Professor (NT)	Associate Professor (T)
Maria Franklin	Assistant Professor (NT)	Associate Professor (T)
Classics		
Timothy J. Moore	Associate Professor (T)	Professor (T)
Stephen A. White	Associate Professor (T)	Professor (T)
Geography		
Kelley A. Crews-Meyer	Assistant Professor (NT)	Associate Professor (T)
Germanic Studies		
Pascale R. Bos	Assistant Professor (NT)	Associate Professor (T)
Government		
David L. Leal	Assistant Professor (NT)	Associate Professor (T)
Raul L. Madrid	Assistant Professor (NT)	Associate Professor (T)
Linguistics		
Megan J. Crowhurst	Assistant Professor (NT)	Associate Professor (T)
Middle Eastern Studies		
Kamran S. Aghaie	Assistant Professor (NT)	Associate Professor (T)
Philosophy		
Joshua Dever	Assistant Professor (NT)	Associate Professor (T)
Tara A. Smith	Associate Professor (T)	Professor (T)

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

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>College of Liberal Arts (Continued)</b>		
Psychology		
Rebecca Bigler	Associate Professor (T)	Professor (T)
Kim Fromme	Associate Professor (T)	Professor (T)
Samuel D. Gosling	Assistant Professor (NT)	Associate Professor (T)
Bradley C. Love	Assistant Professor (NT)	Associate Professor (T)
Rhetoric and Composition		
Diane D. Davis	Assistant Professor (NT)	Associate Professor (T)
Slavic and Eurasian Studies		
Keith A. Livers	Assistant Professor (NT)	Associate Professor (T)
Sociology		
Mounira M. Charrad	Assistant Professor (NT)	Associate Professor (T)
Robert Crosnoe	Assistant Professor (NT)	Associate Professor (T)
Mark D. Hayward	New	Professor (T)
Spanish and Portuguese		
Dale A. Koike	Associate Professor (T)	Professor (T)
<b>College of Natural Sciences</b>		
Chemistry and Biochemistry		
Richard M. Crooks	New	Professor (T)
Edward M. Marcotte	Assistant Professor (NT)	Associate Professor (T)
John Tesmer	Assistant Professor (NT)	Associate Professor (T)
Computer Sciences		
Inderjit S. Dhillon	Assistant Professor (NT)	Associate Professor (T)
Kathryn S. McKinley	Associate Professor (T)	Professor (T)
Daniel P. Miranker	Associate Professor (T)	Professor (T)
Geological Sciences		
Zong-Liang Yang	Assistant Professor (NT)	Associate Professor (T)

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

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>College of Natural Sciences (Continued)</b>		
Human Ecology		
Edward R. Anderson	Assistant Professor (NT)	Associate Professor (T)
Stephen D. Hursting	New	Margaret McKean Love Chair in Nutrition, Cellular and Molecular Sciences (T)
Elizabeth A. Vandewater	Assistant Professor (NT)	Associate Professor (T)
Marine Science		
Henrietta N. Edmonds	Assistant Professor (NT)	Associate Professor (T)
Mathematics		
F. Rodriguez-Villegas	Associate Professor (T)	Professor (T)
Physics		
Todd Ditmire	Associate Professor (T)	Professor (T)
Section of Integrative Biology		
David Cannatella	Assistant Professor (NT)	Associate Professor (T)
Mathew A. Leibold	Associate Professor (T)	Professor (T)
<b>School of Nursing</b>		
Nursing		
Patricia A. Carter	Assistant Professor (NT)	Associate Professor (T)
Graham McDougall, Jr.	Associate Professor (T)	Professor (T)
Deborah L. Volker	Assistant Professor (NT)	Associate Professor (T)
<b>Lyndon B. Johnson School of Public Affairs</b>		
LBJ School of Public Affairs		
Jacqueline L. Angel	Associate Professor (T)	Professor (T)
<b>School of Social Work</b>		
Social Work		
Michael J. Ferguson	Assistant Professor (T)	Associate Professor (T)
Yolanda Padilla	Associate Professor (T)	Professor (T)
David W. Springer	Associate Professor (T)	Professor (T)

## 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*, Series 30103 and is submitted for approval by the U. T. System Board of Regents. It has been determined that the holding of this office or position is of benefit to the State of Texas and The University of Texas and there is no conflict between holding the position and the appointment of Dr. Iscoe with The University of Texas at Austin. By approval of this item, the Board is also asked to find that holding this position is of benefit to the State of Texas and The University of Texas and there is no conflict between the position and the University appointment.

- |               |   |
|---------------|---|
| Name:         | Dr. Neil A. Iscoe   |
| Title:        | Director, Office of Technology Commercialization  |
| Position:     | Member, Product Development and Small Business Incubator Board  |
| Period:       | February, 2005 through January, 2007  |
| Compensation: | None  |
| Description:  | The Honorable Rick Perry, Governor of the State of Texas, appointed Dr. Iscoe to serve as a member of the Product Development and Small Business Incubator Advisory Board. This Board advises the governor on matters of developing and writing the State Strategy for Advanced Technology, assists in the retention of International Sematech in Texas, and the establishment of the Advanced Materials Research Center. |

## OTHER MATTERS (CONTINUED)

### ITEM RELATED TO NAMING OF FACILITIES

The following item has been approved by the Executive Vice Chancellor for Academic Affairs and the Vice Chancellor for External Relations and is submitted for ratification to the U. T. System Board of Regents:

1. Facility: Phase I Building, Jack S. Blanton Museum of Art  
Corrected Name: From: Mari and James A. Michener Pavilion  
To: Mari and James A. Michener Gallery Building  
Justification: During preparation for building signage at the Blanton Museum, U. T. Austin discovered that this recommended building naming was approved by the U. T. System in August 2002 following the approval procedure for a space within the Museum rather than a building. Although not presented to the Board in 2002, the name has been in widespread use and mentioned in updates related to the Blanton Museum.

## U. T. BROWNSVILLE

### NEW TENURE APPOINTMENTS AND PROMOTIONS WITHIN TENURE RANKS

The following personnel actions involving new tenure appointments and promotion within tenure ranks have been administratively approved by the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the 2006 Annual Operating Budget of each institution and are consistent with the *Regents' Rules and Regulations*, Series 31007.

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>School of Business</b>		
Business Technology Janna Arney	Assistant Professor (NT)	Associate Professor (T)
James Holt	Assistant Professor (NT)	Associate Master Technical Instructor (T)
Accounting Dennis Ortiz	Assistant Professor (NT)	Associate Master Technical Instructor (T)
<b>College of Science</b>		
<b>Mathematics and Technology</b>		
Biological Sciences Alfredo Muñoz	Assistant Professor (T)	Master Technical Instructor (T)
Physics and Astronomy Natalia Guevara	Associate Professor (NT)	Associate Professor (T)
Terry Jay Phillips	Associate Professor (T)	Master Technical Instructor (T)
Mathematics Jerzy Mogilski	Associate Professor (NT)	Associate Professor (T)
<b>School of Education</b>		
Curriculum and Instruction Kathy Bussert-Webb	Assistant Professor (NT)	Associate Professor (T)
Steve Chamberlain	Assistant Professor (NT)	Associate Professor (T)

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

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>College of Liberal Arts</b>		
English and Communication		
Alan Church	Assistant Professor (NT)	Associate Professor (T)
Joe Colunga III	Assistant Professor (T)	Associate Master Technical Instructor (T)
Fine Arts		
Carol McNabb	Assistant Professor (NT)	Associate Professor (T)
Michael Quantz	Assistant Professor (NT)	Associate Professor (T)
Nancy Sclight	Associate Professor (T)	Professor (T)
Behavioral Sciences		
Ethel Cantu	Associate Professor (T)	Master Technical Instructor (T)
Scott Reid	Assistant Professor (NT)	Associate Professor (T)
Social Sciences		
Angelika Soldan	Assistant Professor (NT)	Associate Professor (T)

U. T. DALLAS

AMENDMENTS TO THE 2004-05 BUDGET

APPOINTMENTS AND PROMOTIONS

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

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
OFFICE OF ACADEMIC AFFAIRS AND OFFICE OF BUSINESS AFFAIRS					
1. Larry D. Terry (T)					698
From: Executive Vice Provost and Professor		100	12	142,000	
To: Executive Vice Provost and Interim Vice President for Business Affairs and Professor	6/1-8/31	100	12	163,000	
SCHOOL OF NATURAL SCIENCES AND MATHEMATICS					
Geosciences					
2. Franklyn G. Jenifer (T)					706
From: President and Professor		100	12	303,506	
To: Professor, Research Scientist Faculty, and Special Administrative Assignment	6/1-8/31	100	12	303,506	

## SALE OF UNIVERSITY-OWNED PROPERTY

The following sale of surplus property has been administratively approved by the Executive Vice Chancellor for Academic Affairs. A sale in the amount of \$100,000 or more requires approval by the U. T. System Board of Regents to comply with Regents' *Rules and Regulations*, Series 80201.

1. Item Sold: AMAT Centura 5200 System (plasma etch tool)  
Amount: \$258,000  
Purchaser: Capovani Brothers Inc.  
Explanation: This item was determined to no longer be needed.  
Method of Sale: Public sealed bid auction.

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

The following personnel action involving the appointment, reappointment, or promotion of relatives has been administratively approved by the Executive Vice Chancellor for Academic Affairs. The personnel action is consistent with the provisions of Chapter 573 of the *Texas Government Code* and the Regents' *Rules and Regulations*, Series 30106.

<u>College, Department, Title, Name</u>	<u>College, Department, Title, Name</u>
1. Office of the President President David E. Daniel	Office of the President Special Assistant Susan Daniel (spouse)*

\*Mrs. Daniel is not listed in the budget as she is appointed without compensation.

## NEW TENURE APPOINTMENTS AND PROMOTIONS WITHIN TENURE RANKS

The following personnel actions involving new tenure appointments and promotion within tenure ranks have been administratively approved by the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the 2006 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations*, Series 31007.

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>School of Arts and Humanities</b>		
Literary Studies		
Milton Cohen	Associate Professor (T)	Professor (T)
Painting		
John Pomera	Assistant Professor (NT)	Associate Professor (T)
<b>School of Behavioral and Brain Sciences</b>		
Communication Disorders		
Linda Thibodeau	Associate Professor (T)	Professor (T)
Developmental Psychology		
Marion Underwood	Associate Professor (T)	Professor (T)
<b>School of Engineering and Computer Science</b>		
Computer Science		
Jorge Cobb	Assistant Professor (NT)	Associate Professor (T)
Kang Zhang	Associate Professor (T)	Professor (T)
Electrical Engineering		
Andrea Fumagalli	Associate Professor (T)	Professor (T)
Moon Kim	Associate Professor (T)	Professor (T)
Jeong-Bong Lee	Assistant Professor (NT)	Associate Professor (T)
Jin Liu	Assistant Professor (NT)	Associate Professor (T)
Murat Torlak	Assistant Professor (NT)	Associate Professor (T)
<b>School of Management</b>		
Management		
Robert Kieschnick	Assistant Professor (NT)	Associate Professor (T)
Marketing		
Ashutosh Prasad	Assistant Professor (NT)	Associate Professor (T)

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

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>School of Management (Continued)</b>		
Organization and Strategy Orlando Richard	Assistant Professor (NT)	Associate Professor (T)
<b>School of Natural Sciences and Mathematics</b>		
Molecular Neurobiology Santosh D'Mello	Associate Professor (T)	Professor (T)
Chemistry Gregg Dieckmann	Assistant Professor (NT)	Associate Professor (T)
Molecular and Cell Biology Betty Pace	Associate Professor (T)	Professor (T)
Math Sciences Viswanath Ramakrishna	Associate Professor (T)	Professor (T)
<b>School of Social Sciences</b>		
Economics Susan McElroy	Associate Professor (NT)	Associate Professor (T)

## U. T. EL PASO

### APPOINTMENT, REAPPOINTMENT, OR PROMOTION OF RELATIVES

The following personnel actions involving the appointment, reappointment, or promotion of relatives have been administratively approved by the Executive Vice Chancellor for Academic Affairs. The personnel actions are consistent with the provisions of Chapter 573 of the *Texas Government Code* and the Regents' *Rules and Regulations*, Series 30106.

<u>College, Department, Title, Name</u>	<u>College, Department, Title, Name</u>
1. Intercollegiate Athletics Head Football Coach Michael Price	Intercollegiate Athletics Assistant Head Football Coach Aaron Price (son)
2. Intercollegiate Athletics Head Football Coach Michael Price	Intercollegiate Athletics Assistant Head Football Coach Eric Price (son)
3. College of Business Administration Institute for Policy and Economic Development Director Dennis Soden	College of Business Administration Institute for Policy and Economic Development Coordinator Janet Conary (spouse)

## NEW TENURE APPOINTMENTS AND PROMOTIONS WITHIN TENURE RANKS

The following personnel actions involving new tenure appointments and promotion within tenure ranks have been administratively approved by the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the 2006 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations*, Series 31007.

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>College of Education</b>		
Teacher Education		
Elaine Hampton	Assistant Professor (NT)	Associate Professor (T)
Sandra Hurley	Associate Professor (T)	Professor (T)
Cesar Rossatto	Assistant Professor (NT)	Associate Professor (T)
Mourat Tchoshanov	Associate Professor (T)	Professor (T)
<b>College of Engineering</b>		
Civil Engineering		
Vivek Tandon	Assistant Professor (NT)	Associate Professor (T)
Computer Science		
Ann Gates	Associate Professor (T)	Professor (T)
Patricia Teller	Associate Professor (T)	Professor (T)
Industrial Engineering		
Arunkumar Pennathur	Assistant Professor (NT)	Associate Professor (T)
Mechanical Engineering		
Ryan Wicker	Associate Professor (T)	Professor (T)
<b>College of Liberal Arts</b>		
Art		
Vincent Burke	Assistant Professor (NT)	Associate Professor (T)
Communication		
Thomas Ruggiero	Assistant Professor (NT)	Associate Professor (T)
English		
David Ruiter	Assistant Professor (NT)	Associate Professor (T)
History		
Paul Edison	Assistant Professor (NT)	Associate Professor (T)

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

College, Department, and Name                      From                      To

**College of Liberal Arts (Continued)**

Languages and Linguistics

Sandra Garabano                      Assistant Professor (NT)    Associate Professor (T)

Music

Charles Leinberger                      Assistant Professor (NT)    Associate Professor (T)

Psychology

Wendy Francis                      Assistant Professor (NT)    Associate Professor (T)

Osvaldo Morera                      Assistant Professor (NT)    Associate Professor (T)

James Wood                      Associate Professor (T)    Professor (T)

Theatre, Dance and Film

Joel Murray                      Assistant Professor (NT)    Associate Professor (T)

**College of Science**

Biological Science

Lisa Bain                      Assistant Professor (NT)    Associate Professor (T)

William Baldwin                      Assistant Professor (NT)    Associate Professor (T)

Geological Science

Christopher Andronicos                      Assistant Professor (NT)    Associate Professor (T)

Aaron Velasco                      Associate Professor (NT)    Associate Professor (T)

**U. T. PAN AMERICAN**  
**AMENDMENTS TO THE 2004-05 BUDGET**

**APPOINTMENTS AND PROMOTIONS**

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

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
COLLEGE OF ARTS AND HUMANITIES Communication Department					
1. Jeffrey Scott McQuillen (T)					651
From: Associate Professor		100	09	54,551	
To: Associate Professor	9/1-5/31	100	09	54,551	
Interim Department Chair	1/1-5/31	SUPLT	05	1,000	

## OTHER FISCAL ITEMS

### EMPLOYMENT AGREEMENTS

The following agreement has been awarded, has been approved by the Executive Vice Chancellor for Academic Affairs, and is recommended for approval by the U. T. System 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, and the *Rules and Regulations* of the Board of Regents of The University of Texas System and the policies of The University of Texas – Pan American. The violation of the provisions of such constitution, bylaws, rules or regulations shall be grounds for suspension without pay or dismissal.

1. Item: Head Men's Basketball Coach  
Funds: \$69,999 annually  
Period: April 1, 2005 through March 31, 2006  
Description: Agreement for employment of Head Men's Basketball Coach, Robert Davenport, for the above designated period following the standard coach's employment contract prepared by the Office of General Counsel.

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

The following personnel action involving the appointment, reappointment, or promotion of relatives has been administratively approved by the Executive Vice Chancellor for Academic Affairs. The personnel action is consistent with the provisions of Chapter 573 of the *Texas Government Code* and the Regents' *Rules and Regulations*, Series 30106.

<u>College, Department, Title, Name</u>	<u>College, Department, Title, Name</u>
1. Enrollment and Student Services Associate Vice President for Enrollment and Student Services Dennis McMillan	Enrollment and Student Services Academic Advisement Center Director Lise Blankenship (spouse)

## NEW TENURE APPOINTMENTS AND PROMOTIONS WITHIN TENURE RANKS

The following personnel actions involving new tenure appointments and promotion within tenure ranks have been administratively approved by the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the 2006 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations*, Series 31007.

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>College of Arts and Humanities</b>		
Modern Languages		
Maria Guadalupe Cortina	Assistant Professor (NT)	Associate Professor (T)
Glenn Martinez	Associate Professor (NT)	Associate Professor (T)
Art		
Reynaldo I. Santiago	Associate Professor (NT)	Associate Professor (T)
Communication		
Eric B. Wiley	Assistant Professor (NT)	Associate Professor (T)
Music		
Peter Paul Dabrowski	Assistant Professor (NT)	Associate Professor (T)
Wendell Ricky Davis	Assistant Professor (NT)	Associate Professor (T)
<b>College of Business</b>		
<b>Administration</b>		
Accounting and Business Law		
Stephen Owusu-Ansah	Assistant Professor (NT)	Associate Professor (T)
CIS and Quantitative Methods		
Martin Feinberg	Assistant Professor (NT)	Associate Professor (T)
Claude L. Simpson, Jr.	Assistant Professor (NT)	Associate Professor (T)
Economics and Finance		
Jose A. Pagan	Associate Professor (T)	Professor (T)
Management, Marketing and International Business		
Arturo Vasquez	Associate Professor (T)	Professor (T)
Penny M. Simpson	Assistant Professor (NT)	Associate Professor (T)
<b>College of Education</b>		
Curriculum and Instruction		
Leonides Gomez	Associate Professor (T)	Professor (T)

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

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>College of Education (Continued)</b>		
Educational Leadership Karen Marie Watt	Assistant Professor (NT)	Associate Professor (T)
Educational Psychology Marie Vanja Simonsson	Assistant Professor (NT)	Associate Professor (T)
Liang Zeng	Assistant Professor (NT)	Associate Professor (T)
<b>College of Health Sciences and Human Services</b>		
Occupational Therapy Program Angela E. Scoggin	Associate Professor (T)	Professor (T)
Rehabilitative Services Eva Lee Miller	Assistant Professor (NT)	Associate Professor (T)
Social Work Noe Ramirez	Assistant Professor (NT)	Associate Professor (T)
<b>College of Science and and Engineering</b>		
Physics and Geology Muhammad I. Bhatti	Associate Professor (T)	Professor (T)
AHM Abdul Hannan	Assistant Professor (NT)	Associate Professor (T)
Chemistry Elamin ElHussein Ibrahim	Assistant Professor (NT)	Associate Professor (T)
Manufacturing Engineering Douglas H. Timmer	Assistant Professor (NT)	Associate Professor (T)
Mathematics Andras Balogh	Assistant Professor (NT)	Associate Professor (T)
Vladimir V. Varlamov	Assistant Professor (NT)	Associate Professor (T)
<b>College of Social and Behavioral Sciences</b>		
Criminal Justice George S. Vincentnathan	Associate Professor (NT)	Professor (T)
Psychology and Anthropology Servando Z. Hinojosa	Assistant Professor (NT)	Associate Professor (T)

## **U. T. PERMIAN BASIN**

### **AFFILIATION AGREEMENTS**

The following nonstandard affiliation agreement has been administratively approved as to form and content by the City of Andrews, Texas, and Odessa College. The University of Texas of the Permian Basin will collaborate with Odessa College to deliver courses and programs to the City of Andrews Business and Technology Center. The City owns the facility. Odessa College will manage the facility. U. T. Permian Basin will deliver selected upper-level courses and programs starting in January 2006.

1. Facility: City of Andrews, Texas  
Date: Effective May 13, 2005  
Purpose: U. T. Permian Basin and Odessa College will cosponsor higher education and vocational/technical training in the Andrews Business and Technology Center.

**AMENDMENTS TO THE 2004-05 BUDGET**

**APPOINTMENTS AND PROMOTIONS**

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

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
<b>SCHOOL OF BUSINESS</b>					
1. Corbett Gauden (T)					714
From: Professor and Project Director		75 25	09 12	82,222 109,630	
To: Project Director and Assistant Dean School of Business	6/1-8/31	50	12	109,630	
<b>STUDENT SERVICES</b>					
2. Susan Lara (T)					731
From: Interim Vice President for Student Services and Professor	1/5-6/19 9/1-5/31	100 0	12 9	95,000 61,002	
To: Vice President for Student Services and Professor	6/20-8/31 9/1-5/31	100 0	12 9	97,850 61,002	

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

**TRANSFERS OF FUNDS**

<u>Description</u>	<u>\$ Amount</u>	<u>RBC #</u>
Center for Energy and Economic Development (CEED)		
3. Amount of Transfer:	73,338	713

From: Library, Equipment, Repair and Rehabilitation – Swimming Pool Enclosure  
Library, Equipment, Repair and Rehabilitation – CEED Water System

To: Industrial Tech Program

Transfer funds to equip an industrial technology program laboratory. Industrial technology is the study of the science and practice of operating and maintaining complex technical systems for the oil and gas industry, manufacturing, and fabrication plants.

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

The following personnel actions involving the appointment, reappointment, or promotion of relatives have been administratively approved by the Executive Vice Chancellor for Academic Affairs. The personnel actions are consistent with the provisions of Chapter 573 of the *Texas Government Code* and the Regents' *Rules and Regulations*, Series 30106.

<u>College, Department, Title, Name</u>	<u>College, Department, Title, Name</u>
1. Office of the President President  W. David Watts	Office of the President Associate to the Chief Administrative Officer Denise Watts (spouse)*
2. Learning Resource Center Director Charlene Shults	Learning Resource Center Professional Librarian Terrance Shults (spouse)
3. Information Resources Division Assistant Vice President/Director J. Keith Yarbrough	Information Resources Division System Analyst II Mary Yarbrough (spouse)
4. College of Arts & Sciences Interim Dean Lois Hale	College of Arts & Sciences Professor/Director of REACH Doug Hale (spouse)

\*Mrs. Watts is not listed in the budget as she is appointed without compensation.

## NEW TENURE APPOINTMENTS AND PROMOTIONS WITHIN TENURE RANKS

The following personnel actions involving new tenure appointments and promotion within tenure ranks have been administratively approved by the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the 2006 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations*, Series 31007.

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>Behavioral Science</b>		
Kinesiology Pat Sherblom	Assistant Professor (NT)	Associate Professor (T)
<b>Humanities and Fine Arts</b>		
English Mark Wildermuth	Associate Professor (T)	Professor (T)
History J. Tillapaugh	Associate Professor (T)	Professor (T)
<b>Science and Math</b>		
Biology Gae Kovalick	Assistant Professor (NT)	Associate Professor (T)
Chemistry Kyle Beran	Assistant Professor (NT)	Associate Professor (T)
<b>Education</b>		
Karen S. Smith	Assistant Professor (NT)	Associate Professor (T)

## **U. T. SAN ANTONIO**

### **CONTRACTS**

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

#### **GENERAL CONTRACTS**

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

1. Agency: The Texas Department of Transportation (TXDOT)  
Funds: \$3,298,780  
Period: July 1, 2005 through June 30, 2025  
Description: Lease of property (12.205 acres) owned by TXDOT, located under IH-35 and adjacent to the U. T. San Antonio Downtown Campus, for use as a parking facility with approximately 1180 spaces.

## FEEES AND MISCELLANEOUS CHARGES

### ATHLETIC FEE

Approval is recommended for the following increase in the athletic fee to be effective beginning with the Spring Semester 2006. The statutory requirements for involvement of a student services fees committee have been met. The fee has been administratively approved by the Executive Vice Chancellor for Academic Affairs.

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

	<u>Current Rates \$</u>	<u>Proposed Rates \$</u>	<u>Percent Increase</u>
<u>For each regular semester</u>			
Per Semester Credit Hour	7	9	28.57
Maximum	84	108	28.57
<u>For summer session</u>			
Per Semester Credit Hour	7	9	28.57
Maximum for 10 week session	84	108	28.57
Maximum for 5 week session	42	54	28.57

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

The following personnel actions involving the appointment, reappointment, or promotion of relatives have been administratively approved by the Executive Vice Chancellor for Academic Affairs. The personnel actions are consistent with the provisions of Chapter 573 of the *Texas Government Code* and the Regents' *Rules and Regulations*, Series 30106.

<u>College, Department, Title, Name</u>	<u>College, Department, Title, Name</u>
1. Office of the President  President Ricardo Romo	College of Liberal and Fine Arts Sociology Associate Professor Harriett D. Romo (spouse)
2. Office of Provost and Executive Vice President for Academic Affairs Provost and Executive Vice President for Academic Affairs Guy Bailey	College of Liberal and Fine Arts English, Classics and Philosophy Associate Professor  Janevlyn Tillery (spouse)
3. College of Liberal and Fine Arts English, Classics and Philosophy Department Chair Bernadette Andrea	College of Liberal and Fine Arts English, Classics and Philosophy Professor Ben V. Olguin (spouse)
4. College of Sciences Biology Associate Professor Matthew J. Gdovin	College of Sciences Biology Technical Staff Assistant II Ralph Gdovin (brother)
5. College of Sciences Biology Assistant Professor Garry Sunter	College of Sciences Biology Research Science Associate I Janet Sunter (daughter)

## NEW TENURE APPOINTMENTS AND PROMOTIONS WITHIN TENURE RANKS

The following personnel actions involving new tenure appointments and promotion within tenure ranks have been administratively approved by the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the 2006 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations*, Series 31007.

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>College of Business</b>		
Accounting		
Richard Hatfield	Assistant Professor (NT)	Associate Professor (T)
Austin Reitenga	Assistant Professor (NT)	Associate Professor (T)
Economics		
Fathali Firoozi	Associate Professor (T)	Professor (T)
Marketing		
Tina Lowery	Associate Professor (T)	Professor (T)
L. J. Shrum	Associate Professor (T)	Professor (T)
<b>College of Education and Human Development</b>		
Bicultural-Bilingual Studies		
Ellen Clark	Associate Professor (T)	Professor (T)
Josephine Mendez-Negrete	Assistant Professor (NT)	Associate Professor (T)
Educational Leadership and Policy Studies		
Betty Merchant	Associate Professor (T)	Professor (T)
David P. Thompson	Associate Professor (T)	Professor (T)
<b>College of Engineering</b>		
Civil Engineering		
Chunjiang Qian	Assistant Professor (NT)	Associate Professor (T)
<b>College of Liberal and Fine Arts</b>		
Communication		
Ali Kanso El-Ghori	Associate Professor (T)	Professor (T)
English, Classics and Philosophy		
Xunwu Chen	Assistant Professor (NT)	Associate Professor (T)
Catherine Kasper	Assistant Professor (NT)	Associate Professor (T)

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

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>College of Liberal and Fine Arts (Continued)</b>		
History Greg Michel	Assistant Professor (NT)	Associate Professor (T)
Sociology Raquel Marquez	Assistant Professor (NT)	Associate Professor (T)
Political Science and Geography Amy Jaspersen Melvin Laracey	Assistant Professor (NT) Assistant Professor (NT)	Associate Professor (T) Associate Professor (T)
<b>College of Public Policy</b>		
Criminal Justice Patricia Harris	Associate Professor (T)	Professor (T)
<b>College of Science</b>		
Biology Bernard Arulanandam	Assistant Professor (NT)	Associate Professor (T)
Chemistry Hyunsoo Han	Assistant Professor (NT)	Associate Professor (T)
Physics and Astronomy Liao Chen	Associate Professor (T)	Professor (T)
<b>School of Architecture</b>		
Maresh Senagala	Assistant Professor (NT)	Associate Professor (T)

**U. T. TYLER**

**FEEES AND MISCELLANEOUS CHARGES**

**STUDENT UNION FEES**

Approval is recommended for the following student union fees to be effective beginning with the Spring Semester of 2006. The statutory requirements for involvement of a student services fee committee have been met. The fees have been administratively approved by the Executive Vice Chancellor for Academic Affairs.

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

	<u>Current Rates \$</u>	<u>Proposed Rates \$</u>	<u>Percent Increase</u>
<u>For each regular semester</u>			
Per student (headcount fee)	n/a	100	n/a
<u>For each summer session</u>			
Per student (headcount fee) Six weeks or fewer	n/a	50	n/a

Note: Proceeds from the fee will be used to renovate and expand the existing University Center building with the primary purpose of creating a student dining facility.

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

The following personnel action involving the appointment, reappointment, or promotion of relatives has been administratively approved by the Chancellor. This personnel action is consistent with the provisions of Chapter 573 of the *Texas Government Code* and the Regents' *Rules and Regulations*, Series 30106.

<u>College, Department, Title, Name</u>	<u>College, Department, Title, Name</u>
1. Office of the President President Rodney H. Mabry	Special Associate Barbara M. Mabry (spouse)*

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

## NEW TENURE APPOINTMENTS AND PROMOTIONS WITHIN TENURE RANKS

The following personnel actions involving new tenure appointments and promotion within tenure ranks have been administratively approved by the Executive Vice Chancellor for Academic Affairs. The personnel actions have been included in the 2006 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations*, Series 31007.

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>College of Education</b>		
Educational Leadership and Policy Studies Peggy Gill	Assistant Professor (NT)	Associate Professor (T)
Early Childhood Reading and Special Education Amy Griffith	Assistant Professor (NT)	Associate Professor (T)
<b>College of Arts &amp; Sciences</b>		
Literature & Languages Luke Niiler	Assistant Professor (NT)	Associate Professor (T)
Biology Darrell Pogue	Assistant Professor (NT)	Associate Professor (T)
Mathematics Nathan Smith	Assistant Professor (NT)	Associate Professor (T)
Chemistry Brian Taylor	Assistant Professor (NT)	Associate Professor (T)
<b>College of Nursing</b>		
Nursing Danita Alfred	Assistant Professor (NT)	Associate Professor (T)
Nursing Susan Yarbrough	Assistant Professor (NT)	Associate Professor (T)

## U. T. SOUTHWESTERN MEDICAL CENTER - DALLAS

### CONTRACTS

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

#### GENERAL CONTRACTS

##### FUNDS COMING IN

1. Agency: Dallas County Hospital District  
Funds: \$46,894,185  
Period: March 1, 2005 through September 30, 2005  
Description: To provide professional services.

## AMENDMENTS TO THE 2004-05 BUDGET

### APPOINTMENTS AND PROMOTIONS

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

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
SOUTHWESTERN MEDICAL SCHOOL					
Pediatrics					
1. Julio Perez-Fontan (T)					671
From: Professor		100	12	300,000	
To: Professor, Joel B. Steinberg, M.D. Chair in Pediatrics	4/18-8/31	100	12	300,000	
2. Deepak Srivastava (T)					672
From: Professor, Joel B. Steinberg, M.D. Chair in Pediatrics, and Pogue Distinguished Chair in Research on Cardiac Birth Defects		100	12	170,000	
To: Professor, Pogue Distinguished Chair in Research on Cardiac Birth Defects	4/15-8/31	100	12	170,000	
Psychiatry					
3. Dwight Charles German (T)					691
From: Professor, Carl J. and Hortense M. Thomsen Chair in Alzheimer's Disease Research		100	12	125,700	
To: Professor	6/1-8/31	100	12	125,700	

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

**APPOINTMENTS AND PROMOTIONS (CONTINUED)**

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
SOUTHWESTERN MEDICAL SCHOOL (Continued)					
Molecular Biology					
4. Eric N. Olson (T)					699
From: Professor, Robert A. Welch Distinguished Chair in Science, and Director of the Nancy B. and Jake L. Hamon Center for Basic Research in Cancer		100	12	320,000	
To: Professor, Robert A. Welch Distinguished Chair in Science, Director of the Nancy B. and Jake L. Hamon Center for Basic Research in Cancer, and the Annie and Willie Nelson Professorship in Stem Cell Research	6/1-8/31	100	12	320,000	
Pharmacology					
5. Joel Mitchell Goodman (T)					700
From: Professor		100	12	112,000	
To: Professor, Jan and Bob Bullock Distinguished Chair for Science Education	6/1-8/31	100	12	112,000	

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

**APPOINTMENTS AND PROMOTIONS (CONTINUED)**

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
SOUTHWESTERN MEDICAL SCHOOL (Continued)					
Office of the Dean					
6. Alfred G. Gilman (T)					732
From: Professor, Chairman of Pharmacology, Interim Dean of Southwestern Medical School, Raymond and Ellen Willie Distinguished Chair in Molecular Neuropharmacology in Honor of Harold B. Crasilneck, Ph.D., Regental Professor, Atticus James Gill, M.D. Chair in Medical Science, and Nadine and Tom Craddick Distinguished Chair in Medical Science		100	12	445,000	
To: Dean of Southwestern Medical School, Professor, Chairman of Pharmacology, Raymond and Ellen Willie Distinguished Chair in Molecular Neuropharmacology in Honor of Harold B. Crasilneck, Ph.D., Regental Professor, Atticus James Gill, M.D. Chair in Medical Science, and Nadine and Tom Craddick Distinguished Chair in Medical Science	6/1-8/31	100	12	445,000	

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

The following personnel actions involving the appointment, reappointment, or promotion of relatives have been administratively approved by the Executive Vice Chancellor for Health Affairs. The personnel actions are consistent with the provisions of Chapter 573 of the *Texas Government Code* and the Regents' *Rules and Regulations*, Series 30106.

<u>College, Department, Title, Name</u>	<u>College, Department, Title, Name</u>
1. Office of the President President C. Kern Wildenthal	Special Assistant Margaret Wildenthal (spouse)*
2. St. Paul University Hospital Director, Pharmacy Services Susan M. Sham	St. Paul University Hospital Coordinator, Clinical Pharmacy Kenny S. Sham (spouse)
3. Department of Physiology From: Associate Professor  To: Professor Kristine E. Kamm	Department of Physiology Chairman James Stull (spouse)
4. Department of Orthopaedic Surgery From: Associate Professor  To: Professor Mary Beth Ezaki	Department of Orthopaedic Surgery Chairman Robert Bucholz (spouse)

\*Mrs. Wildenthal is not listed in the budget as she is appointed without compensation.

## NEW TENURE APPOINTMENTS AND PROMOTIONS WITHIN TENURE RANKS

The following personnel actions involving new tenure appointments and promotion within tenure ranks have been administratively approved by the Executive Vice Chancellor for Health Affairs. The personnel actions have been included in the 2006 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations*, Series 31007.

College, Department, and Name	From	To
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### SOUTHWESTERN MEDICAL SCHOOL

#### Anesthesiology and Pain Management

Charles W. Whitten	Professor (NT)	Professor (T)
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#### Biochemistry

Patrick G. Harran	Associate Professor (T)	Professor (T)
Michael K. Rosen	Associate Professor (T)	Professor (T)
Yingming Zhao	Assistant Professor (NT)	Associate Professor (T)

#### Center for Basic Neuroscience

Ege T. Kavalali	Assistant Professor (NT)	Associate Professor (T)
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#### Center for Immunology

Iwona T. Stroynowski	Associate Professor (T)	Professor (T)
Nicolai S. C. Van Oers	Assistant Professor (NT)	Associate Professor (T)

#### Internal Medicine

Richard J. Auchus	Assistant Professor (NT)	Associate Professor (T)
Jonathan C. Cohen	Associate Professor (T)	Professor (T)
Craig G. Crandall	Associate Professor (NT)	Associate Professor (T)
Stephen R. Hammes	Assistant Professor (NT)	Associate Professor (T)
Orson W. Moe	Associate Professor (T)	Professor (T)
Stuart J. Spechler	Professor (NT)	Professor (T)
Gail D. Thomas	Assistant Professor (NT)	Associate Professor (T)

#### Molecular Biology

Zhijizn "James" Chen	Associate Professor (T)	Professor (T)
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#### Neurology

Elliot M. Frohman	Associate Professor (NT)	Professor (T)
Susan T. Iannaccone	Professor (NT)	Professor (T)

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

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
Physiology Paul Blount	Assistant Professor (NT)	Associate Professor (T)
Psychiatry Patricia Suppes	Associate Professor (NT)	Professor (T)
Surgery Jason B. Fleming	Assistant Professor (NT)	Associate Professor (T)
A. Marilyn Leitch	Professor (NT)	Professor (T)
Ohwofiemu E. Nwariaku	Assistant Professor (NT)	Associate Professor (T)

## U. T. MEDICAL BRANCH – GALVESTON

### GIFTS

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

1. Donor Name: W. M. Keck Foundation  
College/School/ Department: School of Medicine  
Purpose: Grant to establish the W. M. Keck Center for Virus Imaging.  
Asset Type: Cash  
Value: \$1,700,000
  
2. Donor Name: Cynthia and George Mitchell Foundation  
College/School/ Department: School of Medicine  
Purpose: Five-year grant to fund the George P. and Cynthia Woods Mitchell Center for Alzheimer's Disease Research. Payment in the amount of \$500,000 was received on June 29, 2004. The second installment will be issued in June 2005.  
Asset Type: Cash  
Value: \$2,500,000
  
3. Donor Name: George P. Mitchell  
College/School/ Department: School of Medicine  
Purpose: Pledge to support the implementation of the Drug Discovery and Development Program in order to accelerate new drugs in the fight against Alzheimer's Disease. Payment in the amount of \$1,000,000 was received on May 26, 2005. The balance to be paid September 1, 2005.  
Asset Type: Cash  
Value: \$2,000,000

## CONTRACTS

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

### GENERAL CONTRACTS

#### FUNDS GOING OUT

1. Agency: BFI Waste Services of Texas, LLP  
Funds: \$2,138,090  
Period: April 1, 2005 through March 31, 2008  
Description: BFI Waste Services of Texas, LLP will collect, transport, dispose, and process waste and recyclable materials generated by U. T. Medical Branch – Galveston. BFI was selected following a competitive bid process.
  
2. Agency: The University of Texas at Austin  
Funds: \$1,500,000  
Period: April 1, 2005 through March 31, 2015  
Description: U. T. Austin and U. T. Medical Branch – Galveston will offer a dual program that will be highly competitive and selective and will culminate in the award of a Ph.D. degree in Biomedical Engineering, Cell and Molecular Biology, or Neuroscience from U. T. Austin and an M.D. degree from U. T. Medical Branch – Galveston.

**AMENDMENTS TO THE 2004-05 BUDGET**

**APPOINTMENTS AND PROMOTIONS**

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

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
<b>SCHOOL OF MEDICINE</b>					
Human Biological Chemistry and Genetics; Marine Biomedical Institute; Sealy Center for Molecular Science					
1. Jose R. Perezpolo (T)					692
From: Professor and Chair; Adjunct Member; Acting Director		85.72	12	230,000	
To: I. H. Kempner Professorship In Human Genetics, Professor and Chair; Adjunct Member; Acting Director	4/1-8/31	85.72	12	230,000	
<b>SCHOOL OF NURSING</b>					
Associate Dean for Research, Constance Brewer Roomey Professorship in Nursing, and Professor					
2. Elizabeth A. Reifsnider (T)	1/1-8/31	100	12	120,000	766

## FEES AND MISCELLANEOUS CHARGES

### HOUSING RATES

(including Apartments, Dormitory Rooms, Residence Halls)

Approval is recommended for the following housing rates to be effective beginning with the Fall Semesters 2005 and 2006. The proposed rates are consistent with applicable statutory requirements under Section 55.16 of the *Texas Education Code* and have been administratively approved by the Executive Vice Chancellor for Health Affairs.

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

	<u>Current Rates \$</u>	<u>Proposed Rates \$</u>	<u>Percent Increase</u>
Fall Semester 2005			
<u>Per Month</u>			
<u>Dormitory &amp; Apartments</u>			
Private Dorm Rooms	285	320	12.28
Semi-private Dorm Rooms	215	240	11.63
Semi-private Apartments	285	315	10.53
Fall Semester 2006			
<u>Per Month</u>			
<u>Dormitory &amp; Apartments</u>			
Private Dorm Rooms	320	350	9.38
Semi-private Dorm Rooms	240	265	10.42
Semi-private Apartments	315	345	9.52

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

The following personnel actions involving the appointment, reappointment, or promotion of relatives have been administratively approved by the Executive Vice Chancellor for Health Affairs. The personnel actions are consistent with the provisions of Chapter 573 of the *Texas Government Code* and the Regents' *Rules and Regulations*, Series 30106.

<u>College, Department, Title, Name</u>	<u>College, Department, Title, Name</u>
1. Office of the President President John D. Stobo, M.D.	Office of the President Special Assistant Mary Ann Stobo (spouse)*
2. Catering Catering Chef Rey Lopez	Catering Cook Pedro Almazan (brother-in-law)
3. Correctional Managed Care Cluster Dental Director John Stephens	Correctional Managed Care Facility Cluster Dentist Deborah Stephens (spouse)
4. Information Services Manager, Information Systems  William D. Copado	Information Services Shift Supervisor, Computer Operations Michael Rendon (brother-in-law)
5. School of Medicine Anesthesiology Professor Daniel L. Traber	School of Medicine Anesthesiology Laboratory Supervisor Lillian D. Traber (spouse)
6. School of Medicine Human Biological Chemistry and Genetics Professor David W. Bolen	School of Medicine Human Biological Chemistry and Genetics Research Technician Cassandra L. Bolen (spouse)
7. School of Medicine Human Biological Chemistry and Genetics Professor Werner Brown	School of Medicine Human Biological Chemistry and Genetics Senior Scientist Catherine H. Braun-Schein (spouse)

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

<u>College, Department, Title, Name</u>	<u>College, Department, Title, Name</u>
8. School of Medicine (Continued) Human Biological Chemistry and Genetics Professor James C. Lee	School of Medicine (Continued) Human Biological Chemistry and Genetics Senior Research Associate Lucy L. Lee (spouse)
9. School of Medicine Human Biological Chemistry and Genetics Professor Bruce Luxon	School of Medicine Human Biological Chemistry and Genetics Office Supervisor Jacqueline Luxon (spouse)
10. School of Medicine Human Biological Chemistry and Genetics Professor John Papaconstantinou	School of Medicine Human Biological Chemistry and Genetics Research Assistant I Eugenia T. Papaconstantinou (spouse)
11. School of Medicine Human Biological Chemistry and Genetics Professor & Chair Ad-Interim Jose R. Perezpolo	School of Medicine Human Biological Chemistry and Genetics Research Associate II Karin Werrbach-Perez (spouse)
12. School of Medicine Microbiology Associate Professor Vladimer Motin	School of Medicine Microbiology Assistant Professor Research Sadhana Chauhan (spouse)
13. School of Medicine Neuroscience and Cell Biology Professor Phillip Palade	School of Medicine Neuroscience and Cell Biology Senior Research Associate Christine Dettbarn-Palade (spouse)

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

<u>College, Department, Title, Name</u>	<u>College, Department, Title, Name</u>
14. School of Medicine (Continued) Pathology Professor Robert Tesh	School of Medicine (Continued) Pathology Research Associate I Hilda Guzman (spouse)
15. School of Medicine Pathology Associate Professor Charles Fulhorst	School of Medicine Pathology Research Associate I Mary Louise Milazzo (spouse)
16. School of Medicine Pathology Associate Professor Stephen Higgs	School of Medicine Pathology Research Associate I Dana Vanlandingham (spouse)
17. School of Medicine Physiology and Biophysics Associate Professor Owen Hamill	School of Medicine Physiology and Biophysics Assistant Professor Rosario Maroto (spouse)
18. School of Medicine Physiology and Biophysics Professor Simon Lewis	School of Medicine Physiology and Biophysics Research Associate I Jamie Lewis (spouse)

\*Mrs. Stobo is not listed in the budget as she is appointed without compensation.

## NEW TENURE APPOINTMENTS AND PROMOTIONS WITHIN TENURE RANKS

The following personnel actions involving new tenure appointments and promotion within tenure ranks have been administratively approved by the Executive Vice Chancellor for Health Affairs. The personnel actions have been included in the 2006 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations*, Series 31007.

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>School of Allied Health</b>		
Occupational Therapy Gretchen Van Mater Stone	New	Associate Professor (T)
<b>School of Medicine</b>		
Human Biological Chemistry and Genetics		
Michael N. Cornforth	Associate Professor (T)	Professor (T)
Ella Englander	Associate Professor (NT)	Associate Professor (T)
Claudio Soto-Jara	Professor (NT)	Professor (T)
Danxia Liu	Professor (NT)	Professor (T)
Gopalrao Velagaleti	Associate Professor (NT)	Associate Professor (T)
Internal Medicine		
Daryl T.Y. Lau	Assistant Professor (NT)	Associate Professor (T)
Steven A. Lieberman	Associate Professor (T)	Professor (T)
Joan E. Nichols	Assistant Professor (NT)	Associate Professor (T)
Microbiology and Immunology		
Ilya Frolov	Associate Professor (NT)	Associate Professor (T)
Nigel Bourne	Associate Professor (NT)	Associate Professor (T)
Gregg N. Milligan	Associate Professor (NT)	Associate Professor (T)
Joan E. Nichols	Assistant Professor (NT)	Associate Professor (T)
Neurology		
Danxia Liu	Professor (NT)	Professor (T)
Claudio Soto-Jara	Professor (NT)	Professor (T)
Neuroscience and Cell Biology		
Volker E. Neugebauer	Associate Professor (NT)	Associate Professor (T)
Claudio Soto-Jara	Professor (NT)	Professor (T)
Ping Wu	Associate Professor (NT)	Associate Professor (T)

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

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>School of Medicine (Continued)</b>		
Obstetrics & Gynecology		
Daniel M. Breitkopf	Assistant Professor (NT)	Associate Professor (T)
Concepcion Diaz-Arrastia	Assistant Professor (NT)	Associate Professor (T)
Margie A. Kahn	Assistant Professor (NT)	Associate Professor (T)
Pathology		
Juan P. Olano	Assistant Professor (NT)	Associate Professor (T)
John R. Petersen	Associate Professor (T)	Professor (T)
Michael B. Smith	Assistant Professor (NT)	Associate Professor (T)
Gopalrao Velagaleti	Associate Professor (NT)	Associate Professor (T)
Pediatrics		
Nigel Bourne	Associate Professor (NT)	Associate Professor (T)
Gregg N. Milligan	Associate Professor (NT)	Associate Professor (T)
Gopalrao Velagaleti	Associate Professor (NT)	Associate Professor (T)
Pharmacology and Toxicology		
Cornelis J. Elferink	Assistant Professor (NT)	Associate Professor (T)
Geoffrey T. Swanson	Assistant Professor (NT)	Associate Professor (T)
Jingwu Xie	Assistant Professor (NT)	Associate Professor (T)
Radiation Oncology		
Michael N. Cornforth	Associate Professor (T)	Professor (T)
Sandra S. Hatch	Associate Professor (T)	Professor (T)
Surgery		
Ella Englander	Associate Professor (NT)	Associate Professor (T)
Margie A. Kahn	Assistant Professor (NT)	Associate Professor (T)
William J. Mileski	Associate Professor (T)	Professor (T)
Roger R. Thronson	Associate Professor (NT)	Associate Professor (T)
<b>School of Nursing</b>		
Judith C. Drew	Associate Professor (T)	Professor (T)
Diane M. Heliker	Associate Professor (T)	Professor (T)

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

**AMENDMENTS TO THE 2004-05 BUDGET**

**APPOINTMENTS AND PROMOTIONS**

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

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
<b>SCHOOL OF NURSING</b>					
General Instruction					
1. Christine Brosnan (T)					659
From: Interim Assistant Dean, Chair, and Associate Professor School of Public Health Management and Policy Sciences Associate Professor					
		100	12	80,000	
		SUPLT	12	5,000	
To: School of Nursing General Instruction Interim Executive Associate Dean and Associate Professor School of Public Health Management and Policy Sciences Associate Professor					
	5/1-8/31	100	12	80,000	
	5/1-8/31	SUPLT	12	15,000	

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

**APPOINTMENTS AND PROMOTIONS (CONTINUED)**

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
SCHOOL OF NURSING (Continued)					
General Instruction (Continued)					
2. Marlene Z. Cohen (T)					685
From: Professor and John S. Dunn Sr., Distinguished Professorship Oncology Nursing		100 SUPLT	12 12	100,000 23,750	
To: Professor and John S. Dunn Sr., Distinguished Professorship Oncology Nursing Nursing for Target Populations Interim Department Chair	4/16-8/31	49 SUPLT 51 SUPLT	12 12 12 12	49,000 23,750 51,000 5,000	
MEDICAL SCHOOL					
Pediatrics					
3. Jack Fletcher (T)					654
From: Professor Neurosurgery, Professor		100	12	173,630	
To: Pediatrics, Professor Neurosurgery, Professor Center for Academic and Reading Skills, Director	3/16-8/31 3/16-8/31	100 SUPLT	12 12	173,630 12,624	

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

**APPOINTMENTS AND PROMOTIONS (CONTINUED)**

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
DENTAL BRANCH					
Diagnostic Sciences					
4. Catherine M. Flaitz (T)					641
From: Diagnostic Sciences					
Professor and Chairman					
Pediatric Dentistry					
Professor (Without Salary)					
Dental Branch					
Dean					
Oral Pathology Laboratory		100	12	214,200	
Dean and Professor		SUPLT	12	50,000	
To: Diagnostic Sciences					
Professor and Chairman					
Pediatric Dentistry					
Professor (Without Salary)					
Dental Branch					
Dean and Professor					
Oral Pathology Laboratory					
Dean and Professor					
Dental Sciences	4/16-8/31	100	12	214,200	
William N. Finnegan III	4/16-8/31	SUPLT	12	50,000	
Professor	4/16-8/31				

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

**APPOINTMENTS AND PROMOTIONS (CONTINUED)**

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
<b>SCHOOL OF PUBLIC HEALTH</b>					
Public Health					
5. Guy Parcel (T)					640
From:					
Public Health					
Executive Dean					
General Administration					
President's Office Development					
Dean and John P. McGovern					
Professor in Health Promotion					
Office of the Dean					
Dean and John P. McGovern		100	12	241,000	
Professor in Health Promotion		SUPLT	12	60,000	
To:					
Public Health					
Executive Dean					
General Administration					
President's Office Development					
Dean and John P. McGovern					
Professor in Health Promotion					
Office of the Dean					
Dean and John P. McGovern					
Professor in Health Promotion					
and M. David Low Chair	2/26-8/31	100	12	241,000	
in Public Health	2/26-8/31	SUPLT	12	60,000	

## NEW TENURE APPOINTMENTS AND PROMOTIONS WITHIN TENURE RANKS

The following personnel actions involving new tenure appointments and promotion within tenure ranks have been administratively approved by the Executive Vice Chancellor for Health Affairs. The personnel actions have been included in the 2006 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations*, Series 31007.

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>Medical School</b>		
Anesthesiology Carin A. Hagberg	Professor (NT)	Professor (T)
Biochemistry and Molecular Biology Phillip B. Carpenter	Assistant Professor (NT)	Associate Professor (T)
Center for Clinical Research and Evidence Medicine Robert E. Lasky	Associate Professor (NT)	Professor (T)
Family Medicine Mary M. Velasquez	Associate Professor (NT)	Associate Professor (T)
Internal Medicine, Cardiology Yong-Jian Geng	Associate Professor (T)	Professor (T)
Internal Medicine, Hematology Ke He Ruan	Associate Professor (NT)	Associate Professor (T)
Microbiology and Molecular Genetics William Margolin Theresa M. Koehler	Associate Professor (T) Associate Professor (T)	Professor (T) Professor (T)
Neurobiology and Anatomy James J. Knierim Anne Sereno	Assistant Professor (NT) Associate Professor (NT)	Associate Professor (T) Associate Professor (T)
Ophthalmology and Visual Science John O'Brien Stephen L. Mills	Assistant Professor (NT) Associate Professor (NT)	Associate Professor (T) Associate Professor (T)
Pathology and Laboratory Medicine Jeffrey K. Actor	Associate Professor (NT)	Associate Professor (T)

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

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>Medical School (Continued)</b>		
Psychology and Behavioral Sciences		
Deborah A. Pearson	Associate Professor (T)	Professor (T)
Surgery – Plastic		
Charles S. Cox, Jr.	Associate Professor (NT)	Professor (T)
<b>Dental Branch</b>		
Oral and Maxillofacial Surgery		
Mark E. Wong	Associate Professor (NT)	Associate Professor (T)
Diagnostic Sciences		
Nadarajah Vigneswaran	Associate Professor (NT)	Associate Professor (T)
<b>School of Health Information Sciences</b>		
Todd R. Johnson	Associate Professor (NT)	Associate Professor (T)
Jiajie Zhang	Associate Professor (T)	Professor (T)
<b>School of Public Health</b>		
Dallas Regional Campus		
Margaret O. Caughy	Assistant Professor (NT)	Associate Professor (T)
El Paso Regional Campus		
Nuria Homedes	Associate Professor (NT)	Associate Professor (T)
Environmental and Occupational Health		
George Delclos	Associate Professor (T)	Professor (T)
Policy and Community Health Management		
Luisa Franzini	Assistant Professor (NT)	Associate Professor (T)

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

### PARKING AND TRAFFIC REGULATIONS

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

<u>Page Number(s)</u>	<u>Summary of Proposed Substantive Changes</u>
1, 2, 4, 6, 8, 9 10, 11, 20	Amendment to include the campuses of Edinburg, Harlingen, and Laredo.
11	Amendment to Section IV (4) (A) to include the speed limit of 5 mph in parking garages.
16	Amendment in Section VI (B) to include an explanation of what type permit special, part time, and auditing students must purchase.
17	Amendment in Section VI (C) to include requests or exceptions that must be in writing to the Chief of Police or designee.
17	Amendment in Section VI to add (F), Parking Assignments. Faculty, staff, and students may purchase any class of parking permit available for the various zones.
20	Amendment in Section VI to include an explanation of the Zone VI permit for those employees or students housed or officed in Edinburg, Harlingen, or Laredo.
29	Section VI (L), Refunds, revised to include refunds for graduating students that will be issued for the months of June, July, and August and are subject to a \$5 administrative fee.
33	Amendment in Section VII (B) related to violations which will receive a court appearance citation.

## PARKING AND TRAFFIC REGULATIONS (CONTINUED)

<u>Page Number(s)</u>	<u>Summary of Proposed Substantive Changes</u>
34	Amendment in Section VIII (C) related to persons with unpaid charges recorded in their names.
37	Amendment in Section VIII (D) (1) (d) to include information on when a vehicle will be towed.

## FEES AND MISCELLANEOUS CHARGES

### PARKING PERMIT FEES

Approval is recommended for the following parking permit fees to be effective beginning with the Fall Semester 2005. The proposed fees are consistent with the applicable statutory requirements under Section 51.202 of the *Texas Education Code* and have been administratively approved by the Executive Vice Chancellor for Health Affairs.

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

<u>Annual Fees</u>	<u>Current Rates \$</u>	<u>Proposed Rates \$</u>	<u>Percent Increase</u>
Zone I Garage Reserved	480	672	40.00
Zone I Garage Non-reserved	300	420	40.00
Zone I Garage Reserved Zone and Disabled	360	504	40.00
Zone II non-reserved	240	336	40.00
Zone III non-reserved	120	168	40.00
Zone IV non-reserved	60	84	40.00
Zone V non-reserved	48	72	50.00
Zone VI non-reserved (Edinburg, Harlingen, Laredo only)	n/a	96	n/a
Zone I carpool	420	588	40.00
Zone II carpool	348	468	34.48
Zone III carpool	192	240	25.00
Zone IV carpool	96	120	25.00
Zone V carpool	72	102	41.67
Zone VI carpool (Edinburg, Harlingen, Laredo only)	n/a	132	n/a

**FEEES AND MISCELLANEOUS CHARGES (CONTINUED)**

**PARKING PERMIT FEES (CONTINUED)**

<u>Fee Description</u>	<u>Current Rates \$</u>	<u>Proposed Rates \$</u>	<u>Percent Increase</u>
Continuing Education	4	5	25.00
Service and Delivery	180	252	40.00
Visitor:			
30 minutes – 1 hour	.50	1.00	100.00
1 hour – 2 hours	1.00	1.50	50.00
2 hours – 3 hours	1.50	3.25	116.67
3 hours – 4 hours	2.00	3.25	62.50
4 hours – 5 hours	2.50	4.00	60.00
5 hours – 6 hours	3.00	6.00	100.00

## FEES AND MISCELLANEOUS CHARGES (CONTINUED)

### PARKING AND TRAFFIC ENFORCEMENT FEES

Approval is recommended for the following parking enforcement fees to be effective beginning with the Fall Semester 2005. The proposed fees are consistent with the applicable statutory requirements under Section 51.202 of the *Texas Education Code* and have been administratively approved by the Executive Vice Chancellor for Health Affairs.

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

<u>Violation Description</u>	<u>Current Rates \$</u>	<u>Proposed Rates \$</u>	<u>Percent Increase</u>
Parked in a disabled space without a permit	60	75	25.00
Class C violations (moving)			
2 <sup>nd</sup> violation	30	50	66.67
3 <sup>rd</sup> violation	50	65	30.00
4 <sup>th</sup> violation and subsequent	75	80	6.67
Class D violations (parking)			
1 <sup>st</sup> violation	15	20	33.33
2 <sup>nd</sup> violation	20	30	50.00
3 <sup>rd</sup> violation	30	50	66.67
4 <sup>th</sup> violation	50	75	50.00
5 <sup>th</sup> violation (discontinued)	75	n/a	n/a
Late Fees:			
After 20 days (discontinued)	5	n/a	n/a
After 30 days	5	10	100.00
After 60 days	5	15	200.00
After 90 days	5	20	300.00
After 120 days	5	25	400.00

## NEW TENURE APPOINTMENTS AND PROMOTIONS WITHIN TENURE RANKS

The following personnel actions involving new tenure appointments and promotion within tenure ranks have been administratively approved by the Executive Vice Chancellor for Health Affairs. The personnel actions have been included in the 2006 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations*, Series 31007.

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>Medical School</b>		
Family and Community Medicine		
David F. Schneider	Associate Professor (T)	Professor (T)
Medicine		
Oscar R. Benavente	Associate Professor/ Clinical (NT)	Associate Professor (T)
James W. Freeman	Associate Professor (T)	Professor (T)
Goutam Ghosh-Choudhury	Associate Professor/ Research (NT)	Associate Professor (T)
Pediatrics		
Robert Castro	Associate Professor (T)	Professor (T)
Robert J. Ferry, Jr.	Assistant Professor (NT)	Associate Professor (T)
Janet F. Williams	Associate Professor (T)	Professor (T)
Psychiatry		
Michael A. Escamilla	Associate Professor (NT)	Associate Professor (T)
Rene L. Olvera, Sr.	Assistant Professor (NT)	Associate Professor (T)
Surgery		
Robert M. Esterl, Jr.	Associate Professor (NT)	Professor (T)
Edward Y. Sako	Associate Professor (T)	Professor (T)
<b>Dental School</b>		
Community Dentistry		
Jane E. M. Steffensen	Associate Professor (NT)	Associate Professor (T)
Prosthodontics		
Lily Teresa Garcia	Associate Professor (T)	Professor (T)
Michael A. Mansueto	Assistant Professor (NT)	Associate Professor (T)

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

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>Graduate School of Biomedical Sciences</b>		
Microbiology and Immunology Guangming Zhong	Associate Professor (T)	Professor (T)
Molecular Medicine Thomas G. Boyer	Assistant Professor (NT)	Associate Professor (T)
Maria E. Gaczynska	Assistant Professor (NT)	Associate Professor (T)
Pharmacology Geng Liu	Associate Professor (T)	Professor (T)
David A. Morilak	Associate Professor (T)	Professor (T)
Physiology Patricia Camacho	Associate Professor (T)	Professor (T)
Mark Shapiro	Assistant Professor (NT)	Associate Professor (T)
James Stockand	Assistant Professor (NT)	Associate Professor (T)
<b>School of Allied Health Sciences</b>		
Clinical Laboratory Sciences George Kudolo	Associate Professor (T)	Professor (T)
Occupational Therapy Gale L. Haradon	Associate Professor	Professor (T)
<b>School of Nursing</b>		
Acute Nursing Care Mickey L. Parsons	Associate Professor (NT)	Associate Professor (T)
Family Nursing Care Gail B. Williams	Associate Professor (T)	Professor (T)
Jane D. Champion	Associate Professor (NT)	Associate Professor (T)

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

**GIFTS**

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

1. Donor Name: Howard F. Smith and Lee Dennis Smith Trust  
College/School/ Department: Institution  
Purpose: Cancer Research in Hematology  
Asset Type: Cash  
Value: \$1,320,185

## CONTRACTS

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

### GENERAL CONTRACTS

#### FUNDS GOING OUT

1. Agency: Aramark Healthcare Support Services, Inc.  
Funds: \$5,400,000  
Period: October 1, 2005 through September 30, 2008 with a right to renew for two additional terms of two years each  
  
Description: Food and Beverage management services for M. D. Anderson facilities.

**AMENDMENTS TO THE 2004-05 BUDGET**

**APPOINTMENTS AND PROMOTIONS**

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

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
<b>MEDICAL STAFF</b>					
Neurosurgery					
Associate Professor					
1. Oliver Bogler (T)	3/14-8/31	100	12	125,000	592
Behavioral Science					
2. David W. Wetter (T)					635
From: Professor		100	12	160,411	
		SUPLT	12	3,000	
		SUPLT	12	5,000	
To: Chair, Professor in Health Disparities Research	4/1-8/31	100	12	1210,000	
Executive Vice President and Chief Operating Officer, Anesthesiology and Critical Care					
3. Thomas Feeley (T)					647
From: Division Head, Professor, Special Assistant to COO, Professor, and Helen Shafer Fly Distinguished Professorship		100	12	436,589	
		SUPLT	12	10,000	
To: Division Head, Professor, Helen Shafer Fly Distinguished Professorship, and Vice President for Medical Operations	4/1-8/31	100	12	436,589	
		SUPLT	12	25,000	

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

**APPOINTMENTS AND PROMOTIONS (CONTINUED)**

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
<b>MEDICAL STAFF (Continued)</b>					
Educational Program, Neurosurgery					
4. Franco DeMonte (T)					648
From: Professor		100	12	406,000	
		SUPLT	12	5,000	
To: Professor and Clinical Medical Director - Brain and Spine Center	4/1-8/31	100	12	406,000	
		SUPLT	12	5,000	
		SUPLT	12	10,000	
Executive Vice President and Chief Operating Officer – Lymphoma/Myeloma					
5. Maria A. Rodriguez (T)					673
From: Professor and Director of Medical Affairs ad interim		100	12	214,179	
		SUPLT	12	20,000	
		SUPLT	12	5,000	
To: Professor and Vice President for Medical Affairs	4/1-8/31	100	12	214,179	
		SUPLT	12	25,000	
		SUPLT	12	5,000	

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

**APPOINTMENTS AND PROMOTIONS (CONTINUED)**

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
MEDICAL STAFF (Continued)					
Executive Vice President and Chief Operating Officer, General Internal Medicine					
6. Carmelita P. Escalante (T)					675
From: Chair ad interim, Associate Professor		100 SUPLT	12215,500 12	29,500	
To: General Internal Medicine, Ambulatory Treatment and Emergency Center Chair, and Associate Professor	3/1-8/31	100	12245,000		
Executive Vice President, Senior Vice President, and Chief Operating Officer					
7. Thomas Burke (T)					677
From: Physician-in-Chief, Senior Vice President, Chief Operating Officer (ad interim), and Professor		100	12	468,000	
To: Physician-in-Chief, Executive Vice President	3/1-8/31	100	12513,000		
Executive Vice President and Chief Operating Officer					
8. Lewis Foxhall (T)					684
From: Associate Vice President for Health Policy and Assistant Professor		100	12	263,400	
To: Vice President for Health Policy, Professor	4/1-8/31	100	12288,400		

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

**APPOINTMENTS AND PROMOTIONS (CONTINUED)**

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
MEDICAL STAFF (Continued)					
Thoracic, Head and Neck Medical Oncology					
9. David Stewart (T)					621
From: Professor		100		12265,000	
To: Chair ad interim, Professor	4/1-8/31	100		12265,000	
		SUPLT	12	12,000	
Executive Vice President/Chief Academic Officer, Thoracic Head and Neck Medical Oncology					
10. Reuben Lotan (T)					646
From: Chair ad interim, Professor, Irving and Nadine Mansfield and Robert David Levitt Cancer Research Chair		100	12	247,431	
		SUPLT	12	10,000	
To: Experimental Therapeutics Chair ad interim, Professor, Irving and Nadine Mansfield and Robert David Levitt Cancer Research Chair, Director of Clinical Research Building	2/1-8/31	100		12247,431	
		SUPLT	12	10,000	
		SUPLT	12	10,000	

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

**APPOINTMENTS AND PROMOTIONS (CONTINUED)**

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
MEDICAL STAFF (Continued)					
Division of Pediatrics					
11. Eugenie S. Kleinerman (T)					636
From: Division Head, Chair, Professor, and Katherine Russell Dixie Distinguished Professorship		100	12	307,979	
To: Division Head, Chair, Professor, and Mosbacher Pediatrics Chair	4/1-8/31	100		12310,979	
Executive Vice President and Chief Academic Officer					
12. Margaret Kripke (T)					682
From: Executive Vice President, Chief Academic Officer, and Professor		100	12	375,600	
To: Executive Vice President, Chief Academic Officer, and Professor	1/1-8/31	100		12415,600	
RESEARCH					
Biostatistics and Applied Mathematics Professor					
13. Shoudan Liang (T)	2/14-8/31	100	12	165,000	591

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

The following personnel actions involving the appointment, reappointment, or promotion of relatives have been administratively approved by the Executive Vice Chancellor for Health Affairs. The personnel actions are consistent with the provisions of Chapter 573 of the *Texas Government Code* and the Regents' *Rules and Regulations*, Series 30106.

<u>College, Department, Title, Name</u>	<u>College, Department, Title, Name</u>
1. Office of the President President and Professor John Mendelsohn	Special Assistant Anne Mendelsohn (spouse)*
2. Radiation Oncology Division Head, Chair, Professor, Distinguished Chair (T) in Oncology and Chair ad interim in Experimental Radiation Oncology James D. Cox	Radiation Oncology Professor (T) and Gloria Lupton Tennison Distinguished Professorship in Lung Cancer Research  Ritsuko Komaki (spouse)
3. Executive Vice President and Chief Academic Officer Executive Vice President and Chief Academic Officer and Professor (T) Margaret L. Kripke	Cancer Biology  Chair, Professor and R. E. Bob Distinguished Chair in Cell Biology Isaiah J. Fidler (spouse)

\* Mrs. Mendelsohn is not listed in the budget as she is appointed without compensation.

## NEW TENURE APPOINTMENTS AND PROMOTIONS WITHIN TENURE RANKS

The following personnel actions involving new tenure appointments and promotion within tenure ranks have been administratively approved by the Executive Vice Chancellor for Health Affairs. The personnel actions have been included in the 2006 Annual Operating Budget of each institution and are consistent with the Regents' *Rules and Regulations*, Series 31007.

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>Diagnostic Radiology</b>		
Kamran Ahrar	Assistant Professor (NT)	Associate Professor (T)
Jeremy Erasmus, Jr.	Associate Professor (NT)	Professor (T)
Sanjay Gupta	Assistant Professor (NT)	Associate Professor (T)
Ashok J. Kumar	Professor (NT)	Professor (T)
<b>Gynecologic Oncology</b>		
Diane E. Bodurka	Associate Professor (NT)	Associate Professor (T)
Lois M. Ramondetta	Assistant Professor (NT)	Associate Professor (T)
Anil K. Sood	Associate Professor (NT)	Associate Professor (T)
<b>Pathology</b>		
Russell Broaddus	Assistant Professor (NT)	Associate Professor (T)
Michael Gilcrease	Associate Professor (NT)	Associate Professor (T)
Victor Prieto	Associate Professor (T)	Professor (T)
Asif Rashid	Associate Professor (NT)	Associate Professor (T)
<b>Blood and Marrow Transplantation</b>		
Daniel R. Couriel	Assistant Professor (NT)	Associate Professor (T)
Jeffrey J. Molldrem	Associate Professor (T)	Professor (T)
<b>Radiation Physics</b>		
Lei Dong	Assistant Professor (NT)	Associate Professor (T)
Geoffrey Ibbott	Associate Professor (T)	Professor (T)
<b>General Internal Medicine, Ambulatory Treatment and Emergency Care</b>		
Carmelita P. Escalante	Associate Professor (T)	Professor (T)
<b>Leukemia</b>		
Stefan H. Faderl	Assistant Professor (NT)	Associate Professor (T)
Gillermo Garcia-Manero	Assistant Professor (NT)	Associate Professor (T)
<b>Surgical Oncology</b>		
Barry W. Feig	Associate Professor (T)	Professor (T)
Funda Meric	Assistant Professor (NT)	Associate Professor (T)

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

<u>College, Department, and Name</u>	<u>From</u>	<u>To</u>
<b>Epidemiology</b>		
Marsha L. Frazier	Associate Professor (T)	Professor (T)
Sara S. Strom	Associate Professor (NT)	Associate Professor (T)
<b>Laboratory Medicine</b>		
Xiang-Yang Han	Assistant Professor (NT)	Associate Professor (T)
<b>Thoracic Head &amp; Neck Medical Oncology</b>		
Roy S. Herbst	Associate Professor (T)	Professor (T)
<b>Hematopathology</b>		
Daniel M. Jones	Assistant Professor (T)	Associate Professor (T)
<b>Experimental Radiation Oncology</b>		
Khandan Keyomarsi	Associate Professor (T)	Professor (T)
<b>Genitourinary Medical Oncology</b>		
Jeri Kim	Assistant Professor (NT)	Associate Professor (T)
<b>Imaging Physics</b>		
Osama Mawlawi	Assistant Professor (NT)	Associate Professor (T)
<b>Cancer Biology</b>		
David J. McConkey	Associate Professor (T)	Professor (T)
<b>Biostatistics and Applied Mathematics</b>		
Jeffrey Morris	Assistant Professor (NT)	Associate Professor (T)
<b>Molecular Genetics</b>		
Jill Schumacher	Assistant Professor (NT)	Associate Professor (T)
<b>Endocrine Neoplasia and Hormonal Disorders</b>		
Steven I. Sherman	Associate Professor (T)	Professor (T)
<b>Head and Neck Surgery</b>		
Erich M. Sturgis	Assistant Professor (NT)	Associate Professor (T)
<b>Thoracic and Cardiovascular Surgery</b>		
Stephen G. Swisher	Associate Professor (T)	Professor (T)
<b>Carcinogenesis</b>		
Dean G. Tang	Assistant Professor (NT)	Associate Professor (T)

**U. T. HEALTH CENTER - TYLER**

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

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College, Department, Title, Name

College, Department, Title, Name

1. Office of the President  
President  
Kirk A. Calhoun

Special Assistant  
Jeanette D. Calhoun (spouse)\*

\* Mrs. Calhoun is not listed in the budget as she is appointed without compensation.