

Meeting No. 1,025

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

Pages 1 - 125

February 6-7, 2008

Edinburg, Texas

TABLE OF CONTENTS  
 THE MINUTES OF THE BOARD OF REGENTS  
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 FEBRUARY 6-7, 2008  
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MEETING NO. 1,025

	<u>Page No.</u>
<u>February 6, 2008</u>	
I. ATTENDANCE	1
II. RECESS TO EXECUTIVE SESSION	1
III. RECONVENE IN OPEN SESSION	2
1a. U. T. Southwestern Medical Center – Dallas: Discussion of individual personnel matters related to presidential search	2
1b. U. T. Health Science Center – Houston: Discussion of individual personnel matters related to presidential search	2
1c. 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, General Counsel to the Board, and Director of Audits), and U. T. System and institutional employees	2
2a. U. T. System Board of Regents: Discussion with Counsel on pending legal issues	2
2b. U. T. System: Discussion and consideration of potential action regarding legal issues related to current law on holistic admissions plans	2
2c. U. T. System Board of Regents: Adoption of resolution related to the proposed border fence	2
3. U. T. Austin: Approval of negotiated gifts with potential naming features	4
IV. RECESS	4

February 7, 2008

I.	ATTENDANCE	5
II.	WELCOME TO REGENT LONGORIA	5
III.	REMARKS BY THE HONORABLE EDDIE LUCIO, JR.	6
IV.	INTRODUCTION OF THE HONORABLE AARON PEÑA	6
V.	U. T. SYSTEM BOARD OF REGENTS: APPROVAL OF MINUTES	6
VI.	AGENDA ITEMS	7
1.	U. T. System: Chancellor's Quarterly Update (Deferred)	7
2.	U. T. System: Update on implementation of the U. T. System Strategic Plan (Deferred)	7
3.	U. T. System: Report on development of major investment impact metrics (Deferred)	7
4.	U. T. System: Annual accountability and performance report of campus development offices	7
5.	U. T. System Board of Regents: Amendment of the Regents' <i>Rules and Regulations</i> , Series 30202 to permit selected employees in the U. T. System to participate in a Deferred Compensation, Section 457(f) Plan	8
6.	U. T. System Board of Regents: Approval to revise the Permanent University Fund distribution rate	10
VII.	RECESS FOR COMMITTEE MEETINGS AND COMMITTEE REPORTS TO THE BOARD	12
A.	REPORT AND RECOMMENDATIONS OF THE AUDIT, COMPLIANCE, AND MANAGEMENT REVIEW COMMITTEE	13
1.	U. T. System: Report on the Fiscal Year 2007 Annual Financial Report, including the report on the U. T. System Financial Statement audit work performed by institutional and U. T. System Administration internal audit	13

2.	U. T. System Board of Regents: Approval to renew the contract with Deloitte & Touche, LLP, as the external auditor for the Fiscal Year 2008 audit of funds managed by The University of Texas Investment Management Company (UTIMCO)	13
3.	U. T. System Board of Regents: Appointment of Regent Foster, Regent McHugh, Mr. Erle Nye, and Mr. Charles Tate to the Audit and Ethics Committee of The University of Texas Investment Management Company (UTIMCO)	14
4.	U. T. Brownsville: Report on the Internal Audit Department, including the Student Health Services Audit (Committee meeting only)	15
5.	U. T. System: Report on the System-wide internal audit activities, including the Presidential Travel, Entertainment, and Housing Expense Audits (Committee meeting only)	15
6.	U. T. System: Report on System-wide institutional compliance activities, including the Institutional Compliance Advisory Council, and Institutional Compliance Program report for U. T. Pan American (Committee meeting only)	15
7.	U. T. System: Report on Conflicts of Interest Policy (Committee meeting only)	15
B.	REPORT AND RECOMMENDATIONS OF THE FINANCE AND PLANNING COMMITTEE	16
1.	U. T. System: Approval of <i>Docket No. 133</i>	16
2.	U. T. System: Key Financial Indicators Report and Monthly Financial Report (Committee meeting only)	16
3.	U. T. System: Report on the Analysis of Financial Condition for Fiscal Year 2007 (Committee meeting only)	16
4.	U. T. System: Approval of the Fiscal Year 2009 Operating Budget Preparation Policies and Calendar	17
5.	U. T. System: The University of Texas Investment Management Company (UTIMCO) Performance Summary Report and Investment Reports for the quarter ended November 30, 2007	20

6.	U. T. System Board of Regents: Approval of amendments to The University of Texas Investment Management Company (UTIMCO) Bylaws	26
7.	U. T. System Board of Regents: Approval of revised Master Investment Management Services Agreement with The University of Texas Investment Management Company (UTIMCO)	40
8.	U. T. System Board of Regents: Adoption of Nineteenth Supplemental Resolution authorizing Revenue Financing System Bonds in an amount not to exceed \$950,000,000; authorization to complete all related transactions; and resolution regarding parity debt	58
9.	U. T. System: Adoption of Resolution to Zurich American Insurance Company and affiliates, Schaumburg, Illinois, to guarantee payments under Phase V of the Rolling Owner Controlled Insurance Program (ROCIP)	60
10.	U. T. System: Report on the Supply Chain Alliance Strategic Initiative (Committee meeting only)	61
11.	U. T. System: Report on the Fiscal Year 2007 Annual Financial Report, including the report on the U. T. System Financial Statement audit work performed by institutional and U. T. System Administration internal audit (Committee meeting only)	61
C.	REPORT AND RECOMMENDATIONS OF THE ACADEMIC AFFAIRS COMMITTEE	62
1.	U. T. System: Approval of expansion of degree planning authority at U. T. Brownsville, U. T. Dallas, and U. T. Pan American	62
2.	U. T. El Paso: Approval of acceptance of gift of outdoor art	63
3.	U. T. Permian Basin: Approval of acceptance of gift of outdoor art	63
4.	U. T. System: Report on enrollment management plans (Committee meeting only)	63

D.	REPORT AND RECOMMENDATIONS OF THE HEALTH AFFAIRS COMMITTEE	64
1.	U. T. M. D. Anderson Cancer Center: Authorization to effectuate the following land exchanges: (a) purchase approximately 26 square feet of unimproved land adjacent to the north right-of-way of Old Spanish Trail, Houston, Harris County, Texas, from the Texas Medical Center (TMC), a Texas nonprofit corporation, for fair market value as established by independent appraisals; (b) acquire approximately 3.55 acres of unimproved land consisting of several streets and alleys between Braeswood Boulevard to the north, Cecil Street to the west, and the boundaries of the Institute Addition to the south and east, all within the Institute Addition, Houston, Harris County, Texas, from the City of Houston, a municipal corporation, and from TMC to be used for future programmed development of campus expansion; and (c) convey to the City of Houston approximately 2.28 acres of unimproved land consisting of parcels located in Blocks 14, 18, 21, 22, and 23 of the Institute Addition, Houston, Harris County, Texas, and a portion of Tract 21 as described in a deed recorded in the Real Property Records of Harris County, Texas, under Clerk's File No. M546653, and the TMC Tract, and pay to the City of Houston an amount to constitute an even exchange of values	64
2.	U. T. System: Approval of the Amended and Restated Model Bylaws of the Medical Service, Research and Development Plan/Physicians Referral Service (MSRDP/PRS) Faculty Practice Plan; authorization for the Executive Vice Chancellor for Health Affairs to approve implementation of MSRDP/PRS Faculty Practice Plan Bylaws at U. T. System health institutions; and authorization for the Executive Vice Chancellor for Health Affairs to approve nonsubstantive revisions to the Amended and Restated Model Bylaws of the MSRDP/PRS Faculty Practice Plan	66
3.	U. T. Health Science Center - Houston: Approval to name the water feature and patio in the Fayez S. Sarofim Research Building as the Dan L. Duncan Family Water Feature and Patio	91

4.	U. T. Health Science Center - Houston: Approval to name the Executive Office Wing in the Faye S. Sarofim Research Building as the Memorial Hermann Hospital System Executive Office Wing	91
5.	U. T. Southwestern Medical Center - Dallas: Approval to name the Harold and Annette Simmons Comprehensive Center for Research and Treatment of Brain and Neurological Disorders	92
6.	U. T. System: Preliminary report on initiatives in health professional education (Committee meeting only)	92
7.	U. T. System: Quarterly report on health issues by Executive Vice Chancellor Shine (Committee meeting only)	92
E.	REPORT AND RECOMMENDATIONS OF THE FACILITIES PLANNING AND CONSTRUCTION COMMITTEE	93
1.	U. T. System: Amendment of the FY 2008-2013 Capital Improvement Program and the FY 2008-2009 Capital Budget to include four projects with funding from Permanent University Fund Bond Proceeds: <ul style="list-style-type: none"> <li>• U. T. Austin Fire and Life Safety Projects</li> <li>• U. T. Dallas Arts and Technology Facility</li> <li>• U. T. El Paso Fire and Life Safety Projects</li> <li>• U. T. Medical Branch - Galveston Administration Building Life Safety Renovations</li> </ul>	93
2.	U. T. Arlington: Yates and First Street Improvements - Amendment of the FY 2008-2013 Capital Improvement Program and the FY 2008-2009 Capital Budget to include project; approval of total project cost; appropriation of funds and authorization of expenditure; and resolution regarding parity debt	96
3.	U. T. Austin: Data Center at the Central Receiving Building - Amendment of the FY 2008-2013 Capital Improvement Program and the FY 2008-2009 Capital Budget to include project; approval of total project cost; appropriation of funds and authorization of expenditure; and resolution regarding parity debt	97
4.	U. T. Austin: Darrell K Royal - Texas Memorial Stadium - Maintenance and Renovation Project - Amendment of the FY 2008-2013 Capital Improvement Program and the FY 2008-2009 Capital Budget to include project	99

5.	U. T. Austin: Jester East Residence Hall Fifth Floor Finishes - Pilot Project - Amendment of the FY 2008-2013 Capital Improvement Program and the FY 2008-2009 Capital Budget to include project; approval of total project cost; appropriation of funds and authorization of expenditure; and authorization of institutional management	101
6.	U. T. Austin: Phase II - Liberal Arts Building - Amendment of the FY 2008-2013 Capital Improvement Program and the FY 2008-2009 Capital Budget to include project	102
7.	U. T. Austin: Marine Science Institute - Natural Estuarine Research Reserve Headquarters and Laboratory Expansion - Amendment of the FY 2008-2013 Capital Improvement Program and the FY 2008-2009 Capital Budget to include project	103
8.	U. T. San Antonio: John Peace Library Building Renovation - Phase I - Amendment of the FY 2008-2013 Capital Improvement Program and the FY 2008-2009 Capital Budget to include project; approval of total project cost; appropriation of funds and authorization of expenditure; and authorization of institutional management	104
9.	U. T. Medical Branch - Galveston: University Boulevard Research Building - Amendment of the FY 2008-2013 Capital Improvement Program and the FY 2008-2009 Capital Budget to include project	105
10.	U. T. Austin: Experimental Science Building/Vivarium/Phase I - Robert A. Welch Hall - Approval of design development; appropriation of funds and authorization of expenditure; approval of evaluation of alternative energy economic feasibility; and resolution regarding parity debt	106
11.	U. T. Dallas: Math, Science and Engineering Teaching-Learning Center - Amendment of the FY 2008-2013 Capital Improvement Program and the FY 2008-2009 Capital Budget to increase the total project cost; approval of design development; appropriation of funds and authorization of expenditure; approval of evaluation of alternative energy economic feasibility; and resolution regarding parity debt	109



12. U. T. Austin: Biomedical Engineering Building - Amendment of the FY 2008-2013 Capital Improvement Program and the FY 2008-2009 Capital Budget to increase the total project cost; revise the funding sources; and appropriation of funds and authorization of expenditure 111
13. U. T. Austin: College of Communications - New - Amendment of the FY 2008-2013 Capital Improvement Program and the FY 2008-2009 Capital Budget to increase the total project cost 113
14. U. T. Austin: School of Nursing Addition - Amendment of the FY 2008-2013 Capital Improvement Program and the FY 2008-2009 Capital Budget to increase the total project cost; revise the funding sources; and appropriation of funds and authorization of expenditure 115
15. U. T. Dallas: Campus Landscape Enhancement Project - Amendment of the FY 2008-2013 Capital Improvement Program and the FY 2008-2009 Capital Budget to increase the total project cost; revise the funding sources; appropriation of additional funds and authorization of expenditure; and resolution regarding parity debt 116
16. U. T. El Paso: Physical Sciences/Engineering Core Facility - Amendment of the FY 2008-2013 Capital Improvement Program and the FY 2008-2009 Capital Budget to increase the total project cost and approval to reallocate Permanent University Fund (PUF) Bond Proceeds 118
17. U. T. Health Science Center - Houston: U. T. Research Park Complex - Amendment of the FY 2008-2013 Capital Improvement Program and the FY 2008-2009 Capital Budget to increase the total project cost of the Biomedical Research and Education Facility/Neuroscience Building portion of the project and appropriation of additional funds and authorization of expenditure 119
18. U. T. M. D. Anderson Cancer Center: Center for Advanced Biomedical Imaging Research - Amendment of the FY 2008-2013 Capital Improvement Program and the FY 2008-2009 Capital Budget to combine the project with the Center for Advanced Biomedical Imaging Research Build-Out project and approval of the total project cost 121

VIII.	RECONVENE BOARD OF REGENTS AS COMMITTEE OF THE WHOLE	124
7.	U. T. System Board of Regents: Selection of Mr. Bernard Rapoport as the 2008 Recipient of the Santa Rita Award	124
IX.	SCHEDULED MEETING	125
X.	ADJOURNMENT	125

MEETING NO. 1,025

WEDNESDAY, FEBRUARY 6, 2008.--The members of the Board of Regents of The University of Texas System convened at 12:50 p.m. on Wednesday, February 6, 2008, in the Executive Room 1.214, International Trade and Technology Building, The University of Texas – Pan American, 1201 West University Drive, Edinburg, Texas, with the following participation:

ATTENDANCE.--

Present  
Chairman Caven, presiding  
Vice Chairman Rowling  
Regent Barnhill  
Regent Camarillo  
Regent Dannenbaum  
Regent Foster  
Regent Gary  
Regent Longoria  
Regent McHugh

Absent  
Vice Chairman Huffines

In accordance with a notice being duly posted with the Secretary of State and there being a quorum present, Chairman Caven called the meeting to order. He welcomed Regent Janiece Longoria to her first meeting and said a more formal welcome would be held tomorrow (February 7). Chairman Caven asked Regent Longoria to serve on the Audit, Compliance, and Management Review Committee, the Facilities Planning and Construction Committee, and the Finance and Planning Committee.

Pending approval by the full Board in March 2008, Chairman Caven asked Regent Foster to serve as Chairman of the Audit, Compliance, and Management Review Committee. In the absence of Vice Chairman Huffines at this meeting, Chairman Caven also asked Regent Barnhill to serve temporarily on the Facilities Planning and Construction Committee.

RECESS TO EXECUTIVE SESSION.--At 12:51 p.m., Chairman Caven announced the Board would recess to convene in Executive Session pursuant to *Texas Government Code* Sections 551.071, 551.073, and 551.074 to consider those matters listed on the Executive Session agenda.

RECONVENE IN OPEN SESSION.--At 2:29 p.m., the Board reconvened in open session in the International Room 1.102, International Trade and Technology Building, The University of Texas – Pan American, and took the following actions on matters discussed in Executive Session.

- 1a. U. T. Southwestern Medical Center – Dallas: Discussion of individual personnel matters related to presidential search

No discussion was held on this item.

- 1b. U. T. Health Science Center – Houston: Discussion of individual personnel matters related to presidential search

No discussion was held on this item.

- 1c. 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, General Counsel to the Board, and Director of Audits), and U. T. System and institutional employees

No action was taken on this item.

- 2a. U. T. System Board of Regents: Discussion with Counsel on pending legal issues

No discussion was held on this item.

- 2b. U. T. System: Discussion and consideration of potential action regarding legal issues related to current law on holistic admissions plans

No action was taken on this item.

- 2c. U. T. System Board of Regents: Adoption of resolution related to the proposed border fence

Regent McHugh moved and Regent Longoria seconded adoption of the resolution on the next page related to the proposed fence along the Texas-Mexico border. The motion carried with Regent Dannenbaum recorded as abstaining from discussion and vote on this item because his engineering firm has been involved in discussions related to the border fence.

## RESOLUTION

WHEREAS, U.S. Customs and Border Protection, Department of Homeland Security (DHS), in pursuit of its mandate to enhance U.S. border security, is requesting Right of Entry (ROE) for survey and site assessment from many landowners on the Texas-Mexico border, including the campus of The University of Texas at Brownsville/Texas Southmost College (UTB/TSC);

WHEREAS, The ROE seeks access “for proposed construction and installation of border security infrastructure and technology (including but not limited to fences, roads, towers, communications equipment and any other border security-related equipment);”

WHEREAS, The written plan (DHS Environmental Impact Statement, November 2007) would construct a fence that would cut across campus, leaving approximately 166 acres of the campus on the other side of the fence, and would abut and negatively impact numerous campus buildings and projects and would disrupt educational activities and service to students;

WHEREAS, UTB/TSC has proposed alternatives that would grant DHS the right to enter campus to “study methods of securing operational control of the border through levee remediation (as approved in Hidalgo County, Texas) and other means alternative to a fence,” to consider the unique status of UTB/TSC “as an institution of higher education,” and to “engage in meaningful consultation with UTB/TSC in conducting feasibility studies and making final determinations;”

WHEREAS, Negotiations continue and developments on alternatives are actively occurring;

WHEREAS, The University of Texas System Board of Regents fully supports our Government’s efforts to secure our borders and understands the unique posture of UTB/TSC in that effort; and

WHEREAS, While TSC is the owner of the land at issue, The University of Texas System Board of Regents, as the lessee of the buildings on the property and the governing partner of UTB/TSC in the important and very successful UTB/TSC educational endeavor, is interested in preserving UTB/TSC’s educational mission, while supporting border security.

THEREFORE, BE IT RESOLVED, That The University of Texas System Board of Regents urges all involved to continue the dialogue and work cooperatively to identify solutions that will ensure border security and allow UTB/TSC to fulfill its educational mission.

3. U. T. Austin: Approval of negotiated gifts with potential naming features

Upon motion by Regent Barnhill, seconded by Regent Dannenbaum, the Board authorized President Powers and Vice Chancellor Safady to conclude negotiations and execute documents related to the acceptance of gifts with potential naming features to benefit The University of Texas at Austin consistent with the parameters discussed in Executive Session.

The motion carried unanimously.

RECESS.--At 2:35 p.m., Chairman Caven announced the Board would recess for committee meetings for the remainder of the afternoon and first thing on the morning of February 7.

THURSDAY, FEBRUARY 7, 2008.--The members of the Board of Regents of The University of Texas System reconvened at 10:05 a.m. on Thursday, February 7, 2008, in the International Room 1.102, International Trade and Technology Building, The University of Texas – Pan American, 1201 West University Drive, Edinburg, Texas, with the following participation:

ATTENDANCE.--

Present  
Chairman Caven, presiding  
Vice Chairman Rowling  
Regent Barnhill  
Regent Camarillo  
Regent Dannenbaum  
Regent Foster  
Regent Gary  
Regent Longoria  
Regent McHugh

Absent  
Vice Chairman Huffines

Chairman Caven announced a quorum present and called the meeting to order. He thanked President Cárdenas for her hospitality in hosting this meeting on the campus of The University of Texas – Pan American.

WELCOME TO REGENT LONGORIA.--Chairman Caven welcomed Regent Janiece Longoria to her first Board meeting.

[On February 1, 2008, Governor Rick Perry appointed Janiece M. Longoria, Houston, Texas, to the Board of Regents of The University of Texas System for a term to expire on February 1, 2011. She succeeds Mr. Robert A. Estrada. Regent Longoria took the oath of office on February 1, 2008, and her appointment is subject to Senate confirmation.]

Chairman Caven provided remarks essentially as follows:

Remarks by Chairman Caven

It is very fitting that today's ceremony is being held in the Valley and on the campus of The University of Texas – Pan American. Our new Regent has strong South Texas ties as she grew up in nearby Pharr. Her father, The Honorable Raul L. Longoria, was instrumental in passing the legislation that

made Pan American University a part of the U. T. System. And, here at U. T. Pan American, her parents' legacy lives on through the Raul and Earlene Longoria Scholarship Fund.

Chairman Caven also noted that Miss Ashley Bose, the current recipient of the Scholarship, is a student at U. T. Pan American completing a degree in Chemistry with a minor in Biology. She was at the social event last evening (February 6).

Chairman Caven noted Regent Longoria's accomplishments and public service and presented her with a Regent's medallion, customary of a new Regent's welcome.

Regent Longoria said the importance of public service was engrained in her from her late father and she said he would have been proud of the development of The University of Texas – Pan American. Regent Longoria said she is honored and humbled to serve as a Regent of The University of Texas System.

REMARKS BY THE HONORABLE EDDIE LUCIO, JR.--Chairman Caven announced an additional item was posted with the Secretary of State regarding remarks from The Honorable Eddie Lucio, Jr., concerning medical education in the Rio Grande Valley and he introduced Senator Lucio.

Following his welcome to Regent Longoria and to the guests to the region, Senator Lucio said he will refile legislation (Senate Bill 420) that calls for the establishment of a health science center in the Rio Grande Valley. He applauded efforts to train more medical students.

Senator Lucio said he believes it is necessary to continue to work together to develop the necessary model for a health science institution in the Valley to serve the growing population and he challenged members of the Board to "Remember the Rio Grande Valley."

INTRODUCTION OF THE HONORABLE AARON PEÑA.--Chairman Caven then introduced The Honorable Aaron Peña, State Representative for District 40, who also welcomed Regent Longoria to the Valley. He spoke of the need to respond to the growing community.

U. T. SYSTEM BOARD OF REGENTS: APPROVAL OF MINUTES.--The Minutes of the regular meeting of the Board of Regents of The University of Texas System held on November 8-9, 2007, in Austin, Texas, were approved as prepared by the Assistant Secretary to the Board and approved by the General Counsel to the Board of Regents. The official copy is recorded in the *Permanent Minutes*, Volume LV, Pages 25 - 206.



The Minutes of the special meeting of the Board of Regents of The University of Texas System held on December 6-7, 2007, in Austin and Lost Pines, Texas, were approved as prepared by the Assistant Secretary to the Board and approved by the General Counsel to the Board of Regents. The official copy is recorded in the *Permanent Minutes*, Volume LV, Pages 207 - 319.

## AGENDA ITEMS

1. U. T. System: Chancellor's Quarterly Update (Deferred)

Chancellor Yudof asked that this quarterly report be deferred.

2. U. T. System: Update on implementation of the U. T. System Strategic Plan (Deferred)

A report on implementation of The University of Texas System Strategic Plan and the timeline for development and completion of institution strategic plans by Vice Chancellor Malandra was deferred.

3. U. T. System: Report on development of major investment impact metrics (Deferred)

A report by Vice Chancellor Malandra on a process to identify and track investment impact metrics for University of Texas System capital and other projects was deferred.

4. U. T. System: Annual accountability and performance report of campus development offices

Vice Chancellor Safady presented the annual accountability and performance report of University of Texas System campus development offices, reporting a 34 percent increase in total giving for Fiscal Year 2007, calling it the best fund-raising year in U. T. System history.

In 2004, Dr. Safady initiated an annual review of campus development operations and the preparation of a customized feedback report for each institution. The report offers an assessment of current development activity and a framework for performance measurement and continuous improvement. With demand on U. T. System institutions to increase philanthropic support, this new service aims to help each institution achieve its strategic objectives. This annual review is aligned with the goals of the U. T. System's comprehensive Accountability and Performance program.

5. U. T. System Board of Regents: Amendment of the Regents' *Rules and Regulations*, Series 30202 to permit selected employees in the U. T. System to participate in a Deferred Compensation, Section 457(f) Plan

The Board amended Section 7 and added a new Section 9 to the Regents' *Rules and Regulations*, Series 30202, regarding Employee Benefits, to read as set forth below to allow for the creation of a Deferred Compensation – Section 457(f) Institution Prototype Deferred Compensation Plan (Prototype Plan) and to clarify that the adoption of any retirement benefit plan requires approval by the Board of Regents.

Sec. 7 Discretionary Bonus Plans. As authorized by *Texas Revised Civil Statutes Annotated* Article 6228a-5, Section 3(a), the Board approves the establishment of deferred compensation – Section 457(f) discretionary bonus plans.

7.1 Purpose of the Plans. Such plans provide financial incentives in recruiting highly qualified candidates for employment and encouraging existing qualified employees to continue to devote their best efforts to the service of the institutions of the U. T. System.

7.2 U. T. System Plan. The Board has established a deferred compensation – Section 457(f) discretionary bonus plan pursuant to Section 457(f) of the *Internal Revenue Code of 1986*, as amended, for the benefit of a select group of employees as defined by the Board.

(a) Delegation of Authority. The Board of Regents delegates to the Executive Vice Chancellor for Business Affairs the power and authority to amend the U. T. System Deferred Compensation Plan consistent with applicable law and to take all actions and to make all decisions and interpretations that may be necessary or appropriate to administer and operate the U. T. System Deferred Compensation Plan as further provided in such Plan.

(b) Record Keeping. The Executive Vice Chancellor for Business Affairs will perform, or cause to be performed, such record keeping functions as necessary to administer and maintain such Plan in accordance with Sections 457(f) and 409A of the *Internal Revenue Code*, consistent with *Texas Revised Civil Statutes Annotated* Article 6228a-5, Section 3(a).

- 7.3 Institution Prototype Plan. The Board of Regents has promulgated a prototype deferred compensation – Section 457(f) discretionary bonus plan which may be adopted by the various academic or health institutions. Only employees of the adopting institution with the appropriate approvals may participate in the Prototype Plan as adopted.
- (a) Administration of the Plan. The Board of Regents delegates to the Executive Vice Chancellor for Business Affairs the authority to amend the Prototype Plan consistent with applicable law and to take all actions and to make all decisions and interpretations that may be necessary or appropriate to administer and operate the Prototype Plan.
  - (b) Delegation to the Executive Vice Chancellor. The Board of Regents delegates to the Executive Vice Chancellor for Academic Affairs or the Executive Vice Chancellor for Health Affairs, as appropriate, the authority to approve an institution's adoption of the Prototype Plan, designation of an eligible employee to participate in such Plan, and the setting of the amount of deferred compensation to be made available to the eligible employee under such Plan.
  - (c) Delegation to the President. The Board of Regents delegates to the President of the adopting institution the authority to designate eligible employees of such institution to participate in the Prototype Plan and the amount of deferred compensation with the approval of the appropriate Executive Vice Chancellor. The President will perform, or cause to be performed, such record keeping functions as necessary to administer and maintain the institution's adoption of the Institution Deferred Compensation Prototype Plan in accordance with Sections 457(f) and 409A of the *Internal Revenue Code* consistent with *Texas Revised Civil Statutes Annotated* Article 6228a-5, Section 3(a).
- 7.4 Not Eligible for Retirement Benefits. Deferred compensation is not part of the base salary and shall be reported as a separate element of the employee's cash compensation. Deferred compensation is not eligible for Teacher Retirement System or Optional Retirement Program retirement benefits or other retirement benefits.

Sec. 9 The adoption of any type of retirement benefit plan not listed in this Series or mandated by State law requires the approval of the Board.

University of Texas System institutions have administered the following four types of Deferred Compensation – Section 457(f) Plans:

- a. Discretionary Bonus Plan -- Plans currently exist at The University of Texas Southwestern Medical Center at Dallas, The University of Texas Medical Branch at Galveston, and The University of Texas M. D. Anderson Cancer Center.
- b. Defined Benefit Plan -- Plan exists at U. T. M. D. Anderson Cancer Center.
- c. Money Purchase Pension Plan -- Plan exists at U. T. M. D. Anderson Cancer Center.
- d. Excess Benefit Plan -- Plan exists at U. T. M. D. Anderson Cancer Center.

The Chancellor and U. T. System officers determined that a standard prototype for a discretionary bonus plan (the first plan above) would allow better coordination and the assurance that decisions related to deferred compensation are in compliance with the most recent amendments to, and interpretations of, relevant tax law. Participants in an Institution Prototype Plan and the amount to be deferred would be recommended by a president to the appropriate Executive Vice Chancellor for approval and would not require approval by the Board of Regents. The current discretionary bonus plans at U. T. Southwestern Medical Center - Dallas, U. T. Medical Branch - Galveston, and U. T. M. D. Anderson Cancer Center would be phased out over time and new participants from those institutions would participate in the Prototype Plan.

6. U. T. System Board of Regents: Approval to revise the Permanent University Fund distribution rate

Following a presentation by Executive Vice Chancellor Kelley regarding distribution of Permanent University Funds (PUF), Chairman Caven provided remarks essentially as follows on the next page related to the PUF distribution rate and he made the motion set forth on Pages 11 - 12. ([Dr. Kelley's PowerPoint presentation](#) is on file in the Office of the Board of Regents.)

### Chairman Caven's Remarks and Motion

I would also like to make a few remarks and then make a motion before opening the floor for further discussion. Before we consider action on this agenda item, I want to make a few observations about what has prompted it. Periodically, the Board of Regents reviews the distribution policy of the Permanent University Fund. The last review took place in 2001 and I believe now is the time for the Board to formally consider changing the policy for three primary reasons as discussed by Executive Vice Chancellor Kelley in his presentation:

- an unprecedented increase in revenues from operations on West Texas lands due to increasing energy prices;
- the realization of five years of outstanding returns from investments managed by The University of Texas Investment Management Company (UTIMCO); and
- a shared understanding that University of Texas System institutions require additional funds to advance academic excellence.

Given our recent limitation on proposed tuition and fee increases, these revenues – while not a permanent solution – offer our campuses financial assistance to address the important strategic goals outlined by campus tuition policy advisory committees.

### Motion

Accordingly, I would like to move that the Board of Regents approve amending the last three paragraphs of the section on PUF Distributions in the Permanent University Fund Investment Policy Statement, approved on December 6, 2007, and effective March 1, 2008, to read as follows:

Annually, the Board of Regents will approve a distribution amount to the Available University Fund (AUF).

In conjunction with the annual U. T. System budget process, UTIMCO shall recommend to the Board of Regents each May, or at other times as needed, an amount to be distributed to the AUF during the next fiscal year. UTIMCO's recommendation to the Board of Regents shall be an amount equal to 4.75% of the trailing 12-quarter average of the net asset value of the PUF for the quarter ending February of each year unless the average annual rate of return of the PUF investments over the trailing 12 quarters exceeds the Expected Return by 25 basis points or more, in which case the distribution shall be 5.0% of the trailing

12-quarter average. "Expected Return" is the Expected Annual Return or Benchmarks set out in Exhibit A to this Policy Statement.

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

I further move that the new revenue resulting from the increase in the payout be directed toward expanding the U. T. System's faculty recruitment and retention efforts. The portion of the increase directed to Excellence Funding at The University of Texas at Austin will be used to expand the faculty and provide other services to students pursuant to a plan to be submitted to the Chancellor by the campus for his approval.

Regent Barnhill seconded the motion, which carried by acclamation.

To clarify the language in his remarks, Chairman Caven noted it is the Board's desire to increase the payout at this time when there is an increase in energy prices and good performance by UTIMCO and in recognition of requests from the U. T. System institutions that participate in the PUF for additional funds to achieve academic excellence. He explained the formula aspect of the payout is meant to prevent a burden on a future Board of Regents to keep that distribution rate if energy prices drop. Chairman Caven remarked the approved increased distribution rate means an additional \$30 million, one-third of which will go to The Texas A&M University System and \$20 million of which will go to the 13 U. T. System institutions participating in the PUF.

Regent Rowling said while he supports the motion, he is a little reticent because the motion is based on performance assumptions and the PUF has been basically flat this year. He hopes the projections are achieved and he is happy the resolution addresses the issue that, if projections are not met, the rate stays at 4.75%.

**RECESS FOR COMMITTEE MEETINGS AND COMMITTEE REPORTS TO THE BOARD.**--At 11:15 a.m., the Board recessed for meetings of the Standing Committees, and Chairman Caven announced the Board would reconvene to approve the report and recommendations of the committees.

The meetings of the Standing Committees were conducted in open session, and the reports and recommendations thereof are set forth on Pages 13 - 123.

REPORT AND RECOMMENDATIONS OF THE AUDIT, COMPLIANCE, AND MANAGEMENT REVIEW COMMITTEE (Pages 13 - 15).--Committee Chairman Foster reported that the Audit, Compliance, and Management Review Committee met in open session to consider those matters on its agenda and to formulate recommendations for The University of Texas System Board of Regents. The actions set forth in the Minute Orders that follow were recommended by the Audit, Compliance, and Management Review Committee and approved in open session by the U. T. System Board of Regents.

1. U. T. System: Report on the Fiscal Year 2007 Annual Financial Report, including the report on the U. T. System Financial Statement audit work performed by institutional and U. T. System Administration internal audit

This item was considered only by the Audit, Compliance, and Management Review Committee and the Finance and Planning Committee during their joint meeting (see Joint Committee Minutes).

2. U. T. System Board of Regents: Approval to renew the contract with Deloitte & Touche, LLP, as the external auditor for the Fiscal Year 2008 audit of funds managed by The University of Texas Investment Management Company (UTIMCO)

The Board approved the renewal of the auditing services contract with Deloitte & Touche, LLP, to (1) perform audits of the financial statements, (2) audit and report on management's assessment of the internal controls over financial reporting, and (3) audit the performance statistics for the fiscal year ending August 31, 2008, for the funds managed by The University of Texas Investment Management Company (UTIMCO) as listed below:

- a. Permanent University Fund (PUF)
- b. The University of Texas System General Endowment Fund (GEF)
- c. Permanent Health Fund (PHF)
- d. The University of Texas System Long Term Fund (LTF)
- e. The University of Texas System Intermediate Term Fund (ITF)

Fiduciary responsibility for the PUF, GEF, PHF, LTF, and ITF (the Funds) rests with the U. T. System Board of Regents. *Texas Education Code* Section 66.08(f) requires that the U. T. System provide for an annual financial audit of the PUF if the PUF is within the scope of funds managed by an external management corporation.

The Funds were audited by Deloitte & Touche, LLP, on an annual basis from UTIMCO's inception in 1996 through Fiscal Year 2002. On July 7, 2003, the Board of Regents authorized U. T. System staff to negotiate and enter into an auditing services contract with Ernst & Young, LLP, for one year with a right to renew in one-year increments for four years. The contract was renewed by the Board of Regents on February 4, 2004, February 10, 2005, February 9, 2006, and February 8, 2007.

Ernst & Young, LLP, notified UTIMCO on April 13, 2007, that the firm had declined to perform the audit of the investment funds managed by UTIMCO for the year ending August 31, 2007. Stating that the reason for its decision was not unique to UTIMCO, the firm noted that, due to its interpretation of recent industry auditing changes, it was not possible to conduct a cost-effective audit approach for endowments similar to UTIMCO's that hold significant alternative investments with different year ends from the endowment year end. The firm noted the inherent delay between the reporting of valuations for certain alternative investments, which are audited at calendar year end, and the August 31, 2007, effective date of the investment funds' audit, could create associated risks.

On July 11, 2007, following a Request for Qualifications (RFQ) process to select new outside auditors for the Funds managed by UTIMCO, the Board of Regents authorized U. T. System staff to negotiate and enter into an auditing services contract with Deloitte & Touche, LLP, for one year with a right to renew in one-year increments for four additional years. Before entering into a contract, Committee Chairman Foster and Vice Chairman Rowling are to be notified of the contract amount.

3. U. T. System Board of Regents: Appointment of Regent Foster, Regent McHugh, Mr. Erle Nye, and Mr. Charles Tate to the Audit and Ethics Committee of The University of Texas Investment Management Company (UTIMCO)

The Board approved the appointment of Regent Foster, Regent McHugh, Mr. Erle Nye, and Mr. Charles Tate to the Audit and Ethics Committee of The University of Texas Investment Management Company (UTIMCO). Members were approved by the UTIMCO Board of Directors on January 30, 2008. Regent Foster and Regent McHugh abstained from discussion and vote related to their individual appointments.

Section 66.08 of the *Texas Government Code* requires that the U. T. System Board of Regents approve the appointment of members of the Audit and Ethics Committee of the UTIMCO Board of Directors.



4. U. T. Brownsville: Report on the Internal Audit Department, including the Student Health Services Audit

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

5. U. T. System: Report on the System-wide internal audit activities, including the Presidential Travel, Entertainment, and Housing Expense Audits

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

6. U. T. System: Report on System-wide institutional compliance activities, including the Institutional Compliance Advisory Council, and Institutional Compliance Program report for U. T. Pan American

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

7. U. T. System: Report on Conflicts of Interest Policy

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

REPORT AND RECOMMENDATIONS OF THE FINANCE AND PLANNING COMMITTEE (Pages 16 - 61).--Committee Chairman Rowling reported that the Finance and Planning Committee met in open session to consider those matters on its agenda and to formulate recommendations for The University of Texas System Board of Regents. Unless otherwise indicated, the actions set forth in the Minute Orders that follow were recommended by the Finance and Planning Committee and approved in open session by the U. T. System Board of Regents.

1. U. T. System: Approval of Docket No. 133

The Board approved *Docket No. 133* in the form distributed by the General Counsel to the Board of Regents. It is attached following Page 125 in the official copy of the *Minutes* and is made a part of the record of this meeting.

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

Notice was given to the Legislative Budget Board regarding gifts from the Houston Endowment, Inc., to The University of Texas Medical Branch at Galveston and The University of Texas Health Science Center at Houston on Docket Pages 42 and 46 as former University of Texas at Austin President Larry Faulkner is currently employed as President of the Houston Endowment.

Regent Foster was recorded as abstaining from vote on the contract with U. T. Health Science Center – Houston and People’s Choice TV of Houston, Inc., a subsidiary of Sprint Nextel, on Docket Page 47, Item 2, because of stockholdings.

2. U. T. System: Key Financial Indicators Report and Monthly Financial Report

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

3. U. T. System: Report on the Analysis of Financial Condition for Fiscal Year 2007

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

4. U. T. System: Approval of the Fiscal Year 2009 Operating Budget Preparation Policies and Calendar

The Board approved the following Budget Preparation Policies and the Calendar on Page 19 for use in preparing the Fiscal Year 2009 Operating Budget for The University of Texas System. The Budget Preparation Policies are consistent with the regulations and directives included in the General Appropriations Act enacted by the 80th Texas Legislature. As written, these budget preparation policies provide general direction to the U. T. System institutions.

U. T. System Fiscal Year 2009 Operating Budget Preparation Policies

General Guidelines - The regulations and directives included in the General Appropriations Act enacted by the 80th Texas Legislature serve as the basis for these guidelines and policies. In preparing the draft of the 2009 Operating Budget, the president of each institution should adhere to guidelines and policies as detailed below and as included in the General Appropriations Act. The Chancellor will issue detailed instructions regarding the implementation of those regulations and directives into the institutional budget process.

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

Salary Guidelines - Recommendations regarding salary policy are subject to the following directives:

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

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

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

To be eligible for a merit increase, administrative and professional staff and classified staff must have been employed by the institution for at least six consecutive months ending August 31, 2008, and at least six months must have elapsed since the employee's last merit salary increase.

3. Other Increases - Equity adjustments, competitive offers, and increases to accomplish contractual commitments should also consider merit where appropriate, subject to available resources. Subject to guidance issued by the Chancellor, such increases should be noted and explained in the supplemental data accompanying the budget.
4. New Positions - Subject to available resources, new administrative and professional staff, classified staff, and faculty positions are to be requested only when justified by workloads or to meet needs for developing new programs.
5. Reporting - The Chancellor will issue guidance on reporting of salary changes and amounts. It is expected that required reports will encompass high-ranking and highly compensated staff along with those staff receiving significant changes in compensation.

Staff Benefits Guidelines - Recommendations regarding the State contribution for employee staff benefits such as group insurance premiums, teacher retirement, and optional retirement are subject to legislative determination via the General Appropriations Act.

Other Employee Benefits - Employer contributions to the self-insured Unemployment Compensation Fund are based on an actuarial study. Workers' Compensation Insurance rates are experience-rated for each institution. Appropriate instructions will be issued regarding the implementation of Unemployment Compensation Fund and Workers' Compensation Insurance Benefits.

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



**THE UNIVERSITY OF TEXAS SYSTEM  
FY 2009 OPERATING BUDGET CALENDAR**

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February 7, 2008	U. T. System Board of Regents takes appropriate action on budget preparation policies
March 31 – April 11, 2008	Major goals, priorities, and resource allocation hearings with U. T. System Administration
May 5, 2008	Draft budget documents due to U. T. System
May 8 – 16, 2008	Technical budget review with U. T. System
June 2, 2008	Final budget documents due to U. T. System
July 23 – 24, 2008	U. T. System Board of Regents to review Presidents and Executive Officers compensation
July 25, 2008	Operating Budget Summaries mailed to the U. T. System Board of Regents
August 14, 2008	U. T. System Board of Regents approves Operating Budget and Presidents and Executive Officers compensation

5. U. T. System: The University of Texas Investment Management Company (UTIMCO) Performance Summary Report and Investment Reports for the quarter ended November 30, 2007

The University of Texas Investment Management Company (UTIMCO) Performance Summary Report for November 30, 2007, is set forth on Page 21.

The Investment Reports for the fiscal quarter ended November 30, 2007, are set forth on Pages 22 - 25.

Item I on Page 22 reports activity for the Permanent University Fund (PUF) investments. The PUF's net investment return for the quarter was 3.87% versus its composite benchmark return of 3.63%. The PUF's net asset value increased by \$418 million since the beginning of the quarter to \$12,161 million. This change in net asset value includes increases due to contributions from PUF land receipts and net investment return, and the first payment of the annual distribution to the Available University Fund (AUF) for \$112 million.

Item II on Page 23 reports activity for the General Endowment Fund (GEF) investments. The GEF's net investment return for the quarter was 3.96% versus its composite benchmark return of 3.63%. The GEF's net asset value increased during the quarter to \$6,718 million.

Item III on Page 24 reports activity for the Intermediate Term Fund (ITF). The ITF's net investment return for the quarter was 4.27% versus its composite benchmark return of 3.35%. The net asset value has increased to \$3,838 million due to net investment return of \$163 million, net withdrawal of \$17 million, and net distributions of \$29 million.

For all funds, all exposures were within their asset class ranges, generally very close to target, and liquidity was within policy.

Item IV on Page 25 presents book and market value of cash, debt, equity, and other securities held in funds outside of internal investment pools. Total cash and equivalents, consisting primarily of institutional operating funds held in the Dreyfus money market fund, increased by \$3 million to \$1,515 million during the three months since the last reporting period. Market values for the remaining asset types were debt securities: \$28 million versus \$29 million at the beginning of the period; equities: \$65 million versus \$69 million at the beginning of the period; and other investments: \$.1 million versus \$4 million at the beginning of the period.

## UTIMCO Performance Summary

November 30, 2007

	Net Asset Value 11/30/2007 (in Millions)	Periods Ended November 30, 2007 (Returns for Periods Longer Than One Year are Annualized)							
		Short Term		Year to Date		Historic Returns			
		1 Mo	3 Mos	Fiscal	Calendar	1 Yr	3 Yrs	5 Yrs	10 Yrs
<b>ENDOWMENT FUNDS</b>									
Permanent University Fund	\$ 12,161	(2.27)	3.87	3.87	13.51	14.73	13.84	15.24	9.03
General Endowment Fund		(2.19)	3.96	3.96	14.00	15.26	13.99	15.48	N/A
Permanent Health Fund	1,133	(2.21)	3.93	3.93	13.83	15.05	13.88	15.36	N/A
Long Term Fund	5,584	(2.21)	3.94	3.94	13.84	15.06	13.89	15.38	9.68
Separately Invested Funds	150	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Total Endowment Funds</b>	<b>19,028</b>								
<b>OPERATING FUNDS</b>									
Short Term Fund	1,459	0.42	1.30	1.30	4.90	5.37	4.45	3.14	3.95
Intermediate Term Fund	3,837	(1.65)	4.27	4.27	10.27	10.35	N/A	N/A	N/A
<b>Total Operating Funds</b>	<b>5,296</b>								
<b>Total Investments</b>	<b>\$ 24,324</b>								
<b>VALUE ADDED</b>									
Permanent University Fund		(0.10)	0.24	0.24	2.75	3.09	0.89	2.45	(0.12)
General Endowment Fund		(0.02)	0.33	0.33	3.24	3.62	1.04	2.69	N/A
Permanent Health Fund		(0.04)	0.30	0.30	3.07	3.41	0.93	2.57	N/A
Long Term Fund		(0.04)	0.31	0.31	3.08	3.42	0.94	2.59	0.69
Short Term Fund		(0.05)	0.15	0.15	0.19	0.20	0.17	0.11	0.16
Intermediate Term Fund		0.26	0.92	0.92	3.37	3.50	N/A	N/A	N/A

Footnotes available upon request.

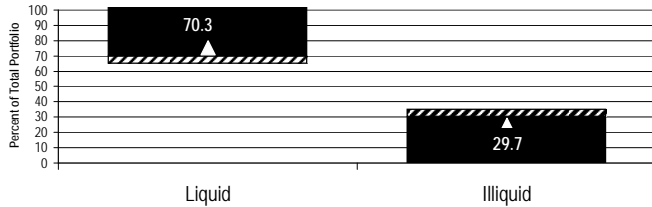
## I. PERMANENT UNIVERSITY FUND Investment Reports for Periods Ended November 30, 2007

Prepared in accordance with Texas Education Code Sec. 51.0032

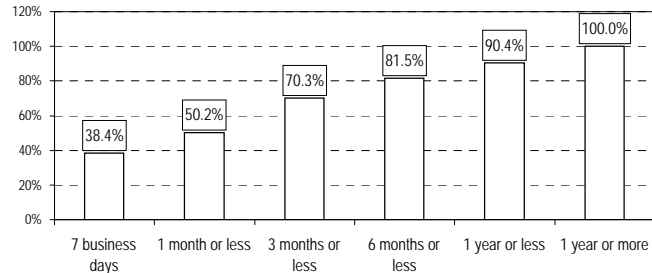
### Summary of Capital Flows

(\$ millions)	Fiscal Year Ended		Quarter Ended
	August 31, 2007	November 30, 2007	Fiscal Year to Date
Beginning Net Assets	\$ 10,313.4	\$ 11,742.8	\$ 11,742.8
PUF Lands Receipts	272.8	81.3	81.3
Investment Return	1,639.8	469.6	469.6
Expenses	(82.5)	(20.8)	(20.8)
Distributions to AUF	(400.7)	(112.2)	(112.2)
Ending Net Assets	\$ 11,742.8	\$ 12,160.7	\$ 12,160.7

### PUF Liquidity Policy Profile As of November 30, 2007

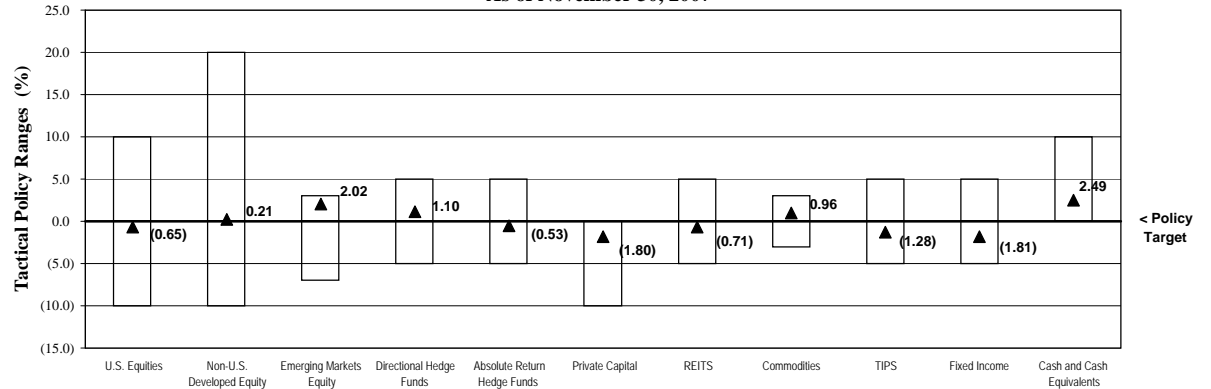


### PUF Detailed Liquidity Profile as of November 30, 2007



	November 30, 2007		Fiscal Year to Date				
	Portfolio Exposure	Policy Target	Returns		Value Added		Total
			Portfolio	Policy Benchmark	From Asset Allocation	From Security Selection	
Cash and Cash Equivalents	2.49%	0.00%	1.30%	1.15%	-0.13%	0.00%	-0.13%
U.S. Equities	19.35%	20.00%	-0.39%	0.80%	0.01%	-0.25%	-0.24%
Non-U.S. Developed Equity	10.21%	10.00%	3.38%	5.89%	-0.01%	-0.24%	-0.25%
Emerging Markets Equity	9.02%	7.00%	12.37%	14.68%	0.11%	-0.17%	-0.06%
Directional Hedge Funds	11.10%	10.00%	9.16%	1.85%	0.04%	0.72%	0.76%
Absolute Return Hedge Funds	14.47%	15.00%	2.69%	1.85%	0.00%	0.13%	0.13%
REITS	4.29%	5.00%	-4.76%	-5.14%	0.03%	0.02%	0.05%
Commodities	3.96%	3.00%	14.13%	13.49%	0.07%	0.02%	0.09%
TIPS	3.72%	5.00%	6.87%	6.54%	-0.06%	0.02%	-0.04%
Fixed Income	8.19%	10.00%	4.61%	3.49%	-0.02%	0.11%	0.09%
<b>Total Marketable Securities</b>	<b>86.80%</b>	<b>85.00%</b>	<b>4.09%</b>	<b>3.63%</b>	<b>0.04%</b>	<b>0.36%</b>	<b>0.40%</b>
Private Capital	13.20%	15.00%	2.07%	3.50%	0.05%	-0.21%	-0.16%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>3.87%</b>	<b>3.63%</b>	<b>0.09%</b>	<b>0.15%</b>	<b>0.24%</b>

### Deviations From Policy Targets Within Tactical Policy Ranges As of November 30, 2007





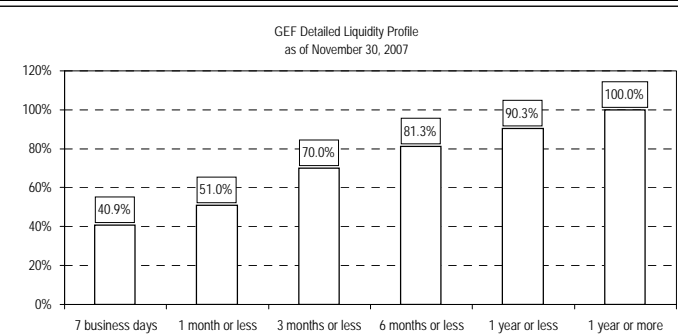
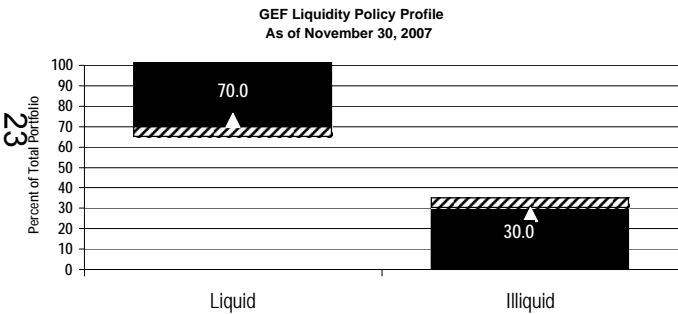
## II. GENERAL ENDOWMENT FUND

### Investment Reports for Periods Ended November 30, 2007

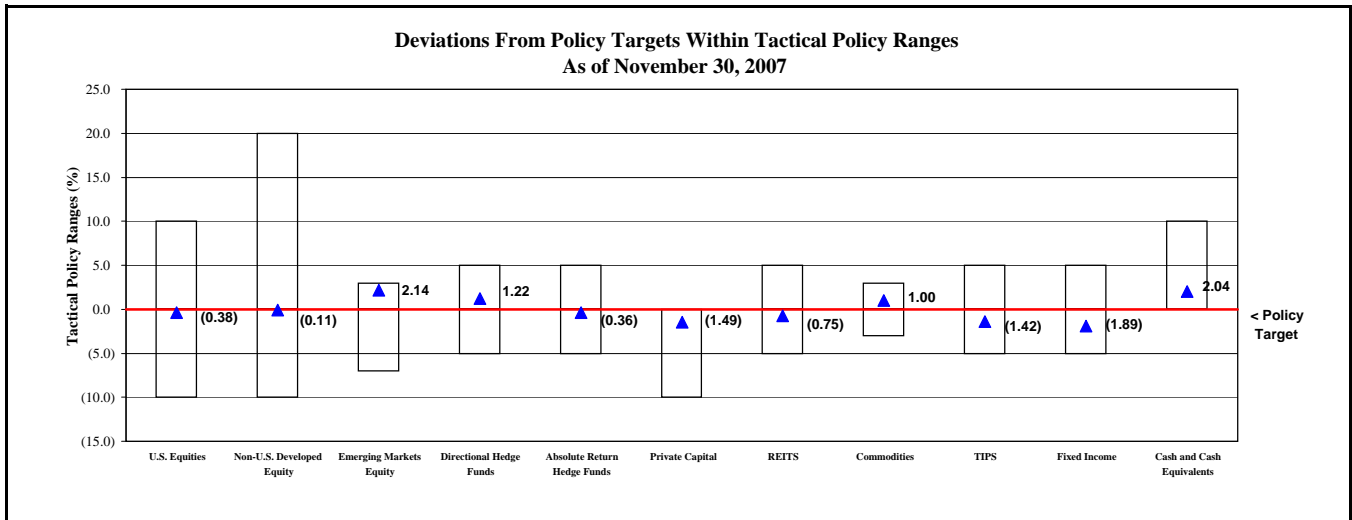
Prepared in accordance with Texas Education Code Sec. 51.0032

#### Summary of Capital Flows

(\$ millions)	Fiscal Year Ended		Quarter Ended	
	August 31, 2007	November 30, 2007	November 30, 2007	Fiscal Year to Date
Beginning Net Assets	\$ 5,427.8	\$ 6,433.1	\$ 6,433.1	\$ 6,433.1
Contributions	360.7	90.4	90.4	90.4
Withdrawals	(6.2)	(0.3)	(0.3)	(0.3)
Distributions	(239.6)	(63.5)	(63.5)	(63.5)
Investment Return	928.5	266.9	266.9	266.9
Expenses	(38.1)	(8.9)	(8.9)	(8.9)
Ending Net Assets	\$ 6,433.1	\$ 6,717.7	\$ 6,717.7	\$ 6,717.7



	November 30, 2007		Returns		Fiscal Year to Date		
	Portfolio Exposure	Policy Target	Portfolio	Policy Benchmark	From Asset Allocation	From Security Selection	Total
Cash and Cash Equivalents	2.04%	0.00%	0.86%	1.15%	-0.13%	0.00%	-0.13%
U.S. Equities	19.62%	20.00%	-0.37%	0.80%	0.00%	-0.24%	-0.24%
Non-U.S. Developed Equity	9.89%	10.00%	3.56%	5.89%	0.00%	-0.23%	-0.23%
Emerging Markets Equity	9.14%	7.00%	12.39%	14.68%	0.12%	-0.17%	-0.05%
Directional Hedge Funds	11.22%	10.00%	9.16%	1.85%	0.03%	0.73%	0.76%
Absolute Return Hedge Funds	14.64%	15.00%	2.69%	1.85%	-0.01%	0.13%	0.12%
REITS	4.25%	5.00%	-4.77%	-5.14%	0.04%	0.02%	0.06%
Commodities	4.00%	3.00%	14.09%	13.49%	0.07%	0.02%	0.09%
TIPS	3.58%	5.00%	6.84%	6.54%	-0.06%	0.01%	-0.05%
Fixed Income	8.11%	10.00%	4.54%	3.49%	-0.01%	0.10%	0.09%
<b>Total Marketable Securities</b>	<b>86.49%</b>	<b>85.00%</b>	<b>4.11%</b>	<b>3.63%</b>	<b>0.05%</b>	<b>0.37%</b>	<b>0.42%</b>
Private Capital	13.51%	15.00%	2.65%	3.50%	0.03%	-0.12%	-0.09%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>3.96%</b>	<b>3.63%</b>	<b>0.08%</b>	<b>0.25%</b>	<b>0.33%</b>



### III. INTERMEDIATE TERM FUND

#### Investment Reports for Periods Ended November 30, 2007

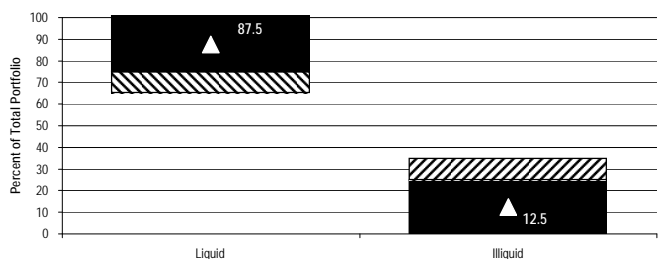
Prepared in accordance with Texas Education Code Sec. 51.0032

#### Summary of Capital Flows

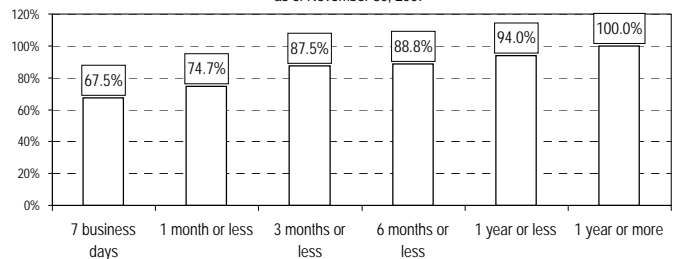
(\$ millions)	Fiscal Year Ended		Quarter Ended	Fiscal Year to Date
	August 31, 2007	November 30, 2007	November 30, 2007	
Beginning Net Assets	\$ 3,048.8	\$ 3,720.6	\$ 3,720.6	\$ 3,720.6
Contributions	664.6	1,015.4	1,015.4	1,015.4
Withdrawals	(228.6)	(1,032.4)	(1,032.4)	(1,032.4)
Distributions	(104.0)	(29.0)	(29.0)	(29.0)
Investment Return	377.4	171.5	171.5	171.5
Expenses	(37.6)	(8.6)	(8.6)	(8.6)
Ending Net Assets	\$ 3,720.6	\$ 3,837.5	\$ 3,837.5	\$ 3,837.5

	November 30, 2007		Fiscal Year to Date				
	Portfolio Exposure	Policy Target	Returns		Value Added		
			Portfolio	Policy Benchmark	From Asset Allocation	From Security Selection	Total
Cash and Cash Equivalents	-0.36%	0.00%	1.30%	1.15%	-0.07%	0.00%	-0.07%
U.S. Equities	14.04%	15.00%	0.53%	0.80%	0.02%	-0.04%	-0.02%
Non-U.S. Developed Equity	4.95%	5.00%	3.38%	5.89%	-0.01%	-0.12%	-0.13%
Emerging Markets Equity	5.33%	5.00%	12.05%	14.68%	0.01%	-0.13%	-0.12%
Directional Hedge Funds	12.72%	12.50%	9.17%	1.85%	-0.03%	0.91%	0.88%
Absolute Return Hedge Funds	13.31%	12.50%	2.69%	1.85%	-0.01%	0.11%	0.10%
REITS	9.23%	10.00%	-4.80%	-5.14%	-0.02%	0.04%	0.02%
Commodities	5.13%	5.00%	13.96%	13.49%	0.01%	0.02%	0.03%
TIPS	10.09%	10.00%	6.81%	6.54%	-0.01%	0.02%	0.01%
Fixed Income	25.56%	25.00%	4.38%	3.49%	0.00%	0.22%	0.22%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>4.27%</b>	<b>3.35%</b>	<b>-0.11%</b>	<b>1.03%</b>	<b>0.92%</b>

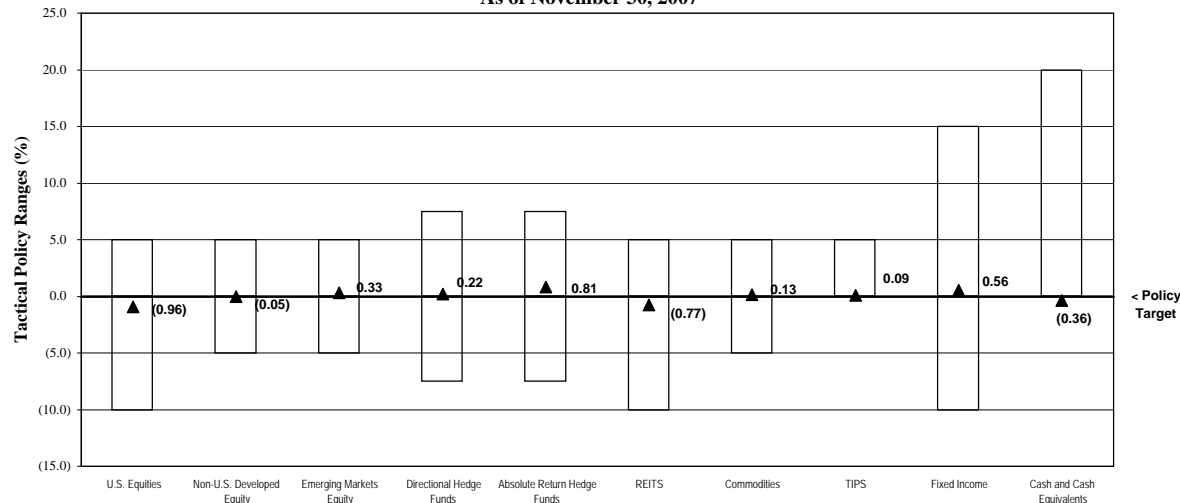
ITF Liquidity Policy Profile  
As of November 30, 2007



ITF Detailed Liquidity Profile  
as of November 30, 2007



Deviations From Policy Targets Within Tactical Policy Ranges  
As of November 30, 2007



24

**IV. SEPARATELY INVESTED ASSETS**  
**Summary Investment Report at November 30, 2007**  
Report prepared in accordance with *Texas Education Code Sec. 51.0032*

ASSET TYPES	(\$ thousands)															
	CURRENT PURPOSE		ENDOWMENT &		ANNUITY & LIFE		AGENCY FUNDS		TOTAL EXCLUDING		OPERATING FUNDS		TOTAL			
	DESIGNATED	RESTRICTED	SIMILAR FUNDS	INCOME FUNDS	AGENCY FUNDS	TOTAL EXCLUDING	OPERATING FUNDS	(SHORT TERM FUND)	TOTAL							
	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET		
<b>Cash &amp; Equivalents:</b>																
Beginning value 08/31/07	1,899	1,899	2,146	2,146	44,883	44,883	7,343	7,343	52,093	52,093	108,364	108,364	1,404,023	1,404,023	1,512,387	1,512,387
Increase/(Decrease)	134	134	804	804	(4,937)	(4,937)	(69)	(69)	(47,907)	(47,907)	(51,975)	(51,975)	54,655	54,655	2,680	2,680
Ending value 11/30/07	2,033	2,033	2,950	2,950	39,946	39,946	7,274	7,274	4,186	4,186	56,389	56,389	1,458,678	1,458,678	1,515,067	1,515,067
<b>Debt Securities:</b>																
Beginning value 08/31/07	-	-	271	237	13,208	13,709	15,276	15,211	-	-	28,755	29,157	-	-	28,755	29,157
Increase/(Decrease)	-	-	(7)	2	(232)	18	(1,469)	(957)	-	-	(1,708)	(937)	-	-	(1,708)	(937)
Ending value 11/30/07	-	-	264	239	12,976	13,727	13,807	14,254	-	-	27,047	28,220	-	-	27,047	28,220
<b>Equity Securities:</b>																
Beginning value 08/31/07	24	5,815	439	488	32,691	39,057	17,930	23,998	-	-	51,084	69,358	-	-	51,084	69,358
Increase/(Decrease)	-	(1,915)	132	131	388	210	(2,185)	(2,757)	-	-	(1,665)	(4,331)	-	-	(1,665)	(4,331)
Ending value 11/30/07	24	3,900	571	619	33,079	39,267	15,745	21,241	-	-	49,419	65,027	-	-	49,419	65,027
<b>Other:</b>																
Beginning value 08/31/07	1,293	1,293	2,321	2,321	1	1	288	116	539	539	4,442	4,270	-	-	4,442	4,270
Increase/(Decrease)	(1,293)	(1,293)	(2,175)	(2,175)	-	-	12	-	(409)	(409)	(3,865)	(3,877)	-	-	(3,865)	(3,877)
Ending value 11/30/07	-	-	146	146	1	1	300	116	130	130	577	393	-	-	577	393
<b>Total Assets:</b>																
Beginning value 08/31/07	3,216	9,007	5,177	5,192	90,783	97,650	40,837	46,668	52,632	52,632	192,645	211,149	1,404,023	1,404,023	1,596,668	1,615,172
Increase/(Decrease)	(1,159)	(3,074)	(1,246)	(1,238)	(4,781)	(4,709)	(3,711)	(3,783)	(48,316)	(48,316)	(59,213)	(61,120)	54,655	54,655	(4,558)	(6,465)
Ending value 11/30/07	2,057	5,933	3,931	3,954	86,002	92,941	37,126	42,885	4,316	4,316	133,432	150,029	1,458,678	1,458,678	1,592,110	1,608,707

Details of individual assets by account furnished upon request.

6. U. T. System Board of Regents: Approval of amendments to The University of Texas Investment Management Company (UTIMCO) Bylaws

Upon recommendation of the Board of Directors of The University of Texas Investment Management Company (UTIMCO) and in accordance with Section 66.08 of the *Texas Education Code* that requires The University of Texas System Board of Regents to approve the UTIMCO Bylaws, the Board of Regents approved the amendments to the UTIMCO Bylaws, approved by the UTIMCO Board on January 30, 2008, as summarized below. The Bylaws are set forth in their entirety on Pages 27 - 39.

- a. Article III, Section 7: Eliminated the deadline for the joint annual meeting between the UTIMCO Board and the U. T. System Board of Regents. This change allows flexibility in scheduling the annual meeting.
- b. Article III, Section 8: Deleted the requirement to consult with the Vice Chairmen on the draft of the UTIMCO Board agenda three weeks in advance of the meeting. This change is consistent with the current practice of reviewing the agenda only with the Chairman and the Chancellor, as the Vice Chairman for Policy.
- c. Article V, Section 6: Included complete title of the Master Investment Management Services Agreement (IMSA) with UTIMCO. Also, clarified the power and authority of the Vice Chairman for Policy to act in the absence of both the Chairman and Vice Chairman of the UTIMCO Board.
- d. Article V, Section 7: Clarified that all references to President in the Bylaws mean the Chief Executive Officer (CEO) of UTIMCO.

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**BYLAWS**  
**OF**  
**THE UNIVERSITY OF TEXAS INVESTMENT**  
**MANAGEMENT COMPANY**

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Restated to Include  
Amendments Adopted on

March 13, 1997  
*(Approved by the Board of Regents on May 8, 1997)*

May 2, 1997  
*(Approved by the Board of Regents on May 8, 1997)*

September 22, 1999  
*(Approved by the Board of Regents on November 11, 1999)*

December 9, 1999  
*(Approved by the Board of Regents on February 10, 2000)*

October 26, 2001  
*(Approved by the Board of Regents on November 8, 2001)*

June 26, 2003  
*(Approved by the Board of Regents on August 7, 2003)*

Ratified September 29, 2004  
*(Approved by the Board of Regents on August 12, 2004)*

May 25, 2006  
*(Approved by the Board of Regents on July 13, 2006)*

January 30, 2008  
*(Approved by the Board of Regents on February 7, 2008)*

## TABLE OF CONTENTS

ARTICLE I STRUCTURE AND PURPOSES.....	1
Section 1.    Structure.....	1
Section 2.    Member.....	1
Section 3.    Purposes.....	1
Section 4.    Approval by System.....	1
Section 5.    Prohibited Transactions.....	2
Section 6.    Revolving Door.....	2
ARTICLE II OFFICES.....	2
Section 1.    Principal Place of Business.....	2
Section 2.    Registered Office and Registered Agent.....	3
ARTICLE III BOARD OF DIRECTORS.....	3
Section 1.    Powers.....	3
Section 2.    Number.....	3
Section 3.    Appointment and Term.....	3
Section 4.    Removal and Resignation.....	3
Section 5.    Vacancies.....	4
Section 6.    Meetings of Directors.....	4
Section 7.    Annual Meetings.....	4
Section 8.    Regular Meetings.....	4
Section 9.    Special Meetings.....	4
Section 10.   Notice of Meetings.....	4
Section 11.   Quorum.....	4
Section 12.   Voting.....	5
Section 13.   Conduct of Business.....	5
Section 14.   Compensation of Directors; Expenses.....	5
ARTICLE IV COMMITTEES.....	5
Section 1.    Board Committees.....	5
Section 2.    Procedures; Meetings; Quorum.....	6
Section 3.    Nominating Committee.....	6
ARTICLE V OFFICERS.....	6
Section 1.    Number, Titles, and Term of Office.....	6
Section 2.    Removal.....	6
Section 3.    Vacancies.....	7
Section 4.    Powers and Duties of the Chairman of the Board.....	7
Section 5.    Powers and Duties of the Vice Chairman of the Board.....	7
Section 6.    Powers and Duties of the Vice Chairman for Policy.....	7
Section 7.    Powers and Duties of the President.....	7
Section 8.    Powers and Duties of the Treasurer.....	7
Section 9.    Powers and Duties of the Secretary.....	8

ARTICLE VI MISCELLANEOUS PROVISIONS.....	8
Section 1.    Fiscal Year .....	8
Section 2.    Seal.....	8
Section 3.    Notice and Waiver of Notice .....	8
Section 4.    Public Information .....	9
Section 5.    Open Meetings .....	9
ARTICLE VII INDEMNIFICATION OF DIRECTORS AND OFFICERS .....	9
Section 1.    Right to Indemnification .....	9
Section 2.    Advance Payment .....	10
Section 3.    Appearance as a Witness .....	10
Section 4.    Nonexclusivity of Rights .....	10
Section 5.    Insurance .....	10
Section 6.    Savings Clause .....	10
ARTICLE VIII AMENDMENTS.....	10
Section 1.    Amendment.....	10

BYLAWS  
OF  
THE UNIVERSITY OF TEXAS  
INVESTMENT MANAGEMENT COMPANY

ARTICLE I  
STRUCTURE AND PURPOSES

Section 1.            Structure. The University of Texas Investment Management Company (the “Corporation”) is a nonprofit corporation organized under the laws of the State of Texas, including the Texas Non-Profit Corporation Act, Tex. Rev. Civ. Stat. Ann. art. 1396-1.01 (the “Act”). The Articles of Incorporation of the Corporation (as amended from time to time, the “Articles of Incorporation”) were filed in the office of the Secretary of the State of Texas on November 15, 1995.

Section 2.            Member. The Corporation shall have no members.

Section 3.            Purposes. The Corporation is organized and will be operated exclusively for charitable and educational purposes. In accomplishment of such purposes, the Corporation will be administered solely for the purpose of aiding, assisting, supporting and acting on behalf of The University of Texas System (the “System”), an agency of the State of Texas, in the performance of its essential governmental function of providing higher education in accordance with the laws of the State of Texas authorizing and governing the System and the creation of the Corporation. The Corporation shall have, without limitation, the following purposes:

- (a) To invest funds under the control and management of the Board of Regents of the System (the “Board of Regents”), including the permanent university fund, as designated by the Board of Regents in accordance with the laws of the State of Texas; and
- (b) To perform such other activities or functions that the Board of Directors of the Corporation determines are necessary or appropriate for the accomplishment of the purposes of the Corporation, provided, however, that the Corporation may not engage in any business other than investing funds designated by the Board of Regents pursuant to a contract with the System for the investment of such funds.

Section 4.            Approval by System. Notwithstanding the powers delegated to the Board of Directors of the Corporation, the Corporation may not contract with the Board of Regents to invest funds under the control and management of the Board of Regents, including the permanent university fund, unless and until the Board of Regents has approved (i) the Articles of Incorporation and Bylaws of the Corporation; (ii) the investment policies of the Corporation; (iii) the audit and ethics committee of the Corporation; and (iv) the code of ethics of the Corporation. Furthermore, the Board of Regents must approve (i) any amendments to the Articles of Incorporation and Bylaws of the Corporation; (ii) any changes to the investment policies of the Corporation; (iii) any changes in the audit and ethics committee of the



Corporation; and (iv) any changes in the code of ethics of the Corporation. The Corporation shall file reports with the Board of Regents quarterly, and at such other times as requested by the Board of Regents, concerning such matters as required by the Board of Regents.

Section 5.            Prohibited Transactions. In addition to the prohibitions of the laws of the State of Texas, the Corporation may not enter into an agreement or transaction with a former director, officer, or employee of the Corporation, or a business entity in which a former director, officer, or employee of the Corporation has an interest, on or before the first anniversary of the date the person ceased to be a director, officer, or employee of the Corporation. For purposes of this section (i) a former director, officer, or employee of the Corporation has an interest in a business entity if such person owns (a) five percent or more of the voting stock or shares of the business entity or (b) five percent or more of the fair market value of the business entity, and (ii) a former director of the Corporation has an interest in a business entity if money received by such person from the business entity exceeds five percent of the person's gross income for the preceding calendar year. A two-thirds majority of the Board of Directors of the Corporation shall be required to forward to the Board of Regents a change to this Section.

Section 6.            Revolving Door. A former director or employee of the Corporation may not make any communication to or appearance before a current director or employee of the Corporation before the second anniversary, in the case of a former director, or the first anniversary, in the case of a former employee, of the date the former director or employee ceased to be a director or employee of the Corporation if the communication or appearance is made (a) with the intent to influence, and (b) on behalf of any person in connection with any matter on which the person seeks action by the Corporation. If a director of the Corporation knowingly communicates with a former director or employee of the Corporation, whose communication or appearance is made with the intent to influence, and on behalf of any person in connection with any matter on which the person seeks action by the Corporation, such director shall be subject to removal from serving as a director of the Corporation. If an employee of the Corporation knowingly communicates with a former director or employee of the Corporation whose communication or appearance is made with the intent to influence, and on behalf of any person in connection with any matter on which the person seeks action by the Corporation, such director or employee shall be subject to disciplinary action. A two-thirds majority of the Board of Directors of the Corporation shall be required to forward to the Board of Regents a change to this Section.

## ARTICLE II OFFICES

Section 1.            Principal Place of Business. The principal place of business of the Corporation shall be located at 401 Congress Avenue, Suite 2800, Austin, Texas 78701. The Corporation may have such other offices, either within or without the State of Texas, as the Board of Directors may determine or as the affairs of the Corporation may require from time to time.

Section 2.           Registered Office and Registered Agent. The Corporation shall have and continuously maintain in the State of Texas a registered office and a registered agent whose office is the Corporation's registered office, as required by the Act. The registered office may, but need not, be identical with the principal office of the Corporation in the State of Texas, and the address of the registered office may be changed from time to time by the Board of Directors in accordance with applicable law.

### ARTICLE III BOARD OF DIRECTORS

Section 1.           Powers. The property, business, and affairs of the Corporation shall be managed and controlled by the Board of Directors, and subject to the restrictions imposed by law, the Articles of Incorporation, and these Bylaws, the Board of Directors shall exercise all of the powers of the Corporation.

Section 2.           Number. The Board of Directors shall consist of nine (9) Directors consistent with Texas Education Code Section 66.08.

Section 3.           Appointment and Term. Directors shall be appointed by the Board of Regents, pursuant to a process determined by the Board of Regents, except that the Chancellor of the System shall serve as a Director so long as he or she remains Chancellor of the System. In compliance with applicable law, the members of the Board of Directors shall include (i) the Chancellor of the System, (ii) at least three (3) persons then serving as members of the Board of Regents ("Regental Directors"), and (iii) one or more persons selected by the Board of Regents from a list of candidates with substantial background and expertise in investments that is submitted by the Board of Regents of The Texas A&M University System (together with the Chancellor of the System and the Regental Directors, the "Affiliated Directors"). The three (3) Regental Directors shall serve for two-year terms that expire on the first day of April of each odd-numbered year. The remaining Directors (other than the Chancellor of the System and the Regental Directors) shall serve three-year staggered terms that expire on the first day of April of the appropriate year. No such Director (other than the Affiliated Directors) shall serve more than three (3) full three-year terms. Notwithstanding the foregoing, the Board of Regents may, from time to time, alter the terms of the Directors. Each person serving as a Director shall serve until the expiration of such Director's term, or until such Director's successor has been chosen and qualified, or until such Director's earlier death, resignation, or removal as provided in these Bylaws.

Section 4.           Removal and Resignation. Any Director may be removed from office at any time, with or without cause, by the Board of Regents. Any Director or officer may resign at any time. Such resignation shall be made in writing and shall take effect at the time specified therein, or, if no time be specified, at the time of its receipt by the President or Secretary. The acceptance of a resignation shall not be necessary to make it effective, unless expressly so provided in the resignation.

Section 5.            Vacancies. Any vacancy occurring in the office of a Director, whether by death, resignation, removal, increase in the number of Directors, or otherwise, shall be filled by the Board of Regents.

Section 6.            Meetings of Directors. The Directors may hold meetings and keep the Corporation's books and records at such place or places within the State of Texas as the Board of Directors may from time to time determine.

Section 7.            Annual Meetings. The annual meeting of the Board of Directors ("Annual Meeting") shall be held at such time and place as shall be designated from time to time by resolution of the Board of Directors, or, if not so designated, on the third Thursday of the month of April of each year at the Corporation's principal office for the purpose of (i) electing officers for the ensuing year, and (ii) transacting such other business as may be properly brought before such Annual Meeting. Notice of Annual Meetings shall be required.

A joint annual meeting with the U. T. Board of Regents ("Joint Meeting") shall be held each year to discuss investment policies including asset allocation, investment performance, determination of risk, performance of the Corporation, organizational issues, proposed budget, and related issues. Notice of Joint Meetings shall be required.

Section 8.            Regular Meetings. Regular meetings of the Board of Directors ("Regular Meetings") shall be held at such times and places as shall be designated from time to time by resolution of the Board of Directors. Notice of Regular Meetings shall be required. The UTIMCO President shall consult with the Chairman and the Chancellor, as Vice Chairman for Policy, on the draft agenda for meetings of the UTIMCO Board at least three (3) weeks prior to each regular UTIMCO Board meeting.

Section 9.            Special Meetings. Special meetings of the Board of Directors ("Special Meetings") shall be held at such times and places as shall be designated from time to time by the Chairman or, on the written request of any Director, by the Secretary or on the written request of the Board of Regents. Notice of Special Meetings shall be required.

Section 10.           Notice of Meetings. The Secretary shall give notice of the time and place of each Annual, Joint, Regular and Special Meeting to each Director in person, or by mail, electronic mail, telegraph, or telephone, at least five (5) days before and not sooner than fifty (50) days before such meeting; provided, however, that in the case of a Special Meeting called because of an emergency or urgent necessity, notice will be provided as required by the Texas Open Meetings Act.

Section 11.           Quorum. A majority of the then acting Directors shall constitute a quorum for the consideration of any matters pertaining to the Corporation's purposes. If at any meeting of the Board of Directors there is less than a quorum present, the Chairman may adjourn the meeting from time to time. The act of a majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, unless the act of a greater number is required by law, the Articles of Incorporation, or these Bylaws.

Section 12.            Voting. Directors must vote in person and proxy voting is prohibited.

Section 13.            Conduct of Business. At meetings of the Board of Directors, matters pertaining to the Corporation's purposes shall be considered.

At all meetings of the Board of Directors, the Chairman of the Board shall preside, and in the absence of the Chairman of the Board, the Vice Chairman of the Board or the Vice Chairman for Policy shall preside. In the absence of the Chairman of the Board and the Vice Chairmen of the Board, a chairman shall be chosen by the Board of Directors from among the Directors present.

The Secretary of the Corporation shall act as secretary of all meetings of the Board of Directors, but in the absence of the Secretary, the Chairman may appoint any person to act as secretary of the meeting.

The chairman of any meeting of the Board of Directors shall determine the order of business and the procedure at the meeting, including, without limitation, conduct of the discussion and the order of business pursuant to a duly posted agenda.

Section 14.            Compensation of Directors; Expenses. Persons serving as Directors shall not receive any salary or compensation for their services as Directors. A Director shall be entitled to reimbursement for reasonable expenses incurred by the Director in carrying out duties as a Director.

#### ARTICLE IV COMMITTEES

Section 1.            Board Committees. The Board of Directors may from time to time designate members of the Board of Directors to constitute committees that shall have and may exercise such powers as a majority of the Board of Directors may determine in the resolution that creates the committee; provided, however, that the Board of Regents must approve the audit and ethics committee of the Corporation as required by applicable law and further provided that the full UTIMCO Board shall fully review, discuss, and approve performance compensation for UTIMCO officers and employees following careful consideration and due diligence. The Board of Directors may appoint individuals who are not members of the Board of Directors to any committee; provided, however, that a majority of the committee members shall be members of the Board of Directors if such committee exercises the authority of the Board of Directors in the management of the Corporation.

Other committees, not having and exercising the authority of the Board of Directors in the management of the Corporation, may be designated and members appointed by a resolution adopted by the Board of Directors. Membership of such committees may, but need not, be limited to Directors.

Any Director appointed to a committee designated by the Board of Directors shall cease to be a member of such committee when he or she is no longer serving as Director.

Section 2.            Procedures; Meetings; Quorum. Any committee created by the Board of Directors or these Bylaws, unless otherwise expressly provided herein, shall (i) have a chairman designated by the Board of Directors, (ii) fix its own rules or procedures, (iii) meet at such times and at such place or places as may be provided by such rules or by resolution of such committee or resolution of the Board of Directors, and (iv) keep regular minutes of its meetings and cause such minutes to be recorded in books kept for that purpose in the principal office of the Corporation, and report the same to the Board of Directors at its next Regular Meeting. At every meeting of any such committee, the presence of a majority of all the members thereof shall constitute a quorum, and the affirmative vote of a majority of the members present shall be necessary for the adoption by it of any action, unless otherwise expressly provided in the committee's rules or procedures or these Bylaws or by the Board of Directors.

The Board of Directors may designate one or more Directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of such committee.

Section 3.            Nominating Committee. The Chairman may appoint a Nominating Committee to make recommendations to him or her on positions as requested.

## ARTICLE V OFFICERS

Section 1.            Number, Titles, and Term of Office. The officers of the Corporation shall consist of a Chairman of the Board, a Vice Chairman for Policy, a Vice Chairman of the Board, a President, a Secretary, a Treasurer, and such other officers and assistant officers as the Board of Directors may from time to time elect or appoint. Such other officers and assistant officers shall have such authority and responsibility as may be assigned to them by the Board of Directors. Any two (2) or more offices may be held by the same individual, except the offices of President and Secretary and the offices of Chairman and Vice Chairman. Except for those officers elected at the organizational meeting (the "Organization Meeting"), the term of office for each officer shall be until the next succeeding Annual Meeting at which officers are elected. The term of office for those officers elected at the Organization Meeting shall be that period of time beginning on the date of the Organization Meeting and ending on the date of the first Annual Meeting. In any event, a duly-elected officer shall serve in the office to which he or she is elected until his or her successor has been duly elected and qualified.

Section 2.            Removal. Any officer or agent or member of a committee elected or appointed by the Board of Directors may be removed by the Board of Directors, but such removal shall be without prejudice to the contract rights, if any, of the individual so

removed. Election or appointment of an officer or agent or member of a committee shall not of itself create contract rights.

Section 3.            Vacancies. Any vacancy occurring in any office of the Corporation may be filled by the Board of Directors.

Section 4.            Powers and Duties of the Chairman of the Board. The Chairman of the Board shall preside at all meetings of the Board of Directors and shall have such other powers and duties as may be assigned to such officer in these Bylaws or from time to time by the Board of Directors. The Chairman of the Board shall be appointed by the Board of Directors. No Director shall serve more than three (3) full one-year terms as Chairman.

Section 5.            Powers and Duties of the Vice Chairman of the Board. The Vice Chairman of the Board shall have such powers and duties as may be assigned to such officer in these Bylaws or from time to time by the Board of Directors and shall exercise the powers of the Chairman during that officer's absence or inability to act. Any action taken by the Vice Chairman in the performance of the duties of the Chairman shall be conclusive evidence of the absence or inability to act of the Chairman at the time such action was taken. The Vice Chairman of the Board shall be appointed by the Board of Directors. No Director shall serve more than three (3) full one-year terms as Vice Chairman.

Section 6.            Powers and Duties of the Vice Chairman for Policy. The Chancellor of the System shall serve as Vice Chairman for Policy and shall coordinate those responsibilities, including the appropriate resolution of policy issues, assigned to UTIMCO and System by the *Rules and Regulations* of the Board of Regents and the Master Investment Management Services Agreement with UTIMCO to facilitate UTIMCO's performance of its core investment duties. The Vice Chairman for Policy shall exercise the powers of the Chairman during the absence or inability to act of both the Chairman and the Vice Chairman of the Board. Any action taken by the Vice Chairman in the performance of the duties of the Chairman shall be conclusive evidence of the absence or inability to act of the Chairman and the Vice Chairman at the time such action was taken.

Section 7.            Powers and Duties of the President. All references to the President in this document shall mean the Chief Executive Officer of the Corporation. If the positions of President and Chief Executive Officer are held by different individuals the responsibilities designated to the President in these Bylaws shall be performed by the Chief Executive Officer. Subject to the control of the Board of Directors, the President shall have general executive charge, management, and control of the properties, business, and operations of the Corporation with all such powers as may be reasonably incident to such responsibilities; shall have the authority to agree upon and execute all leases, contracts, evidences of indebtedness, and other obligations in the name of the Corporation subject to the approval of the Board of Directors and the Executive Committee, if any; and shall have such other powers and duties as may be designated in these Bylaws and as may be assigned to such officer from time to time by the Board of Directors pursuant to a duly approved Delegation of Authority Policy.

Section 8.            Powers and Duties of the Treasurer. The Treasurer shall have custody of all of the Corporation's funds and securities that come into such officer's hands.

When necessary or proper, the Treasurer may endorse or cause to be endorsed, in the name and on behalf of the Corporation, checks, notes, and other obligations for collection and shall deposit or cause to be deposited the same to the credit of the Corporation in such bank or banks or depositories and in such manner as shall be designated and prescribed by the Board of Directors; may sign or cause to be signed all receipts and vouchers for payments made to the Corporation either alone or jointly with such other officer as may be designated by the Board of Directors; whenever required by the Board of Directors, shall render or cause to be rendered a statement of the cash account; shall enter or cause to be entered regularly in the Corporation's books to be kept by such officer for that purpose full and accurate accounts of all moneys received and paid out on account of the Corporation; shall perform all acts incident to the position of Treasurer subject to the control of the Board of Directors; and shall, if required by the Board of Directors, give such bond for the faithful discharge of such officer's duties in such form as the Board of Directors may require.

Section 9.                    Powers and Duties of the Secretary. The Secretary shall keep the minutes of all meetings of the Board of Directors in books provided for that purpose; shall attend to the giving and serving of all notices; in furtherance of the Corporation's purposes and subject to the limitations contained in the Articles of Incorporation, may sign with the President in the name and on behalf of the Corporation and/or attest the signatures thereto, all contracts, conveyances, franchises, bonds, deeds, assignments, mortgages, notes, and other instruments of the Corporation; shall have charge of the Corporation's books, records, documents, and instruments, except the books of account and financial records and securities of which the Treasurer shall have custody and charge, and such other books and papers as the Board of Directors may direct, all of which shall be open at reasonable times to the inspection of any Director upon application at the Corporation's office during business hours; and shall in general perform all duties incident to the office of Secretary subject to the control of the Board of Directors. The Secretary shall assure that current copies of the Corporation's Articles of Incorporation and Bylaws, Corporation Policies, Investment Policies approved by the Board of Regents, Committee Charters, and Minutes of all meetings of the Corporation and Committees are posted on the Corporation's website. The Secretary will assure that all open meetings of the Corporation are recorded and that recordings are available upon request.

## ARTICLE VI MISCELLANEOUS PROVISIONS

Section 1.                    Fiscal Year. The Corporation's fiscal year shall be as determined from time to time by the Board of Directors.

Section 2.                    Seal. The Corporation's seal, if any, shall be such as may be approved from time to time by the Board of Directors.

Section 3.                    Notice and Waiver of Notice. Whenever any notice is required to be given by mail under the provisions of these Bylaws, such notice shall be deemed

to be delivered when deposited in the United States mail in a sealed postpaid wrapper addressed to the person or Board of Regents entitled thereto at such person's post office address, as such appears in the records of the Corporation, and such notice shall be deemed to have been given on the date of such mailing. A waiver of notice in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to notice.

Section 4.                    Public Information. The Board of Directors shall comply with applicable provisions of the Texas Public Information Act.

Section 5.                    Open Meetings. The Board of Directors shall conduct open meetings in accordance with Section 66.08(h), Texas Education Code. The Secretary is required to provide public notice of such meetings in accordance with applicable law therewith.

## ARTICLE VII INDEMNIFICATION OF DIRECTORS AND OFFICERS

Section 1.                    Right to Indemnification. Subject to any limitations and conditions in these Bylaws, including, without limitation, this Article VII, each person who was or is made a party or is threatened to be made a party to or is involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, arbitrative or investigative (a "Proceeding"), or any appeal of such a Proceeding or any inquiry or investigation that could lead to a Proceeding, by reason of the fact that he or a person of whom he is the legal representative, is or was a Director or officer of the Corporation, or while a Director or officer of the Corporation is or was serving at the request of the Corporation as a director, officer, partner, venturer, proprietor, trustee, employee, agent, or similar functionary of another foreign or domestic corporation, partnership, joint venture, sole proprietorship, trust, employee benefit plan or other enterprise, shall be indemnified by the Corporation to the fullest extent authorized by the Act, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than said law permitted the Corporation to provide prior to such amendment), against judgments, penalties (including excise and similar taxes), fines, settlements and reasonable expenses (including, without limitation, attorneys' fees) actually incurred by such person in connection with a Proceeding, but if the Proceeding was brought by or in behalf of the Corporation, the indemnification is limited to reasonable expenses actually incurred or suffered by such person in connection therewith, and indemnification under these Bylaws shall continue as to a person who has ceased to serve in the capacity which initially entitled such person to indemnity hereunder. In no case, however, shall the Corporation indemnify any person, or the legal representatives of any person, with respect to any matters as to which such person shall be finally adjudged in any such Proceeding to be liable on the basis that personal benefit resulted from an action taken in such person's official capacity, or in which such person is found liable to the Corporation. Any person entitled to indemnification pursuant to this Article VII is sometimes referred to herein as an "Indemnified Person."



Section 2.                    Advance Payment.    An Indemnified Person's right to indemnification conferred in this Article VII shall include the right to be paid or reimbursed by the Corporation the reasonable expenses incurred by an Indemnified Person who was, is or is threatened to be made a named defendant or respondent in a Proceeding in advance of the final disposition of the Proceeding; provided, however, that the payment of such expenses incurred by an Indemnified Person in advance of the final disposition of a Proceeding shall be made only upon delivery to the Corporation of a written affirmation by such Indemnified Person of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification under this Article VII and a written undertaking by or on behalf of such Indemnified Person to repay all amounts so advanced if it shall ultimately be determined that such Indemnified Person is not entitled to be indemnified under this Article VII or otherwise.

Section 3.                    Appearance as a Witness.    Notwithstanding any other provision of this Article VII, the Corporation may pay or reimburse expenses incurred by an Indemnified Person in connection with his or her appearance as a witness or other participation in a Proceeding at a time when the Indemnified Person is not a named defendant or respondent in the Proceeding.

Section 4.                    Nonexclusivity of Rights.    The right to indemnification and the advancement and payment of expenses conferred in this Article VII shall not be exclusive of any other right which an Indemnified Person may have or hereafter acquire under any law (common or statutory), the Articles of Incorporation, the Bylaws, agreement, vote of disinterested Director or otherwise.

Section 5.                    Insurance.    The Corporation may purchase and maintain insurance, at its expense, to protect itself or any Indemnified Person, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under this Article VII.

Section 6.                    Savings Clause.    If this Article VII or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Corporation shall nevertheless indemnify and hold harmless each Indemnified Person as to costs, charges and expenses (including attorneys' fees), judgments, fines, and amounts paid in settlement with respect to any action, suit or proceeding, whether civil, criminal, administrative or investigative to the full extent permitted by any applicable portion of this Article VII that shall not have been invalidated and to the fullest extent permitted by applicable law.

## ARTICLE VIII AMENDMENTS

Section 1.                    Amendment.    These Bylaws may be altered, amended, or repealed by the Board of Directors with the approval of the Board of Regents. A request by the Board of Regents to consider an alteration, amendment, or repeal of these Bylaws will be considered at the next regular meeting of the Corporation or at a special meeting called for that purpose.

7. U. T. System Board of Regents: Approval of revised Master Investment Management Services Agreement with The University of Texas Investment Management Company (UTIMCO)

Upon recommendation of The University of Texas Investment Management Company (UTIMCO) Board of Directors, the Board of Regents (U. T. Board) approved the revised Master Investment Management Services Agreement (IMSA), approved by the UTIMCO Board on January 30, 2008, and effective February 7, 2008, as set forth on Pages 41 - 57. The IMSA was last revised on February 9, 2006.

The amendments are summarized as follows:

- a. Section 1(h): Conformed titles of Investment Policies subject to U. T. Board approval and added internal UTIMCO policies not previously listed and/or adopted after February 9, 2006.
- b. Section 2(c): Deleted requirement to consult with all Vice Chairmen on the draft UTIMCO Board agenda three weeks in advance of a UTIMCO Board meeting consistent with the current practice of reviewing the agenda only with the Chairman and the Chancellor, as the Vice Chairman of Policy.
- c. Section 3(a): Eliminated June 1 deadline for annual review of the Investment Policies.
- d. Schedule A: Deleted the Short Intermediate Term Fund (SITF) and Institutional Index Funds from the list of funds managed.
- e. Changed references to President throughout the document to Chief Executive Officer (CEO) consistent with current job titles.

**MASTER INVESTMENT MANAGEMENT SERVICES AGREEMENT WITH UTIMCO**

This Investment Management Services Agreement (this “Agreement”) by and between the Board of Regents (the “U. T. Board”) of The University of Texas System (the “U. T. System”) and The University of Texas Investment Management Company (“UTIMCO”), a Texas nonprofit corporation, is effective February 7, 2008 (the “Effective Date”), and supersedes all earlier agreements by and between the U. T. Board and UTIMCO regarding the subject matter hereof.

**RECITALS**

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

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

WHEREAS, UTIMCO has been organized under the laws of the State of Texas, including the Texas Non-Profit Corporation Act, Tex. Rev. Civ. Stat. Ann. art. 1396-1.01 *et seq.*, for the express purpose of investing assets under the control and management of the U. T. Board, as designated by the U. T. Board, in accordance with the laws of the State of Texas;

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

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

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

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

## AGREEMENT

### **Section 1. Definitions.**

- (a) **Affiliate** shall mean an entity directly or indirectly controlling, controlled by, or under common control with UTIMCO, including an entity with whom UTIMCO has an express or implied agreement regarding the direct or indirect purchase of investments by each from the other.
- (b) **Cash Reserves** shall mean cash on hand plus investments, plus prepaid expenses, less accounts payable, less other liabilities.
- (c) **Claims** shall mean all claims, lawsuits, causes of action and other legal actions and proceedings of whatever nature brought against (whether by way of direct action, counter claim, cross action, or impleader) any Indemnified Party and all requests or demands for indemnification made by any third party upon any Indemnified Party, even if groundless, false or fraudulent, so long as the claim, lawsuit, cause of action, other legal action or proceeding, request or demand is alleged or determined, directly or indirectly, to arise out of, result from, relate to or be based upon, in whole or in part, the duties, activities, acts or omissions of any person arising under this Agreement.
- (d) **Custodian** or **Custodians** shall mean a commercial bank, trust company or other entity selected by UTIMCO to hold and safe-keep physical securities representing investment assets of any Fund and to perform the other functions listed in Section 5 hereof.
- (e) **Delegated Assets** shall mean those assets under the control and management of the U. T. Board that are invested in the Funds managed by UTIMCO hereunder; pursuant to the corresponding Investment Policies as such assets may be directed for investment by the U. T. Board or its designees from time to time pursuant to its Investment Policies or otherwise. The Delegated Assets may include, without limitation, the following funds or categories of assets:
  - (i) The Permanent University Fund established pursuant to Article VII, Section 11 of the Texas Constitution (the "Permanent University Fund" or "PUF"); provided that, for purposes of this Agreement and the delegation of investment management responsibilities hereunder, the PUF excludes the approximately 2.1 million acres of land located in 19 Texas counties, primarily in West Texas, and constituting a part of the PUF (the "PUF Lands"), as to which the U. T. Board retains complete investment management authority and responsibility;
  - (ii) Any and all funds or assets under the control and management of the U. T. Board as owner, administrator, contractual investment manager, or otherwise, including without limitation endowment funds and operating assets, other than the Permanent University Fund, the Permanent Health Fund and the U. T. Board Trust Accounts (collectively, "U. T. System Funds");

- (iii) The assets of charitable remainder trusts, foundations and other separately invested assets for which the U. T. Board serves as trustee on behalf of itself and other co-beneficiaries (“U. T. Board Trust Accounts”);
  - (iv) The permanent assets for health-related institutions established pursuant to Chapter 63, *Texas Education Code*, for which the U. T. Board is an administrator (collectively, the “Permanent Health Fund” or “PHF”);
  - (v) U. T. System Funds or U. T. Board Trust Accounts which, by election of the U. T. Board or by requirement of the trust indenture or donative instrument, are invested separately and apart from other U. T. System Funds and the PUF (collectively, “Separately Invested Funds” or “SIFs”); and
  - (vi) Institutional assets of third-party non-profit charitable foundations or tax-exempt charitable organizations to the extent dedicated to the support of the educational purposes of the U. T. System and under the control and management of the U. T. Board by contract (collectively, “Foundation Funds”).
- (f) **Funds** shall mean the separate investments or pools of assets in which the Delegated Assets are to be invested pursuant to the corresponding Investment Policies, as specified in Schedule A hereto and in the corresponding Investment Policies, each of which may be amended by the U. T. Board from time to time as provided for herein.
- (g) **Indemnified Parties** shall mean UTIMCO and any of its officers, directors, employees and agents.
- (h) **Investment Policies** shall mean the written investment policies determined and approved by the U. T. Board relating to the Funds, and all generally applicable written investment-related policies determined and approved by the U. T. Board that govern the management of investments for some or all Funds, such as the policies regarding asset allocation, and the policies on Derivative Investment, Liquidity, and Error Correction, but excluding internal UTIMCO operational guidelines as to which approval of the U. T. Board is not required, which include the UTIMCO Mandate Categorization Procedure, Valuation Criteria for Alternative Assets, Calculating Liquidity Procedure, Soft Dollar Policy and Procedures, Securities Lending Policy, and the Proxy Voting Policy (the Proxy Voting Policy being governed by the provisions of the individual Investment Policies related to proxy voting).
- (i) **Losses** shall mean losses, costs, damages, expenses, judgments and liabilities of whatever nature (including, but not limited to, attorneys’, accountants’ and other professionals’ fees, litigation and court costs and expenses, amounts paid in settlement, amounts paid to discharge judgments and amounts payable by an Indemnified Party to any other person under any arrangement providing for indemnification of that person) directly or indirectly resulting from, arising out of or relating to one or more Claims.

- (j) **Surplus Cash Reserves** shall mean Cash Reserves on the last day of the fiscal year in excess of twenty-five percent (25%) of the upcoming fiscal year's operating and capital budgets approved by the U. T. Board.

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

(a) **General**

The U. T. Board retains ultimate fiduciary responsibility and authority for all matters related to the investment of the Delegated Assets. Pursuant to that responsibility and authority, the U. T. Board hereby appoints UTIMCO as its investment manager with complete authority to act for the Board in the investment of the Funds, subject, however, to such limitations and restrictions as are set forth in the Investment Policies. UTIMCO shall furnish the U. T. Board with continuous investment management services and shall invest and reinvest the assets of the Funds in such ways and at such times as are consistent with the Investment Policies and Section 4 hereof. UTIMCO shall be responsible for overall management of the U. T. Board's investment affairs as set forth in this Agreement and shall manage each Fund as a discretionary account.

(b) **Policy Matters**

The U. T. Board, as ultimate fiduciary for the Funds, retains policy setting authority. Unless otherwise provided in writing by the U. T. Board, UTIMCO shall look to the Chancellor to provide primary oversight and management concerning relations with the media, legal issues that implicate policies of the U. T. Board other than the Investment Policies, public disclosure of information and intergovernmental relations. Except for the forgoing matters, the UTIMCO Board of Directors and the CEO of UTIMCO shall be responsible for making all decisions necessary to implement the Investment Policies. The CEO of UTIMCO shall confer with the Chancellor on the above-mentioned matters where the Chancellor has primary oversight and management and on other matters that may implicate broader policies of the U. T. Board.

(c) **Meetings and Agendas**

- (i) The UTIMCO CEO shall consult with the Chairman of the UTIMCO Board and the Chancellor as Vice Chairman for Policy, on the draft agenda for meetings of the UTIMCO Board at least three (3) weeks prior to each regular UTIMCO Board meeting.
- (ii) UTIMCO shall participate in an annual joint meeting of the UTIMCO Board of Directors and the U. T. Board as referenced in Art. III, § 7 of the UTIMCO Bylaws.

**Section 3. Description of Investment Management Services.**

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

(a) **Investment Policies:**

UTIMCO shall review current Investment Policies for each Fund at least annually. Such review shall include distribution (spending) guidelines, long-term investment return

expectations and expected risk levels, Asset Class and Investment Type allocation targets and ranges, expected returns for each Asset Class and Investment Type and fund, designated performance benchmarks for each Asset Class and Investment Type and such other matters as the U. T. Board or its staff designees may request. After UTIMCO completes its assessment, it shall forward any recommended changes to U. T. System staff for review and appropriate action, following the established schedule for the submission of proposed agenda topics for meetings of the U. T. Board.

(b) **Investment Management:**

UTIMCO shall oversee the investment management process pursuant to the Investment Policies. Such oversight shall include without limitation the development of an investment outlook based on global economic and capital market forecasts, the rebalancing of allocations to each Asset Class and Investment Type within ranges in response to changes in the investment outlook, and the selection of a combination of portfolio managers to construct portfolios designed to generate the expected returns of each Asset Class and Investment Type.

(c) **Investment Performance:**

UTIMCO shall monitor and report on investment performance for each of the Funds. With respect to all Funds other than the SIFs, such responsibilities shall include the calculation and evaluation of investment returns for each Asset Class and Investment Type and individual Fund portfolio against approved benchmarks over various periods of time, and the periodic review of performance benchmarks. With respect to all Funds, such responsibilities shall also include the reporting of investment performance of such specific Funds as may be requested by the U. T. Board, and the reporting to regulatory agencies and others regarding investments under management to the extent required by applicable law.

(d) **Operations:**

UTIMCO shall execute such operational responsibilities as the purchase and sale of investments, the settlement of all trades (to the extent such trades are not settled by the Custodian or brokers), the accounting for all transactions at the portfolio level in accordance with generally accepted accounting principles, the preparation and delivery of periodic financial reports on all Funds, and the maintenance of complete books and records (internally or through contract with the designated Custodian for the assets under management) reflecting transactions and balances of the Funds.

(e) **Maintenance of and Access to Books and Records:**

UTIMCO shall maintain the books and records for each Fund on the basis of a fiscal year ending August 31st (or such other fiscal year as the U. T. Board may establish from time to time), and shall keep full separate records of all transactions with respect to each Fund.

The books and records of the Funds and any and all records concerning UTIMCO and UTIMCO's operations shall be available during normal business hours for inspection by authorized representatives of U. T. System. UTIMCO shall provide full audit access to any and all information concerning the operations of UTIMCO, including information

necessary to review UTIMCO expenditures for compliance and reasonableness with the approved budget, to auditors representing the U. T. Board and/or the State Auditor.

(f) **Reporting:**

In connection with the annual audited financial statements of UTIMCO, effective with the August 31, 2004 financial statements, UTIMCO shall provide all compliance-related information, reports and certifications, and shall cause the CEO and the chief financial officer of UTIMCO to provide such certifications, as may be specified by the U. T. Board and U. T. System compliance policies and procedures adopted or approved by the U. T. Board. UTIMCO will follow the U. T. System compliance guidelines as outlined in the Action Plan to Enhance Institutional Compliance, as it may be amended from time to time, including providing the U. T. Board or its designees with quarterly compliance reports.

(g) **Disclosure of Information:**

The U. T. Board is committed to a policy of full and fair disclosure to the public. As part of that commitment with respect to private investments in the Funds, UTIMCO shall disclose to the public with respect to such private investments all information required to be disclosed pursuant to Section 552.0225 of the *Texas Government Code* regarding “Right of Access to Investment Information” (“private investment information”). UTIMCO shall make no private investment with an entity unless the U. T. Board and UTIMCO have clear and unequivocal authority to disclose to the public the private investment information, described immediately above, relating to such investment.

Before UTIMCO declines to disclose any information it has collected, assembled or maintained in its role as investment manager for the U. T. Board that is requested under the Texas Public Information Act, the CEO of UTIMCO shall notify the U. T. System Vice Chancellor and General Counsel and solicit his or her input to the process. UTIMCO shall disclose the information unless (i) it is confidential and excepted as provided in Section 552.143 of the *Texas Government Code* regarding “Confidentiality of Certain Investment Information,” or (ii) as to any other information, the Vice Chancellor and General Counsel, after consultation with the Chancellor, approves a Public Information Act request to the Attorney General of Texas. In addition, the U. T. Board reserves the right and authority, in its sole discretion, to disclose, or direct the disclosure of, any information at any time, to the extent such disclosure would not result in a violation of applicable law or breach or result in a default under any agreement binding upon UTIMCO or the U. T. Board.

In addition to and not in lieu of the foregoing, UTIMCO will comply with the provisions of Section 12 below regarding confidentiality provisions of contracts with third parties.

(h) **Other Services:**

UTIMCO shall perform other investment management services, including without limitation:

- (i) attending meetings of the U. T. Board and making such reports as the U. T. Board may request from time to time;



- (ii) rendering services to managers of private equity investments in which UTIMCO has decided to invest;
- (iii) attending meetings of governing bodies of companies in which assets of Funds have been invested pursuant to this Agreement;
- (iv) voting of securities (or proxies with respect thereto) held as investments of the Funds in accordance with the Investment Policies and the UTIMCO Proxy Voting Policy and any other relevant written policies or rules of the U. T. Board;
- (v) providing U. T. System institutions with annual endowment reports reflecting, among other things, changes in the investment value of such institution's endowment and distributions made to such institution to support the activities for which the endowment was established;
- (vi) providing charitable trust administration services such as portfolio management, annual tax return preparation, annual trust reporting to donors and remittance of quarterly distributions; providing annual reporting of investment transactions and balances and distributing assets to authorized beneficiaries;
- (vii) effecting distributions directly or through the Custodian to U. T. System institutions or other named beneficiaries from the Funds;
- (viii) supporting and maintaining online information systems for endowment funds;
- (ix) providing training and education to members of the UTIMCO Board of Directors as may be determined in consultation with U. T. System staff to assure that all duties required of directors under the Texas Non-Profit Corporation Act and that matters related to legal and fiduciary responsibilities of the directors, including current regulations for determining reasonable compensation, are outlined and discussed fully; and
- (x) any other services necessary to provide investment management of the Funds.

**Section 4. Investment Manager as Fiduciary.**

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

**Section 5. Custody of Assets.**

UTIMCO shall select one or more Custodians, each of which shall be approved by the U. T. Board, which shall also enter into or approve each agreement with the Custodian(s).

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

**Section 6. Use of Unaffiliated Investment Managers.**

UTIMCO shall be entitled to use unaffiliated investment advisors to invest all or part of the Funds and to perform other duties, subject to any restrictions in the relevant Investment Policies.

**Section 7. Investment Management Fees; Direct Expenses.**

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

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

**(i) Budget Approval Policy**

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

(ii) Allocation Formula

At the same time that UTIMCO submits its Annual Budget, it shall also submit to the U. T. Board an allocation formula for charging the Annual Budget to the Funds. Items proposed in the Annual Budget and the allocation formula may be approved, disapproved, or approved with modification by the U. T. Board. Any such Budget item or formula allocation that is disapproved or approved with modification may be promptly reviewed and revised by UTIMCO and resubmitted to the U. T. Board for additional consideration.

(iii) Charging of Funds for Management Fee

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

(iv) Payment of Third Party Vendors

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

(b) Cash Reserves:

Within 90 days after the end of each fiscal year, UTIMCO will distribute back to the Funds which generated the surplus that portion of the Surplus Cash Reserves as may be directed by the U. T. Board, in its sole discretion, from time to time. Such distribution back to the Funds shall be in the same proportion that the Funds contributed to the Cash Reserves.

(c) UTIMCO Management Service on Outside Boards:

Members of UTIMCO management, with the approval of the UTIMCO Board, may serve as directors of companies in which UTIMCO has directly invested Fund assets. In such event, any and all compensation paid to UTIMCO management for their services as directors shall be endorsed over to UTIMCO and considered a part of UTIMCO's fee income and reflected in the Budget. Furthermore, UTIMCO Board approval of UTIMCO management's services as directors of investee companies shall be conditioned upon the extension of UTIMCO's Directors and Officers Insurance Policy coverage to UTIMCO management's services as directors of investee companies.

**(d) Fees for Services Rendered:**

Members of UTIMCO management may perform services for which UTIMCO receives a fee (“Service Fees”) from investment promoters or investee companies in consideration of the UTIMCO staff’s private investment activities and/or investment origination activities. Such Service Fees shall be considered additional fee income to UTIMCO. UTIMCO may also receive commitment fees, standby fees and other similar fees (“Capital Fees”) accruing or inuring to the capital invested on behalf of the Funds managed by UTIMCO. Such Capital Fees shall be credited to the Funds from which such investments are funded.

**(e) Miscellaneous Fees:**

UTIMCO management may perform specialized services for assets that are separately invested for which UTIMCO receives a fee from the Fund. These fees primarily relate to maintenance of computer programs for the SIFs. Such Miscellaneous Fees shall be considered additional fee income to UTIMCO and reflected in the Budget.

**Section 8. Brokerage Commissions.**

The U. T. Board acknowledges and agrees that the investment management fees provided for in Section 7 are in addition to any compensation that may be due to a broker or dealer in effecting and executing transactions on behalf of UTIMCO. UTIMCO is hereby authorized and empowered, with full discretion, to issue instructions in accordance with the Investment Policies to such unaffiliated brokerage firms as may be selected by UTIMCO for the execution of orders for the purchase, sale, exchange and general investment of the Funds; provided that UTIMCO shall not select a brokerage firm that is an Affiliate of UTIMCO or any of its officers, directors or employees. All orders for Fund transactions shall be placed in such markets and through such brokers as UTIMCO determines will offer the most favorable price, execution and commission cost of each order. The U. T. Board acknowledges and agrees that UTIMCO may, from time to time in accordance with applicable law and UTIMCO’s Soft Dollar Policy and Procedures, pay commissions to brokers that are higher than those that might be obtainable elsewhere in order to obtain from such brokers research and other services expected to enhance the long-term value of the Funds.

**Section 9. Valuation of Fund Assets.**

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

**Section 10. Representations and Warranties of Parties.**

- (a) The U. T. Board represents and warrants that:
- (i) The execution, delivery and performance by the U. T. Board of this Agreement have been duly authorized, and this Agreement constitutes a valid and binding agreement of the U. T. Board.
  - (ii) There is no action, suit or proceeding pending or, to the knowledge of the U. T. Board, threatened against or affecting the U. T. Board or the U. T. System, or relating to this Agreement, in any court or before or by any governmental

department, agency or instrumentality which, if adversely determined, would materially affect the ability or authority of the U. T. Board to enter into, and perform its obligations under, this Agreement, or which in any manner questions the validity or enforceability of this Agreement.

- (iii) The U. T. Board has approved:
  - (A) the Articles of Incorporation and Bylaws of UTIMCO;
  - (B) the Investment Policies;
  - (C) the Audit and Ethics Committee of UTIMCO; and
  - (D) the Code of Ethics of UTIMCO.
  
- (b) UTIMCO represents and warrants that:
  - (i) The execution, delivery and performance by UTIMCO of this Agreement have been duly authorized and this Agreement constitutes a valid and binding agreement of UTIMCO.
  - (ii) There is no action, suit or proceeding pending or, to the knowledge of UTIMCO, threatened against or affecting UTIMCO, or relating to this Agreement in any court or before or by any governmental department, agency or instrumentality which, if adversely determined, would materially affect the ability or authority of UTIMCO to enter into, and to perform its obligations under, this Agreement, or which in any manner questions the validity or enforceability of this Agreement.
  
- (c) Investment Company Act and State Securities Act:

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

**Section 11. Compliance with Bylaws, Policies, Regulations and Financial Disclosure Requirements.**

In the performance of this Agreement, UTIMCO shall abide by, and cause its directors, officers, and employees to abide by, the following policies:

- (A) UTIMCO Code of Ethics as approved by the U. T. Board;
- (B) UTIMCO Bylaws as approved by the U. T. Board;
- (C) All UTIMCO policies;
- (D) Applicable portions of the U. T. Board’s *Regents’ Rules and Regulations*; and
- (E) All U. T. Board-approved Investment Policies, resolutions, and applicable law.

Financial advisors and service providers as defined in *Texas Government Code* Section 2263.002 shall comply with the disclosure requirements contained in *Texas Government Code* Section 2263.005, in addition to any obligations regarding disclosure of private investment information and the like as contemplated by Section 3(g) of this Agreement.

**Section 12. Contracts with Third Parties.**

UTIMCO covenants and agrees that each agreement, contract, or understanding it enters into with any third party will comply with all applicable law (including without limitation *Texas Government Code* Sections 2263.002 and 2263.005 as referenced in Section 11 above), and will not contain any term or provision limiting the ability of UTIMCO, the U. T. Board, the U. T. System, or any of its institutions to comply with any provision of applicable law, including without limitation any covenant regarding non-disclosure of confidential information or similar subject matter that would purport to limit the ability of UTIMCO or the U. T. Board to comply with any provision of the Texas Public Information Act or other law regarding public disclosure; provided that any contract provision regarding non-disclosure of confidential information must be approved by the Vice Chancellor and General Counsel of the U. T. System or his/her designee.

UTIMCO further covenants and agrees that it will not enter into any contracts indemnifying or holding harmless any third party to a greater extent than the scope of the indemnification of the Indemnified Parties by the U. T. Board without the prior consent and approval of the Vice Chancellor and General Counsel of the U. T. System.

**Section 13. UTIMCO's Open Meeting Policy.**

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

**Section 14. Prohibition Against Service to Other Clients.**

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

**Section 15. Termination.**

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

**Section 16. Amendments.**

No amendment hereto shall be effective unless executed by duly authorized representatives of each party in the same manner as this Agreement.

**Section 17. Notices.**

All notices or communications hereunder shall be in writing and shall not be effective until hand delivered, sent by overnight delivery, or sent by United States Certified or Registered Mail, postage prepaid, to the other party at the following addresses which may be changed by notice sent in the manner required by this paragraph:

To U. T. Board:

Board of Regents of The University of Texas System  
Attn: General Counsel to the Board of Regents  
201 West Seventh Street, Suite 820  
Austin, Texas 78701  
Tel. (512) 499-4402  
Fax. (512) 499-4425

To UTIMCO:

The University of Texas Investment Management Company  
Attn: CEO and Chief Investment Officer  
401 Congress Avenue, Suite 2800  
Austin, Texas 78701  
Tel. (512) 225-1600  
Fax. (512) 225-1660

**Section 18. Non-Assignability.**

This Agreement is personal to the parties hereto, and no assignment of this Agreement by UTIMCO, whether by contract, merger, consolidation, or operation of law, shall be made other than with the prior written consent of the U. T. Board and in compliance with applicable law.

**Section 19. No Waiver of Breach.**

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

**Section 20. Indemnification.**

**(a) Agreements to Indemnify:**

To the fullest extent authorized by the Constitution and laws of the State of Texas, the U. T. Board shall indemnify and hold harmless each of the Indemnified Parties against any and all Losses, including Losses resulting from the negligence of the Indemnified Party claiming indemnification; provided, however, the U. T. Board shall not be obligated to indemnify an Indemnified Party against Losses to the extent such Losses are caused by (i) an act or omission that involves intentional misconduct or a knowing violation of law by the Indemnified Party claiming indemnification, (ii) a transaction

from which the Indemnified Party claiming indemnification received an improper benefit, (iii) an act or omission for which the liability of the Indemnified Party claiming indemnification is expressly provided by an applicable statute, or (iv) an act or omission constituting gross negligence by the Indemnified Party claiming indemnification; provided further that indemnification payments by the U. T. Board shall be paid from the same sources as the Annual Fee pursuant to Section 7.

(b) **Reimbursement:**

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

(c) **Notice:**

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

(d) **Defense:**

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

(e) **Cooperation; Settlement:**

Each Indemnified Party shall use reasonable efforts to cooperate with the U. T. Board in the defense of any action or Claim. The U. T. Board shall not be liable for any settlement of any action or Claim without its consent but, if any such action or Claim is settled with



the consent of the U. T. Board or there be final judgment for the plaintiff in any such action or with respect to any such Claim, the U. T. Board shall indemnify and hold harmless the Indemnified Parties from and against any Loss by reason of such settlement or judgment as provided in Subsection (a) of this Section.

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

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

**Section 21. Claims By and Against Managed Assets.**

UTIMCO is authorized and empowered to seek, demand, collect, recover, and receive any and all sums of money, debts, dues, rights, property, effects, or demands due, payable, or belonging, or that may become due, payable, or belonging to the U. T. Board or any Fund from any person or persons as a result of any investment transaction and to execute any and all necessary or proper receipts, releases, and discharges therefor, and any other instruments as may be necessary or appropriate from time to time relating to the handling, management, control, and disposition of any investment.

The authority granted in this Section does not include the authority to institute litigation on behalf of the U. T. Board, any Fund, or any associated assets, or to settle contested claims or litigation that may result in receipt of less than full value for the claim or the payment of damages or awards. The settlement of any contested claim or litigation for less than full value requires the prior approval of the U. T. System Vice Chancellor and General Counsel and appropriate U. T. System officials, as set out in the Regents' *Rules and Regulations*.

**Section 22. Communications.**

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

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

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

Approved February 7, 2008

managers appointed by UTIMCO may purchase, sell, or exchange securities, pursuant to written agreement with UTIMCO.

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

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

**Section 25. No Third Party Beneficiaries.**

UTIMCO and the U. T. Board each agree that there are no third party beneficiaries of this Agreement.

**Section 26. Governing Law.**

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

BOARD OF REGENTS OF THE  
UNIVERSITY OF TEXAS SYSTEM

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

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

THE UNIVERSITY OF TEXAS INVESTMENT  
MANAGEMENT COMPANY

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

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

**Schedule A**

**Funds**

This Schedule A setting forth the Funds managed by UTIMCO pursuant to this Agreement as fiduciary on behalf of the U. T. Board, in which the Delegated Assets are to be invested as directed by the U. T. Board pursuant to its Investment Policies, may be amended from time to time by the U. T. Board in consultation with UTIMCO to add or remove Funds, change fund allocations, reflect revisions to the corresponding Investment Policies, or otherwise. The Funds covered under this Agreement as of the Effective Date of this Agreement, and the corresponding Investment Policies, are as follows:

- a. **Permanent University Fund**: The PUF (as defined in Section 1(e)(i)) will be separately invested in accordance with the PUF Investment Policy Statement.
- b. **Permanent Health Fund**: The PHF (as defined in Section 1(e)(iv)) will be separately invested in accordance with the PHF Investment Policy Statement.
- c. **Separately Invested Funds**: The SIFs (as defined in Section 1(e)(v)) will be separately invested in accordance with the SIF Investment Policy Statement.
- d. **Long Term Fund (“LTF”)**: The long-term pooled investment fund previously established by the U. T. Board for the collective investment of all endowment and other long-term funds of institutions of the U. T. System, with investments made in accordance with the LTF Investment Policy Statement.
- e. **General Endowment Fund (“GEF”)**: The pooled fund for the collective investment of long-term funds under the control and management of the U. T. Board. The PUF, PHF, LTF or other long-term funds may invest in the GEF as authorized by the U. T. Board in each Fund’s investment policy statement, and the GEF funds will be invested in accordance with the GEF Investment Policy Statement.
- f. **Short Term Fund (“STF”)**: Selected U. T. System Funds designated from time to time by the U. T. Board or its U. T. System staff designees will be invested in the STF, which is the money market mutual fund or funds approved by UTIMCO from time to time as an investment for U. T. System Funds, in accordance with the STF Investment Policy Statement.
- g. **Intermediate Term Fund (“ITF”)**: The ITF was established by the U. T. Board as a pooled fund for the collective investment of operating assets and other intermediate and long-term assets held by U. T. System institutions and U. T. System administration. The ITF will be invested in accordance with the ITF Investment Policy Statement.

8. U. T. System Board of Regents: Adoption of Nineteenth Supplemental Resolution authorizing Revenue Financing System Bonds in an amount not to exceed \$950,000,000; authorization to complete all related transactions; and resolution regarding parity debt

The Board

- a. adopted the Nineteenth Supplemental Resolution to the Master Resolution, containing terms in substantially the form approved by the Board of Regents on November 13, 2003, authorizing the issuance, sale, and delivery of Board of Regents of The University of Texas System Revenue Financing System Bonds in one or more installments in an aggregate principal amount not to exceed \$950,000,000 for the purpose of refunding a portion of the outstanding Revenue Financing System Commercial Paper Notes, Series A; to provide new money to fund construction and acquisition costs of projects in the Capital Improvement Program (CIP); to current or advance refund certain outstanding Revenue Financing System Bonds to produce present value debt service savings; and to pay the costs of issuance and any original issue discount; and
- b. authorized appropriate officers and employees of the U. T. System as set forth in the Nineteenth Supplemental Resolution to take any and all actions necessary to carry out the intentions of the U. T. System Board of Regents, within the limitations and procedures specified therein, to make certain covenants and agreements in connection therewith; and to resolve other matters incident and related to the issuance, sale, security, and delivery of such Bonds.

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

- a. sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the Board relating to the Financing System; and
- b. the institutions, which are "Members" as such term is used in the Master Resolution, possess the financial capacity to satisfy their direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt.

On August 23, 2007, the Board of Regents approved the Eighteenth Supplemental Resolution authorizing \$675 million of Revenue Financing System (RFS) Bonds for Fiscal Year 2007. The Nineteenth Supplemental Resolution (Resolution) provides bonding capacity for the remainder of Fiscal Year 2008 because the U. T. System Office of Finance was unexpectedly able to advance refund \$319 million of RFS Bonds, Series 2003B and Series 2004D bonds in December 2007, producing \$30.2 million of present value savings, or 9.5% of the refunded bonds.

This Resolution also authorizes the refunding of certain outstanding RFS Bonds provided that an advance refunding exceeds a minimum 3% present value debt service savings threshold. An advance refunding involves issuing bonds to refund outstanding bonds in advance of the call date. Refunding bonds are issued at lower interest rates thereby producing debt service savings. The Resolution provides the flexibility to select the particular bonds to be refunded depending on market conditions at the time of pricing. The particular bonds to be refunded will be called for redemption on the first practical optional redemption date for each series of refunded bonds occurring after the delivery of the refunding bonds.

The Resolution authorizes refunding a portion of the outstanding Revenue Financing System Commercial Paper Notes, Series A, refunding certain outstanding RFS Bonds for savings, and new money to fund construction and acquisition costs of projects in the CIP. Generally, commercial paper debt is issued to fund projects during the construction phase and the debt is not amortized. Once construction is complete, the commercial paper is refunded with bonds. Depending on the level of interest rates at the time of pricing, outstanding commercial paper and new money for construction may be financed with long-term debt.

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

Note: The Nineteenth Supplemental Resolution and forms of auction agreement and broker-dealer agreement contain terms that are substantially the same as those contained in the Thirteenth through Eighteenth Supplemental Resolutions and forms of auction agreement and broker-dealer agreement previously approved by the Board on November 13, 2003, for use as standard agreements.

9. U. T. System: Adoption of Resolution to Zurich American Insurance Company and affiliates, Schaumburg, Illinois, to guarantee payments under Phase V of the Rolling Owner Controlled Insurance Program (ROCIP)

With Regent Foster abstaining from vote because of stockholdings, the Board adopted the resolution set forth below to Zurich American Insurance Company and affiliates, Schaumburg, Illinois, to guarantee payments under Phase V of The University of Texas System's Rolling Owner Controlled Insurance Program (ROCIP).

RESOLUTION

WHEREAS, Zurich American Insurance Company and affiliates (Zurich) will insure The University of Texas System (U. T. System) and other persons under Phase V of a Rolling Owner Controlled Insurance Program (ROCIP) for various construction projects managed by the Office of Facilities Planning and Construction;

WHEREAS, Pursuant to this ROCIP, Zurich will issue one or more workers' compensation insurance policies and comprehensive general liability insurance policies that contain deductibles of \$250,000 per claim subject to a maximum of \$375,000 per occurrence that include allocated costs and indemnity payments; however, such deductibles are subject to aggregate limits of \$12,500,000 for the ROCIP; and

WHEREAS, The U. T. System Board of Regents understands and agrees that this large deductible ROCIP requires the prompt reimbursement of sums advanced by Zurich to adjust or pay claims within the deductibles, and the Board desires to guaranty to Zurich the prompt reimbursement of the deductibles for the ROCIP.

NOW THEREFORE, BE IT RESOLVED, That the Board hereby guarantees to Zurich the prompt repayment of the sums advanced by Zurich to adjust or pay claims within the deductibles for the ROCIP, subject to the aggregate deductible limits for the Program. This guaranty shall remain fully binding although Zurich may waive one or more defaults of the insured or fail to exercise any rights against the insured or modify one or more terms of the ROCIP as required by law or with the consent of the U. T. System; and, be it further

RESOLVED, That the Board represents and warrants to Zurich that the funds necessary to reimburse Zurich for the aggregate deductible liability of the insured for the ROCIP are included in the appropriations for the project heretofore approved by the Board.

ROCIP Phase V began in January 2008. Zurich was selected through a competitive process to provide Workers' Compensation and General Liability insurance for ROCIP Phase V. It is estimated that a minimum of \$800 million in construction values will be included in ROCIP Phase V over the next five years. The aggregate deductible limits are based on estimated payrolls for \$800 million in construction values. If payrolls exceed the estimate, the aggregate deductible limits may need to be increased.

The resolution, which will be provided to Zurich in lieu of a letter of credit, trust agreement, or cash, provides Zurich with assurances necessary to complete the ROCIP Phase V program.

10. U. T. System: Report on the Supply Chain Alliance Strategic Initiative

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

11. U. T. System: Report on the Fiscal Year 2007 Annual Financial Report, including the report on the U. T. System Financial Statement audit work performed by institutional and U. T. System Administration internal audit

This item was considered only by the Finance and Planning Committee and the Audit, Compliance, and Management Review Committee during their joint meeting (see Joint Committee Minutes).

REPORT AND RECOMMENDATIONS OF THE ACADEMIC AFFAIRS COMMITTEE (Pages 62 - 63).--Committee Chairman Barnhill reported that the Academic Affairs Committee met in open session to consider those matters on its agenda and to formulate recommendations for The University of Texas System Board of Regents. Unless otherwise indicated, the actions set forth in the Minute Orders that follow were recommended by the Academic Affairs Committee and approved in open session by the U. T. System Board of Regents.

1. U. T. System: Approval of expansion of degree planning authority at U. T. Brownsville, U. T. Dallas, and U. T. Pan American

Additions to the Table of Programs for The University of Texas at Brownsville, The University of Texas at Dallas, and The University of Texas - Pan American as set forth below were approved for consideration by the Texas Higher Education Coordinating Board.

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

The University of Texas at Brownsville

Bachelor of Arts in Spanish Translation and Interpreting  
Bachelor of Science in Public Health  
Bachelor of Science in Biomedical Sciences  
Master of Arts in Conflict Resolution  
Master of Fine Arts in Art Education  
Master of Corporate Communication  
Master of Applied Technology  
Master of Physical Therapy  
Master of Science in Chemistry  
Master of Science in Environmental Sciences

The University of Texas at Dallas

Bachelor of Science in Geospatial Information Sciences  
Master of Arts in Latin American Studies  
Master of Fine Arts in Translation



Master of Science in Behavioral and Brain Health  
Ph.D. in Mechanical Engineering  
Ph.D. in Science/Mathematics Education

The University of Texas – Pan American

Ph.D. in Applied and Computational Mathematics  
Ph.D. in Engineering Science

2. U. T. El Paso: Approval of acceptance of gift of outdoor art

In accordance with Regents' *Rules and Regulations*, Series 60101, Section 3.1, the Board approved the acceptance of a gift of outdoor work of art of a ZigZag Diamondback Totem for The University of Texas at El Paso.

Created in 2002 of Dakota granite by sculptor Mr. Jesús Moroles, Rockport, Texas, the ZigZag Diamondback Totem #020078 stands 115 1/2" x 13 5/8" x 10 5/8" and was donated by Mr. and Mrs. (Jeanne) Michael Klein, Austin-based philanthropists and collectors of contemporary art. The sculpture will be placed in front of the U. T. El Paso Administration Building at University Avenue and Hawthorne Street, consistent with the Campus Master Plan.

The installation cost of \$5,550 and minimal maintenance will be funded from the General Operation Fund of the Stanlee and Gerald Rubin Center for the Visual Arts.

3. U. T. Permian Basin: Approval of acceptance of gift of outdoor art

In accordance with Regents' *Rules and Regulations*, Series 60101, Section 3.1, the Board approved the acceptance of a gift of an outdoor metal art sculpture for The University of Texas of the Permian Basin.

The artwork, created in 2007 by artist Mr. Richard (Dick) Gillham, is made of steel 1/4" to 1/2" thick and stands 11' x 11'. The sculpture will be an addition to several pieces displayed in the vicinity of the Visual Arts Studios, consistent with the Campus Master Plan.

All transportation, installation, and maintenance costs will be minimal and will be covered by donated gift funds of which \$2,000 has been allocated to complete this project.

4. U. T. System: Report on enrollment management plans

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

REPORT AND RECOMMENDATIONS OF THE HEALTH AFFAIRS COMMITTEE (Pages 64 - 92).--Committee Chairman McHugh reported that the Health Affairs Committee met in open session to consider those matters on its agenda and to formulate recommendations for The University of Texas System Board of Regents. Unless otherwise indicated, the actions set forth in the Minute Orders that follow were recommended by the Health Affairs Committee and approved in open session by the U. T. System Board of Regents.

1. U. T. M. D. Anderson Cancer Center: Authorization to effectuate the following land exchanges: (a) purchase approximately 26 square feet of unimproved land adjacent to the north right-of-way of Old Spanish Trail, Houston, Harris County, Texas, from the Texas Medical Center (TMC), a Texas nonprofit corporation, for fair market value as established by independent appraisals; (b) acquire approximately 3.55 acres of unimproved land consisting of several streets and alleys between Braeswood Boulevard to the north, Cecil Street to the west, and the boundaries of the Institute Addition to the south and east, all within the Institute Addition, Houston, Harris County, Texas, from the City of Houston, a municipal corporation, and from TMC to be used for future programmed development of campus expansion; and (c) convey to the City of Houston approximately 2.28 acres of unimproved land consisting of parcels located in Blocks 14, 18, 21, 22, and 23 of the Institute Addition, Houston, Harris County, Texas, and a portion of Tract 21 as described in a deed recorded in the Real Property Records of Harris County, Texas, under Clerk's File No. M546653, and the TMC Tract, and pay to the City of Houston an amount to constitute an even exchange of values

On behalf of The University of Texas M. D. Anderson Cancer Center, the Board granted approval to

- a. purchase approximately 26 square feet of unimproved land adjacent to the north right-of-way of Old Spanish Trail, Houston, Harris County, Texas (the TMC Tract), from the Texas Medical Center (TMC), a Texas nonprofit corporation, for fair market value as established by independent appraisals;
- b. acquire approximately 3.55 acres of unimproved land consisting of several streets and alleys between Braeswood Boulevard to the north, Cecil Street to the west, and the boundaries of the Institute Addition to the south and east, all within the Institute Addition, Houston, Harris County, Texas, from the City of Houston, a municipal corporation, and from TMC (collectively, the Street Tracts) to be used for future programmed development of campus expansion;
- c. convey to the City of Houston approximately 2.28 acres of unimproved land consisting of parcels located in Blocks 14, 18, 21, 22, and 23 of the Institute Addition, Houston, Harris County, Texas, a portion of

Tract 21 as described in a deed recorded in the Real Property Records of Harris County, Texas, under Clerk's File No. M546653, and the TMC Tract (collectively, the Bertner Tracts) and pay to the City of Houston an amount to constitute an even exchange of values; and

- d. authorize the Executive Director of Real Estate to execute all documents, instruments, and other agreements, subject to approval of all such documents as to legal form by the Office of General Counsel, and to take all further actions deemed necessary or advisable to carry out the purpose and intent of the foregoing actions, including, without limitation, due diligence and closing matters.

On December 7, 1989, and November 12, 1998, the Board of Regents approved the acquisition of property in the institution's Mid-Campus area, including a portion of the Street Tracts. In 1999, the 76th Texas Legislature passed House Bill 1840 that authorized the institution's acquisition of property in the Mid-Campus area. Over time, U. T. M. D. Anderson Cancer Center has acquired approximately 12.67 acres in the Mid-Campus area in a number of noncontiguous parcels.

For several years, U. T. M. D. Anderson Cancer Center has been in discussions with the City of Houston and TMC regarding the possible exchange of property in the Mid-Campus area to create buildable lots and improve traffic circulation. The parties have agreed in principle upon an exchange of the Street Tracts for the Bertner Tracts, together with the payment by U. T. M. D. Anderson Cancer Center of \$2,393,748, sufficient cash compensation to constitute an even exchange of fair market values. The Bertner Tracts constitute a significant portion of the right-of-way of the proposed extension of Bertner Avenue from Braeswood Boulevard to Old Spanish Trail.

The City of Houston will convey streets and alleys adjacent to lands owned by TMC only to that entity; TMC has, however, agreed to convey those lands to U. T. M. D. Anderson Cancer Center in a simultaneous transaction. As part of the overall exchange, U. T. M. D. Anderson Cancer Center will purchase from TMC for fair market value, as established by independent appraisals, the TMC Tract adjacent to the north right-of-way of Old Spanish Trail and simultaneously convey that property to the City of Houston.

Acquisition of the Street Tracts will create large contiguous parcels that may be efficiently developed. The original subdivisions in the Mid-Campus area were platted with residential or small commercial uses in mind, and the resulting circulation and block design is ill-suited for the scale of development required by the institution. In addition, both U. T. M. D. Anderson Cancer Center and The University of Texas Health Science Center at Houston will

benefit from the extension of Bertner Avenue through the Mid-Campus area; Bertner Avenue will directly link the institutions' extensive South Campus properties with their core facilities in the heart of the Texas Medical Center.

As a part of a proposed interlocal agreement with the City of Houston and TMC, U. T. M. D. Anderson Cancer Center will be responsible for the design and construction costs of the Bertner Avenue extension that exceed the City's \$2,000,000 Capital Improvement Program (CIP) funding for the project. The City will allow U. T. M. D. Anderson Cancer Center's cash payment for the Street Tracts to be used to defray the institution's financial obligations under the interlocal agreement regarding the extension of Bertner Avenue. The institution's financial obligations with respect to the design and construction of Bertner Avenue are not capped under the proposed interlocal agreement. Based on current cost estimates, however, U. T. M. D. Anderson Cancer Center does not expect its total financial commitment to this project to exceed the \$2,393,748 the institution will pay for the Street Tracts.

The institution's Hospital Revenues will be used to fund the property exchange.

2. U. T. System: Approval of the Amended and Restated Model Bylaws of the Medical Service, Research and Development Plan/Physicians Referral Service (MSRDP/PRS) Faculty Practice Plan; authorization for the Executive Vice Chancellor for Health Affairs to approve implementation of MSRDP/PRS Faculty Practice Plan Bylaws at U. T. System health institutions; and authorization for the Executive Vice Chancellor for Health Affairs to approve nonsubstantive revisions to the Amended and Restated Model Bylaws of the MSRDP/PRS Faculty Practice Plan

On behalf of The University of Texas Southwestern Medical Center at Dallas, The University of Texas Medical Branch at Galveston, The University of Texas Health Science Center at Houston, The University of Texas Health Science Center at San Antonio, The University of Texas M. D. Anderson Cancer Center, and The University of Texas Health Center at Tyler, the Board

- a. approved the Amended and Restated Model Bylaws of the Medical Service, Research and Development Plan/Physicians Referral Service (MSRDP/PRS) Faculty Practice Plan for University of Texas System health institutions, set out on Pages 68 - 90, to be effective March 1, 2008;
- b. authorized the Executive Vice Chancellor for Health Affairs to approve implementation of institutional MSRDP/PRS Faculty Practice Plan Bylaws submitted by the presidents of U. T. System health institutions; and

- c. authorized the Executive Vice Chancellor for Health Affairs to approve nonsubstantive revisions to the Amended and Restated Model Bylaws of the MSRDP/PRS Faculty Practice Plan and to provide a copy of the current Model Bylaws to the Office of the Board of Regents.

In the early 1960s, the U. T. System approved the first physician practice plan in Texas at U. T. M. D. Anderson Cancer Center, titled the "Physicians Referral Service." In 1969, the U. T. System mandated the establishment of physician practice plans at the remaining U. T. System health institutions, titled the "Medical Service, Research and Development Plans," for the billing, collection, and use of professional income generated by faculty physicians. The Board of Regents approved a standard format for bylaws of the MSRDP/PRS faculty practice plans on June 14, 1984, and on May 14, 1998. The Bylaws described the membership, organization, and governance of the plans and established an institutional trust fund for the receipt and disbursement of plan income. Since 1998, the impact of the plans on the operation of each institution, their continued growth and complexity, and the dramatic changes in the reimbursement of fees for professional services, have made some aspects of the previously approved standard format bylaws obsolete.

Revisions to the standard format bylaws clarify and provide consistent definitions and elements of faculty compensation; enhance faculty participation in practice plan decisions; clarify the authority of the president to direct and manage the practice plan; address which sources of professional income must be assigned to the practice plan and require an institutional policy to address any related conflicts of interest; and require the Board of Directors and Executive Director of the practice plan to implement the spirit of the Sarbanes-Oxley Act of 2002.

The U. T. System health institution presidents will subsequently submit revised bylaws for each health institution's faculty practice plan, in conformance with the new model bylaws, to the Executive Vice Chancellor for Health Affairs for approval prior to implementation.

**AMENDED AND RESTATED  
MODEL BYLAWS OF  
THE UNIVERSITY OF TEXAS  
[INSTITUTION]  
MSRDP [PRS] FACULTY PRACTICE PLAN**

Approved by The University of Texas System Board of Regents: February 7, 2008  
Effective: March 1, 2008

**AMENDED AND RESTATED  
MODEL BYLAWS OF  
THE UNIVERSITY OF TEXAS  
[INSTITUTION]  
MSRDP [PRS] FACULTY PRACTICE PLAN**

**Table of Contents**

	<u>Page</u>
<b>ARTICLE I PURPOSE</b>	
<b>ARTICLE II DEFINITIONS</b>	
2.1 Board of Directors or Board .....	1
2.2 Board of Regents or Regents .....	1
2.3 Chair of the Board .....	1
2.4 Executive Vice Chancellor for Health Affairs.....	1
2.5 Institution .....	1
2.6 Institutional Trust Fund.....	2
2.7 Member.....	2
2.8 Plan .....	2
2.9 President .....	2
2.10 Senior Clinical Administrator .....	2
<b>ARTICLE III MEMBERS</b>	
3.1 Membership .....	2
3.2 Memorandum of Appointment and Agreement of Participation .....	3
3.3 Meeting of the Members.....	3
<b>ARTICLE IV BOARD OF DIRECTORS</b>	
4.1 Powers .....	4
4.2 Composition and Officers.....	4
4.3 Vacancy .....	5
4.4 Annual Meeting .....	5
4.5 Meetings .....	5

Approved by The University of Texas System Board of Regents: February 7, 2008

Effective: March 1, 2008

4.6	Manner of Meetings .....	6
4.7	Quorum.....	6
4.8	Reports.....	6

**ARTICLE V  
THE PRESIDENT AND CHAIR OF THE BOARD**

5.1	Authority .....	6
5.2	Consultation Requirements.....	7

**ARTICLE VI  
COMMITTEES**

6.1	Standing Committees of the Board.....	7
6.2	Meetings of Standing Committees.....	10
6.3	Additional Committees .....	10

**ARTICLE VII  
BUSINESS OPERATIONS**

7.1	Operating Budget.....	11
7.2	Executive Director.....	11
7.3	Chief Medical Officer .....	11
7.4	Business Office.....	11
7.5	Authorized Professional Business Expenditures .....	12

**ARTICLE VIII  
INSTITUTIONAL TRUST FUND**

8.1	Fund .....	12
8.2	Audit .....	12
8.3	Sources of Income .....	12
8.4	Reports.....	14
8.5	Determination of Professional Fees.....	14

**ARTICLE IX  
FACULTY COMPENSATION**

9.1	Components of Faculty Compensation .....	15
9.2	Appeal of Compensation Determination.....	16
9.3	Compensation Plan.....	16

Approved by The University of Texas System Board of Regents: February 7, 2008

Effective: March 1, 2008



**ARTICLE X  
GENERAL PROVISIONS**

10.1 Compliance and Ethics ..... 16  
10.2 Sarbanes-Oxley Act of 2002 ..... 16  
10.3 Amendments ..... 16  
10.4 Dissolution ..... 17  
10.5 Plan is Not a Contract ..... 17

**Appendix A Authorized Professional Business Expenditures**

## **ARTICLE I PURPOSE**

The Purpose of the MSRDP [PRS] Faculty Practice Plan ("Plan") is to manage and hold in trust the professional income of faculty members at The University of Texas [Institution]. The Plan's goal is to promote excellence in teaching, research, clinical service, and administration through clinical practice and compensation strategies that will contribute to and safeguard the Institution's continued growth in excellence. The Plan sets forth a general framework for compensating faculty that will attract and retain outstanding faculty by rewarding performance, clinical innovation and productivity, research, teaching, and administrative excellence; providing fairness and consistency in compensation determinations; and aligning faculty performance with the Institution's mission.

## **ARTICLE II DEFINITIONS**

- 2.1 **Board of Directors or Board** means the advisory board that makes recommendations to the President of the Institution regarding the direction and management of this Plan as set forth in these Bylaws.
- 2.2 **Board of Regents or Regents** means the governing body of The University of Texas System, which has the ultimate jurisdiction and responsibility to govern, operate, support, and maintain each institution of The University of Texas System.
- 2.3 **Chair of the Board** means the President of the Institution.
- 2.4 **Executive Vice Chancellor for Health Affairs** of The University of Texas System means the individual appointed to that position by the Regents who has the authority granted by the *Rules and Regulations* of the Board of Regents and the specific responsibilities set forth in these Bylaws.
- 2.5 **Institution** means The University of Texas [Institution].

Approved by The University of Texas System Board of Regents: February 7, 2008

Effective: March 1, 2008

- 2.6 **Institutional Trust Fund** means the fund established for the deposit and distribution of revenues generated and disbursed according to this Plan.
- 2.7 **Member** means faculty members who are designated to participate in this Plan by the President or a designee, as more fully described in section 3.1.
- 2.8 **Plan** means this MSRDP or PRS Faculty Practice Plan, otherwise known as the Medical Service, Research and Development Plan (“MSRDP”) or, with respect to The University of Texas M. D. Anderson Cancer Center, the Physicians Referral Service (“PRS”).
- 2.9 **President** means the person appointed by the Regents to serve as President of the Institution and who shall act as Chair of the Board of the Plan. All references to the President herein also refer to the President’s role and actions as Chair of the Board.
- 2.10 **Senior Clinical Administrator** means the officer or individual within the Institution with significant clinical experience and expertise who is appropriately qualified to perform the functions of the role to which he or she is appointed.

### **ARTICLE III MEMBERS**

- 3.1 **Membership.** Membership in the Plan is mandatory for each faculty member whose appointment is 50% or greater, if the Member generates professional income as defined in section 8.3. Other part-time faculty members may become Members upon recommendation of the department chair and approval of the President or a designee. This Plan may apply to faculty members who do not generate professional income, as determined by the President at the time of appointment or reappointment of the Member.
- 3.1.1 All Members shall be entitled to vote upon business brought before the membership and be eligible for election or appointment to a committee of the Plan.
- 3.1.2 A Member leaving the faculty for any reason terminates membership in the Plan without recourse.

Approved by The University of Texas System Board of Regents: February 7, 2008

Effective: March 1, 2008

- 3.2 **Memorandum of Appointment and Agreement of Participation.** A Memorandum of Appointment and an Agreement of Participation assigning professional income to the Plan shall be executed annually between each Member and the Institution, in a form prescribed by the Executive Vice Chancellor for Health Affairs, and are a condition for membership and participation in the Plan. Any delay, error or failure to execute these two documents does not relieve a Member of the requirement that all of his or her professional income shall be assigned to the Plan.
- 3.3 **Meeting of the Members.** The Members shall meet in general session at least annually in [month] at a place designated by the President, and at other times at the call of the President. Notice of the annual meeting shall be distributed to each Member at least 14 days prior to the meeting. At least 30 days prior to the annual meeting, the President shall appoint a nominating committee to submit nominations for members-at-large to the Members. [Nominations for members-at-large may be made from the floor if the Member nominated has agreed to the nomination.] At its annual meeting, the Members shall elect [number] members-at-large to serve on the Board.
- 3.3.1 Special meetings may be called by the Board, the President, or upon written petition of [one-third] of the Members, subject to 14 days notice in writing to all Members. The time, place, and date of the meeting shall be determined by the Board, and the group requesting the special meeting shall state the purpose.
- 3.3.2 The President or in his or her absence, the Vice-Chair, shall preside.
- 3.3.3 The Secretary of the Board shall serve as Secretary of the Plan.
- 3.3.4 [One-half] of the Members shall constitute a quorum.
- 3.3.5 Proxies shall not be allowed.
- 3.3.6 Unless otherwise specified herein, a simple majority of a quorum present and voting shall constitute a prevailing vote.
- 3.3.7 Mail or electronic votes may be called at the discretion of the President. On matters requiring a vote of the Members, at least fourteen calendar days before the deadline for completion of voting, the Secretary shall provide to each voter, either through the mail or electronically, a mail ballot or instructions for voting electronically, accompanied by background information prepared by the Secretary as

the Board may direct, and a deadline for the return of the mail ballots or for electronic voting.

- A. In the case of mail ballots, each voter shall receive a plain envelope in which to enclose a marked ballot, and a second envelope addressed to the Secretary to be used for the return of the sealed ballot. The envelope addressed to the Secretary shall have a space for the signature of the voter. Ballots lacking this validating signature shall be deemed void.
- B. For electronic voting, the Secretary shall utilize a system that verifies each voter's identity and maintains security.

3.3.8 Minutes of each meeting shall be prepared by the Secretary, published and circulated to each member of the Board and the Executive Vice Chancellor for Health Affairs, and shall be available to each Member upon request. Posting the minutes on a website satisfies this requirement.

3.3.9 The rules of order for meetings shall be the current edition of *Robert's Rules of Order*.

## **ARTICLE IV BOARD OF DIRECTORS**

4.1 **Powers.** The membership, governance, and scope of authority of the advisory Board are prescribed herein.

4.2 **Composition and Officers.** The Board shall be composed as follows:

4.2.1 Officers of the Board

- A. The Chair shall be the President of the Institution.
- B. The Vice-Chair shall be a Senior Clinical Administrator, such as the Dean of the School of Medicine or similarly titled and skilled senior level administrator who is qualified to serve, as determined by the President.
- C. The Treasurer shall be the Chief Business Officer of the Institution or other similarly skilled senior level administrator who is qualified to serve, as determined by the President.

Approved by The University of Texas System Board of Regents: February 7, 2008

Effective: March 1, 2008

- D. The Secretary shall be the Executive Director of the Plan, serving as an ex officio, nonvoting member of the Board; however, if the Executive Director of the Plan is a Member, he or she shall be a voting member of the Board.

#### 4.2.2 Other Directors

- A. [Senior Clinical Administrator, if not a Vice-Chair];
- B. [Number] Chairpersons of clinical departments;
- C. [Number] members-at-large will be elected by the Members at their annual meeting. Such members may serve no more than [two] consecutive [two]-year terms, but may be eligible to serve after an interval of one year;
- D. [Number] Members appointed from departments;
- E. The Chief Legal Officer of the Institution shall serve as an ex officio, nonvoting member of the Board;
- F. The Chief Medical Officer of the Plan shall serve as an ex officio member of the Board, [with/without vote];
- G. Other persons may be appointed by the President as ex officio members of the Board without vote; and
- H. No clinical department shall have more than [Number] voting members of the Board.

4.3 **Vacancy.** If a vacancy exists for a member-at-large, the Board shall appoint a replacement until the next annual election by the Members.

4.4 **Annual Meeting.** The Board will assume its responsibilities annually at its [month] meeting.

4.5 **Meetings.** The Board shall meet at least [monthly, quarterly], on call of the Chair, or on the written petition of [one-half, two-thirds] of the Board. Minutes and attendance of all meetings and standing committees shall be recorded, and a copy, including all committee reports and attendance, shall be provided to the Executive Vice Chancellor for Health Affairs, if requested. Special meetings shall be held when called by the President or at the request of [% of the directors].

- 4.6 **Manner of Meetings.** Meetings may be held in a manner determined by the President, including in-person meetings, teleconference, or written unanimous consent. Minutes of meetings by teleconference shall be prepared and filed in the same manner as any other meeting. A written consent in lieu of a meeting shall be in writing, describe the action to be taken, signed by each director, and authorized by the Board. Such consent shall have the same force and effect as a unanimous vote at a meeting.
- 4.7 **Quorum.** [One-half] of the Board shall constitute a quorum. A simple majority vote of directors present and voting shall prevail, provided, however, that any action taken by the Board is subject to approval by the President.
- 4.8 **Reports.** The Board shall report its actions, in writing, to the Members at the Members' annual meeting.

## **ARTICLE V THE PRESIDENT AND CHAIR OF THE BOARD**

- 5.1 **Authority.** The direction and management of the Plan and the control and disposition of its assets shall be vested in the President, who shall act as Chair of the Board, subject to the authority of the Executive Vice Chancellor for Health Affairs and/or the Regents, as set forth in these Bylaws and the Regents' *Rules and Regulations*, The University of Texas System policies, and Institution policies. The President may approve exceptions to the Plan to meet special teaching, research or clinical service requirements. The President shall have the authority to:
- 5.1.1 Make recommendations regarding faculty compensation, subject to the approval of the Executive Vice Chancellor for Health Affairs;
  - 5.1.2 Appoint a designee to carry out certain functions described herein;
  - 5.1.3 Appoint officers and directors to the Board as set forth in section 4.2, and ensure that all presidential appointees to the Board or committees described in Article VI have the appropriate skill and experience to carry out the duties assigned;
  - 5.1.4 Oversee committees of the Plan to ensure that each committee is diligently performing its assigned duties;

- 5.1.5 Issue administrative procedures further defining implementation of this Plan, subject to the approval of the Executive Vice Chancellor for Health Affairs;
  - 5.1.6 Review amendments to the Plan proposed by the Members or the Board; propose amendments as appropriate to the Board, the Members, the Executive Vice Chancellor for Health Affairs, or the Regents; and transmit amendments to the Executive Vice Chancellor for Health Affairs, or the Regents, as appropriate; and
  - 5.1.7 Take such other action on behalf of the Plan and the Members as deemed necessary, in consultation with the Board.
- 5.2 **Consultation Requirements.** The President or a designee shall consult with the Faculty Compensation Advisory Committee and representative faculty groups, such as the Institution Faculty Senate, as appropriate, regarding proposed substantive revisions to the Faculty Compensation Plan described in section 9.1 of these Bylaws, before submitting such revisions to the Executive Vice Chancellor for Health Affairs for approval.

## **ARTICLE VI COMMITTEES**

- 6.1 **Standing Committees of the Board.** Members of the following standing committees shall be appointed by the President, in consultation with the Board, except as specifically designated herein. The President shall appoint the chair of each committee. Committee appointments are for [two years] and may be renewed for additional [two year] terms at the discretion of the President. All committees shall report to the Board, including Institutional committees that perform the described duties on behalf of the Plan.
- 6.1.1 **[Optional Committee]** The **Executive Committee** shall be chaired by the President and shall include the officers of the Board and [number] additional members appointed by the President to make recommendations or decisions between meetings on behalf of the Board.
  - 6.1.2 The **Budget and Finance Committee** shall be chaired by the [Dean of the School of Medicine, Senior Clinical Administrator or the Chief Business Officer] and shall consist of [the Dean of the School of

Approved by The University of Texas System Board of Regents: February 7, 2008

Effective: March 1, 2008



Medicine where there is a Dean, a Senior Clinical Administrator, and the Chief Business Officer], a faculty [Senate or similar faculty organization] representative who is a Member, and [number] other members appointed by the President; at least one member shall not be a department chair. The duties of the Budget and Finance Committee shall include, but not be limited to:

- A. Developing annual operating and capital budgets for the Plan for approval by the Board;
- B. Reviewing and approving unbudgeted expenditures greater than [\$ amount] for approval by the Board;
- C. Reviewing and approving financial reports for presentation to the Board;
- D. Reviewing billing and collection activities and making appropriate recommendations to the Board;
- E. Reviewing the financial impact of proposed programs and services, and proposed capital investments, and reporting findings to the Board for approval;
- F. Developing professional fee schedules for approval by the Board; and
- G. Recommending to the Board any action necessary to address budgetary changes or shortfalls.

6.1.3 The **Compliance and Ethics Committee** shall be chaired by the [Dean of the School of Medicine, or if no Dean the Senior Clinical Administrator to whom Clinical Department Chairs report; who may be Co-Chairs] and shall consist of [number] members appointed by the President; at least one member shall not be a department chair. The Compliance Officer of the Institution shall report to this Committee. If there is an Institutional Compliance Committee, that Committee may act as the Compliance and Ethics Committee of the Plan, in the discretion of the Board. The duties of the Compliance and Ethics Committee shall include, but not be limited to:

- A. Developing and overseeing compliance plans, including training of faculty and staff, to assure that billing and collecting comply with local, state and federal statutes, rules and guidelines;

- B. Reviewing compliance reports and making appropriate recommendations to the Board;
- C. Reviewing findings of Professional Affairs and Audit Committees and making appropriate recommendations to the Board;
- D. Reviewing departmental guidelines for supervision of residents and documentation standards and making appropriate recommendations to the Board;
- E. Making recommendations to the Audit Committee; and
- F. Complying with the Institutional Compliance Plan.

6.1.4 The **Professional Affairs Committee** shall be chaired by the [Dean of the School of Medicine, Senior Clinical Administrator, or Chief Medical Officer] and shall include [number] members appointed by the President; at least one member shall not be a department chair. If there is an Institutional Professional Affairs Committee, that committee may act as the Professional Affairs Committee of the Plan. The duties of the Professional Affairs Committee shall include, but not be limited to:

- A. Reviewing and recommending action to the Board concerning membership in the Plan not expressly required by the Bylaws;
- B. Developing and overseeing a plan that assures appropriate credentialing and peer review of all Members of the Plan; and
- C. Developing and overseeing a quality improvement and patient safety program.

6.1.5 The **Audit Committee** shall be chaired by the President. Members shall include the officers of the Board and an independent, external member with financial expertise. If the Institution has an Institutional Audit Committee, that committee may serve as the Audit Committee of the Plan, in the discretion of the Board. If the Plan has its own Audit Committee, the Committee shall conduct its proceedings and decision-making consistent with the charter of the Institution's Audit Committee. The duties of the Audit Committee shall include, but not be limited to:

- A. Developing and overseeing an annual audit plan, to include audits of any entity contracted for business operations of the Plan;
- B. Reviewing audit reports and ensuring that findings and recommendations of the auditor are forwarded to the appropriate committees or departments;
- C. Monitoring the implementation of and compliance with the recommended corrective action, if any; and
- D. Making recommendations to the Board, as appropriate.

6.1.6 The **Faculty Compensation Advisory Committee** shall advise the Board on matters related to compensation. The chair of the committee shall be the Chief Medical Officer. The committee shall provide advice related to developing mechanisms for obtaining faculty input. A member of the Institution's Faculty Senate who is a Member of the Plan shall be appointed to the Faculty Compensation Advisory Committee.

6.2 **Meetings of Standing Committees.** Standing committees shall meet at least quarterly or on the call of the chair of the committee, keep minutes of the meetings, and report actions and recommendations, in writing, to the Board.

6.3 **Additional Committees.** The President, in consultation with the Board, may create other standing and *ad hoc* committees from among the directors or the Members to make recommendations upon specific matters. Committees may also be created at the request of a majority of the Members. Appointment to these committees shall be noted in the minutes of the Board, including any restriction on membership. The minutes shall be kept of committee meetings, and recommendations shall be submitted to the Board in writing. The Board may eliminate a standing committee as circumstances change, subject to the prior approval of the Executive Vice Chancellor for Health Affairs.

## ARTICLE VII BUSINESS OPERATIONS

- 7.1 **Operating Budget.** The Budget and Finance Committee shall prepare an annual operating budget for all income and expenditures of the Plan for approval by the Board. Such approval shall be in accordance with the Budget Rules and Procedures of the Regents.
- 7.2 **Executive Director.** The President, in consultation with the Board, shall appoint an Executive Director of the Plan who shall serve as the general administrative officer and business manager of the Plan at the pleasure of the President.
- 7.2.1 The Executive Director shall be under the direction and supervision of the President or a designee.
- 7.2.2 The Executive Director shall prepare financial reports for the Plan, which shall be submitted to the Board at each regular meeting. Quarterly financial reports shall be submitted to and in a format approved by the Executive Vice Chancellor for Health Affairs.
- 7.2.3 The Executive Director shall maintain detailed records of all operational and financial information regarding the Plan.
- 7.3 **Chief Medical Officer.** The President, in consultation with the Board, shall appoint a Chief Medical Officer of the Plan who shall serve as the liaison between the Board and the Members to provide leadership in the development of business and operational strategies related to the Plan. The Chief Medical Officer shall oversee the credentialing, quality of care, and patient safety functions of the Plan.
- 7.4 **Business Office.** A Business Office shall be maintained for the Plan under the direction of the President or a designee, consistent with the rules, regulations, and policies of The University of Texas System and Institutional policies.
- 7.4.1 The President, in consultation with the Board, and subject to Regents' *Rules*, may contract with an entity to administer the business operations of the Plan, including but not limited to, strategic development, marketing, billing for and collection of professional fees, contracting for professional services, clinic operations, credentialing, and managed care operations. Contract oversight,

Approved by The University of Texas System Board of Regents: February 7, 2008

Effective: March 1, 2008

reporting, corporate compliance, and financial audit of the entity are the responsibilities of the appropriate officers or committees of the Board. Contracting with an outside entity for billing and collection of professional fees requires the prior approval of the Executive Vice Chancellor for Health Affairs.

7.4.2 Except as provided in section 7.4.1 above, professional fees and Plan-related technical fees shall be centrally billed and collected by the business office for the Plan, in accordance with procedures developed by the Board and applicable policies of The University of Texas System and the Institution. All personnel in the business office who have responsibilities for billing and collection for professional services of the Members shall be under the control of and assigned for personnel matters to the Executive Director.

7.4.3 All collections received from the professional services of Members and all monies received from other sources of professional income described in section 8.3 below shall be deposited in the Institutional Trust Fund.

7.5 **Authorized Professional Business Expenditures.** Professional business expenditures authorized by the Regents are set forth in Appendix A.

## **ARTICLE VIII INSTITUTIONAL TRUST FUND**

8.1 **Fund.** An Institutional Trust Fund has been established for the receipt and disbursement of Plan income.

8.2 **Audit.** The Institutional Trust Fund shall be audited in accordance with rules, regulations, and policies of The University of Texas System and the Institution. The cost of the audit shall be paid from the Institutional Trust Fund.

8.3 **Sources of Income.**

8.3.1 Pursuant to the Member's Memorandum of Appointment and Agreement of Participation with the Institution for participation in the Plan, each Member shall assign all professional income

(including any technical component) to the Institutional Trust Fund, including, but not limited to:

- A. Professional fees (and any other monies or material considerations provided in the context of medical services to patients) generated for all patient care services rendered by full-time faculty Members regardless of where rendered;
- B. Professional fees (and any other monies or material considerations provided in the context of medical services to patients) generated for all patient care services rendered by part-time faculty Members, if such fees are generated in connection with the Member's appointment;
- C. Fees for all court appearances, depositions, expert testimony, or legal consultations; and
- D. Gifts of cash or cash equivalents provided in the context of patient-care activities.

8.3.2 The following are not professional income and may be retained by the Member:

- A. Honoraria, defined as payments by entities outside The University of Texas System for occasional lectures and similar public appearances beyond normal academic responsibilities to the Institution, that are not in return for other services related to the Member's appointment to the faculty and that are in compliance with Section 36.07 of the *Texas Penal Code*, whether given directly or indirectly;
- B. Royalties, defined as shares or proceeds for contributions as authors or inventors, as permitted under The University of Texas System's copyright and patent policies;
- C. Payment for editing scientific publications;
- D. Prizes, defined as gifts in recognition of personal achievement and not for services rendered;
- E. Income from a profession or activity unrelated to the training and experience which is the individual's qualification for

appointment to the faculty, as determined by the department chair in consultation with the President; and

- F. Tangible and non-tangible noncash gifts, only as permitted by State law or The University of Texas System or Institution policy or rule.

8.3.3 Payments to Members from pharmaceutical, medical device, biotechnology, or related industries, as well as stipends for serving on boards of directors or advisory boards, shall be addressed in an Institutional policy governing such activities and the receipt of such payments. The policy also shall address conflicts of interest, conflicts of commitment with faculty responsibilities related to income from outside professional activities, and the maximum income that the Member can retain from outside professional activities. The policy must be approved by the Executive Vice Chancellor for Health Affairs.

8.3.4 Income may be accepted from voluntary and part-time faculty who are not Members of the Plan, at the discretion of the individual, upon the recommendation of the department chair, and approval of the President.

8.3.5 Other income not specifically described above shall be reported to the President or a designee, who shall determine whether such income will be considered professional income.

8.4 **Reports.** Each Member shall file a report annually regarding outside professional activities from which the Member retained income in accordance with institutional policy. The policy must be approved by the Executive Vice Chancellor for Health Affairs.

8.5 **Determination of Professional Fees.** The Budget and Finance Committee shall prepare a fee schedule, which shall be used for billing purposes, subject to approval by the President, in consultation with the Board. Substantive changes in the fee schedule must be approved by the President. Guidelines for discounting fees, if any, will be developed by the Board.

## ARTICLE IX FACULTY COMPENSATION

9.1 **Components of Faculty Compensation.** The Institution's Faculty Compensation Plan ("Compensation Plan") is a separate document that describes a process to compensate faculty performance and maintain and enhance faculty excellence in support of patient care, education, and research. The Compensation Plan shall be comprised of three major components with subparts as determined by the President after consulting with faculty as required in section 5.2. The three components are (a) Base Salary, (b) Supplemental Compensation, and (c) Incentive Compensation. The term total compensation refers to the aggregate compensation derived from these three components.

9.1.1 Base Salary. Base Salary is that part of a Member's salary based on a Member's academic rank. Base Salary shall be designated annually in the Member's Memorandum of Appointment. Base Salary may be derived from any reasonable method, such as salary survey results by nationally recognized organizations that are commonly relied upon by university health institutions to establish similar types of compensation.

9.1.2 Supplemental Compensation. Supplemental Compensation is that part of a Members' annual fixed compensation stated in the Memorandum of Appointment that is determined by a Member's area of practice or specialty, administrative duties while performed, and other positions, tasks, responsibilities or contributions that are duly assigned to the Member and for which compensation is not received as either Base Salary or Incentive Compensation.

9.1.3. Incentive Compensation. Incentive compensation, if any, is that part of a Member's compensation for performance that is not fixed and is determined through the application of an established and equitably applied formula that rewards outstanding performance and productivity and also factors in any negative aspects of a Members' performance or productivity. Incentive compensation may be based on any aspect of a Member's duties, such as teaching, research, public service, clinical productivity, awards of grants or other types of research funding, teaching, service to the institution or any other facet of job performance.



- 9.2 **Appeal of Compensation Determination.** A Member may appeal a compensation determination according to the appeals procedure set forth in the Compensation Plan.
- 9.3 **Compensation Plan.** The Compensation Plan is subject to approval by the Executive Vice Chancellor for Health Affairs.

## **ARTICLE X GENERAL PROVISIONS**

- 10.1 **Compliance and Ethics.** Each Member shall abide by the ethical standards and principles of the state and national professional associations of the Member's discipline. Each Member shall comply with federal, state and local laws and regulations.
- 10.2 **Sarbanes-Oxley Act of 2002.** The Board and the Executive Director shall, with respect to the operation of the Plan, implement the spirit of the Sarbanes-Oxley Act of 2002, consistent with The University of Texas System and Institution policies and rules related to financial activities and reporting, and the codes of ethics of the System and the Institution.
- 10.3 **Amendments.** These Bylaws have been developed within the standard format approved by the Regents. Substantive amendments may be made only upon approval by the Regents. Nonsubstantive amendments may be approved upon written request of the Executive Vice Chancellor for Health Affairs. All proposed amendments shall be submitted to the Executive Vice Chancellor for Health Affairs, who will determine whether the approval of the Regents is required.
- 10.3.1 Recommendations for amendments to these Bylaws may be made by [%] of the Members voting at a special meeting called for the purpose, the Board, or the President.
- 10.3.2 Recommendation for substantive amendments to these Bylaws requires a two-thirds vote of a quorum of the Members at any regular meeting of the Members or a meeting called specifically for this purpose, provided that the proposed amendments shall have been submitted by written notice (which may be by email or other

electronic communication) to the Members not less than thirty days prior to the meeting at which the amendment is brought to a vote.

10.3.3 Notice of proposed amendments to these Bylaws shall include the complete text of the proposed amendments.

10.3.4 Substantive amendments shall become effective upon approval of the Regents. Nonsubstantive amendments may be approved by the Executive Vice Chancellor for Health Affairs, and shall become effective upon such approval.

10.4 **Dissolution.** The Plan may be dissolved by the Regents or by applicable law. All monies residual in the Institutional Trust Fund shall be used to discharge obligations of the Plan with the balance to become the property of the Institution.

10.5 **Plan is Not a Contract.** This Plan does not constitute a contract or grant any rights beyond which any person is already entitled. The Regents retain the right to modify or terminate the Plan at any time.

## APPENDIX A

### AUTHORIZED PROFESSIONAL BUSINESS EXPENDITURES

<u>Authorized Business Expense</u>	<u>Maximum</u>
1. Malpractice Insurance	U. T. System self-insurance rates
2. Official travel, including registration fees (see No. 17, Official Institutional Functions and Official Entertainment)	In accordance with policy and limits, established by U. T. System and the Institution not to exceed actual expense
3. Faculty Development Leave	In accordance with the Regents' <i>Rules and Regulations</i> and Institutional policy
4. Uniforms or Lab Coats	Through Institutional purchasing
5. Membership Dues in Professional Scientific Organizations, Faculty Clubs, Medical Center clubs, or equivalent	In accordance with Institutional policy. Faculty Clubs, Medical Center clubs, or equivalent with President's approval
6. Texas State Clinical License Fee, including Texas Medical Board License	Annual fee; reimbursement expenditure only
7. Medically-Related Educational Aids	In accordance with Institutional policy
8. Base Salary, Supplemental Compensation, and Incentive Compensation	In accordance with Institutional and U. T. System policy
9. Purchase, maintenance and operation of equipment and operation of U. T. System facilities	In accordance with Institutional policy
10. Ordinary and necessary business expenses incurred by the Member in earning the professional fees charged by said Member, excluding entertainment (see No. 17, Official Institutional Functions and Official Entertainment)	In accordance with Institutional policy

Approved by The University of Texas System Board of Regents: February 7, 2008

Effective: March 1, 2008

Appendix A-1

Authorized Business Expense

Maximum

- |     |   |   |
|-----|---|---|
| 11. | Registration fees and tuition incident to attendance at meetings and courses as requested or approved by Institution  | In accordance with Institutional policy   |
| 12. | Consultant fees and expenses, including guest speakers at official institutionally sponsored or approved meetings   | In accordance with U. T. System and Institutional policy  |
| 13. | Expenses incident to faculty or staff recruitment (see No. 17, Official Institutional Functions and Official Entertainment)   | In accordance with Institutional policy   |
| 14. | Establishment or endowment of programs, professorships, or chairs   | In accordance with U. T. System and Institutional policy  |
| 15. | Support of academic programs and projects involving education, research or patient care   | In accordance with Institutional policy   |
| 16. | Institutional participation in community, organizations or events   | In accordance with Institutional policy   |
| 17. | Official Institutional Functions and Official Entertainment<br>Official entertainment is defined as business-related events or expenditures which are of documented benefit to the Institution or the U. T. System. | In accordance with Institutional policy, provided, however, prior presidential approval is required for any expenditures greater than \$2,500<br>A quarterly report of all expenditures approved in this category shall be filed with the Executive Vice Chancellor for Health Affairs. |
- 
- No MSRDP/PRS funds may be expended for the benefit of any single individual person or Member except as herein approved.
  - All requests for reimbursement must contain adequate documentation and must be signed by the person seeking reimbursement.
  - All expenditures are subject to the *Rules and Regulations* of the Board of Regents of the U. T. System and applicable institutional regulations and procedures. This list of authorized expenditures may be periodically amended by action of the Executive Vice Chancellor for Health Affairs.

Approved by The University of Texas System Board of Regents: February 7, 2008

Effective: March 1, 2008

3. U. T. Health Science Center - Houston: Approval to name the water feature and patio in the Fayez S. Sarofim Research Building as the Dan L. Duncan Family Water Feature and Patio

Consistent with the Regents' *Rules and Regulations*, Series 80307, the Board approved naming the water feature and patio in the Fayez S. Sarofim Research Building at The University of Texas Health Science Center at Houston as the Dan L. Duncan Family Water Feature and Patio in honor of the Dan L. Duncan family.

Built in 2006, the Fayez S. Sarofim Research Building houses the Brown Foundation Institute of Molecular Medicine (IMM) for the Prevention of Human Diseases. In 2003, Mr. Dan L. Duncan made a \$2,000,000 gift to the New Frontiers Campaign in support of the IMM and a significant naming opportunity was presented to the Duncan family. The process for recognition of this gift was delayed and Mr. Duncan has since made another significant pledge to support the Children's Learning Institute's Neurodevelopment Clinic. The Duncan family's contributions have been vital to the institution as well as to the Houston community, and crucial to the development of new strategies for curing and preventing human diseases.

4. U. T. Health Science Center - Houston: Approval to name the Executive Office Wing in the Fayez S. Sarofim Research Building as the Memorial Hermann Hospital System Executive Office Wing

Consistent with the Regents' *Rules and Regulations*, Series 80307, the Board approved naming the Executive Office Wing in the Fayez S. Sarofim Research Building at The University of Texas Health Science Center at Houston as the Memorial Hermann Hospital System Executive Office Wing.

Built in 2006, the Fayez S. Sarofim Research Building houses the Brown Foundation Institute of Molecular Medicine (IMM) for the Prevention of Human Diseases. In 2004, Memorial Hermann Hospital System made a \$10,000,000 gift to the New Frontiers Campaign in support of the IMM and a significant naming opportunity was presented to Mr. Dan Wolterman, President of Memorial Hermann Hospital System. The process for recognition of this gift was delayed. This naming recognizes the long-standing, successful, and continuing collaborative relationship with Memorial Hermann Hospital System.

5. U. T. Southwestern Medical Center - Dallas: Approval to name the Harold and Annette Simmons Comprehensive Center for Research and Treatment of Brain and Neurological Disorders

In accordance with the Regents' *Rules and Regulations*, Series 80307, and in recognition of the contributions of Mr. and Mrs. Harold Simmons to The University of Texas Southwestern Medical Center at Dallas, the Board named the Harold and Annette Simmons Comprehensive Center for Research and Treatment of Brain and Neurological Disorders, a prominent program.

Southwestern Medical Foundation received a \$50 million, five-year pledge from Mr. and Mrs. Simmons to support and expand basic and clinical neuroscience disciplines. The lifetime donations of Mr. and Mrs. Simmons and the Harold Simmons Foundation exceed \$177 million. This naming will coincide with the life of the programmatic gift support.

6. U. T. System: Preliminary report on initiatives in health professional education

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

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

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

REPORT AND RECOMMENDATIONS OF THE FACILITIES PLANNING AND CONSTRUCTION COMMITTEE (Pages 93 - 123).--In the absence of Vice Chairman Huffines, Acting Committee Chairman Barnhill reported that the Facilities Planning and Construction Committee met in open session to consider those matters on its agenda and to formulate recommendations for The University of Texas System Board of Regents. Unless otherwise indicated, the actions set forth in the Minute Orders that follow were recommended by the Facilities Planning and Construction Committee and approved in open session by the U. T. System Board of Regents.

1. U. T. System: Amendment of the FY 2008-2013 Capital Improvement Program and the FY 2008-2009 Capital Budget to include four projects with funding from Permanent University Fund Bond Proceeds:

- U. T. Austin Fire and Life Safety Projects
- U. T. Dallas Arts and Technology Facility
- U. T. El Paso Fire and Life Safety Projects
- U. T. Medical Branch - Galveston Administration Building Life Safety Renovations

The Board amended the FY 2008-2013 Capital Improvement Program (CIP) and the FY 2008-2009 Capital Budget to include four projects as set out in Table 1 on Page 95 and as set forth below:

- a. include one new construction project for the Arts and Technology Facility at The University of Texas at Dallas; and
- b. include three repair and rehabilitation fire and life safety projects at The University of Texas at Austin, The University of Texas at El Paso, and The University of Texas Medical Branch at Galveston; appropriate funds and authorize expenditure; and authorize institutional management.

On August 23, 2007, The University of Texas System Board of Regents approved the allocation of \$177,200,000 of Permanent University Fund (PUF) Bond Proceeds for 13 capital projects. On November 9, 2007, six of the capital projects were approved for inclusion in the FY 2008-2013 CIP with a total project cost of \$106,500,000 with \$87,500,000 allocated from PUF. This approval is for four projects with a total project cost of \$90,200,000 with \$51,200,000 allocated from PUF as shown in the Table on Page 95.

The approval of the total project cost for the Arts and Technology Facility project at U. T. Dallas, the design development, and the appropriation of funding will be presented to the Board at a later date.

U. T. Austin, U. T. El Paso, and U. T. Medical Branch - Galveston Facilities Management personnel have the experience and capability to manage all aspects of the work for the three repair and rehabilitation projects.

These off-cycle projects have been approved by University of Texas System staff and meet the criteria for inclusion in the CIP.



**Table 1  
Proposed PUF Projects to be included in the FY 2008-2013 Capital Improvement Program**

**Projects to be included in CIP**

(\$ in millions)

Project Name	Project Type	TPC	PUF	RFS	Hospital Revenues	Project Description
<b>UT Austin</b>						
Fire and Life Safety Projects		\$ 2.6	\$ 2.6			
<b>UT Dallas</b>						
Arts and Technology Facility	New construction	\$ 81.0	\$ 45.0	\$ 36.0		Signature state-of-the-art research & instructional building for emerging media technology; associated parking, renovation of vacated space and demolition of existing Visual Arts building. Note: Would serve fastest growing undergraduate and graduate program on campus; with strong industry demand for graduates. Additional project scope includes a match for gift funds for extensive beautification of surrounding campus.
<b>UT El Paso</b>						
Fire and Life Safety Projects		\$ 0.6	\$ 0.6			
<b>Medical Branch Galveston</b>						
Administration Building Life Safety Renovations		\$ 6.0	\$ 3.0		\$ 3.00	
<b>TOTAL PROJECTS</b>		<b>\$ 90.20</b>	<b>\$ 51.20</b>	<b>\$ 36.00</b>	<b>\$ 3.00</b>	
<b>TOTAL: NET OF FIRE AND LIFE SAFETY</b>			<b>\$ 6.20</b>			High priority projects include installation of fire alarms, fire sprinkler systems, fire pumps, smoke exhausts, and means of egress. Categories of buildings affected are medical facilities (patient care), high-rise buildings, large assembly occupancies, highly populated academic buildings with lecture auditoriums and large traffic flows, and laboratory or special hazard use buildings.

**Recommendations:**

1. Fire and Life Safety Projects to be institutionally managed
2. New construction to be brought back to the Board for design development approval at a later date

**Investment Metrics:**

UT Dallas Arts and Technology Facility: 1. Increased enrollment and number of graduates by 2015. 2. Increase research funding to \$1,700,000. 3. Raise national program ranking to top 10 nationally.

2. U. T. Arlington: Yates and First Street Improvements - Amendment of the FY 2008-2013 Capital Improvement Program and the FY 2008-2009 Capital Budget to include project; approval of total project cost; appropriation of funds and authorization of expenditure; and resolution regarding parity debt

The Board amended the FY 2008-2013 Capital Improvement Program (CIP) and the FY 2008-2009 Capital Budget to include the Yates and First Street Improvements project at The University of Texas at Arlington as follows:

**Project No.:** 301-396

**Project Delivery Method:** Competitive Sealed Proposals

**Substantial Completion Date:** August 2009

<b>Total Project Cost:</b>	<u>Source</u>	<u>Current</u>
	Revenue Financing System Bond Proceeds	\$7,500,000

- a. approve a total project cost of \$7,500,000 with funding from Revenue Financing System Bond Proceeds;
- b. appropriate funds and authorize expenditure; and
- c. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that
  - parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt;
  - sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System; and
  - U. T. Arlington, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$7,500,000.

Debt Service

The \$7,500,000 in Revenue Financing System debt will be repaid from designated funds. Annual debt service on the \$7,500,000 Revenue Financing System debt is expected to be \$752,000. The institution's debt service coverage is expected to average 1.7 times over FY 2008-2013.

Project Description

The project, including underground utility upgrades, must be completed prior to commencing construction of the Engineering Research Building scheduled to begin during Summer 2008. The design will include a pedestrian mall with landscaping and a tree-lined walking surface that will be designed to adequately handle occasional vehicular traffic for service, deliveries, and emergency use.

The road work will include the removal of Yates Street from UTA Boulevard to First Street and the removal of First Street from Yates Street to College Street.

This off-cycle repair and rehabilitation project has been approved by University of Texas System staff and meets the criteria for inclusion in the CIP.

- 3. U. T. Austin: Data Center at the Central Receiving Building - Amendment of the FY 2008-2013 Capital Improvement Program and the FY 2008-2009 Capital Budget to include project; approval of total project cost; appropriation of funds and authorization of expenditure; and resolution regarding parity debt

The Board amended the FY 2008-2013 Capital Improvement Program (CIP) and the FY 2008-2009 Capital Budget to include the Data Center at the Central Receiving Building project at The University of Texas at Austin as follows:

<b>Project No.:</b>	102-394				
<b>Project Delivery Method:</b>	Design Build				
<b>Substantial Completion Date:</b>	May 2009				
<b>Total Project Cost:</b>	<table><tr><td><u>Source</u></td><td><u>Current</u></td></tr><tr><td>Revenue Financing System Bond Proceeds</td><td>\$25,000,000</td></tr></table>	<u>Source</u>	<u>Current</u>	Revenue Financing System Bond Proceeds	\$25,000,000
<u>Source</u>	<u>Current</u>				
Revenue Financing System Bond Proceeds	\$25,000,000				

**Investment Metrics:**

- Move critical IT services that support administrative, academic, and research computing to a reliable data center facility that supports concurrent maintainability of facility infrastructure by 2009.
  - Provide a large, reliable, highly efficient, centralized data center to reduce the proliferation of small “data centers” by 2009.
  - Eliminate single points of failure in the data center facility infrastructure by 2009.
  - Meet current demand for space, power, and cooling for IT services. Limits have been reached for current data centers and new systems cannot be added that will increase power and cooling requirements without removing others by 2009.
  - Make better use of underutilized space in the Central Receiving Building by 2009.
- a. approve a total project cost of \$25,000,000 with funding from Revenue Financing System Bond Proceeds;
- b. appropriate and authorize expenditure of funds; and
- c. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that
- parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt;
  - sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System; and
  - U. T. Austin, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$25,000,000.

Debt Service

The \$25,000,000 in Revenue Financing System debt will be repaid from designated funds. Annual debt service on the \$25,000,000 Revenue Financing System debt is expected to be \$1,900,000. The institution's debt service coverage is expected to be at least 1.9 times and average 2.2 times over FY 2008-2013.

### Previous Board Actions

On October 4, 2006, a Shared Services Initiative was approved and a need for an Austin Regional Data Center was identified. On February 8, 2007, the 1616 Guadalupe Regional Data Center Study was included in the CIP with a total project cost of \$500,000 with funding from Unexpended Plant Funds.

### Project Description

Based on the recommendation of the Regional Data Center Study, this project will renovate 12,000 gross square feet (GSF) of the Central Receiving Building (CRB) to construct a state-of-the-art data center. Currently, U. T. Austin employs a decentralized approach to server deployment and houses the majority of servers in small, department-specific data centers based upon availability of space and proximity. The study determined that this decentralized approach is not cost-effective, reliable, or secure and recommended creating a Primary Tier III highly-reliable data center accompanied by a secondary Tier I data center to meet U. T. Austin's immediate infrastructure needs for centralized administrative computing services.

The new Tier III Data Center will provide a highly-reliable data center that supports concurrent maintainability of facility infrastructure and reduces the demand for creation of a department-specific data center. The Data Center will have full redundancy for power and cooling systems that will eliminate the single points of failure in the data center facility infrastructure and will meet current demand for space, power, and cooling for information technology services.

This off-cycle repair and rehabilitation project has been approved by University of Texas System staff and meets the criteria for inclusion in the CIP.

4. U. T. Austin: Darrell K Royal - Texas Memorial Stadium - Maintenance and Renovation Project - Amendment of the FY 2008-2013 Capital Improvement Program and the FY 2008-2009 Capital Budget to include project

The Board amended the FY 2008-2013 Capital Improvement Program (CIP) and the FY 2008-2009 Capital Budget to include the Darrell K Royal - Texas Memorial Stadium - Maintenance and Renovation project at The University of Texas at Austin as follows:

**Project No.:** 102-370  
**Project Delivery Method:** Construction Manager at Risk

**Substantial Completion Date:** August 2009

<b>Total Project Cost:</b>	<u>Source</u>	<u>Current</u>
	Revenue Financing System Bond Proceeds	\$21,000,000
	Gifts	\$ 4,000,000
		\$25,000,000

- Investment Metrics:**
- Add 4,000 bleacher seats in South End Zone
  - Increase revenue from seats and licensing by \$2M annually by 2009
  - Increase assignable square feet (ASF) in Moncrief-Neuhaus by 8,000 ASF by 2009

The project will include grandstand seating with space for concessions and restroom facilities between the W. A. "Tex" Moncrief, Jr. - V. F. "Doc" Neuhaus Athletic Center (Center) and the south end zone. Modifications to the Center include removal and replacement of the existing tent structure above the Center; a new floor surface below the tent structure; modifications to existing life safety systems and egress pathways; improvements to the existing waterproofing system; enclosure of the existing covered walk between the tent structure and office wing; an HVAC system for the new enclosure; and other modifications to existing systems as may be necessary. Also included in the project are renovations to the existing Dana X. Bible Academic Center and Spring Sports Coaches offices; improved security and site access features around Gate 32 and the east plaza at the Center; and necessary HVAC modifications at the east stadium suites.

Seating in the south end zone will permit additional patrons to view football games and increase the revenues for Intercollegiate Athletics, which will provide the source of funds for the project. The planned modifications will replace existing installations that are at or near the end of their useful lives and upgrade existing facilities to comply with current life safety and accessibility standards. The modifications to the plaza near Gate 32 will increase patron amenities and provide additional parking for staff.

This off-cycle project has been approved by University of Texas System staff and meets the criteria for inclusion in the CIP.

Note from the General Counsel to the Board: The name of the project was revised from the Darrell K Royal - Texas Memorial Stadium - South End Zone Modifications to the Darrell K Royal - Texas Memorial Stadium - Maintenance and Renovation project after the Agenda Book was mailed.

5. U. T. Austin: Jester East Residence Hall Fifth Floor Finishes - Pilot Project - Amendment of the FY 2008-2013 Capital Improvement Program and the FY 2008-2009 Capital Budget to include project; approval of total project cost; appropriation of funds and authorization of expenditure; and authorization of institutional management

The Board amended the FY 2008-2013 Capital Improvement Program (CIP) and the FY 2008-2009 Capital Budget to include the Jester East Residence Hall Fifth Floor Finishes - Pilot Project at The University of Texas at Austin as follows:

**Project Delivery Method:** Competitive Sealed Proposals

**Institutional Managed:** Yes  No

**Substantial Completion Date:** August 2008

<b>Total Project Cost:</b>	<u>Source</u>	<u>Current</u>
	Auxiliary Enterprise Balances	\$3,000,000

- a. approve a total project cost of \$3,000,000 with funding from Auxiliary Enterprise Balances;
- b. appropriate and authorize expenditure of funds; and
- c. authorize U. T. Austin to manage the total project budgets, appoint architects, approve facility programs, prepare final plans, and award contracts.

The project consists of updating the finishes in the corridors, student rooms, supplemental rooms, and restrooms on the fifth floor of Jester Dormitory East Tower in the Beauford H. Jester Center. This project is a prototype that will set the standard for updating the finishes on the remaining floors in both the east and west wings of the Jester Dormitory Complex.

The student rooms and floors in Jester Center need new finishes and furniture to stay current with student needs and preferences in a competitive market. The floors are relatively unchanged since the building was opened 37 years ago.

This off-cycle repair and rehabilitation project has been approved by University of Texas System staff and meets the criteria for inclusion in the CIP. U. T. Austin Facilities Management personnel have the experience and capability to manage all aspects of the work.

6. U. T. Austin: Phase II - Liberal Arts Building - Amendment of the FY 2008-2013 Capital Improvement Program and the FY 2008-2009 Capital Budget to include project

The Board amended the FY 2008-2013 Capital Improvement Program (CIP) and the FY 2008-2009 Capital Budget to include the Phase II - Liberal Arts Building project at The University of Texas at Austin as follows:

**Project No.:** 102-391

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

**Substantial Completion Date:** July 2011

<b>Total Project Cost:</b>	<u>Source</u>	<u>Current</u>
	Revenue Financing System Bond Proceeds	\$ 60,000,000
	Gifts	<u>\$ 40,000,000</u>
		\$100,000,000

- Investment Metrics:**
- Provide an interdisciplinary center for several social sciences and area studies departments and research centers by 2012.
  - Add approximately 235 faculty offices and about 300 graduate student offices. There will also be 12 laboratories of various functions and 12 collaborative research suites by 2012.
  - Add 23 general purpose classrooms holding 1,450 students. Additionally, there will be about 20 departmental classrooms. Study and lounge space will also be provided for students using the building by 2012.

U. T. Austin has identified a severe space shortage for the College of Liberal Arts with both faculty office and laboratory space far short of current needs. In addition, the College of Liberal Arts is expected to add 70 new faculty positions over the next six years in an effort to move into the top tier of public Liberal Arts colleges.

This project will construct a six- to seven-level building of approximately 200,000 gross square feet (GSF) to house various Liberal Arts departments. Placing these currently fragmented departments together will foster cross-disciplinary research among faculty and strengthen efforts to provide support for both research and instruction. The building will also house a student center that will provide critically needed classrooms, study space, facilities, and services to Liberal Arts students.

Location of the project on the East Mall will require the removal of Russell A. Steindam Hall and the Reserve Officers' Training Corps (ROTC) Rifle Range Building to achieve optimal land use.



This off-cycle project has been approved by University of Texas System staff and meets the criteria for inclusion in the CIP.

7. U. T. Austin: Marine Science Institute - Natural Estuarine Research Reserve Headquarters and Laboratory Expansion - Amendment of the FY 2008-2013 Capital Improvement Program and the FY 2008-2009 Capital Budget to include project

The Board amended the FY 2008-2013 Capital Improvement Program (CIP) and the FY 2008-2009 Capital Budget to include the Marine Science Institute - Natural Estuarine Research Reserve (MSI-NERR) Headquarters and Laboratory Expansion project at The University of Texas at Austin as shown below:

**Project No.:** 102-395

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

**Substantial Completion Date:** October 2010

<b>Total Project Cost:</b>	<u>Source</u>	<u>Current</u>
	Gifts	\$ 2,500,000
	Grants	\$10,200,000
	Designated Funds	<u>\$ 6,500,000</u>
		\$19,200,000

- Investment Metrics:**
- This project will enable the NERR program to work with regional groups and local communities on natural resource management issues, and, by 2010, to develop strategies that successfully address issues such as pollution, invasive species, and habitat restoration.
  - Development of programs to work with K-12 will be enhanced by this project allowing actual field research exercises and assisting grade school teachers in establishing marine science programs within their education system through professional development programs by 2010.
  - MSI facilities are fully occupied and dedicated to other uses. The laboratory expansion will include new offices and laboratories to accommodate expansion of faculty at MSI by 2010.

The Mission Aransas - National Estuarine Research Reserve (MA-NERR) is one region in a federal program that encompasses 27 biological regions along the United States coastline. The National Oceanic and Atmospheric Administration (NOAA) administers the national program and the U. T. Austin MSI was appointed as the managing agency for the portion of the NERR program located along the southeast Texas coast.

The project will construct a headquarters building and a research building for the MA-NERR to be located at the MSI in Port Aransas, Texas, along with laboratory expansion space for MSI research. The headquarters building will include laboratories and offices for NERR administration, space for a coastal training program, research space, stewardship space, and a multiuse resource center. The laboratory expansion will include space for MSI research laboratories and offices for permanent scientific staff and visiting scientists.

This off-cycle project has been approved by University of Texas System staff and meets the criteria for inclusion in the CIP.

8. U. T. San Antonio: John Peace Library Building Renovation - Phase I - Amendment of the FY 2008-2013 Capital Improvement Program and the FY 2008-2009 Capital Budget to include project; approval of total project cost; appropriation of funds and authorization of expenditure; and authorization of institutional management

The Board amended the FY 2008-2013 Capital Improvement Program (CIP) and the FY 2008-2009 Capital Budget to include the John Peace Library Building Renovation - Phase I project at The University of Texas at San Antonio as follows:

**Project Delivery Method:** Competitive Sealed Proposals

**Institutionally Managed:** Yes  No

**Substantial Completion Date:** April 2009

<b>Total Project Cost:</b>	<u>Source</u>	<u>Current</u>
	Unexpended Plant Funds	\$2,805,000

- a. approve a total project cost of \$2,805,000 with funding from Unexpended Plant Funds;
- b. appropriate and authorize expenditure of funds; and
- c. authorize U. T. San Antonio to manage the total project budgets, appoint architects, approve facility programs, prepare final plans, and award contracts.

Project Description

The project will renovate approximately 57,000 gross square foot (GSF) in the existing John Peace Library Building to improve functionality and appearance. The areas to be addressed include the Special Collections, Information

Commons, Reference Department, Multimedia Center, and Circulation Area. The work will update electrical equipment, built-in specialties and equipment, and interior finishes.

This approval is for Phase I only of a multiphase project. Two additional phases of renovation work for the John Peace Library Building will be submitted at a future date.

This off-cycle repair and rehabilitation project has been approved by University of Texas System staff and meets the criteria for inclusion in the CIP. U. T. San Antonio Facilities Management personnel have the experience and capability to manage all aspects of the work.

9. U. T. Medical Branch - Galveston: University Boulevard Research Building - Amendment of the FY 2008-2013 Capital Improvement Program and the FY 2008-2009 Capital Budget to include project

The Board amended the FY 2008-2013 Capital Improvement Program (CIP) and the FY 2008-2009 Capital Budget to include the University Boulevard Research Building project at The University of Texas Medical Branch at Galveston as follows:

**Project No.:** 601-398  
**Project Delivery Method:** Competitive Sealed Proposals

**Substantial Completion Date:** August 2012

<b>Total Project Cost:</b>	<u>Source</u>	<u>Current</u>
	Gifts	\$30,000,000
	Revenue Financing System Bond Proceeds	29,500,000
	Permanent University Fund Bond Proceeds (transferred from Specialty Care Center at Victory Lakes project)	<u>30,500,000</u> \$90,000,000

**Investment Metrics:**

- Increase research and research support space available to the campus by 83,000 net square feet by 2012
- Increase extramural funding by 20% by 2014

The project will include a new facility of approximately 140,000 gross square feet (GSF). The biomedical laboratory building will have an emphasis on translation research promoted through synergy with researchers, clinicians, and academics within this and adjacent buildings. The facility will provide laboratory, vivarium, office, and support space.

The project will require chilled water, steam, and electrical services. Chilled water and steam lines are adjacent to the site but will need to be extended to the building. Electrical power will also need to be brought to the building site from the power infrastructure supplier.

The project funding includes \$30,000,000 from Gifts, \$29,500,000 from Revenue Financing System Bond Proceeds, and \$30,500,000 from PUF Bond Proceeds to be transferred from the August 10, 2006, PUF allocation for the Specialty Care Center at Victory Lakes project.

This off-cycle project has been approved by University of Texas System staff and meets the criteria for inclusion in the CIP.

Note from the General Counsel to the Board: Project funding was revised after the Agenda Book was mailed to include \$29,500,000 from Revenue Financing System Bond Proceeds instead of PUF.

10. U. T. Austin: Experimental Science Building/Vivarium/Phase I - Robert A. Welch Hall - Approval of design development; appropriation of funds and authorization of expenditure; approval of evaluation of alternative energy economic feasibility; and resolution regarding parity debt

The Board approved the recommendations for the Experimental Science Building/Vivarium/Phase I - Robert A. Welch Hall project at The University of Texas at Austin as follows:

**Project No.:** 102-259

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

**Substantial Completion Date:** ESB and Vivarium - October 2010/Phase I Welch Hall - December 2011

<b>Total Project Cost:</b>	<u>Source</u>	<u>Current</u>
	Permanent University Fund Bond Proceeds	\$ 55,000,000
	Tuition Revenue Bond Proceeds	\$105,000,000
	Revenue Financing System Bond Proceeds	<u>\$ 15,000,000</u>
		\$175,000,000

- Investment Metrics:**
- House up to 13 faculty laboratories in fume hood intensive chemistry research, 14 laboratories in neuroscience, and the entire Center for Learning and Memory with up to 15 faculty research laboratories by 2010/11
  - Provide more than 13,000 square feet of organic chemistry undergraduate instructional laboratories by 2010/11
  - Will include large vivarium as well as advanced imaging facilities (NMR, MRI, electron microscopy) by 2010/11
  - Will house the administrative suite for the School of Biological Sciences by 2010/11

- a. approve design development plans;
- b. appropriate funds and authorize expenditure of funds;
- c. approve the evaluation of alternative energy economic feasibility; and
- d. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that
  - parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt;
  - sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System; and
  - U. T. Austin, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$120,000,000.

#### Debt Service

The 79th Legislature authorized \$105,000,000 of Tuition Revenue Bonds for an engineering science building. While the debt service is payable from pledged revenues, it is expected that the State will reimburse debt service on Tuition Revenue Bonds through general revenue appropriations. The \$15,000,000 in Revenue Financing System debt will be repaid from designated funds. Annual debt service on the \$15,000,000 Revenue Financing System debt is expected to be approximately \$1,100,000. The project's debt service coverage is expected to average 1.4 times over FY 2008-2013.

#### Previous Board Actions

Experimental Science Building - On June 20, 2006, the project was included in the Capital Improvement Program (CIP) with a preliminary project cost of \$125,000,000 with funding of \$105,000,000 from Tuition Revenue Bond Proceeds and \$20,000,000 from Revenue Financing System Bond Proceeds. On August 11, 2006, the funding was revised to \$105,000,000 from Tuition Revenue Bond Proceeds and \$20,000,000 from Permanent University Fund (PUF) Bond Proceeds

Vivarium - On June 20, 2006, the project was included in the CIP with a preliminary project cost of \$15,000,000 with funding from Revenue Financing System Bond Proceeds.

Robert A. Welch Hall - On August 11, 2006, the project was included in the CIP with a preliminary project cost of \$60,000,000 with funding of \$35,000,000 from PUF and \$25,000,000 from Revenue Financing System Bond Proceeds.

Experimental Science Building/Vivarium/Phase 1 - Robert A. Welch Hall – On February 8, 2007, the projects were combined and redesignated as the Experimental Science Building/Vivarium/Phase I - Robert A. Welch Hall. The total project cost was revised to \$175,000,000 and funding was revised to \$55,000,000 from PUF, \$105,000,000 from Tuition Revenue Bond Proceeds, and \$15,000,000 from Revenue Financing System Bond Proceeds.

### Project Description

This project will provide a six-level facility of approximately 287,000 gross square feet (GSF) with modern, technology-enabled classrooms and undergraduate teaching laboratories critical to U. T. Austin's ability to continue to provide excellence in science education to the students of Texas. The building will provide office and laboratory research space to recruit and retain faculty in critical academic initiative areas such as neuroscience, computational biology, environmental sciences, pharmacy, and molecular and cellular biology. Included in the project is a vivarium of approximately 20,000 GSF that will be used to support research conducted in the Experimental Science Building.

The project also includes Phase I renovations to approximately 50,000 GSF of Robert A. Welch Hall for use as a modern chemistry teaching and research laboratory building.

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

11. U. T. Dallas: Math, Science and Engineering Teaching-Learning Center - Amendment of the FY 2008-2013 Capital Improvement Program and the FY 2008-2009 Capital Budget to increase the total project cost; approval of design development; appropriation of funds and authorization of expenditure; approval of evaluation of alternative energy economic feasibility; and resolution regarding parity debt

The Board approved the recommendations for the Math, Science and Engineering Teaching-Learning Center project at The University of Texas at Dallas as follows:

**Project No.:** 302-280

**Project Delivery Method:** Competitive Sealed Proposals

**Substantial Completion Date:** April 2010

<b>Total Project Cost:</b>	<u>Source</u>	<u>Former</u>	<u>Current</u>
	Permanent University Fund Bond Proceeds	\$24,300,000	\$24,300,000
	Revenue Financing System Bond Proceeds	<u>\$ 2,700,000</u>	<u>\$ 5,400,000</u>
		\$27,000,000	\$29,700,000

**Investment Metrics:**

- Increase undergraduate majors from 800 to 1500 by 2015
  - Increase graduate majors from 400 to 1000 by 2015
  - Increase research assistants from 5 to 20 by 2015
  - Increase tenure-track faculty from 80 to 120 by 2015
  - Increase part-time faculty from 15 to 30 by 2015
  - Increase research dollars (teaching) from \$250,000 to \$2,000,000 by 2015
  - Increase degree programs from 24 to 33 by 2015
  - Increase ranking (teaching) to top 25 by 2015
- a. amend the FY 2008-2013 Capital Improvement Program (CIP) and the FY 2008-2009 Capital Budget to increase the total project cost from \$27,000,000 to \$29,700,000;
  - b. approve design development plans;
  - c. appropriate funds and authorize expenditure of funds;
  - d. approve the evaluation of alternative energy economic feasibility; and
  - e. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that
    - parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt;

- sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System; and
- U. T. Dallas, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$5,400,000.

#### Debt Service

The \$5,400,000 in Revenue Financing System debt will be repaid from interest on local funds. Annual debt service on the \$5,400,000 Revenue Financing System debt is expected to be approximately \$438,000. The institution's debt service coverage is expected to average 1.6 times over FY 2008-2013.

#### Previous Board Action

On August 10, 2006, the project was included in the CIP with a total project cost of \$27,000,000 with funding of \$24,300,000 from Permanent University Fund (PUF) Bond Proceeds and \$2,700,000 from Revenue Financing System Bond Proceeds.

#### Project Description

The project is a comprehensive facility for providing focused, research-based, high-quality education in mathematics, science, and engineering for U. T. Dallas students in their freshman and sophomore years of study. The facility will be equipped to serve concurrently as a major laboratory for research on effective teaching and learning techniques in these fields, both at the college level and from kindergarten through 12th grade.

The facility will include a lecture hall, recitation areas, instructional laboratories, offices for faculty and tutors, and shell space for future program elements. The instructional facilities will incorporate the full range of cutting-edge learning technologies, along with measurement apparatus to collect data for research on evidence-based enhancements in student learning. The building will house instructional activities in freshman and sophomore mathematics, physics, chemistry, biology, and geosciences courses. The instructional facilities will also serve as research laboratories in which faculty in the Department of Mathematics and Science Education can develop



evidence-based improvements for the learning process in mathematics and the sciences through the entire K-16 regime while simultaneously directly improving U. T. Dallas instructional quality.

The increase in total project cost is necessary to maintain as much of the original scope as possible in a time of inflation of construction costs.

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

12. U. T. Austin: Biomedical Engineering Building - Amendment of the FY 2008-2013 Capital Improvement Program and the FY 2008-2009 Capital Budget to increase the total project cost; revise the funding sources; and appropriation of funds and authorization of expenditure

The Board approved the recommendations for the Biomedical Engineering Building project at The University of Texas at Austin as follows:

**Project No.:** 102-172

**Architecturally or Historically Significant:** Yes  No

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

**Substantial Completion Date:** March 2009

<b>Total Project Cost:</b>	<u>Source</u>	<u>Former</u>	<u>Current</u>
	Revenue Financing System Bond Proceeds	\$40,500,000	\$40,500,000
	Unexpended Plant Funds	\$ 8,600,000	\$ 8,600,000
	Gifts	<u>\$ 8,000,000</u>	<u>\$ 8,000,000</u>
	Interest on Local Funds		<u>\$20,000,000</u>
		\$57,100,000	\$77,100,000

**Investment Metrics:**

- Provide space for Pharmacy to add 10 medicinal chemistry laboratories, 10 faculty offices, and 50 graduate student spaces

- a. amend the FY 2008-2013 Capital Improvement Program (CIP) and the FY 2008-2009 Capital Budget to increase the total project cost from \$57,100,000 to \$77,100,000;

- b. revise the funding sources to \$40,500,000 from Revenue Financing System Bond Proceeds, \$8,000,000 from Gifts, \$8,600,000 from Unexpended Plant Funds, and \$20,000,000 from Interest on Local Funds; and
- c. appropriate additional funds and authorize expenditure of \$20,000,000 from Interest on Local Funds.

### Previous Board Actions

On August 7, 2003, the project was included in the CIP with a preliminary project cost of \$25,000,000 with funding from Designated Tuition. On November 12, 2003, the Board designated the project as architecturally significant. On August 11, 2005, the total project cost was increased to \$55,100,000 with funding revised to \$43,900,000 from Revenue Financing System Bond Proceeds, \$8,000,000 from Gifts, and \$3,200,000 from Unexpended Plant Funds. On November 10, 2005, the Board approved the design development plans and revised the funding to \$40,500,000 from Revenue Financing System Bond Proceeds, \$8,000,000 from Gifts, and \$6,600,000 from Unexpended Plant Funds. On October 2, 2006, the Chancellor approved the increase in total project cost to \$57,100,000 with funding of \$40,500,000 from Revenue Financing System Bond Proceeds, \$8,000,000 from Gifts, and \$8,600,000 from Unexpended Plant Funds.

### Project Description

Current construction on the Biomedical Engineering Building is on schedule and within budget. U. T. Austin is requesting the increase in total project cost to add approximately 39,000 gross square feet (GSF) to the building to provide space for the Pharmacy Department to add 10 medicinal chemistry labs, 10 faculty offices, and 50 graduate student spaces.

The building will consist of six floors containing approximately 140,700 GSF to house the College of Engineering (Biomedical Engineering) currently housed in three separate facilities, provide quality laboratory research space for the College of Pharmacy (Medicinal Chemistry), and provide biology teaching laboratory space for the College of Natural Sciences.

The building will provide new administrative, faculty, and student spaces, and research, teaching, and computer laboratories plus seminar and conference room spaces to support a variety of research and education activities.

13. U. T. Austin: College of Communications - New - Amendment of the FY 2008-2013 Capital Improvement Program and the FY 2008-2009 Capital Budget to increase the total project cost

The Board amended the FY 2008-2013 Capital Improvement Program (CIP) and the FY 2008-2009 Capital Budget to increase the total project cost for the College of Communications - New project at The University of Texas at Austin as shown below:

**Project No.:** 102-041  
**Project Delivery Method:** Construction Manager at Risk

**Substantial Completion Date:** March 2012

<b>Total Project Cost:</b>	<u>Source</u>	<u>Former</u>	<u>Current</u>
	Gifts	\$45,000,000	\$54,000,000

**Investment Metrics:** College of Communications:

- The Jesse H. Jones Communication Center was completed in 1974 to serve 1,000 students. Today, the College of Communications includes more than 4,200 students, 125 faculty and 140 staff. Construction of the new facility will provide the resources necessary to meet the demands of past growth by 2012.
- The new facility will consolidate the College of Communications complex and release approximately 32,000 square feet in Walter Webb Hall, Lake Austin Boulevard Center, and 2609 University Avenue back to the University by 2013.
- The new facility will consolidate and reduce the burden of more than 40 percent of the communication classes that are taught in other buildings on campus by 2013.
- The new facility will assist in the College's effort to establish a program endowment for research and teaching in the area of media convergence by 2013/2014.
- The new facility will enable the College to recruit the best faculty and graduate students by 2013/2014.

KUT Radio:

- Will increase local and national exposure of the creative and intellectual assets of the University. University professors, researchers, and lecturers are regularly featured on KUT and national programs from KUT's studios and will be featured more prominently as a result of the expanded capacity and improved access by 2013/2014.
- Will enhance and expand the current cooperative journalism education program combining the expertise of the KUT newsroom and the School of Journalism by 2013/2014.
- Will increase public participation and support of KUT by the increased capacity, improved and visible accessibility, and digital media focus of the new facility by 2013/2014.
- Additional studio capacity and digital media facility design will enable KUT to expand broadcast and digital content services, operate multiple stations and digital media services from one facility, and increase overall audience service and support from the listening public by 2013/2014.

Previous Board Action

On November 11, 1999, the project was included in the CIP with a total project cost of \$32,000,000 with funding from Gifts. With the adoption of the FY 2008-2013 CIP on August 23, 2007, the total project cost was increased to \$45,000,000 with funding from Gifts.

Project Description

The project will involve the construction of 100,000 gross square feet (GSF) to provide the space and technology infrastructure to meet the needs of an expanding and evolving College of Communications as well as the offices and broadcast studios for the KUT radio station.

The increase in total project cost to \$54,000,000 will add broadcast and performance space for the KUT radio station. The additional funding for the project will be funded with \$9,000,000 from Gifts.

14. U. T. Austin: School of Nursing Addition - Amendment of the FY 2008-2013 Capital Improvement Program and the FY 2008-2009 Capital Budget to increase the total project cost; revise the funding sources; and appropriation of funds and authorization of expenditure

The Board approved the recommendations for the School of Nursing Addition project at The University of Texas at Austin as follows:

**Project No.:** 102-198

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

**Substantial Completion Date:** March 2009

<b>Total Project Cost:</b>	<u>Source</u>	<u>Former</u>	<u>Current</u>
	Grants	\$4,000,000	
	Designated Funds		\$1,425,000
	Unexpended Plant Funds		\$2,425,000
	Permanent University Fund Bond Proceeds		<u>\$2,800,000</u>
			<u>\$6,650,000</u>

- a. amend the FY 2008-2013 Capital Improvement Program (CIP) and the FY 2008-2009 Capital Budget to increase the total project cost from \$4,000,000 to \$6,650,000;
- b. revise the funding source of \$4,000,000 from Grants to \$2,800,000 from Permanent University Fund (PUF) Bond Proceeds, \$1,425,000 from Designated Funds, and \$2,425,000 from Unexpended Plant Funds; and
- c. appropriate funds and authorize expenditure of funds.

Previous Board Action

On February 4, 2004, the project was included in the CIP with a total project cost of \$4,000,000 with funding from Grants.

Project Description

The project consists of renovation work of 5,000 gross square feet (GSF) to correct fire and life safety and ADA issues. The 10,100 GSF of infill space will provide two floors of new office and suite space, research seminar rooms, libraries, and general office support space. The project will infill the second plaza and third floors of the existing School of Nursing building at the western side of the courtyard.

The increase in total project cost will address necessary improvements to the addition intended to accommodate faculty and the regional dean and associated programs from the U. T. Health Science Center - Houston School of Public Health, add fire sprinklers to the entire building, replace the building fire alarm, and remedy other code compliance issues within the building. The fire and life safety additions for the overall building were not budgeted with the previous total project cost, and escalation in the construction market has affected the anticipated costs for the addition to the Nursing Building. Previous estimates were associated with an anticipated but unfunded National Institutes of Health (NIH) construction grant request from 2004.

The revised funding of \$2,800,000 includes \$1,800,000 of PUF from Library, Equipment, Repair and Rehabilitation (LERR) from the Nursing Support Initiative with U. T. Health Science Center - Houston allocated in May 2006 and \$1,000,000 allocated from the FY 2007 Faculty Science and Technology Acquisition and Retention Program (STARs). The revised funding of \$1,425,000 from Designated Funds and \$2,425,000 from Unexpended Plant Funds completes the funding for the total project cost and scope of work.

15. U. T. Dallas: Campus Landscape Enhancement Project - Amendment of the FY 2008-2013 Capital Improvement Program and the FY 2008-2009 Capital Budget to increase the total project cost; revise the funding sources; appropriation of additional funds and authorization of expenditure; and resolution regarding parity debt

The Board approved the recommendations for the Campus Landscape Enhancement Project at The University of Texas at Dallas as follows:

**Project No.:** 302-244

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

**Substantial Completion Date:** January 2009

<b>Total Project Cost:</b>	<u>Source</u>	<u>Former</u>	<u>Current</u>
	Gifts	\$10,000,000	\$25,000,000
	Revenue Financing System Bond Proceeds		<u>\$ 5,000,000</u>
			<u>\$30,000,000</u>

- a. amend the FY 2008-2013 Capital Improvement Program (CIP) and the FY 2008-2009 Capital Budget to increase the total project cost from \$10,000,000 to \$30,000,000;
- b. revise the funding sources to \$25,000,000 from Gifts and \$5,000,000 from Revenue Financing System Bond Proceeds;

- c. appropriate and authorize expenditure of additional funds of \$15,000,000 from Gifts and \$5,000,000 from Revenue Financing System Bond Proceeds; and
- d. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that
  - parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt;
  - sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System; and
  - U. T. Dallas, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$5,000,000.

#### Debt Service

The \$5,000,000 in Revenue Financing System debt will be repaid from local funds. Annual debt service on the \$5,000,000 in Revenue Financing System debt is expected to be approximately \$534,000. The institution's debt service coverage is expected to average 1.9 times over FY 2008-2013.

#### Previous Board Action

On May 10, 2006, the repair and rehabilitation project was included in the CIP with a total project cost of \$10,000,000 and funding appropriated from Gifts.

#### Project Description

The enhancement of the U. T. Dallas campus landscape master plan is intended to create a visually attractive perimeter to the campus, central plaza, and other areas. This project provides green spaces and a significant central plaza where students, faculty, and staff can congregate.

The increase in total project cost will cover the cost to complete the Phase I construction of the Peter Walker and Partners (PWP) design to achieve the project scope. The landscape master plan has identified two areas to be

addressed in Phase I of the project - the Mall and University Parkway including the entry circle at the School of Management. Each of these areas will assist with both the activation of social space on the campus as well as the overall creation of a new identity for U. T. Dallas. The Mall will provide a fabric of open space that links the existing Library and Student Union building and extends to the south to link the School of Management and the Student Activity Center. The forestation of University Parkway will enhance the front door vehicular entrance to the campus.

The Phase I portion of the project will be split into four distinct areas to include the forestation of University Parkway with densely planted vegetation to resemble the forested creeks on the east and west edges of campus; construction, landscaping, and roadwork for a new traffic circle at the northern end of University Parkway and the southern termination of the new campus mall; construction of a new landscaped mall with water feature, landscaping, and covered pedestrian walkways; and construction of a high canopy trellis above the library plaza with flowering plants and water feature at the northern termination of the new campus mall.

16. U. T. El Paso: Physical Sciences/Engineering Core Facility - Amendment of the FY 2008-2013 Capital Improvement Program and the FY 2008-2009 Capital Budget to increase the total project cost and approval to reallocate Permanent University Fund (PUF) Bond Proceeds

The Board approved the recommendations for the Physical Sciences/Engineering Core Facility at The University of Texas at El Paso as set forth below:

**Project No.:** 201-268  
**Project Delivery Method:** Competitive Sealed Proposals  
**Substantial Completion Date:** October 2009

<b>Total Project Cost:</b>	<u>Source</u>	<u>Former</u>	<u>Current</u>
	Tuition Revenue Bond Proceeds	\$76,500,000	\$76,500,000
	Permanent University Fund Bond Proceeds	\$ 7,300,000	\$ 8,500,000
		<u>\$83,800,000</u>	<u>\$85,000,000</u>

- a. amend the FY 2008-2013 Capital Improvement Program (CIP) and the FY 2008-2009 Capital Budget to increase the total project cost from \$83,800,000 to \$85,000,000; and
- b. approve the reallocation of \$1,200,000 from Permanent University Fund (PUF) Bond Proceeds.



Previous Board Actions

On August 11, 2006, the project was included in the CIP with a preliminary project cost of \$85,000,000 with funding of \$76,500,000 from Tuition Revenue Bond Proceeds and \$8,500,000 from PUF. In September 2006, the Chancellor approved the design development plans for the renovation portion of the project. On November 16, 2006, the Board approved the appropriation of funding in the amount of \$21,000,000 from Tuition Revenue Bond Proceeds for the repair and rehabilitation portion of the project.

Project Description

On November 16, 2006, the U. T. System Board of Regents approved reducing the total project cost from \$85,000,000 to \$83,800,000 with funding of \$1,200,000 from PUF allocated to allow for the purchase of a commercial building property located at 3401 North Mesa Street. The property purchase transaction was not completed, thus the \$1,200,000 in PUF funding is being transferred back into the project for construction.

17. U. T. Health Science Center - Houston: U. T. Research Park Complex - Amendment of the FY 2008-2013 Capital Improvement Program and the FY 2008-2009 Capital Budget to increase the total project cost of the Biomedical Research and Education Facility/Neuroscience Building portion of the project and appropriation of additional funds and authorization of expenditure

The Board approved the recommendations for the Biomedical Research and Education Facility (BREF)/Neuroscience Building portion of the U. T. Research Park Complex project at The University of Texas Health Science Center at Houston as follows:

**Project No.:** 701-320  
**Project Delivery Method:** Construction Manager at Risk  
**Substantial Completion Date:** September 2010

<b>Total Project Cost for the Research Park Complex:</b>	<u>Source</u>	<u>Former</u>	<u>Current</u>
	Unexpended Plant Funds	\$ 22,900,000	\$ 36,180,739
	Permanent University Fund Bond Proceeds	\$ 59,100,000	\$ 59,100,000
	Tuition Revenue Bond Proceeds	\$ 60,000,000	\$ 60,000,000
	Gifts	\$ 2,000,000	\$ 2,000,000
	Revenue Financing System Bond Proceeds	\$ 17,500,000	\$ 17,500,000
		\$161,500,000	\$174,780,739

<b>Total Project Cost for the Stage 1 (BREF) of the Research Park Complex:</b>	<u>Source</u>	<u>Former</u>	<u>Current</u>
	Permanent University Fund Bond Proceeds	\$41,100,000	\$41,100,000
	Unexpended Plant Funds	<u>\$22,900,000</u>	<u>\$36,180,739</u>
		\$64,000,000	\$77,280,739

<b>Total Project Cost for the Stage 2 (DBRB) of the Research Park Complex:</b>	<u>Source</u>	<u>Former</u>
	Permanent University Fund Bond Proceeds	\$18,000,000
	Tuition Revenue Bond Proceeds	\$60,000,000
	Gifts	\$ 2,000,000
	Revenue Financing System Bond Proceeds	<u>\$17,500,000</u>
	\$97,500,000	

- a. amend the FY 2008-2013 Capital Improvement Program (CIP) and the FY 2008-2009 Capital Budget to increase the total project cost of the U. T. Research Park Complex from \$161,500,000 to \$174,780,739;
- b. increase the Stage I total project cost for the BREF/Neuroscience Building portion of the U. T. Research Park Complex from \$64,000,000 to \$77,280,739; and
- c. appropriate and authorize expenditure of additional funds in the amount of \$13,280,739 from Unexpended Plant Funds.

Previous Board Actions

Biomedical Research and Education Facility (BREF) - On August 10, 2006, the project was included in the CIP with a preliminary project cost of \$62,000,000 with funding of \$41,100,000 from Permanent University Fund (PUF) Bond Proceeds and \$20,900,000 from Gifts.

Dental Branch Replacement Building (DBRB) - On August 10, 2006, the project was included in the CIP with a preliminary project cost of \$80,000,000 with funding of \$18,000,000 from PUF Bond Proceeds, \$60,000,000 from Tuition Revenue Bond Proceeds, and \$2,000,000 from Gifts.

Mental Sciences Institute Replacement Facility - On November 11, 1999, the project was included in the CIP with a preliminary project cost of \$20,700,000 with funding from Unexpended Plant Funds. On August 9, 2001, the Board approved reducing the total project cost to \$16,500,000 with funding from Unexpended Plant Funds. On August 8, 2002, the Board approved the increase in the total project cost to \$22,500,000 with funding of \$16,500,000 from Unexpended Plant Funds and \$6,000,000 from Hospital Revenues.

Research Park Complex - On November 16, 2006, the three projects were combined and redesignated as the Research Park Complex, and funding was revised with a total project cost of \$161,500,000 with funding of \$60,000,000 from Tuition Revenue Bond Proceeds, \$59,100,000 from PUF Bond Proceeds, \$19,500,000 from Unexpended Plant Funds, and \$22,900,000

from Gifts. With the adoption of the FY 2008-2013 CIP, the project scope was increased to include a parking garage and the funding was revised with a total project cost of \$161,500,000 with funding of \$60,000,000 from Tuition Revenue Bond Proceeds, \$59,100,000 from PUF Bond Proceeds, \$22,900,000 from Unexpended Plant Funds, \$2,000,000 from Gifts, and \$17,500,000 from Revenue Financing System Bond Proceeds. On August 23, 2007, the Board approved design development plans for the BREF portion of the project with a total project cost of \$64,000,000 with funding of \$41,100,000 from PUF Bond Proceeds and \$22,900,000 from Unexpended Plant Funds.

Project Description

The increase in total project cost for the BREF/Neuroscience Building portion of the project will allow for the build-out of the Current Good Manufacturing Practice (cGMP) suite and the build-out of a larger area of the vivarium. Both of these areas were previously designated as shell space. Also included in the additional funding is shared funding from U. T. Health Science Center - Houston for a tunnel to connect the Research Park Complex to the Center for Advanced Biomedical Imaging Research Building at The University of Texas M. D. Anderson Cancer Center, and funding for information technology infrastructure for the majority of the Research Park Complex.

- 18. U. T. M. D. Anderson Cancer Center: Center for Advanced Biomedical Imaging Research - Amendment of the FY 2008-2013 Capital Improvement Program and the FY 2008-2009 Capital Budget to combine the project with the Center for Advanced Biomedical Imaging Research Build-Out project and approval of the total project cost

The Board approved the recommendations for the Center for Advanced Biomedical Imaging Research (CABIR) project at The University of Texas M. D. Anderson Cancer Center as follows:

**Institutionally Managed:** Yes  No

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

**Substantial Completion Date:** February 2011

<b>Total Project Cost for CABIR:</b>	<u>Source</u>	<u>Former</u>
	Grants	\$30,000,000
	Gifts	\$25,000,000
	Hospital Revenues	<u>\$33,000,000</u>
		\$88,000,000
<b>Total Project Cost for CABIR</b>	<u>Source</u>	<u>Former</u>
<b>Build Out:</b>	Gifts	\$20,690,000
	Hospital Revenues	<u>\$23,370,000</u>
		\$44,060,000

<b>Total Project Cost for Combined Projects:</b>	<u>Source</u>	<u>Current</u>
	Grants	\$ 30,000,000
	Gifts	\$ 45,690,000
	Hospital Revenues	<u>\$ 56,370,000</u>
		\$132,060,000

- Investment Metrics:**
- 30-50% growth in principal investigators by 2011
  - 40-50% growth in research grants by 2012
  - Establish collaboration with the Center for Targeted Therapy by 2011

- a. amend the FY 2008-2013 Capital Improvement Program (CIP) and the FY 2008-2009 Capital Budget to combine the CABIR Building project and the CABIR Building Build-Out project; and
- b. approve a total project cost of \$132,060,000 with funding of \$30,000,000 from Grants, \$45,690,000 from Gifts, and \$56,370,000 from Hospital Revenues.

#### Previous Board Actions

CABIR Building - On August 7, 2003, the project was included in the CIP with a preliminary project cost of \$55,000,000 with funding of \$42,500,000 from Grants and \$12,500,000 from Gifts. On August 11, 2006, the Board approved design development plans, revised funding sources, and appropriated funding of \$30,000,000 from Grants and \$25,000,000 from Gifts. On November 16, 2006, the Board approved the increase in total project cost and revised the funding sources to \$88,000,000 with funding of \$30,000,000 from Grants, \$25,000,000 from Gifts, and \$33,000,000 from Hospital Revenues.

CABIR Building Build-Out - On August 23, 2007, the repair and rehabilitation project was included in the CIP with a preliminary project cost of \$44,060,000 with funding appropriated in the amount of \$23,370,000 from Hospital Revenues and \$20,690,000 from Gifts.

#### Project Description

Pursuant to a Memorandum of Understanding effective August 26, 2004, U. T. M. D. Anderson Cancer Center has delegated authority for institutional management of construction projects under the continued oversight of the Office of Facilities Planning and Construction. The institutionally managed projects are subject to review by the Board of Regents for design development.

U. T. M. D. Anderson Cancer Center is requesting approval to combine the CABIR project and the CABIR Build-Out project. The CABIR will create a new six-story facility with approximately 314,000 gross square feet (GSF) to be

located at the U. T. Research Park on the South Campus. The first stage includes site work, a six-story shell and core, and the initial interior build-out of approximately 121,200 square feet on the first and second floors. Construction is currently underway for the first stage. The second stage will build out shell space within the building. The tenants of CABIR are targeting a fully programmed facility to coincide with the availability of the adjoining Center for Targeted Therapy Research Building now in design. This new strategy provides a more efficient utilization of site parcels and building.

The CABIR is a collaborative project involving multiple funding sources including support from the Texas Enterprise Fund. In addition, GE Healthcare will contribute sophisticated technology and instrumentation, including a cyclotron to produce radionuclides. The research will focus on both preclinical and clinical investigations using Positron Emission Tomography scanning to detect and monitor cardiovascular disease and cancer. Scientists will utilize sophisticated probes to seek out cancer cells with specific molecular abnormalities and image them with scanning and other technologies. New advances will enable physicians to select appropriate treatments and determine within hours or days instead of months the effectiveness of cancer therapy. The CABIR will be a unique program that brings together the expertise of GE Healthcare and researchers to create new ways of diagnosing cancer and cardiac disease and to select the appropriate therapy.

RECONVENE BOARD OF REGENTS AS COMMITTEE OF THE WHOLE.--  
At 11:26 a.m., the Board reconvened to consider the following agenda item.  
Chairman Caven also recognized Mr. Chris Boswell, Mayor of Harlingen, who was in attendance.

7. U. T. System Board of Regents: Selection of Mr. Bernard Rapoport as the 2008 Recipient of the Santa Rita Award

Chairman Caven recommended and the Board approved former Board Chairman Bernard Rapoport as the 2008 recipient of the Santa Rita Award.

Remarks and motion by Chairman Caven

I am pleased to recommend for your consideration a very worthy recipient for the Santa Rita Award.

At the outset of this recommendation, I remind the Board and the audience that this award is the highest honor bestowed by the Board of Regents. It is presented on an occasional, rather than a regular basis, and is subject to very specific criteria and guidelines.

Since the first Santa Rita Award was awarded in 1968, only 19 individuals have been identified for this exceptional recognition. The criteria for selection include such factors as:

- A demonstrated concern for the principles of higher education
- A deep commitment to the furtherance of the purposes and objectives of The University of Texas System
- A record of commitment to securing appropriate financial support for the U. T. System from both the public and private sectors
- A demonstrated record of participation in the affairs of the U. T. System, which serves as a high example of selfless and public-spirited service.

I believe the distinguished record of service to Texas higher education and to the institutions of the U. T. System by Mr. Bernard Rapoport of Waco more than meets the criteria for this recognition, and I am pleased to recommend that he be recognized as the 2008 recipient of the Santa Rita Award. His outstanding contributions to the U. T. System include support for academic programs, buildings, and medical research.

“B” has been a passionate and effective champion of the U. T. System since he was an undergraduate at The University of Texas at Austin. Named to *Fortune* magazine’s list of the 40 most generous Americans, B and Audre Rapoport have contributed

- to the Jack S. Blanton Museum at U. T. Austin,
- to The University of Texas at San Antonio Excellence Fund for scholarships,
- to several chairs in Clinical Care and Research at The University of Texas Southwestern Medical Center at Dallas and in medicine at The University of Texas Health Science Center at San Antonio,
- and to The University of Texas M. D. Anderson Cancer Center.

“B” Rapoport served on the U. T. System Board of Regents from 1991 to 1997, including four years as Chairman of the Board. He was Chairman when this building was dedicated.

The Bernard & Audre Rapoport Foundation provides funding in the areas of education, arts and culture, community development, and health and child development, and the Rapoports also support other higher education entities, including Southern Methodist University, Baylor University, and Paul Quinn College.

If approved, I recommend that the award be bestowed upon Mr. Rapoport at an appropriate ceremony to be held this spring in Austin, when we may acknowledge the details of his many contributions to the growth and development of the U. T. System and higher education throughout Texas.

SCHEDULED MEETING.--The next meeting will be held on March 26, 2008, in Austin, Texas.

ADJOURNMENT.--There being no further business, the meeting was adjourned at 11:30 a.m.

/s/Francie A. Frederick  
General Counsel to the Board of Regents

March 6, 2008

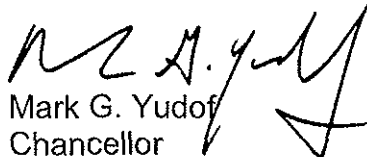
THE UNIVERSITY OF TEXAS SYSTEM ADMINISTRATION  
DOCKET NO. 133

January 22, 2008

TO MEMBERS OF THE FINANCE AND PLANNING COMMITTEE:

The Docket for The University of Texas System Administration and the Dockets recommended by the respective presidents and prepared by the institutions listed below are submitted for discussion and appropriate action regarding approval of the Docket at the meeting of the U. T. System Board of Regents on February 7, 2008. The Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, the Executive Vice Chancellor for Health Affairs, the Vice Chancellor and General Counsel, and I concur in these recommendations.

<u>Institutions</u>	<u>Pages</u>
The University of Texas System Administration	Docket 1 - 6
The University of Texas at Arlington	Docket 7 - 9
The University of Texas at Austin	Docket 10 - 16
The University of Texas at Brownsville	Docket 17
The University of Texas at Dallas	Docket 18 - 20
The University of Texas at El Paso	Docket 21 - 27
The University of Texas - Pan American	Docket 28
The University of Texas of the Permian Basin	Docket 29 - 37
The University of Texas at San Antonio	Docket 38
The University of Texas Southwestern Medical Center at Dallas	Docket 39 - 41
The University of Texas Medical Branch at Galveston	Docket 42 - 45
The University of Texas Health Science Center at Houston	Docket 46 - 47
The University of Texas Health Science Center at San Antonio	Docket 48 - 51
The University of Texas M. D. Anderson Cancer Center	Docket 52 - 55
The University of Texas Health Center at Tyler	Docket 56

  
Mark G. Yudof  
Chancellor

xc: Other Members of  
the Board



## TABLE OF CONTENTS

U. T. System Administration .....	1
Contracts .....	1
General Contracts.....	1
Other Matters .....	4
Approval Of Dual Positions Of Honor, Trust, Or Profit .....	4
Approval Of Newly Commissioned U. T. System Peace Officers .....	5
Real Estate Report .....	6
U. T. Arlington .....	7
Changes To Admissions Criteria .....	7
Amendments To The 2007-08 Budget.....	9
Tenure Appointments.....	9
U. T. Austin .....	10
Gifts .....	10
Contracts .....	11
General Contracts.....	11
Foreign Contracts .....	12
Amendments To The 2007-08 Budget.....	14
Tenure Appointments.....	14
Transfers Of Funds.....	15
Other Matters .....	16
Approval Of Dual Positions Of Honor, Trust, Or Profit .....	16
U. T. Brownsville .....	17
Other Matters .....	17
Approval Of Dual Positions Of Honor, Trust, Or Profit .....	17
U. T. Dallas .....	18
Gifts .....	18
Contracts .....	19
General Contracts.....	19
Amendments To The 2007-08 Budget.....	20
Tenure Appointments.....	20
U. T. El Paso .....	21
Contracts .....	21
General Contracts.....	21
Changes To Admissions Criteria .....	22
Amendments To The 2007-08 Budget.....	26

Tenure Appointments.....	26
U. T. Pan American.....	28
Amendments To The 2006-07 Budget.....	28
Transfers Of Funds.....	28
U. T. Permian Basin.....	29
Changes To Admissions Criteria.....	29
U. T. San Antonio.....	38
Other Matters.....	38
Adoption Of Mascot And Logo.....	38
U. T. Southwestern Medical Center - Dallas.....	39
Contracts.....	39
General Contracts.....	39
Amendments To The 2007-08 Budget.....	40
Tenure Appointments.....	40
Other Matters.....	41
Approval Of Dual Positions Of Honor, Trust, Or Profit.....	41
U. T. Medical Branch - Galveston.....	42
Gifts.....	42
Contracts.....	43
General Contracts.....	43
Amendments To The 2007-08 Budget.....	44
Tenure Appointments.....	44
U. T. Health Science Center - Houston.....	46
Gifts.....	46
Contracts.....	47
General Contracts.....	47
U. T. Health Science Center - San Antonio.....	48
Gifts.....	48
Amendments To The 2007-08 Budget.....	49
Tenure Appointments.....	49
Other Fiscal Items.....	50
Purchase Orders - More Than \$1,000,000.....	50
Other Matters.....	51
Approval Of Dual Positions Of Honor, Trust, Or Profit.....	51

U. T. M. D. Anderson Cancer Center .....	52
Gifts .....	52
Contracts .....	53
General Contracts.....	53
Amendments To The 2007-08 Budget.....	55
Tenure Appointments.....	55
U. T. Health Center - Tyler .....	56
Other Matters .....	56
Approval Of Dual Positions Of Honor, Trust, Or Profit .....	56

## U. T. SYSTEM ADMINISTRATION

### CONTRACTS

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

#### GENERAL CONTRACTS

##### FUNDS GOING OUT

1. Agency: Schirmer Engineering Corporation  
Funds: U. T. System anticipates contracting expenditures to exceed \$1,000,000 per year for each year of the contract  
Period: September 1, 2005 through August 31, 2011  
(Contract was brought forward for Board approval once it started to reach the \$1,000,000 threshold where Board approval is required.)  
Description: The firm agrees to perform building code compliance review services on a job order basis. The services were competitively procured.
2. Agency: Wiss, Janney, Elstner Associates  
Funds: U. T. System anticipates contracting expenditures to exceed \$1,000,000 per year for each year of the contract  
Period: September 1, 2005 through August 31, 2011  
(Contract was brought forward for Board approval once it started to reach the \$1,000,000 threshold where Board approval is required.)  
Description: The firm agrees to perform forensic engineering services on a job order basis. The services were competitively procured.

## CONTRACTS (CONTINUED)

### GENERAL CONTRACTS (CONTINUED)

#### FUNDS GOING OUT (CONTINUED)

3. Agency: Professional Services Industries and  
Trinity Engineering Testing Corporation dba  
Kleinfelder  
Funds: U. T. System anticipates contracting expenditures to  
exceed \$1,000,000 per year for each year of the  
contract  
Period: September 1, 2005 through August 31, 2011  
(Contract was brought forward for Board approval  
when it started to reach the \$1,000,000 threshold  
where Board approval is required.)  
Description: The two firms agree to perform miscellaneous  
engineering and materials testing services on a job  
order basis. The services were competitively  
procured.
4. Agency: Zero/Six Consulting, LLC  
Funds: U. T. System anticipates contracting expenditures to  
exceed \$1,000,000 per year for each year of the  
contract  
Period: April 18, 2007 through April 17, 2013  
(Contract was brought forward for Board approval  
when it started to reach the \$1,000,000 threshold  
where Board approval is required.)  
Description: The firm agrees to perform miscellaneous building  
inspections and examine structural elements or  
surfaces of exterior walls on a job order basis. The  
services were competitively procured.
5. Agency: The ACR Group, Inc. and The Redicheck Firm, LLC  
Funds: U. T. System anticipates contracting expenditures to  
exceed \$1,000,000 per year for each year of the  
contract  
Period: February 1, 2005 through January 31, 2011  
(Contract was brought forward for Board approval  
when it started to reach the \$1,000,000 threshold  
where Board approval is required.)  
Description: The two firms agree to review construction drawings  
to eliminate overlapping errors on a job order basis.  
The services were competitively procured.

**CONTRACTS (CONTINUED)**

**GENERAL CONTRACTS (CONTINUED)**

**FUNDS GOING OUT (CONTINUED)**

6. Agency: Surveying and Mapping, Inc.  
Funds: U. T. System anticipates contracting expenditures to exceed \$1,000,000 per year for each year of the contract  
Period: December 3, 2005 through December 2, 2011  
(Contract was brought forward for Board approval when it started to reach the \$1,000,000 threshold where Board approval is required.)  
Description: The firm agrees to perform surveying services for U. T. System on a job order basis. The services were competitively procured.
7. Agency: Marsh USA, Inc.  
Funds: \$1,319,884  
Period: November 19, 2007 through November 19, 2012  
Description: Marsh USA, Inc. agrees to manage the University's construction insurance program.

## OTHER MATTERS

### APPROVAL OF DUAL POSITIONS OF HONOR, TRUST, OR PROFIT

In accordance with the Regents' *Rules and Regulations*, Series 30103, the following item is submitted for approval by the U. T. System Board of Regents. It has been determined that the holding of this office or position is of benefit to the State of Texas and The University of Texas and there is no conflict between holding this position and the appointment of Chancellor Yudof with The University of Texas System Administration. By approval of this item, the Board is also asked to find that holding this position is of benefit to the State of Texas and The University of Texas and there is no conflict between the position and the University.

- |               |  |
|---------------|--|
| Name:         | Mark G. Yudof  |
| Title:        | Chancellor   |
| Position:     | Member of the President's Council on Service and Civic Engagement  |
| Period:       | February 12, 2008 through November 30, 2008  |
| Compensation: | None   |
| Description:  | President Bush reappointed Chancellor Yudof to the President's Council on Service and Civic Engagement. The Council was established to recognize the important contributions Americans of all ages are making within their communities through service and civic engagement. They bring together leaders from the worlds of business, entertainment, sports, education, government, nonprofits, and the media. |

## OTHER MATTERS (CONTINUED)

### APPROVAL OF NEWLY COMMISSIONED U. T. SYSTEM PEACE OFFICERS

In accordance with Chapter 51.203 of the *Texas Education Code*, the U. T. System Board of Regents is requested to approve the commissioning of the individuals listed below as peace officers effective December 14, 2007. The following officers have completed a course of training that included mandated Texas Commission on Law Enforcement Officer Standards and Education courses at The University of Texas System Police Training Academy and have successfully passed the State of Texas Peace Officer Licensing Examination.

<u>Name</u>	<u>Institution</u>
Adrienne R. Arceneaux	U. T. Health Science Center - Houston
John H. Armstead	U. T. Health Science Center - Houston
Ryan Matthew Ballard	U. T. Dallas
Jerry Blanco	U. T. Arlington
David A. Boyd	U. T. Pan American
Calvin N. Bridgeforth	U. T. Medical Branch - Galveston
James W. Carr	U. T. Medical Branch - Galveston
Christopher D. Fultz	U. T. Medical Branch - Galveston
James David Garner	U. T. Medical Branch - Galveston
Liju George	U. T. Southwestern Medical Center - Dallas
Carla D. Goerig	U. T. Austin
Corey L. Harris	U. T. Austin
Gordon R. McNaughton, Jr.	U. T. Arlington
Mario A. Montanez	U. T. Southwestern Medical Center - Dallas
Markham R. Moreno	U. T. Brownsville
Jesse L. Morin	U. T. Medical Branch - Galveston
Robert T. Patterson	U. T. Health Science Center - San Antonio
Gerald Potter	U. T. Arlington
Glen C. Reed	U. T. Health Science Center - Houston
Jose R. Samaniego	U. T. San Antonio
Sharon Sheppard-Duty	U. T. Arlington
Cody J. Ulmer	U. T. Austin
Victoria A. Valenta	U. T. Austin
Jovany J. Vega	U. T. San Antonio
Marcus K. Williams	U. T. Health Science Center - San Antonio



# REAL ESTATE REPORT

## THE UNIVERSITY OF TEXAS SYSTEM SEPARATELY INVESTED ASSETS Managed by U. T. System

Summary Report at November 30, 2007

	FUND TYPE							
	Current Purpose Restricted		Endowment & Similar Funds		Annuity & Life Income Funds		TOTAL	
	Book	Market	Book	Market	Book	Market	Book	Market
<b>Land &amp; Buildings:</b>								
Ending Value 8/31/07	\$ 4,185,533	\$ 29,545,158	\$ 105,609,221	\$ 282,465,466	\$ 1,159,250	\$ 1,189,766	\$ 110,954,004	\$ 313,200,390
Increase or Decrease	(520,000)	(520,000)	(684,225)	381,182	-	-	(1,204,225)	(138,818)
Ending Value 11/30/07	\$ 3,665,533	\$ 29,025,158	\$ 104,924,996	\$ 282,846,649	\$ 1,159,250	\$ 1,189,766	\$ 109,749,778	\$ 313,061,573
<b>Other Real Estate:</b>								
Ending Value 8/31/07	\$ 98,478	\$ 98,478	\$ 161,791	\$ 161,791	\$ -	\$ -	\$ 260,269	\$ 260,269
Increase or Decrease	(1,207)	(1,207)	(5,664)	(5,664)	-	-	(6,870)	(6,870)
Ending Value 11/30/07	\$ 97,271	\$ 97,271	\$ 156,127	\$ 156,127	\$ -	\$ -	\$ 253,399	\$ 253,399

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

Details of individual assets by account furnished on request.

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

## U. T. ARLINGTON

### CHANGES TO ADMISSIONS CRITERIA

The following changes, in congressional style, to the admission criteria are proposed for inclusion in the Graduate Catalog at The University of Texas at Arlington. The changes have been administratively approved by the Executive Vice Chancellor for Academic Affairs and are recommended for approval by the U. T. System Board of Regents:

#### **Proposed Admission Criteria for BS-PhD Track Students in Electrical Engineering**

**(Please note:** The following admission requirements have been proposed to govern admission of students who have completed their bachelor degrees into a new track leading to a doctorate within the current program in Electrical Engineering (EE). Underscoring is used to indicate that all of the proposed text will be new to the upcoming Catalog. Students seeking a master's degree and master's students seeking a doctoral degree will continue to be admitted under existing published admission criteria.)

1. The admission process will consider all of the application material including official transcripts, GRE scores, letters of recommendation and the statement of purpose. No single objective factor will be used to finalize the decision for admission or to deny admission. An attempt will be made to match the technical aspirations of the potential graduate students with the departmental resources in order to provide a stimulating academic environment for the students and their graduate education.
2. Admission decisions are based on the following criteria:
  - A minimum undergraduate GPA requirement of 3.7 (on a 4.0 scale) based on upper-division coursework (junior and senior level or equivalent) on a four year BSEE degree program.
  - Relevance of the student's undergraduate degree (background) to the EE curriculum.
  - Rigor of the student's bachelor's degree.
  - Reputation of the University/College that the student has received his/her previous degrees.
  - Publications in scholarly conferences/journals will improve a student's chances of securing admission.

## CHANGES TO ADMISSIONS CRITERIA (CONTINUED)

- Three recommendation letters from individuals who can judge the probability of success of the student's graduate study.

- Satisfactory GRE Scores.

A typical applicant who is admitted into the BS-PhD program has scores of at least the following:

- Quantitative score >780
  - Verbal score > 500
  - Analytical Writing score > 4
- For an International Student, an additional requirement beyond those stated above: TOEFL > 560 for the paper and pencil test or > 220 for the computer based test

**AMENDMENTS TO THE 2007-08 BUDGET**

**TENURE APPOINTMENTS**

**NEW APPOINTMENTS WITH TENURE, AWARD OF TENURE,  
AND EMERITUS APPOINTMENTS**

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

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
<b>COLLEGE OF BUSINESS</b>					
Marketing					
1. Xueming Luo					2265
From: Assistant Professor		100	09	126,164	
To: Associate Professor (T)	9/1-5/31	100	09	126,164	
		SUPL	09	20,000	
<b>COLLEGE OF ENGINEERING</b>					
Computer Science and Engineering Professor					
2. Chris H. Q. Ding (T)	9/1-5/31	100	09	120,000	2267
<b>COLLEGE OF LIBERAL ARTS</b>					
Communication Associate Professor					
3. Eronini R. Megwa (T)	12/25-5/31	100	09	72,000	2359

## U. T. AUSTIN

### GIFTS

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

1. Donor Name: Michael & Susan Dell Foundation  
College/School/ Department: The Dell Pediatric Research Institute, The University of Texas at Austin  
Purpose: Buildings and Capital Items  
Asset Type: Cash  
Value: \$10,000,000
  
2. Donor Name: Mr. R. Graham Whaling  
College/School/ Department: Intercollegiate Athletics for Men and Women  
Purpose: Indoor Tennis Facility  
Asset Type: Cash  
Value: \$2,000,000

## CONTRACTS

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

### GENERAL CONTRACTS

#### FUNDS COMING IN

1. Agency: NIKE USA, Inc.  
Funds: \$20,205,000  
Period: July 1, 2009 through June 30, 2015  
Description: Extension of the current agreement for NIKE to be the exclusive provider of athletic footwear, apparel, and accessory products for Men's and Women's Athletics Programs. NIKE will also provide cash compensation to the Men's and Women's Intercollegiate Athletics programs.
  
2. Agency: Coca-Cola Enterprises d/b/a Austin Coca-Cola Bottling Company  
Funds: Royalty in the amount of 30-35% of gross receipts, as well as a vending rights fee, recycling fee, and scholarship funds  
Period: September 1, 2007 through August 31, 2011  
Description: Non-exclusive vending machine agreement for Coca-Cola to sell carbonated and non-carbonated beverages, bottled water, sports drinks, isotonic beverages, and fruit juices in machines located throughout campus. The agreement was withdrawn from the August 2007 Docket because Coca Cola continued to request changes to U. T. Austin's standard vending machine agreement. Negotiations continued until a final agreement was reached in early December. In accordance with *Texas Education Code* Section 51.945, the students of the institution were provided with a reasonable opportunity to appear before any committee or other entity that determined that this food service provider should be selected by the institution.

## CONTRACTS (CONTINUED)

### GENERAL CONTRACTS (CONTINUED)

#### FUNDS COMING IN (CONTINUED)

3. Agency: The Coca-Cola Company  
Funds: \$6,370,000  
Period: September 1, 2007 through August 31, 2014  
Description: Pouring Rights Agreement for beverages to be sold at all campus intercollegiate athletic events and at all ticketed events held in the Frank C. Erwin, Jr. Special Events Center. The item was deleted from the November 2007 Docket while the U. T. Austin Athletics Office continued to negotiate with Coca-Cola. A final agreement was attained and was executed in December. The previous agreement with Coca-Cola was extended while the proposed agreement was being processed.

#### FUNDS GOING OUT

4. Agency: National Center for Drug Free Sports, Inc.  
Funds: \$5,575,000  
Period: December 15, 2007 through August 31, 2009  
Description: Drug testing through statewide random steroid testing for Texas high school student athletes as required by the 80th Texas Legislature, Senate Bill 8.

#### FOREIGN CONTRACTS

5. Agency: Universidad Veracruzana  
Funds: University will receive royalties of 6% of list price of book  
Period: 10 years from date of publication of the Spanish-language edition of the book  
Description: Agency will publish a Spanish translation of a University of Texas Press book titled "Contemporary Theatre in Mayan Mexico: Death-Defying Acts" by Tamara Underiner.

## CONTRACTS (CONTINUED)

### FOREIGN CONTRACTS (CONTINUED)

6. Agency: Universidad Autonoma "Benito Juarez" de Oaxaca, Mexico
- Funds: University will receive royalties of 3% of list price of book after the first 500 copies
- Period: 10 years from date of publication of the Spanish-language edition of the book
- Description: Agency will publish a Spanish translation of a University of Texas Press book titled "Streets, Bedrooms, and Patios: The Ordinariness of Diversity in Urban Oaxaca" by Michael Higgins and Tanya Coen.



**AMENDMENTS TO THE 2007-08 BUDGET**

**TENURE APPOINTMENTS**

**NEW APPOINTMENTS WITH TENURE, AWARD OF TENURE,  
AND EMERITUS APPOINTMENTS**

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

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
<b>COCKERELL SCHOOL OF ENGINEERING</b>					
Aerospace Engineering and Engineering Mechanics					
1. Eric B. Becker					2330
From: Professor (T)		100	09	87,994	
To: Professor Emeritus	9/1-5/31			0	
2. Raynor L. Duncombe					2331
From: Professor (T)		100	09	73,859	
To: Professor Emeritus	9/1-5/31			0	
<b>COLLEGE OF LIBERAL ARTS</b>					
History and Office of the Vice President For Diversity and Community Engagement					
Associate Professor and Assistant Vice President					
3. Leonard M. Moore (T)	9/1-5/31	50	09	82,500	2323
	9/1-8/31	50	12	110,000	
Classics					
4. Douglass S. Parker					
From: Professor (T)		100	09	74,478	2203
To: Professor Emeritus	9/1-5/31			0	

**AMENDMENTS TO THE 2007-08 BUDGET (CONTINUED)**

**TENURE APPOINTMENTS (CONTINUED)**

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
<b>COLLEGE OF NATURAL SCIENCES</b>					
School of Biological Sciences – Section of Molecular Genetics and Microbiology					
5. Karen J. Artzt					2288
From: Ashbel Smith Professor (T)		100	09	98,913	
To: Ashbel Smith Professor Emeritus	9/1-5/31			0	

**TRANSFERS OF FUNDS**

<u>Description</u>	<u>\$ Amount</u>	<u>RBC #</u>
<b>SERVICE DEPARTMENTS FUNDS (REVOLVING FUNDS)</b>		
University of Texas Libraries		
6. Amount of Transfer:	2,800,000	2356

From: Library Resource Sharing Project – Operating Income

To: Library Resource Sharing Project – Books

Transfer from income account to increase book expense budget.  
Resource material expenses are billed out to schools participating  
in the Library Resource Sharing Project.

**DESIGNATED FUNDS**

University Elementary School

7. Amount of Transfer: 650,000 2321

From: Operating Income

To: Maintenance, Operation, and Equipment

Transfer from income to increase budgeted expenditure amount due  
to increased funding from the Texas Education Agency.

## OTHER MATTERS

### APPROVAL OF DUAL POSITIONS OF HONOR, TRUST, OR PROFIT

The following items have been approved by the Executive Vice Chancellor for Academic Affairs in accordance with the Regents' *Rules and Regulations*, Series 30103 and are submitted for approval by the U. T. System Board of Regents. It has been determined that the holding of these offices or positions are of benefit to the State of Texas and The University of Texas and there is no conflict between holding these positions and the appointments of Drs. Cunningham and Ortiz with The University of Texas at Austin. By approval of these items, the Board is also asked to find that holding these positions is of benefit to the State of Texas and The University of Texas and there is no conflict between the positions and the University.

1.     Name:                 William H. Cunningham, Ph.D.  
       Title:                Professor, James L. Bayless Chair for Free Enterprise in the Red McCombs School of Business, Department of Marketing  
  
       Position:             Appointment to the Select Commission on Higher Education and Global Competitiveness  
  
       Period:               January 8, 2008 through November 1, 2008  
       Compensation:        None  
       Description:         Governor Perry has appointed Dr. Cunningham to the Select Commission on Higher Education and Global Competitiveness. The Commission makes recommendations with regard to Higher Education funding with a view to increasing Texas' global competitiveness.
  
2.     Name:                 Alba A. Ortiz, Ph.D.  
       Title:                Professor, Department of Special Education, Director of the Office of Bilingual Education  
  
       Position:             Reappointment to the Early Childhood Intervention Advisory Committee of the Texas Department of Assistive and Rehabilitative Services  
  
       Period:               Continuing term through February 1, 2013  
       Compensation:        None  
       Description:         Governor Perry reappointed Dr. Ortiz to the Early Childhood Intervention Advisory Committee on November 12, 2007. The Early Childhood Intervention Advisory Committee serves Texas families who have infants and toddlers with disabilities or developmental delays.

## U. T. BROWNSVILLE

### OTHER MATTERS

#### APPROVAL OF DUAL POSITIONS OF HONOR, TRUST, OR PROFIT

The following item has been approved by the Executive Vice Chancellor for Academic Affairs in accordance with the Regents' *Rules and Regulations*, Series 30103 and is submitted for approval by the U. T. System Board of Regents. It has been determined that the holding of this office or position is of benefit to the State of Texas and The University of Texas and there is no conflict between holding this position and the appointment of Mr. Zavaletta with The University of Texas at Brownsville. By approval of this item, the Board is also asked to find that holding this position is of benefit to the State of Texas and The University of Texas and there is no conflict between the position and the University.

- |               |   |
|---------------|---|
| Name:         | Joseph Zavaletta, Jr., J.D.   |
| Title:        | Director of The University of Texas at Brownsville Center<br>For Civic Engagement   |
| Position:     | OneStar National Service Commission   |
| Period:       | July 30, 2007 through March 15, 2010  |
| Compensation: | None  |
| Description:  | Governor Perry has appointed Mr. Zavaletta to the Board of<br>OneStar National Service Commission. The Commission<br>operates under the administration of the OneStar Foundation<br>which works to further volunteerism and community service in<br>the State of Texas. |

## U. T. DALLAS

### GIFTS

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

1. Donor Name: T. Boone Pickens Foundation  
College/School/ Department: Center for BrainHealth  
Purpose: Dedicated to the completion of 20,000 square feet of state-of-the-art clinical research space in the Frances and Mildred Goad Building  
Asset Type: Cash  
Value: \$6,000,000

## CONTRACTS

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

### GENERAL CONTRACTS

#### FUNDS GOING OUT

1. Agency: ACC SC Management, LCC  
Funds: \$2,400,000  
Period: November 1, 2007 through October 31, 2015  
Description: Management and operation of the Waterview Park Apartments.
  
2. Agency: Buses by Bill  
Funds: \$2,060,417  
Period: January 2, 2007 through July 31, 2010  
Extension possible for 5 more years  
Description: Provide transportation including the local area rapid transit and light rail and bus system.

**AMENDMENTS TO THE 2007-08 BUDGET  
TENURE APPOINTMENTS**

**NEW APPOINTMENTS WITH TENURE, AWARD OF TENURE,  
AND EMERITUS APPOINTMENTS**

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

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
SCHOOL OF NATURAL SCIENCES AND MATHEMATICS					
Science Education					
1. Frederick L. Fifer					2312
From: Professor (T)		100	09	73,469	
To: Professor Emeritus	9/1-5/31			0	

## **U. T. EL PASO**

### **CONTRACTS**

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

#### **GENERAL CONTRACTS**

##### **FUNDS COMING IN**

Agency:	Mcliff LTD
Funds:	\$210,000
Period:	January 1, 2008 through August 31, 2012 plus two one-year renewal options
Description:	Mcliff LTD agrees to furnish and service snack vending machines on the campus. The contract was competitively bid.



## **CHANGES TO ADMISSIONS CRITERIA**

The following changes to admission requirements for first-time, full-time students are proposed for inclusion in the catalog of The University of Texas at El Paso. The changes have been administratively approved by the Executive Vice Chancellor for Academic Affairs and are recommended for approval by the U. T. System Board of Regents:

### **Revised Admission Requirements: Background**

The proposed changes to admission criteria at U. T. El Paso rest on a strong foundation built on U. T. El Paso's 15 years of work with area school districts and the El Paso Community College through the El Paso Collaborative for Academic Excellence. U. T. El Paso draws 82% of its students from El Paso County schools, and this investment in the El Paso Collaborative has been highly successful in achieving the goals of raising educational aspirations and attainment among pre-college students, improving college preparedness, and vertically aligning curricula and assessment among all the major educational institutions in the region.

These proposed changes also draw on the results of U. T. El Paso's institutional research efforts focused on identifying specific factors that foster the success of U. T. El Paso students. This research reveals that preparation and engagement in education prior to matriculation are key elements in increasing the probability of degree completion. This insight led to the establishment, in 2005, of the El Paso Region College Readiness Initiative in partnership with El Paso Community College and the 12 independent school districts that comprise Region 19. As a part of this initiative, high school students take the ACCUPLACER placement exam during their junior or senior year in high school. Students who present scores that indicate they are qualified to enroll in U. T. El Paso college-level courses in math and English will be admitted (see Path 3 in chart title, Proposed Pathways to Admission). Admission of students who do not participate in these College Readiness initiatives will be determined via Path 1 or Path 2.

## CHANGES TO ADMISSIONS CRITERIA (CONTINUED)

### UNDERGRADUATE ADMISSION (Effective for Admissions for 2009-2010 Academic Year)

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#### **Admission Pathways**

There are three pathways to admission for first-time first-year students who wish to attend The University of Texas at El Paso.

#### **Path 1: Top 10% Graduates**

Individuals are admissible to the University as first-time, first-year students if they graduated from a Texas high school in the top 10% of their class and submit all required credentials, including SAT or ACT scores, by the appropriate due date. Applicants must also have either (1) successfully completed the curriculum requirements for the recommended or advanced high school program or its equivalent; or (2) satisfied ACT's College Readiness Benchmarks on the ACT assessment applicable to the applicant or earned on the SAT assessment a combined verbal, math, and writing score of at least 1,500 out of 2,400 or the equivalent. After admission, students must take the ACCUPLACER to determine first-semester course placement in reading, writing, and mathematics and must register for these courses with the approval of their advisor.

#### **Path 2: High School Rank and Test Scores**

Texas high school graduates and all graduates of out-of-state high schools are admissible as first-time, first-year students if they meet any of the criteria listed below:

<b>HS Rank in Class</b>	<b>Minimum SAT Combined Score (Verbal + Math)</b>	<b>Minimum ACT Composite Score</b>
Top 25%	No minimum, but scores must be submitted	No minimum, but scores must be submitted
Second 25%	920	19
Third 25 %	970	20
Fourth 25%,	1010	21
<i>No HS rank, GED, unaccredited HS, or home school program</i>	1010	21

After admission, students must take the ACCUPLACER to determine first-semester course placement in reading, writing, and mathematics and must register for these courses with the approval of their advisor. Texas residents who do not meet these criteria may qualify for provisional admission into the START Program. Nonresidents may qualify through individual review.

## CHANGES TO ADMISSIONS CRITERIA (CONTINUED)

### **Path 3: College Readiness**

Graduates of public high schools in Texas Educational Service Center Region 19 take the ACCUPLACER placement examination in their junior or senior year as a component of the El Paso Region College Readiness Initiative (CRI). If they qualify to take UTEP college-level courses in English and mathematics, they are admitted as first-time, first-year students once all required documents, including SAT or ACT scores, have been submitted. The ACCUPLACER scores required to take college-level courses are as follows:

Reading = 78-120

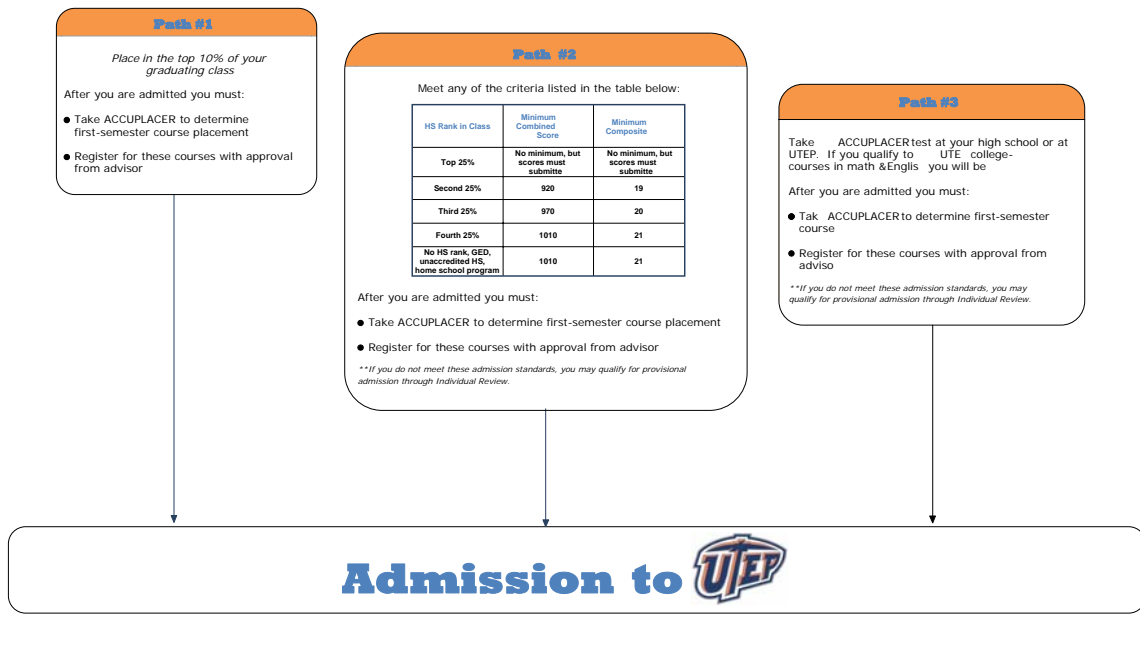
Writing: Essay = 5 + Sentence Skills = 80-120 or Essay = 6-8

College Math = 20-80

Graduates of private high schools, home schools, public schools outside of Region 19, or those who have a GED can still take the ACCUPLACER to be admitted to UTEP using the College Readiness standard. This may be done locally at UTEP or at El Paso Community College, or at ACCUPLACER test sites around the country. To find an ACCUPLACER test site outside of El Paso, check with college and university testing offices in your area, or call the College Board toll-free at (866) 607-5223.

Applicants who do not meet the College Readiness standards may qualify through Individual Review.

## Pathways to Admission



## CHANGES TO ADMISSIONS CRITERIA (CONTINUED)

### UNDERGRADUATE ADMISSION (Effective for Admissions for 2008-2009 Academic Year)

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#### HIGH SCHOOL PREPARATION

High school students who intend to enroll at the University must take a college preparatory curriculum. All new first-year students admitted to UTEP within five years of their graduation from a Texas high school must have completed the Recommended High School Program. The Recommended Program consists of 24 credits, including 16 credits in the core areas. Completion of the Recommended High School Program also makes students eligible for consideration for the need-based TEXAS Grant Program. Graduates of non-Texas high schools, private schools, or home schools must meet the 16-credit core requirement, in addition to any other requirements set by their high schools. Students whose high school preparation varies from that described will be reviewed on an individual basis.

<b>SUBJECT</b>	<b>CREDITS*</b>
English	4
Mathematics (Algebra I and II and Geometry)	3
<i>Students interested in Science and Engineering need an additional year of Pre-calculus, Trigonometry, Analytic Geometry, or Elementary Analysis.</i>	1
Natural Science (Biology, Chemistry, Physics, or Principles of Technology)	3
Social Studies (1 credit each of U.S. History, World History, and World Geography; ½ credit each of Economics and U.S. Government)	4
Language Other Than English (2 years of the same language)	2

- \* One year's work in a subject counts as one credit; a semester's work counts as a half credit. (The Recommended High School Program also includes credits in Health and Physical Education, Fine Arts, Speech, Technology Applications, and Electives.)

The above requirement may be satisfied if the applicant's official high school transcript or diploma states that the applicant completed the portion of the recommended or advanced curriculum or its equivalent that was available to the applicant, but was unable to complete the remainder of the curriculum solely because courses necessary to complete the remainder were unavailable to the applicant at the appropriate times in the applicant's high school career as a result of course scheduling, lack of enrollment capacity, or another cause not within the applicant's control.

**AMENDMENTS TO THE 2007-08 BUDGET**

**TENURE APPOINTMENTS**

**NEW APPOINTMENTS WITH TENURE, AWARD OF TENURE,  
AND EMERITUS APPOINTMENTS**

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

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
<b>COLLEGE OF BUSINESS ADMINISTRATION</b>					
Economics and Finance					
1. Anthony F. Herbst					2382
From: Professor (T)					
To: Professor Emeritus	2/7			0	
Marketing and Management					
2. Gary L. Sullivan					2381
From: Professor (T)					
To: Professor Emeritus	2/7			0	
<b>COLLEGE OF LIBERAL ARTS</b>					
English					
3. Robert T. Bledsoe					2372
From: Professor (T)					
To: Professor Emeritus	2/7			0	
Music					
4. Hugh F. Cardon					2375
From: Professor (T)					
To: Professor Emeritus	2/7			0	

**AMENDMENTS TO THE 2007-08 BUDGET (CONTINUED)**

**TENURE APPOINTMENTS (CONTINUED)**

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
<b>COLLEGE OF SCIENCE</b>					
Chemistry					
Dean and Professor					
5. Anny Morrobel-Sosa (T)	10/1-8/31	100	12	190,000	2215
	10/1-5/31	WOS	09	115,000	
Biological Sciences					
6. Thomas E. Brady					2380
From: Professor (T)					
To: Professor Emeritus	2/7			0	
Mathematical Sciences					
7. Ralph A. Liguori					1867
From: Associate Professor (T)		50	09	56,646	
To: Associate Professor Emeritus	2/7			0	

**U. T. PAN AMERICAN**  
**AMENDMENTS TO THE 2006-07 BUDGET**

**TRANSFERS OF FUNDS**

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

<u>Description</u>	<u>\$ Amount</u>	<u>RBC #</u>
ORACLE PROJECT PHASE I		
1. Amount of Transfer:	583,494	2310

From: E&G Excellence Designated Account

To: Unexpended Plant Account

To transfer funds from E&G Excellence Designated Account to an Unexpended Plant Account to fund the Oracle Phase I (replacement software).

## U. T. PERMIAN BASIN

### CHANGES TO ADMISSIONS CRITERIA

The following changes, in congressional style, to admission criteria for first-time freshmen are proposed for inclusion in the catalog of The University of Texas of the Permian Basin. The changes have been administratively approved by the Executive Vice Chancellor for Academic Affairs and are recommended for approval by the U. T. System Board of Regents:

#### **PROPOSED ADMISSIONS STANDARDS FOR FRESHMAN ~~STUDENT~~ ADMISSIONS EFFECTIVE FALL, 2009**

**FRESHMAN STUDENT**- For application purposes, a freshman student is defined as "a student enrolling at a college or university for the first time and/or a transfer student who has successfully completed 1-23 semester hours of academic credit at a regionally accredited ~~institution~~"-college or university."

#### **Freshmen Applications**

In addition to completing the application for admission, at a minimum the student must present ~~an~~:

- official high school transcript ~~from an accredited school,~~
- transcripts of all college courses attempted (if any) and
- college entrance examination scores from either the Scholastic Aptitude Test (SAT) or the American College Testing Program (ACT). Applicants are also encouraged, but not required to submit other evidence of their readiness for college study. Examples of some of these are given in the admissions criteria section of these rules. Although the final transcripts showing date of graduation cannot be sent until after high school graduation, a tentative admissions decision, as well as scholarship consideration, can be made on the basis of an official high school transcript listing the courses taken up to the time of application, the grades and the *approximate* class rank. Applicants are considered freshmen if they have accumulated fewer than 24 semester credit hours of college credit. The Office of Admissions recommends that potential freshmen complete the application process in the Springspring of their senior year in high school ~~or by the following recommended dates:~~
  - Fall Semester ~~-Admissions deadline:~~ July 15
  - Spring Semester ~~-Admissions deadline:~~ November 15
  - Scholarship deadline: April 1

#### **CHANGES TO ADMISSIONS CRITERIA (CONTINUED)**



- Summer Semester -Admissions deadline: April 15

~~**Graduates of Non-Accredited High Schools and/or Home Schools, GED certificate holders.** Students who have attended unaccredited high schools or who have received GED certificates will be considered for admission according to the criteria listed in those sections.~~

### **Freshmen Entrance Requirements**

~~All students graduating from an accredited Texas high school who are ranked in the top 10% of their high school graduation class will be admitted unconditionally to The University of Texas of the Permian Basin. Students applying to U. T. Permian Basin from an accredited high school outside of Texas or who graduated from an accredited Texas school with class rank not in the top 10% must meet the high school unit requirements and class rank and SAT or ACT score requirements as noted. Students who do not meet the admissions criteria outlined below may be considered for the Provisional Admissions Program.~~

### **HIGH SCHOOL UNITS**

#### ENGLISH - 4 UNITS

~~**Required:** Four units of English, one of which may be writing, world literature, or journalism.~~

~~**Strongly recommended:** The fourth unit of English should include the development of writing skills.~~

#### MATH - 3 UNITS

~~**Required:** Algebra I & II, Geometry or Trigonometry~~

~~**Strongly recommended:** Students planning to enter scientific, engineering or business fields are advised to take at least **four** units at the level of Algebra I and higher.~~

#### SCIENCE - 2 UNITS

~~**Strongly recommended:** Students planning to enter scientific or engineering fields are advised to take at least **three** units, including chemistry and physics.~~

#### SOCIAL STUDIES - 3 UNITS

~~**Required:** U.S. History - 1 yr.; American Government - 1/2 yr.; Economics - 1/2 yr.~~

~~**One additional unit from fields such as:** Anthropology, area or ethnic studies, geography, philosophy, psychology, sociology or world history.~~

~~FOREIGN LANGUAGE - 2 UNITS or additional science or mathematics.~~

#### ELECTIVES - 6 UNITS

~~Any units beyond the required minimum may be counted as electives with the exception of drill subjects (e.g., driver training, military training).~~

~~**Strongly recommended:** One half unit of fine arts (theater arts, art, music, or dance).~~

### **CHANGES TO ADMISSIONS CRITERIA (CONTINUED)**

~~**RECOMMENDED HIGH SCHOOL PROGRAM** – Texas students completing the Recommended or Distinguished High School program or hold the International Baccalaureate Diploma meet the high school unit requirement unconditionally.~~

The following are recommended units for all other students:

- ~~English, Language Arts (Not including Journalism) and Reading – 4 credits~~
- ~~Reading – 4 credits~~
- ~~Mathematics – 3 credits~~
- ~~Science – 3 credits~~
- ~~Social Studies – 4 credits~~
- ~~Economics – 1/2 credit~~
- ~~Physical Education – 1 1/2 credits~~
- ~~Health Education – 1/2 credit~~
- ~~Fine Arts – 1 credit~~
- ~~Languages other than English – 2 to 3 credits~~
- ~~Communication Applications – 1/2 credit~~
- ~~Technology Application – 1 credit~~
- ~~Electives – 4 1/2 to 5 1/2 credits~~

<del>Graduation Class Rank</del>	<del>College Entrance Exam</del>	<del>SAT</del>	<del>ACT</del>	<del>-</del>
<del>Top 10%</del>	<del>No minimum score</del>	<del>-</del>	<del>-</del>	<del>-</del>
<del>10-25</del>	<del>No minimum score, but scores must be submitted.</del>	<del>-</del>	<del>-</del>	<del>-</del>
<del>2nd quarter</del>	<del>830</del>	<del>18</del>	<del>-</del>	<del>-</del>
<del>3rd quarter</del>	<del>920</del>	<del>19</del>	<del>-</del>	<del>-</del>
<del>4th quarter</del>	<del>1100</del>	<del>24</del>	<del>-</del>	<del>-</del>

~~**Freshman applicants graduating from nonaccredited high schools** must have scored 920 or higher on the SAT or 19 or higher on the ACT and show evidence of meeting the high school unit requirements.~~

~~**Freshman applicants graduating from home schools** must have scored 920 or higher on the SAT or 19 or higher on the ACT and be 18 years of age or older.~~

**CHANGES TO ADMISSIONS CRITERIA (CONTINUED)**

~~Freshman applicants with GED certificates must have scored 1100 or higher on the SAT or 24 or higher on the ACT; be 18 years of age or older; and show evidence of meeting high school unit requirements by attaining a score of 50 or better on each individual GED score.~~

~~Applicants who do not graduate in the top 10% of their~~

### HIGH SCHOOL CURRICULUM/COLLEGE READINESS

Effective for Admissions for the 2008-2009 Academic Year, in addition to current university requirements for admission, applicants must also have either:

- 1) successfully completed the curriculum requirements for the recommended or advanced high school program or its equivalent; or
- 2) satisfied ACT's College Readiness Benchmarks on the ACT assessment applicable to the applicant or earned on the SAT assessment a combined verbal, math, and writing score of at least 1,500 out of 2,400 or the equivalent.

The above curriculum requirement may be satisfied if the applicant's official high school transcript or diploma states that the applicant completed the portion of the recommended or advanced curriculum or its equivalent that was available to the applicant, but was unable to complete the remainder of the curriculum solely because courses necessary to complete the remainder were unavailable to the applicant at the appropriate times in the applicant's high school career as a result of course scheduling, lack of enrollment capacity, or another cause not within the applicant's control. Applicants included within this category are those who have a GED, are out-of-state residents, or are home schooled.

Students graduating from other high school programs should complete a similar college preparatory high school study.

UTPB may waive the state-mandated requirement for up to 20% of its entering freshman class.

### FRESHMAN STUDENT ADMISSIONS CRITERIA

#### Top 10% of the High School Class

All students in the top 10% of their high school graduation class will be admitted unconditionally. Students admitted on this basis must complete the requirements of the Texas Success Initiative\*.

**CHANGES TO ADMISSIONS CRITERIA (CONTINUED)**

**SAT or ACT Score Only**

A student who graduated from high school or equivalent program and with a score of 600 on the verbal and minimum score of 550 on math sections and a combined verbal/math only score of 1160 of the SAT or a score of 25 on the ACT will be admitted unconditionally. This standard will be raised to 1200 for 2011 SAT score or a 26 ACT and 1250 for fall 2013 or a 27 ACT score. Students admitted on this basis must complete the requirements of the Texas Success Initiative.

**Combination of Class Rank and Standardized Test Scores**

Students may be admitted to the University if they have the required high school credits and meet the following class rank and SAT/ACT scores.

	For Fall 2009		For Fall 2011		For Fall 2013	
	And 2010		and 2012		and 2014	
<u>Graduation Class Rank</u>	<u>College Entrance Exam</u>		<u>College Entrance Exam</u>		<u>College Entrance Exam</u>	
	<u>SAT</u>	<u>ACT</u>	<u>SAT</u>	<u>ACT</u>	<u>SAT</u>	<u>ACT</u>
<u>Top 10%</u>	<u>No Minimum Score</u>		<u>No Minimum Score</u>		<u>No Minimum Score</u>	
<u>10-25</u>	<u>850</u>	<u>17</u>	<u>900</u>	<u>18</u>	<u>950</u>	<u>19</u>
<u>2nd quarter</u>	<u>900</u>	<u>19</u>	<u>950</u>	<u>20</u>	<u>1000</u>	<u>21</u>
<u>3rd quarter</u>	<u>1030</u>	<u>22</u>	<u>1080</u>	<u>23</u>	<u>1150</u>	<u>24</u>
<u>4th quarter</u>	<u>1160</u>	<u>25</u>	<u>1200</u>	<u>26</u>	<u>1250</u>	<u>27</u>

\* The Texas Success Initiative requires all entering freshmen to take placement tests in reading, mathematics and writing as noted on pages 35-37 of the 2007 – 2009 catalog.

## CHANGES TO ADMISSIONS CRITERIA (CONTINUED)

### Other Admissions Criteria

Applicants may be admitted to The University of Texas of the Permian Basin based on a number of criteria or indicators of readiness for college success. Students who have evidence of high school graduation or its equivalent may be admitted by the director based on high school rank, ACT or SAT scores, and other evidence of college readiness, including the following criteria:

- Student's rank in high school class and do not meet the criteria for the recommended high school units requirement and class rank and SAT and ACT score requirements may be considered for admission. Admission may be unconditional or conditional. These applicants must submit the application, transcripts and SAT or ACT scores. The applicant must also:
- Submit three letters Letters of recommendation from individual educators or professionals who can comment on the applicant's applicant's potential for success in college.
- Scores on the CLEP, AP, International Baccalaureate, or other nationally recognized standardize examination for college placement.
- The SAT Writing exam.
- Essays submitted as part of the Texas Common Application.
- Concurrent or dual enrollment college course credit.
- Documentation of a rigorous high school curriculum completed.
- SAT, ACT, or other standardized test results.
- Evidence of leadership in community service or school activities.
- Work experience or military service since leaving high school.
- Complete an interview with a representative of the Admissions Office prior to consideration for admission. In this interview, the applicant will be asked to present evidence of academic ability.
- Performance ranking of the high school.

## CHANGES TO ADMISSIONS CRITERIA (CONTINUED)

In reviewing a student for admission the ~~Office of Admission~~ Admissions Director will consider: The applicant's evidence of academic ability; whether the applicant is the first generation in his or her family to attend or graduate from college; whether the applicant is bilingual; the applicant's responsibilities while attending school; the applicant's involvement in community activities; the applicant's extracurricular activities; the applicant's professional, military, or work experience since leaving high school; and the socioeconomic background of the family. An applicant may be admitted unconditionally, provisionally or conditionally.

### CONDITIONAL ADMISSIONS

All admitted students must satisfy the Texas Success Initiative\* requirements and placement testing of the University. Students who do not successfully meet these requirements or who enter with academic deficiencies may be admitted conditionally. Conditionally admitted students will complete a student success plan as one of the conditions for their admissions. To be removed from conditional status, a student must:

- Complete twelve or more credits-general education credit requirements from U. T. Permian Basin with grades of "C" or better in each course; and
- Complete other enrollment requirements consistent with his or her deficiencies at the time of application.

Failure to meet these requirements may result in an academic probation or dismissal.

### ~~INTERNATIONAL BACCALAUREATE~~

~~The University of Texas of the Permian Basin recognizes credit for international baccalaureate scores. Credit determinations are made by the academic department.~~

### ~~Provisional Admissions Program~~

~~Any Texas resident may enter The University of Texas of the Permian Basin~~

### PROVISIONAL ADMISSIONS PROGRAM

Under the U. T. Permian Basin Provisional Enrollment Program for freshmen, any student graduating from high school may enter U. T. Permian Basin in the summer or spring semester. Following her or his high school graduation regardless of his or her high school record or score on the Scholastic Aptitude Test (SAT) or American College Test (ACT) provided that he or she has graduated from an accredited a high school with the required units and subjects as prescribed above. Provisional admission students may enroll in the summer session (both summer terms) or the fall semester following the student's graduation from high school provided the student has not previously enrolled in credit courses in any other institution of higher education following high school graduation. by the institution. Students who successfully meet the following standards will be admitted for subsequent semesters or unconditional admissions status. The student must complete in a single semester or the combined

## CHANGES TO ADMISSIONS CRITERIA (CONTINUED)

summer terms a total of 12 semesters of general education courses selected from English, mathematics, natural sciences, social sciences, fine arts and humanities with a semester grade point average in those courses of 2.0 or above.

~~Provisionally admitted students must complete 12 semester credit hours of courses meeting the University's general education requirements selected from English, mathematics, natural sciences, social sciences during their first semester of enrollment.~~

~~The student who demonstrates ability to perform college level work by achieving a GPA of 2.0 or above during the entire summer session (both summer terms) or during the fall semester may be admitted as a regular student in subsequent semesters.~~

~~Provisional admission students who achieve a GPA of at least a 1.5 in their first semester or summer session (both summer terms) may be allowed to continue for the next semester or summer session. At the conclusion of the second period of enrollment, the student must have achieved a cumulative GPA of 2.0 or above to continue in the institution.~~

~~Applicants who graduated from high school more than five years ago and are residents of Texas and who do not meet freshman entrance requirements, **in addition to completing the application requirements:**~~

- ~~• must submit letters of recommendation from individuals who can testify regarding their academic potential.~~
- ~~• must complete an interview with a representative of the Admissions Office prior to consideration for Admission.~~
- ~~• must complete twelve or more hours with grades of "C" or better in each course to be removed from provisional status.~~
- ~~• must complete other enrollment requirements consistent with their deficiencies at the time of application.~~

## CHANGES TO ADMISSIONS CRITERIA (CONTINUED)

### ~~Early Admissions Program (EAP)~~

### EARLY ADMISSIONS PROGRAM (EAP)

Students seeking admission to The University of Texas of the Permian ~~Basie~~Basin prior to high school graduation must:

- have completed their ~~junior~~sophomore year of high school
- be ranked in the top 25% of their class
- have a "B" average
- present a minimum score of 900 on the SAT or 19 on the ACT
- have the recommendation of their high school principal or counselor
- have the approval of their parent or guardian acknowledging an understanding of the program and granting approval for participation

In addition to the requirements that must be met to be eligible to participate in the Early Admission Program, the students:

- must submit the Apply Texas ~~Common Application~~application form in addition to an EAP application,
- must meet ~~TASPT~~Texas Success Initiative\* requirements,
- will pay the ~~regular~~regular tuition rates and will be permitted to enroll in college courses ~~conducted during the after hours, and during summer terms,~~
- will be allowed to enroll in up to six ~~credit hours~~credit hours per semester of any freshman/sophomore level courses that are being offered; ~~and,~~ providing they have the prerequisites
- ~~the course credits will not be transcribed until the student has graduated from high school.~~



**U. T. SAN ANTONIO**

**OTHER MATTERS**

**ADOPTION OF MASCOT AND LOGO**

The following proposed Athletic mascot (representative of the “Roadrunner”) and logo have been approved by the Chancellor, the Executive Vice Chancellor for Academic Affairs, and the Office of Trademark Licensing and is submitted for approval by the U. T. System Board of Regents in accordance with Regents’ *Rules and Regulations*, Series 40801.

The proposed Pantone Marking System colors are blue 289 and orange 1655.



## U. T. SOUTHWESTERN MEDICAL CENTER - DALLAS

### CONTRACTS

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

#### GENERAL CONTRACTS

##### FUNDS GOING OUT

1. Agency: LUI Dallas Exchange Park, L.P.  
Funds: \$9,320,711  
Period: May 1, 2008 through April 30, 2013  
Description: To provide leased space of approximately 107,234 square feet located at 6033, 6333, and 6363 Forest Park Drive, Dallas, Texas, primarily for the Psychiatry Department.
  
2. Agency: LUI Dallas Exchange Park, L.P.  
Funds: \$3,779,713  
Period: May 1, 2008 through April 30, 2011  
Description: To provide leased space of approximately 73,463 square feet located at 6033, 6333, and 6363 Forest Park Drive, Dallas, Texas, primarily for the Human Resources, Accounting and Payroll, Grants Management and Contracts Management Departments.
  
3. Agency: GFS Texas  
Funds: \$1,089,760  
Period: The contractor shall achieve substantial completion within 365 days after commencement date of December 11, 2007  
Description: To provide labor and material to install wet fire sprinkler system in the McDermott Administration Building.

**AMENDMENTS TO THE 2007-08 BUDGET**

**TENURE APPOINTMENTS**

**NEW APPOINTMENTS WITH TENURE, AWARD OF TENURE,  
AND EMERITUS APPOINTMENTS**

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

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
<b>SOUTHWESTERN MEDICAL SCHOOL</b>					
Clinical Sciences					
Professor					
1. Ira Bernstein (T)	9/1-8/31	100	12	150,000	2306
Psychiatry					
Professor Emeritus					
2. Maurice Korman					2349
From: Professor (T)		100	12		
To: Professor Emeritus	9/1-8/31				0

## OTHER MATTERS

### APPROVAL OF DUAL POSITIONS OF HONOR, TRUST, OR PROFIT

The following item has been approved by the Executive Vice Chancellor for Health Affairs in accordance with the Regents' *Rules and Regulations*, Series 30103 and is submitted for approval by the U. T. System Board of Regents. It has been determined that the holding of this office or position is of benefit to the State of Texas and The University of Texas and there is no conflict between holding this position and the appointment of Dr. Wildenthal with The University of Texas Southwestern Medical Center at Dallas. By approval of this item, the Board is also asked to find that holding this position is of benefit to the State of Texas and The University of Texas and there is no conflict between the position and the University.

- |               |  |
|---------------|--|
| Name:         | C. Kern Wildenthal, M.D., Ph.D.  |
| Title:        | President  |
| Position:     | Appointment to the Select Commission on Higher Education and Global Competitiveness  |
| Period:       | January 8, 2008 through November 1, 2008   |
| Compensation: | None   |
| Description:  | Governor Perry has appointed Dr. Wildenthal to the Select Commission on Higher Education and Global Competitiveness. The Commission makes recommendations with regard to Higher Education funding with a view to increasing Texas' global competitiveness. |

## U. T. MEDICAL BRANCH - GALVESTON

### GIFTS

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

1. Donor Name: Houston Endowment Inc.  
College/School/  
Department: School of Medicine  
Purpose: Creation of a healthcare management plan for the  
uninsured in Galveston County  
Asset Type: Cash  
Value: \$1,600,000
  
2. Donor Name: The Sealy & Smith Foundation  
College/School/  
Department: School of Medicine  
Purpose: Purchase of a linear accelerator for the Department of  
Radiation Oncology  
Asset Type: Cash  
Value: \$5,100,000
  
3. Donor Name: The Sealy & Smith Foundation  
College/School/  
Department: School of Medicine  
Purpose: Purchase of five digital mammography units for the  
Department of Radiology  
Asset Type: Cash  
Value: \$2,500,000

## CONTRACTS

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

### GENERAL CONTRACTS

#### FUNDS COMING IN

1. Agency: Texas Department of State Health Services  
Funds: \$1,321,750  
Period: September 1, 2007 through August 31, 2008  
Description: U. T. Medical Branch - Galveston will continue to provide comprehensive family planning services which include medical, counseling, client education, referral, community education, and outreach services to Title X eligible individuals.
  
2. Agency: Texas Department of State Health Services  
Funds: \$1,528,135  
Period: September 1, 2007 through August 31, 2008  
Description: U. T. Medical Branch - Galveston will continue to provide family planning services to Title XX eligible individuals.

#### FUNDS GOING OUT

3. Agency: The Frost National Bank  
Funds: \$2,318,400  
Period: January 1, 2008 through December 31, 2014  
Description: Lease of 23,000 square feet of office space located at 2201 Market Street, Galveston, Texas, to be utilized by Correctional Managed Care.

**AMENDMENTS TO THE 2007-08 BUDGET**

**TENURE APPOINTMENTS**

**NEW APPOINTMENTS WITH TENURE, AWARD OF TENURE,  
AND EMERITUS APPOINTMENTS**

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

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
<b>SCHOOL OF MEDICINE</b>					
Biochemistry and Molecular Biology					
Internal Medicine					
John Sealy Distinguished Centennial Chair in Cardiology					
Professor					
1. Kenichi Fujise (T)	12/1-8/31	100	12	350,000	2262
Comprehensive Cancer Center					
Professor					
2. Heidi Weiss (T)	12/17-8/31	100	12	155,000	2385
Internal Medicine, Nephrology					
3. August Ray Remmers, Jr.					2258
From: Clinical Professor (T)		100	12	172,152	
To: Professor Emeritus	9/15-8/31			0	
Pharmacology and Toxicology					
Psychiatry and Behavioral Sciences					
4. Joel P. Gallagher					2329
From: Professor (T)		100	12	146,031	
To: Professor Emeritus	1/8-8/31			0	

**AMENDMENTS TO THE 2007-08 BUDGET (CONTINUED)**

**TENURE APPOINTMENTS (CONTINUED)**

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
SCHOOL OF MEDICINE (Continued)					
Preventative Medicine and Community Health Professor and Director of U. T. Medical Branch - Galveston Pan American Health Organization/World Health Organization Collaborating Center on Aging and Health					
5. Rebeca Wong (T)	1/1-8/31	100	12	140,000	2391



## U. T. HEALTH SCIENCE CENTER - HOUSTON

### GIFTS

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

- |                                |  |
|--------------------------------|--|
| Donor Name:                    | Houston Endowment, Inc.  |
| College/School/<br>Department: | Institution  |
| Purpose:                       | Support the New Frontiers Campaign for capital use in the construction of the Institute of Molecular Medicine for the Prevention of Human Diseases |
| Asset Type:                    | Cash   |
| Value:                         | \$1,200,000  |

## CONTRACTS

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

### GENERAL CONTRACTS

#### FUNDS COMING IN

1. Agency: Compass Group USA, Inc., by and through  
Canteen Vending Services Division  
Funds: Approximately \$700,000 if two-year renewal occurs  
Period: December 1, 2007 through November 30, 2012  
Description: Provide campus vending services. The contract was competitively bid. In accordance with *Texas Education Code* Section 51.945, the students of the institution were provided with a reasonable opportunity to appear before any committee or other entity that determined that this food service provider should be selected by the institution.
2. Agency: People's Choice TV of Houston, Inc., a subsidiary of  
Sprint Nextel  
Funds: One-time up-front fee of \$6 million and fixed monthly  
payments beginning at \$58,000 and escalating by 3%  
annually over the term of the contract  
Period: Effective for 10 years, beginning on the latter date of  
approval of this transaction by the U. T. System Board  
of Regents or approval by the Federal  
Communications Commission (FCC), with two,  
10-year renewal terms.  
Description: Long-term lease of certain FCC licenses held by  
U. T. Health Science Center - Houston for new  
wireless Internet programming technology.
3. Agency: Texas Department of Family and Protective Services  
Funds: \$3,000,816  
Period: September 1, 2007 through August 31, 2008  
Description: Interagency contract to create resources that will  
improve Child Protective Services' access to medical  
professionals with expertise in the diagnosis of child  
abuse or neglect.

## U. T. HEALTH SCIENCE CENTER - SAN ANTONIO

### GIFTS

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

- |                                |  |
|--------------------------------|--|
| Donor Name:                    | The Brown Foundation, Inc.   |
| College/School/<br>Department: | Graduate School of Biomedical Sciences<br>Department of Physiology                                 |
| Purpose:                       | Construction of the South Texas Research Facility<br>and establishing the Center for Healthy Aging |
| Asset Type:                    | Cash (payable \$800,000 per year for five years during<br>fiscal years ending June 30, 2008)       |
| Value:                         | \$4,000,000  |

**AMENDMENTS TO THE 2007-08 BUDGET**

**TENURE APPOINTMENTS**

**NEW APPOINTMENTS WITH TENURE, AWARD OF TENURE,  
AND EMERITUS APPOINTMENTS**

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

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
<b>SCHOOL OF ALLIED HEALTH SCIENCES</b>					
Office of the Dean					
Associate Professor					
1. Carmen Roam-Shriver (T)	9/1-8/31	100	12	120,000	2348
<b>SCHOOL OF MEDICINE</b>					
Pediatrics					
2. Myung K. Park					2357
From: Professor (T)					
To: Professor Emeritus	9/1-8/31			0	
Medicine Hematology and Medicine Oncology					
3. Francis Giles					2340
From: Professor and A. B. Alexander Chair	9/1-8/31	100	12	390,000	
To: Professor and A. B. Alexander Chair (T)	9/1-8/31	100	12	390,000	

## **OTHER FISCAL ITEMS**

### **PURCHASE ORDERS - MORE THAN \$1,000,000**

The following purchase order has been administratively approved by the President and is recommended for approval by the U. T. System Board of Regents:

#### **FUNDS GOING OUT**

1. Agency: Bruker Biospin MRI, Inc.  
Funds: \$2,367,600  
Title/Description: The equipment consists of an 11.7T Biospec MRI and 7T Pharmascan MRI scanner systems designed for noninvasive, noninjurious small animal and nonhuman primate use and will be sited within the animal care facility. The system includes state-of-the-art gradient, radio frequency coils and image acquisition software presently available. The 11.7T MRI scanner will be the first of its kind in North America and will have a significant impact in allowing the institution to seek and secure federal research grant funding.

## OTHER MATTERS

### APPROVAL OF DUAL POSITIONS OF HONOR, TRUST, OR PROFIT

The following items have been approved by the Executive Vice Chancellor for Health Affairs in accordance with the Regents' *Rules and Regulations*, Series 30103 and are submitted for approval by the U.T. System Board of Regents. It has been determined that the holding of these offices or positions is of benefit to the State of Texas and The University of Texas and there is no conflict between holding these positions and the appointment of Drs. Kellogg and Triplitt with The University of Texas Health Science Center at San Antonio. By approval of these items, the Board is also asked to find that holding these positions is of benefit to the State of Texas and The University of Texas and there is no conflict between these positions and the University.

1. Name: Nancy D. Kellogg, M.D.  
Title: Professor, Department of Pediatrics  
Position: Member of the Committee on Pediatric Centers of Excellence  
Period: December 2007 to December 2008  
Compensation: None  
Description: On November 15, 2007, Dr. Kellogg accepted the invitation from Mr. Albert Hawkins, Executive Commissioner of the Texas Health and Human Services Commission, to participate as a member of the Committee on Pediatric Centers of Excellence.
  
2. Name: Curtis Triplitt, PharmD, CDE  
Title: Clinical Assistant Professor, Department of Medicine, Division of Diabetes  
Position: Member of the Texas Diabetes Council  
Period: October 2007 to February 2013  
Compensation: None  
Description: On October 24, 2007, Governor Perry appointed Dr. Triplitt to the Texas Diabetes Council. The Council is advisory to the Legislature in diabetes-related issues for improving diabetes healthcare in Texas and promoting the early detection and screening for diabetes.

## U. T. M. D. ANDERSON CANCER CENTER

### GIFTS

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

1. Donor Name: David H. Koch  
College/School/ Department: Institution  
Purpose: Genitourinary Cancer Research  
Asset Type: Cash  
Value: \$3,000,000

## CONTRACTS

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

### GENERAL CONTRACTS

#### FUNDS GOING OUT

1. Agency: Instem (North America) Ltd.  
Funds: \$1,200,000  
Period: September 1, 2007 through August 31, 2010  
Description: Vendor will provide software, licenses, installation, training, professional services, and maintenance for its Provantis 8.0 software, including but not limited to base, toxicology, pathology, tables and statistics, and labeling applications.
2. Agency: MIMvista Corp.  
Funds: \$2,217,000  
Period: October 1, 2007 through September 30, 2011  
Description: Vendor will provide software products, including contouring, neuro and cardiac programs, for medical imaging for U. T. M. D. Anderson Cancer Center's Division of Radiation Oncology. Services provided will include software, unlimited licenses, installation, configuration, training, and maintenance.
3. Agency: Moore Wallace North America, Inc.  
Funds: \$1,360,000  
Period: October 1, 2007 through September 30, 2008  
Description: Vendor will provide printing services for U. T. M. D. Anderson Cancer Center's *Conquest* and *Network* publications, including printing, binding, donor envelopes, on-site deliveries, mailing and labeling, and storage for four annual issues of each publication.
4. Agency: Novell, Inc.  
Funds: \$1,460,000  
Period: June 18, 2007 through June 17, 2008  
Description: Vendor will provide identity management professional services, including analysis, design, development, and training for U. T. M. D. Anderson Cancer Center's Department of Information Security.



## CONTRACTS (CONTINUED)

### GENERAL CONTRACTS (CONTINUED)

#### FUNDS GOING OUT (CONTINUED)

5. Agency: The Richards Group, Inc.  
Funds: Payments not to exceed \$2,421,000 in the initial term without prior written consent. Total contract cost including renewal terms is \$15,000,000.  
Period: March 1, 2008 through August 31, 2008  
Description: Vendor will provide advertising and marketing services, including brand planning (tracking, awareness, and perception studies), media planning and buys, developing creative concepts and advertising materials, brand management, and competitive analysis.
6. Agency: Warehouse Associates Corporate Centre Kirby II, Ltd.  
Funds: Approximately \$2,798,629 in base rent plus proportionate share of operating expenses.  
Period: 60 months beginning upon completion of the space, estimated to be March 1, 2008 through February 28, 2013  
Description: Space lease agreement for office and/or laboratory space at 9220 Kirby Drive, Houston, Texas (approximately 21,307 square feet) and 9230 Kirby Drive, Houston, Texas (approximately 24,875 square feet).
7. Agency: U. T. Health Science Center - Houston  
Funds: Payments not to exceed \$2,000,000  
Period: September 1, 2007 through August 31, 2008  
Description: Reimbursement for services utilized from the joint printing operation based on the cost analysis for each specific printing job.

## AMENDMENTS TO THE 2007-08 BUDGET

### TENURE APPOINTMENTS

#### NEW APPOINTMENTS WITH TENURE, AWARD OF TENURE, AND EMERITUS APPOINTMENTS

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

<u>Description</u>	<u>Effective Date</u>	<u>% Time</u>	<u>Full-time Salary</u>		<u>RBC #</u>
			<u>No. Mos.</u>	<u>Rate \$</u>	
MEDICAL STAFF					
Cancer Prevention Vice President, Division Head, and Professor					
1. Ernest Hawk (T)	10/15-8/31	100	12	380,000	2291
Genitourinary Medical Oncology Professor					
2. Timothy Thompson (T)	10/1-8/31	100	12	210,000	2292
Bioinformatics and Computational Biology Chair and Professor					
3. John Weinstein (T)	1/1-8/31	100	12	300,000	2361

## U. T. HEALTH CENTER - TYLER

### OTHER MATTERS

#### APPROVAL OF DUAL POSITIONS OF HONOR, TRUST, OR PROFIT

The following item has been approved by the Executive Vice Chancellor for Health Affairs in accordance with the Regents' *Rules and Regulations*, Series 30103 and is submitted for approval by the U. T. System Board of Regents. It has been determined that the holding of this office or position is of benefit to the State of Texas and The University of Texas and there is no conflict between holding this position and the appointment of Dr. Calhoun with The University of Texas Health Center at Tyler. By approval of this item, the Board is also asked to find that holding this position is of benefit to the State of Texas and The University of Texas and there is no conflict between the position and the University.

- |               |   |
|---------------|---|
| Name:         | Kirk A. Calhoun, M.D.   |
| Title:        | President   |
| Position:     | Appointment to Texas Emerging Technology Committee  |
| Period:       | September 1, 2007 through August 31, 2009   |
| Compensation: | None  |
| Description:  | Governor Perry has appointed Dr. Calhoun to the Texas Emerging Technology Committee. The committee serves to recommend proposals eligible for funding under the emerging technology fund to the Governor, Lieutenant Governor, and Speaker of the Texas House of Representatives. |