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August 13-14, 2008
Austin, Texas

Wednesday, August 13, 2008

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COMMITTEE MEETINGS

Health Affairs Committee -- Special Meeting

9:00 – 11:00 a.m.

Concurrent:

Audit, Compliance, and Management Review Committee
(ASH 9 Conference Room)

11:00 – 12:00 p.m.

Student, Faculty, and Staff Campus Life Committee
(ASH 9 Board Room)

A. CONVENE THE BOARD IN OPEN SESSION

12:00 p.m.
Chairman Caven

**U. T. System Board of Regents: Presentation of
certificate of appreciation to James T. Willerson, M.D.,
President of U. T. Health Science Center - Houston**

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B. RECESS TO EXECUTIVE SESSION PURSUANT TO
TEXAS GOVERNMENT CODE, CHAPTER 551 (group photo
and working lunch)

12:10 p.m.
Chairman Caven

1. Personnel Matters Relating to Appointment, Employment,
Evaluation, Assignment, Duties, Discipline, or Dismissal
of Officers or Employees – Section 551.074

a. **U. T. System: Discussion and appropriate action
regarding individual personnel matters relating to
appointment, employment, evaluation,
compensation, assignment, and duties of U. T.
System and institutional employees**

b. **U. T. System: Discussion and appropriate action
regarding individual personnel matters relating to
appointment, employment, evaluation,
compensation, assignment, and duties of
presidents (academic and health institutions),
U. T. System Administration officers (Executive
Vice Chancellors and Vice Chancellors), other
officers reporting directly to the Board
(Chancellor, Chancellor ad interim, General
Counsel to the Board, and Chief Audit Executive),
and U. T. System and institutional employees and
related personnel aspects of the operating budget
for the fiscal year ending August 31, 2009**

Wednesday, August 13, 2008 (continued)

- c. **U. T. System: Discussion regarding individual personnel matters relating to appointment, employment, evaluation, compensation, assignment, and duties of U. T. System and institutional employees including employees covered by Regents' *Rules and Regulations*, Rule 20204, regarding compensation for highly compensated employees**

- 2. Deliberations Regarding the Purchase, Exchange, Lease, Sale, or Value of Real Property – Section 551.072

- 3. Negotiated Contracts for Prospective Gifts or Donations - Section 551.073

- 4. Consultation with Attorney Regarding Legal Matters or Pending and/or Contemplated Litigation or Settlement Offers – Section 551.071

- a. **U. T. System Board of Regents: Discussion with Counsel on pending legal issues** *Mr. Burgdorf*

- b. **U. T. System Board of Regents: Legal issues related to U. T. Permian Basin and Los Alamos National Laboratory collaboration** *Mr. Burgdorf*

- C. RECONVENE IN OPEN SESSION TO CONSIDER ACTION ON EXECUTIVE SESSION ITEMS, IF ANY *1:25 p.m.*

- D. RECESS FOR COMMITTEE MEETINGS *1:30 p.m.*

- Health Affairs Committee..... *1:30 p.m.*
- Academic Affairs Committee..... *2:30 p.m.*
- Facilities Planning and Construction Committee..... *4:00 p.m.*

Thursday, August 14, 2008

	Board/Committee Meetings	Page
COMMITTEE MEETING		
Finance and Planning Committee	8:30 a.m.	
E. RECONVENE THE BOARD IN OPEN SESSION	9:30 a.m.	
F. APPROVAL OF MINUTES		
G. CONSIDER AGENDA ITEMS		
1. U. T. System Board of Regents: Presentation by Texas Higher Education Coordinating Board representatives on formula funding recommendations for the 2010-2011 biennium	9:35 a.m. Report <i>Coordinating Board Representatives</i>	1
2. U. T. System Board of Regents: Presentation by Cooper, Robertson & Partners, L. L. P., regarding the status of work on the master planning project for the Brackenridge Tract	10:05 a.m. Report <i>Mr. Paul Milana Dr. David McGregor Ms. Mayne</i>	6
3. U. T. System: Chancellor's quarterly update on innovations in education	10:25 a.m. Report <i>Dr. Shine</i>	10
4. U. T. System Board of Regents: Presentation on the U. T. System-wide Endowment Compliance Program	10:35 a.m. Report <i>Dr. Safady</i>	10
5. U. T. System Board of Regents: Approval to amend Regents' Rules and Regulations, Rule 50101, Sections 2 through 8, regarding student conduct and discipline	10:45 a.m. Action <i>Dr. Prior</i>	10
6. U. T. System Board of Regents: Approval to amend Regents' Rules and Regulations, Rule 30201, regarding Leave Policies to add new section on Servicemember Family Leave	10:48 a.m. Action <i>Ms. Rabon</i>	19
7. U. T. System Board of Regents: Approval of amendments to The University of Texas Investment Management Company (UTIMCO) Code of Ethics	10:50 a.m. Action <i>Mr. Zimmerman</i>	20
8. U. T. System: Approval of the nonpersonnel aspects of the operating budgets for the fiscal year ending August 31, 2009, and Permanent University Fund (PUF) Bond Proceeds allocation for Library, Equipment, Repair and Rehabilitation Projects for Fiscal Year 2009	11:00 a.m. Action <i>Mr. Wallace</i>	45

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9.	U. T. System: Allocation of \$25.3 million of Permanent University Fund Bond Proceeds for Fire and Life Safety projects for the following institutions: <ul style="list-style-type: none"> • The University of Texas at Arlington • The University of Texas at Austin • The University of Texas Medical Branch at Galveston • The University of Texas Health Science Center at San Antonio 	<i>11:15 a.m.</i> Action <i>Mr. O'Donnell</i>	47
10.	U. T. System: Approval to purchase software licenses and hardware for deployment of an Enterprise Compliance and Configuration Management System and hardware for deployment of a U. T. Network Intrusion Detection System	<i>11:20 a.m.</i> Action <i>Dr. Kelley</i>	50
11.	U. T. System: Report and discussion related to Tier One Universities	<i>11:35 a.m.</i> Report <i>Dr. Prior</i> <i>Academic</i> <i>Presidents</i>	51
12.	U. T. System Board of Regents: Update on progress of the Chancellor Search	<i>11:45 a.m.</i> Report <i>Chairman Caven</i>	51
13.	U. T. System Board of Regents: Presentation of certificate of appreciation to C. Kern Wildenthal, M.D., Ph.D., President of U. T. Southwestern Medical Center - Dallas	<i>11:55 a.m.</i>	51
H.	RECESS FOR MEETINGS OF THE STANDING COMMITTEES AND COMMITTEE REPORTS TO THE BOARD	<i>12:05 p.m.</i>	
I.	RECONVENE AS A COMMITTEE OF THE WHOLE TO ADJOURN	<i>12:30 p.m.</i>	

1. **U. T. System Board of Regents: Presentation by Texas Higher Education Coordinating Board representatives on formula funding recommendations for the 2010-2011 biennium**

REPORT

Representatives of the Texas Higher Education Coordinating Board have been invited to make a presentation on formula funding recommendations for the 2010-2011 biennium. An overview of the Coordinating Board recommendations are attached on Pages 2 - 5.



OVERVIEW

Formula Funding Recommendations for the 2010-2011 Biennium - General Academic Institutions and Health Related Institutions Approved April 24, 2008

The Coordinating Board's formula funding recommendations for the 2010-2011 biennium recognize the need to shift from a focus on meeting the student participation goals of the state's higher education plan, Closing the Gaps by 2015, to more effectively meeting the state's student success goals. Texas higher education and the leadership of the state deserve recognition for significant gains in student enrollments over the past eight years since Closing the Gaps was first adopted – and those gains must continue. However, if the goals of Closing the Gaps are to be fully realized, much more emphasis must be placed on the success of those students and the effective use of state, institutional, and student resources in retaining and graduating students.

To this end, three critical changes in formula funding are recommended:

- Base funding on outcomes rather than on inputs. Currently, funding is based on attempted semester credit hours (inputs). This recommendation bases funding on completed semester credit hours (outcomes).
- Provide funding at levels that not only allow institutions to continue meeting participation goals, but enable them to put the infrastructure, policies, and programs in place necessary to retain students more effectively and improve student performance.
- Provide institutional performance funding to recognize achievement in meeting student success goals, such as increasing the number of degrees awarded.

Highlights of the specific funding recommendations for the General Academic Institutions and Health Related Institutions are outlined below.

General Academic Institutions

- **Base Funding** - Increase base funding by \$267 million and phase-in funding (25 percent first year, 50 percent second year, 75 percent third year, and 100 percent fourth year) on completed semester credit hours vs. attempted semester credit hours.
 - o The proposed change to fund on completed semester credit hours is only recommended if a minimum of \$200 million is added to the current base instruction and operations funding. The purpose of the change is to encourage better outcomes from our universities, however without a sufficient base of funds to make needed changes and improvements those outcomes will not be realized. The Board does not propose making this change in allocations if universities will be harmed financially.
 - o Since 2000 the amount of formula appropriations per weighted semester credit hour has dropped from \$66 to \$59 in constant dollars.



- Provide \$178 million for performance funding.
 - Awards would be based on the number of degrees awarded at all levels and is meant to work in conjunction with proposed incentive funding.
- Provide \$243 million increase in infrastructure funding.
 - Based on actual expenditures of general revenue and designated tuition during the prior fiscal year on educational and general square feet.
 - Utilities costs account for approximately 57.4 percent (\$139 million) of the infrastructure funding.
- Reduction of approximately \$1.5 million for the small institutions supplement.
 - Phase out the small institution supplement between 4,000 to 6,000 students using a three year average – Currently the small institutions supplement ends when the institution reached 5,000 headcount. The proposal is to reduce the supplement gradually based on a three year average enrollment to allow the institutions to adapt to the loss of the supplemental funds.

Health-Related Institutions

- The health-related institutions recommendations are all based on increasing to one half the difference between the 2008-09 biennium and the 2000-01 biennium, which the institutions felt was an adequate phase in level.
- Increase base funding by \$22.3 million
- Increase research enhancement by \$17.7 million
- Increase infrastructure (utilities, maintenance, and operations) by \$50.2 million
- \$0.3 million in multi-site adjustment for the new site that met the standards adopted in the past biennium.
- Increase mission specific formula by \$5.6 million.
 - These are funds for MD Anderson and UT Health Science Center Tyler
- Increase funding for graduate medical education by \$16.5 million.

All Institutions

- Increase the Nursing Shortage Reduction Program by \$10.3 million.
 - The Nursing Shortage Reduction Program is available to all institutions, including independent institutions, and is based on increases in nursing graduates.

For more information: Texas Higher Education Coordinating Board
External Relations
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Austin, Texas 78711
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er@thehb.state.tx.us
www.thehb.state.tx.us

University Instruction and Operations For FY2010-11 Biennium
I&O Formula Request - Board's Recommendation
Phase-In Completed SCH Percentages by Fiscal Year Are: FY2010-25%, FY2011-50%, FY2012-75%, FY2013-100%

	Actual I&O Plus Teaching Supplement FY2008-09 Biennium TOTAL		Coordinating Board Recommendation			Minimum Funding Recommendation			Coordinating Board Recommended Performance Funding Total	
	FY2010-11 Biennium I&O Total	Increase Dollars	Increase Percent	FY2010-11 Biennium TOTAL*	Increase Dollars	Increase Percent	FY2010-11 Biennium TOTAL*	Increase Dollars	Increase Percent	
UT at Arlington	\$169,484,042	\$15,470,162	9.1%	179,857,982	10,373,940	6.1%	179,857,982	10,373,940	6.1%	\$9,858,342
UT at Austin	440,927,300	45,409,173	10.3%	470,935,974	32,008,674	7.3%	470,935,974	32,008,674	7.3%	24,164,668
UT at Dallas	121,689,300	12,279,737	10.1%	132,777,661	8,588,361	7.1%	132,777,661	8,588,361	7.1%	8,386,747
UT at El Paso	111,384,270	9,465,205	8.5%	117,500,148	6,135,878	5.5%	117,500,148	6,135,878	5.5%	4,974,427
UT - Pan American	95,964,234	6,947,869	7.2%	100,076,465	4,112,231	4.3%	100,076,465	4,112,231	4.3%	4,795,867
UT at Brownsville	20,433,714	1,813,251	7.9%	21,439,478	1,005,764	4.9%	21,439,478	1,005,764	4.9%	1,639,055
UT at the Permian Basin	17,949,438	1,945,501	8.4%	18,919,422	969,984	5.4%	18,919,422	969,984	5.4%	1,063,969
UT at San Antonio	152,933,440	13,078,513	8.6%	161,437,663	8,504,223	5.6%	161,437,663	8,504,223	5.6%	7,545,071
UT at Tyler	34,920,108	2,322,203	6.7%	36,215,143	1,296,035	3.7%	36,215,143	1,296,035	3.7%	1,879,187
TAMU Includes Col. Vet. Med.	429,084,714	48,233,199	11.2%	484,146,468	35,081,754	8.2%	484,146,468	35,081,754	8.2%	19,251,813
TAMU Galveston	14,286,506	1,639,931	11.5%	15,487,606	1,201,100	8.4%	15,487,606	1,201,100	8.4%	481,792
Prairie View A&M Univ	53,089,976	4,525,823	8.5%	56,028,251	2,938,275	5.5%	56,028,251	2,938,275	5.5%	2,768,291
Tarleton State Univ	54,993,538	4,807,544	8.7%	58,153,327	3,159,789	5.7%	58,153,327	3,159,789	5.7%	3,361,848
TAMU Commerce	57,505,484	4,989,851	8.7%	60,773,342	3,267,858	5.7%	60,773,342	3,267,858	5.7%	3,894,723
TAMU Corpus Christi	53,034,316	3,844,835	7.2%	55,311,904	2,277,588	4.3%	55,311,904	2,277,588	4.3%	2,842,178
TAMU Kingsville	45,855,946	4,065,852	8.9%	48,546,262	2,690,316	5.9%	48,546,262	2,690,316	5.9%	2,500,451
Texas A&M International Univ	26,116,938	2,022,527	7.7%	27,364,110	1,247,172	4.8%	27,364,110	1,247,172	4.8%	1,564,552
TAMU Texarkana	8,860,176	693,837	7.8%	9,290,769	430,593	4.9%	9,290,769	430,593	4.9%	903,881
West Texas A&M Univ	42,892,150	3,584,609	8.4%	45,195,138	2,303,988	5.4%	45,195,138	2,303,988	5.4%	2,486,290
U of Houston	242,728,292	18,963,139	7.8%	254,480,791	11,752,499	4.8%	254,480,791	11,752,499	4.8%	12,383,423
U of Houston - Clear Lake	50,367,840	4,182,205	8.3%	53,046,982	2,679,142	5.3%	53,046,982	2,679,142	5.3%	3,871,051
U of Houston - Downtown	47,845,688	3,897,046	8.1%	50,317,017	2,471,329	5.2%	50,317,017	2,471,329	5.2%	3,222,695
U of Houston - Victoria	15,639,202	1,054,802	6.7%	16,234,017	594,815	3.8%	16,234,017	594,815	3.8%	1,136,625
Midwestern State Univ	32,688,858	2,117,798	6.5%	33,847,980	1,158,722	3.5%	33,847,980	1,158,722	3.5%	2,033,118
Univ of North Texas	203,967,312	17,620,610	8.6%	215,482,301	11,514,989	5.6%	215,482,301	11,514,989	5.6%	11,130,426
Stephen F. Austin State Univ	67,851,648	5,004,709	7.4%	70,848,972	2,997,224	4.4%	70,848,972	2,997,224	4.4%	4,064,388
Texas Southern Univ	65,314,500	5,067,482	7.8%	68,442,668	3,128,168	4.8%	68,442,668	3,128,168	4.8%	1,834,855
Texas Tech Univ	214,528,680	20,218,662	9.4%	228,279,118	13,750,438	6.4%	228,279,118	13,750,438	6.4%	10,547,952
Texas Woman's Univ	87,019,128	6,104,142	7.0%	90,557,363	3,538,235	4.1%	90,557,363	3,538,235	4.1%	4,170,292
Angelo State Univ	33,423,622	2,393,968	7.2%	34,830,880	1,407,058	4.2%	34,830,880	1,407,058	4.2%	1,925,982
Lamar Univ	57,626,796	4,141,126	7.2%	60,065,973	2,439,177	4.2%	60,065,973	2,439,177	4.2%	3,026,895
Sam Houston State Univ	91,019,126	9,552,895	9.4%	96,839,004	5,819,878	6.4%	96,839,004	5,819,878	6.4%	5,374,647
Texas State Univ - San Marcos	154,318,154	13,168,548	8.5%	162,871,786	8,553,632	5.5%	162,871,786	8,553,632	5.5%	9,990,107
Sul Ross State Univ	10,557,232	754,086	7.1%	10,999,638	442,406	4.2%	10,999,638	442,406	4.2%	560,308
Sul Ross - RGC	4,972,326	304,153	6.1%	5,131,091	158,765	3.2%	5,131,091	158,765	3.2%	434,085
TOTAL*	\$3,331,233,994	\$300,056,417	9.0%	\$3,631,290,411	\$500,056,417	6.0%	\$3,631,290,411	\$500,056,417	6.0%	\$178,000,000

*Actual FY2008-09 does not include formula hold harmless appropriations for the institutions listed below.

- UT at Arlington \$12,474,202
- UT at Tyler 264,524
- Prairie View A&M Univ 3,089,868
- TAMU Texarkana 88,020
- Midwestern State Univ 785,600
- Texas Southern Univ 3,162,844
- Texas Woman's Univ 10,538,126
- Angelo State Univ 741,712
- Lamar Univ 554,432
- Sul Ross State Univ 1,566,251
- TOTAL \$33,265,573**

**Coordinating Board Infrastructure Formula Recommendations for FY2010-11
with Actual Appropriations for FY2008-09**

	Infrastructure + Small Inst. Supplement		Coordinating Board Recommendation		
	FY2008-09 Biennium	TOTAL	FY2010-11 Biennium Infrastructure Total	Increase Dollars	Increase Percent
UT at Arlington	\$24,740,410		\$33,877,869	\$9,137,459	36.9%
UT at Austin	116,109,100		159,321,429	43,212,329	37.2%
UT at Dallas	17,666,836		24,190,170	6,523,334	36.9%
UT at El Paso	22,141,680		30,384,532	8,222,852	37.1%
UT - Pan American	15,958,790		21,844,670	5,885,880	36.9%
UT at Brownsville	7,033,934		8,196,194	1,162,260	16.5%
UT of the Permian Basin	4,794,028		6,011,245	1,217,217	25.4%
UT at San Antonio	26,907,792		36,869,041	9,961,249	37.0%
UT at Tyler	5,695,820		7,843,483	2,147,663	37.7%
TAMU FY0809 Includes Col. Vet. Med.	67,475,378		92,502,710	25,027,332	37.1%
TAMU Galveston	7,132,916		9,072,791	1,939,875	27.2%
Prairie View A&M University	10,489,940		14,378,839	3,888,899	37.1%
Tarleton State University	8,862,014		12,130,081	3,268,067	36.9%
TAMU Commerce	8,009,486		10,980,469	2,970,983	37.1%
TAMU Corpus Christi	10,213,286		14,013,051	3,799,765	37.2%
TAMU Kingsville	8,634,490		11,850,542	3,216,052	37.2%
Texas A&M International University	6,832,116		8,226,981	1,394,865	20.4%
TAMU Texarkana	2,663,514		3,089,214	425,700	16.0%
West Texas A&M University	7,858,192		10,773,723	2,915,531	37.1%
U of Houston	48,445,568		66,477,787	18,032,219	37.2%
U of Houston - Clear Lake	7,185,612		9,875,982	2,690,370	37.4%
U of Houston - Downtown	10,257,240		14,095,934	3,838,694	37.4%
U of Houston - Victoria	3,986,884		4,919,890	933,006	23.4%
Midwestern State University	5,985,322		8,208,046	2,222,724	37.1%
University of North Texas	37,505,168		51,505,834	14,000,666	37.3%
Stephen F. Austin State University	13,320,790		18,277,665	4,956,875	37.2%
Texas Southern University	14,538,704		19,940,102	5,401,398	37.2%
Texas Tech University	38,568,780		52,842,077	14,273,297	37.0%
Texas Woman's University	11,758,708		16,120,588	4,361,880	37.1%
Angelo State University	6,930,172		9,505,483	2,575,311	37.2%
Lamar University	11,813,706		16,229,491	4,415,785	37.4%
Sam Houston State University	16,615,022		22,790,177	6,175,155	37.2%
Texas State University - San Marcos	27,859,770		38,227,082	10,367,312	37.2%
Sul Ross State University	5,021,160		6,322,992	1,301,832	25.9%
Sul Ross - RGC	1,500,000		1,500,000	0	0.0%
University Total	\$640,512,328		\$872,375,864	\$231,863,536	36.2%
Total - TSTC & Lamar	25,945,017		33,309,616	7,364,599	28.4%
Total - TAMU Agencies.	42,970,127		52,848,087	9,877,960	23.0%
Totals	\$725,628,254		\$968,469,771	\$242,841,517	33.5%

2. **U. T. System Board of Regents: Presentation by Cooper, Robertson & Partners, L. L. P., regarding the status of work on the master planning project for the Brackenridge Tract**

REPORT

Mr. Paul Milana, Partner-in-Charge, and Dr. David McGregor, Project Director, will lead a presentation by the master planning team assembled by Cooper, Robertson & Partners, L. L. P., to update the Board on work to date on the master planning project for the Brackenridge Tract.

BACKGROUND INFORMATION

On March 26, 2008, the U. T. System Board of Regents selected Cooper, Robertson & Partners, L. L. P. (Cooper Robertson) as the firm to develop a minimum of two conceptual master plans for the development of the Brackenridge Tract. With that selection, the Board implemented one of the recommendations of the Brackenridge Tract Task Force Report. The Task Force Report, issued in October 2007, recommended that a master planner be engaged to prepare a comprehensive analysis of the Brackenridge Tract resulting in conceptual master planning documents that identify the possibilities and constraints of the tract and that serve as a guide for the near-term and long-term uses of the tract.

In seeking a master planner, the Board had three specific objectives:

1. To meet its fiduciary and legal obligations under the terms of the gift deed from Colonel Brackenridge. The Board's obligation is to use the tract in the best interests and for the maximum benefit of U. T. Austin. The Task Force observed on Page 26 of its report that "the pressing financial needs of [U. T. Austin] . . . , the increases in population and changes in land use in the City, and the tremendous increase in the value of the land compel a new vision for the tract that will provide greater financial benefits to [U. T. Austin] in support of its educational mission."
2. To achieve redevelopment of the tract in a manner that will not require the Board of Regents to sell portions of the tract, absent a compelling reason to do so. On Page 27 of its report, the Task Force stated that, "[b]ecause [U. T. Austin] is perpetual in nature and thus all future needs for the use of its lands cannot be determined, any future discussion of the use of the remaining lands within the Brackenridge Tract should begin with the presumption that the land should not be sold without a compelling reason."

3. To provide opportunities through the master planning process for members of the U. T. Austin community, members of the Austin community, neighborhood, civic and governmental leaders, other stakeholders, and the general public to give input with respect to development options and strategies for the tract.

A contract with the master planning firm was entered into on April 21, 2008. The scope of work required under the contract is extensive and stipulates that the conceptual master plans for development of the Brackenridge Tract must be integrated planning documents that consider building sites, streets, parking and land uses; utility infrastructure and capacity; transportation within the tract and between the tract, the surrounding neighborhood, and arterials; recreational and open space, community services, and landscaping; way-finding/graphics; design guidelines, including building heights; compatibility with surrounding neighborhoods; sustainability and stewardship of resources; environmental and endangered species issues; and other relevant components. The focus of the conceptual plans is to be the strategic use of the Brackenridge Tract to support the educational mission of the University.

Specific tasks within the scope of work include, among others:

- Site analyses that result in a report of the most pressing issues and constraints that may affect redevelopment;
- Collaborative planning with U. T. Austin with respect to the existing uses of the graduate student housing on approximately 74 acres and the Brackenridge Field Laboratory on approximately 82 acres;
- Regulatory analyses that examine land use, planning, development, environmental laws, and other laws and regulations that may affect how the tract can be developed, including an analysis of the current Brackenridge Development Agreement between the Board of Regents and the City of Austin, which the Task Force recommended be allowed to terminate in 2019 when its initial term expires;
- Financial and market analyses to include an analysis of future development options for the Brackenridge Tract that will maximize income from the redevelopment of the Brackenridge Tract, using sound planning principles, to support the educational mission of U. T. Austin while contributing positively to the community;
- Opportunities for members of the U. T. Austin community, members of the Austin community, neighborhood, civic and governmental leaders, other interested groups and individuals, and the general public to give input with respect to development options and strategies for the tract;

- The development of a minimum of two conceptual plans for redevelopment of the Brackenridge Tract that comprehensively address the issues described above; and
- The development of an evaluation process that enables the Board of Regents to formally assess the strengths and weaknesses of the conceptual plans and a schedule of the steps required to implement the selected concept master plan(s).

The master planner has divided the work into two phases: analyses and conceptual plans. Cooper Robertson has estimated that the first phase, analyses, will take approximately six months to complete. Due to the extensive scope of work and the varied expertise necessary to complete the scope of work, Cooper Robertson has subcontracted with the following firms:

TBG Partners - Landscape architects and environmental consultant
 Prime Strategies, Inc. - Traffic and transportation analyst
 CAS Consulting & Surveyors, Inc. - Infrastructure and traffic engineers
 Economics Research Associates - Financial and market analyst
 HS&A - Cost estimator and academic programming
 Du Bois, Bryant & Campbell, L. L. P. - Zoning and public policy specialist
 Concept Development and Planning, L. L. C. - Stakeholder input and communications consultant

To date, Cooper Robertson and its team have been engaged in numerous interviews and discussions with interested parties and groups. Surveyors, traffic planners, and other subcontractors of Cooper Robertson have been gathering data about the tract and the surrounding neighborhood. The master planning team held a public listening session on June 25, 2008, at the headquarters of the Lower Colorado River Authority (LCRA) on the tract. Approximately 170 individuals attended the session and approximately 40 individuals spoke at the session. Prior to that session, approximately 3,400 flyers announcing the meeting were placed on the doors of neighboring areas and an electronic survey open to all was conducted.

Future public meetings are planned, including an informational session on the evening of August 12, 2008 (also at the LCRA headquarters), and a weeklong workshop scheduled for November 3 through 7 at the LCRA's Colorado Room (the site of the old Lakeview Lodge).

A map depicting the current uses of the tract appears on the following page.

BOAT TOWN
2.58 ACRES

Lease to Oyster Boat
Town Landing, Ltd.
Lease expires in 2022

Lease to Lower Colorado River Authority
Lease expires in 2051

PARK STREET
13.21 ACRES

GOLF COURSE
141.38 ACRES

Lease to City of Austin
Lease expires in 2019

W.A.Y.A.
14.56 ACRES

Lease to West Austin Youth Association
Lease expires in 2019

SAFEWAY
2.64 ACRES

Lease to Safeway, Inc.
Lease expires in 2016

Lease to 7-Eleven, Inc.
Lease expires in 2013

Lease to CVS Pharmacy, Inc.
Lease expires in 2026

DEEP EDDY TRACT
14.49 ACRES

Lease to Gables NW Texas LP
Lease expires in 2044

Colorado Apts.
20.96 ACRES

Tract became eligible for
non-university develop-
ment in 1999

Lease to Heidi's German Bakery,
Pastry Shop, Etc., Inc.
0.154 Acres
Lease expires in 2011

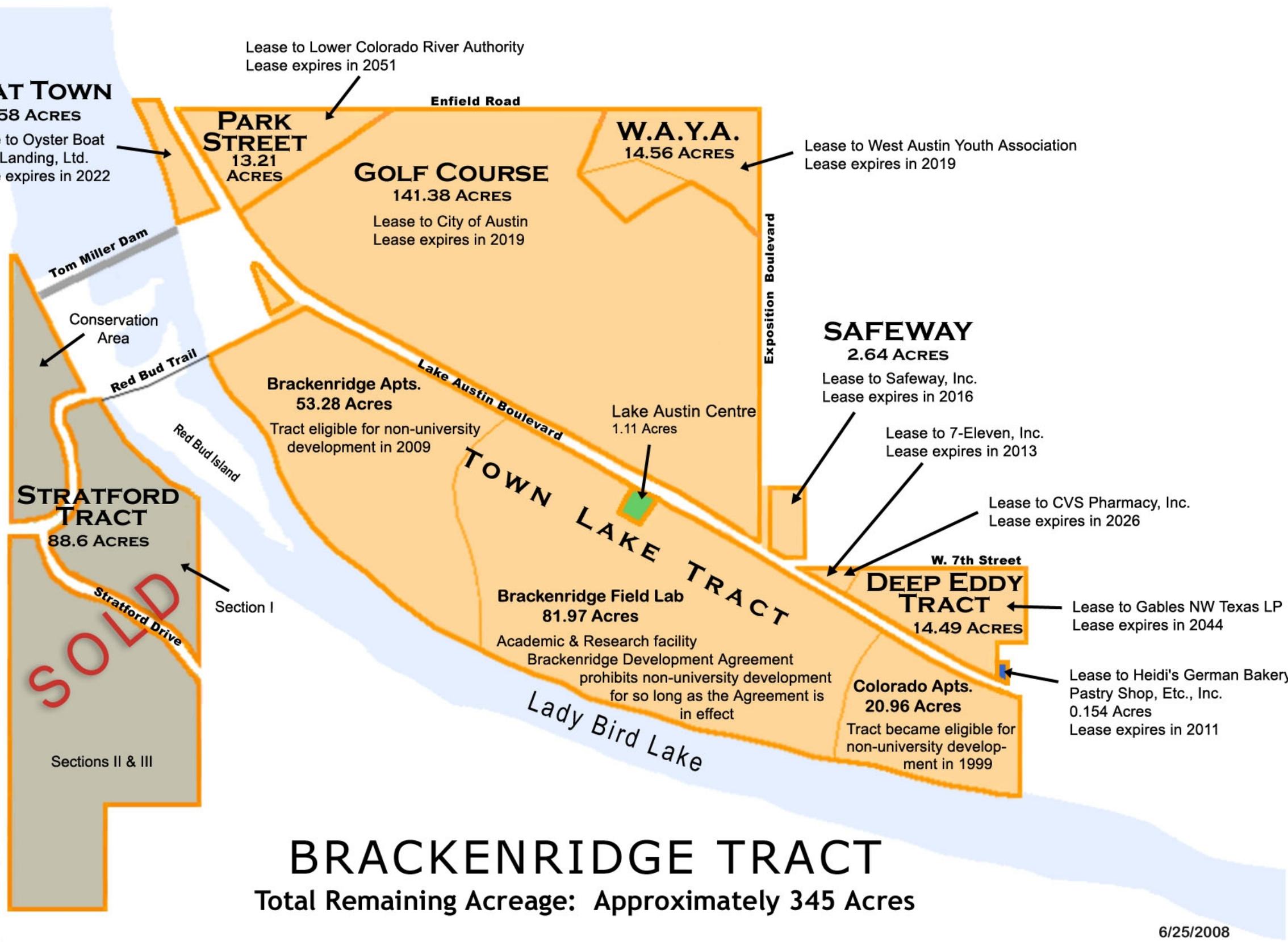
STRATFORD TRACT
88.6 ACRES

SOLD

Sections II & III

BRACKENRIDGE TRACT
Total Remaining Acreage: Approximately 345 Acres

6



3. **U. T. System: Chancellor's quarterly update on innovations in education**

REPORT

Chancellor ad interim Shine will report on innovations in education within The University of Texas System.

4. **U. T. System Board of Regents: Presentation on the U. T. System-wide Endowment Compliance Program**

REPORT

Dr. Randa Safady, Vice Chancellor for External Relations, will present a report on the endowment compliance program.

Supplemental materials: PowerPoint presentation on Pages 1 - 18 of Volume 2.

5. **U. T. System Board of Regents: Approval to amend Regents' *Rules and Regulations*, Rule 50101, Sections 2 through 8, regarding student conduct and discipline**

RECOMMENDATION

Dr. Kenneth I. Shine, in roles as Chancellor ad interim and Executive Vice Chancellor for Health Affairs, concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and the Vice Chancellor and General Counsel that Regents' *Rules and Regulations*, Rule 50101, Sections 2 through 8, regarding student conduct and discipline be amended as set forth in congressional style on Pages 12 - 18.

BACKGROUND INFORMATION

The Offices of General Counsel and Academic Affairs have been meeting with the institutional Vice Presidents for Student Affairs and their judicial officers on matters of student conduct and discipline. The proposed amendments, which are summarized below, will allow for a more understandable administration of student discipline while still retaining the basic and important tenets of due process.

- Allows for e-mail communication with students through their e-mail address on record with the U. T. System institution for the purpose of summoning the student for a meeting with the dean.

- Gives the Dean of Students some flexibility in scheduling conferences and/or hearings relative to mandated timelines.
- Allows the Dean of Students in cases of interim disciplinary action to withhold the issuance of transcripts, grades, diplomas or degrees, pending a full hearing on the facts of the case.
- When a student does not dispute the facts of a case and agrees to the administratively imposed sanctions, the administrative disposition is final.
- Deletes a redundant reference to the recommended penalty for illegal use, possession, and/or sale of drugs.
- Shortens the maximum time for submitting an appeal to be considered by 14 days by requiring the necessary documentation for the reasons for the appeal at the same time a written notice of appeal is submitted to the President and adds five days for the non-appealing party to submit a response.
- Specifies that disciplinary records are to be maintained by the Office of the Dean of Students.
- Clarifies the definitions of weekday and day.
- Makes other minor/technical changes.

a. Amend Series 50101, Section 2 as follows:

Sec. 2.3 Drugs. Any student who is found responsible for the illegal use, possession and/or sale of a drug or narcotic on the campus of an institution is subject to discipline. If a student is found responsible for the illegal use, possession, and/or sale of a drug or narcotic on campus, the sanction assessed shall be suspension from the institution for a specified period of time and/or suspension of rights and privileges.

b. Amend Series 50101, Section 4 as follows:

Sec. 4 Disciplinary Process. Disciplinary charges will be investigated by the Dean or the Dean's designee. Any student may be summoned by written request of the Dean for a meeting for purposes of the investigation and/or to discuss the allegations. The written request shall specify a place for the meeting and a time at least three weekdays after the date of the written request if the request is sent regular mail, or at least two weekdays after the date of the request if the request is sent by e-mail or hand delivered. The written request may be mailed to the address appearing in the records of the registrar, e-mailed to the student at the e-mail address on record with the U.T. institution, or may be hand delivered to the student. If a student fails to appear without good cause, as determined by the Dean, the Dean may bar or cancel the student's enrollment or otherwise alter the status of the student until the student complies with the summons, or the Dean may proceed to implement the disciplinary procedures provided for in Section 5 of this Rule. The refusal of a student to accept delivery of the notice, the failure to maintain a current address with the registrar, or failure to read mail or e-mail shall not be good cause for the failure to respond to a summons.

4.1 Interim Disciplinary Action. Pending a hearing or other disposition of the allegations against a student, the Dean may take such immediate interim disciplinary action as is appropriate to the circumstances when such action is in the best interest of the institution. ~~This includes~~ but is not limited to a suspension and bar from the campus when it reasonably appears to the Dean from the circumstances that the continuing presence of the student poses a potential danger to persons or property or a potential threat for disrupting any activity authorized by the institution. .

- 4.2 Timeliness of Hearing. When interim disciplinary action has been taken by the Dean under Section 4.1 immediately above, a hearing of the charges against the student will be held under the procedures specified in Section 5 immediately below. A hearing following interim disciplinary action will generally be held within 10 days after the interim disciplinary action was taken; however, at the discretion of the Dean of Students the 10-day period may be extended for a period not to exceed an additional 10 days.
- 4.3 Withholding Transcripts, Grades, Degrees. Notwithstanding the above, the Dean may withhold the issuance of an official transcript, grade, diploma, certificate, or degree to a student alleged to have violated a rule or regulation of The University of Texas System or its institutions that would reasonably allow the imposition of such penalty. The Dean may take such action pending a hearing, resolution by administrative disposition, and/or exhaustion of appellate rights if the Dean has provided the student an opportunity to provide a preliminary response to the allegations and in the opinion of the Dean, the best interests of The University of Texas System or the institution would be served by this action.
- 4.4 Administrative Disposition .
- (a) In any case where the accused student elects not to dispute the facts upon which the charges are based and agrees to the sanctions the Dean assesses, the student may execute a written waiver of the hearing procedures specified in Section 5 immediately below. This administrative disposition shall be final and there shall be no subsequent proceedings regarding the charges.
- (b) In any case where the accused student elects not to dispute the facts upon which the charges are based, but does not agree with the sanctions assessed by the Dean, the student may execute a written waiver of the hearing procedures specified in Section 5 immediately below yet retain the right to appeal

the decision of the Dean only on the issue of penalty. The appeal regarding the penalty will be to the president of an institution.

c. Amend Series 50101, Section 5 as follows:

- Sec. 5 Hearing Process. In those cases in which the accused student disputes the facts upon which the charges are based, such charges shall be heard and determined by a fair and impartial Hearing Officer.
- 5.1 Notice of Hearing. Except in those cases where immediate interim disciplinary action has been taken, the accused student shall be given at least 10 days written notice of the date, time, and place for such hearing and the name of the Hearing Officer. The notice shall include a statement of the charge(s) and a summary statement of the evidence supporting such charge(s). The notice shall be delivered in person to the student or mailed to the student at the address appearing in the registrar's records. A notice sent by mail will be considered to have been received on the third day after the date of mailing, excluding any intervening Sunday. The date for a hearing may be postponed by the Hearing Officer for good cause or by agreement of the student and Dean.
- 5.2 Impartiality of the Hearing Officer. The accused student may challenge the impartiality of the Hearing Officer. The challenge must be in writing, state the reasons for the challenge, and be submitted to the Hearing Officer through the Office of the Dean at least three days prior to the hearing. The Hearing Officer shall be the sole judge of whether he or she can serve with fairness and objectivity. In the event the Hearing Officer disqualifies himself or herself, a substitute will be chosen in accordance with procedures of the institution.
- 5.3 Burden of Proof. Upon a hearing of the charges, the Dean or other institutional representative has the burden of going forward with the evidence and has the burden of proving the charges by the greater weight of the credible evidence.
- 5.4 Duties of Hearing Officer. The Hearing Officer is responsible for conducting the hearing in an orderly manner and controlling the conduct of the witnesses and participants in the hearing. The Hearing Officer shall rule on all procedural matters and on

objections regarding exhibits and testimony of witnesses, may question witnesses, and is entitled to have the advice and assistance of legal counsel from the Office of General Counsel of the System. The Hearing Officer shall render and send to the Dean and the accused student a written decision that contains findings of fact and a conclusion as to whether the accused student is responsible for the violations as charged. Upon a finding of responsibility the Hearing Officer shall assess a penalty or penalties specified in Section 6 immediately below. When an accused student is found responsible for the illegal use, possession, or sale of a drug or narcotic on campus, the assessment of a minimum penalty provided in Section 2.3 immediately above is required.

- 5.5 Minimal Rights. The hearing shall be conducted in accordance with procedures adopted by the institution that assure the institutional representative and the accused student the following minimal rights:
- (a) Each party shall provide the other party a list of witnesses, a brief summary of the testimony to be given by each, and a copy of documents to be introduced at the hearing at least five days prior to the hearing.
 - (b) Each party shall have the right to appear, present testimony of witnesses and documentary evidence, cross-examine witnesses, and be assisted by an advisor of choice. The advisor may be an attorney. If the accused student's advisor is an attorney, the Dean's advisor may be an attorney from the Office of General Counsel of the System. An advisor may confer with and advise the Dean or accused student, but shall not be permitted to question witnesses, introduce evidence, make objections, or present argument to the Hearing Officer.
 - (c) The Dean may recommend a penalty to be assessed by the Hearing Officer. The recommendation may be based upon past practice of the institution for violations of a similar nature, the past disciplinary record of the student, or other factors deemed relevant by the Dean. The accused student shall be entitled to respond to the recommendation of the Dean.
 - (d) The hearing will be recorded. If either party desires to appeal the decision of the Hearing Officer, the official record will

consist of the recording of the hearing, the documents received in evidence, and the decision of the Hearing Officer. At the request of the president of an institution the recording of the hearing will be transcribed and both parties will be furnished a copy of the transcript.

d. Amend Series 50101, Section 7 as follows:

Sec. 7 Appeal. A student may appeal a disciplinary sanction assessed by the Dean in accordance with Section 4.4(b) immediately above. Either the Dean or the student may appeal the decision of the Hearing Officer. An appeal shall be in accordance with the following procedures:

- 7.1 Appeal Procedures. The appealing party must submit a written appeal stating the specific reasons for the appeal and any argument to the president of the institution with a copy to the other party. The appeal must be stamped as received by the President's Office no later than 14 days after the appealing party has been notified of the sanction assessed by the Dean or the decision of the Hearing Officer. If the notice of penalty assessed by the Dean or the decision of the Hearing Officer is sent by mail, the date the notice or decision is mailed initiates the 14-day period for the appeal. The non-appealing party may submit a response to the appeal, which must be received by the President's Office no later than 5 days after receipt of the appeal, with a copy to the other party. An appeal of the sanction assessed by the Dean in accordance with Section 4.4(b) immediately above will be reviewed solely on the basis of the written argument of the student and the Dean. The appeal of the decision of the Hearing Officer will be reviewed solely on the basis of the record from the hearing. The Dean will submit the record from the hearing to the president as soon as it is available to the Dean. At the discretion of the president, both parties may present oral argument in an appeal from the decision of the Hearing Officer.
- 7.2 President's Authority. The president may approve, reject, or modify the decision in question or may require that the original hearing be reopened for the presentation of additional evidence and reconsideration of the decision. It is provided, however, that

upon a finding of responsibility in a case involving the illegal use, possession, and/or sale of a drug or narcotic on campus, the sanction may not be reduced below the sanction as prescribed by Section 2.3 immediately above.

7.3 Communication of Decision. The action of the president shall be communicated in writing to the student and the Dean within 30 days after the appeal and related documents have been received. The decision of the president is the final appellate review.

e. Amend Series 50101, Section 8 as follows:

Sec. 8 Disciplinary Record. Each institution shall maintain a permanent written disciplinary record for every student assessed a sanction of suspension, expulsion, denial or revocation of degree, and/or withdrawal of diploma. A record of scholastic dishonesty shall be maintained for at least five years unless the record is permanent in conjunction with the above stated penalties. A disciplinary record shall reflect the nature of the charge, the disposition of the charge, the penalty assessed, and any other pertinent information. This disciplinary record shall be maintained by the Office of the Dean of Students. It shall be treated as confidential, and shall not be accessible to or used by anyone other than the Dean or university officials with legitimate educational interests, except upon written authorization of the student or in accordance with applicable State or federal laws or court order or subpoena.

3. Definitions

...

Hearing Officer – An individual or individuals selected in accordance with procedures adopted by the institution pursuant to the recommendation of the Chief Student Affairs Officer to hear disciplinary charges, make findings of fact, and, upon a finding of guilt, impose an appropriate sanction(s).

...

Campus –Consists of all real property, buildings, or facilities owned or controlled by the institution.

Weekday – Monday through Friday, excluding any day that is an official holiday of the institution or when regularly scheduled classes are suspended due to emergent situations.

Day –A calendar day except for days on which the University is officially closed or when regularly scheduled classes are suspended due to emergent situations.

6. **U. T. System Board of Regents: Approval to amend Regents' Rules and Regulations, Rule 30201 regarding Leave Policies to add new section on Servicemember Family Leave**

RECOMMENDATION

The Chancellor ad interim concurs in the recommendation of the Vice Chancellor for Administration and the Vice Chancellor and General Counsel that Regents' *Rules and Regulations*, Rule 30201, regarding Leave Policies, be amended to add a new Section 12 regarding Servicemember Family Leave as set forth below. Remaining sections of Rule 30201 would be renumbered.

Sec. 12 Servicemember Family Leave. As specified by the Family and Medical Leave Act of 1993 (29 *United States Code* § 2601) and accompanying regulations governing the Act and as set forth in approved institutional and System policies, any eligible employee who is the spouse, son, daughter, parent, or next of kin of a covered servicemember who is recovering from a serious illness or injury sustained in the line of duty while on active duty may request and receive a leave of absence without pay for up to 26 workweeks during a single 12-month period to care for the servicemember. Eligibility criteria are defined in the Act. An eligible employee is entitled to a combined total of 26 workweeks of leave under Sections 11 and 12 of this Rule during the single 12-month period described in this Section. This does not limit the leave available under Section 11 for any other 12-month period. Further, after the 26 weeks of leave expire, an employee may be eligible for a leave of absence without pay pursuant to Section 3 of this Rule.

BACKGROUND INFORMATION

The National Defense Authorization Act, which was recently signed into law, expands the Family and Medical Leave Act (FMLA) by creating two new leave entitlements for employees whose family members are called to active duty. The first new entitlement allows employees to take up to 12 weeks of FMLA leave if the employee suffers a "qualifying exigency" because his or her spouse, child, or parent is on active duty or has been notified of an impending call to active duty in support of an operation against opposing military forces, a declared war, or a declared national emergency. Because this new entitlement is listed in the statute as another reason for which an employee is entitled to take FMLA leave (i.e., along with the birth of a child, a serious health condition), this new entitlement does not necessitate a change to Rule 30201. This new entitlement becomes effective when the Department of Labor issues regulations defining "qualifying exigency."

The second new entitlement, which became effective on January 28, 2008, allows employees to take up to 26 weeks of FMLA leave during a single 12-month period to care for a spouse, child, parent, or next of kin who suffers a serious injury or illness while on active duty. An employee is entitled to a combined total of 26 weeks of FMLA leave during a single 12-month period, but this does not limit the availability of FMLA leave for any other 12-month period. The proposed amendment conforms the Rule to current statutory authority by adding a section describing this new entitlement.

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

RECOMMENDATION

The Chancellor ad interim, the Executive Vice Chancellor for Business Affairs, and the Vice Chancellor and General Counsel concur in the recommendation of the Board of Directors of The University of Texas Investment Management Company (UTIMCO) that the U. T. System Board of Regents approve the revised UTIMCO Code of Ethics in the form provided on Pages 22 - 44.

BACKGROUND INFORMATION

Section 66.08 of the *Texas Education Code* requires that the U. T. System Board of Regents approve the UTIMCO Code of Ethics (Code) and any changes thereto. The draft changes are based on the joint efforts of the UTIMCO staff, Vinson & Elkins (UTIMCO outside counsel), and U. T. System staff. U. T. System General Counsel finds that the changes are consistent with *Texas Education Code* Section 66.08. A general discussion of the proposed amendments was held at the May 15, 2008, meeting of the Board of Regents. These amendments to the Code of Ethics were approved at the July 23, 2008 meeting of the UTIMCO Board.

The most significant changes to the Code include deletion of provisions prohibiting a UTIMCO Board member (Director) the ability to invest, and consequently, UTIMCO's inability to invest in private investments held by one or the other. Under the proposed amended Code, Directors and UTIMCO would be permitted to hold private investments in the same business entity provided that the Director's private investment does not constitute a pecuniary interest as defined by Section 3.01(b) of the Code.

Following is a summary of recommended changes:

Section 1.11(c) - (e) - Add additional requirements for UTIMCO Employees and Directors related to copying, removal, and return of confidential information to UTIMCO.

Section 1.13(c) - Broaden language regarding activities that include entertainment or recreation to include "other sponsored events."

Section 2.09(b) - Delete explicit language regarding responsibility of UTIMCO Office Manager to provide address of the UTIMCO Audit and Ethics Committee Chairman.

Section 3.03 - 3.04 - Change language to permit a Director to invest in private investments also held by UTIMCO provided the Director's investment does not constitute a pecuniary interest as defined by Section 3.01(b) of the Code.

Section 3.06 - Delete references to Director regarding divestment of private investments owned prior to the date on which the Director assumed a position on the UTIMCO Board to make this section consistent with the changes to Section 3.03 - 3.04.

Section 3.08 - Change the procedure for Employee and Employee Entity preclearance of personal securities transactions.

Section 3.09 - Delete references to consultant because no Director has the discretion to select a consultant and the general prohibitions and restrictions on business transactions between a Director/Director entity and UTIMCO contained in other provisions of the Code adequately address and prevent such conflicts of interest.

Section 3.12(c) - Add provision prohibiting former Directors and Employees from disclosing confidential information without UTIMCO's written consent, except as permitted or required by law.

Section 4.02(b) - Add language to clarify that UTIMCO Chairman of the Board must approve any postponement of a deadline to file the CEO's financial disclosure statement.

Section 4.04 - Change language to clarify Director's and Employee's responsibilities with respect to certification of pecuniary interests and ownership of private investments in a business entity in which UTIMCO seeks to invest.

Miscellaneous editorial changes are also being proposed.

UTIMCO DRAFT 07/16/08



**THE UNIVERSITY OF TEXAS
INVESTMENT MANAGEMENT COMPANY**

CODE OF ETHICS

Approved by the Board of Regents ~~July 13, 2006~~ August 14, 2008

**THE UNIVERSITY OF TEXAS INVESTMENT
MANAGEMENT COMPANY
CODE OF ETHICS**

Subchapter A. GENERAL PROVISIONS

Sec. 1.01. General Principles. (a) The Board of Regents of The University of Texas System has ultimate fiduciary responsibility for causing the funds within its investment authority to be managed in accordance with applicable law.

(b) The standard mandated by Article VII, Section 11b, of the Texas Constitution concerning the permanent university fund, the standard mandated by the Board of Regents concerning all of the funds within its investment authority under the Investment Management Services Agreement between the Board of Regents and The University of Texas Investment Management Company (UTIMCO), and the standard mandated by the Board of Regents' Investment Policy Statements require those funds to be invested in such investments that "prudent investors, exercising reasonable care, skill, and caution, would acquire or retain in light of the purposes, terms, distribution requirements, and other circumstances of the fund then prevailing, taking into consideration the investment of the assets of the fund rather than a single investment."

(c) Pursuant to the Investment Management Services Agreement, the Board of Regents has appointed UTIMCO as its investment manager with respect to those funds for which the Board of Regents has investment responsibility. In the agreement, UTIMCO has acknowledged that it acts as a fiduciary of the Board of Regents in the discharge of its investment management responsibilities and is obligated to manage the investments of the funds pursuant to policies of the Board of Regents that incorporate and adhere to the prudent investor standard. Accordingly, both the Board of Regents and UTIMCO have fiduciary interests in assuring that the ~~directors~~Directors and ~~employees~~Employees of UTIMCO possess the requisite knowledge, skill, and experience to manage the funds in accordance with the prudent investor standard described in Subsection (b) of this section and other applicable law.

(d) This Code of Ethics (Code) sets forth the basic principles and guidelines for ~~directors~~Directors and ~~employees~~Employees of UTIMCO, in addition to and in accordance with the requirements of Section 66.08 of the *Texas Education Code*, the Texas Non-Profit Corporation Act, and other applicable laws.

(e) This Code of Ethics anticipates that many of UTIMCO's ~~directors~~Directors and ~~employees~~Employees will be active investors, either individually or on behalf of others, in the same asset categories as

the funds managed by UTIMCO on behalf of the Board of Regents. Without seeking to disqualify those ~~directors~~Directors and ~~employees~~Employees from service to UTIMCO except to the extent necessary or appropriate to avoid conflicts of interest or otherwise conform to applicable law, this ~~code~~Code holds all ~~directors~~Directors and ~~employees~~Employees to high standards of conduct consistent with their special relationship of trust, confidence, and responsibility to UTIMCO. This ~~code~~Code also recognizes UTIMCO's unique role as the dedicated investment manager of the Board of Regents in investing the funds in furtherance of the education mission of the Board of Regents, the institutions of The University of Texas System, and other beneficiaries of the funds.

(f) In addition to strict compliance with legal requirements, all ~~directors~~Directors and ~~employees~~Employees are expected to be guided by the basic principles of loyalty, prudence, honesty and fairness in conducting UTIMCO's affairs.

Sec. 1.02. Definitions. In this Code:

- (1) "Audit and ~~ethics~~Ethics ~~committee~~Committee" means the standing ~~audit~~Audit and ~~ethics~~Ethics ~~committee~~Committee established by UTIMCO bylaws.
- (2) "Board" means the Board of Directors of UTIMCO.
- (3) "Board of Regents" means the Board of Regents of The University of Texas System.
- ~~(4)~~ "CEO" means the Chief Executive Officer of UTIMCO.
- ~~(54)~~ "Chief ~~compliance~~Compliance ~~officer~~Officer" means the person designated from time to time as the ~~chairman~~chair of the ~~employee~~Employee ~~ethics~~Ethics and ~~compliance~~Compliance ~~committee~~Committee.
- ~~(65)~~ "Director" means a member of the Board of Directors of UTIMCO.
- ~~(76)~~ "Director entity" means an investment fund or other entity controlled by a UTIMCO ~~director~~Director.
- ~~(87)~~ "Employee" means a person working for UTIMCO in an employer-employee relationship.
- ~~(98)~~ "Employee entity" means an investment fund or other entity controlled by a UTIMCO ~~employee~~Employee.

(109) “General ~~counsel~~Counsel” means the lawyer or firm of lawyers designated from time to time as the external general~~General~~ counsel~~Counsel~~ of UTIMCO.

(1110) “Key ~~employee~~Employee” means an ~~employee~~Employee who has been designated by the ~~board~~Board as one who exercises significant decision-making authority by virtue of the position the ~~employee~~Employee holds with UTIMCO.

(1211) “Personal securities transactions” means:

(A) transactions for a ~~director’s~~Director’s or ~~employee’s~~Employee’s own account, including an individual retirement account; or

(B) transactions for an account, other than an account over which the ~~director~~Director or ~~employee~~Employee has no direct or indirect influence or control, in which the ~~director~~Director or ~~employee~~Employee, or the ~~director’s~~Director’s or ~~employee’s~~Employee’s spouse, minor child, or other dependent ~~relative~~Relative:

(i) is an income or principal beneficiary or other equity owner of the account; or

(ii) receives compensation for managing the account for the benefit of persons other than such person or his or her family.

~~(12) “President” means the chief executive officer of UTIMCO.~~

(13) “Private investment” means any debt obligation or equity interest that is not a publicly traded security, including a “private investment” in a publicly traded company.

(14) “Publicly traded company” means a business entity with a class of securities that consists of publicly traded securities.

(15) “Publicly traded securities” means securities of a class that is listed on a national securities exchange or quoted on the NASDAQ national market system in the United States or that is publicly traded on any foreign stock exchange or other foreign market.

(16) “Relative” means a person related within the third degree by consanguinity or the second degree by affinity determined in

accordance with Sections 573.021 – 573.025, *Government Code*. For purposes of this definition:

- (i) examples of a relative within the third degree by consanguinity are a child, grandchild, great-grandchild, parent, grandparent, great-grandparent, brother, sister, uncle, aunt, niece, or nephew;
- (ii) examples of a relative within the second degree by affinity are a spouse, a person related to a spouse within the second degree by consanguinity, or a spouse of such a person;
- (iii) a person adopted into a family is considered a relative on the same basis as a natural born family member; and
- (iv) a person is considered a spouse even if the marriage has been dissolved by death or divorce if there are surviving children of that marriage.

(17) “UTIMCO” means The University of Texas Investment Management Company.

(18) “UTIMCO entity” means an investment fund or other entity controlled by UTIMCO.

Sec. 1.03. Definition of “Control.” (a) For purposes of this ~~code~~Code, UTIMCO or a ~~director~~Director or ~~employee~~Employee is presumed to control an investment fund or other entity if UTIMCO’s or the ~~director’s~~Director’s or ~~employee’s~~Employee’s management role with or investment in the fund or entity enables UTIMCO or the ~~director~~Director or ~~employee~~Employee, as appropriate, to direct the operating or financial decisions of the fund or entity. However, the presumption of control by a ~~director~~Director or ~~employee~~Employee shall be rebutted if the ~~general~~General ~~counsel~~Counsel advises the ~~board~~Board that, based upon a review and confirmation of relevant facts provided by the respective ~~director~~Director or ~~employee~~Employee, it is the opinion of the ~~general~~General ~~counsel~~Counsel that the ~~director~~Director or ~~employee~~Employee does not have ultimate control of the operating or financial decisions of a particular fund or entity.

(b) Without limiting the provisions of Subsection (a), UTIMCO or a ~~director~~Director or ~~employee~~Employee is not presumed to control an investment fund or other entity if UTIMCO or the ~~director~~Director or ~~employee~~Employee, as appropriate, does not have a management role, if the terms of the investment do not give UTIMCO or the ~~director~~Director

or ~~employee~~Employee, as appropriate, the legal right to direct the operating or financial decisions of the fund or entity, and if UTIMCO or the ~~director~~Director or ~~employee~~Employee, as appropriate, does not attempt to direct the operating or financial decisions.

Sec. 1.04. Decision-Making Based on Merit. (a) UTIMCO ~~directors~~Directors and ~~employees~~Employees shall base UTIMCO business transactions on professional integrity and competence, financial merit and benefit to UTIMCO, and, if required or prudent, on a competitive basis.

(b) UTIMCO ~~directors~~Directors and ~~employees~~Employees may not base any UTIMCO business decisions on family or personal relationships.

Sec. 1.05. Compliance with Law. Directors and ~~employees~~Employees shall comply with all applicable laws, and should be specifically knowledgeable of Section 66.08, *Education Code* (Investment Management), Section 39.02, *Penal Code* (Abuse of Official Capacity), and Section 39.06, *Penal Code* (Misuse of Official Information).

Sec. 1.06. Compliance with Professional Standards. Directors and ~~employees~~Employees who are members of professional organizations, such as the CFA Institute, shall comply with any standards of conduct adopted by the organizations of which they are members.

Sec. 1.07. Accounting and Operating Controls. Directors and ~~employees~~Employees shall observe the accounting and operating controls established by law and UTIMCO policies, including restrictions and prohibitions on the use of UTIMCO property for personal or other purposes not related to UTIMCO business.

Sec. 1.08. General Standards of Conduct for Directors and Employees.

(a) It is the policy of UTIMCO that a ~~director~~Director or ~~employee~~Employee should not:

- (1) accept or solicit any gift, favor, or service that might reasonably tend to influence the ~~director~~Director or ~~employee~~Employee in the discharge of his or her duties for UTIMCO or that the ~~director~~Director or ~~employee~~Employee knows or should know is being offered with the intent to influence the ~~director's~~Director's or ~~employee's~~Employee's conduct on behalf of UTIMCO;
- (2) accept other employment or engage in a business or professional activity that the ~~director~~Director or ~~employee~~Employee might reasonably expect would require or induce the ~~director~~Director or ~~employee~~Employee to disclose

confidential information acquired by reason of his or her position with UTIMCO;

- (3) accept other employment or compensation that could reasonably be expected to impair the ~~director's~~Director's or ~~employee's~~Employee's independence of judgment in the performance of his or her duties for UTIMCO;
- (4) make personal investments that could reasonably be expected to create a substantial conflict between the ~~director's~~Director's or ~~employee's~~Employee's private interest and the interests of UTIMCO; or
- (5) intentionally or knowingly solicit, accept, or agree to accept any benefit for having exercised the ~~director's~~Director's or ~~employee's~~Employee's authority or performed the ~~director's~~Director's or ~~employee's~~Employee's duties at UTIMCO in favor of another.

Sec. 1.09. Honesty and Loyalty. (a) Directors and ~~employees~~Employees shall be honest in the exercise of their duties and may not take actions that will discredit UTIMCO.

(b) Directors and ~~employees~~Employees should be loyal to the interests of UTIMCO to the extent that ~~the~~their loyalty is not in conflict with other duties that legally have priority.

Sec. 1.10. Relationship with UTIMCO Not Used for Personal Gain.

(a) Directors and ~~employees~~Employees may not use their relationship with UTIMCO to seek or obtain personal gain beyond agreed compensation or any properly authorized expense reimbursement.

(b) This section does not prohibit the use of UTIMCO as a reference or prohibit communicating to others the fact that a relationship with UTIMCO exists as long as no misrepresentation is involved.

Sec. 1.11. Confidential Information.

(a) Directors and ~~employees~~Employees may not disclose confidential information unless duly authorized personnel determine that the disclosure is either permitted or required by law.

(b) Directors and ~~employees~~Employees shall use confidential information for UTIMCO purposes and not for their own personal gain or for the gain of third parties.

(c) Directors and Employees may not copy confidential information, for any reason, except as required to fulfill their duties for UTIMCO.

(d) Employees may not remove confidential information from the premises of UTIMCO, except as required to fulfill their duties for UTIMCO and then only for so long as required to fulfill their duties.

(e) Employees must return to UTIMCO all confidential information in their possession immediately upon request or immediately upon the termination of Employee's employment with UTIMCO, whichever comes first.

Sec. 1.12. Nepotism. (a) UTIMCO may not employ a person who is a ~~relative~~Relative of a ~~director~~Director. This subsection does not prohibit the continued employment of a person who has been working for UTIMCO for at least 30 consecutive days before the date of the related ~~director's~~Director's appointment.

(b) UTIMCO may not employ a person who is a ~~relative~~Relative of a ~~key~~Key ~~employee~~Employee, of a consultant, or of any owner, director, or officer of a consultant. This subsection does not prohibit the continued employment of a person who has been working for UTIMCO for at least 30 consecutive days:

- (1) before the date of the selection of the ~~key~~Key ~~employee~~Employee or consultant; or
- (2) before becoming a ~~relative~~Relative.

(c) An ~~employee~~Employee may not exercise discretionary authority to hire, evaluate, or promote a ~~relative~~Relative.

(d) An ~~employee~~Employee may not directly or indirectly supervise a ~~relative~~Relative. In this subsection, "supervise" means to oversee with the powers of direction and decision-making the implementation of one's own or another's intentions, and normally involves assigning duties, overseeing and evaluating work, and approving leave.

(e) This section does not prohibit the employment of a ~~relative~~Relative of an ~~employee~~Employee for a short-term special project as a non-exempt ~~employee~~Employee if the ~~employee~~Employee seeking to employ a ~~relative~~Relative discloses the relationship in advance to the ~~chief~~Chief ~~compliance~~Compliance ~~officer~~Officer and obtains prior approval from that officer for the employment.

Sec. 1.13. Gifts and Entertainment. (a) A ~~director~~Director or ~~employee~~Employee may not accept a gift that the ~~director~~Director or ~~employee~~Employee knows or should know is being offered or given because of the ~~director's~~Director's or ~~employee's~~Employee's position with

UTIMCO. This prohibition applies to gifts solicited or accepted for the personal benefit of the ~~director~~Director or ~~employee~~Employee as well as to gifts to third parties.

(b) The prohibitions in this ~~code~~Code do not apply to the following gifts if acceptance does not violate a law:

- (1) gifts given on special occasions between ~~employees~~Employees and/or ~~directors~~Directors;
- (2) books, pamphlets, articles, or other similar materials that contain information directly related to the job duties of a ~~director~~Director or ~~employee~~Employee and that are accepted by the ~~director~~Director or ~~employee~~Employee on behalf of UTIMCO for use in performing his or her job duties;
- (3) gifts from the ~~relatives~~Relatives of a ~~director~~Director or ~~employee~~Employee that are based solely on a personal relationship between the ~~director~~Director or ~~employee~~Employee and his or her ~~relative~~Relative;
- (4) business meals and receptions when the donor or a representative of the donor is present;
- (5) ground transportation in connection with business meetings, meals, or receptions;
- (6) fees for seminars or conferences that relate to the ~~director's~~Director's or ~~employee's~~Employee's job duties and that are sponsored by UTIMCO's consultants or agents, prospective consultants or agents, or persons or entities whose interests may be affected by UTIMCO; and
- (7) items of nominal intrinsic value, such as modest items of food and refreshment on infrequent occasions, gifts on special occasions, and unsolicited advertising or promotional material such as plaques, certificates, trophies, paperweights, calendars, note pads, and pencils, but excluding cash or negotiable instruments.

(c) Attendance of ~~directors~~Directors or ~~employees~~Employees at seminars, ~~or~~ conferences or other sponsored events that involve entertainment or recreation and that are ~~sponsored~~hosted in person and paid for by UTIMCO's consultants or agents, prospective consultants or agents, or persons or entities whose interests may be affected by UTIMCO may in some cases be in the best interest of UTIMCO. An ~~employee~~Employee must obtain specific written approval to attend such

events from the ~~president~~CEO or ~~chief~~Chief ~~compliance~~Compliance ~~officer~~Officer. Approval may be withheld for elaborate entertainment events such as ski trips, hunting trips, or stays at expensive resorts.

(d) A ~~director~~Director or ~~employee~~Employee may not accept a gift if the source of the gift is not identified or if the ~~director~~Director or ~~employee~~Employee knows or has reason to know that a prohibited gift is being offered through an intermediary.

(e) A ~~director~~Director or ~~employee~~Employee who receives a prohibited gift should return the gift to its source or, if that is not possible or feasible, donate the gift to charity.

Sec. 1.14. Communications with General Counsel. When the ~~general~~General ~~counsel~~Counsel of UTIMCO is a firm of lawyers, one principal within that firm must be identified to receive all written and oral communications made pursuant to this ~~code~~Code.

Sec. 1.15. Key Employees. The ~~board~~Board shall designate by position with UTIMCO those ~~employees~~Employees who exercise significant decision-making authority. These ~~employees~~Employees are “~~key~~Key ~~employees~~Employees” for purposes of this ~~code~~Code.

Subchapter B. CONFLICTS OF INTEREST

Sec. 2.01. Definition of Conflict of Interest. (a) A conflict of interest exists for a ~~director~~Director or ~~employee~~Employee when the ~~director~~Director or ~~employee~~Employee has a personal or private commercial or business relationship that could reasonably be expected to diminish the ~~director's~~Director's or ~~employee's~~Employee's independence of judgment in the performance of the ~~director's~~Director's or ~~employee's~~Employee's responsibilities to UTIMCO.

(b) For example, a person's independence of judgment is diminished when the person is in a position to take action or not take action with respect to UTIMCO or its business and the act or failure to act is or reasonably appears to be influenced by considerations of personal gain or benefit rather than motivated by the interests of UTIMCO.

Sec. 2.02. Exceptions for Minimal Stock Ownership. It is not a conflict of interest solely because a ~~director~~Director or ~~employee~~Employee has an investment in the stock of a publicly traded company that is owned, purchased, sold, or otherwise dealt with by UTIMCO if the ~~director's~~Director's or ~~employee's~~Employee's interest in the stock is not more than five percent of any class and if the ~~director~~Director or ~~employee~~Employee is not a director or officer of the company.

Sec. 2.03. Duty to Avoid Conflicts of Interest. (a) Directors and ~~employees~~Employees should avoid personal, employment, or business relationships that create conflicts of interest.

(b) A ~~director~~Director or ~~employee~~Employee may not take action personally or on behalf of UTIMCO that will result in a reasonably foreseeable conflict of interest. If a ~~director~~Director or ~~employee~~Employee believes that an action is in the best interest of UTIMCO but could foreseeably result in a conflict of interest, the ~~director~~Director must disclose that fact to the General Counsel or the ~~employee~~Employee must disclose that fact to the ~~chief~~Chief ~~compliance~~Compliance ~~officer~~Officer before taking the action.

Sec. 2.04. Duty to Disclose and Cure Conflicts. A ~~director~~Director or ~~employee~~Employee who becomes aware of a conflict of interest has an affirmative duty to disclose and cure the conflict in a manner provided for in this ~~code~~Code.

Sec. 2.05. Curing Conflicts of Interest. (a) A ~~director~~Director or ~~employee~~Employee who becomes aware, or reasonably should have become aware, of a conflict of interest shall cure the conflict by promptly eliminating it, except as provided by Subsection (b).

(b) A ~~director~~Director or ~~employee~~Employee may cure a conflict by prudently withdrawing from action on a particular matter in which a conflict exists if:

- (1) the ~~director~~Director or ~~employee~~Employee may be and is effectively separated from influencing the action taken;
- (2) the action may properly be taken by others;
- (3) the nature of the conflict is not such that the ~~director~~Director or ~~employee~~Employee must regularly and consistently withdraw from decisions that are normally the ~~director's~~Director's or ~~employee's~~Employee's responsibility with respect to UTIMCO; and
- (4) the conflict is not a prohibited transaction resulting from a ~~director~~Director or ~~employee~~Employee having a pecuniary interest in a business entity as described in Section 3.01 of this ~~code~~Code.

(c) A ~~director~~Director or ~~employee~~Employee who cannot or does not wish to eliminate or cure a conflict of interest shall terminate his or her relationship with UTIMCO as quickly as responsibly and legally possible.

Sec. 2.06. Disclosing and Refraining from Participation. (a) A ~~director~~Director must disclose any conflicts of interest regarding matters that are before the Board, absent himself or herself from any relevant deliberations, and refrain from voting on the matter.

(b) An ~~employee~~Employee must disclose any conflicts of interest and refrain from giving advice or making decisions about matters affected by the conflict unless the Board, after consultation with the ~~general~~General ~~counsel~~Counsel, expressly waives the conflict.

Sec. 2.07. Waivers of Conflicts of Interest. (a) The Board shall decide at an official meeting whether to waive any conflict of interest disclosed under Section 2.06(b) of this ~~code~~Code.

(b) To assist it in deciding whether to grant waivers, the Board may develop criteria for determining the kinds of relationships that do not constitute material conflicts.

(c) Any waiver of a conflict of interest, including the reasons supporting the waiver, must be included in the minutes of the meeting.

(d) The ~~chief~~Chief ~~compliance~~Compliance ~~officer~~Officer shall maintain records of all waivers granted, including the reasons supporting the waivers.

Sec. 2.08. Procedures for Director's Disclosure of Conflict of Interest. A ~~director~~Director must disclose conflicts of interest in writing to the ~~general~~General ~~counsel~~Counsel before a UTIMCO Board meeting. If disclosure is made at a Board meeting, the minutes of the meeting must include the disclosure of the conflict.

Sec. 2.09. Procedures for Employee's Disclosure of Conflict of Interest.

(a) An ~~employee~~Employee must promptly disclose conflicts of interest in writing to the ~~chief~~Chief ~~compliance~~Compliance ~~officer~~Officer through the financial disclosure and ethics compliance statement required by Section 4.03 of this ~~code~~Code. The ~~chief~~Chief ~~compliance~~Compliance ~~officer~~Officer shall report to the ~~audit~~Audit and ~~ethics~~Ethics ~~committee~~Committee regarding the statements the officer receives under this subsection.

(b) If a person with a duty to disclose a conflict has a reasonable cause to believe that disclosure to the ~~chief~~Chief ~~compliance~~Compliance ~~officer~~Officer will be ineffective, the person shall disclose the conflict to the ~~audit~~Audit and ~~ethics~~Ethics ~~committee~~Committee by filing a written disclosure with the ~~chairman~~chair of the ~~committee~~Committee.—~~The UTIMCO office manager shall provide the address of the chairman of the committee.~~

(c) A copy of the disclosure provided to either the ~~chief~~Chief Compliance Officer or the ~~audit~~Audit and ethicsCommittee shall be provided to the ~~employee's~~Employee's supervisor unless the person with the conflict of interest believes that the disclosure would be detrimental to the resolution of the conflict.

Sec. 2.10. Referrals. Referral of information from a ~~director~~Director related to investment opportunities outside of a posted open meeting of the ~~board~~Board must be made using the procedures provided by the Regents' *Rules and Regulations*, ~~Series~~Rule 70201, Section 12.

Subchapter C. PROHIBITED TRANSACTIONS AND INTERESTS

Sec. 3.01. Prohibitions Related to UTIMCO. (a) UTIMCO or a UTIMCO entity may not enter into an agreement or transaction with:

- (1) a ~~director~~Director or ~~employee~~Employee acting in other than an official capacity on behalf of UTIMCO;
- (2) a ~~director~~Director entity, ~~employee~~Employee entity, or other business entity, including an investment fund, in which a ~~director~~Director or ~~employee~~Employee has a pecuniary interest;
- (3) a former ~~director~~Director or ~~employee~~Employee, an investment fund or other entity controlled by a former ~~director~~Director or ~~employee~~Employee, or a business entity in which a former ~~director~~Director or ~~employee~~Employee has a pecuniary interest, on or before the first anniversary of the date the person ceased to be a ~~director~~Director or ~~employee~~Employee; or
- (4) an investment fund or account managed by a ~~director~~Director, ~~director~~Director entity, ~~employee~~Employee, or ~~employee~~Employee entity as a fiduciary or agent for compensation, other than funds for which the Board of Regents has investment responsibility and for which UTIMCO has been appointed as investment manager.

(b) For purposes of this ~~code~~Code, a person has a "pecuniary interest" in a business entity if the person:

- (1) owns five percent or more of the voting stock or shares of the business entity; or

- (2) owns five percent or more of the fair market value of the business entity; or
- (3) received more than five percent of the person's gross income for the preceding calendar year from the business entity;~~;~~ ~~or~~
- ~~(4) has a private investment in a business entity, including an investment fund, controlled by the person.~~

Sec. 3.02. UTIMCO Investment Policies for Publicly Traded Companies.

UTIMCO and UTIMCO entities shall implement procedures and safeguards to insure that none of the funds for which the Board of Regents has investment responsibility and for which UTIMCO has been appointed as investment manager is invested by UTIMCO or a UTIMCO entity in the publicly traded securities of a publicly traded company in which a ~~director~~Director or ~~employee~~Employee has a pecuniary interest.

Sec. 3.03. UTIMCO Investments in Private Investments of Certain Business Entities. UTIMCO or a UTIMCO entity may not:

- ~~_____~~(1) invest in the private investments of a business entity if a ~~director~~Director or ~~director~~Director entity then owns a ~~pecuniary interest private investment~~ in the same business entity as defined by Section 3.01(b) of this Code; or unless:
 - ~~_____~~(A) ~~the director or director entity acquired the private investment before the date on which the director assumed a position with UTIMCO;~~
 - ~~_____~~(B) ~~the director's private investment does not constitute a pecuniary interest in a business entity as defined by Section 3.01(b) of this code; and~~
 - ~~_____~~(C) ~~the Board approves the investment by UTIMCO or the UTIMCO entity by a vote of two thirds of the membership of the Board after a full disclosure in an open meeting of the relevant facts and a finding by the Board that the investment will not benefit the director or director entity financially;~~
- (2) invest in the private investments of a business entity if an ~~Employee~~employee or ~~Employee~~employee entity then owns a private investment in the same business entity; or
- (3) ~~except as provided above,~~ co-invest with a ~~director~~Director, ~~or director~~Director entity, ~~employee, or employee~~ entity in

the private investments of the same business entity if after the co-investment, the Director's or Director entity's private investment constitutes a pecuniary interest in the business entity as defined by Section 3.01(b) of this Code; or

- (4) co-invest with an Employee or Employee entity in the private investments of the same business entity.

Sec. 3.04. Director Investments in Private Investments of Certain Business Entities. (a) A ~~director~~Director or a ~~director~~Director entity may not:

- (1) invest in the private investments of a business entity if UTIMCO or, a UTIMCO entity, ~~an employee, or an employee entity~~ then owns a private investment in the same business entity if after the investment, the Director's or Director entity's private investment constitutes a pecuniary interest in the business entity as defined by Section 3.01(b) of this Code; -or
- (2) co-invest with UTIMCO, or a UTIMCO entity, ~~an employee, or an employee entity~~ in the private investments of the same business entity if after the co-investment, the Director's or Director entity's private investment constitutes a pecuniary interest in the business entity as defined by Section 3.01(b) of this Code; or
- (3) co-invest with an Employee or an Employee entity in the private investments of the same business entity.

(b) The prohibitions provided by this section apply to a ~~director's~~Director's spouse, minor children, or other dependent ~~relatives~~Relatives.

Sec. 3.05. Employee Investments in Private Investments of Certain Business Entities. (a) An ~~employee~~Employee or ~~employee~~Employee entity may not:

- (1) invest in the private investments of a business entity if UTIMCO, a UTIMCO entity, a ~~director~~Director, or a ~~director~~Director entity then owns a private investment in the same business entity; or
- (2) co-invest with UTIMCO, a UTIMCO entity, a ~~director~~Director, or a ~~director~~Director entity in the private investments of the same business entity.

(b) The prohibitions provided by this section apply to an ~~employee's~~Employee's spouse, minor children, or other dependent ~~relatives~~Relatives.

Sec. 3.06. Divestment Not Required For Certain Private Investments.

~~A~~An ~~director, director entity, employee~~Employee, or ~~employee~~Employee entity that owns a private investment in a business entity on the date on which the ~~director or employee~~Employee assumes a position with UTIMCO is not required by Section ~~3.04 or~~ 3.05 of this ~~code~~Code to divest that private investment as long as the private investment does not constitute a pecuniary interest in a business entity as defined by Section 3.01(b) of this ~~code~~Code. Any transactions concerning the private investment that might occur after that date are subject to this ~~code~~Code.

Sec. 3.07. Director Personal Securities Transactions. (a) A ~~director~~Director or ~~director~~Director entity may buy or sell a publicly traded security of an issuer that is held by UTIMCO but may not engage in a personal securities transaction if the ~~director~~Director has actual knowledge that an internal portfolio manager of UTIMCO has placed a buy/sell order for execution.

(b) The prohibition provided by this section applies to a ~~director's~~Director's spouse, minor child, or other dependent ~~relative~~Relative.

Sec. 3.08. Employee Personal Securities Transactions. ~~(a) Employees are prohibited from using advance knowledge of a UTIMCO decision to buy or sell a security for the personal financial gain of the Employee.~~

~~(b) An Employee or Employee entity may engage in a personal securities transaction without obtaining preclearance for the transaction from the Chief Compliance Officer with respect to a security that is not a security of an issuer that is held by UTIMCO and included on the UTIMCO maintained list of securities holdings. The UTIMCO list of securities holdings will be posted on the UTIMCO intranet and updated as securities holdings change. An employee may rely on the posted list when engaging in personal securities transactions.~~

~~(ca) Before an Employee or Employee entity may engage in a personal securities transaction with respect to a security of an issuer that is included on the UTIMCO maintained list of securities holdings, the An employee~~Employee or ~~employee~~Employee entity ~~may not engage in a personal securities transaction without~~must obtain preclearance for ~~each the~~ transaction from the ~~chief~~Chief compliance ~~Compliance officer~~Officer. Preclearance is effective for one trading day only.

(~~db~~) The ~~chief~~Chief compliance~~officer~~Officer shall verify that no buy/sell order has been placed by a UTIMCO internal manager ~~for securities of the same class with respect to the security of an issuer held by and included on the UTIMCO maintained list of securities holdings that is the subject of the Employee's personal securities transaction.~~ If such a buy/sell order has been placed, an ~~employee~~Employee or ~~employee~~Employee entity may not conduct ~~a~~the personal securities transaction for those securities until at least one trading day after the buy/sell order has been completed or canceled.

(~~ee~~) The ~~chief~~Chief compliance~~officer~~Officer shall document preclearances in a personal securities transaction log for each ~~employee~~Employee, which will provide a record of all requests and approvals or denials of preclearances.

(~~fd~~) An ~~employee~~Employee who engages in a personal securities transaction must ~~also~~—provide transactional disclosure for each transaction by completing a transactional disclosure form and filing it with the ~~chief~~Chief compliance~~officer~~Officer not later than the tenth calendar day after the trade date. The form must contain the:

- (1) name and amount of the security involved;
- (2) date and nature of the transaction;
- (3) price at which the transaction was effected; and
- (4) name of the broker through whom the transaction was effected.

(~~ge~~) The preclearance and transactional disclosure requirements apply only to equity or equity-related transactions, including stocks, convertibles, preferreds, options on securities, warrants, and rights, etc., for domestic and foreign securities, whether publicly traded or privately placed. The preclearance and transactional disclosure requirements do not apply to bonds other than convertible bonds, mutual funds, co-mingled trust funds, exchange traded funds, financial futures, and options on futures.

(~~hf~~) This section applies to an ~~employee's~~Employee's spouse, minor child, or other dependent ~~relative~~Relative.

Sec 3.09. Interest in Brokerage Firm ~~or Consultant.~~ (a) A ~~director~~Director may not direct trades or exercise discretion over the selection of brokerage firms.

(b) An ~~employee~~Employee may not have stock or other ownership or profit sharing interest in a brokerage firm selected by the ~~employee~~Employee for UTIMCO business if the ~~employee~~Employee has the discretion to direct trading and therefore the discretion to select brokerage firms.

~~(c) A director or employee may not have stock or other ownership or profit sharing interest in a consultant selected by the director or employee for UTIMCO business if the director or employee has the discretion to select consultants.~~

~~(dc)~~ The restrictions provided by this section apply to:

- (1) stock held for ~~aan director's or employee's~~Employee's own account;
- (2) stock or other ownership or profit sharing interests held by ~~aan director's or employee's~~Employee's spouse; or
- (3) stock held for an account, other than an account over which the ~~director or employee~~Employee has no direct or indirect influence or control, in which the ~~director or employee~~Employee has a beneficial interest, such as accounts involving the spouse, minor child, or other dependent ~~relative~~Relative.

~~(ed)~~ The restrictions provided by this section do not prohibit the ownership of stock in a company that may own stock in a brokerage firm ~~or consultant~~ if the brokerage firm ~~or consultant~~ is not the dominant or primary business of the parent company.

Sec. 3.10. Employee's Outside Employment or Business Activity. (a) An ~~employee~~Employee may not engage in outside employment, business, or other activities that detract from the ability to reasonably fulfill the full-time responsibilities to UTIMCO.

(b) A ~~key~~Key ~~employee~~Employee must obtain advance written approval from the ~~president~~CEO for any outside employment or business, including service as director, officer, or investment consultant or manager for another person or entity. The ~~president~~CEO must obtain advance approval from the Board for any outside employment.

(c) An ~~employee~~Employee, with the prior approval of the Board, may serve as a director of a company in which UTIMCO has directly invested its assets. The Board's approval must be conditioned on the extension of UTIMCO's Directors and Officers Insurance Policy coverage to the ~~employee's~~Employee's service as director of the investee company. All

compensation paid to an ~~employee~~Employee for service as director of an investee company shall be endorsed to UTIMCO and applied against UTIMCO's fees.

Sec. 3.11. Further Restrictions on Directors and Employees. A ~~director~~Director or ~~employee~~Employee may not:

- (1) participate in a matter before UTIMCO that involves a business, contract, property, or investment held by the person if it is reasonably foreseeable that UTIMCO action on the matter would confer a benefit to the person by or through the business, contract, property, or investment;
- (2) recommend or cause discretionary UTIMCO business to be transacted with or for the benefit of a ~~relative~~Relative;
- (3) accept offers by reason of the person's position with UTIMCO to trade in any security or other investment on terms more favorable than available to the general investing public;
- (4) borrow from investment managers, outside service providers, professional advisors or consultants, banks, or other financial institutions with which UTIMCO has a business relationship unless the entity is normally engaged in such lending in the usual course of business, in which case the transaction must be on customary terms offered to others under similar circumstances to finance proper and usual activities; or
- (5) represent any person in any action or proceeding before or involving the interests of UTIMCO except as a duly authorized representative or agent of UTIMCO.

Sec. 3.12. Former Directors and Employees. (a) A former ~~director~~Director or ~~employee~~Employee may not make any communication to or appearance before a current ~~director~~Director or ~~employee~~Employee before the second anniversary, in the case of a former ~~director~~Director, or the first anniversary, in the case of a former ~~employee~~Employee, of the date the former ~~director~~Director or ~~employee~~Employee ceased to be a ~~director~~Director or ~~employee~~Employee if the communication is made:

- (1) with the intent to influence; and
- (2) on behalf of any person in connection with any matter on which the former ~~director~~Director or ~~employee~~Employee seeks action by UTIMCO.

(b) A ~~director~~Director or ~~employee~~Employee who knowingly communicates with a former ~~director~~Director or ~~employee~~Employee in violation of this prohibition is subject to disciplinary action, including removal from serving as a ~~director~~Director.

(c) A former Director or Employee may not disclose confidential information without UTIMCO's written consent or except as permitted or required by law.

Subchapter D. FINANCIAL DISCLOSURE, COMPLIANCE, AND ENFORCEMENT

Sec. 4.01. Employee Ethics and Compliance Committee. (a) The ~~president~~CEO shall appoint an ~~employee~~Employee ethicsEthics and ~~compliance~~Compliance ~~committee~~Committee composed of UTIMCO personnel.

(b) The Chief Compliance Officer appointed by the Audit and Ethics Committee shall be the chairman~~chair~~ of the ~~employee~~Employee ethicsEthics and ~~compliance~~Compliance ~~committee~~Committee ~~is the chief compliance officer~~.

(c) The ~~employee~~Employee ethicsEthics and ~~compliance~~Compliance ~~committee~~Committee shall:

- (1) provide ethics training for UTIMCO personnel; and
- (2) issue opinions on the proper interpretation of this ~~e~~Code.

(d) An ~~employee~~Employee may file a written request with the ~~employee~~Employee ethicsEthics and ~~compliance~~Compliance ~~committee~~Committee for an opinion on the proper interpretation of this ~~code~~Code, and may rely on that opinion with respect to compliance with this ~~code~~Code.

Sec. 4.02. Financial Disclosure Statements. (a) Directors and ~~employees~~Employees shall file financial disclosure statements with the ~~chief~~Chief ~~compliance~~Compliance ~~officer~~Officer.

(b) Directors and ~~employees~~Employees shall file the financial disclosure statement not later than the 30th day after the date of appointment or employment, and not later than April 30 of each year thereafter. The ~~president~~CEO may postpone a filing deadline for not more than 60 days on the written request of a Director or Employee (other than the CEO), or for an additional period for good cause as

determined by the ~~chairman~~chair of the Board. A CEO's request to postpone his/her filing deadline must be approved by the chair of the Board.

(c) UTIMCO must maintain a financial disclosure statement for at least five years after the date it is filed.

(d) Directors who are required to file disclosure statements with the Texas Ethics Commission shall file those statements in the form prescribed by law.

Sec. 4.03. Ethics Compliance Statements. (a) Directors and ~~employees~~Employees, including acting or interim ~~employees~~Employees, must file ethics compliance statements with the ~~chief~~Chief ~~compliance~~Compliance ~~officer~~Officer.

(b) Directors and ~~employees~~Employees shall sign, date, and file the ethics compliance statements not later than the 60th day after the date of appointment or employment. Thereafter, any person who is a ~~director~~Director or ~~employee~~Employee on December 31 of any year must file the compliance statement not later than April 30 of the following year.

(c) In the ethics compliance statement, the ~~director~~Director or ~~employee~~Employee must acknowledge that he or she has received and read this ~~code~~Code, that he or she will comply with its provisions, and that it is his or her duty to report any act by other ~~directors~~Directors or ~~employees~~Employees when he or she has knowledge of a violation of this ~~code~~Code. An ~~employee~~Employee must also acknowledge that adherence to this ~~code~~Code is a condition of employment. The statement must also disclose any conflicts of interest or violations of the ~~code~~Code of which the ~~director~~Director or ~~employee~~Employee is aware.

(d) Key ~~employees~~Employees must acknowledge their ~~key~~Key ~~employee~~Employee status in the ethics compliance statement.

(e) The ethics compliance statement must include a reminder that a ~~director~~Director or ~~employee~~Employee is required to update a statement if a change in circumstances occurs that would require reporting under this ~~code~~Code.

(f) An ~~employee's~~Employee's signed statement shall be maintained in the ~~employee's~~Employee's personnel file. The ~~chief~~Chief ~~compliance~~Compliance ~~officer~~Officer shall maintain the ~~directors'~~Directors' signed statements.

Sec. 4.04. Certification of No Pecuniary Interest. ~~(a)~~ Before the Board ~~considers enters into~~ an agreement or transaction with a business entity, ~~including an investment fund or an investment in a business entity~~, each ~~director~~Director and ~~key~~Key employeeEmployee shall certify that he or she does not have a pecuniary interest, as defined by Section 3.01(b) of this ~~code~~Code, in the business entity.

~~(b)~~ Before the Board invests in the private investments of a business entity, ~~(i) each Director shall certify that neither the Director nor any Director entity has a pecuniary interest, as defined by Section 3.01(b) of this Code, in the same business entity; and (ii) each Key Employee shall certify that neither the Key Employee nor any Key Employee entity owns a private investment in the same business entity.~~

Sec. 4.05. Disciplinary Action Disclosure Statements. (a) Directors and ~~key~~Key employeesEmployees shall file disciplinary action disclosure statements that disclose any proceedings, actions, or hearings by any professional organization or other entity involving the ~~director~~Director or ~~key~~Key employeeEmployee.

(b) Directors and ~~key~~Key employeesEmployees must file the disciplinary action disclosure statement with the ~~chief~~Chief complianceCompliance officerOfficer not later than April 30 of the first year of designation as a ~~director~~Director or ~~key~~Key employeeEmployee.

(c) A ~~director~~Director or ~~key~~Key employeeEmployee must promptly update a statement if any action occurs that would cause a ~~director's~~Director's or ~~employee's~~Employee's answers to change.

Sec. 4.06. Custodian of Records. For open records purposes, the ~~chief~~Chief complianceCompliance officerOfficer is the custodian of the disclosure statements required by this ~~code~~Code.

Sec. 4.07. Enforcement. (a) The ~~president~~CEO is responsible for implementing this ~~code~~Code with respect to ~~employees~~Employees. The Board shall enforce this ~~code~~Code with respect to ~~employees~~Employees through the ~~president~~CEO.

(b) An ~~employee~~Employee who violates this ~~code~~Code may be subject to the full range of disciplinary options under UTIMCO personnel policies and practices, including termination.

(c) The Board shall enforce this ~~code~~Code with respect to individual ~~directors~~Directors through resolutions of reprimand, censure, or other appropriate parliamentary measures, including requests for resignation.

Sec. 4.08. Duty to Report. (a) A ~~director~~Director who has knowledge of a violation of this ~~code~~Code shall report the violation to the ~~general~~General ~~counsel~~Counsel.

(b) An ~~employee~~Employee who has knowledge of a violation of this ~~code~~Code shall report the violation to the ~~chief~~Chief ~~compliance~~Compliance ~~officer~~Officer or to a member of the ~~audit~~Audit and ~~ethics~~Ethics ~~committee~~Committee.

(c) Retaliatory action may not be taken against a person who makes a good faith report of a violation involving another person.

Sec. 4.09. Notice to Audit and Ethics Committee. (a) The ~~president~~CEO shall notify the ~~audit~~Audit and ~~ethics~~Ethics ~~committee~~Committee in writing not later than February 15 of each year concerning:

- (1) any approval given for outside employment by ~~key~~Key ~~employees~~Employees, including the nature of the employment; and
- (2) any disciplinary action disclosed by ~~directors~~Directors or ~~key~~Key ~~employees~~Employees.

8. **U. T. System: Approval of the nonpersonnel aspects of the operating budgets for the fiscal year ending August 31, 2009, and Permanent University Fund Bond Proceeds allocation for Library, Equipment, Repair and Rehabilitation Projects for Fiscal Year 2009**

RECOMMENDATION

Dr. Kenneth I. Shine, in his roles as Chancellor ad interim and Executive Vice Chancellor for Health Affairs, with the concurrence of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and the presidents of the U. T. System institutions, recommends that the nonpersonnel aspects of the U. T. System Operating Budgets for the fiscal year ending August 31, 2009, including Auxiliary Enterprises, Grants and Contracts, Designated Funds, Restricted Current Funds, and Medical and Dental Services, Research and Development Plans, be approved.

It is further recommended that the Chancellor be authorized to make editorial corrections therein and that subsequent adjustments be reported to the U. T. System Board of Regents through the Docket.

Associate Vice Chancellor, Controller and Chief Budget Officer, Mr. Randy Wallace, will make a presentation on the recommended Fiscal Year 2009 Operating Budget including the Library, Equipment, Repair and Rehabilitation (LERR) Budget.

It is requested that Permanent University Fund (PUF) Bond Proceeds in the amount of \$50,000,000 be appropriated to the institutions to fund LERR Projects for Fiscal Year 2009. Of the \$50,000,000, it is requested that \$30,000,000 be appropriated directly to U. T. System institutions. This would authorize the purchase of approved equipment items and library materials and to contract for repair and rehabilitation projects following standard purchasing and contracting procedures within approved dollar limits. Substitute equipment purchases or repair and rehabilitation projects are to receive prior approval by the Chancellor, the appropriate Executive Vice Chancellor and, where required, the U. T. System Board of Regents. Transfers by U. T. System Administration of allocated funds to institutional control or to vendors will coincide with vendor payment requirements. Final approval of specific repair and rehabilitation projects will be in accordance with procedures for construction projects established by the U. T. System Board of Regents. Subject to completion of a project planning form, repair and rehabilitation projects are automatically added to the Capital Improvement Plan (CIP) provided that total project cost and funding sources have not changed from the original LERR request.

It is also requested that \$20,000,000 of PUF Bond Proceeds be appropriated to provide additional funding to build and enhance research infrastructure to attract and retain the best qualified faculty known as the Science and Technology Acquisition and

Retention (STARs) Program. Through a competitive proposal process determined by U. T. System Administration, funds will be distributed for the purchase of recruiting top researchers.

It is further recommended that LERR appropriations not expended or obligated by contract or purchase order within six months after the close of Fiscal Year 2009 are to be available for future U. T. System-wide reallocation unless specific authorization to continue obligating the funds is given by the appropriate Executive Vice Chancellor upon recommendation of the president of the institution. Such specific authorization will extend the obligation of funds for no more than 12 additional months from the time the extension is granted.

Supplemental Materials:

- **Operating Budget Power Point Presentation on Pages 19 - 36 of Volume 2.**
- **Available University Fund Forecast on Page 37 of Volume 2.**

BACKGROUND INFORMATION

A supplemental volume of the budget materials titled "Operating Budget Summaries and Reserve Allocations for Library, Equipment, Repair and Rehabilitation" is enclosed in the front pocket of the Regents' Agenda Book and will be available at the meeting upon request.

See the Executive Session item related to the personnel aspects of the U. T. System Operating Budgets (Item 1b on Table of Contents Page i for Meeting of the Board).

The appropriation of PUF Bond Proceeds will be presented in the Fiscal Year 2009 LERR Budget. The allocation of these LERR funds to the U. T. System institutions was developed from prioritized lists of projects submitted by the institutions and reviewed by U. T. System Administration staff.

As required by the Available University Fund (AUF) Spending Policy, a forecast of revenues and expenses of the AUF for seven years, including the above allocation has been prepared and is provided. The additional appropriation of PUF Bond Proceeds for this allocation is within the policy as shown in the forecast.

9. U. T. System: Allocation of \$25.3 million of Permanent University Fund Bond Proceeds for Fire and Life Safety projects for the following institutions:

- **The University of Texas at Arlington**
- **The University of Texas at Austin**
- **The University of Texas Medical Branch at Galveston**
- **The University of Texas Health Science Center at San Antonio**

RECOMMENDATION

Dr. Kenneth I. Shine, in his roles as Chancellor ad interim and Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Academic Affairs, and the Executive Vice Chancellor for Business Affairs recommend that the U. T. System Board of Regents approve the allocation of \$25,300,000 of Permanent University Fund (PUF) Bond Proceeds for fire and life safety capital projects at The University of Texas at Arlington, The University of Texas at Austin, The University of Texas Medical Branch at Galveston, and The University of Texas Health Science Center at San Antonio.

The recommended PUF allocation for the fire and life safety projects is \$4,100,000 for U. T. Arlington, \$14,300,000 for U. T. Austin, \$1,800,000 for U. T. Medical Branch - Galveston, and \$5,100,000 for U. T. Health Science Center - San Antonio as set out below:

Project Cost Breakdown in \$ millions by Fiscal Year				
CAMPUS	PUF FY09	PUF FY10	PUF FY11	TOTAL
UT ARLINGTON	1.4	1.4	1.3	4.1
UT AUSTIN	4.8	4.8	4.7	14.3
UT MB GALVESTON	0.6	0.6	0.6	1.8
UTHSC SAN ANTONIO	<u>1.7</u>	<u>1.7</u>	<u>1.7</u>	<u>5.1</u>
TOTALS	8.5	8.5	8.3	25.3

BACKGROUND INFORMATION

The total project cost of the fire and life safety projects at the four institutions is currently estimated at approximately \$51,900,000 as reflected on Table 1 on Page 49. The balance of the project funding will be matched over the next five years and will be brought back to the Board for approval of the total project cost for each project including identified funding sources and approval of amendments to the FY 2008-2013 Capital Improvement Program (CIP).

A forecast of revenues and expenses of the Available University Fund (AUF) for seven years, including the above allocation, has been prepared and is reflected on Page 37 of Volume 2. The appropriation of \$25,300,000 of PUF Bond Proceeds is incorporated into the forecast.

As of May 31, 2008, the U. T. System's Constitutional debt capacity for the PUF was \$320 million. The debt capacity is calculated as 20% of the cost value of the PUF endowment less PUF debt outstanding and authorized but unissued.

**Table 1
Project Cost Breakdown by Campus in \$ millions:**

Campus	High ¹ Priority	Med/Low ² Priority	Total	PUF FY09	PUF FY10	PUF FY11	Campus + LERR Funds	3 YR PUF + Campus + LERR	LERR History Per Yr	50% LERR Per Yr	50% LERR 3 Yrs
UT ARLINGTON	8.2	0.1	8.3	1.4	1.4	1.3	4.1	8.2	2.4	1.2	3.6
UT AUSTIN	28.5	10.4	38.9	4.8	4.8	4.7	14.2	28.5	3.8	1.9	5.7
UT BROWNSVILLE	0.0	0.0	0.0				0.0	0.0	0.0	0.0	0.0
UT DALLAS	2.2	0.1	2.3				2.2	2.2	2.2	1.1	3.3
UT EL PASO	0.6	0.7	1.3				0.6	0.6	3.3	1.7	5.0
UT PAN AMERICAN	0.0	0.0	0.0				0.0	0.0	0.0	0.0	0.0
UT PERMIAN BASIN	0.0	0.1	0.1				0.0	0.0	0.9	0.5	1.4
UT SAN ANTONIO	0.3	7.6	7.9				0.3	0.3	2.4	1.2	3.6
UT TYLER	0.0	0.0	0.0				0.0	0.0	0.8	0.4	1.2
TOTAL ACADEMIC	39.8	19.0	58.8	6.2	6.2	6.0	21.4	39.8	15.8	7.9	23.7
UT SOUTHWESTERN MC	0.9	4.8	5.7				0.9	0.9	2.3	1.2	3.5
UT MB GALVESTON	4.9	3.2	8.1	0.6	0.6	0.6	3.1	4.9	2.0	1.0	3.0
UT HSC HOUSTON	2.6	0.2	2.8				2.6	2.6	1.9	1.0	2.9
UT HSC SAN ANTONIO	10.3	6.9	17.2	1.7	1.7	1.7	5.2	10.3	2.2	1.1	3.3
UT M.D. ANDERSON CC	0.0	0.0	0.0				0.0	0.0	1.9	1.0	2.9
UT HSC TYLER	0.0	0.0	0.0				0.0	0.0	2.1	1.1	3.2
TOTAL HEALTH	18.7	15.1	33.8	2.3	2.3	2.3	11.8	18.7	12.4	6.2	18.6
SYSTEM ADMINISTRATION											
TOTAL SYSTEM	58.5	34.1	92.6	8.5	8.5	8.3	33.2	58.5	28.2³	14.1	42.3

¹ High Priority – residential, medical, high rise, large assembly and laboratory buildings

² Medium and Low Priority – academic, support business and industrial support buildings

³ Excludes \$25.4 million for System Administration LERR funded projects

10. **U. T. System: Approval to purchase software licenses and hardware for deployment of an Enterprise Compliance and Configuration Management System and hardware for deployment of a U. T. Network Intrusion Detection System**

RECOMMENDATION

The Chancellor ad interim concurs in the recommendation of the Executive Vice Chancellor for Business Affairs that \$4,360,000 of Available University Funds (AUF) be approved to purchase software licenses and hardware for deployment of an Enterprise Compliance and Configuration Management System and hardware for deployment of a U. T. Network Intrusion Detection System as follows:

- a. Enterprise Compliance and Configuration Management System, in the amount of \$4,000,000 to include purchase of configuration software licenses that will be used on servers and workstations at U. T. System institutions to ensure these devices are configured in a manner that is secure and complies with established standards, and
- b. U. T. Network Intrusion Detection System (IDS), in the amount of \$360,000 for purchase of intrusion detection appliances to be deployed on the U. T. System network to detect attacks against University information systems.

BACKGROUND INFORMATION

Enterprise Compliance and Configuration Management System:

In June 2007, following months of study, 12 of the U. T. System Chief Information Security Officers ranked configuration management software as being the technology having the most potential for bolstering information security across the U. T. System. At that time, the Chancellor approved moving forward with a Request for Proposal (RFP) process to identify a product for a later funding request. A working group comprised of security and other information technology staff from the health and academic institutions and U. T. System Administration moved forward with the RFP process and is nearing conclusion of the selection process. The funds requested for approval will be used to purchase the most competitive product for deployment across the U. T. System.

U. T. Network Intrusion Detection System:

The U. T. System network connects all U. T. System institutions to each other and to the Internet. This past year, a pilot study was conducted to determine if intrusion detection devices placed strategically along the U. T. System network could identify attacks being launched against U. T. System institutions and could automatically alert appropriate institutional personnel.

For the pilot study, the IDS system was deployed across one-third of the U. T. System network. It proved to be highly effective in identifying attacks. Over a period of several months, more than 1,400 automated alerts were sent to inform institutional personnel about compromised computers. U. T. System institutions taking part in the pilot study report that the service adds value to their existing defenses as part of a holistic strategy to identify attacks and reduce risk of exposure of confidential information.

The funds requested for approval will allow this system to be installed across the U. T. System network.

11. U. T. System: Report and discussion related to Tier One Universities

REPORT

Executive Vice Chancellor Prior will introduce a presentation and discussion of Tier One Universities, including a PowerPoint prepared by President Daniel.

Supplemental Materials: Dr. Daniel's PowerPoint presentation on Pages 38 – 51 of Volume 2.

12. U. T. System Board of Regents: Update on progress of the Chancellor search

REPORT

Chairman Caven will provide a brief update on the progress of the Chancellor search.

13. U. T. System Board of Regents: Presentation of certificates of appreciation

Chairman Caven will present certificates of appreciation to C. Kern Wildenthal, M.D., Ph.D., President, U. T. Southwestern Medical Center - Dallas, and to James T. Willerson, M.D., President, U. T. Health Science Center - Houston, for their distinguished service and outstanding contributions.

Dr. Wildenthal, who has served as President of U. T. Southwestern Medical Center - Dallas for the past 22 years, will resign from the presidency on September 1, 2008. Dr. Willerson has served as President of U. T. Health Science Center - Houston for the past seven years and will resign from the presidency on July 31, 2008.

Dr. Wildenthal's certificate will be presented during the Board meeting on August 14; Dr. Willerson is unable to attend the August 14 portion of the meeting, and his certificate will be presented on August 13.