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**Committee Meeting:** 8/10/2005

**Board Meeting:** 8/11/2005  
U. T. Medical Branch - Galveston

*Cyndi Taylor Krier, Chairman*  
*H. Scott Caven, Jr.*  
*Judith L. Craven, M.D.*  
*Robert A. Estrada*  
*Robert B. Rowling*

	<b>Committee Meeting</b>	<b>Board Meeting</b>	<b>Page</b>
<b>Convene</b>	<i>2:30 p.m.</i> <i>Chairman Krier</i>		
1. <b>U. T. System: Reports from academic presidents, Academic Affairs Committee members, and Executive Vice Chancellor Sullivan</b>	<i>2:35 p.m.</i> <b>Report</b> <i>Presidents</i> <i>Dr. Sullivan</i>	Not on Agenda	<b>45</b>
2. <b>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</b>	<i>2:45 p.m.</i> <b>Action</b> <i>President</i> <i>Spaniolo</i> <i>Ms. Mayne</i>	<b>Action</b>	<b>45</b>
3. <b>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</b>	<i>2:50 p.m.</i> <b>Action</b> <i>President</i> <i>Faulkner</i>	<b>Action</b>	<b>48</b>
4. <b>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</b>	<i>2:55 p.m.</i> <b>Action</b> <i>President</i> <i>Natalicio</i> <i>Ms. Mayne</i>	<b>Action</b>	<b>51</b>
5. <b>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</b>	<i>3:00 p.m.</i> <b>Action</b> <i>President</i> <i>Cárdenas</i> <i>Ms. Mayne</i>	<b>Action</b>	<b>53</b>

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6. <b>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</b>	3:03 p.m. <b>Action</b> <i>President Cárdenas</i> <i>Ms. Mayne</i>	<b>Action</b>	<b>56</b>
7. <b>U. T. Pan American: Request to name the Raúl Yzaguirre Policy Institute and approve the creation of an advisory council to be known as the Raúl Yzaguirre Policy Institute Advisory Council (Regents' Rules and Regulations, Series 60302, regarding advisory councils)</b>	3:05 p.m. <b>Action</b> <i>President Cárdenas</i>	<b>Action</b>	<b>58</b>
8. <b>U. T. San Antonio: Request to create the College of Public Policy Advisory Council (Regents' Rules and Regulations, Series 60302, regarding advisory councils)</b>	3:10 p.m. <b>Action</b> <i>President Romo</i>	<b>Action</b>	<b>59</b>
9. <b>U. T. San Antonio: Request to create the College of Sciences Advisory Council (Regents' Rules and Regulations, Series 60302, regarding advisory councils)</b>	3:15 p.m. <b>Action</b> <i>President Romo</i>	<b>Action</b>	<b>60</b>
10. <b>U. T. San Antonio: Authorization to establish a Ph.D. degree program in Anthropology</b>	3:18 p.m. <b>Action</b> <i>President Romo</i>	<b>Action</b>	<b>60</b>
11. <b>U. T. Brownsville: Discussion and appropriate action regarding proposed revisions to Mission Statement for U. T. Brownsville/Texas Southmost College Partnership</b>	3:20 p.m. <b>Action</b> <i>President García</i>	<b>Action</b>	<b>62</b>
12. <b>U. T. Arlington: Discussion of compact priorities</b>	3:25 p.m. <b>Discussion</b> <i>President Spaniolo</i> <i>Dr. Sullivan</i>	Not on Agenda	<b>64</b>
13. <b>U. T. System Board of Regents: Update regarding Task Force on Admissions, Tuition, and Financial Aid</b>	3:35 p.m. <b>Report</b> <i>Dr. Sullivan</i>	Not on Agenda	<b>65</b>
14. <b>U. T. System: Discussion of System-wide initiative to improve graduation rates</b>	3:40 p.m. <b>Discussion</b> <i>Dr. Sullivan</i>	Not on Agenda	<b>65</b>
<b>Adjourn</b>	3:45 p.m.		

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

The academic presidents, committee members, and Dr. Sullivan may report briefly on new developments taking place at each campus. These oral reports may include areas such as new research grants, significant collaborations with external agencies, or any other topic deemed to be important. This is a quarterly update to the Academic Affairs Committee of The University of Texas System Board of Regents.

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**

**RECOMMENDATION**

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Spaniolo that authorization be granted by the U. T. System Board of Regents, on behalf of U. T. 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 recommendations.

**BACKGROUND INFORMATION**

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, which was moved from its previous location on campus in early 2005 due to multiple deficiencies associated with its location in the basement of Davis Hall. 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

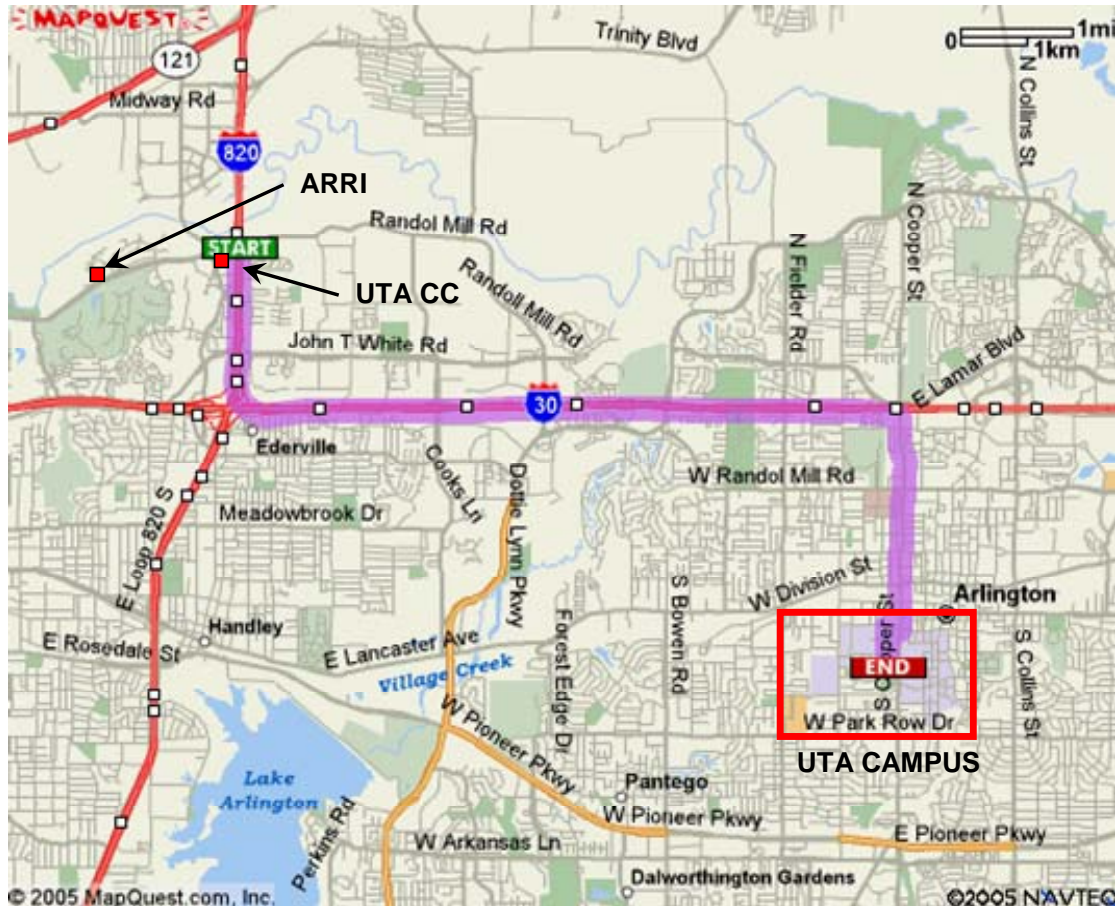
Space Lease Agreement in December 2004, U. T. Arlington has made extensive fire suppression enhancements and other improvements at a cost exceeding \$500,000.

The terms of the existing Space Lease Agreement include an option to purchase the building within certain time restrictions. U. T. Arlington wishes 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. Additionally, acquisition of the building will assist in accomplishing the goals of the U. T. System Strategic Leadership Council's Data Center Consolidation Advisory Group, which has proposed utilizing the UTA Computing Center as one of three data centers across the state.

U. T. Arlington will use available cash balances for the purchase estimated at \$8.5 million, the terms and conditions of which are reflected in the transaction summary below:

#### Transaction Summary

Institution:	U. T. Arlington
Type of Transaction:	Purchase
Total Area:	2.5 acres
Improvements:	Two-story, 51,200 square foot office and data center building
Location:	200 East Loop 820, Fort Worth, legally described as Lot 1, Block 1, Trinity Properties Addition, Fort Worth, Tarrant County, Texas; see map on Page 47
Seller:	Trinity Recovery Services, Inc.
Purchase Price:	\$8.5 million
Appraised Values:	\$8.5 million (National Appraisal Group, January 11, 2005) \$8.5 million (Integra Realty Resources, February 1, 2005)
Source of Funds:	Available cash balances
Intended Use:	UTA Computing Center



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**

**RECOMMENDATION**

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, the Vice Chancellor and General Counsel, and President Faulkner that The University of Texas System Board of Regents, on behalf of The University of Texas at Austin

- a. authorize 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; and
- b. delegate authority 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.

**BACKGROUND INFORMATION**

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 supported by approximately 250-300 guest rooms, high quality food service, and parking.

On November 4, 2004, the Board approved acquisition of seven parcels of land to be used for the education and conference center and the associated campus parking garage. 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.

The Red McCombs School of Business is the anchor client for the project and has determined that without a facility of this sort, the School will not be able to reach the national level of prominence that it otherwise could. In fact, of the top 20 business schools, only U. T. Austin does not have some sort of residential learning center.

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. A copy of the updated study is set forth on Pages 50.1 - 50.29. The original market study is available at <http://www.utexas.edu/vp/ecs/hotel/FeasibilityStudy.pdf>. President Faulkner will make a PowerPoint presentation as set forth on Pages 50.30 - 50.33.

The major findings and assumptions of the updated feasibility study are the following:

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 (Exhibit A on Page 50.22) predicts a strong revenue stream of unrestricted income that will be required for the bonds needed to construct the facility.

Because of its size and range of academic departments, institutes, and research programs, U. T. Austin is well-suited to support a facility of this type. The consultant for the project says, “The overall demand levels identified in our research and the outstanding variety of potential sources of demand from the University community set this project apart from essentially every other university conference center in the country.”

This facility has the potential to positively impact the University in a variety of ways. It 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. It is anticipated that the Campus Club, a dining facility for faculty and staff, will relocate to the facility. The professional education and conference center will promote the development of community throughout the campus, an important goal for all.

FLIK International Corporation Conference Center Management is a division of the Compass Group, a publicly traded company on the London Stock Exchange consisting of 400,000 employees and the most recent annual sales volume of \$19 billion.

On July 15, 2004, U. T. Austin issued a Request for Proposals titled "Request for Proposal to Select a Manager/Operator for the Center." The following seven companies responded to the Request for Proposals issued by the University: Aramark Harrison Lodging; Benchmark Hospitality International; Dolce International; FLIK International Corp./Compass Group; Marezana-Norris Group; Marriott International; and Sodexo Corporate Services.

The management contract is proposed 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 quarterly objectives, incentive goals, measurable criteria, and scoring for customer satisfaction, quality, and service.

Other significant financial terms of the proposed 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.



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Exhibits

Exhibit A

Estimated Statements of Cash Flow from Operations after Debt Service  
for the years ending August 31, 2009 [Year 1] through 2013 [Year 5]  
Expressed in Thousands of Inflated Dollars

Appendices

Appendix A: The Conference Center Concept

Appendix B: Comparable Local Hotel Market Summary

Appendix C: Factors in the Analysis

**INTRODUCTION AND ASSUMPTIONS**

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The University of Texas at Austin (“the University”) is planning the development of a hotel and conference center on its main campus. The University has determined a substantial need for both hotel accommodations and high quality meeting space based on ongoing indications of demand from organizations across the campus including colleges/schools, administrative divisions, alumni, and intercollegiate athletic programs.

The University has contracted for two prior independent assessments of the mission-related contribution of an on-campus hotel and conference center (“the Project”), including an evaluation of its financial viability. A basic premise of the Project assessment that was undertaken in the 2002 edition of the market analysis was that the use of the facility would be limited to demand sources with an official affiliation or connection with the University, the University of Texas System, other agencies of the State of Texas and other entities that have a direct connection with the education mission of the University. A second updated market analysis of the proposed hotel and conference center is the subject of this report, reflecting the current situation and changes to market conditions as of December 2004.

The Project, as envisioned, will support the academic programs of the University and provide valuable and high quality meeting space for the academic and administrative departments of the University. It will also provide a high quality meeting center and hotel that can be used as an important venue for on-campus fund-raising activities and other events sponsored by the development offices of both the University, and many of the colleges and schools.

This report describes the updated situation regarding current market dynamics and changes to the Project plan. It is presented as a condensed report, focusing on an executive summary and on specific significant changes to conditions since the 2002 Market Study report was prepared.

Accordingly, this executive summary report should be considered in the context of the more extensive report prepared and presented in 2002.

### **Assumptions**

The following are key assumptions inherent in the analysis and conclusions presented in this report:

- The facilities and amenities will be generally as outlined in this report, including a 250-key upscale, four-star/four-diamond quality lodging facility, a conference center with approximately 30,000 to 35,000 square feet of superior meeting facilities, a full-service conference dining room, and an amenities package including a substantial health club, a pub/game room, an adjacent campus parking garage [separately financed] and the Campus Club;
- The property will be operated by a nationally recognized hotel/conference center management company having university and other types of conference center operations experience and a reputation for high quality service in all areas of the business. Final contract negotiations are in progress with the selected operator: FLIK International, Inc., the conference center division of The Compass Group-USA;
- The Project will provide superior meeting facilities to the 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;
- The overall design and outfitting of the Project will position the facility as the signature university conference center in the country. This design philosophy, in conjunction with the selected site at MLK, Jr. Boulevard and University Avenue will result in a dramatic improvement of the status of University Avenue as the primary gateway entry point to the UT Austin campus;
- Based on the intention of limiting access to the executive education center primarily to UT Austin/UT System related demand, the overall potential demand from the external corporate community will be severely restricted in order to support the University's intent that this be a mission-oriented facility;
- Preferred rates will be established for University markets, subject to overall demand levels and a sophisticated yield management program, as is the standard in the hotel and conference center industries;
- A sophisticated, well-funded sales and marketing program based on the Conference Center Concept [Appendix A] will be initiated one year prior to opening and will continue through the period of the projections. 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 UT Austin, and other internationally recognized academicians;

- An alcoholic beverage license will be obtained for the Project, will be held by the Operator, and will be maintained throughout the period of the projections;
- A specific effort that will be included in the University's support plan is a comprehensive program for the support of faculty and staff who sponsor and organize academic conferences, symposia and related events;
- There will be no major long-term economic downturns during the period of the projections; and
- The new UT Austin Executive Education Center will have a nearly captive audience by virtue of being on-campus and by providing its superior facilities to the campus community at competitive rates.

**EXECUTIVE SUMMARY**

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The UT Austin Executive Education Center will present the market for The University of Texas, The University of Texas System, the State of Texas and other University related demand sources, with a very high quality conference facility and hotel. Based on Horwath's extensive history of working with, and knowledge of the national university conference/executive education marketplace, we are convinced that the Project will substantially improve the national status of both the University and the Red McCombs School of Business.

The overall demand levels identified in our research and the outstanding variety of potential sources of demand from the University community set this project apart from essentially every other university conference center in the country

The University has identified the preferred site at Martin Luther King, Jr. Boulevard and University Avenue. The Project site is well located to serve the University related target markets within the greater Austin market area, throughout the State of Texas, and the regional and national markets for higher education conferences and events, including support of intercollegiate athletics. The planned site has a strong set of favorable characteristics, with primary benefits being the ability to convert University Avenue into the primary upgraded entry point to the Campus, proximity to the Red McCombs School of Business Administration, and proximity to a number of other valuable assets, including the State Capitol, the Bullock State of Texas History Museum, The Harry Ransom Humanities Research Center and the Jack S. Blanton Museum of Art.

The general conclusion is that Austin will be an outstanding location for a high-end university/executive education center, due to the attractiveness of the City as a tourist destination. This summary conclusion includes the input of an extensive number of potential

user organizations that meet the criteria of having a direct affiliation with the University, the University System and/or the State of Texas.

Our research indicates that there will be substantial demand for the Project including the meeting facilities of the Executive Education Center, the extensive food and beverage functional capability, and the hotel as a commercial and leisure venue for a wide variety of University related independent travelers. This combination of positive factors strongly suggests an economically viable venture.

### **Economic Environment**

In terms of the economic and demographic environment in which the Project will operate, the Austin metropolitan area is considered to provide an excellent foundation, based on the significant diversity of its economic base. While the local and regional economy was impacted by the events of September 11 and a general downturn of the national economy beginning in late 2000, there are clear indications of a turnaround in the economy and a significant reduction in the travel fear factor resulting from 9/11. The long-term prospects for a thriving economy in Austin are considered to be among the best in the country.

### **Comparable Local Hotel Market**

The proposed property will accommodate group meeting, academic seminar/symposia and independent traveler demand from University related sources that are currently hosted by other dedicated conference centers throughout Texas, as well as meetings-oriented and other upscale hotels in Austin. In addressing the evolving status of the downtown upscale hotel market, the basic driving factors over the past four years have been the substantial increase in supply as a result of the opening of the new Austin Convention Center headquarters hotel [The Hilton Austin] and the challenging period for the hotel industry since late 2000 resulting from a negative economic trends and the impact of the terrorist events of September 11, 2001. With these issues being carefully considered, it is obvious that the downtown Austin upscale full-service hotel market has begun a noticeable turnaround. [Market performance is summarized in Appendix B]

The overall performance of the downtown Austin full-service hotel market is expected to improve significantly over the next three to five years. This improved performance from an occupancy standpoint will undoubtedly drive prices up within this segment of the hotel industry, compared to the relatively negative pricing trends over the period from 2000 to 2004. This will be a return to the aggressive pricing strategy most recently experienced in the late 1990s

### **Changes to the Market and Project Situation since 2002**

In responding to the request by the University that Horwath Horizon update the analysis of the market situation to current conditions, a number of new influence factors have been taken into consideration, all of which represent positive influences on the anticipated performance of the Project. Due to these factors, an additional degree of conservatism has been added to the analysis of this project, resulting in considerable upside potential.

The new factors impacting the 2004 analysis include:

1. Finalization of site selection, which eliminates debates about which of two sites previously under consideration is the better site. In the opinion of Horwath Horizon, the MLK Boulevard site is the better site.
2. The completion of an extensive electronic survey of selected 5-year groups of the UT Austin alumni [based on graduation year]. This survey provided substantial documentation that the alumni universe will play a key role in the success of this project.
3. The introduction of a new concept during interviews with deans, faculty chairs and others in the academic community at UT Austin regarding an aggressive effort to provide comprehensive support to the development of new and expanded academic symposia. This symposia development effort should focus on prominent professors within all of the colleges and schools at UT Austin. The reaction to this concept at the Dean/Faculty Chair level was almost unanimously positive in terms of the potential increase in the number of such events that would be held at the UT Austin Executive Education Center compared to what has been the history over the past five to ten years.
4. The addition of the option of a small amount of non-University related demand at the Executive Education Center. A going-in assumption for the current analysis was that ten percent of total revenue can come from non-University customers, without violating any restrictions related to tax-exempt bond financing and ad valorem taxes. In our analysis, to add an additional level of conservatism, this amount of non-restricted use was reduced to between three and five percent for analysis purposes in Year 2 and thereafter.
5. The addition of the faculty club [The Campus Club] to the project in terms of its positive impact on food and beverage revenues [dining and catering], and drawing more faculty members to the Center.
6. The offer from the selected operating company, FLIK/Compass, to bring a substantial amount of its internal corporate meetings to the UT Austin Executive Education Center during the Project's first two years of operation, to minimize the financial risk during the startup years. This offer represents an assumed increase in occupancy of two percentage points in each of the first two years. It is anticipated that ongoing Compass demand will occur after the first two years, a factor that was not considered in the earlier versions of the market study, since an operator had not been selected.

### **Demand Analysis**

A major effort has been conducted on three separate occasions covering a period of five years, to research the opinions of the academic and professional meeting planner communities, beginning in 2000 and updated in 2001/2002 and late 2004/early 2005.

**Recommended Conference Facilities**  
**The University of Texas at Austin Residential Executive Education Center**

	<u>Approximate Seats</u>	<u>Square Feet</u>	<u>Comments</u>
<b>Multi-Function Space</b>			
Main Ballroom	800	12,000	Divisible into six to eight sections
Junior Ballroom	350	5,000	Divisible into three to five sections
<b>Specialized Conference Center Space</b>			
Amphitheater	80	2,400	
Large Conference	150	3,500	Divisible into two sections
Medium Conference	1 @ 80	2,000	
Small Conference	2 @ 50	2,400	
Case Study Rooms	3 to 4 @ 40	4,800	
Board Room	35	1,300	Including anteroom
Breakout Rooms	<u>8 @ 15</u>	<u>2,800</u>	
Totals	20 core spaces	36,200	

Note: The final programming recommendations for the Conference Center are subject to revision based on information obtained during planned site visits by the UT Austin planning team to comparable university executive education centers; and input from the Red McCombs School of Business.



Considering the composite of all research methods used for this analysis, approximately 70 percent of the participants in the research effort indicated that their University organization or state agency, company or association would either possibly or definitely use a high-end executive conference center/hotel in the Austin area, with a majority of the respondents specifically indicating possible or likely use of the Project at its planned location on the campus of the University. This is a very high percentage response compared to similar surveys that we have conducted regularly over the past twenty years for new development university and commercial conference center projects.

The most significant competitive advantage that The UT Austin Executive Education Center will have in regard to the intended University affiliated user categories relates to its location on the campus of the University. The demand potential from the Campus has attractive aspects of being well balanced between weekday and weekend demand and from being supported by numerous major potential non-price sensitive demand sources. These include the Red McCombs School of Business, The College of Engineering, The College of Fine Arts, the School of Law, the Intercollegiate Athletics programs for men and women, and the highly attractive membership of the Texas Ex-Students Association, representing a major portion of the economic wealth of the State of Texas.

Based on the underlying premise that use of the Executive Education Center will be limited to direct University, and University related demand, along with State demand and other sources that have a direct tie to the mission of the University, we have concluded that this market will support a 250-room upscale, meetings-oriented hotel in a very favorable manner.

### **Recommended Facilities**

The recommended facilities of the project include a 250-room upscale lodging facility and conference center with approximately 30,000 to 35,000 net square feet of meeting space that meets the design criteria of the International Association of Conference Centers. Given the upside potential for substantial increases in demand over the first five operating years of the Project, it has been recommended that the design process allow for the expansion of the hotel portion of the Project at some future date.

The table on the facing page provides a summary of recommended facilities.

### **Estimated Performance**

Based on the recommended facilities and market dynamics, the following tables summarize the estimated operating performance of The UT Austin Executive Education Center during its first five years of operation, assumed to commence in 2008:

UT Austin Executive Education Center Performance Estimates			
Year	Occupancy	Average Room Rate <sup>[1]</sup>	RevPAR <sup>[1, 2]</sup>
2008	58.5%	\$158.25	\$92.58
2009	68.5%	\$172.00	\$117.82
2010	72.0%	\$184.75	\$133.02
2011	73.0%	\$191.25	\$139.61
2012	73.0%	\$197.00	\$143.81

Notes:

1. Expressed in inflated dollars.
2. Revenue per available room.

UT Austin Executive Education Center Performance Estimates						
Year	Occupancy	Occupied Rooms <sup>[1]</sup>	Market Mix			
			Group / Conferee	Transient Leisure	Transient Commercial	Total
1	58.5%	53,400	63.0%	32.0%	5.0%	100.0%
2	68.5%	62,500	62.0%	33.5%	4.5%	100.0%
3	72.0%	65,700	62.0%	33.5%	4.5%	100.0%
4	73.0%	66,600	62.1%	33.5%	4.4%	100.0%
5	73.0%	66,600	62.1%	33.5%	4.4%	100.0%

Note 1. Rounded to nearest 100.

Stabilized occupancy levels typically occur by the third or fourth year of operations at conference centers, including those on university campuses. Occupancies in the high 60 percent range at on-campus facilities are generally considered to be strong, with occupancy levels above 70 percent considered to be very strong.

The following table provides a summary of estimated revenues and cash flow from operations:

<p align="center"><b>The University of Texas at Austin Executive Education Center</b></p> <p align="center">Estimated Total Revenues and Cash Flows from Operations after Debt Service <sup>[1]</sup> (expressed in thousands of inflated dollars)</p>		
Years ending August 31,	Total Revenue	Cash Flow <sup>[1]</sup>
2009 [Year 1]	\$19,278	\$ 201
2010 [Year 2]	\$23,852	\$1,162
2011 [Year 3]	\$26,612	\$2,255
2012 [Year 4]	\$28,064	\$2,767
2013 [Year 5]	\$28,906	\$2,997

Notes:

1. Cash flow available after debt service, including Compass/FLIK investment and reimbursements.
2. The comments provided throughout this report and the assumptions listed on Pages 2 and 3 are an integral part of these estimated results.

**DEMAND SUMMARY**

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This section of the report provides a summary of changes in anticipated demand conditions compared to the report prepared in 2002.

The hotel market analysis was initially prepared to determine the appropriate scope of the Project if developed as an up-scale commercial hotel with standard hotel meeting space. Subsequently, the demand analysis related to the specialized meeting facilities of a bona fide conference center was overlaid on the conclusions of the interim hotel scenario analysis. More recently, the operating concept of restricted access to University related/mission-related and State of Texas affiliated demand was added into the analysis equation.

Translating the results of our project-specific interviews and surveys to the potential universe of non-price-sensitive University related meetings indicates a potentially very large demand base from which the Executive Education Center will be able to draw. For demand that is University related but not directly from the University or the State of Texas, the determination of the guidelines for this category will ultimately determine the amount of this demand that can be accommodated at the Project. With this overall potential demand base, the success of The UT Austin Executive Education Center will be determined primarily by the quality of the experience that will be provided to the guests. This refers to the meeting facilities and all other aspects of the Project [guestrooms, food and beverage facilities, recreational facilities and other amenities], the service levels provided, and the success of the sales and marketing effort at the Executive Education Center.

## Summary of Demand Research

### University Market

Horwath Horizon's University-focused research included a third sequential and extensive evaluation of the overall campus opinion regarding the value of this Project both to the University and to individual organizations on the campus. This "value opinion" reflects both a campus-wide observation and the specific benefits to individual colleges and schools, on-campus institutes, academic/professional societies and administrative units. The basic process behind this evaluation included face-to-face interviews/meetings with deans, associate deans, faculty chairs, and other on-campus groups; an updated review of Austin area hotel contracts generated by the University; and a first-time effort to conduct a statistically useful electronic survey of the alumni of the University.

Compared to the on-campus research conducted in 1999/2000 and in 2002, there was a consistently more positive indication of anticipated demand levels in late 2004/early 2005 research effort, with a general indication of less price-sensitivity among many of the on-campus demand sources. The input of on-campus units reflected the impact of a combination of factors including:

- a visible increase in the national, regional and local economic trends [both now and in forecasts for the near to mid-term future];
- expectations of increased capability to both sponsor and participate in more academic conferences and symposia;
- greater anticipated demand from corporations recruiting the graduates of essentially all colleges and schools on the campus, due to the improved overall economy;
- greater amounts of demand for continuing/executive education in many disciplines, with the strongest levels of expected improvement coming from the largest anticipated demand generators [business, engineering and law];
- the significant potential impact of the implementation of a new organizational concept for the planning and funding of academic conferences oriented on the disciplines of internationally prominent professors within the University; and
- consistently strong or improved demand levels from the intercollegiate athletic programs of the UT Austin campus and state high school athletic competitions.

As was stated in our prior reports on this project, there is a significant percentage of overall potential conference and transient hotel demand from the University community that has a relatively high degree of price sensitivity. There are two core factors related to the impact of this issue that suggest an improved performance of the Project under current circumstances compared with two and four years ago.

One of these factors is that overall price sensitivity has decreased [modestly] in many on-campus organizations as the economy has improved, if for no other reason than the likely increased support from the corporate and donor communities. The second matter is a basic supply and demand economics fundamental. With increasing demand from the non-price-

sensitive segments of University related user organizations/individuals, the peak period demand seasons will be extended and the overall price points for these periods will increase. This pricing philosophy will be supported by the inevitable and obvious increase in pricing strategies in the downtown Austin hotel market, as market occupancies increase above the low 70 percent levels, which are predicted to occur as soon as 2005. A specific indication of this recovery in pricing philosophy is reflected in internet published "best available price" rates for mid-week, non-major convention periods in January of 2005 [an off-season month] where "best available rates" are in the range of \$185 to \$200 per room for hotels such as the Marriott at the Capitol and the Hilton Austin Convention Center Hotel.

In the case of the University of Texas at Austin, there are a significant number of on-campus demand sources that remain consistently interested in seeing a top-notch, upscale hotel and conference center facility being developed on the main campus. This closely follows the general "Texas Pride" / "We do everything at a very high quality level" philosophy that pervades the campus, and as has been clearly demonstrated throughout our investigation. It further reflects the visionary approach of senior administration at both UT Austin and the UT System that major capitol projects are intended to improve the mission oriented educational performance and to improve the national and international reputation of the University of Texas at Austin on the broadest scale of quality delivery.

Consistent with Horwath Horizon's prior on-campus research efforts, the most prominent potential user groups for an upscale hotel and conference facility include the following colleges and schools, which have clearly demonstrated substantial levels of demand for the facility, provided it is of sufficient quality in terms of physical structure, fit and finish and service levels:

- The Red McCombs School of Business
- The College of Engineering
- The School of Law
- The College of Fine Arts
- The College of Pharmacy
- The collective senior administrative offices of the University
- The University's Development Office
- Collective group demand from various entities within the UT System

#### Off-Campus Market

The evaluation of the off-campus demand segments was addressed in a different manner during this 2004 update. As a starting point of this approach, there has been a nationally visible trend in the corporate/executive conference center industry of consistently higher demand levels and lower price sensitivity from the corporate sector, beginning in the spring of 2004. Accordingly, the process of evaluating the off-campus market was more specifically focused on corporate organizations that have an official tie to the University. This was conservatively defined by a criterion of having a UT Austin alumni affiliation.

In this market study update, a sophisticated electronic survey was distributed to selected categories of alumni, organized in five-year groups based on the year of graduation. The survey was organized to address three specific segments of demand for different parts of the Executive Education Center as follows:

- leisure travel [with a wide range of sub-categories including attendance at performing arts, athletic and other social events, parents visiting students, etc.],
- non-group meeting business travel to Austin where hotel accommodations and dining would be needed; and
- corporate and professional society meetings.

The results of the survey were much more positive than would have been logically predicted in advance. The initial analysis of the data from the returned surveys was intended to build a profile of the respondents, which could then be applied to the entire alumni universe of UT Austin. During the analysis process, it became obvious that as we added increased levels of conservatism to the analysis process, it still resulted in substantial levels of documented demand.

In the end, each of the three types of alumni-related demand [leisure, business travel and business meetings] was evaluated based only on those alumni who responded with a fully completed survey. These responses were subsequently further narrowed to only those respondents who indicated a relatively limited concern or no concern related to pricing at the typical four-star/four diamond level of the hotel industry in Austin.

The Alumni survey conclusions represent only one of the three major categories of potential users, the other two being on-campus University generated demand and corporate group business from companies that have official ties to the University but are not driven by alumni within those corporations. Other UT System demand and State of Texas demand were not included in the Alumni survey conclusions.

### Summary

The various efforts undertaken to assess the current situation regarding the primary sources of demand for the UT Austin Executive Education Center have resulted in what Horwath Horizon believes to be a very conservative and achievable consolidated projection of the performance of the Project during its first five years of operation, beginning in August of 2008. These results take into account the universal revenue management philosophy among successful professional hotel owners and operators, which balances demand levels and pricing structures to maximize overall performance of a property.

The Horwath analysis provides what we believe to be a reasonable balance between the sometimes conflicting objectives of providing accessibility to all on-campus organizations, including those who are price sensitive, by schedule management; and the University's desire to maximize the financial performance of the Project.

**RECOMMENDED FACILITIES**

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Based on the Horwath market analysis and expectations, we recommend the following program for the Conference Center space.

Hotel Rooms

The recommended guestroom component of the proposed residential executive education center is 250 rooms and suites. For purposes of the utilization and financial analysis, this guest room component is assumed to have the following breakdown, subject to modification during the design planning process:

<u>Room Type</u>	<u>Number of Rooms</u>
Double Queen	125
King	100
Standard Suite	20
Hospitality Suite	4
Executive Suite	<u>1</u>
	<u>250</u>

An additional consideration that should be taken into account in the final design and financial planning stages is the need, as expressed by the various markets, for different price/quality types of accommodations. Thus, it may be possible to provide two or three separate, but not extensively different levels of “fit and finish” in the guestroom section. This can be done by segregating room blocks into a more moderately priced wing or set of lower floors, a standard level of upscale accommodation (the majority of the rooms) and an executive or concierge level of accommodation, such as is frequently found in upscale commercial hotels. The final conclusion of



this topic will depend on the input of the operator of the property and the University, based on their collective input regarding the financial and operational considerations of such a decision.

The inclusion of a plan for future expansion of the hotel component resulting from strong performance of the property should also be built into the overall design plan.

### Signature Meeting Facilities

One of the most compelling arguments for the Project is the anticipated nature of the conference center facilities. The overall sophistication, design, technology and orientation of the recommended meeting facilities will clearly distinguish this project from any other downtown Austin hotel. These unique, high-tech meeting spaces, in combination with the distinctly different operating approach of a bona fide conference center in an on-campus location will unquestionably attract a substantial amount of demand that would not otherwise come to the City of Austin.

The Center will accommodate a wide variety of conferences, seminars, symposia, etc. With the Red McCombs School of Business Administration, the College of Engineering and the School of Law expected to be the primary non-price-sensitive demand generators, the provision of specialized meeting facilities that meet the criteria of these organizations will enhance the attractiveness of the Center. The following is a description of these specialized facilities.

#### Conference Amphitheater

An amphitheater meeting room with a seating capacity of approximately 80 to 100 persons is recommended. This will likely become the signature space of the Conference Center from a marketing and image perspective. Provisions in this room should include the latest in sound and video technology, front and rear-screen projection capability, permanently installed desks with moveable ergonomic conference chairs, individual lighting at each desk position and a permanently installed audience-response system.

#### Case Study Rooms

A component of approximately three to four case study rooms is also recommended. The typical room under this category would be a three-tiered semi-circular layout with seating and ample desk space for approximately 40 to 50 participants. This design programming recommendation should be coordinated with the specific needs of the executive education programs of the Red McCombs School of Business.

### Other Meeting Facilities

#### Multi-Function Space

We recommend a main ballroom of approximately 12,000 square feet in order to accommodate banquets of up to 700 to 800 persons and general sessions of approximately 500 to 600 persons, depending on the type of seating used. The main ballroom should be divisible into six to eight smaller rooms by high-quality sound efficient movable walls. The recommended junior ballroom, at 4,000 to 5,000 square feet, divisible into three sections, will provide an appropriate complement to the main ballroom. This will allow for significant symposia/exhibitions in either of these two spaces, depending on the requirements of the larger individual groups, while still providing adequate flexibility to accommodate multiple mid-sized groups in these spaces.

Single Purpose Meeting Space

We recommend that the remaining conference center space, including the recommended amphitheater and case study rooms, be designed as single-purpose meeting space that meets the criteria of the International Association of Conference Centers. The recommended space is outlined in the following table.

**Recommended Dedicated, Single-Purpose Conference Facilities  
The University of Texas at Austin Executive Education Center**

	<u>Approximate Seats</u>	<u>Square Feet</u>	<u>Comments</u>
Amphitheater	80	2,400	
Large Conference	150	3,500	Divisible into 2
Medium Conference	1 @ 80	2,000	
Small Conference	2 @ 50	2,400	
Case Study Rooms	3 to 4 @ 40	4,800	
Board Room	35	1,300	Including anteroom
Breakout Rooms	<u>8 @ 15</u>	<u>2,800</u>	
Totals	19 core spaces	19,200	

The final design programming of the Executive Education Center is subject to appropriate modification as a result of a well-planned design programming effort, including specific input from major user organizations on campus and a specific intent to conduct site visits to a selected group of the most current/up-to-date on-campus university conference centers around the country. Sophisticated communications technology should be provided in all meeting rooms, with at least one of the larger conference rooms equipped to provide teleconferencing capability and all meeting space having wireless internet capability.

The main ballroom of approximately 12,000 square feet and a junior ballroom of approximately 5,000 square feet would combine with the above specialized conference space to provide a total of approximately 36,000 square feet of meeting and function space within the Conference Center. The configuration of this space offers a high level of flexibility, providing the operator with space that will adapt to multiple groups ranging from as few as 15 to 20 persons to as many as 700 to 800 persons.

Recommended food and beverage facilities include a 250-seat conference dining room, and a 125-seat recreation lounge/pub/grill room. The acquisition of an alcoholic beverage license for the complex has been assumed.

Horwath also recommends the inclusion of an outdoor pool, an extensive fitness center, locker rooms with saunas and steam rooms, and a small spa. With the anticipated inclusion of the Campus Club [faculty club] within the Project, the core use of these facilities will be supplemented by incremental demand from the Campus Club’s members.

**ESTIMATED PERFORMANCE**

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From the foregoing analysis, it is obvious that a 250-room upscale lodging facility on the subject site, with AAA Four Diamond level service, can be supported. Factors considered in developing this conclusion are as follows:

- The subject was assumed to be a typical, first-class, full-service hotel. Furthermore, it is assumed that the property would offer a quality level commensurate with a typical nationally branded full-service hotel.
- The property's location would allow it to become the property of choice for demand generated by UT Austin and other UT System/State of Texas demand. Conversely, its site location north of the Central Business District [CBD] would render the property less attractive than the downtown hotels in accommodating true downtown demand.
- The property's easy accessibility from IH-35 would allow it to attract demand from other points in Austin.
- While most of the downtown hotels are in good condition, all of the hotels except the Austin Hilton, and the under-construction Courtyard by Marriott and Residence Inn by Marriott are at least 12 years old, with the newest of the other hotels being the Omni Austin Hotel Downtown. This provides a newly constructed property, such as the subject, with a competitive advantage.

- The Project's distance from the Austin Convention Center would likely prohibit it from accommodating a significant amount of demand generated by the Convention Center, except during city-wide events.

Considering the competitive strengths and weaknesses noted above, a full-service hotel would compete effectively with the identified Austin hotel supply under an unrestricted-use model. However, the establishment of a set of operating guidelines that restricts access to the Project to University related demand and State of Texas affiliated demand will minimize the Project's competitive status with the existing downtown Austin upscale hotel market.

**EXHIBITS**

**PROPOSED 250-ROOM UT AUSTIN RESIDENTIAL EXECUTIVE EDUCATION CENTER**  
**THE UNIVERSITY OF TEXAS**  
**AUSTIN, TEXAS**

**EXHIBIT A**

**ESTIMATED STATEMENTS OF CASH FLOW FROM OPERATIONS**  
(Expressed in thousands of inflated dollars)

	Year 1		Year 2		Year 3		Year 4		Year 5	
	\$	%	\$	%	\$	%	\$	%	\$	%
<b>Occupancy <sup>[1]</sup></b>		<b>58.5%</b>		<b>68.5%</b>		<b>72.0%</b>		<b>73.0%</b>		<b>73.0%</b>
<b>Average Room Rate (2004 \$; rd, \$0.25)</b>	<b>\$140.50</b>		<b>\$148.25</b>		<b>\$154.75</b>		<b>\$155.50</b>		<b>\$155.50</b>	
<b>Average Room Rate (inflated \$; rd, \$0.25)</b>	<b>\$158.25</b>		<b>\$172.00</b>		<b>\$184.75</b>		<b>\$191.25</b>		<b>\$197.00</b>	
<b>ADR <sup>[2]</sup> (inflated \$; rd, \$0.25)</b>	<b>\$174.00</b>		<b>\$189.00</b>		<b>\$203.25</b>		<b>\$210.25</b>		<b>\$216.50</b>	
Revenues										
Rooms	\$9,288	48.2%	\$11,814	49.5%	\$13,351	50.2%	\$14,012	49.9%	\$14,433	49.9%
Food	\$5,502	28.5%	\$6,612	27.7%	\$7,303	27.4%	\$7,723	27.5%	\$7,954	27.5%
Beverage	\$889	4.6%	\$1,043	4.4%	\$1,132	4.3%	\$1,213	4.3%	\$1,250	4.3%
Conference Services	\$2,479	12.9%	\$2,997	12.6%	\$3,299	12.4%	\$3,496	12.5%	\$3,600	12.5%
Telephone	\$149	0.8%	\$186	0.8%	\$203	0.8%	\$214	0.8%	\$220	0.8%
Minor Operated Departments	\$397	2.1%	\$485	2.0%	\$524	2.0%	\$556	2.0%	\$572	2.0%
Other	\$574	3.0%	\$718	3.0%	\$801	3.0%	\$852	3.0%	\$877	3.0%
Total	\$19,278	100.0%	\$23,852	100.0%	\$26,612	100.0%	\$28,064	100.0%	\$28,906	100.0%
Department Expenses										
Rooms	\$2,424	26.1%	\$2,454	20.8%	\$2,712	20.3%	\$2,837	20.2%	\$2,922	20.2%
Food & Beverage	\$5,517	86.3%	\$6,252	81.7%	\$6,423	76.1%	\$6,778	75.8%	\$6,981	75.8%
Conference	\$1,469	59.3%	\$1,633	54.5%	\$1,682	51.0%	\$1,769	50.6%	\$1,822	50.6%
Telephone	\$149	100.0%	\$180	97.0%	\$191	94.1%	\$201	93.9%	\$207	93.9%
Minor Operated Departments	\$193	48.5%	\$235	48.5%	\$254	48.4%	\$269	48.4%	\$277	48.4%
Other	\$85	14.8%	\$103	14.4%	\$112	14.0%	\$119	14.0%	\$123	14.0%
Total	\$9,837	51.0%	\$10,856	45.5%	\$11,373	42.7%	\$11,972	42.7%	\$12,331	42.7%
Department Profit	\$9,441	49.0%	\$12,996	54.5%	\$15,240	57.3%	\$16,093	57.3%	\$16,575	57.3%
Undistributed Operating Expenses										
Administrative & General	\$1,884	9.8%	\$2,044	8.6%	\$2,146	8.1%	\$2,223	7.9%	\$2,290	7.9%
Base Management Fee	\$447	2.3%	\$700	2.9%	\$797	3.0%	\$841	3.0%	\$866	3.0%
Sales & Marketing	\$1,646	8.5%	\$1,740	7.3%	\$1,799	6.8%	\$1,853	6.6%	\$1,909	6.6%
Energy	\$595	3.1%	\$620	2.6%	\$657	2.5%	\$678	2.4%	\$698	2.4%
Property Operations & Maintenance	\$938	4.9%	\$1,069	4.5%	\$1,134	4.3%	\$1,194	4.3%	\$1,229	4.3%
Total	\$5,510	28.6%	\$6,172	25.9%	\$6,532	24.5%	\$6,788	24.2%	\$6,992	24.2%
Cash Flow before Fixed Charges, Replacement Reserve and Debt Service	\$3,932	20.4%	\$6,824	28.6%	\$8,708	32.7%	\$9,305	33.2%	\$9,584	33.2%
Fixed Charges, Replacement Reserve and Debt Service										
Insurance	\$91	0.5%	\$93	0.4%	\$96	0.4%	\$99	0.4%	\$101	0.4%
Management Fee - Incentive	\$63	0.3%	\$98	0.4%	\$109	0.4%	\$118	0.4%	\$122	0.4%
Replacement Reserve	\$0	0.0%	\$835	3.5%	\$1,331	5.0%	\$1,403	5.0%	\$1,445	5.0%
Debt Service	\$4,577	23.7%	\$4,577	19.2%	\$4,577	17.2%	\$4,577	16.3%	\$4,577	15.8%
Total Fixed Charges	\$4,731	24.5%	\$5,603	23.5%	\$6,112	23.0%	\$6,197	22.1%	\$6,245	21.6%
Cash Flow after Debt Service	-\$799	-4.1%	\$1,221	5.1%	\$2,596	9.8%	\$3,108	11.1%	\$3,338	11.5%
Compass/Flik Investments <sup>[3]</sup>	\$1,000	5.2%	-\$59	-0.2%	-\$341	-1.3%	-\$341	-1.2%	-\$341	-1.2%
Net Cash Flow after Debt Service	\$201	1.0%	\$1,162	4.9%	\$2,255	8.5%	\$2,767	9.9%	\$2,997	10.4%

Notes: 1. Includes 2 incremental points of occupancy [conference segment] from Compass-USA corporate for Operating Years 1 and 2.

2. Average Daily Rate includes incremental revenue from the standard service charge [15%] that is applied to all Complete Meeting Package [CMP] revenue.

3. Non-reimbursable signing bonus conservatively assumed to be received in full in Operating Year 1; All other investments are capital investments, which are not included in the pro forma income statements. Amortizations of reimbursable capital investments are included as operating expenses, beginning in Operating Year 2, thereby appearing as expense items.

Department expenses and profits are stated as percentages of related department revenues; all other items are stated as percentages of total revenues.

The comments and assumptions contained in this report are an integral part of these estimated statements.

**APPENDICES**

## THE CONFERENCE CENTER CONCEPT

The purpose of this text is to describe the underlying concept of conference centers to permit a more thorough understanding of the objectives of, and the recommended facilities for, the proposed UT Austin Hotel & Conference Center.

### General Concept

By definition and design, a conference center is a specialized hospitality operation dedicated to facilitating and supporting conferences (small to medium-sized meetings, usually averaging between 20 to 50 persons and generally less than 250 persons). In many cases, in particular for conference centers affiliated with institutions of higher learning, there is a significant market for symposia, institutes and other academic conferences that may range in size from under 100 to more than 300 participants.

The entire focus of the operation of a conference center is geared toward enhancing the success of the meeting, from the design of the facility, to the professional support services, to the specialized training of the staff, to the packaging of the product. By focusing on providing the best possible environment for productive meetings, conference centers are "specialist" properties. Hotels, by comparison, are "generalist" properties, as the accommodation of meetings by these operations is treated as only one of a number of facets of their business.

Conference centers are a natural outgrowth of the age of specialization. Meetings have long been an integral part of the efforts of organizations to maintain internal and external communications. However, the need to bring individuals together to communicate face to face in the "conference" format has increased dramatically in the past two decades as organizations have grown in complexity and as the speed at which change and technological progress has increased. Along with this, the pressures on corporations and other organizations to maximize the productivity of their meetings has increased tremendously, and the expectation levels of those who plan meetings, as well as those attending them, has risen substantially.

In the past, this conference demand has been serviced by a number of different types of facilities, including hotels, resorts, motor inns, country clubs, and restaurants. While each of these categories of meeting facilities offers advantages for certain types of meetings, meeting customers have found that the characteristics of these types of facilities can often work against meeting efficiency. Distractions abound at many of these facilities, including external noise and congestion, interruption of important sessions, and the confusion of numerous people at the same facility for different purposes. Poorly designed guestrooms and meeting rooms, insufficient number of meeting and breakout rooms, inadequate lighting, uncomfortable furniture, a lack of modern meeting aids, and the lack of trained personnel, all add to the meeting inefficiencies and inadequacies at many of these "generalist" facilities. It is for this reason that the conference center industry has emerged as a distinct and dynamic segment of the meetings hospitality industry.

Many organizations have recognized the disadvantages involved with hotel-type locations for specific meeting formats. Those organizations with a sufficient number of meetings have tried the inclusion of conference rooms in corporate headquarters. Such in-house meeting facilities are convenient and typically comfortable. However, subtle considerations often make the corporate conference room less desirable than anticipated. For example, the frequent intrusions of "important" telephone calls and minor "office crises" work against the benefit of a controlled environment conducive to learning. External distractions that occur when the conferee leaves the



meeting room or goes home for the evening also detract from information retention and meeting efficiency. The learning environment is thereby fractured and any momentum developed during the session can be easily lost. The receptive attitude of the conferee must then be re-established, a task that is often accomplished only after a considerable loss of valuable time.

It was the demand for more appropriate facilities that resulted in the development of the conference center concept. Conference centers avoid the problems that accompany multi-market oriented hospitality facilities and in-house corporate meeting rooms by concentrating on a special market - the off-premise meetings market for small to medium-sized groups of typically less than 250 persons.

The primary purpose of true conference centers is to satisfy and accommodate conference groups by offering self-contained, full-service, learning and living environments. Due to the specific requirements of the conference market, conference centers are able to provide specially designed meeting, lodging, dining and recreational facilities with appropriate atmosphere, accommodations and services.

The basic indicator that separates the true conference centers from the pretenders is the focus on the small to medium-sized group meeting market. Generally, as much as 60 percent of total demand comes from these markets at bona fide conference centers.

In summary, the conference center concept is one of a total meeting environment, integrally designed and controlled by a team of professionals with the highest level of expertise in meeting planning and management. It is by adopting this approach to the meetings market that conference centers have established a dynamic presence in the meetings industry.

### COMPARABLE LOCAL HOTEL MARKET

The proposed property will accommodate group meeting, academic seminar/symposia and independent traveler demand from University related sources that are currently hosted by other dedicated conference centers throughout Texas, as well as meetings-oriented and other upscale hotels in Austin. In addressing the evolving status of the downtown upscale hotel market, the basic driving factors over the past four years have been the substantial increase in supply as a result of the opening of the new Austin Convention Center headquarters hotel [The Hilton Austin] and the challenging period for the hotel industry since late 2000 resulting from a negative economic trends and the impact of the terrorist events of September 11, 2001. With these issues being carefully considered, it is obvious that the downtown Austin upscale full-service hotel market has begun a noticeable turnaround.

The Austin Hilton is certain to generate substantial amounts of new supply-induced demand from the Convention market. With the addition in 2005/2006 of two new Marriott hotel products [Courtyard by Marriott and Residence Inn] in the downtown area that are considered to be at worst secondary competitors to the upscale full-service supply, and the likely two to three-year period before the 800-room Austin Hilton has been fully absorbed into the market, it is our opinion that the UT Austin Executive Education Center is likely to be the only comparable quality new supply addition in the next three to five years. Based on historical trends and reasonable projections of hotel demand growth under the assumption of a reasonably strong economic cycle over the next six to ten years, the anticipated overall demand in the downtown Austin market would indicate the likely development of another [unidentified] new upscale, full-service hotel in the next three years, if the UT Austin project was not developed.

Accordingly, the overall performance of the downtown Austin hotel market is expected to improve significantly. This improved performance from an occupancy standpoint will undoubtedly drive prices up within this segment of the hotel industry, compared to the relatively negative pricing trends over the period from 2000 to 2004.

While the Project may have a short-term impact on some or all of the downtown hotels that currently accommodate University related sources of demand, these properties will retain a composite competitive advantage of their own in that they have no restrictions on their sources of business. This applies to commercial demand, corporate training and executive level meetings and leisure travel that have no direct tie with the University, as well as a large majority of state and regional associations and professional societies. With the long-term strength of the Austin economy expected to be sustained, any impact on these properties due to the loss of University related demand sources for the subject hotel and conference center are likely to be short-term in nature.

<b>Downtown Austin Upscale Hotel Market Summary</b>			
Segmentation of Upscale Full-Service Hotel Market by Rate Structure Tiers			
<p>Note: Segmentation is based on Trend Report criteria of Smith Travel Research, which limits the maximum percentage of any one hotel brand to 33 percent. Accordingly the mid-tier pricing segment was expanded to include hotels also included in the upper and lower price tiers, due to the size of the Hilton Austin Convention Center Hotel.</p>			
Upper Tier	Middle Tier		Lower Tier
Four Seasons Austin Driskell Hotel Omni Austin Hotel Downtown Doubletree Suites Austin Hyatt Regency Austin	Crowne Plaza Austin Doubletree Suites Austin Embassy Suites Austin Downtown Hilton Austin Convention Center Inter-Continental Stephan F. Austin Marriott Austin @ the Capitol Radisson Hotel and Suites Austin		Crowne Plaza Austin Doubletree Club Hotel Embassy Suites Austin Downtown Hawthorne Suites Radisson Hotel & Suites Austin
<b>Occupancy</b>			
Year	Upper Tier	Middle Tier	Lower Tier
1999	71.2%	74.3%	68.8%
2000	79.0%	76.4%	75.1%
2001	65.4%	64.9%	62.8%
2002	67.6%	67.2%	63.9%
2003	72.5%	67.2%	64.7%
2004	70.2%	66.9%	63.5%
Feb YTD 2004	65.5%	60.9%	53.8%
Feb YTD 2005	74.1%	71.4%	68.4%
<b>Average Room Rate</b>			
Year	Upper Tier	Middle Tier	Lower Tier
1999	\$148.76	\$121.30	\$111.39
2000	\$155.95	\$130.17	\$117.79
2001	\$155.77	\$126.34	\$113.65
2002	\$145.10	\$114.62	\$102.23
2003	\$143.12	\$115.89	\$99.13
2004	\$143.36	\$115.51	\$94.69
Feb YTD 2004	\$140.34	\$113.75	\$95.65
Feb YTD 2005	\$148.69	\$129.80	\$104.41
Source: Smith Travel Research.			

Internet Rack Rates Search Using Hotels' Websites			
Austin, Texas Upscale/Luxury Hotels			
Periods	Weeks of Feb 21, 28; Mar 21, 28; Apr 4, 11, 18, 25; May 16; Jun 13; Jul 18; Aug 15; Sep 12; Oct 17; Nov 14; Dec 12		
Rankings based on Standard Room Rates	Hotel	Averages coming W/D and W/E	
		Standard Room	Suite
	Four Seasons	\$331	\$435
	Driskill	\$235	\$364
	Omni Austin Downtown	\$207	\$296
	Marriott @ the Capitol	\$175	-
	Hilton Austin Convention Center	\$173	\$187
	Mansion at Judges Hill	\$169	\$299
	Hyatt Regency	\$160	\$201
	Doubletree Suites	\$156	\$215
	Crowne Plaza	\$126	\$247
	Market Average [unweighted]	\$192	\$281

Research Guidelines: For February and March the searches were conducted approximately 7 to 10 days in advance. For April through December, the searches were conducted further out. Each individual hotel's results included two-day stays for both weekday and weekend.

**OTHER FACTORS IN THE ANALYSIS**

**Authorized Non-University Related Use**

Considering the option that allows for more non-University related demand [up to 10%] will provide the Operator with justification for a more aggressive revenue management strategy in terms of controlling this additional demand by more aggressive pricing. If total revenue [between any two pricing options] is the same, it is almost always better to have lower occupancy and higher rates due to lower operating costs, as long as the total revenue generation is the same. Thus, Horwath opted to use the more aggressive pricing strategy [for this specific demand segment] to back up the overall projected rate outcomes, and thereby reducing the net occupancy from this demand segment to approximately three percent of total demand.



# The University of Texas Professional Education and Conference Center

The University of Texas at Austin

## Facility Need



- Mission-related professional education center
- Expanding role for leading public universities is to provide post-graduate professional education in many disciplines
- Serves the entire campus, including the Red McCombs School of Business
- Educational outreach to business community and corporate clients



## Facility Overview

- Conference center
- 250-300 guest rooms
- 30,000 to 35,000 net square feet of meeting space
- Associated parking garage



## Management Firm Selection Process

- Solicitation for Request for Proposals
- Seven national caliber companies responded
- Interviews of four companies conducted
- Financial analysis of proposals



## Financial Profile

- Updated feasibility study presents encouraging financial environment for project
- Excellent financial projections from the consultant and the proposed management firm
- Project is projected to be self-sustaining and will not drain resources from other mission-related activities
- Allows the university to expand its role in its post-graduate educational mission
- Will provide discretionary income for other mission-related activities



## Major Points of Contract

- Initial 10-year term
- Based on a fixed management fee
- Financial commitment by Compass Group





## The Facility Will Offer

- A first-rate, academic-oriented experience which fosters learning and teamwork
- A collegial environment which allows interaction among peers and between faculty and students
- An environment which builds and strengthens the sense of university community
- A gateway to the U. T. Austin campus and bridge to the business community

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**

#### RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Natalicio that authorization be granted by the U. T. System Board of Regents, on behalf of U. T. El Paso, to

- a. purchase the real property and improvements located at 1614 Hawthorne Street, El Paso, El Paso County, Texas, at fair market value 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 recommendations.

#### BACKGROUND INFORMATION

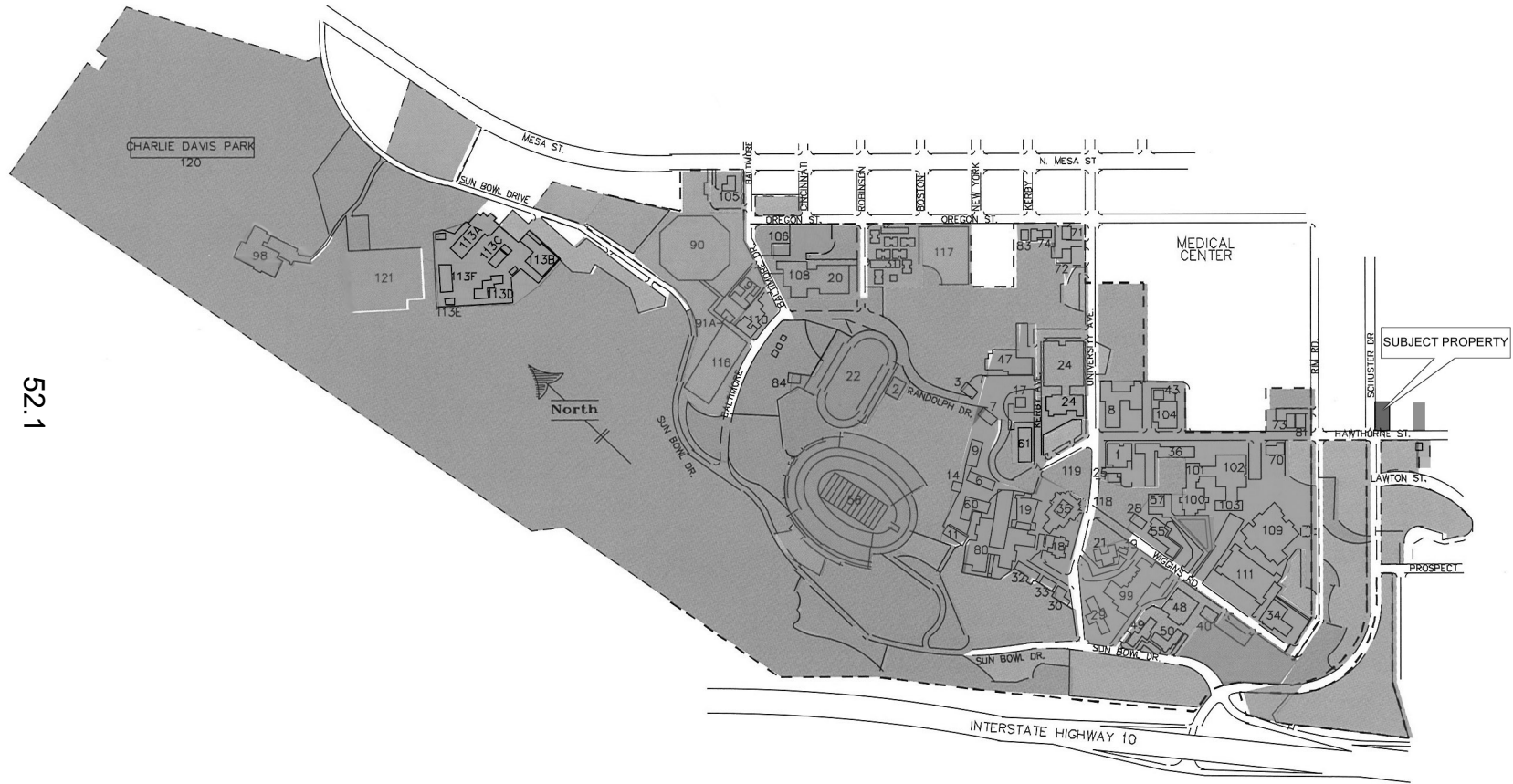
The subject property consists of approximately 6,344 square feet of vacant land with retaining walls located across the street from a U. T. El Paso parking lot and near the Office of University Relations and the Center for Inter-American and Border Studies. Additionally, the land includes frontage along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

Due to the landlocked status of the U. T. El Paso campus and the resulting need to acquire additional property near campus for parking to accommodate increasing numbers of visitors to existing and future campus facilities, the subject property was identified for potential land acquisition in the Campus Master Plan completed in 2002 by the firm of Ellerbe Becket of Minneapolis, Minnesota. After acquisition, the site will be paved for a parking lot. U. T. El Paso will use local reserves to fund the purchase, estimated at \$47,500, the terms and conditions of which are reflected in the transaction summary on Page 52.

## Transaction Summary

Institution:	U. T. El Paso
Type of Transaction:	Purchase
Total Area:	6,344 square feet
Improvements:	Retaining walls
Location:	1614 Hawthorne Street, El Paso, Texas; see map on Page 52.1
Seller:	Sergio and Kathy Coronado
Purchase Price:	\$47,500
Appraised Value:	\$50,000 (Mars Appraisal Associates, April 14, 2005)
Source of Funds:	Local reserves
Intended Use:	Parking lot

52.1



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**

### RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Cárdenas, that authorization be granted by the U. T. System Board of Regents, on behalf of U. T. 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 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;
- 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 recommendations; 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.

### BACKGROUND INFORMATION

The subject property consists of 16.42 acres of unimproved land located on West University Drive, adjacent to the southwestern corner of the U. T. Pan American Physical Plant and contiguous to other property that the institution is acquiring for University use. The property was identified as a critical acquisition in the Campus Master Plan completed by the firm of Good, Fulton & Farrell of Dallas, Texas, in January 2005. The site 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. U. T. Pan American plans to use the site to accommodate future academic facilities.

U. T. System Revenue Financing System debt will be used to fund the purchase estimated at \$2.5 million, the terms and conditions of which are as reflected in the transaction summary below:

#### Transaction Summary

Institution:	U. T. Pan American
Type of Transaction:	Purchase
Total Area:	16.42 acres of unimproved land
Improvements:	None
Location:	North side of West University Drive, adjacent to the southwest corner of the U. T. Pan American Physical Plant; see map on Page 55.1

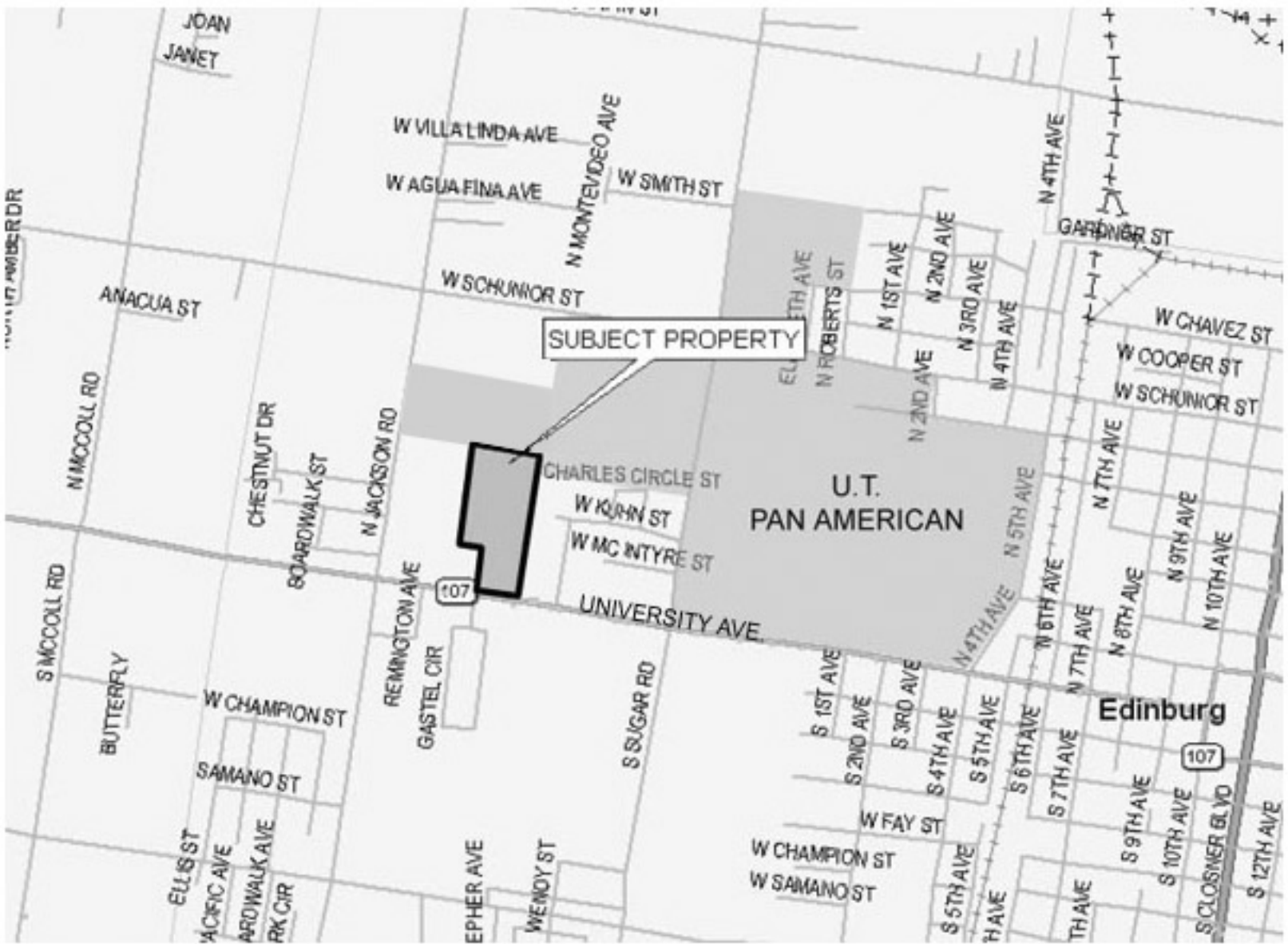
Seller: Leslie Southwick, Larry Southwick, Lloyd Southwick, and Linda Johnson

Purchase Price: \$2.5 million

Appraised Value: \$2.5 million (Joe W. Patterson, MAI, January 18, 2005)  
\$2.5 million (Professional Appraisal Services, Inc., May 10, 2005)

Source of Funds: Revenue Financing System debt

Intended Use: This expansion of the U. T. Pan American campus is planned to accommodate future academic facilities.





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**

#### RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Cárdenas that authorization be granted by the U. T. System Board of Regents, on behalf of U. T. Pan American, to

- a. 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, 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 recommendations; 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.

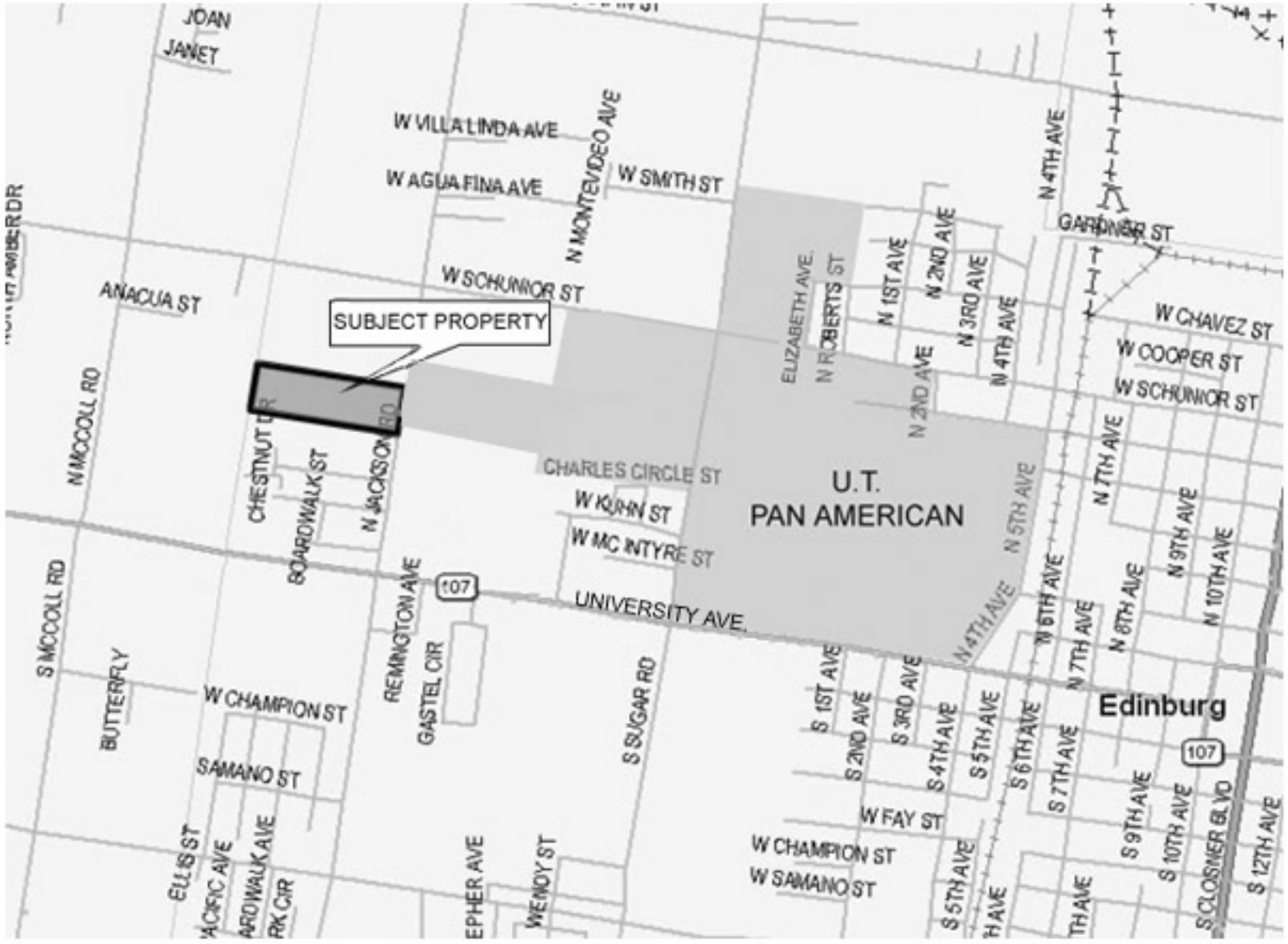
### BACKGROUND INFORMATION

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, estimated at \$475,000, the terms and conditions of which are reflected in the transaction summary below:

#### Transaction Summary

Institution:	U. T. Pan American
Type of Transaction:	Purchase
Total Area:	9.7 acres
Improvements:	Single family house; shed
Location:	South 9.7 acres out of Lot 1, Section 276, Texas-Mexican Railway Company Survey, City of Edinburg, Hidalgo County, Texas; see map on Page 57.1
Seller:	Sherry Todd
Purchase Price:	\$475,000
Appraised Value:	\$475,000 (Joe W. Patterson, MAI, March 1, 2005) Second appraisal to be obtained
Source of Funds:	Revenue Financing System debt
Intended Use:	Campus ancillary and support functions



7. **U. T. Pan American: Request to name the Raúl Yzaguirre Policy Institute and approve the creation of an advisory council to be known as the Raúl Yzaguirre Policy Institute Advisory Council (Regents' Rules and Regulations Series 60302, regarding advisory councils)**

**RECOMMENDATION**

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Vice Chancellor for External Relations, and the President of The University of Texas - Pan American that the U. T. System Board of Regents approve the naming of the Raúl Yzaguirre Policy Institute and approve the creation of an Advisory Council to be known as the Raúl Yzaguirre Policy Institute Advisory Council to provide advice on fund raising and policy.

**BACKGROUND INFORMATION**

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.

U. T. Pan American proposes to name the center the Raúl Yzaguirre Policy Institute, consistent with Representative Hinojosa's sponsorship of the appropriation.

Mr. Yzaguirre served as president and CEO 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.

The naming of the Institute requires approval by the Board of Regents to comply with the Regents' *Rules and Regulations*, Series 80307, regarding honorific namings.

In addition, President Cárdenas proposes to establish an advisory council which also requires Board approval as required by Series 60302 of the Regents' *Rules and Regulations*. Membership in the advisory council will be subject to approval by the Chancellor as required by Series 60302.

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

**RECOMMENDATION**

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Vice Chancellor for External Relations, and President Romo that the U. T. System Board of Regents approve the creation of an advisory council to be known as the College of Public Policy Advisory Council.

**BACKGROUND INFORMATION**

The College of Public Policy is currently 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 establishment of this Advisory Council requires Board approval to comply with the Regents' *Rules and Regulations*, Series 60302. Membership in the College of Public Policy 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.

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

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Vice Chancellor for External Relations, and the President of The University of Texas at San Antonio that the U. T. System Board of Regents approve the creation of an advisory council to be known as the College of Sciences Advisory Council.

BACKGROUND INFORMATION

The establishment of an advisory council requires Board approval to comply with Regents' *Rules and Regulations*, as required by 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**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Romo that authorization be granted to

- a. establish a Ph.D. degree program in Anthropology at U. T. San Antonio; and
- b. submit 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 proposed degree program.

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

## BACKGROUND INFORMATION

### Program Description

U. T. San Antonio proposes to offer a Ph.D. in Anthropology degree program. This program will be offered by the Department of Anthropology in the College of Liberal and Fine Arts. The program 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.

### Need and Student Demand

Projections indicate an increased need for Ph.D.s in anthropology in both academic and non-academic positions. There is also a shortage of qualified individuals to take on leadership positions in a number of applied areas such as cultural resource management, museums, and state agencies, for which individuals with the proposed degree would qualify. The ecological focus of the proposed doctoral program would distinguish it from existing doctoral programs in anthropology that are currently offered in the state as well as nationally, and it will serve to attract students nationwide. Almost one-half of students who have graduated from U. T. San Antonio's Master's program in anthropology during the last decade have been admitted to doctoral programs, indicating a high level of interest in pursuing a doctoral degree in anthropology from students in the San Antonio area. Respondents to a survey assessing student interest also indicated an interest in pursuing the doctoral degree in anthropology at U. T. San Antonio.

### Program Quality

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 U. T. Health Science Center - 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 proposed program. Two new faculty members have been hired in anticipation of the proposed program, 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 proposed program. All recently hired faculty and anticipated hires will contribute approximately 50% of their time to the delivery of the proposed Ph.D. program. These positions are included in the College of Liberal and Fine Arts' faculty hiring plan.

The Department of Anthropology recently transformed existing space into a seminar room/computer lab for students in support of creating a doctoral curriculum that emphasizes training in quantitative and qualitative methods and research design, which will foster a culture of grant writing among the program's students. This should provide ample space for graduate students who need computer access to work on projects as well as to provide students with methodological training. 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.

#### Program Cost

The cost of operating the program across 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.

#### **11. U. T. Brownsville: Discussion and appropriate action regarding proposed revisions to Mission Statement for U. T. Brownsville/Texas Southmost College Partnership**

#### RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Garcia that proposed changes to the U. T. Brownsville Mission Statement as set forth below be approved by the U. T. System Board of Regents and forwarded to the Texas Higher Education Coordinating Board for approval.



## **Revised Mission Statement**

The mission of The University of Texas at Brownsville/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 UTB/TSC Partnership offers certificates and associate, baccalaureate, master's, and 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 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 students. It provides academic leadership to the intellectual, cultural, social, and economic life of the binational urban region it serves.

## **Current 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 which expands knowledge and to present programs of continuing education, public service, and cultural value to meet the needs of the community. The partnership combines the strengths of the community college and those of an upper-level university by increasing student access and eliminating inter-institutional barriers while fulfilling the distinctive responsibilities of each type of institution.

UTB/TSC offers Certificate, Associate, Baccalaureate, and Master's degrees in liberal arts and sciences, and in professional programs designed to meet student demand and regional needs. UTB/TSC also supports the delivery of doctoral programs through cooperative agreements with doctoral degree granting institutions.

UTB/TSC 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 respects the dignity of each learner and addresses the needs of the entire community.

UTB/TSC 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.

### BACKGROUND INFORMATION

The process to arrive at this revised Mission Statement followed U. T. Brownsville's *Handbook of Operating Procedures* (HOP) Policy 4.6.1, Policy for Revising and Approving the Institutional Mission Statement. U. T. Brownsville and Texas Southmost College seek to modify the Mission Statement to include the offering of doctoral programs designed to meet student demand. There has been broad-based support for the development of doctoral programs at U. T. Brownsville and Texas Southmost College, including a mandate from the 2003-2005 Futures Commission. The Commission, which brought together 380 community and university leaders, recommended that the University expand its offerings to include doctoral programs in areas of excellence. The process of review of the Mission Statement to incorporate the offering of doctoral programs has included invited comments from the Executive Council, Provost's Council, Deans' Council, Deans' and Chairs Council, Academic Senate, Staff Senate, Student Government Association, Academic Affairs Partnership Committee, and the Texas Southmost College Board of Trustees. In all cases, including the offering of doctoral programs received full support.

This Mission Statement was previously approved by the U. T. System Board of Regents on May 14, 1998.

## **12. U. T. Arlington: Discussion of compact priorities**

### PURPOSE

President Spaniolo and Executive Vice Chancellor Sullivan will lead a discussion about the compact priorities for The University of Texas at Arlington as set out in the compact on Pages 64.1 - 64.15.

**The University of Texas at Arlington**  
**Compact with The University of Texas System**  
**FY 2006 through FY 2007**

## **I. Introduction**

The University of Texas at Arlington is a Carnegie Doctoral Research Extensive institution whose mission is the advancement of knowledge and the pursuit of excellence in research, teaching, and public service. The institution is authorized by the Texas Higher Education Coordinating Board to offer 92 baccalaureate, 76 master's, and 35 doctoral degree programs. The mission statement supports comprehensive academic research; attracting and retaining high quality faculty scholars who actively engage students; a well-rounded academic experience promoting student involvement, service learning, and free discourse; alternative access venues to meet students' needs; and the development of public and private partnerships.

As an emerging major research university within The UT System, the institution serves over 25,000 students, including more than 6,000 graduate students. Presently, as in the past, the primary student base is the Dallas-Fort Worth-Arlington area and surrounding regions. In fall 2004, 10,651 (42.1%) students listed Tarrant County as their county of origin and 5,014 (19.8%) listed Dallas County. Approximately one-third of the graduate student population, however, is from outside the U.S. The student body is non-traditional in many ways. Most students enter UT Arlington as transfers, many with 60 or more hours already completed. The average age of students in fall 2004 was 26, and 34.5% attended the University on a part-time basis. According to the 2004 Student Survey, 73% of UT Arlington students hold jobs with 43% working more than 20 hours per week. It should be noted, however, that the cohort of traditional first-time freshman is growing. The size of the incoming freshman class has almost doubled since 1999, reaching 1,985 in fall 2004. These students have an average age of 18, almost all attend full-time, and approximately 41% live in campus residence halls or apartments. Ethnic enrollment illustrates the diversity of the UT Arlington population. In fall 2004, the overall student body was 12.2% African American, 11.7% Hispanic, 9.6% Asian, 0.6% Native American, and 11.9% International. It is estimated that the Hispanic student population will be UT Arlington's fastest growing student segment in the coming decades.

The University of Texas at Arlington is the second largest employer in the City of Arlington, utilizing over 4,900 persons in a variety of teaching and non-teaching positions. In fall 2004, there were 1,081 instructional faculty (not including graduate teaching assistants), 758 of whom were full-time, and 551 of whom were tenured or on tenure track (T/TT). The full-time faculty is approximately 36% female and 19% minority. Approximately 85% of the full-time faculty hold doctorates or other terminal degrees. Research expenditures generated by this faculty topped \$22 million in FY2004.

With an annual budget of \$310 million, the institution plays a critical role in the economic and social well being of the region, through direct and indirect expenditures, enhanced earning potential of its graduates, and improvements to the community's social and cultural fabric. A 2000 study estimates that UT Arlington's annual impact on local business volume exceeds \$260 million in Arlington and \$487 million in the Dallas/Fort Worth region. At present, the University owns about 400 acres of land in central Arlington, and 15 acres in Fort Worth. The UTA/Fort Worth Education Center offers classes on the site of the Automation and Robotics and Research Institute (ARRI).

### **II.A. Major Short-Term Priorities and Initiatives**

The University of Texas at Arlington has three major short-term priorities and initiatives: (1) an excellence initiative with significant hiring of new research faculty and improvement in supporting systems and facilities, (2) a long-range visioning and planning exercise, and (3) expansion of the UTA/Fort Worth Education Center programming and enrollment.

Excellence Initiative I

In order for UT Arlington to continue on its trajectory of improvement as a Carnegie Doctoral Extensive Research Institution, it is most important to enhance the academic profile and overall reputation of the institution, increase and strengthen research programs, and establish a center of research excellence. Nine (9) objectives, established by the institution's internal constituencies, should be reached to achieve the desired short-term improvement level. The objectives include: (1) improving the overall academic reputation of UT Arlington, (2) raising the national rankings of selected programs, (3) improving the academic profile of the student body, (4) increasing the retention rates of enrolled students, (5) decreasing the time to graduation for enrolled students, (6) increasing the level of scholarly and creative activity, (7) increasing the level of sponsored research, (8) establishing a center of research excellence focused on nanotechnology, and (9) fueling technology-driven economic development. These objectives are related to the following institutional goals: enhancing the quality of UT Arlington's research environment, sustaining an ongoing effort to make the salary structure for faculty and staff fully competitive with peer universities, and aggressively promoting the university as a nationally respected university and the best comprehensive university in the region.

To achieve the first six objectives listed above, the Office of the Provost will continue moving forward with the application process for securing a Phi Beta Kappa (PBK) chapter.

**UPDATE:** An application was submitted requesting a site visit and consideration for a PBK chapter. The request was denied and constructive feedback was supplied regarding steps that must be taken prior to a successful application. Key steps are (1) improved graduation rates and (2) instituting a foreign language requirement across all fields. We will strive to accomplish the former and are taking many steps to ensure progress. The latter, however, is problematic given our mix of programs (e.g., engineering and various professional programs with accreditation-mandated, intensive credit hour requirements in the discipline). Given this we do not intend to pursue a PBK chapter in the near term.

Within the appropriate academic bodies, transfer student admission standards and graduate student admission standards will be reviewed and recommended to the UT System for increase. These steps follow upon the recent Board of Regents' approval to increase first-time freshmen admission standards.

**UPDATE:** New transfer admission standards have been approved and will be implemented for Fall 05. Graduate admission standards are being reviewed on a program by program basis.

Enhancement of UT Arlington's profile and reputation require financial investment in the University's faculty and recruitment of quality students. Faculty salaries must be reviewed and increases made to move them toward regionally competitive levels. The estimated cost of this endeavor over the next two years is \$3.5 million with funding derived from enrollment and designated tuition increases. An additional investment in faculty members will be accomplished through the establishment of a faculty mentoring program. It is believed that the camaraderie generated by this program will improve faculty retention and satisfaction.

**UPDATE:** A comprehensive salary review has been completed. UTA faculty salaries have been compared by discipline and faculty rank to all Doctoral Extensive institutions as well as peer institutions identified in the UT System Accountability Report. Limitations on tuition changes have restricted funds available for salary increases. A 3% merit pool will be provided for faculty salary increases effective September 2005. The faculty mentoring program was established, and 32 new faculty were matched with mentors.

To attract quality students, UT Arlington will dedicate \$100,000 of its increased designated tuition funds to recruit and retain national merit scholars. To enhance doctoral level enrollments, \$195,000 from the enhanced designated tuition financial aid set-aside will be used to fund one-year doctoral dissertation fellowships, and an additional \$300,000 will be used for Ph.D. engineering and science student fellowships to offset designated tuition and fees. Additionally, the University will continue to increase its investment in the Computer Science and Engineering "Top 25 Initiative" by providing \$750,000 in faculty

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hires and start up costs for 2004-2005. The source of these funds will be the enhanced designated tuition.

**UPDATE:** These funds were made available as indicated.

It is believed that an increase in sponsored research can be achieved by the implementation of a number of strategies. First, UT Arlington has established an Academy of Distinguished Scholars to recognize, reward, and promote research excellence. Inductees receive a \$2,500 salary increase and recognition at a university-wide ceremony. The annual cost of the initial inductees will be \$25,000.

A special effort will be made to hire established, senior-level faculty members who can bring funding and recognition to UT Arlington in key areas. The estimated cost of adding these senior research productive faculty is \$1.9 million in annual salaries and \$2.5 million in one-time start up costs. These items will be funded from designated tuition increases and academic "balance forward" funds. It is expected that an additional \$2.7 million in salary funds and \$3.9 million in start up funds can be provided in 2005-2006 to retain the progress of this crucial strategy.

**UPDATE:** Faculty hires were completed as described. Twenty-six new faculty have been hired, and searches are still underway for several replacement faculty.

To further assist these research faculty members, over \$900,000 in increased designated tuition funds will be directed to making graduate assistant stipends more competitive. In addition to these funded items, collaborations across campus and with other institutions will be encouraged with specific assistance provided to faculty seeking large grants and/or congressional earmarks in areas of national need. Ongoing industrial partnerships, such as the recently signed agreement with Vought, the MOU with Sandia National Laboratories, and the Metroplex Medical Imaging initiative will be supported with targeted faculty hires, and new industrial partnerships will be fostered where appropriate for the University's mission. UTA's Grants and Contracts Office will work with each college/school to increase the number of research proposal submissions. An estimated \$65,000 will be dedicated to increase the staffing in that unit to carry out this task.

**UPDATE:** Funds were added to the Office of Research, and a new Director of Research Compliance was hired. Small seed grants have been provided to encourage faculty collaborations with researchers at The University of Texas Southwestern Medical Center at Dallas (UTSW), The University of Texas at Dallas (UTD), Rice University, The University of Texas at Austin, and University of North Texas Health Science Center (UNTHSC).

The final two objectives listed above, a nanotechnology research center of excellence and technology-driven economic development will be supported by six specific strategies. Over \$1 million will be spent on improvements to the NanoFAB center to accommodate new faculty hires and new instrumentation. The source of these funds will be increased designated tuition funds and the allocation of balance forward funds. Space for a new Center for Nanostructured Materials will be provided in the new chemistry and physics building, currently under construction on campus, and expected to be completed in early 2006. The Grants and Contracts Office and the Arlington Technology Incubator will encourage the development of large-scale, cross-cutting nanotechnology center research proposals and facilitate technology transfer of intellectual property. The Institute for Nanoscale Science and Engineering Research and Technology (INSERT) will be included as a national demonstration project in Arlington to promote workforce development, and INSERT laboratories will be used for training students interested in nanotechnology. Lastly, a vehicle will be developed to engage the Hispanic population of Texas as a workforce initiative within the Nano-at-the-Border Memorandum of Agreement.

**UPDATE:** NanoFAB facilities renovations were completed in AY 2004-05, and supporting faculty hires were made.

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Progress measures for the above objectives and strategies are:

Progress Measure	Report
The number of graduate programs ranked in the top 50 by US News & World Report in AY2006-07 compared to AY2004-05	In 2004, the School of Urban and Public Affairs ranked 26 <sup>th</sup> in the specialty category of City Management and Policy Administration and the School of Social Work ranked 33 <sup>rd</sup> among graduate social work programs.
% of entering degree-seeking freshman in Fall 2005 who ranked in the top 10% of their high school class, compared to % in the Fall 2003 cohort	Fall 02: 15.5% Fall 03: 15.5% Fall 04: 19.6%
% of entering degree-seeking freshman in Fall 2005 who ranked in the top quartile of their high school class, compared to the % in the Fall 2003 cohort	Fall 02: 42.4% Fall 03: 48.6% Fall 04: 58.4%
Mean SAT scores of entering freshman cohort in Fall 2005 compared to Fall 2003	Fall 02: 1046 Fall 03: 1081 Fall 04: 1077
Number of National Merit Scholars enrolled at UTA in Fall 2005 compared to Fall 2003	Fall 02: 2 (2 new) Fall 03: 7 (5 new) Fall 04: 9 (3 new)
Funds awarded for graduate assistantships in FY2006 compared to FY2004	FY02: \$7,744,051 FY03: \$9,621,643 FY04: \$10,329,011
One-year retention rate for first-time full-time degree seeking freshmen entering in Fall 2004 compared to the Fall 2002 cohort	Entered Fall 02, retained in Fall 03: 70.4% Entered Fall 03, retained in Fall 04: 68.8%
Median time to degree for bachelor's recipients in AY2004-05 who started at UTA as first-time freshmen, compared to those who graduated in AY2002-03	AY02-03 bachelor's recipients: 16.0 semesters AY03-04 bachelor's recipients: 14.0 semesters (Note: Based on 3 semesters per academic year.)
Number of tuition fellowships awarded to PhD track students in FY2007 compared to FY2005	N/A – Program to begin in Fall 05
Number and percent of FTE tenured/tenure-track faculty holding extramural grants in FY2006 compared to FY2004	FY02: 114 or 24% FY03: 108 or 22% FY04: 133 or 27%
Total research expenditures in FY2006 compared to FY2004	FY02: \$21,072,961 FY03: \$23,314,937 FY04: \$22,417,131
Research expenditures by funding source in FY2006 compared to FY2004	FY04: Federal = \$11,093,256; State = \$7,935,643; Private = \$3,290,228; Local = \$98,003
Total federal research expenditures in FY2006 compared to FY2004	FY02: \$7,923,657 FY03: \$7,993,576 FY04: \$11,093,256
Number of funded research projects at or above the level of \$1 million per year in FY2006 compared to FY2004	FY02: 4 FY03: 4 FY04: 5
Number of patents filed in FY2006 compared to FY2004	FY02: 5 FY03: 11 FY04: 9
Number of PhD track students enrolled in Fall 2005 compared to Fall 2003	Fall 02: 668 Fall 03: 820 Fall 04: 859
PhD track students as percentage of total graduate student population in Fall 2005 compared to Fall 2003	Fall 02: 10.8% Fall 03: 13.4% Fall 04: 13.9%
Number of PhD degrees awarded in FY2006 compared to FY2004	AY01-02: 71 AY02-03: 62 AY03-04: 75

To achieve this Excellence Initiative, two related initiatives have been undertaken, i.e., the implementation of a new student information system (SIS) and the maintenance, renewal, and construction of appropriate facilities. UT Arlington is at some risk because the existing student records system is largely legacy based. Embedded within the current system are a number of outmoded business processes and a lack of real-time access. A new integrated SIS is related to the institutional goals for a state-of-the-art information technology environment and enhancement of the effectiveness and efficiency of university operations. The computer and technology fee has been significantly increased to cover the cost of the project with an annual set aside of \$2.5 million. During a two-year implementation, current estimates for hardware/software total \$10.5 million. Additional personnel costs during this phase could

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be \$1.5 million. Debt financing will be needed to implement the system on a short-term basis. At this time, a document imaging project is also underway to prepare business processes for a new SIS.

**UPDATE:** The People Soft Student Information System conversion was launched. An oversight committee was constituted, a charter was developed, and a risk analysis was conducted. Orientation and "fit gap" sessions were conducted and a co-location site was secured for the project team in January 2005.

The progress measure for the implementation of the SIS is:

Progress Measure	Report
Ratings received on the four QA reports to be compiled by Cedar over the life of the project	The first QA Report, completed in March 2005, found the project to be on time and under budget, and showed an overall rating of "Excellent"

Changes in the academic structure require facility maintenance and renewal, new construction projects, land acquisitions, major facility renovations, and space programming. To achieve this, UT Arlington must provide (1) well maintained, safe, code compliant facilities; (2) sufficient space to support enrollment increases and research activities; (3) sufficient land area to build upon; (4) renovated facilities to meet changing space needs; and (5) effective space planning to determine future space needs and adherence to the Campus Master Plan. These objectives are related to the institutional goals for a supportive learning environment that contributes to student success, to enhance the quality of UT Arlington's research environment, and to enhance the effectiveness and efficiency of university operations. Six strategies will be undertaken to achieve these objectives. Projects outlined in the THECB MP Reports to address deferred maintenance and the Capital Renewal Model will be completed. \$19 million is needed to address the backlog, and an average of \$5-6 million is needed to address annual capital renewal needs. Additional state appropriations have been requested and \$1-2 million of the University's LERR request will be allocated to this endeavor, but beyond that point, no other funds are available at this time. UT Arlington will continue working toward completion of the \$20 million in projects outlined in the 2002 Schirmer Report to achieve fire and life safety code requirements. Funding to date has been from the PUF, auxiliary enterprise fund balances, and RFS bond proceeds. Additional state appropriations have been requested. Construction of new facilities to include the Chemistry and Physics Building, the Studio Arts Center, University Center Cafeteria Addition, and KC Hall have been completed. Meadow Run Apartments-Phase II will be completed in July 2005, and the Chemistry and Physics Building will be completed in November 2005. \$81,804,445 is being funded through tuition revenue bonds, PUF bonds and revenue financing system bond proceeds. Additional property within the approved boundary acquisition area will be acquired over the next several years. \$9,450,000 is estimated for this endeavor, to be funded with designated tuition, unexpended plant funds balances, and auxiliary enterprise balances. Space renovations in the NanoFAB Teaching and Research Building, Life Sciences Building, and Fine Arts Building will be completed in FY 2005. \$3.3 million has been allocated to complete the projects. Excellence funds, plant fund balances and an allocation from Indirect Cost Recovery funds were the payment sources. Lastly, \$35,000 in space planning and preliminary programming efforts for the Engineering Research Building to be constructed on the main campus has been accomplished and paid for from plant fund balances.

**UPDATE:** The Engineering Research Building received an "Excellent" rating from the Texas Higher Education Coordinating Board for Tuition Revenue Bond consideration, and is currently on the "special consideration" list with the Legislature.



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Funding is the major obstacle for all facility projects. Progress measures for these strategies include:

Progress Measure	Report
Accumulated deferred maintenance (ADM) less than 5% of total for Building Replacement Cost as measured annually	In FY04, ADM of \$19,127,000 was 4.35% of Building Replacement Cost (\$439,251,631)
Completion of scheduled life safety, fire and security code compliant projects to be documented by annual progress reports generated from the Schirmer Report database	To date, 849 of the 1,485 items listed in the 2002 Schirmer Report have been completed at an estimated cost of \$7.4 million
Maintaining construction schedules as documented by comparing the schedules to the Capital Improvement Plan	In FY04, all projects were completed as scheduled in the Capital Improvement Plan
Adherence to the facility renovation schedule as documented by the Annual Report	In FY04, 109 renovation projects were completed as scheduled at an approximate cost of \$48,000,000
Comparison of classroom and lab utilization rates in Fall 2003 to Fall 2006	Classroom – Fall 03: 29.1    Fall 04: 31.8 Lab – Fall 03: 24.5    Fall 04: 22.0
Maintaining an acceptable Facility Condition Index	Not yet available

Visioning and Planning Exercise

UT Arlington is at a crossroads. Enrollments have returned to record levels, and the student body is becoming more “traditional”. The university has devoted an increasing number of resources to enhancing its research profile and to securing federal funding. Community interest in the institution is at an all-time high. All of these indicators point to the need for a comprehensive visioning and planning exercise. Issues that need to be addressed include: (1) areas and levels of future growth, (2) specification of targeted areas of excellence, (3) the development of resource allocation models and performance metrics, and (4) possible revision of the campus master plan. This exercise is related to the institutional goals for a supportive learning environment that contributes to student success and results in a technologically advanced workforce, to enhancement of the quality of the university's research environment, to enhancement of the effectiveness and efficiency of university operations, and to increasing collaboration with health institutions. Four key strategies will be undertaken in support of these objectives. First, the entire campus community has been engaged in a broad-based visioning and planning exercise. Second, when the draft visioning and planning document is complete, it will be shared with members of the Arlington community for input. Third, the final visioning document will be used to build a comprehensive university case to assess donor readiness for a future capital campaign. And fourth, the academic plan which emerges from the planning process will be utilized to update the campus master plan, thus ensuring the physical development of the campus aligns with the university's academic plan.

Progress will be evaluated by timely completion of the following steps:

Progress Measure	Report
Completion of the steps outlined in the planning framework:	
1) President's strategic conversations with various universities (Fall 2004/Spring 2005)	Completed
2) SWOT Analysis conducted by Strategic Planning Committee (January – March 2005)	Completed
3) Deans' Planning Retreat (April 2005)	Completed
4) Draft of goals and objectives for Strategic Plan (May 2005)	In progress
5) Review of draft goals and objectives by campus community (September – October 2005)	
6) Final version of goals and objectives (December 2005)	
7) Responsible parties develop action plans for goals and objectives (Spring 2006)	
8) Final version of UTA Strategic Plan for 2006 – 2010 completed (May 2006)	

UTA/Fort Worth

UTA/Fort Worth began offering programs to meet the needs of working students and to provide access to students who lack public transportation options in Arlington. Currently, the center is sharing space with the Automation Robotics and Research Institute (ARRI), offering a program at Bell Helicopter/Textron, and teaching courses on two Tarrant County College (TCC) campuses. Due to space limitations at the ARRI and TCC locations, and due to security limitations at the Bell Helicopter site (both major obstacles), UT Arlington must seek alternatives for its Fort Worth Center. The objectives of this initiative are to increase enrollment at UTA/Fort Worth and to expand academic programs offered through UTA/Fort Worth. These objectives are directly tied to the State Closing the Gaps access goals. UT Arlington will include new lease space in Fort Worth in its space planning and preliminary programming efforts. This will include approximately 20,000 sf for offices, classrooms, lounges and a library with a delivery date of Spring 2006. Lastly, Fort Worth Center officials will identify temporary space for program expansion.

**UPDATE:** Two site selection studies were completed. Special item funds have been requested to equip future lease space. A new UTA/Fort Worth interim director was put in place in December 2004. Possible lease space alternatives in downtown Fort Worth have been located and are being assessed for possible Spring 2006 occupancy.

Progress measures will be:

Progress Measure	Report
SCH generation in courses offered through UTA/Fort Worth in Fall 2005 compared to Fall 2003	Fall 03: 2,178    Fall 04: 2,178
Headcount enrollment at UTA/Fort Worth in Fall 2005 compared to Fall 2003	Fall 03: 726    Fall 04: 726
Number of courses offered through UTA/Fort Worth in Fall 2005 compared to Fall 2003	Fall 03: 25 courses in 14 subjects Fall 04: 27 courses in 14 subjects

**II. B. Major Long-Term Priorities and Initiatives**

On a longer term basis, UT Arlington plans to continue its excellence initiative accompanied by further facilities and information technology upgrades. The campus will take its nanotechnology objectives to another level with the establishment of a Bioscience and Bioengineering Research Center of Excellence. By this time, the university also expects to be in a position to greatly enhance its development efforts. The institution is still in the process of identifying funding resources for these initiatives.

Excellence Initiative II

The most important long-term initiative UT Arlington can undertake is to continue to enhance its academic profile and overall reputation, expand its research programs, and establish centers of research excellence. The objectives identified within the Excellence Initiative I are applicable on a continuing basis because they constitute the heart of the institution. It is expected that, in the long term, the establishment of new centers of research excellence will move beyond nanotechnology to emerging areas on the cusp of scientific, engineering, and academic exploration. These excellence goals relate to the following institutional goals: enhancing the quality of UT Arlington's research environment, sustaining an ongoing effort to make the salary structure for faculty and staff fully competitive with peer universities, and aggressively promoting the university as a nationally respected university and the best in the region. Eight strategies will be implemented to meet the objectives: (1) an increase in funds will be needed for the purchase and renewal of research equipment; (2) a new research magazine will be published showcasing the University's research activities; (3) a systematic review and improvement of center, laboratories, and libraries will commence; (4) funds to improve faculty salaries will be identified and awarded; (5) faculty teaching workloads will be evaluated and restructured where appropriate; (6) endowed professorships will be created and filled in targeted areas of excellence; (7) additional research

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faculty will be hired in targeted areas; and (8) fellowships to offset tuition and fees will be provided for Ph.D. students in science and engineering.

Identified progress measures include:

Progress Measure	Report
The number of graduate programs ranked in the top 50 in AY2006-07 compared to AY2004-05	
One-year retention rate of first-time full-time freshman cohort entering in Fall 2008 compared to Fall 2004 and Fall 2006 cohorts	
Four-, five-, and six-year graduation rates of full-time freshman cohorts entering in Fall 200 and Fall 2005 compared to Fall 2002 and Fall 2003	
Two-, three- and four-year graduation rates of full-time transfer students entering with more than 60 hours in Fall 2007 and Fall 2008 compared to Fall 2002 and Fall 2003	
% of entering freshman in Fall 2008 graduating in top 10% and top high school quartile compared to Fall 2003 cohort	
Mean and median SAT scores of entering freshman cohort in Fall 2008 compared to Fall 2003 and Fall 2005	
Number of National Merit Scholars among entering freshman class in Fall 2008 compared to Fall 2003 and Fall 2005	
Funds awarded for graduate assistantships in FY2009 compared to FY2006 and FY2004	
Number of tuition fellowships awarded to PhD track students in FY2009 compared to FY2007 and FY2005	
Total research expenditures in FY2009 compared to FY2006 and FY2004	
Total federal research expenditures in FY2009 compared to FY2006 and FY2004	
Number of funded research projects at or above the level of \$1 million per year in FY2009 compared to FY2006 and FY21004	
Number of patents filed in FY2009 compared to FY2006 and FY2004	
Number of PhD track students enrolled in Fall 2008 compared to Fall 2005 and Fall 2003	
PhD track students as percentage of total graduate student population in Fall 2008 compared to Fall 2005 and Fall 2003	
Number of PhD degrees awarded in FY2009 compared to FY2006 and FY2004	
Number of endowed professorships and percent filled in FY2009 compared to FY2006 and FY2004	

Related facility and information technology infrastructure changes will be required as part of the drive for excellence. In addition to the five objectives described under the Excellence I Facilities Initiative, a sixth objective will be to expand the pervasiveness of information technologies to secure anytime/anywhere access. These objectives relate to the enhancement of four institutional priorities, i.e., a supportive learning environment that contributes to student success, the quality of UTA's research environment, support for a state-of-the-art information technology environment, and the effectiveness, efficiency, and security of university information operations.

Finally, these Facility Planning goals and objectives are related to the following Institutional, System and/or State strategies: (1) "Closing the Gaps" – New buildings will provide additional space allowing more students to attend UTA (Participation and Success); (2) "Closing the Gaps" - New and renovated science and research buildings / space will enhance the university's ability to recruit faculty and compete

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successfully for research funding (Research and Excellence); and (3) "Closing the Gaps" – Integration of technology into instruction will provide additional tools for the delivery of academic programs (Success). Numerous strategies will be undertaken to meet these objectives and support the academic enterprise:

- Continued progress toward addressing deferred maintenance and capital renewal projects.
- Continued progress toward addressing the projects outlined in the Schirmer Report to achieve compliance with fire and life safety code requirements for existing facilities.
- Secure funding for the construction of the Engineering Research Building and a Bioscience and Bioengineering Building.
- Property acquisitions within the approved boundary acquisition area in accordance with the Campus Master Plan (May 2000) to support the continued growth of the campus.
- Science Hall space renovations (after completion of the Chemistry and Physics Building) to meet pressing academic and research space requirements.
- Update the Campus Master Plan to properly align with the academic plan.
- Expansion and upgrades to the IT infrastructure, specifically network, servers and storage systems, and network and security services will be required. The budget for funds collected from the computer and technology fee will be planned to maximize IT infrastructure development.
- A campus wireless infrastructure connected to the campus backbone wired network will be built.
- A campus technology refresh plan will be completed and implemented.
- The project to upgrade network switches from 3Com to Cisco will be completed permitting a full 1 gigabit backbone network with attendant full use of network control software.
- 640 MB/sec or greater connectivity to Internet II or Lambda Rail network.
- A vulnerability analysis will be completed and actions taken to secure the infrastructure. These actions include the hiring of additional IT security personnel, implementation of a campus-wide firewall system, takeover of the College of Engineering network, and other related security measures.
- A full-scale disaster recovery plan will be implemented.

Progress measures would be similar to those in the short-term priorities section above plus the following:

Progress Measure	Report
Deferred maintenance to building replacement cost value < 5%	

Bioscience and Bioengineering Research Program

The 21<sup>st</sup> century will be known as the century of explosive progress in the life sciences. Furthermore, the life sciences arena holds the largest potential for increased funding at the university. Coupled with the notion of convergence in nanotechnology, biotechnology, information technology, and cognitive research, UTA has formed a converging Bioscience and Bioengineering Center (BBC). The center engages approximately 25 faculty members in engineering and science and exists to foster development of cross-disciplinary research areas that require contributions from several units. Three major areas of emphasis include: (1) the related areas of bioinformatics, genomics, (2) biocomplexity, computational biology and biostatistics; and (3) biomedical device, tissue engineering, imaging and sensor development. To achieve this initiative, UT Arlington will leverage crosscutting university resources and activities with local government and business to increase federal funding of research and the stature of its biotechnology research. Institutional goals related to this priority are enhancement of the quality of the research environment and aggressive promotion of UT Arlington as a national respected university and the best in the region. Specific strategies related to this endeavor will include: (1) focused faculty hiring in biotechnology related fields with appropriate startup funding; (2) targeted seed funding of new biotechnology proposals; (3) continued infrastructure development with an anticipated federal earmark for the BBC under consideration by Congress; (4) large-scale, crosscutting biotechnology center proposals; (5) technology transfer of intellectual property into the Arlington Technology Incubator (ATI)

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will be encouraged and facilitated; (6) training for students interested in biotechnology; (7) development of interdisciplinary degree programs in genomics and bioinformatics; (8) convergence of the nanoscience, MEMs, genomics (gene chips etc) and sensor design efforts to create a nanobio program; and (9) collaboration with U. T. Southwestern Medical Center and UT Dallas to partner on research.

Progress measures could include:

Progress Measure	Report
Number of new faculty members hired into BBC since Fall 2004	
Number of proposals submitted by BBC faculty during AY2008-09	
External research funding for BBC during FY2009	
NIH funding for BBC in FY09 compared to FY06	
% of square footage in Life Science renovated by the end of FY2009	
Number of collaborative projects with UT Southwestern and UTD in related areas in FY09 compared to FY06	

Development Initiative

UT Arlington is currently restructuring its development office. With a new development vice president in place, development efforts will be aligned with the university's vision identified in the short-term priorities listed above. This alignment and the related efforts is expected to increase the contribution to the university budget for programmatic and capital needs derived from private external sources through operational support and increased endowment income. It is essential that external resources are garnered in order to aggressively promote UTA as a nationally respected university and the best university in the region. Specifically, the Office of Development will (1) expand and empower the network of university friends and advocates to carry UTA's established branding message and secure critical external support; (2) build relationships with more donor prospects/donors through a systematic, consistent and expanded major gifts initiative; (3) complete feasibility studies initiated in the short-term; evaluate results to determine capital campaign readiness; (4) refine the university case statement based on results of assessments; (5) leverage greater alumni support through increased percentage of giving through the Annual Fund; (6) launch a comprehensive university capital campaign; and (7) reorganize development infrastructure to provide a dedicated development officer to major academic units.

Progress measures may include:

Progress Measure	Report
% of alumni who hold membership in Alumni Association in FY2009 compared to FY2004	FY03: 3.8% FY04: 4.1%
Donor support (\$\$) in FY2009 compared to FY2004	FY03: \$6,275,607 FY04: \$4,728,540
% of alumni donating to UTA in FY2009 compared to FY2004	FY03: 3.2% FY04: 3.4%
Alumni donations (\$\$)	FY03: \$395,107 FY04: \$562,340

**III. Future Initiatives of High Importance**

The highest priority in the short-term, intermediate, and long-term is continuance of the Excellence Initiative and accompanying upgrades in facilities and technology infrastructure. For UT Arlington to advance in stature, it must continue to enhance its academic profile and overall reputation, significantly increase its research faculty and programs, and establish additional centers of research excellence. To meet this priority, objectives will be similar to the aforementioned items but will be updated for emerging

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areas and technologies as resources allow. At this time, it is anticipated that the following institutional, System, and state goals will remain unchanged:

- Enhancing of the quality of UT Arlington’s research environment,
- Expanding the research infrastructure on campus,
- Sustaining an ongoing effort to make the salary structure for faculty and staff competitive with peer institutions,
- Aggressive promotion of the university as a national respected university and the best in the region,
- A commitment to a supportive learning environment that contributes to student success,
- Enhancing the effectiveness and efficiency of university operations,
- “Closing the Gaps,” and
- Maintaining and renewing facilities to meet the changing needs of the university.

As such, specific strategies will also be similar to those outlined in the short-term and intermediate term sections above. To measure the outcomes of these actions, the following comparisons could be made:

Progress Measure	Report
Total research expenditures in FY2014 compared to FY2009	
Total federal research expenditures in FY2014 compared to FY2009	
Number of patents filed in FY2014 compared to FY2009	
Number of active funded projects at or above the level of \$1 million per year in FY2014 compared to FY2009	
Number of PhD track students enrolled in Fall 2013 compared to Fall 2008	
PhD track students as percentage of graduate student population in Fall 2013 compared to Fall 2008	
Number of PhD degrees awarded in FY2014 compared to FY2009	
Number of tuition fellowships awarded to PhD track students in FY2014 compared to FY2009	
% of entering freshman in Fall 2013 graduating in top 10% or top high school quartile compared to Fall 2008	
Mean and median SAT scores of entering freshman cohort in Fall 2013 compared to Fall 2008 cohort	
Number of National Merit Scholars among entering freshman class in Fall 2013 compared to Fall 2008	
Number of graduate programs ranked in the top 50	
One-year retention rate of first-time full-time freshman cohort entering in Fall 2013 compared to Fall 2008	
Four-, five- and six-year graduation rates of full-time freshman cohorts entering in Fall 2009 and Fall 2010 compared to Fall 2005 and Fall 2006	
Two-, three- and four-year graduation rates of full-time transfer students entering with more than 60 hours in Fall 2009 and Fall 2010 compared to Fall 2005 and Fall 2006	
Number of endowed professorships and percent filled in FY2014 compared to FY2009	
Average weekly hours of classroom and class lab use in Fall 2013 compared to Fall 2008	
Assignable square feet per FTE student in Fall 2013 compared to Fall 2008	
Facilities condition index in AY2013-14 compared to AY2008-09	

#### **IV. Other Critical Issues Related to Institution Priorities**

##### **A. Impact of Initiatives**

The essence of the excellence strategies is to gradually change the shape of UT Arlington's student profile. The intent is not to eliminate growth, rather to slow it and shape it in selected areas. The exponential growth experienced in the past few years has caused some structural issues in a few units so future growth must be managed in a way that ensures enhanced program quality and addresses the research mission of the university. Changes in admission standards have been carefully analyzed and set to avoid undesired impacts on diversity improvements. It is expected that the recent and future changes in standards will improve the student profiles of all students.

##### **B. Unexpected Opportunities or Crises**

There are two financial situations that could present great hardship to UT Arlington. First, the University stands to lose several million dollars if the changes in formula funding adopted by the Coordinating Board withstand voting during the current legislative session. Secondly, if there is a reversal or change in the tuition deregulation process, the University will lose a material portion of its ability to implement its Excellence Initiatives and be competitive with other institutions. The University has made strides in hiring well-funded faculty researchers. These quality additions are critical to advancement of the excellence initiatives. Any budget reductions could jeopardize progress made thus far and severely impede future enhancement of the University's academic profile and research endeavors.

#### **V. System and State Priorities**

System and state priorities are addressed in Sections II through IV of the Compact.

#### **VI. Compact Development Process**

Interim President Charles Sorber began the compact development process by holding a series of meetings with executive level administrators and requesting ideas for the compact. Substantial discourse occurred as ideas were clarified and defined. Once a primary set of ideas was established, information was shared with the academic deans and received extensive feedback from the group. A preliminary draft of the compact document was then shared with both the Faculty Senate and student leadership who provided feedback. All ideas were then compiled and passed on to President James Spaniolo who compiled the first complete version of this document.

Late in the Fall Semester 2004 President Spaniolo held a series of "strategic conversations" with faculty, staff, students, and the UTA/Fort Worth Higher Education Center Advisory Board. These conversations, focused on key issues and priorities for UTA, helped inform the development of this version of the Compact. Executive-level administrators provided updates on priorities and initiatives in their areas, which were then incorporated into this document. The Compact update was shared with the Faculty Senate Executive Committee and will be disseminated to the larger faculty and student governance bodies early in the fall.

#### **VII. System Contributions**

- Support for expansion of collaborations (Academic Affairs, Health Affairs)
- Support for expansion of community and state support (Governmental Relations)
- Support for capital expansion and improvements (Facilities Planning and Construction)
- Support for development efforts (External Relations)

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**VIII. Appendices**

**A. Budget Summary:**

**The University of Texas at Arlington  
Operating Budget  
Fiscal Year Ending August 31, 2005**

	FY 2004 Adjusted Budget	FY 2005 Operating Budget	Budget Increases (Decreases) From 2004 to 2005	
			Amount	Percent
<b>Operating Revenues:</b>				
Tuition and Fees	\$ 106,874,361	135,351,203	28,476,842	26.6%
Federal Sponsored Programs	25,903,564	31,091,693	5,188,129	20.0%
State Sponsored Programs	5,540,327	8,064,247	2,523,920	45.6%
Local and Private Sponsored Programs	4,198,514	4,070,761	(127,753)	-3.0%
Net Sales and Services of Educational Activities	6,444,777	5,605,170	(839,607)	-13.0%
Net Sales and Services of Hospital and Clinics	-	-	-	-
Net Professional Fees	-	-	-	-
Net Auxiliary Enterprises	15,884,522	18,911,418	3,026,896	19.1%
Other Operating Revenues	6,160,452	5,981,296	(179,156)	-2.9%
<b>Total Operating Revenues</b>	<b>171,006,517</b>	<b>209,075,788</b>	<b>38,069,271</b>	<b>22.3%</b>
<b>Operating Expenses:</b>				
Instruction	97,518,847	105,310,009	7,791,162	8.0%
Academic Support	23,405,880	24,733,221	1,327,341	5.7%
Research	33,913,298	42,142,332	8,229,034	24.3%
Public Service	3,941,201	3,741,634	(199,567)	-5.1%
Hospitals and Clinics	-	-	-	-
Institutional Support	32,539,204	38,077,635	5,538,431	17.0%
Student Services	9,846,204	17,137,348	7,291,144	74.1%
Operations and Maintenance of Plant	17,681,253	20,191,228	2,509,975	14.2%
Scholarships and Fellowships	10,695,950	13,676,551	2,980,601	27.9%
Auxiliary Enterprises	26,015,350	29,373,972	3,358,622	12.9%
<b>Total Operating Expenses</b>	<b>255,557,187</b>	<b>294,383,930</b>	<b>38,826,743</b>	<b>15.2%</b>
<b>Operating Surplus/Deficit</b>	<b>(84,550,670)</b>	<b>(85,308,142)</b>	<b>(757,472)</b>	<b>0.9%</b>
<b>Nonoperating Revenues (Expenses):</b>				
State Appropriations & HEAF	96,223,840	96,904,459	680,619	0.7%
Gifts in Support of Operations	221,432	224,915	3,483	1.6%
Net Investment Income	3,038,527	3,115,856	77,329	2.5%
Other Non-Operating Revenue	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-
<b>Net Non-Operating Revenue/(Expenses)</b>	<b>99,483,799</b>	<b>100,245,230</b>	<b>761,431</b>	<b>0.8%</b>
<b>Transfers and Other:</b>				
AUF Transfers Received	-	-	-	-
AUF Transfers (Made)	-	-	-	-
Transfers From (To) Unexpended Plant	300,000	280,000	(20,000)	-6.7%
Transfers for Debt Service	(14,945,449)	(16,261,425)	(1,315,976)	8.8%
Other Additions and Transfers	7,991,487	12,304,089	4,312,602	54.0%
Other Deductions and Transfers	(7,741,956)	(12,453,598)	(4,711,642)	60.9%
<b>Total Transfers and Other</b>	<b>(14,395,918)</b>	<b>(16,130,934)</b>	<b>(1,735,016)</b>	<b>12.1%</b>
<b>Surplus/(Deficit)</b>	<b>\$ 537,211</b>	<b>(1,193,846)</b>	<b>(1,731,057)</b>	<b>-322.2%</b>
Total Revenues	\$ 270,490,316	309,321,018	38,830,702	14.4%
Total Expenses and Debt Service Transfers	(270,502,636)	(310,645,355)	(40,142,719)	14.8%
<b>Surplus (Deficit)</b>	<b>\$ (12,320)</b>	<b>(1,324,337)</b>	<b>(1,312,017)</b>	

Note: Operating Budget Highlights with a glossary of terms are included on Page 1.



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**B. Statistical Profile:**

**UT Arlington**

ENROLLMENT	<i>fall</i>	2000	2001	2002	2003	2004
Undergraduate		15,449	16,330	17,649	18,867	19,114
Graduate		4,975	4,850	6,172	6,112	6,183
Total		20,424	21,180	23,821	24,979	25,297

PERSISTENCE	<i>yr of matriculation</i>	1998	1999	2000	2001	2002
1st year persistence		65.8%	65.9%	68.0%	65.6%	66.4%

GRADUATION	<i>yr of matriculation</i>	1995	1996	1997	1998	1999
4-year graduation rate		9.6%	13.2%	12.7%	12.3%	14.5%
5-year graduation rate		22.4%	29.3%	30.6%	29.5%	
6-year graduation rate		30.6%	36.4%	36.8%		

DEGREES AWARDED	<i>academic year</i>	99-00	00-01	01-02	02-03	03-04
Baccalaureate		2,813	2,798	2,892	3,150	3,280
Master's		975	1,087	1,069	1,366	1,796
Doctorate		78	87	72	62	75

FACULTY / STAFF	<i>fall</i>	2000	2001	2002	2003	2004
All instructional staff		1,192	1,216	1,255	1,302	1,365
Classified employees		1,057	1,252	1,275	1,254	1,301
Administrative/professional employees		327	968	444	424	446
Student employees		1,521	1,026	1,737	1,724	2,145

STUDENTS/FACULTY	<i>academic year</i>	99-00	00-01	01-02	02-03	03-04
FTE student / FTE faculty ratio		19 to 1	20 to 1	20 to 1	22 to 1	22 to 1

RESEARCH	<i>fiscal year</i>	2000	2001	2002	2003	2004
Federal research expenditures		\$5,242,897	\$9,224,210	\$7,923,657	\$7,993,576	\$11,093,256

REVENUE/STUDENT	<i>fiscal year</i>	2000	2001	2002	2003	2004
Revenue/FTE student (nearest thousand)		\$11,000	\$12,000	\$12,000	\$10,000	\$11,000

ENDOWMENT	<i>as of</i>	8/31/99				8/31/04
Endowment total value		\$29,822,000				\$38,512,000

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

REPORT

Dr. Teresa A. Sullivan, Executive Vice Chancellor for Academic Affairs, will report on the U. T. System's admissions issues related to the Board of Regents' Task Force on Admissions, Tuition, and Financial Aid.

Regent Caven was appointed to head the Task Force on Admissions, Tuition, and Financial Aid at the Board meeting on November 18, 2003. The mission of the Task Force was to: 1) develop strategies which bring together admissions, tuition, and financial aid policies in a comprehensive policy unit for the Board to enhance recruitment, enrollment, retention, and graduation of The University of Texas System students while focusing on admissions, tuition, and financial aid; and (2) structure the long-term processes under which the Board of Regents of The University of Texas System develops its admissions, tuition, and financial aid policies.

14. **U. T. System: Discussion of System-wide initiative to improve graduation rates**

PURPOSE

Executive Vice Chancellor Sullivan will lead a discussion on the U. T. System-wide initiative to improve graduation rates for academic institutions.

BACKGROUND INFORMATION

Each fall, approximately 50,000 to 60,000 students enter Texas public universities for the first time. Of these students, approximately 43,000 enroll in at least 12 semester credit hours (SCH) and are considered to be full-time students. The Texas Higher Education Coordinating Board estimates that of those enrolled full time, 52.6% had graduated with a baccalaureate degree six years after first enrolling. Moreover, the Coordinating Board studies estimate that 33.3% of those students were no longer enrolled and had not graduated.