

Meeting No. 1,138

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

Pages 1 - 280

August 19-20, 2015

Austin, Texas

TABLE OF CONTENTS
THE MINUTES OF THE BOARD OF REGENTS
OF
THE UNIVERSITY OF TEXAS SYSTEM
AUGUST 19-20, 2015
AUSTIN, TEXAS

MEETING NO. 1,138

	<u>Page No.</u>
<u>August 19, 2015</u>	
I. ATTENDANCE	1
II. WELCOME TO STUDENT REGENT DRAKE	1
III. AGENDA ITEMS	2
1. U. T. System: Annual Meeting with Officers of the U. T. System Faculty Advisory Council	2
2. U. T. System Board of Regents: Recognition of academic and health institution recipients of the 2015 Regents' Outstanding Teaching Awards	3
IV. RECESS	3
<u>August 20, 2015</u>	
V. ATTENDANCE	4
VI. RECOGNITION OF CHAIRS OF STUDENT ADVISORY COUNCIL, FACULTY ADVISORY COUNCIL, AND EMPLOYEE ADVISORY COUNCIL	4
VII. AGENDA ITEMS	4
3. U. T. System Board of Regents: Approval of Consent Agenda	4
4. U. T. System Board of Regents: Approval of a new advisory body titled The University of Texas System Health Care Advisory Committee	6
5. U. T. System: Approval of Admissions Policy for the U. T. System academic institutions	8

6.	U. T. Austin: Report on the Clements Center for National Security	23
7.	U. T. System Board of Regents: Certificate of appreciation to former U. T. Dallas President David E. Daniel	23
VIII.	STANDING COMMITTEE REPORTS TO THE BOARD	24
A.	REPORT AND RECOMMENDATION OF THE AUDIT, COMPLIANCE, AND MANAGEMENT REVIEW COMMITTEE	25
1.	U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, referred for Committee consideration	25
2.	U. T. System: Approval of the U. T. Systemwide Annual Internal Audit Plan for Fiscal Year 2016	25
3.	U. T. System: Report on the Systemwide internal audit activities, including Priority Findings and Annual Audit Plan status (Committee Meeting Only)	25
4.	U. T. System: Report on Audits of the Systemwide Cancer Prevention Research Institute of Texas (CPRIT) Grants (Committee Meeting Only)	25
B.	REPORT AND RECOMMENDATIONS OF THE FINANCE AND PLANNING COMMITTEE	26
1.	U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, referred for Committee consideration	26
2.	U. T. System: Key Financial Indicators Report and Monthly Financial Report (Committee Meeting Only)	26
3.	U. T. System Board of Regents: The University of Texas Investment Management Company (UTIMCO) Performance Summary Report and Investment Reports for the quarter ended May 31, 2015	26
4.	U. T. System Board of Regents: Report on activities of the University Lands Advisory Board (Committee Meeting Only)	33

5.	U. T. System Board of Regents: Adoption of a Resolution authorizing the issuance, sale, and delivery of Permanent University Fund Bonds and authorization to complete all related transactions	33
6.	U. T. System Board of Regents: Adoption of a Supplemental Resolution authorizing the issuance, sale, and delivery of Revenue Financing System Bonds and authorization to complete all related transactions	34
7.	U. T. System Board of Regents: Adoption of resolutions authorizing certain bond enhancement agreements for Revenue Financing System debt and Permanent University Fund debt, including ratification of U. T. System Interest Rate Swap Policy	35
8.	U. T. System Board of Regents: Adoption of Amended and Restated First Supplemental Resolution to the Master Resolution establishing the Revenue Financing System Commercial Paper Note Program; authorization for officers of U. T. System to complete all transactions related thereto; and resolution regarding parity debt	60
9.	U. T. System Board of Regents: Approval of aggregate amount of \$213,200,000 of equipment financing for Fiscal Year 2016 and resolution regarding parity debt	64
C.	REPORT AND RECOMMENDATIONS OF THE ACADEMIC AFFAIRS COMMITTEE	66
1.	U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, referred for Committee consideration	66
2.	U. T. Austin: Approval of honorific naming of B. M. Whitaker Field as the Charles Alan Wright Fields in honor of the late Professor Charles Alan Wright, and official recognition of the Whitaker Fields and Tennis Complex as the Berry M. Whitaker Sports Complex	66

3.	U. T. Brownsville: Approval to extend the Educational Partnership Agreement with Texas Southmost College (TSC) through August 31, 2016, and delegation of authority to the TSC Board of Trustees related to governance and operations of TSC as a unit of U. T. Brownsville for purposes of compliance with accreditation standards of the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC) for Academic Year 2015-2016	68
4.	U. T. Arlington: Approval to establish a Doctor of Philosophy degree program in Kinesiology	70
5.	U. T. System: Quarterly report on academic matters of interest to the U. T. System, including a discussion on 3D printing (Committee Meeting Only)	73
D.	REPORT AND RECOMMENDATIONS OF THE HEALTH AFFAIRS COMMITTEE	74
1.	U. T. System Board of Regents: Discussion and appropriate action concerning Consent Agenda items, if any, referred for Committee consideration	74
2.	U. T. Health Science Center - Tyler: Approval of honorific naming of the circle drive surrounding the Herbert C. and Melvina Buie Fountain of Hope at the entrance of the campus as Buie Circle	74
3.	U. T. Medical Branch - Galveston: Approval to establish a Doctorate in Occupational Therapy degree program in the School of Health Professions	75
4.	U. T. Medical Branch - Galveston: Approval to establish a Doctor of Clinical Laboratory Sciences degree program in the School of Health Professions	80
5.	U. T. System: Approval to distribute a portion of The University of Texas System Professional Medical Liability Benefit Plan premium returns and approve rates for the Plan	85
6.	U. T. System: Approval of \$15 million from Available University Funds to support Phase 2 of the U. T. Systemwide Diabetes Obesity Control initiative and delegation of authority to contract with selected entities to conduct essential feasibility studies	87

E.	REPORT AND RECOMMENDATIONS OF THE FACILITIES PLANNING AND CONSTRUCTION COMMITTEE	89
1.	U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, referred for Committee consideration	89
2.	U. T. System: Report on Hybrid Delivery Methods - A Demonstration Project (Committee Meeting Only)	89
3.	U. T. System Board of Regents: Amendments to Regents' <i>Rules and Regulations</i> , Rule 80301 (Capital Improvement Program); Rule 80302 (Building Committees); Rule 80402 (Major Construction and Repair and Rehabilitation Projects); Rule 80403 (Minor Construction and Repair and Rehabilitation Projects); Rule 80404 (Institutional Management of Major Construction and Repair and Rehabilitation Projects); and Rule 80901 (Constitutional and Legislative Restrictions on Capital Improvements) to revise the threshold for Major and Minor Projects requiring Board approval	89
4.	U. T. System: Allocation of \$30.2 million of Permanent University Fund Bond Proceeds for Fire and Life Safety projects	101
5.	U. T. System: Amendment of the FY 2016-2021 Capital Improvement Program to include Tuition Revenue Bond (TRB) projects; appropriation of \$922,632,000 of TRB funds; appropriation of \$114.7 million of Permanent University Fund Bond Proceeds; appropriation of funds for Repair and Rehabilitation projects; approval of modifications and appropriation of additional funds for previously approved projects; authorization of institutional management; approval of waiver of current Architect/Engineer fee schedule; and resolution regarding parity debt	103
6.	U. T. Medical Branch - Galveston: Biocontainment Critical Care Unit - Amendment of the FY 2016-2021 Capital Improvement Program to include project; approval of total project cost; appropriation of funds; and authorization of institutional management (Final Board approval)	112

7.	U. T. Medical Branch - Galveston: John Sealy Hospital Phase 2 Modernization and Facade Replacement - Amendment of the FY 2016-2021 Capital Improvement Program (CIP) to include project; approval of total project cost; appropriation of funds; approval of institutional management; resolution regarding parity debt; and removal of the John Sealy Hospital Facade Replacement project from the CIP(Final Board approval)	113
8.	U. T. M. D. Anderson Cancer Center: M. D. Anderson - League City - Amendment of the FY 2016-2021 Capital Improvement Program to include project (Preliminary Board approval)	115
9.	U. T. M. D. Anderson Cancer Center: M. D. Anderson - West Houston - Amendment of the FY 2016-2021 Capital Improvement Program to include project (Preliminary Board approval)	117
10.	U. T. Dallas: Davidson-Gundy Alumni Center - Amendment of the FY 2016-2021 Capital Improvement Program to increase total project cost; approval of design development; and appropriation of funds and authorization of expenditure (Final Board approval)	119
11.	U. T. Rio Grande Valley: Academic Building - Approval of design development; and appropriation of funds and authorization of expenditure (Final Board approval)	120
12.	U. T. Southwestern Medical Center: West Campus - Phase 1 - Amendment of the FY 2016-2021 Capital Improvement Program to increase total project cost; approval of design development; appropriation of funds and authorization of expenditure; and resolution regarding parity debt (Final Board approval)	121
13.	U. T. Health Science Center - San Antonio: MARC North Clinical Facility - Approval of design development; appropriation of funds and authorization of expenditure; and resolution regarding parity debt (Final Board approval)	123

14.	U. T. Austin: Whitaker Fields and Tennis Complex Renovation - Amendment of the FY 2016-2021 Capital Improvement Program to revise funding sources; appropriation of funds; and resolution regarding parity debt (Final Board approval)	125
F.	REPORT AND RECOMMENDATION OF THE TECHNOLOGY TRANSFER AND RESEARCH COMMITTEE	128
1.	U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, referred for Committee consideration	128
2.	U. T. M. D. Anderson Cancer Center: Report on activities related to development of industry research partnerships that advance funding and capabilities in discovery of cancer drugs and therapeutics (Committee Meeting Only)	128
3.	U. T. Austin: Report on activities related to development of industry research partnerships that advance funding and capabilities of the discovery mission (Committee Meeting Only)	128
4.	U. T. System: Revision of Regents' <i>Rules and Regulations</i> , Series 90000, concerning Intellectual Property, to amend and combine Rules 90101 - 90106 into a new Rule 90101	128
5.	U. T. System: Update on the U. T. Horizon Fund portfolio (Committee Meeting Only)	145
6.	U. T. System: Allocation of \$10 million of Available University Funds for the U. T. Horizon Fund (Deferred)	145
IX.	APPROVAL OF STANDING COMMITTEE RECOMMENDATIONS	146
X.	RECESS TO EXECUTIVE SESSION	146
XI.	RECONVENE IN OPEN SESSION	146
1.	U. T. System Board of Regents: Discussion and appropriate action regarding safety and security issues, including security audits and the deployment of security personnel and devices	146

2a.	U. T. Austin: Approval of proposed negotiated gifts with potential naming features	146
2b.	U. T. Dallas: Approval of proposed negotiated gifts with potential naming features	146
2c.	U. T. Pan American: Approval of proposed negotiated gifts with potential naming features	146
2d.	U. T. Permian Basin: Approval of proposed negotiated gifts with potential naming features	147
2e.	U. T. Rio Grande Valley: Approval of proposed negotiated gifts with potential naming features	147
2f.	U. T. San Antonio: Approval of proposed negotiated gifts with potential naming features	147
2g.	U. T. Tyler: Approval of proposed negotiated gifts with potential naming features	147
2h.	U. T. Southwestern Medical Center: Approval of proposed negotiated gifts with potential naming features	147
2i.	U. T. Health Science Center - Houston: Approval of proposed negotiated gifts with potential naming features	147
2j.	U. T. M. D. Anderson Cancer Center: Approval of proposed negotiated gifts with potential naming features	147
3a.	U. T. System: Authorization to purchase land and improvements at 3000-3040 Waterview Parkway, Richardson, Collin County, Texas, from 3000 Waterview Parkway-Richardson, LLC, for use by U. T. Southwestern Medical Center and by U. T. Dallas	148
3b.	U. T. M. D. Anderson Cancer Center: Approval to amend the lease of 4.09 acres of land located at the southwest corner of Bertner Avenue and Old Spanish Trail in Houston, Harris County, Texas, to expand the premises to include an additional approximately 1.25 acres leased to The Proton Therapy Center-Houston LTD., L.L.P., a Texas limited liability partnership, for expansion of clinical facilities	148
4a.	U. T. System Board of Regents: Discussion with Counsel on pending legal issues	149

4b.	U. T. Austin: Discussion and appropriate action regarding update on pending legal issues in <i>Fisher v. State of Texas, University of Texas at Austin, et al.</i>	149
4c.	U. T. System Board of Regents: Discussion and appropriate action regarding legal issues concerning conflicts of interest and commitment, including standards of conduct and disclosure related to purchasing and Senate Bill 20	149
4d.	U. T. System Board of Regents: Discussion and appropriate action regarding legal issues concerning pending legal claims by and against U. T. System	149
4e.	U. T. M. D. Anderson Cancer Center: Discussion and appropriate action concerning legal issues related to proposed creation of research consortium and institute with potential naming features	149
4f.	U. T. System Board of Regents: Discussion and appropriate action concerning legal issues related to litigation styled <i>Hall v. McRaven</i>	149
4g.	U. T. Health Science Center - Houston: Discussion of legal issues related to review of allegations concerning compliance and policy issues	150
5a.	U. T. Dallas: Discussion and appropriate action, if any, concerning individual personnel matters related to presidential search	150
5b.	U. T. Medical Branch - Galveston: Approval regarding appointment of Craig McDonald, M.D., to provide orthopedic surgical services as an employee physician of U. T. Medical Branch - Galveston in Brazoria County, Texas (Regents' <i>Rules and Regulations</i> , Rule 20204, regarding compensation for highly compensated employees)	150
5c.	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 Chief Audit Executive), U. T. System and institutional employees, and members of the Board of Regents, and related personnel aspects of the operating budget for Fiscal Year 2016	150

5d.	U. T. System: Discussion and appropriate action concerning individual personnel matters relating to appointment, employment, evaluation, compensation, assignment, and duties of U. T. System and institutional employees including employees covered by Regents' <i>Rules and Regulations</i> , Rule 20204, regarding compensation for highly compensated employees, and Rule 20203, regarding compensation for key executives	151
5e.	U. T. Health Science Center - Houston: Discussion and appropriate action regarding review of allegations concerning compliance and policy issues	151
XII.	AGENDA ITEMS (continued)	151
8.	U. T. M. D. Anderson Cancer Center: Approval of recommended terms of agreements related to creation of research consortium and institute with potential naming features	151
9.	U. T. System: Discussion and appropriate action regarding personnel aspects of the U. T. System Administration operating budget for Fiscal Year 2016	151
10.	U. T. System: Approval of the nonpersonnel aspects of the operating budgets for Fiscal Year 2016, including the Permanent University Fund Bond Proceeds allocation for Library, Equipment, Repair and Rehabilitation Projects; allocation for the Science and Technology Acquisition and Retention Program; and additional funding for strategic priorities and campus support	152
3.	(Continued from Page 4) U. T. System Board of Regents: Approval of Consent Agenda	163
XIII.	SCHEDULED MEETING	164
XIV.	ADJOURNMENT	164

MEETING NO. 1,138

WEDNESDAY, AUGUST 19, 2015.--The members of the Board of Regents of The University of Texas System convened in Standing Committee meetings on Wednesday, August 19, 2015, from 9:02 a.m. - 3:23 p.m. in the Board Room, Ninth Floor, Ashbel Smith Hall, 201 West Seventh Street, Austin, Texas, with the following participation as more specifically referenced in the Committee Minutes.

CONVENE THE BOARD IN OPEN SESSION.--At 3:36 p.m., in accordance with a notice being duly posted with the Secretary of State and there being a quorum present, Chairman Foster called the meeting of the Board to order in open session with the following participation:

ATTENDANCE.--

Present

Chairman Foster
Vice Chairman Hicks
Vice Chairman Hildebrand
Regent Aliseda
Regent Beck
Regent Cranberg
Regent Hall
Regent Pejovich
Regent Tucker
Regent Drake, Student Regent, nonvoting

WELCOME TO STUDENT REGENT DRAKE.--Chairman Foster welcomed Student Regent Drake to his first Board meeting, and Regent Drake made brief remarks.

[On July 2, 2015, Governor Greg Abbott appointed Mr. Justin A. Drake, Galveston, Texas, as Student Regent to the Board of Regents of The University of Texas System to serve for a term from July 2, 2015 to May 31, 2016. Mr. Drake is a graduate student in the Biochemistry and Molecular Biology Department at The University of Texas Medical Branch at Galveston, focusing on computational biophysics.]

AGENDA ITEMS

1. U. T. System: Annual Meeting with Officers of the U. T. System Faculty Advisory Council

The University of Texas System Faculty Advisory Council met with the Board to discuss accomplishments of the Council and plans for the future. Council members who attended were:

Chair: Ann Killary, Ph.D., The University of Texas M. D. Anderson Cancer Center

Academic Affairs and Faculty Quality Committee: David Cordell, Ph.D., The University of Texas at Dallas

Governance Committee: Marc Cox, Ph.D., The University of Texas at El Paso

Health Affairs Committee: Donald Molony, M.D., The University of Texas Health Science Center at Houston

Former Chair: Elizabeth Heise, Ph.D., The University of Texas Rio Grande Valley

Chair-Elect: Catherine Ross, Ph.D., The University of Texas at Tyler

Dr. Killary noted increased opportunities for the Council to participate at meetings of the Board and its standing committees, particularly with representation at the Academic Affairs Committee and the Health Affairs Committee. She outlined the following three priorities for the work of the Council for the 2015-2016 Academic Year as more fully described in the agenda materials:

Priority 1: Develop a model policy for Faculty Shared Governance at the U. T. System institutions

Priority 2: Enhance the research success of U. T. System institutions

Priority 3: Enhance efforts to ensure student success and on-time graduation

Chancellor McRaven thanked the Faculty Advisory Council members for the advice they have given him in his new role as Chancellor and said he looks forward to continuing to strengthen their relationship.

2. U. T. System Board of Regents: Recognition of academic and health institution recipients of the 2015 Regents' Outstanding Teaching Awards

Using a short video presentation, Chancellor McRaven recognized recipients of the 2015 Regents' Outstanding Teaching Awards, as included in the agenda materials.

The Board of Regents of The University of Texas System places the highest priority on undergraduate teaching at U. T. System universities and encourages teaching excellence by recognizing those faculty who deliver the highest quality of undergraduate instruction, demonstrate their commitment to teaching, and have a history and promising future of sustained excellence with undergraduate teaching in the classroom, in the laboratory, in the field, or online.

On August 14, 2008, the Board established the Regents' Outstanding Teaching Awards (ROTA), which are a symbol of the importance the Board places on the provision of teaching and learning of the highest order, in recognition of those who serve students in an exemplary manner and as an incentive for others who aspire to such service. These teaching awards complement existing ways in which faculty excellence is recognized and incentivized.

The Board allocated \$1 million per year for the awards for The University of Texas at Austin and another \$1 million per year for the remaining academic institutions. On August 25, 2011, the Board expanded the program to the faculty at the six health institutions and allocated \$1 million per year for the awards. The allocations have been approved through Fiscal Year 2017. Program details for the awards were approved by the Board on November 13, 2008, and modified to include one-time payments of \$25,000 each to the individual faculty members.

Among the academic institutions, awards are made according to faculty level, with no more than 76 awards for tenured faculty, tenure-track faculty, and contingent faculty (including adjuncts, lecturers, and instructional assistants). Across the health institutions, no more than 39 awards are made annually.

RECESS.--At 4:15 p.m., the Board recessed to reconvene on August 20, 2015.

THURSDAY, AUGUST 20, 2015.--The members of the Board of Regents of The University of Texas System convened at 8:34 a.m. on Thursday, August 20, 2015, in the Board Room, Ninth Floor, Ashbel Smith Hall, 201 West Seventh Street, Austin, Texas, with the following participation:

ATTENDANCE.--

Present

Chairman Foster
Vice Chairman Hicks
Vice Chairman Hildebrand
Regent Aliseda
Regent Beck
Regent Cranberg
Regent Hall
Regent Pejovich
Regent Tucker
Regent Drake, Student Regent, nonvoting

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

RECOGNITION OF CHAIRS OF STUDENT ADVISORY COUNCIL, FACULTY ADVISORY COUNCIL, AND EMPLOYEE ADVISORY COUNCIL.--Chairman Foster recognized the Chairs of three University of Texas System Councils in attendance.

AGENDA ITEMS

3. U. T. System Board of Regents: Approval of Consent Agenda

Chairman Foster noted the following related to the Consent Agenda and deferred a vote on this item until further information could be obtained on the Jackson Walker L.L.P. Items 5-10. See Page 163 for approval of the Consent Agenda.

- Item 3 concerns grant of an easement to Western Refining Southwest, Inc. Chairman Foster has a financial interest in Western Refining, and he noted his abstention from any discussion and vote on this item.
- Items 5-10 propose approval of several contracts with Jackson Walker L.L.P. for legal services.

- An Employment Agreement for Dr. Jeffrey Spath as Chief Executive Director for The University of Texas System Texas Energy Research, Engineering, and Education Institute (EREEI) (Item 15). Chairman Foster noted the ending date of the contract will be amended to August 31, 2018, rather than September 1, and said that appropriate notice has been provided to the Legislative Budget Board related to this agreement.
- Item 37 concerns a license agreement for TULSA PRO HOOPS, LLC to use the College Park Center at The University of Texas at Arlington for professional basketball games.
- Item 40 relates to a contract with the Texas Facilities Commission for The University of Texas at Austin to operate the Capitol Complex Child Development Center.
- Item 47 proposes a contract with IBM Corporation to provide services to U. T. Austin for the Administrative Systems Modernization Program. Regents Hildebrand, Hicks, and Beck have holdings in IBM, and will abstain from any discussion and vote on this matter.
- Item 60 relates to an employment agreement with Dr. Hobson Wildenthal as Interim President at The University of Texas at Dallas. Appropriate notice has been provided to the Legislative Budget Board related to this agreement.
- Item 72 proposes changes to the admission criteria at The University of Texas at San Antonio.
- Items 95 and 96 concern an intra-agency contract between The University of Texas Medical Branch at Galveston (UTMB) and The University of Texas M. D. Anderson Cancer Center for collaborative care of cancer patients in the geographic region of the UTMB League City Campus and a related ground lease.
- Item 98 regarding a contract at The University of Texas Health Science Center at Houston is deferred.

In approving the Consent Agenda, the Board is also asked to make findings, as required by State law, that the proposed employment agreements at Items 15 and 60 are in the best interest of The University of Texas System.

In reply to a question from Regent Hall about the proposed Jackson Walker contracts, Vice Chancellor and General Counsel Sharphorn said the contracts are for U. T. System, but some of the work is for U. T. Austin. Regent Hall asked if the intellectual property contracts were for U. T. Austin or exclusively for the U. T. System, and Mr. Sharphorn said some are related to U. T. Austin. Regent Hall suggested it would be more transparent if that were stated since the potential

conflict of interest relates to former U. T. Austin President Powers and his involvement in engaging Jackson Walker. Mr. Sharphorn explained that President Powers was not engaged in selecting Jackson Walker, and he agreed that the item should have identified that some of the work is for U. T. Austin. Regent Hall asked further who approves a highly compensated employee going to work for a University vendor. Mr. Sharphorn said he did not see this as a conflict or as inappropriate and noted the matter had been reviewed by the ethics officers. Regent Hall said the concern is not about the work that will be done as much as how President Powers will get paid, and Mr. Sharphorn explained his understanding that President Powers will be of counsel, not a partner. Regent Hall suggested the recommendation not be put forward until the concerns are addressed. General Counsel to the Board Frederick noted that President Fenves, who was in attendance, would have approved the outside employment and might explain further. Mr. Sharphorn explained that normally approval of outside employment for faculty members is delegated to the Dean, not the President.

Chairman Foster deferred the vote on the Consent Agenda until later in the meeting (see Page 163).

4. U. T. System Board of Regents: Approval of a new advisory body titled The University of Texas System Health Care Advisory Committee

Upon motion by Health Affairs Committee Chairman Cranberg, duly seconded, the Board approved a new advisory body titled The University of Texas System Health Care Advisory Committee. The Committee will be composed of individuals who collectively have expertise in the following areas of health and health care operations: clinical and business operations, finance, reimbursement, law, policy, and quality of care. The membership of the Health Care Advisory Committee will include a minimum of three and a maximum of seven members.

Higher education systems in Texas utilize a nine-member governing board entrusted with significant fiduciary responsibilities over all aspects of a statewide complex enterprise. Specifically, the U. T. System Board of Regents oversees 15 academic and health institutions with a consolidated \$16 billion operating budget, \$65 billion balance sheet, and more than 200,000 students.

In the increasingly technical world of health care delivery, with rapid changes in payment approaches, organizational alignment, and performance assessment, it is important that the U. T. System Board of Regents and U. T. System Administration have access to the advice and guidance of experienced leaders in the field.

In May 2014, after recognizing that the oversight of U. T. System University Lands required unique and specialized expertise, the Board of Regents established the University Lands Advisory Board (ULAB). For similar reasons, it was recommended

that the Board of Regents establish a Health Care Advisory Committee (HCAC). The HCAC will have no governance authority, but will serve an advisory and review role on behalf of the Board of Regents.

In addition to specific duties listed below, the HCAC will advise the Board of Regents, the Chancellor, the Office of Health Affairs, the Office of Academic Affairs, and the U. T. System health institutions by providing a rapid response mechanism to deal with time-sensitive matters and additional health care expertise to help the Board of Regents discharge their responsibilities more fully.

HCAC advisory duties will include:

- Recommending strategic direction;
- Reviewing major initiatives, joint ventures, contracts, and affiliations;
- Recommending a balanced scorecard of financial and clinical performance measures to be reviewed quarterly;
- Reviewing operations and making recommendations as appropriate; and
- Recommending policy for approval by the Board of Regents or the Chancellor.

The Board of Regents will retain all of its statutory responsibilities and authorities to:

- Approve institutional budgets;
- Appoint members of HCAC;
- Purchase and sell any property;
- Approve policy recommendations and set policy;
- Approve decisions critical to the mission including compensation parameters; and
- Modify HCAC responsibilities.

The Chairman of the Board of Regents and the Chancellor will propose HCAC appointees for approval by the Board of Regents at a future meeting.

5. U. T. System: Approval of Admissions Policy for the U. T. System academic institutions

Chancellor McRaven said the proposed Admissions Policy for The University of Texas System academic institutions addresses concerns raised by the investigation by Kroll Associates, Inc. (the Kroll Report) and also takes into consideration recommendations from the Systemwide White Paper on Best Practices in Admissions Processes for Undergraduate and Professional Programs (approved by the Board of Regents on July 10, 2014) and from the Blue Ribbon Panel report (presented to the Board on May 14, 2015). He said the Policy has been reviewed and approved by the U. T. System academic presidents and provides the transparency, fairness, and integrity necessary to maintain the public's trust while ensuring that the institutional presidents have the latitude to make decisions in the best interest of the students and the U. T. System institutions.

Chancellor McRaven then called on Deputy Chancellor Daniel to present recommended changes to admissions policies and procedures for the academic institutions. Dr. Daniel distributed a copy of the U. T. System Proposed Admissions Policy for Academic Institutions, which he reviewed with the Board. The final policy is set forth on Pages 13 - 22. (Dr. Daniel's presentation is on file in the Office of the Board of Regents.)

Regent Cranberg and Dr. Daniel discussed that relationships with government officials cannot be the only consideration in the holistic admissions process nor in the presidential review process; it has to be for highest institutional importance. To avoid any appearance of ambiguity, Dr. Daniel requested that the intent that all factors in the holistic review apply as well to the presidential review be made clear in the Board Minutes.

With regard to the very rare occasion when a qualified student is admitted who might not otherwise be admitted through the normal process, Regent Cranberg asked if the information regarding the number of "very rare" admissions would be provided to an individual Regent, and Chancellor McRaven answered affirmatively.

Regent Drake noted that, following discussions with Deputy Chancellor Daniel on some initial concerns, he supported the proposed policy. He mentioned the importance of educating people regarding the process where it may be appropriate to admit a student outside of the normal admissions process.

Regent Pejovich asked if, in the rare circumstance that an applicant is admitted outside of the normal admission process, members of the Board will have access to particular information since it will no longer be kept in the student's file, and Dr. Daniel explained that the Chancellor will work on the documentation, but the intent is to protect the privacy of students. Chancellor McRaven spoke about avoiding discussion of individual students and individual circumstances, but noted he, as Chancellor, would have access to that information.

Regent Pejovich asked under what circumstances a Regent would have access to information, and Chancellor McRaven said if he thought that there was a violation of the “very rare” protocol, he will brief the Board without disclosing student information. He discussed the fine line between protecting student privacy and the distinction of “very rare.”

Regent Hall asked if students were disadvantaged or if applicants were not admitted because others were accepted under the admissions program as operated by President Powers at The University of Texas at Austin, and Chancellor McRaven stated that he did not think so. Regent Hall said under the admissions policy approved by the Board in 2004, there was a process that has been argued before the Courts.

Regent Hall said that the Board has never been given the opportunity to discuss the Kroll Report publicly or to discuss the admissions policy and is expected to vote despite being given only 15 minutes for discussion. Regent Hall said he thought this is a travesty, and the public deserves to understand what took place.

Regent Hall said he does not believe that students were not disadvantaged or that they will not be disadvantaged going forward. He said he believes the continuation of the policy memorializes bad acts from a hidden admissions program. He understands the idea that the confidential information would be removed from a student’s file but if it has anything to do with a student’s record and under this plan, Regents will not have access to it. He asked how can there be accountability when the Board is excluded from the accountability? Chancellor McRaven said, as the Chief Executive Officer, he is expected by the Board to manage the U. T. System with integrity, and he will notify the Board if a President deviates from the policy.

Regent Hall said the problem is that these rules are not intended for the good actors, they are intended to control the bad actors. He said if there is not true oversight, accountability, and transparency at least as far as members of the Board having questions answered, the process is not verifiable.

Chancellor McRaven asked Regent Hall how he would avoid exposing confidential student information. Regent Hall said by doing it the way it has been done in the past. The Board members would review it. They have reviewed both Family Educational Rights and Privacy Act (FERPA) and Health Insurance Portability and Accountability Act (HIPAA) before. [Note: General Counsel to the Board Frederick later spoke to Regent Hall and determined that the information he referenced as covered by HIPAA was not protected health information subject to HIPAA. Further, Regents are not provided access to information subject to FERPA except as authorized under FERPA.]

Chairman Foster said he believes that the proposed policy is a good policy. He said the objective was to identify best practices throughout all of higher education to develop a policy that is truly fair to all concerned; a policy that admits the right students and is fair to all students. He said there will always be exceptions and questions and he offered that the Board could continue to discuss the policy and even if the policy is approved today, it can be amended.

Regent Cranberg asked to make a statement for the Board's consideration. He said he has struggled, but is supportive of the policy. He wanted to express his concerns and rationale.

Remarks by Regent Cranberg

I looked forward to today being the day that The University of Texas can begin to restore a reputation of integrity and confidence to its admissions process and to put a difficult chapter behind it. This is not a policy I prefer, which is the present policy as voted for by the Board of Regents and endorsed in the White Paper on admissions. The principle stated in that paper is as follows:

“The integrity of the admissions processes at the University of Texas institutions depends on the unbiased determination of the appropriate merits of each applicant. Attempts to influence those processes by use of a person's community stature, promise for financial donation or any other means that do not directly address the merits of the applicant are inappropriate and not consistent with the status of the university as a public institution of the State of Texas.”

I would like to outline the reasons though why I do support and will vote for this policy:

1. The past president intervened to admit numerous unqualified applicants. Unqualified applicants, regardless of other relational considerations, may not now be admitted.
2. Through special intervention, perhaps 1,000 or more marginally qualified students who would not have been admitted, were admitted and took places that could have been taken by other, better qualified students. The present policy of “very rare” should reduce this number to a number that I hope is a handful or even zero each year. I do think even a handful will displace some students. I think that even the handful will displace some students because the way the process works, people continue to get admitted. I know a student who was admitted just three weeks ago, so there is not a one-time input. There are opportunities to continue to fill the admissions up to capacity. So if there are a few less, there will be a few fewer students admitted because of this process. I think it's a cost and a benefit.

As Chairman Foster said, there is no perfect policy and the benefits could be considerable to the University and to the other students that are admitted.

3. Legislative and other political influence on the admissions process is probably one of the rationales that was used to explain the admission being in the best interest of the University. Under the proposed policy, this is no longer an acceptable rationale.
4. The former intervention policy was kept secret and not disclosed even to the Chancellor, the General Counsel, or even the Supreme Court in the Fisher case. The current policy acknowledges the possibility of very rare acceptance of marginally qualified students for relational considerations other than political considerations. The current policy documents those acceptances and rationales. The former policy had no oversight of this special consideration process at the System level. The current policy charges the Chancellor with personal review of each such acceptance. The full Board, if not individual Regents, is in a position to review the Chancellor's oversight. I personally do not believe that any major donor to this University makes gifts to get a student into the university. There are plenty of ways to build relationships without the admissions tool. I also do not believe that we need to provide any special admissions favors to legislators in order to earn their support for our crucial and well-recognized mission. I have observed how the use of admissions and other presidential prerogatives as patronage has insulated the president from normal governance, oversight, and accountability. A president always has a choice: to work as part of a team to address diverse constituency's concerns about spiraling costs and institutional priorities or to use the powers and patronage of his office to attempt to establish and maintain an independent power base insulated from constitutional governance and possibly also the public's need for higher education reform. I believe this admissions policy stacks the odds more in favor of a president choosing the team approach as opposed to another approach, and so I do endorse this policy.

Chairman Foster called on Regent Aliseda, who moved that the Board approve the Admissions Policy for the U. T. System academic institutions, as recommended by Deputy Chancellor Daniel, effective immediately, with the understanding that the Policy will be formatted for appropriate inclusion in the Regents' Rules.

The motion was seconded by Vice Chairman Hicks and passed by acclamation, with Regent Hall commenting as follows and voting nay:

Remarks by Regent Hall

We are a public university system and not a private college that is permitted to operate in any matter that they see fit. U. T. Austin and President Powers ran both a public-facing admissions program and a secret backdoor admissions program that he concealed from the Board and the public through his material admissions during an internal massive investigation. The proposed policy simply memorializes that aspects of the improper program were validly implemented. We are being asked to endorse a policy that admits applicants for holistic considerations for people who are not applying and will not be attending the university. There is no definition of what types of relationships will be considered. There is no permitted mechanism for readily available accountability by Regents. No valid explanation of how deserving applicants are supplanted without being disadvantaged and the only surviving evidence that an applicant was allowed to displace another will be concealed through the improper use of FERPA as an artifice. I vote no.

U. T. System Proposed Admissions Policy for Academic Institutions

The University of Texas System – August 2015

August 20, 2015

Background:

In 2013, the U. T. System Office of Academic Affairs (OAA) began an in-depth analysis of the various admissions processes and policies at each academic institution for both undergraduate and graduate programs. The analysis included input from a representative group of more than forty admissions directors, program directors, and staff from all U. T. System academic institutions. As a result of the analysis, OAA issued a white paper recommending best practices in admissions processes that were designed to ensure fairness and transparency. Since 2013, both internal and external investigations were conducted to evaluate admissions processes at The University of Texas at Austin. Reports were issued by both the U. T. System Office of General Counsel and Kroll Associates, Inc.

Under the direction of the newly appointed Chancellor McRaven, a blue ribbon panel of former university presidents and chancellors was convened in early 2015, and the panel offered a number of recommendations designed to maintain the integrity of the admissions process by eliminating undue influence. In the interest of fostering an environment of trust, accountability, fairness, confidence, and excellence, the U. T. System administration has carefully considered each recommendation from Kroll Associates, the OAA white paper, and the blue ribbon panel and adapted them for use by U. T. System academic institutions. The proposed policy can be found in the Attachment.

Current Admissions Processes and Criteria – U. T. System Academic Institutions:

Admission into U. T. System institutions as an undergraduate student is typically granted through one of the three following mechanisms: (1) automatic admission under the top 10 percent law; (2) admission by meeting a combination of specific qualifications, typically related to class ranking, grades, and SAT/ACT test scores; or (3) a holistic review process.

In 1997, the Texas Legislature passed a law that extended automatic admission to Texas public universities for eligible students who placed in the top ten percent (top 10 percent law) of their high school class. Though modified since that time to provide flexibility to The University of Texas at Austin, this legislation provides a clear criterion to prospective students interested in attending a Texas public university.

In addition to guaranteed admission under the top 10 percent law, the Legislature has granted authority to boards of regents to determine admissions policies as set forth in Texas Education Code (TEC) Section 51.352, assigning responsibility to governing boards to “set campus admission standards consistent with the role and mission of the institution and considering the admission standards of similar institutions nationwide ...” For students who do not qualify for automatic admission, a policy must be developed that specifies the criteria to be considered when making admission decisions.

TEC Section 51.805 lists a number of factors that institutions may consider in an admissions policy for first-time freshmen who do not qualify under the top 10 percent law. Those factors may include performance on standardized tests, extracurricular and community activity involvement, and socioeconomic factors, among many others. TEC Section 51.805(b)(18) also states that “any other consideration the institution considers necessary to accomplish the institution’s stated mission” may also be considered. While some U. T. System institutions offer a more quantitative approach for setting minimum admissions criteria based on factors such as GPA, class rank, and test scores, other U. T. System academic institutions have adopted a holistic review process that incorporates academic performance, academic competitiveness, community involvement, and many other factors. For example, U. T. Austin has developed a sophisticated methodology for evaluating academic and personal achievement of freshman applicants within the holistic admissions process, including a scoring rubric and scoring of a personal achievement index. The assessment of applicant qualifications is performed by well-trained and informed evaluators.

The materials required for a freshmen application vary with institution, although all U. T. System institutions utilize the common application ApplyTexas. The most selective of the U. T. System academic institutions, U. T. Austin, requires two essays, encourages but does not require

submission of a résumé, and permits but does not require letters of recommendation. Regarding letters of recommendation, the U. T. Austin web site for freshmen admissions notes that “letters of recommendation are appreciated but not required” and instructs applicants to “ask someone who knows you well to write a letter about your character and accomplishments.” The web site advises students that “letters of recommendation are helpful only when they provide meaningful information about you.”

Admissions officials at some institutions also review applications for individuals with special talents, such as athletes, creative artists, and performing artists. Such applications may be reviewed with consideration given to special talents of the applicant and with the expectation that all admitted students must be qualified to successfully complete degree requirements at the university.

For graduate and professional programs, TEC Section 51.842 lists the factors that an institution may consider when making admission decisions. Each institution must adopt policies for admission that comply with this statute. For relatively competitive programs, holistic review processes with multiple reviewers is typical but not always required. A majority of graduate admissions decisions are made by departmental committees composed of faculty members.

The institutions of the U. T. System operate in accord with admissions policies approved by the Board of Regents. Institutions have maintained responsibilities for ensuring that appropriate processes are in place to support approved admissions policies. Institutional undergraduate and graduate admissions criteria and policies can be found in detail on each campus website.

Although it is evident that admissions criteria are well-defined within most institutions and programs, it is essential that U. T. System institutions implement these processes in a manner that is as fair and transparent as possible. Therefore, the U. T. System Administration recommends that the Board adopt an admissions policy that clarifies the handling of potential issues that may arise, especially in the context of holistic admissions reviews, and that could result in undue influence or the perception of undue influence.

Proposed Admissions Policy – U. T. System Academic Institutions

To ensure that institutions uphold the integrity of the admissions process, the Chancellor recommends that the Board direct U. T. System academic institutions to incorporate and implement the provisions found in the Attachment in their institution-specific admissions policies. Much of the proposed policy is based on recommendations from the April 2015 *Report of the Blue Ribbon Panel on Admissions*, along with information from the *Summary of Key Findings* by Kroll Associates and the *Best Practices in Admissions Processes* white paper prepared by the Office of Academic Affairs.

Attachment - Proposed Admissions Policy for
U. T. System Academic Institutions

- (1) Identify for prospective students the criteria used in a holistic review process to determine admissions decisions.*

To ensure fairness and transparency throughout the admissions process, universities shall establish written policies that outline the admissions process and expectations for all admissions categories, including freshmen, transfer students, graduate students, and professional school students. Descriptions of the process and factors to be considered in the admissions review process, including those used in holistic review processes, shall be made readily available to prospective students, in a clear and consistent manner, on an institution's web site and through other appropriate outlets. The information provided to prospective students shall include written policies regarding admissions, factors considered in holistic review, deadlines, notification dates, and response dates. Although each institution's process may be tailored to the specific needs of its campus and its student population, the following elements shall be common to all academic institutions:

- A. A prospective student shall apply to an institution using an accepted application method for the relevant degree program.
- B. The applicant shall submit required information such as transcripts, test scores, letters of recommendation, or other information identified as required or as optional.
- C. Applicants who are automatically admitted by law or approved institutional policy shall be promptly notified of admission.
- D. Applicants whose files are incomplete shall be notified of missing information.
- E. An applicant with a complete file who is not automatically admitted by law or approved institutional policy may be reviewed through a holistic process.
- F. Holistic review shall be conducted in accord with an institution's approved and published process and evaluation criteria, considering the relevant factors identified for a particular degree or program. An applicant admitted after holistic review shall be notified in accord with published notification policies.

- G. Because the admissions process is a rolling process, applicants may be admitted at any time after the applicant's file is complete.
- H. Any applicant who is not qualified for admission or who has no realistic chance of admission shall be notified that he or she has not been admitted.
- I. An admissions file may be flagged to manage the timing of an admissions decision or to assist with administration of the admissions process, but not in any way that would manifest advantage for a particular applicant in the holistic review process.

(2) *Ensure consistency and fairness in the holistic review process.*

Admissions decisions shall involve collaborative decision-making among multiple qualified, well-trained parties. Admissions decisions shall be based on the substantive information contained within the applicant file. Undue influence on the admissions process shall be avoided. It is the responsibility of admissions officials, deans, the provost, and the president to protect the admissions staff from undue influence. The president shall provide leadership to ensure compliance with policies and rules.

(3) *Uphold the integrity of the admissions process by eliminating undue influence and conflicts of interest.*

Institutional leaders and other personnel may receive third-party inquiries, calls, emails, letters, or other forms of communication about a prospective student that may range from providing substantive information about an applicant to an attempt to unduly influence or coerce decision makers into admitting an applicant. The presidents, provosts, and deans of U. T. System institutions shall ensure that the admissions offices are shielded from undue influence and shall handle these communications as follows:

- A. *Letters, electronic messages, or other communications that provide substantive, relevant information about an applicant.* Communications that provide credible, substantive input about an applicant shall be forwarded to the appropriate admissions office or staff member. The individual forwarding such communication shall make clear that in providing information, there is no request for special treatment of the applicant or attempt at undue

influence or favoritism toward the applicant. Presidents shall provide leadership to ensure that admissions officers understand that they are to independently evaluate recommendation letters based on the substance of the letter and not the status of the author or the fact that the letter was forwarded by the president or other university official. The person who originally received the communication may respond to those who provided the information with an acknowledgement that the information has been received and forwarded to the relevant office for consideration.

B. *Letters, electronic messages, or other communications that provide a general endorsement of an applicant without containing substantive information pertinent to evaluating the relevant qualities, character, or ability of an applicant.* If the communication does not contain substantive information pertinent to the qualities, character, or ability of the applicant, the communication shall not be forwarded and shall not become part of the applicant file. The individual receiving the communication may acknowledge receipt without referencing any further specific action regarding the communication or the applicant.

C. *Letters, electronic messages, or other communications from government officials.* Government officials are often asked by constituents to write letters for or otherwise communicate on behalf of applicants. Communications from government officials shall be treated the same as communications from others. Communications that provide credible, substantive input about an applicant shall be forwarded to the appropriate admissions office or staff member. Admissions officials shall give no consideration to any relationship they or others at the institution may have with a particular government official. As with letters from others, the individual forwarding such communication shall make clear that in providing information, there is no request for special treatment of the applicant or attempt at undue influence or favoritism toward the applicant.

D. *Third party inquiries and requests for status updates of applicants.* Updates of applicants shall not be provided to third parties. Only the applicant may be provided updates and notified of the final admission decision.

E. *Letters, electronic messages or other communications that go beyond providing information about the applicant or are designed to influence or coerce admissions decisions.* There are occasions in which calls, letters, and inquiries are not confined to substantive information relevant to the applicant's qualifications or general endorsements. These may range from citing long service to the institution by a relative or friend of the applicant to more far-ranging contributions. One way or another, such communications attempt to influence admissions outcomes. In these instances, institutional leaders shall shield admissions staff from undue influence or coercion and shall act as follows depending on the nature of the communication:

- i. *Letters, electronic messages, or other communications indicating that special consideration is owed because of past actions.* An outside party may indicate that because of past actions of those who have some relationship with the applicant the institution owes the applicant special consideration. In such instances, the communication shall not be forwarded to the admissions process and shall not become part of the applicant file. The person receiving the communication may acknowledge the communication, according to the circumstances, but will do so neutrally with respect to prospect of admission.
- ii. *Letters, electronic messages, and other communications indicating that special consideration is owed and there exists a threat of action or promise of a quid pro quo.* There are very rare circumstances in which a communication may contain a threat regarding consequences of a negative admissions decision or a promise related to a positive decision. In such cases, institutional leadership shall respond with a firm reminder that only information pertinent to the qualifications of the candidate may be considered in the applicant file. The communication shall not be forwarded to the admissions process or become part of the applicant file. If the attempt to influence is egregious, the institution's president shall inform and confer, in a timely manner, with the Chancellor and the U. T. System General Counsel.

F. *Inappropriate internal influence.* Institutional personnel shall not allow their personal relational considerations to influence admissions decisions. If credible suspicion exists of inappropriate relational considerations influencing admissions decisions, such suspicions must be reported to the institutional or U. T. System compliance office or hotline.

(4) *Act optimally and properly in the best interest of the institution within the holistic admissions process.*

Since it is ultimately the responsibility of the president to operate in the best interest of the institution, he or she may, on very rare occasions, have cause to admit a qualified student who might not otherwise be admitted through the normal process. It is the policy of the U. T. System that such admissions decisions be very rare, be limited only to students who are qualified to pursue the degree for which admission is sought, be defensible decisions that take into consideration the overall best interests of the institution, and be reported by the president to the Chancellor at the conclusion of the admissions cycle. The expectation is that any such decision shall only be made under situations of highest institutional importance consistent with the concept of very rare. In no case shall such an admissions decision displace another student who would otherwise be admitted. For cases in which the president decides to admit a qualified applicant counter to the recommendation of the normal admissions process, the president shall:

- (1) discuss the merits of the applicant's admission case with appropriate admissions officials prior to making a decision to ensure that the president fully understands the admissions case, and
- (2) be required to meet with the Chancellor at the conclusion of the admissions cycle to discuss the process employed, the rationale, all personal or institutional relational considerations in each decision, and to explain why the decision was in the best interest of the institution. It shall be the responsibility of the Chancellor to ensure that the decisions of an institution's president are reasonable in terms of process, that the number of such admissions decisions is consistent with the policy of very rare, and that the rationale for such decisions is consistent with the requirement for highest institutional importance. The Chancellor shall report to the U. T. System Board of Regents should significant deviation from this policy occur. The rationale for admitting a student outside the normal process shall be documented by the president.

- (5) Designate deans of graduate and professional schools, by presidential delegation, to be principally responsible for admissions to the school's degree programs.***

The roles, duties and responsibilities of the deans in the graduate and professional schools shall mirror those designated for the president. The president should require an annual face-to-face report on admissions cases for which the dean made a final decision that is counter to the outcome of the normal admissions process. In addition, to the extent that the provost has authority to admit students directly and independently of the normal admissions process, the president shall require an annual face-to-face report from the provost on admissions cases that were external to the normal admissions process. In any case, decisions at any level that would admit a student outside of the normal admissions process must be reported by the president to the Chancellor and follow policies outlined above.

6. U. T. Austin: Report on the Clements Center for National Security

President Fenves introduced Executive Director William Inboden for a report on activities of the Clements Center for National Security at The University of Texas at Austin. Dr. Fenves recognized Mr. George Seay III, in attendance at the meeting, as a good friend and donor.

On February 14, 2013, the Board approved the honorific naming of a new pilot program at U. T. Austin as the William P. Clements, Jr. Center for History, Strategy, and Statecraft to recognize the life and career of former Governor Clements and the support of the Clements Foundation. On May 20, 2015, the Center's Board of Advisors changed the name of the Center to the Clements Center for National Security.

The Clements Center for National Security was designed to instill a better understanding of history among students, scholars, policymakers, and the general public as it relates to national security policy and statecraft. The Center's goal continues to address a deficit in the historical understanding of national security policy in contemporary statecraft. The program draws on the best insights of diplomatic, military, political, and international history for training the next generation of national security scholars and policymakers.

The Clements Foundation partnered with U. T. Austin through a gift of \$2.5 million to fund and develop the four-year pilot program. The life and career of the late Governor Clements, particularly his Defense Department leadership during pivotal years in the nation's history, exemplify a judicious attention to history and its relationship to statecraft.

7. U. T. System Board of Regents: Certificate of appreciation to former U. T. Dallas President David E. Daniel

Chairman Foster recognized and thanked Dr. David E. Daniel for his outstanding service as President of The University of Texas at Dallas. Dr. Daniel became President of U. T. Dallas beginning on June 1, 2005, and was appointed by Chancellor McRaven as Deputy Chancellor beginning on July 1, 2015.

Dr. Daniel provided brief remarks and received a standing ovation.

Dr. Daniel received the following certificate of appreciation:

CERTIFICATE OF APPRECIATION

The Board of Regents

Expresses to

DAVID E. DANIEL, Ph.D.

Its Sincere Appreciation for His
Distinguished Service and Outstanding Contributions

to

The University of Texas System
as

President

The University of Texas at Dallas
2005 - 2015

STANDING COMMITTEE REPORTS TO THE BOARD.--At 10:06 a.m., Chairman Foster announced the Board would hear the reports and recommendations of the Standing Committees, which are set forth on Pages 25 - 145.

REPORT AND RECOMMENDATION OF THE AUDIT, COMPLIANCE, AND MANAGEMENT REVIEW COMMITTEE (Page 25).--Committee Chairman Hildebrand reported that the Audit, Compliance, and Management Review Committee met in open session to consider the matter on its agenda and to formulate recommendations for The University of Texas System Board of Regents. Unless otherwise indicated, the action set forth in the Minute Order that follows was 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 Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, referred for Committee consideration

There were no items referred from the Consent Agenda.

2. U. T. System: Approval of the U. T. Systemwide Annual Internal Audit Plan for Fiscal Year 2016

The Board approved The University of Texas Systemwide Annual Internal Audit Plan for Fiscal Year 2016. Development of the Audit Plan is based on risk assessments performed at each institution and implementation of the Audit Plan will be coordinated with the institutional auditors.

Institutional audit plans, compiled by the internal audit departments after input and guidance from the U. T. System Audit Office, the Offices of Academic or Health Affairs, and the institution's management and institutional internal audit committee, were submitted to the respective institutional internal audit committee and institutional president for review and comments. Additionally, the institutional audit plans were presented at the U. T. System Administration Internal Audit Committee meeting held on July 14, 2015. Also, the Chief Audit Executive provided feedback by conducting audit plan presentations with each institution. After the review process, each institutional internal audit committee formally approved its institution's audit plan.

3. U. T. System: Report on the Systemwide internal audit activities, including Priority Findings and Annual Audit Plan status

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

4. U. T. System: Report on Audits of the Systemwide Cancer Prevention Research Institute of Texas (CPRIT) Grants

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

REPORT AND RECOMMENDATIONS OF THE FINANCE AND PLANNING COMMITTEE (Pages 26 - 65).--Committee Chairman Hicks reported that the Finance and Planning Committee met in open session to consider the 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 Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, referred for Committee consideration

There were no items referred from the Consent Agenda.

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

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

3. U. T. System Board of Regents: The University of Texas Investment Management Company (UTIMCO) Performance Summary Report and Investment Reports for the quarter ended May 31, 2015

The University of Texas Investment Management Company (UTIMCO) Performance Summary Report at May 31, 2015, is set forth Page 28.

The Investment Reports for the quarter ended May 31, 2015, are set forth on Pages 29 - 32.

Item I on Page 29 reports activity for the Permanent University Fund (PUF) investments. The PUF's net investment return for the quarter was 2.22% versus its composite benchmark return of 2.19%. The PUF's net asset value increased by \$157 million during the quarter to \$18,200 million. The increase was due to \$144 million PUF Lands receipts, plus a net investment return of \$395 million, less a \$382 million distribution made to the Available University Fund (AUF) during the quarter.

Item II on Page 30 reports activity for the General Endowment Fund (GEF) investments. The GEF's net investment return for the quarter was 2.48% versus its composite benchmark return of 2.19%. The GEF's net asset value increased by \$208 million during the quarter to \$8,531 million.

Item III on Page 31 reports activity for the Intermediate Term Fund (ITF). The ITF's net investment return for the quarter was .57% versus its composite benchmark return of .58%. The net asset value increased during the quarter to \$7,196 million due to net contributions of \$215 million and net investment return of \$37 million, less distributions of \$54 million.

All exposures were within their asset class and investment type ranges. Liquidity was within policy.

Item IV on Page 32 presents book and market values 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 and Fidelity money market fund, decreased by \$207 million to \$2,031 million during the three months since the last reporting period. Market values for the remaining asset types were debt securities: \$20 million versus \$20 million at the beginning of the period; equities: \$281 million versus \$73 million at the beginning of the period; and other investments: \$.8 million versus \$9 million at the beginning of the period.

UTIMCO Performance Summary
May 31, 2015

	Net Asset Value 5/31/2015 (in Millions)	Periods Ended May 31, 2015											
		(Returns for Periods Longer Than One Year are Annualized)			Historic Returns								
		Short Term		Year to Date	Fiscal Calendar		1 Yr		3 Yrs		5 Yrs		10 Yrs
	1 Mo	3 Mos											
ENDOWMENT FUNDS													
Permanent University Fund	\$ 18,200	0.26%	2.22%	3.31%	4.70%	6.26%	10.29%	9.42%	7.01%				
Permanent Health Fund	1,119												
Long Term Fund	<u>7,413</u>												
General Endowment Fund	<u>8,532</u>	0.24%	2.48%	3.99%	4.74%	6.89%	10.50%	9.56%	7.12%				
Separately Invested Funds	355												
Total Endowment Funds	<u>27,087</u>												
OPERATING FUNDS													
Intermediate Term Fund	7,196	-0.16%	0.57%	0.86%	2.45%	2.56%	6.88%	6.83%	N/A				
Short Term Fund and Debt Proceeds Fund	<u>1,977</u>												
Total Operating Funds	<u>9,173</u>												
Total Assets Under Management	<u>\$ 36,260</u>												
VALUE ADDED (1) (Percent)													
Permanent University Fund		0.30%	0.03%	1.49%	0.66%	1.82%	0.82%	1.21%	1.71%				
General Endowment Fund		0.28%	0.29%	2.17%	0.70%	2.45%	1.03%	1.35%	1.82%				
Intermediate Term Fund		0.27%	-0.01%	1.83%	0.62%	2.06%	1.78%	1.92%	N/A				
VALUE ADDED (1) (\$ IN MILLIONS)													
Permanent University Fund		\$55	\$6	\$265	\$117	\$314	\$407	\$953	\$2,557				
General Endowment Fund		24	24	180	58	198	240	548	1,471				
Intermediate Term Fund		<u>19</u>	<u>-1</u>	<u>126</u>	<u>42</u>	<u>139</u>	<u>314</u>	<u>531</u>	<u>-</u>				
Total Value Added		<u>\$98</u>	<u>\$29</u>	<u>\$571</u>	<u>\$217</u>	<u>\$651</u>	<u>\$961</u>	<u>\$2,032</u>	<u>\$4,028</u>				

Footnote available upon request.

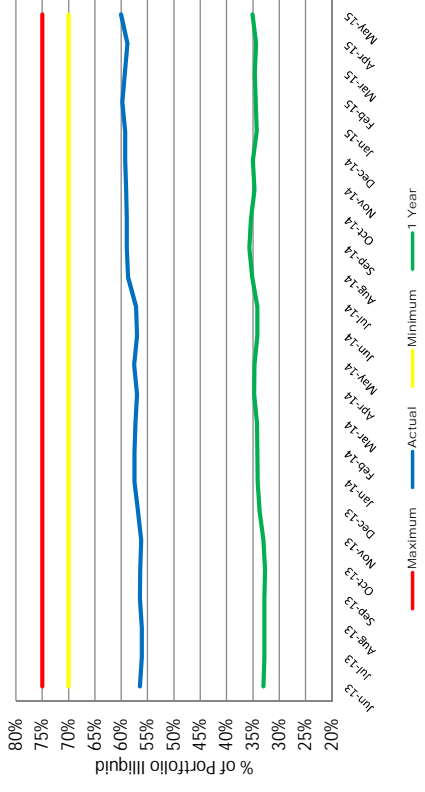
I. PERMANENT UNIVERSITY FUND
Investment Reports for Periods Ended May 31, 2015
 Prepared in accordance with Texas Education Code Sec. 51.0032

	Fiscal Year to Date				
	Asset Allocation		Returns		Value Added
	Actual	Policy	Portfolio	Policy Benchmark	Tactical Allocation
More Correlated and Constrained:					
Investment Grade	7.3%	6.8%	-3.29%	-6.35%	0.04%
Credit-Related	0.1%	0.0%	-2.90%	-2.05%	0.00%
Real Estate	2.5%	2.5%	-0.03%	1.97%	-0.01%
Natural Resources	6.9%	7.5%	-20.32%	-16.22%	0.01%
Developed Country	14.3%	14.0%	12.64%	3.25%	0.05%
Emerging Markets	<u>10.8%</u>	<u>9.7%</u>	<u>-1.66%</u>	<u>-6.55%</u>	<u>0.03%</u>
Total More Correlated and Constrained	41.9%	40.5%	-0.58%	-4.48%	0.12%
Less Correlated and Constrained	29.6%	30.0%	5.18%	4.94%	0.04%
Private Investments	28.5%	29.5%	7.24%	7.77%	-0.10%
Total	<u>100.0%</u>	<u>100.0%</u>	<u>3.31%</u>	<u>1.82%</u>	<u>0.06%</u>
					1.43%
					1.49%
					0.09%
					-0.23%
					0.51%
					1.63%

Summary of Capital Flows

	Fiscal Year Ended August 31, 2014	Quarter Ended May 31, 2015	Fiscal Year to Date August 31, 2015
Beginning Net Assets	\$14,853	\$18,043	\$17,365
PUF Lands Receipts	1,129	144	632
Investment Return (Net of Expenses)	2,260	395	585
Distributions to AUF	(877)	(382)	(382)
Ending Net Assets	\$17,365	\$18,200	\$18,200

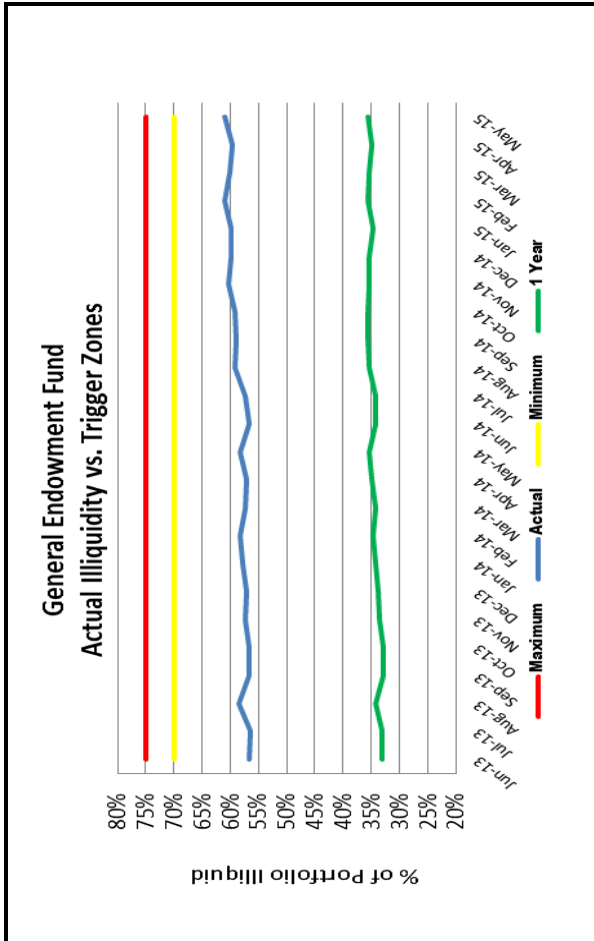
Permanent University Fund
Actual Illiquidity vs. Trigger Zones



II. GENERAL ENDOWMENT FUND
Investment Reports for Periods Ended May 31, 2015
 Prepared in accordance with Texas Education Code Sec. 51.0032

	Fiscal Year to Date						
	Asset Allocation		Returns		Value Added		
	Actual	Policy	Portfolio	Policy Benchmark	Tactical Allocation	Active Management	Total
More Correlated and Constrained:							
Investment Grade	6.0%	6.8%	-2.49%	-6.35%	0.07%	0.21%	0.28%
Credit-Related	0.1%	0.0%	-2.90%	-2.05%	0.00%	0.00%	0.00%
Real Estate	2.5%	2.5%	-0.01%	1.97%	-0.01%	-0.05%	-0.06%
Natural Resources	6.9%	7.5%	-20.37%	-16.22%	0.03%	-0.37%	-0.34%
Developed Country	14.6%	14.0%	12.56%	3.25%	0.07%	1.25%	1.32%
Emerging Markets	11.0%	9.7%	4.27%	-6.55%	0.03%	1.08%	1.11%
Total More Correlated and Constrained	41.1%	40.5%	1.00%	-4.48%	0.19%	2.12%	2.31%
Less Correlated and Constrained	29.8%	30.0%	5.18%	4.94%	0.01%	0.09%	0.10%
Private Investments	29.1%	29.5%	7.24%	7.77%	-0.13%	-0.11%	-0.24%
Total	100.0%	100.0%	3.99%	1.82%	0.07%	2.10%	2.17%

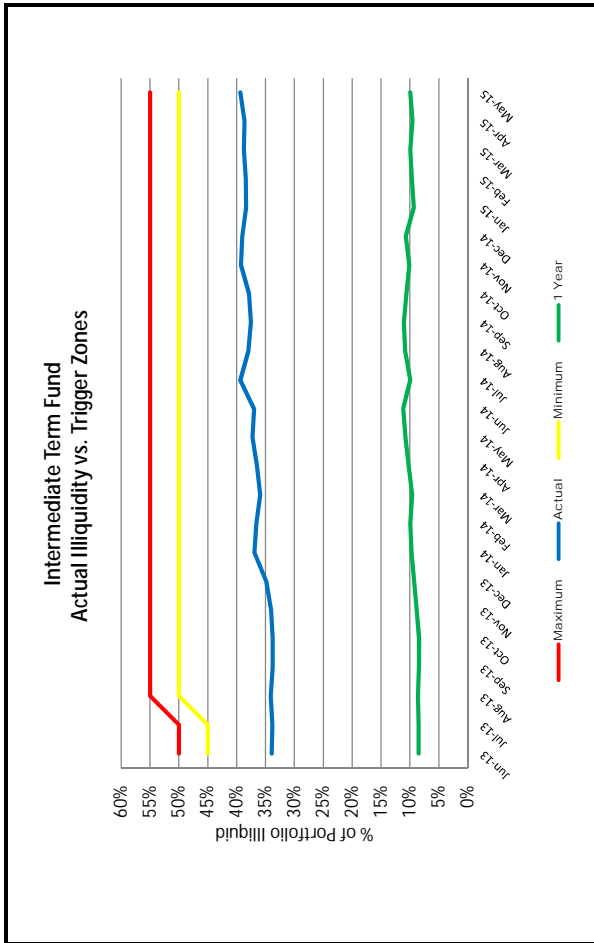
	Summary of Capital Flows	
	Fiscal Year Ended August 31, 2014	Fiscal Year to Date August 31, 2015
Beginning Net Assets (\$ millions)	\$7,396	\$8,323
Contributions	225	107
Withdrawals	(13)	(1)
Distributions	(371)	(98)
Investment Return (Net of Expenses)	1,088	200
Ending Net Assets	\$8,325	\$8,531



III. INTERMEDIATE TERM FUND
Investment Reports for Periods Ended May 31, 2015
 Prepared in accordance with Texas Education Code Sec. 51.0032

	Fiscal Year to Date						
	Asset Allocation		Returns		Value Added		
	Actual	Policy	Portfolio	Policy Benchmark	Tactical Allocation	Active Management	Total
More Correlated and Constrained:							
Investment Grade	30.4%	30.0%	-4.12%	-6.35%	0.00%	0.66%	0.66%
Credit-Related	0.0%	0.0%	0.00%	0.00%	0.00%	0.00%	0.00%
Real Estate	2.9%	3.0%	0.00%	1.97%	-0.01%	-0.07%	-0.08%
Natural Resources	6.4%	7.0%	-20.12%	-16.22%	0.04%	-0.31%	-0.27%
Developed Country	8.9%	9.0%	12.72%	3.25%	0.01%	0.83%	0.84%
Emerging Markets	6.5%	6.0%	4.30%	-6.55%	-0.02%	0.64%	0.62%
Total More Correlated and Constrained	55.1%	55.0%	-2.50%	-5.64%	0.02%	1.75%	1.77%
Less Correlated and Constrained	44.9%	45.0%	5.16%	4.94%	-0.09%	0.15%	0.06%
Private Investments	0.0%	0.0%	0.00%	0.00%	0.00%	0.00%	0.00%
Total	100.0%	100.0%	0.86%	-0.97%	-0.07%	1.90%	1.83%

	Summary of Capital Flows		
	Fiscal Year Ended August 31, 2014	Quarter Ended May 31, 2015	Fiscal Year to Date August 31, 2015
Beginning Net Assets (\$ millions)	\$5,520	\$6,998	\$6,665
Contributions	2,111	308	1,091
Withdrawals	(1,391)	(93)	(463)
Distributions	(186)	(54)	(155)
Investment Return (Net of Expenses)	611	37	58
Ending Net Assets	\$6,665	\$7,196	\$7,196



IV. SEPARATELY INVESTED ASSETS
Summary Investment Report at May 31, 2015
 Report prepared in accordance with *Texas Education Code Sec. 51.0032*

ASSET TYPES	(\$ thousands)															
	CURRENT PURPOSE DESIGNATED		RESTRICTED		ENDOWMENT & SIMILAR FUNDS		ANNUITY & LIFE INCOME FUNDS		AGENCY FUNDS		TOTAL EXCLUDING OPERATING FUNDS		OPERATING FUNDS (DEBT PROCEEDS AND (SHORT TERM FUND))		TOTAL	
	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET
Cash & Equivalents:																
Beginning value 02/28/15	-	-	3,495	3,495	108,216	108,216	1,477	1,477	2,392	2,392	115,580	115,580	2,122,623	2,122,623	2,238,203	2,238,203
Increase/(Decrease)	-	-	1,999	1,999	(62,239)	(62,239)	(244)	(244)	(1,655)	(1,655)	(62,139)	(62,139)	(145,393)	(145,393)	(207,532)	(207,532)
Ending value 05/31/15	-	-	5,494	5,494	45,977	45,977	1,233	1,233	737	737	53,441	53,441	1,977,230	1,977,230	2,030,671	2,030,671
Debt Securities:																
Beginning value 02/28/15	-	-	13	14	11,304	11,756	7,961	8,033	-	-	19,278	19,803	-	-	19,278	19,803
Increase/(Decrease)	-	-	(2)	(2)	-	(95)	(35)	(135)	-	-	(35)	(232)	-	-	(35)	(232)
Ending value 05/31/15	-	-	11	12	11,304	11,661	7,928	7,898	-	-	19,243	19,571	-	-	19,243	19,571
Equity Securities:																
Beginning value 02/28/15	1,161	8,248	276	272	41,511	50,968	12,600	13,115	-	-	55,548	72,603	-	-	55,548	72,603
Increase/(Decrease)	253,112	206,899	1,059	1,055	378	938	(62)	(72)	-	-	254,487	208,820	-	-	254,487	208,820
Ending value 05/31/15	254,273	215,147	1,335	1,327	41,889	51,906	12,538	13,043	-	-	310,035	281,423	-	-	310,035	281,423
Other:																
Beginning value 02/28/15	-	-	205	205	7	7	560	113	8,593	8,593	9,365	8,918	-	-	9,365	8,918
Increase/(Decrease)	-	-	(116)	(116)	592	592	12	1	(8,593)	(8,593)	(8,105)	(8,116)	-	-	(8,105)	(8,116)
Ending value 05/31/15	-	-	89	89	599	599	572	114	-	-	1,260	802	-	-	1,260	802
Total Assets:																
Beginning value 02/28/15	1,161	8,248	3,989	3,986	161,038	170,947	22,598	22,738	10,985	10,985	199,771	216,904	2,122,623	2,122,623	2,322,394	2,339,527
Increase/(Decrease)	253,112	206,899	2,940	2,936	(61,269)	(60,804)	(327)	(450)	(10,248)	(10,248)	184,208	138,333	(145,393)	(145,393)	38,815	(7,060)
Ending value 05/31/15	254,273	215,147	6,929	6,922	99,769	110,143	22,271	22,288	737	737	383,979	355,237	1,977,230	1,977,230	2,361,209	2,332,467

Details of individual assets by account furnished upon request.

4. U. T. System Board of Regents: Report on activities of the University Lands Advisory Board

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

5. U. T. System Board of Regents: Adoption of a Resolution authorizing the issuance, sale, and delivery of Permanent University Fund Bonds and authorization to complete all related transactions

The Board

- a. adopted a Resolution, substantially in the form previously approved by The University of Texas System Board of Regents, authorizing the issuance, sale, and delivery of Board of Regents of the U. T. System Permanent University Fund (PUF) Bonds in one or more installments in an aggregate principal amount not to exceed \$600 million to be used to refund certain outstanding PUF Bonds, to refund PUF Commercial Paper Notes, to provide new money to fund construction and acquisition costs, and to pay the costs of issuance; and
- b. authorized appropriate officers and employees of the U. T. System as set forth in the Resolution to take any and all actions necessary to carry out the intentions of the U. T. System Board of Regents within the limitations and procedures specified therein; to make certain covenants and agreements in connection therewith; and to resolve other matters incident and related to the issuance, sale, security, and delivery of such bonds.

On August 21, 2014, the Board of Regents adopted a resolution authorizing the issuance of PUF Bonds in an amount not to exceed \$600 million for Fiscal Year 2015. Adoption of this Resolution provides a similar authorized amount and purposes for Fiscal Year 2016.

Adoption of this Resolution authorizes the advance or current refunding of a portion of certain outstanding PUF 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 more than 90 days in advance of the call date, whereas a current refunding involves issuing bonds to refund outstanding bonds within 90 days of the call date. Refunding bonds are issued at lower interest rates thereby producing debt service savings. Adoption of this Resolution provides the flexibility to select the particular bonds to be refunded depending on market conditions at the time of pricing. The Resolution provides that additional PUF Bonds may be refunded if such refunding is determined to be in the best interest of the U. T. System.

The Resolution also authorizes the current refunding of all or a portion of the PUF Commercial Paper Notes. The PUF Commercial Paper Note program is used to provide interim financing for PUF projects approved by the Board. Adoption of the Resolution permits the interim financing provided through the Notes to be replaced with long-term financing. The Resolution also authorizes the issuance of bonds to provide new money to fund the capital costs of eligible projects.

The Resolution also authorizes the appropriate officers and employees of the U. T. System to refund outstanding PUF Bonds pursuant to a tender program and to use lawfully available funds to defease outstanding PUF Bonds when economically advantageous.

The Resolution was reviewed by outside bond counsel and the U. T. System Office of General Counsel.

6. U. T. System Board of Regents: Adoption of a Supplemental Resolution authorizing the issuance, sale, and delivery of Revenue Financing System Bonds and authorization to complete all related transactions

The Board

- a. adopted a Supplemental Resolution, substantially in the form previously approved by The University of Texas System Board of Regents, authorizing the issuance, sale, and delivery of Board of Regents of the U. T. System Revenue Financing System (RFS) Bonds in one or more installments in an aggregate principal amount not to exceed \$600 million to be used to refund certain outstanding RFS Bonds, to refund RFS Commercial Paper Notes, to provide new money to fund construction and acquisition costs of projects in the Capital Improvement Program (CIP), and to pay the costs of issuance; and
- b. authorized appropriate officers and employees of U. T. System as set forth in the 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 RFS Bonds.

On August 21, 2014, the Board of Regents adopted a resolution authorizing the issuance of additional RFS Bonds in an amount not to exceed \$600 million. Adoption of this Supplemental Resolution provides a similar authorized amount and purposes as the prior resolution.

Adoption of the Supplemental Resolution authorizes the advance or current refunding of a portion 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 more than 90 days in advance of the call date whereas a current refunding involves issuing bonds to refund outstanding bonds within 90 days of the call date. Refunding bonds are issued at lower interest rates thereby producing debt service savings.

Adoption of this Supplemental Resolution will provide the flexibility to select the particular bonds to be refunded depending on market conditions at the time of pricing.

The Supplemental Resolution also authorizes the current refunding of all or a portion of the RFS Commercial Paper Notes. The RFS Commercial Paper Note program is used to provide interim financing for RFS projects approved by the Board. Adoption of the Supplemental Resolution will permit the interim financing provided through the Notes to be replaced with long-term financing. The Supplemental Resolution also authorizes the issuance of bonds to provide new money to fund the capital costs of eligible projects.

The Supplemental Resolution also authorizes the appropriate officers and employees of the U. T. System to refund outstanding RFS Bonds pursuant to a tender program and to use lawfully available funds to defease outstanding RFS Bonds when economically advantageous.

The Supplemental Resolution has been reviewed by outside bond counsel and the U. T. System Office of General Counsel.

7. U. T. System Board of Regents: Adoption of resolutions authorizing certain bond enhancement agreements for Revenue Financing System debt and Permanent University Fund debt, including ratification of U. T. System Interest Rate Swap Policy

The Board adopted resolutions substantially in the form set out on the following pages (the Resolutions) authorizing appropriate officers of The University of Texas System to enter into bond enhancement agreements related to its Revenue Financing System (RFS) and Permanent University Fund (PUF) debt programs in accordance with the U. T. System Interest Rate Swap Policy and to take any and all actions necessary to carry out the intentions of the U. T. System Board of Regents.

Texas Education Code Section 65.461 provides specific authority to the U. T. System Board of Regents to enter into "bond enhancement agreements," which include interest rate swaps and related agreements in connection with administration of the U. T. System's RFS and PUF debt programs.

The U. T. System Interest Rate Swap Policy was approved by the Board of Regents as a Regental Policy on February 13, 2003, and was incorporated into the Regents' *Rules and Regulations*, Rule 70202 on December 10, 2004. The Rule was subsequently amended on August 23, 2007. Section 1371.056(l) of the *Texas Government Code* requires that while an interest rate management agreement transaction is outstanding, the governing body of the issuer shall review and ratify or modify its related risk management policy at least biennially.

On August 21, 2014, the Board approved bond enhancement agreement resolutions for Fiscal Year 2015. Approval of this item authorizes the execution of bond enhancement agreement transactions related to RFS and PUF debt in accordance with the U. T. System Interest Rate Swap Policy for Fiscal Year 2016 and ratifies the existing U. T. System Interest Rate Swap Policy, set out as Exhibit B, as required by *Texas Government Code* Section 1371.056. The determination to utilize bond enhancement agreements will be made based on market conditions at the time of pricing the related debt issuance. The Chancellor and the Chairman of the Board's Finance and Planning Committee will be informed in advance of any proposed transactions to be undertaken pursuant to the resolutions.

A RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF BOND ENHANCEMENT AGREEMENTS RELATING TO REVENUE FINANCING SYSTEM DEBT AND AUTHORIZING AND APPROVING OTHER INSTRUMENTS AND PROCEDURES RELATING TO SAID AGREEMENTS

August 20, 2015

WHEREAS, the Board of Regents (the "Board") of The University of Texas System (the "System") is the governing body of the System, an institution of higher education under the *Texas Education Code* and an agency of the State of Texas; and

WHEREAS, on February 14, 1991, the Board adopted the First Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System and amended such resolution on October 8, 1993, and August 14, 1997 (referred to herein as the "Master Resolution"); and

WHEREAS, unless otherwise defined herein, terms used herein shall have the meaning given in the Master Resolution or as set forth in Exhibit A hereto; and

WHEREAS, the Master Resolution establishes the Revenue Financing System comprised of the institutions now or hereafter constituting components of the System that are designated "Members" of the Financing System by action of the Board and pledges the Pledged Revenues attributable to each Member of the Financing System to the payment of Parity Debt to be outstanding under the Master Resolution; and

WHEREAS, the Board has adopted Supplemental Resolutions to the Master Resolution authorizing the issuance of Parity Debt thereunder as special, limited obligations of the Board payable solely from and secured by a lien on and pledge of Pledged Revenues pledged for the equal and proportionate benefit and security of all owners of Parity Debt; and

WHEREAS, the Board has previously entered into certain Executed Master Agreements (as defined herein) with certain counterparties setting forth the terms and conditions applicable to each Confirmation (as defined herein) executed or to be executed thereunder; and

WHEREAS, the Board hereby desires to ratify and approve the System's Interest Rate Swap Policy, a copy of which is attached hereto as Exhibit B, and to severally authorize each Authorized Representative (as defined in the System's Interest Rate Swap Policy) to enter into Bond Enhancement Agreements (as defined herein) from time to time, all as provided in this Resolution.

NOW THEREFORE BE IT RESOLVED, that

SECTION 1. DEFINITIONS. In addition to the definitions set forth in the preamble of this Resolution, the terms used in this Resolution and not otherwise defined shall have the meanings given in the Master Resolution or in Exhibit A to this Resolution attached hereto and made a part hereof.

SECTION 2. AUTHORIZATION OF BOND ENHANCEMENT AGREEMENTS.

(a) Delegation. Each Authorized Representative is hereby severally authorized to act on behalf of the Board in accepting and executing new or amended confirmations under one or more of the Master Agreements (each, a "Confirmation", and collectively with the applicable Master Agreement, a "Bond Enhancement Agreement") when, in his or her judgment, the execution of such Confirmation is consistent with this Resolution and the System's Interest Rate Swap Policy and either (i) the transaction is expected

to reduce the net interest to be paid by the Board with respect to any then outstanding Parity Debt or Parity Debt anticipated to be issued in the future over the term of the Bond Enhancement Agreement or (ii) the transaction is in the best interests of the Board given the market conditions at that time. Prior to entering into any such transaction, an Authorized Representative must deliver to the General Counsel of the Board a certificate setting forth the determinations of the Authorized Representative in connection with the foregoing. Each Authorized Representative is also severally authorized to execute any required novation agreement related to the execution and delivery of a new or amended Confirmation undertaken in conjunction with the novation of an existing Confirmation. The delegation to each Authorized Representative to execute and deliver Bond Enhancement Agreements on behalf of the Board under this Resolution shall expire on September 1, 2016.

(b) Authorizing Law and Treatment as Credit Agreement. The Board hereby determines that any such Bond Enhancement Agreement entered into by an Authorized Representative pursuant to this Resolution is necessary or appropriate to place the Board's obligations with respect to its outstanding Parity Debt or Parity Debt anticipated to be issued in the future on the interest rate, currency, cash flow or other basis set forth in such Bond Enhancement Agreement as approved and executed on behalf of the Board by an Authorized Representative. Each Bond Enhancement Agreement constitutes a "Credit Agreement" as defined in the Master Resolution and a "bond enhancement agreement" under Section 65.461 of the *Texas Education Code*, as amended ("Section 65.461"). Pursuant to Section 65.461, a Bond Enhancement Agreement authorized and executed by an Authorized Representative under this Resolution shall not be considered a "credit agreement" under Chapter 1371 of the *Texas Government Code*, as amended ("Chapter 1371"), unless specifically designated as such by such Authorized Representative. In the event an Authorized Representative elects to treat a Bond Enhancement Agreement authorized by this Resolution as a "credit agreement" under Chapter 1371 and this Resolution has not previously been submitted to the Attorney General by an Authorized Representative, such Authorized Representative shall submit this Resolution to the Attorney General for review and approval in accordance with the requirements of Chapter 1371 as the proceedings authorizing Bond Enhancement Agreements entered into by the Board pursuant to this Resolution.

(c) Maximum Term. The maximum term of each Bond Enhancement Agreement authorized by this Resolution shall not exceed the maturity date of the then outstanding related Parity Debt or the related Parity Debt anticipated to be issued in the future, as applicable.

(d) Notional Amount. The notional amount of any Bond Enhancement Agreement authorized by this Resolution shall not at any time exceed the aggregate principal amount of the then outstanding related Parity Debt and related Parity Debt anticipated to be issued in the future, as applicable; provided that the aggregate notional amount of multiple Bond Enhancement Agreements relating to the same Parity Debt may exceed the principal amount of the related Parity Debt if such Bond Enhancement Agreements are for different purposes, as evidenced for example by different rates for calculating payments owed, and the aggregate notional amount of any such Bond Enhancement Agreements for the same purpose otherwise satisfies the foregoing requirements.

(e) Early Termination. No Confirmation entered into pursuant to this Resolution shall contain early termination provisions at the option of the counterparty except upon the occurrence of an event of default or an additional termination event, as prescribed in the applicable Master Agreement. In addition to subsections (a) and (b) of Section 6 hereof, each Authorized Representative is hereby severally authorized to terminate any Bond Enhancement when, in his or her judgment, such termination is in the best interests of the Board given the market conditions at that time.

(f) Maximum Rate. No Bond Enhancement Agreement authorized by this Resolution shall be payable at a rate greater than the maximum rate allowed by law.

(g) Credit Enhancement. An Authorized Representative may obtain credit enhancement for any Bond Enhancement Agreement if such Authorized Representative, as evidenced by a certificate delivered to the General Counsel to the Board, has determined that after taking into account the cost of such credit enhancement, such credit enhancement will reduce the amount payable by the Board pursuant to such Bond Enhancement Agreement; provided that the annual cost of credit enhancement on any Bond Enhancement Agreement entered into pursuant to this Resolution may not exceed 0.50% of the notional amount of such Bond Enhancement Agreement.

SECTION 3. BOND ENHANCEMENT AGREEMENTS AS PARITY DEBT. The costs of any Bond Enhancement Agreement and the amounts payable thereunder shall be payable out of Pledged Revenues and each Bond Enhancement Agreement shall constitute Parity Debt under the Master Resolution, except to the extent that a Bond Enhancement Agreement provides that an obligation of the Board thereunder shall be payable from and secured by a lien on Pledged Revenues subordinate to the lien securing the payment of the Parity Debt. The Board determines that this Resolution shall constitute a Supplemental Resolution to the Master Resolution and as required by Section 5(a) of the Master Resolution, the Board further determines that upon the delivery of the Bond Enhancement Agreements authorized by this Resolution it will have sufficient funds to meet the financial obligations of the System, including sufficient Pledged Revenues 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 that the Members on whose behalf such Bond Enhancement Agreements are entered into possess the financial capacity to satisfy their Direct Obligations after taking such Bond Enhancement Agreements into account.

SECTION 4. AUTHORIZATION FOR SPECIFIC TRANSACTIONS. (a) In addition to the authority otherwise granted in this Resolution, each Authorized Representative is hereby severally granted continuing authority to enter into the following specific transactions pursuant to a Confirmation (or other agreement or instrument deemed necessary by an Authorized Representative) upon satisfaction of the following respective conditions:

(1) Floating-to-fixed rate interest rate swap transactions under which the Board would pay an amount based upon a fixed rate of interest and the counterparty would pay an amount based upon a variable rate of interest with respect to Parity Debt then outstanding bearing interest at a variable rate and Parity Debt anticipated to be issued in the future that will bear interest at a variable rate, as applicable. Prior to entering into such transaction, an Authorized Representative must deliver to the General Counsel to the Board a certificate to the effect that (i) the synthetic fixed rate to the Board pursuant to the swap transaction is lower than the rate available to the Board for comparable fixed rate debt at the time of the swap transaction, and (ii) if the variable rate being paid or expected to be paid by the Board on the applicable Parity Debt is computed on a basis different from the calculation of the variable rate to be received under the swap transaction over the stated term of such swap transaction, the basis risk of the transaction is expected to be minimal based upon historical relationships between such bases.

(2) Fixed-to-floating rate interest rate swap transactions under which the Board would pay an amount based upon a variable rate of interest and the counterparty would pay an amount based upon a fixed rate of interest, with respect to Parity Debt then outstanding bearing interest at a fixed rate and Parity Debt anticipated to be issued in the future that will bear interest at a fixed rate, as applicable. Prior to entering into such transaction an Authorized Representative must deliver to the General Counsel to the Board a certificate to the effect that converting such portion of fixed rate Parity Debt to a variable rate pursuant to the fixed-to-floating interest rate swap transaction would be beneficial to the System by (i) lowering the anticipated net interest cost on the Parity Debt to be swapped against or (ii) assisting in the System's asset/liability management by matching a portion of its variable rate assets with variable rate Parity Debt.

(3) Basis swap transactions under which the Board would pay a variable rate of interest computed on one basis, such as the Securities Industry and Financial Markets Association Municipal Swap Index, and the counterparty would pay a variable rate of interest computed on a different basis, such as the London Interbank Offered Rate ("LIBOR"), with respect to a designated maturity or principal amount of outstanding Parity Debt and Parity Debt anticipated to be issued in the future, as applicable. Prior to entering into such transaction, an Authorized Representative must deliver to the General Counsel to the Board a certificate to the effect that by entering into the basis swap transaction the Board is expected to be able to (i) achieve spread income or upfront cash payments, (ii) preserve call option and advance refunding capability on its Parity Debt, (iii) lower net interest cost by effecting a percent of LIBOR synthetic refunding without issuing additional bonds or acquiring credit enhancement, (iv) lower net interest cost on Parity Debt by layering tax risk on top of a traditional or synthetic fixed rate financing, (v) preserve liquidity capacity, or (vi) avoid the mark to market volatility of a fixed-to-floating or floating-to-fixed swap in changing interest rate environments.

(4) Interest rate locks, caps, options, floors, and collars for the purpose of limiting the exposure of the Board to adverse changes in interest rates in connection with outstanding Parity Debt or additional Parity Debt anticipated to be issued in the future. Prior to entering into such a transaction, an Authorized Representative must deliver to the General Counsel to the Board a certificate to the effect that such transaction is expected to limit or eliminate such exposure.

(b) The foregoing is not intended to be a comprehensive list of permissible types of transactions, but rather to specify additional conditions necessary to enter into the specified types of transactions. The requirements of Section 2(a) above shall apply to any transaction not specified in subsection (a) hereof.

SECTION 5. APPLICATION OF PAYMENTS RECEIVED UNDER BOND ENHANCEMENT AGREEMENTS.

(a) General. Except as further limited by subsection (b) hereof, to the extent the Board receives payments pursuant to a Bond Enhancement Agreement, such payments shall be applied for any lawful purpose.

(b) Payments under Chapter 1371 Credit Agreements. In the event an Authorized Representative elects to treat a Bond Enhancement Agreement authorized by this Resolution as a "credit agreement" under Chapter 1371 and such Bond Enhancement Agreement is executed and delivered pursuant to Chapter 1371, to the extent that the Board receives payments pursuant to such a Bond Enhancement Agreement, such payments shall be applied as follows: (i) to pay (A) debt service on the Parity Debt or anticipated issuance of Parity Debt related to the Bond Enhancement Agreement, or (B) the costs to be financed by the Parity Debt or anticipated issuance of Parity Debt related to the Bond Enhancement Agreement; provided that, if applicable, such costs shall have been approved for construction by the Board; (ii) to pay other liabilities or expenses that are secured on parity with or senior to the Parity Debt or anticipated issuance of Parity Debt related to the Bond Enhancement Agreement; or (iii) to the extent that costs set forth in (i) and (ii) have been satisfied, for any other lawful purpose.

SECTION 6. BOND ENHANCEMENT AGREEMENTS IN CONNECTION WITH ANTICIPATED PARITY DEBT.

(a) Requirement to Terminate or Modify Agreement for Non-issuance of Anticipated Parity Debt. In the event a Bond Enhancement Agreement is entered into under this Resolution in connection

with the anticipated issuance of Parity Debt and such Parity Debt is not actually issued on or prior to the effective date of such agreement, an Authorized Representative shall either terminate such Bond Enhancement Agreement or amend such Bond Enhancement Agreement in such event to (i) delay the effective date of such Bond Enhancement Agreement; or (ii) replace such anticipated Parity Debt with any then outstanding Parity Debt having the same types of interest rates (fixed or variable) as the anticipated Parity Debt.

(b) Requirement to Terminate or Modify Agreement for Notional Amount in Excess of Anticipated Parity Debt as Issued. In the event a Bond Enhancement Agreement is entered into under this Resolution in connection with the anticipated issuance of Parity Debt and such Bond Enhancement Agreement has a notional amount that at any time exceeds the principal amount to be outstanding of such anticipated Parity Debt as actually issued, an Authorized Representative shall either terminate such Bond Enhancement Agreement or amend such Bond Enhancement Agreement to (i) reduce the notional amount of such Bond Enhancement as appropriate so that such notional amount does not exceed at any time the principal amount to be outstanding of such anticipated Parity Debt as actually issued or (ii) supplement or replace all or a portion of such anticipated Parity Debt with any then outstanding Parity Debt having the same types of interest rates (fixed or variable) as the anticipated Parity Debt as necessary to ensure that the notional amount of such Bond Enhancement Agreement does not exceed at any time the principal amount of the applicable Parity Debt.

(c) Board Recognition of Anticipated Parity Debt. No Bond Enhancement Agreement may be entered into under this Resolution with respect to the Board's obligations under an anticipated future issuance of Parity Debt unless such anticipated issuance of future debt shall have been recognized by official action of the Board pursuant to (i) the Board's prior adoption of a resolution authorizing the issuance of such debt, including, but not limited to, a resolution delegating the parameters of such issuance to an Authorized Representative or a resolution authorizing the issuance of commercial paper notes, (ii) the Board's prior approval of its then current Capital Improvement Program contemplating the financing of the projects to be financed by such anticipated issuance of debt and the amount of such debt to be issued, or (iii) the Board's action pursuant to subsection (e) hereof with respect to Parity Debt anticipated to be issued to refund outstanding Parity Debt.

(d) Required Description of Anticipated Parity Debt. To the extent that a Bond Enhancement Agreement is entered into under this Resolution with respect to the Board's obligations under an anticipated future issuance of Parity Debt, an Authorized Representative must also deliver to the General Counsel to the Board at the time such agreement is entered into a certificate with respect to such anticipated Parity Debt stating: (i) the anticipated issuance date of such Parity Debt or a range of anticipated dates of up to six months for such issuance, provided that such date or range of dates may not be more than the lesser of seventy-two (72) months after the date of the applicable Confirmation or the latest date contemplated for the issuance of such Parity Debt in the Board's then current Capital Improvement Program; (ii) whether such Parity Debt will bear interest at a fixed or variable rate; (iii) if such Parity Debt will bear interest at a fixed rate, what fixed interest rate or range of interest rates with respect to such Parity Debt is anticipated; (iv) if such Parity Debt will bear interest at a variable rate, what basis is anticipated to be used to compute such variable rate; (v) the assumed maturity schedule and amortization for such Parity Debt, including the assumed interest cost; (vi) the anticipated purposes for which the proceeds of such Parity Debt will be used; and (vii) for Parity Debt anticipated to be issued for new money projects, a list or description of such projects anticipated to be financed, provided that each such project must be contemplated for financing with Parity Debt by the Board's then current Capital Improvement Program or have otherwise received Board approval for financing.

(e) Board's Statement of Intent to Issue Refunding Debt for Savings. If the conditions in this Resolution are otherwise satisfied, the Board hereby authorizes each Authorized Representative to enter

into a Bond Enhancement Agreement in connection with Parity Debt anticipated to be issued for the purpose of advance refunding any existing Parity Debt, provided that as certified by an Authorized Representative to the General Counsel to the Board, such anticipated issue of Parity Debt, when taking into consideration the effect of such Bond Enhancement Agreement, is expected to result in a present value savings in connection with such advance refunding of at least 3.0% (determined in the manner set forth in a supplemental resolution approved by the Board authorizing the issuance of additional Parity Debt), and in such event, the Board hereby declares its intention to cause such Parity Debt to be issued. No such certification or declaration shall be applicable in connection with Parity Debt anticipated to be issued for the purpose of currently refunding any existing Parity Debt within ninety (90) days of the date of issuance of such anticipated Parity Debt.

SECTION 7. MASTER AGREEMENTS.

(a) New Master Agreements. Each Authorized Representative is hereby severally authorized to enter into ISDA Master Agreements (the "New Master Agreements") with counterparties satisfying the ratings requirements of the System's Interest Rate Swap Policy. Such New Master Agreements shall be in substantially the same form as the Executed Master Agreements, with such changes as, in the judgment of an Authorized Representative, with the advice and counsel of the Office of General Counsel and Bond Counsel, are necessary or desirable (i) to carry out the intent of the Board as expressed in this Resolution, (ii) to receive approval of this Resolution by the Attorney General of the State of Texas, if pursuant Section 2(b) of this Resolution, an Authorized Representative elects to designate any Bond Enhancement Agreement entered into by the Board pursuant to this Resolution as a "credit agreement" under Chapter 1371, (iii) to accommodate the credit structure or requirements of a particular counterparty or (iv) to incorporate comments received or anticipated to be received from any credit rating agency relating to a New Master Agreement. Each Authorized Representative is authorized to enter into such New Master Agreements and to enter into Confirmations thereunder in accordance with this Resolution and in furtherance of and to carry out the intent hereof. If a New Master Agreement entered into pursuant to this subsection replaces a then effective Master Agreement with the same or a related counterparty, each Authorized Representative is hereby severally authorized to terminate such existing Master Agreement upon the New Master Agreement becoming effective and to take and all actions necessary to transfer any Confirmations thereunder to such New Master Agreement.

(b) Amendments to Master Agreements. Each Authorized Representative is hereby further severally authorized to enter into amendments to the Master Agreements to allow Confirmations thereunder to be issued and entered into with respect to any then outstanding Parity Debt or Parity Debt anticipated to be issued in the future and to make such other amendments in accordance with the terms of the respective Master Agreements as in the judgment of such Authorized Representative, with the advice and counsel of the Office of General Counsel and Bond Counsel, are necessary or desirable to allow the Board to achieve the benefits of the Bond Enhancement Agreements in accordance with and subject to the System's Interest Rate Swap Policy and this Resolution.

SECTION 8. ADDITIONAL AUTHORIZATION; RATIFICATION AND APPROVAL OF SWAP POLICY.

(a) Additional Agreements and Documents Authorized. Each Authorized Representative and all officers of the Board are severally authorized to execute and deliver such other agreements and documents as are contemplated by this Resolution and the Master Agreements or are otherwise necessary in connection with entering into Confirmations and Bond Enhancement Agreements as described in this Resolution, as any such Authorized Representative or officer shall deem appropriate, including without limitation, officer's certificates, legal opinions, credit support documents and any documentation pursuant to an ISDA DF Protocol, and the execution of any certificates and the filing of any returns with the

Internal Revenue Service as may be necessary in the judgment of Bond Counsel with respect to a Bond Enhancement Agreement or the related Parity Debt. Any such actions heretofore taken are hereby ratified, approved and affirmed in all respects.

(b) Further Actions. Each Authorized Representative and all officers of the Board are severally authorized to take all such further actions, to execute and deliver such further instruments and documents in the name and on behalf of the Board to pay all such expenses as in his or her judgment shall be necessary or advisable in order fully to carry out the purposes of this Resolution.

(c) Swap Policy. The Board has reviewed and hereby ratifies, approves and affirms the System's Interest Rate Swap Policy, a copy of which is attached hereto as Exhibit B.

EXHIBIT A

DEFINITIONS

As used in this Resolution the following terms and expressions shall have the meanings set forth below, unless the text hereof specifically indicates otherwise:

"Authorized Representative" – As defined in the System's Interest Rate Swap Policy (a copy of which is attached hereto as Exhibit B).

"Board" – The Board of Regents of The University of Texas System.

"Bond Enhancement Agreement" – Collectively, each Confirmation and the applicable Master Agreement.

"Chapter 1371" – Chapter 1371 of the *Texas Government Code*, as amended.

"Confirmation" – Each confirmation entered into by an Authorized Representative on behalf of the Board pursuant to this Resolution.

"Executed Master Agreements" – The following existing and fully executed ISDA Master Agreements currently in effect between the Board and the respective counterparty noted below (copies of which are attached hereto as Exhibit C):

(i) ISDA Master Agreement with Bank of America, N.A., dated as of December 6, 2005;

(ii) ISDA Master Agreement with JPMorgan Chase Bank, National Association, dated as of May 2, 2006;

(iii) ISDA Master Agreement with Merrill Lynch Capital Services, Inc., dated as of May 1, 2006;

(iv) ISDA Master Agreement with Morgan Stanley Capital Services Inc., dated as of December 6, 2005;

(v) ISDA Master Agreement with UBS AG, dated as of November 1, 2007;

(vi) ISDA Master Agreement with Goldman Sachs Bank USA, dated as of August 1, 2009;

(vii) ISDA Master Agreement with Wells Fargo Bank, National Association, dated as of August 21, 2009;

(viii) ISDA Master Agreement with Barclays Bank PLC, dated as of November 4, 2010;

(ix) ISDA Master Agreement with Deutsche Bank AG, New York Branch, dated as of May 1, 2011;

(x) ISDA Master Agreement with Royal Bank of Canada, dated as of June 8, 2011;
and

(xi) ISDA Master Agreement with Citibank, N.A., dated as of October 26, 2011.

"ISDA" – The International Swaps and Derivatives Association, Inc.

"ISDA DF Protocol" – Any protocol developed by ISDA in response to provisions of the Dodd Frank Wall Street Reform and Consumer Protection Act relating to derivatives.

"LIBOR" – London Interbank Offered Rate.

"Master Agreements" – Collectively, the Executed Master Agreements and any New Master Agreements.

"Master Resolution" – The First Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System adopted by the Board on February 14, 1991, and amended on October 8, 1993, and August 14, 1997.

"New Master Agreements" – Any ISDA Master Agreements entered into by an Authorized Representative pursuant to Section 7(a) of this Resolution.

"Section 65.461" – Section 65.461 of the *Texas Education Code*, as amended.

"System" – The University of Texas System.

EXHIBIT B

**INTEREST RATE SWAP POLICY
OF THE UNIVERSITY OF TEXAS SYSTEM**

[See Regents' *Rules and Regulations*, Rule 70202 titled Interest Rate Swap Policy]

EXHIBIT C

EXECUTED MASTER AGREEMENTS

[On File with the U. T. System Office of Business Affairs]

A RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF BOND ENHANCEMENT AGREEMENTS RELATING TO PERMANENT UNIVERSITY FUND DEBT AND AUTHORIZING AND APPROVING OTHER INSTRUMENTS AND PROCEDURES RELATING TO SAID AGREEMENTS

August 20, 2015

WHEREAS, the Board of Regents (the “Board”) of The University of Texas System (the “System”) is the governing body of the System, an institution of higher education under the Texas Education Code and an agency of the State of Texas (the “State”); and

WHEREAS, the Permanent University Fund is a constitutional fund and public endowment created in the Texas Constitution of 1876, as created, established, implemented and administered pursuant to Sections 10, 11, 11a, 11b, 15 and 18 of Article VII of the Constitution of the State, as amended, and by other applicable present and future constitutional and statutory provisions, and further implemented by the provisions of Chapter 66, *Texas Education Code*, as amended (the “Permanent University Fund”); and

WHEREAS, the Available University Fund is defined by the Constitution of the State and consists of distributions made to it from the total return on all investment assets of the Permanent University Fund, including the net income attributable to the surface of Permanent University Fund land, as determined by the Board pursuant to Section 18 of Article VII of the Constitution of the State, as amended (the “Available University Fund”); and

WHEREAS, Section 18 of Article VII of the Constitution of the State, as may hereafter be amended (the “Constitutional Provision”), authorizes the Board to issue bonds and notes (“PUF Debt”) not to exceed a total amount of 20% of the cost value of investments and other assets of the Permanent University Fund, exclusive of real estate, at the time of issuance thereof and to pledge all or any part of its two-thirds interest in the Available University Fund (the “Interest of the System”) to secure the payment of the principal of and interest on PUF Debt, for the purpose of acquiring land, constructing and equipping buildings or other permanent improvements, major repair and rehabilitation of buildings and other permanent improvements, acquiring capital equipment and library books and library materials, and refunding bonds or notes issued under the Constitutional Provision or prior law, at or for the System administration and institutions of the System as listed in the Constitutional Provision; and

WHEREAS, the Constitutional Provision also provides that out of the Interest of the System in the Available University Fund there shall be appropriated an annual sum sufficient to pay the principal and interest due on PUF Debt, and the remainder of the Interest of the System in the Available University Fund (the “Residual AUF”) shall be appropriated for the support and maintenance of The University of Texas at Austin and the System Administration; and

WHEREAS, unless otherwise defined herein, terms used herein shall have the meaning as set forth in Exhibit A hereto; and

WHEREAS, the Board has previously entered into certain Executed Master Agreements (as defined herein) with certain counterparties setting forth the terms and conditions applicable to each Confirmation (as defined herein) to be executed thereunder; and

WHEREAS, the Board hereby desires to ratify and approve the U. T. System's Interest Rate Swap Policy, a copy of which is attached hereto as Exhibit B, and to severally authorize each Authorized Representative (as defined in the System's Interest Rate Swap Policy) to enter into Bond Enhancement Agreements (as defined herein) from time to time, all as provided in this Resolution.

NOW THEREFORE BE IT RESOLVED, that

SECTION 1. DEFINITIONS. Capitalized terms used in this Resolution and not otherwise defined shall have the meanings given in Exhibit A attached hereto and made a part hereof.

SECTION 2. AUTHORIZATION OF BOND ENHANCEMENT AGREEMENTS.

(a) Delegation. Each Authorized Representative is hereby severally authorized to act on behalf of the Board in accepting and executing new or amended confirmations under one or more of the Master Agreements (each, a "Confirmation" and, collectively with the applicable Master Agreement, a "Bond Enhancement Agreement") when, in his or her judgment, the execution of such Confirmation is consistent with this Resolution and the System's Interest Rate Swap Policy and either (i) the transaction is expected to reduce the net interest to be paid by the Board with respect to any then outstanding PUF Debt or PUF Debt anticipated to be issued in the future over the term of the Bond Enhancement Agreement or (ii) the transaction is in the best interests of the Board given the market conditions at that time. Prior to entering into any such transaction, an Authorized Representative must deliver to the General Counsel of the Board a certificate setting forth the determinations of the Authorized Representative in connection with the foregoing. Each Authorized Representative is also severally authorized to execute any required novation agreement related to the execution and delivery of a new or amended Confirmation undertaken in conjunction with the novation of an existing Confirmation. The delegation to each Authorized Representative to execute and deliver Bond Enhancement Agreements on behalf of the Board under this Resolution shall expire on September 1, 2016.

(b) Authorizing Law and Treatment as Credit Agreement. The Board hereby determines that any such Bond Enhancement Agreement entered into by an Authorized Representative pursuant to this Resolution is necessary or appropriate to place the Board's obligations with respect to its outstanding PUF Debt or PUF Debt anticipated to be issued in the future on the interest rate, currency, cash flow or other basis set forth in such Bond Enhancement Agreement as approved and executed on behalf of the Board by an Authorized Representative. Each Bond Enhancement Agreement constitutes a "bond enhancement agreement" under Section 65.461 of the *Texas Education Code*, as amended ("Section 65.461"). Pursuant to Section 65.461, a Bond Enhancement Agreement authorized and executed by an Authorized Representative under this Resolution shall not

be considered a “credit agreement” under Chapter 1371 of the *Texas Government Code*, as amended (“Chapter 1371”), unless specifically designated as such by such Authorized Representative. In the event an Authorized Representative elects to treat a Bond Enhancement Agreement authorized by this Resolution as a “credit agreement” under Chapter 1371 and this Resolution has not previously been submitted to the Attorney General by an Authorized Representative, such Authorized Representative shall submit this Resolution to the Attorney General for review and approval in accordance with the requirements of Chapter 1371 as the proceedings authorizing Bond Enhancement Agreements entered into by the Board pursuant to this Resolution.

(c) Costs; Maximum Term. The costs of any Bond Enhancement Agreement and the amounts payable thereunder, including but not limited to any amounts payable by the Board as a result of terminating a Bond Enhancement Agreement, shall be payable from the Residual AUF as a cost of the support and maintenance of System administration or from any other source that is legally available to make such payments.

The maximum term of each Bond Enhancement Agreement authorized by this Resolution shall not exceed the maturity date of the then outstanding related PUF Debt or the related PUF Debt anticipated to be issued in the future, as applicable.

(d) Notional Amount. The notional amount of any Bond Enhancement Agreement authorized by this Resolution shall not at any time exceed the aggregate principal amount of the then outstanding related PUF Debt or related PUF Debt anticipated to be issued in the future, as applicable; provided that the aggregate notional amount of multiple Bond Enhancement Agreements relating to the same PUF Debt may exceed the principal amount of the related PUF Debt if such Bond Enhancement Agreements are for different purposes, as evidenced for example by different rates for calculating payments owed, and the aggregate notional amount of any such Bond Enhancement Agreements for the same purpose otherwise satisfies the foregoing requirements.

(e) Early Termination. No Confirmation entered into pursuant to this Resolution shall contain early termination provisions at the option of the counterparty except upon the occurrence of an event of default or an additional termination event, as prescribed in the applicable Master Agreement. In addition to subsections (a) and (b) of Section 5 hereof, each Authorized Representative is hereby severally authorized to terminate any Bond Enhancement when, in his or her judgment, such termination is in the best interests of the Board given the market conditions at that time.

(f) Maximum Rate. No Bond Enhancement Agreement authorized by this Resolution shall be payable at a rate greater than the maximum rate allowed by law.

(g) Credit Enhancement. An Authorized Representative may obtain credit enhancement for any Bond Enhancement Agreement if such Authorized Representative, as evidenced by a certificate delivered to the General Counsel to the Board, has determined that after taking into account the cost of such credit enhancement, such credit enhancement will reduce the amount payable by the Board pursuant to such Bond Enhancement Agreement; provided that the annual cost of credit enhancement on any

Bond Enhancement Agreement entered into pursuant to this Resolution may not exceed 0.50% of the notional amount of such Bond Enhancement Agreement.

SECTION 3. AUTHORIZATION FOR SPECIFIC TRANSACTIONS.

(a) In addition to the authority otherwise granted in this Resolution, each Authorized Representative is hereby severally granted continuing authority to enter into the following specific transactions pursuant to a Confirmation (or other agreement or instrument deemed necessary by an Authorized Representative) upon satisfaction of the following respective conditions:

(1) Floating-to-fixed rate interest rate swap transactions under which the Board would pay an amount based upon a fixed rate of interest and the counterparty would pay an amount based upon a variable rate of interest with respect to PUF Debt then outstanding bearing interest at a variable rate and any PUF Debt anticipated to be issued in the future that will bear interest at a variable rate, as applicable. Prior to entering into such transaction, an Authorized Representative must deliver to the General Counsel to the Board a certificate to the effect that (i) the synthetic fixed rate to the Board pursuant to the swap transaction is lower than the rate available to the Board for comparable fixed rate debt at the time of the swap transaction, and (ii) if the variable rate being paid or expected to be paid by the Board on the applicable PUF Debt is computed on a basis different from the calculation of the variable rate to be received under the swap transaction over the stated term of such swap transaction, the basis risk of the transaction is expected to be minimal based upon historical relationships between such bases.

(2) Fixed-to-floating rate interest rate swap transactions under which the Board would pay an amount based upon a variable rate of interest and the counterparty would pay an amount based upon a fixed rate of interest, with respect to PUF Debt then outstanding bearing interest at a fixed rate or PUF Debt anticipated to be issued in the future that will bear interest at a fixed rate, as applicable. Prior to entering into such transaction, an Authorized Representative must deliver to the General Counsel to the Board a certificate to the effect that converting such portion of fixed rate PUF Debt to a variable rate pursuant to the fixed-to-floating interest rate swap transaction would be beneficial to the System by (i) lowering the anticipated net interest cost on the PUF Debt to be swapped against or (ii) assisting in the System's asset/liability management by matching a portion of its variable rate assets with variable rate PUF Debt.

(3) Basis swap transactions under which the Board would pay a variable rate of interest computed on one basis, such as the Securities Industry and Financial Markets Association Municipal Swap Index, and the counterparty would pay a variable rate of interest computed on a different basis, such as a designated maturity of the London Interbank Offered Rate ("LIBOR"), with respect to a given principal amount of PUF Debt then outstanding or PUF Debt anticipated to be issued in the future, as applicable. Prior to entering into such transaction, an

Authorized Representative must deliver to the General Counsel to the Board a certificate to the effect that by entering into the basis swap transaction the Board is expected to be able to (i) achieve spread income or upfront cash payments, (ii) preserve call option and advance refunding capability on its PUF Debt, (iii) lower net interest cost by effecting a percent of LIBOR synthetic refunding without issuing additional bonds or acquiring credit enhancement, (iv) lower net interest cost on PUF Debt by layering tax risk on top of a traditional or synthetic fixed rate financing, (v) preserve liquidity capacity, or (vi) avoid the mark to market volatility of a fixed-to-floating or floating-to-fixed swap in changing interest rate environments.

(4) Interest rate locks, caps, options, floors, and collars for the purpose of limiting the exposure of the Board to adverse changes in interest rates in connection with outstanding PUF Debt or additional PUF Debt anticipated to be issued in the future. Prior to entering into such a transaction, an Authorized Representative must deliver to the General Counsel to the Board a certificate to the effect that such transaction is expected to limit or eliminate such exposure.

(b) The foregoing is not intended to be a comprehensive list of permissible types of transactions, but rather to specify additional conditions necessary to enter into the specified types of transactions. The requirements of Section 2(a) above shall apply to any transaction not specified in Section 3(a) above.

SECTION 4. APPLICATION OF PAYMENTS RECEIVED UNDER BOND ENHANCEMENT AGREEMENTS.

(a) General. Except as provided in subsection (b) hereof, to the extent the Board receives payments pursuant to a Bond Enhancement Agreement, such payments shall be applied for any lawful purpose.

(b) Payments under Chapter 1371 Credit Agreements. In the event an Authorized Representative elects to treat a Bond Enhancement Agreement authorized by this Resolution as a “credit agreement” under Chapter 1371 and such Bond Enhancement Agreement is executed and delivered pursuant to Chapter 1371, to the extent that the Board receives payments pursuant to such a Bond Enhancement Agreement, such payments shall be applied as follows: (i) to pay (A) debt service on the PUF Debt or anticipated issuance of PUF Debt related to the Bond Enhancement Agreement, or (B) the costs to be financed by the PUF Debt or anticipated issuance of PUF Debt related to the Bond Enhancement Agreement; provided that, if applicable, such costs shall have been approved for construction by the Board; (ii) to pay other liabilities or expenses that are secured on parity with or senior to the PUF Debt or anticipated issuance of PUF Debt related to the Bond Enhancement Agreement; or (iii) to the extent that costs set forth in (i) and (ii) have been satisfied, for any other lawful purpose.

SECTION 5. BOND ENHANCEMENT AGREEMENTS IN CONNECTION WITH ANTICIPATED PUF DEBT.

(a) Requirement to Terminate or Modify Agreement for Non-issuance of Anticipated PUF Debt. In the event a Bond Enhancement Agreement is entered into under this Resolution in connection with the anticipated issuance of PUF Debt and such PUF Debt is not actually issued on or prior to the effective date of such agreement, an Authorized Representative shall either terminate such Bond Enhancement Agreement or amend such Bond Enhancement Agreement in such event (i) to delay the effective date of such Bond Enhancement Agreement; or (ii) to replace such anticipated PUF Debt with any then outstanding PUF Debt having the same types of interest rates (fixed or variable) as the anticipated PUF Debt.

(b) Requirement to Terminate or Modify Agreement for Notional Amount in Excess of Anticipated PUF Debt as Issued. In the event a Bond Enhancement Agreement is entered into under this Resolution in connection with the anticipated issuance of PUF Debt and such Bond Enhancement Agreement has a notional amount that at any time exceeds the principal amount to be outstanding of such anticipated PUF Debt as actually issued, an Authorized Representative shall either terminate such Bond Enhancement Agreement or amend such Bond Enhancement Agreement (i) to reduce the notional amount of such Bond Enhancement as appropriate so that such notional amount does not exceed at any time the principal amount to be outstanding of such anticipated PUF Debt as actually issued or (ii) supplement or replace all or a portion of such anticipated PUF Debt with any then outstanding PUF Debt having the same types of interest rates (fixed or variable) as the anticipated PUF Debt as necessary to ensure that the notional amount of such Bond Enhancement Agreement does not exceed at any time the principal amount of the applicable PUF Debt.

(c) Board Recognition of Anticipated Parity Debt. No Bond Enhancement Agreement may be entered into under this Resolution with respect to the Board's obligations under an anticipated future issuance of PUF Debt unless such anticipated issuance of future debt shall have been recognized by official action of the Board pursuant to (i) the Board's prior adoption of a resolution authorizing the issuance of such debt, including but not limited to a resolution delegating the parameters of such issuance to an Authorized Representative or a resolution authorizing the issuance of commercial paper notes, (ii) the Board's prior approval of its then current Capital Improvement Program contemplating the financing of the projects to be financed by such anticipated issuance of debt and the amount of such debt to be issued, or (iii) the Board's action pursuant to subsection (e) hereof with respect to PUF Debt anticipated to be issued to refund outstanding PUF Debt.

(d) Required Description of Anticipated PUF Debt. To the extent that a Bond Enhancement Agreement is entered into under this Resolution with respect to the Board's obligations under an anticipated future issuance of PUF Debt, an Authorized Representative must also deliver to the General Counsel to the Board at the time such agreement is entered into a certificate with respect to such anticipated PUF Debt stating: (i) the anticipated issuance date of such PUF Debt or a range of anticipated dates of up to

six months for such issuance, provided that such date or range of dates may not be more than the lesser of seventy-two (72) months after the date of the applicable Confirmation or the latest date contemplated for the issuance of such PUF Debt in the Board's then current Capital Improvement Program; (ii) whether such PUF Debt will bear interest at a fixed or variable rate; (iii) if such PUF Debt will bear interest at a fixed rate, what fixed interest rate or range of interest rates with respect to such PUF Debt is anticipated; (iv) if such PUF Debt will bear interest at a variable rate, what basis is anticipated to be used to compute such variable rate; (v) the assumed maturity schedule and amortization for such PUF Debt, including the assumed interest cost; (vi) the anticipated purposes for which the proceeds of such PUF Debt will be used; and (vii) for PUF Debt anticipated to be issued for new money projects, a list or description of such projects anticipated to be financed, provided that each such project must be contemplated for financing with PUF Debt by the Board's then current Capital Improvement Program or have otherwise received Board approval for financing.

(e) Board's Statement of Intent to Issue Advance Refunding Debt for Savings. If the conditions in this Resolution are otherwise satisfied, the Board hereby authorizes each Authorized Representative to enter into a Bond Enhancement Agreement in connection with PUF Debt anticipated to be issued for the purpose of advance refunding any existing PUF Debt, provided that as certified by an Authorized Representative to the General Counsel to the Board, such anticipated issue of PUF Debt, when taking into consideration the effect of such Bond Enhancement Agreement, is expected to result in a present value savings in connection with such advance refunding of at least 3.0% (determined in the manner set forth in the resolution approved by the Board authorizing the issuance of such anticipated issue of PUF Debt), and in such event, the Board hereby declares its intention to cause such anticipated PUF Debt to be issued. No such certification or declaration shall be applicable in connection with PUF Debt anticipated to be issued for the purpose of currently refunding any existing PUF Debt within ninety (90) days of the date of issuance of such anticipated PUF Debt.

SECTION 6. MASTER AGREEMENTS.

(a) New Master Agreements. Each Authorized Representative is hereby severally authorized to enter into ISDA Master Agreements (the "New Master Agreements") with counterparties satisfying the ratings requirements of the System's Interest Rate Swap Policy. Such New Master Agreements shall be in substantially the same form as the Executed Master Agreements, with such changes as, in the judgment of an Authorized Representative, with the advice and counsel of the Office of General Counsel and Bond Counsel, are necessary or desirable (i) to carry out the intent of the Board as expressed in this Resolution, (ii) to receive approval of this Resolution by the Attorney General of the State of Texas, if pursuant Section 2(b) of this Resolution, an Authorized Representative elects to designate any Bond Enhancement Agreement entered into by the Board pursuant to this Resolution as a "credit agreement" under Chapter 1371, (iii) to accommodate the credit structure or requirements of a particular counterparty or (iv) to incorporate comments received or anticipated to be received from any credit rating agency relating to a New Master Agreement. Each Authorized Representative is authorized to enter into such New Master Agreements and to enter into Confirmations thereunder in accordance

with this Resolution and in furtherance of and to carry out the intent hereof. If a New Master Agreement entered into pursuant to this subsection replaces a then effective Master Agreement with the same or a related counterparty, each Authorized Representative is hereby severally authorized to terminate such existing Master Agreement upon the New Master Agreement becoming effective and to take any and all actions necessary to transfer any Confirmations thereunder to such New Master Agreement.

(b) Amendments to Master Agreements. Each Authorized Representative is hereby further severally authorized to enter into amendments to the Master Agreements to allow Confirmations thereunder to be issued and entered into with respect to any then outstanding PUF Debt or PUF Debt anticipated to be issued in the future and to make such other amendments in accordance with the terms of the respective Master Agreements as in the judgment of such Authorized Representative, with the advice and counsel of the Office of General Counsel and Bond Counsel, are necessary or desirable to allow the Board to achieve the benefits of the Bond Enhancement Agreements in accordance with and subject to the System's Interest Rate Swap Policy and this Resolution.

SECTION 7. ADDITIONAL AUTHORIZATION; RATIFICATION AND APPROVAL OF SWAP POLICY.

(a) Additional Agreements and Documents Authorized. Each Authorized Representative and all officers of the Board are severally authorized to execute and deliver such other agreements and documents as are contemplated by this Resolution and the Master Agreements or are otherwise necessary in connection with entering into Confirmations and Bond Enhancement Agreements as described in this Resolution, as any such Authorized Representative or officer shall deem appropriate, including without limitation, officer's certificates, legal opinions, credit support documents and any documentation pursuant to an ISDA DF Protocol, and the execution of any certificates and the filing of any returns with the Internal Revenue Service as may be necessary in the judgment of Bond Counsel with respect to a Bond Enhancement Agreement or the related PUF Debt. Any such actions heretofore taken are hereby ratified, approved and affirmed in all respects.

(b) Further Actions. Each Authorized Representative and all officers of the Board are severally authorized to take all such further actions, to execute and deliver such further instruments and documents in the name and on behalf of the Board to pay all such expenses as in his or her judgment shall be necessary or advisable in order fully to carry out the purposes of this Resolution.

(c) Swap Policy. The Board has reviewed and hereby ratifies, approves and affirms the System's Interest Rate Swap Policy, a copy of which is attached hereto as Exhibit B.

[Remainder of page intentionally left blank]

EXHIBIT A

DEFINITIONS

As used in this Resolution the following terms shall have the meanings set forth below, unless the text hereof specifically indicates otherwise:

“Authorized Representative” shall have the meaning given to such term in the System’s Interest Rate Swap Policy (a copy of which is attached hereto as Exhibit B).

“Available University Fund” shall have the meaning given to such term in the recitals to this Resolution.

“Board” shall have the meaning given to such term in the recitals to this Resolution.

“Bond Enhancement Agreement” shall have the meaning given to such term in Section 2(a) hereof.

“Chapter 1371” shall have the meaning given to such term in Section 2(b) hereof.

“Confirmation” shall have the meaning given to such term in Section 2(a) hereof.

“Constitutional Provision” shall have the meaning given to such term in the recitals to this Resolution.

“Executed Master Agreements” shall mean the following existing and fully executed ISDA Master Agreements currently in effect between the Board and the respective counterparty noted below (copies of which are attached hereto as Exhibit C):

(i) ISDA Master Agreement with Bank of America, N.A., dated as of December 1, 2007;

(ii) ISDA Master Agreement with Goldman Sachs Capital Markets, L.P., dated as of December 1, 2007;

(iii) ISDA Master Agreement with JPMorgan Chase Bank, National Association, dated as of December 1, 2007;

(iv) ISDA Master Agreement with Merrill Lynch Capital Services, Inc., dated as of December 1, 2007;

(v) ISDA Master Agreement with Morgan Stanley Capital Services Inc., dated as of December 1, 2007;

(vi) ISDA Master Agreement with UBS AG, dated as of April 1, 2008;

(vii) ISDA Master Agreement with Barclays Bank PLC, dated as of February 3, 2011;

(viii) ISDA Master Agreement with Deutsche Bank AG, New York Branch, dated as of February 1, 2011;

(ix) ISDA Master Agreement with Royal Bank of Canada, dated as of June 8, 2011; and

(x) ISDA Master Agreement with Wells Fargo Bank, National Association, dated as of January 15, 2010.

“Interest of the System” shall have the meaning given to such term in the recitals to this Resolution.

“ISDA” shall mean the International Swaps and Derivatives Association, Inc.

“ISDA DF Protocol” shall mean any protocol developed by ISDA in response to provisions of the Dodd Frank Wall Street Reform and Consumer Protection Act relating to derivatives.

“LIBOR” shall have the meaning given to such term in Section 3(a)(3) hereof.

“Master Agreements” shall mean, collectively, the Executed Master Agreements and any New Master Agreements.

“New Master Agreements” shall have the meaning given to such term in Section 6(a) hereof.

“Permanent University Fund” shall have the meaning given to such term in the recitals to this Resolution.

“PUF Debt” shall have the meaning given to such term in the recitals to this Resolution.

“Residual AUF” shall have the meaning given to such term in the recitals to this Resolution.

“Section 65.461” shall have the meaning given to such term in Section 2(b) hereof.

“State” shall have the meaning given to such term in the recitals to this Resolution.

“System” shall have the meaning given to such term in the recitals to this Resolution.

EXHIBIT B

**INTEREST RATE SWAP POLICY
OF THE UNIVERSITY OF TEXAS SYSTEM**

[See Regents' *Rules and Regulations*, Rule 70202 titled Interest Rate Swap Policy]

EXHIBIT C

EXECUTED MASTER AGREEMENTS

[On File with the U. T. System Office of Business Affairs]

8. U. T. System Board of Regents: Adoption of Amended and Restated First Supplemental Resolution to the Master Resolution establishing the Revenue Financing System Commercial Paper Note Program; authorization for officers of U. T. System to complete all transactions related thereto; and resolution regarding parity debt

The Board

- a. adopted the Amended and Restated First Supplemental Resolution to the Master Resolution, as set forth on the following pages, authorizing the issuance, sale, and delivery of Board of Regents of The University of Texas System Revenue Financing System Commercial Paper Notes, Series A and Taxable Commercial Paper Notes, Series B, in an aggregate principal amount not to exceed \$1.75 billion; and
- b. authorized appropriate officers and employees of the U. T. System as set forth in the Amended and Restated First Supplemental Resolution to take any and all actions necessary to carry out the intentions of the U. T. System Board of Regents, within the limitations and procedures specified therein; make certain covenants and agreements in connection therewith; and resolve other matters incident and related to the issuance, sale, security, and delivery of such Notes. As required by Section 5(a) of the Master Resolution, the Board further determined that upon the delivery of Notes authorized by this Resolution, it will have sufficient funds to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues to satisfy the Annual Debt Service Requirements of the Revenue Financing System and to meet all financial obligations of the Board relating to the Revenue Financing System and that the Members on whose behalf such Notes are issued possess the financial capacity to satisfy their direct obligations after taking such Notes into account.

The U. T. System's Revenue Financing System Tax-Exempt Commercial Paper Note Program (Program) was established on April 12, 1990. Since that time, the size of the Program has been increased periodically, up to the current authorization of \$1.25 billion, to meet the financing needs of the U. T. System.

Adoption of this Resolution increases Program authorization from \$1.25 billion to \$1.75 billion to facilitate the financing of capital projects reflected in the Fiscal Year 2016-2021 Capital Improvement Program (CIP). The Program capacity was most recently increased from \$750 million to \$1.25 billion on August 14, 2008. Increased Program capacity will permit the U. T. System to continue to provide efficient interim financing and additional timing flexibility in accessing the long-term capital markets. (Secretary's Note: The second reference to the \$1.25 billion figure above is a correction to the \$1.25 million in the agenda materials.)

The use of tax-exempt debt for projects is limited by the *Internal Revenue Code* to facilities employed for governmental purposes. Projects with nongovernmental or private use beyond established limits are denied the benefits of tax-exempt debt and must employ taxable debt.

Liquidity for the combined programs will continue to be provided by the U. T. System through an arrangement with The University of Texas Investment Management Company (UTIMCO) consistent with the provisions governing liquidity for the Program.

The Amended and Restated First Supplemental Resolution has been reviewed by outside bond counsel and the U. T. System Office of General Counsel.

RESOLUTION AMENDING THE AMENDED AND RESTATED FIRST SUPPLEMENTAL RESOLUTION TO THE MASTER RESOLUTION ESTABLISHING THE REVENUE FINANCING SYSTEM COMMERCIAL PAPER PROGRAM

WHEREAS, on April 12, 1990, The University of Texas System Board of Regents (the "Board") adopted a Master Resolution Establishing The University of Texas System Revenue Financing System, as amended and restated on February 14, 1991 and further amended on October 8, 1993 and August 14, 1997 (referred to herein as the "Master Resolution"); and

WHEREAS, unless otherwise defined herein, terms used herein shall have the meaning given in the Master Resolution and the First Supplement (as defined herein); and

WHEREAS, the Master Resolution establishes the Revenue Financing System (the "Financing System") comprised of the institutions now or hereafter constituting components of The University of Texas System which are designated "Members" of the Financing System by action of the Board and pledges the Pledged Revenues attributable to each Member of the Financing System to the payment of Parity Debt to be outstanding under the Master Resolution; and

WHEREAS, the Amended and Restated First Supplemental Resolution to the Master Resolution Establishing The University of Texas System Revenue Financing System was adopted by the Board on August 14, 2008 (the "First Supplement") to establish an interim financing program pursuant to which the Board has issued its Notes (as defined in the First Supplement) to provide interim financing for capital improvements and to finance equipment purchases; and

WHEREAS, the Board deems it necessary to amend the First Supplement to increase the aggregate principal amount of Notes which may be outstanding under such interim financing program from \$1,250,000,000 to \$1,750,000,000.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM THAT:

Section 1. Section 2.01 of the First Supplement is hereby amended by substituting "One Billion Seven Hundred Fifty Million Dollars (\$1,750,000,000)" in place of "One Billion Two Hundred Fifty Million Dollars (\$1,250,000,000)" in such section. Section 4.01 and the fifth recital of the First Supplement are hereby amended by substituting the amount "\$1,750,000,000" in place of "\$1,250,000,000" in such section and recital, respectively.

Section 2. The Chairman of the Board, the Vice Chairman of the Board, the General Counsel to the Board of Regents of The University of Texas System, the U. T. System Representatives, and the other officers, employees, and agents of the Board are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which they may deem necessary or advisable in order to effectuate the purposes of this Resolution, including the execution of any Dealer Agreement or Issuing and Paying Agent Agreement and the delivery of an Offering Memorandum. In addition, the Chairman of the Board, the Vice Chairman of the Board, the Chancellor, the Executive Vice

Chancellor for Business Affairs, the Associate Vice Chancellor for Finance and Bond Counsel are hereby authorized to approve, subsequent to the date of the adoption of this Resolution, any technical amendments to this Resolution as may be required by Fitch, Moody's, Standard & Poor's as a condition to the granting or maintenance of a rating on the Notes acceptable to a U. T. System Representative, or as may be required by the Attorney General's office in connection with the approval of this Resolution or to correct any ambiguity or mistake or properly or more completely document the transactions contemplated and approved by this Resolution.

Section 3. After the receipt of the approval of the Attorney General of this Resolution, the amendment to the First Supplement shall take effect immediately pursuant to Section 5.01(a)(v) of the First Supplement since it increases the amount of Notes which may be Outstanding pursuant to Section 4.01 of the First Supplement.

Section 4. In addition, the statements, findings, representations, and determinations set forth in the recitals to this Resolution are hereby incorporated into and made a part of this Resolution for all purposes.

Section 5. It is hereby found and determined that each of the officers and members of the Board was duly and sufficiently notified officially and personally, in advance, of the time, place, and purpose of the Meeting at which this Resolution was adopted, and that this Resolution would be introduced and considered for adoption at said meeting; that said meeting was open to the public, and public notice of the time, place, and purpose of said meeting was given, all as required by Chapter 551, Texas Government Code.

[The Remainder of This Page is Intentionally Left Blank]

9. U. T. System Board of Regents: Approval of aggregate amount of \$213,200,000 of equipment financing for Fiscal Year 2016 and resolution regarding parity debt

The Board

- a. approved an aggregate amount of \$213,200,000 of Revenue Financing System Equipment Financing for Fiscal Year 2016 as allocated to those University of Texas System institutions set out on the following page; and
- b. resolved in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that
 - parity debt shall be issued to pay the cost of equipment including costs incurred prior to the issuance of such parity debt;
 - sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System;
 - the U. T. System 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 in the aggregate amount of \$213,200,000 for the purchase of equipment; and
 - this resolution satisfies the official intent requirements set forth in Section 1.150-2 of Title 26 of the *Code of Federal Regulations* that evidences the Board's intention to reimburse project expenditures with bond proceeds.

On April 14, 1994, the U. T. System Board of Regents approved the use of Revenue Financing System debt for equipment purchases in accordance with the Guidelines Governing Administration of the Revenue Financing System. Equipment financing is used for the purchase of equipment in lieu of more costly vendor financing. The guidelines specify that the equipment to be financed must have a useful life of at least three years. The debt is amortized twice a year with full amortization not to exceed 10 years.

On August 21, 2014, the U. T. System Board of Regents approved a total of \$171,570,000 of equipment financing for Fiscal Year 2015, of which \$43,076,000 has been issued as of July 31, 2015.

Further details on the equipment to be financed and debt service coverage ratios for individual institutions may be found on the following page.

U. T. SYSTEM EQUIPMENT FINANCING - INSTITUTION REQUESTS
FY 2016

Institution	\$ Amount of Request		Description of Expected Capital Equipment	DSC*
U. T. Arlington	\$4,700,000		Campus network, scientific material, classroom technology, campus security system, police dept	2.8x
U. T. Austin	1,500,000		IT, classroom, athletic and research equipment	4.2x
U. T. Dallas	12,000,000		General purpose equipment supporting instruction, research & business operations	2.0x
U. T. El Paso	2,000,000		Vehicle purchases, turf replacement, IT resources and planning	1.3x
U. T. Rio Grande Valley	5,000,000		Personal computers, facilities and grounds maintenance equipment, classroom and lab equipment, vehicles, furniture and fixtures	N/A
U.T. San Antonio	2,000,000		Baseball/softball/football locker rooms, video board for Convocation Center, life safety renovations	2.3x
U. T. Southwestern Medical Center	40,000,000		Information resources projects; clinical and hospital equipment	3.0x
U. T. Medical Branch - Galveston	40,000,000		Clinical, IT infrastructure, research related, and facility related	2.2x
U. T. Health Science Center - Houston	20,000,000		Electronic health record system implementation; clinic/laboratory equipment	3.1x
U. T. Health Science Center - San Antonio	7,000,000		Core research, clinical and/or infrastructure equipment	3.4x
U. T. M. D. Anderson Cancer Center	70,000,000		Medical, diagnostic, and research equipment, IT systems	10.4x
U. T. Health Science Center - Tyler	9,000,000		Lab and clinical equipment, PET/CT Scanner, GI lab replacement	2.5x
Total	\$213,200,000			

* Debt Service Coverage ("DSC") ratios based on FY2014 Analysis of Financial Condition.

REPORT AND RECOMMENDATIONS OF THE ACADEMIC AFFAIRS COMMITTEE

(Pages 66 - 73).--Committee Chairman Aliseda 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 Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, referred for Committee consideration

There were no items referred from the Consent Agenda.

2. U. T. Austin: Approval of honorific naming of B. M. Whitaker Field as the Charles Alan Wright Fields in honor of the late Professor Charles Alan Wright, and official recognition of the Whitaker Fields and Tennis Complex as the Berry M. Whitaker Sports Complex

The Board

- a. approved the honorific naming of B. M. Whitaker Field at The University of Texas at Austin as the Charles Alan Wright Fields in honor of the late Professor Charles Alan Wright; and
- b. officially recognized the Whitaker Fields and Tennis Complex, the complex housing the fields and tennis facilities, as the Berry M. Whitaker Sports Complex.

Professor Charles Alan Wright, who died in July 2000, was a beloved U. T. Austin faculty member for over 45 years. He was invited to be both player and coach of the Legal Eagles intramural football team, which was organized in 1955. After five years of participating in that capacity, he restricted his involvement to coach, a position he maintained for 45 years.

Professor Wright held the Charles Alan Wright Chair in Federal Courts. He graduated from Wesleyan University in 1947 with a Bachelor of Arts and received a Bachelor of Law degree from Yale University in 1949.

Mr. Wright was an authority on constitutional law and the federal courts, representing President Richard M. Nixon in the Watergate scandal. He argued 13 cases before the Supreme Court, winning 10 of the cases outright and half his point in another. He was well known as the senior author of a 55-volume treatise, *Federal Practice and Procedure*, which at the time of his death had grown to 57 large volumes.

B. M. Whitaker Field was honorifically named for Berry M. Whitaker on June 17, 1983, in recognition of his outstanding service to the cause of recreational sports at U. T. Austin. Mr. Whitaker joined U. T. Austin in 1916 to organize one of the nation's first university intramural programs. He served as the head football coach from 1920 to 1922 and as the basketball head coach for the 1920 season. After 1922, he retired from coaching and returned to directing the intramural sports program until his retirement in 1960.

Under both Professor Wright's and Mr. Whitaker's leadership, the intramural sports and Division of Recreational Sports at U. T. Austin experienced incredible growth. Expanding the Whitaker Field name to include Professor Wright ensures that two highly respected individuals who left a powerful impression on the sports program at U. T. Austin will be honored for years to come.

The B. M. Whitaker Field complex, located at 51st and Guadalupe Streets, consists of multipurpose fields that can accommodate up to 18 football/soccer fields or 12 softball diamonds, as well as an archery range. Activities offered at Whitaker Fields include archery, football, lacrosse, rugby, soccer, and softball. The complex, which was last renovated in 1981, functions as the primary venue for all outdoor field and court sports. It currently accommodates several hundred thousand hours of participation each year in the Recreation Sports' programs, including Intramurals, Informal Recreation, and Sport Clubs. In addition to recreation, the complex also accommodates a variety of academic classes offered through the Department of Kinesiology and Health Education, along with an expanding list of camps and special events sponsored by U. T. Austin departments and student organizations.

On May 14, 2009, the Board approved renovation of the Whitaker Fields and Tennis Complex. The renovation includes restoring existing grass fields and adding synthetic fields; replacing the irrigation, plumbing, electrical, lighting, and security systems; improving the drainage and grading systems; and demolishing and replacing the support facilities. Additional amenities will include new perimeter fencing, protective sports netting, landscaping, tennis court repairs, signage, scoreboards, bleacher seating, and a new public address system.

The total project cost for the renovations is \$23 million, initially to be raised through gifts. An amendment to the project was approved to revise the funding to \$16 million in Revenue Financing System Bond Proceeds, \$5.8 million in Auxiliary Enterprises Balances, and \$1.2 million in gifts (see Facilities Planning and Construction Committee Item 14 on Page 125). In February 2014, U. T. Austin had embarked on an effort to raise funds for the renovation, and approximately \$1.2 million in gifts and pledges have been fully collected or committed to this project. The project is slated for completion in October 2016.

This naming is consistent with the Regents' *Rules and Regulations*, Rule 80307, relating to the honorific naming of facilities to recognize a distinguished alumnus of U. T. Austin who left an unforgettable impact on the university.

3. U. T. Brownsville: Approval to extend the Educational Partnership Agreement with Texas Southmost College (TSC) through August 31, 2016, and delegation of authority to the TSC Board of Trustees related to governance and operations of TSC as a unit of U. T. Brownsville for purposes of compliance with accreditation standards of the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC) for Academic Year 2015-2016

The Board

- a. approved extension of the Educational Partnership Agreement with Texas Southmost College (TSC) until the earlier of August 31, 2016, or TSC achieving independent accreditation from the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC); and
- b. delegated authority to the TSC Board of Trustees to take action related to the governance and operations of TSC as a unit of The University of Texas at Brownsville for purposes of compliance with accreditation standards of SACSCOC. Specifically, the Board of Regents delegated to the TSC Board of Trustees authority to take the following actions if conducted in a manner consistent with all appropriate laws and regulations:
 - Governance authority: authority to hire personnel and approve overall policy for the College; and
 - Operations authority: authority to manage the budget and approve expenditures.

In 1991, U. T. Brownsville and TSC entered into a contractual arrangement with the primary goal of enhancing educational opportunities and offering students a seamless educational process from community college to a four-year university degree.

The Partnership was established through an educational partnership agreement, which ultimately required a series of interagency agreements covering matters such as personnel, academic programs, real property, and selection of a president by The University of Texas System Board of Regents. Since inception of the Partnership, both U. T. Brownsville and TSC have experienced significant increases in student enrollment, course offerings, degrees offered, real property, and budget including sponsored research grants. The Partnership has evolved and over the past two decades has increased in complexity exceeding the scope of the 1991 Partnership Agreement.

Shortly after the 81st Legislative Session, leadership from U. T. System, U. T. Brownsville, and TSC met and agreed to devote full attention to enhancing the Partnership Agreement. Both partners quickly agreed that the 1991 Agreement was outdated, hindering the ability to enhance excellence into the future. The leadership

agreed to work together to seek enhanced funding through all sources including the Texas Legislature. Eighteen months were devoted by representatives of the U. T. System, U. T. Brownsville, and TSC to discuss and draft a new partnership agreement that offered an expanded vision for higher education in Brownsville, advancing excellence and protecting the mission of the community college and the four-year university.

However, on October 21, 2010, the TSC Board of Trustees rejected the draft of the new Partnership Agreement and voted unanimously to authorize legal counsel to negotiate a new agreement and to explore a model that would separate TSC from U. T. Brownsville. The Board of Regents responded by approving the following motion made by Regent Stillwell on November 11, 2010:

I move that the U. T. System Board of Regents find that the current educational partnership between the Board of Regents on behalf of U. T. Brownsville and the Board of Trustees of the Texas Southmost College District on behalf of Texas Southmost College can no longer be sustained and that the notice of termination of the Educational Partnership Agreement be provided immediately. Under the terms of the Agreement, the termination is effective no later than August 31, 2015; however, the parties may work to achieve an earlier effective date.

I further move that the Board direct that written notice of this action be provided immediately to the Board of Trustees and that the Board ask Chancellor Cigarroa to plan for the orderly wind down of the partnership in a manner designed to provide uninterrupted continuation of the studies and academic career objectives of the partnership's students while shortening the period of transition.

This motion is premised upon the unwavering principle that the U. T. System Board of Regents is committed to the continuation of educational access and opportunity for our students and believes that, while the partnership structure has had many successes, this current partnership between U. T. Brownsville and Texas Southmost College is not the best model to achieve excellence in the future.

Senate Bill 24 of the 83rd Legislature, which created The University of Texas Rio Grande Valley, expressly required the continuation of the Partnership Agreement through August 31, 2015, to the extent necessary to ensure the accreditation of TSC. Even though the statutory obligation to continue in partnership expires August 31, 2015, the statute evidences a clear legislative interest in ensuring the continued ability of TSC to provide educational opportunity even as U. T. Rio Grande Valley becomes operational.

Over the last three years, U. T. Brownsville and U. T. System administrators have worked with TSC President Lily F. Tercero to assist with the preparation to seek independent accreditation. TSC submitted its accreditation application to SACSCOC

in October 2014. The SACSCOC leadership reviewed the application in December 2014 and scheduled a team visit, a precursor for action by the SACSCOC Board, for August 2015. TSC is allowed five months after the visit to respond to any recommendations made by the visiting team. The SACSCOC Board will then provide a final hearing for TSC's independent accreditation. SACSCOC has advised that, until independent accreditation is granted to TSC, the U. T. Brownsville/ TSC Partnership must be maintained; that is, TSC must remain under the oversight of the U. T. System Board of Regents concerning governance and operations and a U. T. Brownsville administrative infrastructure must be maintained. Thus, to ensure TSC's continued ability to provide educational opportunities and TSC students' continued eligibility for federal financial aid, it is prudent to extend the Partnership Agreement through August 31, 2016, with the caveat that it will terminate immediately after independent accreditation is achieved by TSC.

U. T. Brownsville and TSC will continue to be jointly accredited by SACSCOC for at least one more academic year, 2015-2016.

4. U. T. Arlington: Approval to establish a Doctor of Philosophy degree program in Kinesiology

Pursuant to the Regents' *Rules and Regulations*, Rule 40307, related to academic program approval standards, authorization was granted to

- a. establish a Doctor of Philosophy degree program in Kinesiology at The University of Texas at Arlington; and
- b. submit the proposal to the Texas Higher Education Coordinating Board for review and appropriate action.

Program Description

The Ph.D. degree program in Kinesiology at U. T. Arlington is designed to build upon the Department of Kinesiology's and the Center for Healthy Living and Longevity's existing research, education, and community outreach initiatives in health and disease, as well as the College of Nursing and Health Innovation's and the University's strategic theme of health and the human condition. The program is intended to prepare researchers who generate new knowledge and apply existing knowledge to the prevention, assessment, and treatment of motor difficulties, chronic diseases, and musculoskeletal injuries.

Students entering the program with a bachelor's or master's degree in kinesiology or a related field will complete the doctorate by completing a minimum of 69 semester credit hours (SCH) (bachelor's) or 42 SCH (master's). Three areas of specialization will be offered: (1) movement and rehabilitation sciences, (2) applied physiology, and (3) physical education.

Interdisciplinary coursework will be a foundational element of the curriculum as the program is designed to underscore an interdisciplinary and interprofessional approach to the prevention, assessment, treatment of motor difficulties, chronic diseases, and musculoskeletal injuries across the lifespan.

Need and Student Demand

Kinesiology has emerged in recent years as the undergraduate degree of choice for many students seeking careers in a variety of allied health/medical fields, as well as in more traditional areas, such as fitness, health promotion, physical education, recreation, and sports. Enrollment patterns at a number of University of Texas System institutions confirm the heightened interest in kinesiology as an undergraduate major, which suggests a growing pool of individuals who might want to pursue a Ph.D. in Kinesiology.

Currently, there is a high demand for faculty in the kinesiology fields. Between August and September 2014, the HigherEdJobs website had between 150 and 200 job announcements that require a Ph.D. in Kinesiology. Further, there will be substantial growth in the demand for teachers with health-related specializations at all levels of postsecondary education according to the U.S. Department of Labor Bureau of Labor Statistics. Depending upon the type of employment, most of the estimates of growth in this field range from 25% to 39% from 2012 to 2022. There is also evidence that the demand for kinesiology faculty and health care research scientists with a Ph.D. degree will grow over the next decade. According to the Bureau of Labor Statistics, employment of medical scientists is projected to grow 13% between 2012 and 2022. This increase in demand is influenced by an increased reliance on pharmaceuticals, greater spending on medical care, a larger and aging population, and greater relevance of the understanding of physiological mechanisms associated with the processes of health and disease.

U. T. Arlington graduates will be trained for research positions and faculty jobs and will receive unique foundational and research experiences that directly target these health needs.

A recent survey of Ph.D. degree program heads revealed a clear mismatch between supply and demand, with a greater number of competitive Ph.D. applicants than existing programs can admit. For example, the Texas Woman's University Department of Kinesiology Ph.D. degree program has declined approximately 14 eligible Ph.D. applicants per year from 2007-2013 (i.e., 96 potential candidates over a seven-year period). Similarly, the University of Houston Department of Health and Human Performance Ph.D. degree program declined an average of 13 eligible applicants per year from 2008-2012 (i.e., a total of 64 potential candidates were not accepted). In addition, The University of Texas at Austin's Ph.D. degree programs in the Department of Kinesiology and Health Education accept only about 10 of the 30 prospective students who apply each year. The absolute number of competitive Ph.D. applicants in the State of Texas would certainly include many more qualified

individuals, which concludes there is a need for an additional Ph.D. degree program in Kinesiology. Existing programs in the State of Texas are at full capacity and are unable to accommodate a large number of qualified applicants.

Students currently enrolled in U. T. Arlington’s M.S. in Exercise Science were surveyed on their interest in the proposed Ph.D. program. Interest was high, with 84% of students reporting they would definitely enroll in such a program at U. T. Arlington.

Program Quality

The hiring of new faculty will not be necessary as U. T. Arlington has 11 core faculty contributing to the Ph.D. program, three of whom were recruited in the 2014-2015 academic year. The core faculty members are actively engaged in research and regularly publish the results of their research in peer-reviewed journals. Over the last five years, they have been successful in garnering external research grants totaling more than \$3.1 million. Four supporting faculty will complement the core faculty efforts.

The curriculum is designed to prepare students as independent researchers and provide a balance of coursework and hands-on research experiences that will contribute to their academic and professional growth and success. The Department of Kinesiology will partner with other academic units on the U. T. Arlington campus that will contribute to an interdisciplinary and interprofessional approach to remedy the health issues faced by sedentary and vulnerable populations. Part of the required courses taken by all students in the program will include a minimum of two specified three-hour graduate-level nursing courses and two additional three-hour, graduate-level courses outside of the Department of Kinesiology in psychology, education, biomedical engineering, or other areas where existing multidisciplinary collaborative research initiatives involving kinesiology exist. These required courses will ensure a true, interdisciplinary educational experience for students. The faculty expertise, interprofessional and philosophical goals, and the curriculum will allow U. T. Arlington to offer a unique program in the study of health and the human condition across the lifespan.

Revenue and Expenses

Projected Enrollment	5-Year Total
Number of Full-Time Student Equivalents (FTSE) Used for Formula Funding Calculation	69
Total Number of Students	86

Expenses	5-Year Total
<i>Faculty</i>	
Salaries	\$1,048,027
Benefits	\$314,408
<i>Graduate Students</i>	
TA Salaries	\$375,000
TA Benefits	\$75,000
<i>Staff & Administration</i>	
Graduate Coordinator Salary	\$22,000
Administrative Staff Salaries	\$11,250
Staff Benefits	\$1,250
Total Expenses	\$1,846,935

Revenue	5-Year Total
<i>From Student Enrollment</i>	
Formula Funding	\$239,824
Tuition and Fees	\$588,080
<i>From Institutional Funds</i>	
Reallocation of Faculty Salaries/Benefits	\$1,362,435
Reallocation of Graduate Assistantships	\$450,000
Reallocation of Coordinator & Staff	\$34,500
Total Revenue	\$2,674,839

Coordinating Board Criteria

The program meets all applicable Coordinating Board criteria for new doctoral degree programs.

5. U. T. System: Quarterly report on academic matters of interest to the U. T. System, including a discussion on 3D printing

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

REPORT AND RECOMMENDATIONS OF THE HEALTH AFFAIRS COMMITTEE

(Pages 74 - 88).--Committee Chairman Cranberg 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. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, referred for Committee consideration

There were no items referred from the Consent Agenda.

2. U. T. Health Science Center - Tyler: Approval of honorific naming of the circle drive surrounding the Herbert C. and Melvina Buie Fountain of Hope at the entrance of the campus as Buie Circle

The Board approved the honorific naming of the circle drive surrounding the Herbert C. and Melvina Buie Fountain of Hope at the entrance of The University of Texas Health Science Center at Tyler campus as Buie Circle to recognize the Buies for their numerous years of continued support to the institution. The timing of this honor coincides with Mr. Buie's recent leadership as the institution's Development Board Chairman, a position he held for 15 years.

The iconic fountain was built and dedicated in October 2011 in the Buie's honor to recognize their giving and support of U. T. Health Science Center - Tyler. Since both the fountain and the drive are prominently located, it is ensured that the many visitors and patients to, and faculty and staff of, U. T. Health Science Center - Tyler will appreciate these landmarks for years to come.

Although he is no longer Chairman of the institution's Development Board, Mr. Buie remains on the Board. He has been Chief Executive Officer of Tyler Packing Corporation, Inc. since 1955 and has been a Director of Southside Bancshares Inc. since 1988. He serves as Director of Southside Bank, a subsidiary of Southside Bancshares Inc. and on the Boards of Directors of numerous organizations including, but not limited to, the East Texas Regional Food Bank, the Salvation Army, the Tyler Economic Development Council, the Texas Chest Foundation, and the East Texas Communities Foundation.

The Buies have been married for 66 years. They have established several scholarships at various institutions and support about 42 different organizations in Tyler and around the world.

This naming is consistent with the Regents' *Rules and Regulations*, Rule 80307, relating to the honorific naming of facilities to recognize a couple who have provided, and continue to provide, invaluable leadership to the institution.

3. U. T. Medical Branch - Galveston: Approval to establish a Doctorate in Occupational Therapy degree program in the School of Health Professions

Pursuant to the Regents' *Rules and Regulations*, Rule 40307, related to academic program approval standards, authorization was granted to

- a. establish a Doctorate in Occupational Therapy (Ph.D.) degree program in the School of Health Professions at The University of Texas Medical Branch at Galveston; and
- b. submit the proposal to the Texas Higher Education Coordinating Board for review and appropriate action.

Program Description

The Ph.D. degree program in Occupational Therapy will be administered by the School of Health Professions. On August 22, 2013, preliminary planning authority for this degree program was approved by the Board of Regents via the Consent Agenda, and the Texas Higher Education Coordinating Board was subsequently notified.

The Occupational Therapy Doctorate (OTD) program is a clinical doctorate designed to prepare experienced occupational therapists (OT) to assume leadership roles in practice settings and to serve as clinical faculty in entry-level professional education programs. Offering practitioners access to the academic environment through a hybrid model of online and onsite learning is expected to enhance partnerships between clinicians and academicians in the pursuit of knowledge with the ultimate goal of improving patient care. Graduates of U. T. Medical Branch - Galveston's OTD program should be able to search, analyze, and synthesize information for clinical evidence-based decision making; serve effectively as members of inter-professional teams; create networks between institutions and communities; and address local priorities by maximizing systems of care. Ultimately, they are expected to have the skills and knowledge to become regional leaders who are capable of anticipating and meeting emerging patient and population needs and who implement systems for delivering services that are cost effective to close gaps and disparities in Texas and throughout the United States.

Students who enter with a master's degree in OT will be required to complete 34 semester credit hours before they begin the OTD program, while students with a bachelor's degree will need to complete six extra credits: three in basic research methodology and three comprising a portfolio of relevant clinical experience demonstrating advanced practice competence hours. U. T. Medical Branch - Galveston's OTD program will focus on developing clinical leaders who will be able to promote evidence-based practice, manage clinical staff, and provide clinical instruction in entry-level OT programs.

Many experienced OT practitioners in Texas and across the country are looking for opportunities to obtain advanced professional credentialing that will prepare them for leadership positions in clinical settings and teaching positions in universities. This need is evidenced by the increasing number of post-professional OTD programs nationwide, the responses to the U. T. Medical Branch - Galveston OTD survey in 2010, and the more than 50 unsolicited inquiries received by the School of Health Professions in the past three years. The OTD program is designed to enable OTs with at least three years of practice experience to begin a course of study that prepares them to assume leadership roles in practice settings and to serve as clinical faculty in the State's entry-level professional education programs. The U. T. Medical Branch - Galveston OTD program is designed to provide alumni, as well as graduates from other Texas schools, with opportunities to advance their skills and careers without leaving Texas.

OTD Course Credits

<u>Job</u>	Category	Semester Credit Hours
	Required Courses	13
	Selectives	17
	Capstone Project	4
	Other (specify, e.g., internships, clinical work, residencies)	N/A
	TOTAL	34

Market Need

The profession of occupational therapy is growing quickly to meet the health care needs of the people of Texas and the United States (source: *Texas Workforce Commission*, 2014). The OT profession began in the United States in 1917 and, like other health care professions, its scope of practice and entry-level education requirements have evolved as the profession matured. Practitioners with experience are now seeking positions in management of health care facilities, opening private practices, or disseminating their experience through clinical instruction at educational institutions. Since 2007, a master's degree has been the entry level for new graduates of OT programs. However, many therapists with more than 10 years of experience are licensed with only a bachelor's degree. Both bachelor's and master's graduates are seeking further education to prepare for management and leadership positions. In a 2010 U. T. Medical Branch - Galveston survey of Texas OTs, over 500 therapists expressed interest in a post-professional OTD program. Since then, many OTD programs have been launched in other states, and the profession has moved toward requiring entry-level doctorate credentialing by 2025 (source: *American Occupational Therapy Association*, 2014).

It is anticipated that the demand for a post-professional OTD will increase significantly when the entry-level degree for new occupational therapy graduates transitions to an OTD.

The American Occupational Therapy Association (AOTA) Board of Directors Issued a Position Statement on April 30, 2014, that reads in part:

In response to the changing demands of higher education, the health care environment, and within occupational therapy, it is the position of the American Occupational Therapy Association (AOTA) Board of Directors that the profession should take action to transition toward a doctoral-level single point of entry for occupational therapists, with a target date of 2025. Support of high quality entry-level doctoral education for occupational therapists will benefit the profession, consumers, and society.

As evidenced by the increasing number of post-professional OTD programs nationwide, the U. T. Medical Branch - Galveston OTD 2010 survey responses, and inquiries received by the School of Health Professions, a critical need currently exists for leaders of rehabilitation teams who have 1) advanced management skills, 2) the capacity to develop innovative models of service delivery, 3) the ability to effectively mentor those just entering the workplace, 4) a grasp of research methodology sufficient to implement evidence-based practices, 5) the skills and knowledge to evaluate effectiveness and efficiency of systems of care, and 6) the leadership skills to implement and manage change as needed. Highly qualified and experienced OTs currently provide direct care and seek to continue providing care, but these future leaders do not have local opportunities to advance their careers and to contribute in ways that will make the biggest impact.

The OTD program is designed to enable OTs with at least three years of practice experience to begin a course of study that prepares them to assume leadership roles in practice settings and to serve as clinical faculty in the state's entry-level professional education programs. Offering practitioners access to academic environments through a primarily distance hybrid model of online learning and classroom instruction is designed to enhance partnerships between clinicians and academicians in the pursuit of knowledge with the ultimate goal of improving patient care. Ultimately, the program is designed to prepare them to become leaders in Texas health care, be capable of anticipating and meeting emerging patient and population needs, and be able to implement systems for delivering services that are cost-effective and that close gaps resulting from health care disparities. U. T. Medical Branch - Galveston's post-professional OTD program is designed to provide alumni, as well as graduates from other Texas schools, with opportunities to advance their skills and careers without leaving Texas.

Student Demand

Over 500 OT practitioners expressed an interest in a post-professional OTD when surveyed by U. T. Medical Branch - Galveston in 2010. These clinicians identified a desire for an advanced degree to provide skill and career opportunities to lead the development of evidence-based practice in clinical and public health. They also desire skills to facilitate partnering in clinical research and providing entry-level OT education. The Department of Occupational Therapy at the University now fields approximately five to ten inquiries per month from OT practitioners interested in pursuing a clinical doctorate without leaving Texas.

Projected number of students in the post-professional OTD program:

	Year 1	Year 2	Year 3	Year 4	Year 5
New Students	10	15	20	20	20
Cumulative Headcount	10	25	35	40	40
Full-time Student Equivalent (FTSE)	7	17.5	24.5	28	28
Attrition	1	1	1	1	1
Graduates	0	9	14	19	19

Note: FTSE – Students will be currently practicing clinicians. Assuming each student enrolls in six credit hours per semester to complete the degree in two years (assuming nine credit hours = full-time graduate student), each post-professional OTD student would be a 0.7 full-time equivalent (FTE). The attrition rate was modeled from the transitional Doctorate of Physical Therapy (tDPT) program data, as this is the U. T. Medical Branch - Galveston program most similar in format and student profile. In six years of program delivery, the tDPT has averaged an attrition rate of 8%. The model assumes that most students will complete the program in a two-year time frame. However, some students may take up to five years to complete the program. Anticipated headcount is based on interest shown by prospective students.

Currently, the AOTA does not collect student and outcome data on post-professional doctoral programs. However, the AOTA Academic Program’s Annual Data Report: Academic Year 2013-2014 contains information on entry-level doctoral degrees, indicating high rates of employment reported by all programs within six months of graduation (75-100%).

Program Quality

Eight members of the current OT core faculty will contribute to the OTD program. Their overall scholarly/research productivity and sponsored research activities are specified on the next page. One new OT faculty will be hired at Year 3 and a second will be hired in Year 5. In addition, two members of the Physical Therapy (PT) faculty

will contribute to the OTD program. In 2008, the U. T. Medical Branch - Galveston OT and PT Departments collaborated in the development of an interdisciplinary curriculum for OT and PT scholars. However, since no post-professional OTD program was available at the University, the curriculum has only been delivered to PT students for the last six years. The OTD program is designed to dovetail with the PT doctoral program, capitalizing on the current course availability.

OTD Core faculty publications and external grants from the last five years:

Faculty members	Publications	Book Chapters	Grants
Totals	65	13	16
Average # per Faculty Member per year	8.1	1.6	2

Revenue and Expenses

Projected Enrollment		5-Year Total
Number of Students Used for Formula Funding Calculation		85
Total Number of Students		85
Expenses		5-Year Total
Faculty		
Salaries (reallocation for first two years, hire in Year 3)		\$462,680
Benefits		\$142,602
Staff and Administration		
Graduate Coordinator Salary (reallocation for first two years, hire in Year 3)		\$32,215
Administrative Staff Salaries (reallocation for first two years, hire in Year 3)		\$68,292
Staff Benefits		\$33,378
Other Expenses		
Supplies and materials, equipment, new faculty recruitment, development, travel, etc.		\$20,700
Total Expenses		\$759,867
Revenue		5-Year Total
From Student Enrollment		
Formula Funding		\$584,249
Tuition and Fees		\$865,489
From Institutional Funds		
Reallocation of Existing Resources		\$235,212
From Other Revenue Sources		
Other State Funding from statutory tuition estimate (student's portion)		\$126,500
Total Revenue		\$1,811,450

Faculty salary reallocation reflects 8% for Year 1 and 12% for Year 2. All clerical/staff salaries assume a 3% annual merit adjustment. Clerical/staff salary time will be reallocated 20% for Year 1 and Year 2, with 0.5 FTSE clerical/staff to be hired in Year 3. Supplies and Materials include \$500 per year for software and books, and an additional \$200 per year for each new faculty for general supplies. Equipment includes telecommunication and desktop support for the new faculty.

Coordinating Board Criteria

The program meets all applicable Texas Higher Education Coordinating Board criteria for new doctoral degree programs.

4. U. T. Medical Branch - Galveston: Approval to establish a Doctor of Clinical Laboratory Sciences degree program in the School of Health Professions

Pursuant to the Regents' *Rules and Regulations*, Rule 40307, related to academic program approval standards, authorization was granted to

- a. establish a Doctor of Clinical Laboratory Sciences (Ph.D.) degree program in the School of Health Professions at The University of Texas Medical Branch at Galveston; and
- b. submit the proposal to the Texas Higher Education Coordinating Board for review and appropriate action.

Program Description

The Doctorate in Clinical Laboratory Sciences (DCLS) degree program will be administered by the School of Health Professions. Preliminary planning authority for this degree program received U. T. System approval on September 4, 2012, and subsequently was approved by the Texas Higher Education Coordinating Board on June 11, 2013.

The DCLS is designed to produce a practice-oriented health care professional with responsibilities in patient care management, education, clinical or translational research, health care policy development, and health care services delivery in multiple practice settings, including clinical institutions, academic institutions, industry, public health agencies, and government facilities. At this level of practice, the Clinical Laboratory Sciences (CLS) professional is expected to serve in consultant roles, assess test utilization, and manage patient laboratory data as a member of an interprofessional health care team in an effort to support quality improvement and reduce diagnostic errors.

The DCLS is an advanced professional doctorate designed for practicing clinical laboratory scientists who wish to further their level of clinical expertise and to develop leadership and management skills. The purpose of the program is the development of CLS graduates who function as practitioners, community leaders, educators, and scholars in the profession and discipline of clinical laboratory science.

The DCLS program implements the competencies developed by the American Society for Clinical Laboratory Science Professional Doctorate Task Force and the Graduate Task Force of the National Accrediting Agency for Clinical Laboratory

Sciences (NAACLS). The DCLS program at U. T. Medical Branch - Galveston will be an online didactic curriculum, but will have clinical practicums, which will require rotations at affiliated hospitals. The program includes 77 semester credit hours and is designed to be taken either full time over three years (nine semesters) or part time over a longer period of time. The part-time option will provide individuals an opportunity to achieve higher-level clinical education while continuing to work.

The U. T. Medical Branch - Galveston DCLS program plans to pursue NAACLS accreditation after approval of the degree and program by the Texas Higher Education Coordinating Board. The DCLS program will comply with the Southern Association of Colleges and Schools (SACS) Principles of Accreditation.

Student Demand

The implementation of the DCLS program will put U. T. Medical Branch - Galveston on the cutting edge of an exciting new career path for CLS professionals. The DCLS is an advanced professional doctorate that will complement and strengthen the undergraduate, graduate, and professional programs offered at the University. It does not duplicate any other program in the state or region. Although several other universities outside Texas are planning collaborative DCLS programs, only one has been implemented (Rutgers University in New Jersey). The U. T. Medical Branch - Galveston DCLS program will be the first in Texas and in the western portion of the U.S.

A national survey completed by 1,347 laboratory professionals indicated that 61% were interested in completing a DCLS program. A similar study of recent graduates in Texas was conducted and showed 72% were interested or very interested. In addition, the existing CLS program at U. T. Medical Branch receives numerous calls and emails from those interested in the degree. It is anticipated that the program will enroll 10 students per year for the first two years and 12 students in subsequent years. Since this is an online program, it is anticipated that the individuals will take the program as part-time students, averaging a full-time student equivalent of seven students in Year 1 and increasing to 24 in Year 5.

National and State Need

Graduates of the DCLS program will generate, disseminate, and apply knowledge to enhance the understanding of laboratory assessment of health and disease. The DCLS graduate will have an opportunity to practice in a variety of venues including clinical institutions, reference labs, physician practices, industry, public health, government facilities, research organizations, and academic institutions. The DCLS professional will be trained to improve patient outcomes and increase cost effectiveness by working with pathologists to assist primary care providers. They will participate on teams, such as Diagnostic Management Teams, allowing “physicians to order tests by requesting an evaluation of the abnormal screening test or a clinical sign or symptom.”ⁱⁱ According to Dr. Michael Laposata, Chairman of Pathology at U. T. Medical Branch - Galveston, the Diagnostic Management Teams will produce

“an expert-driven, patient-specific narrative not only for cases in which one is requested, but for all cases in multiple areas of laboratory medicine and anatomic pathology. The value-added activity considers clinical information and laboratory data, meets on a regular schedule, includes their diagnostic conclusions in the medical record, and provides information not known to non-expert physicians.”

In 1999, the Institute of Medicine reported that an estimated 98,000 Americans die each year from preventable error. Laboratory test results play a decisive role in patient safety, public health, and clinical medical decisions, as well as in research studies. The addition of clinical laboratory professionals at the doctorate level to the health care team supports the Institute of Medicine's report suggesting that improved access to accurate and timely information is a way to prevent errors and improve patient safety. The health care system will see a cost-savings through the DCLS provision of valuable and reliable clinical-based knowledge regarding laboratory testing that fosters accurate and timely diagnoses. One goal identified by the Centers for Disease Control and Prevention Division of Laboratory Systems 2007 Institute: Managing for Better Health was to create new models that integrate clinical consultation provided by the laboratory medicine professionals in decisions related to the utilization of laboratory tests or services to improve patient care. Therefore, it is anticipated that the inclusion of the clinical laboratory practitioner in the interdisciplinary health care team approach will have a positive impact on patient outcomes. Advanced education of the laboratory professional must include the principles and applications of evidence-based practice. Currently, there is no particular laboratory professional trained to study and initiate practice guidelines for the effective and efficient use of laboratory tests. The DCLS will help to fill this gap.

The results of several recent studies support the need for a new laboratory practitioner with advanced skills and “knowledge of test methodologies, their limitations, pre- and post-analytical, and patient circumstances that could invalidate test results; and knowledge of health care policy and delivery systems, principles of education, research and management.”ⁱⁱⁱ Sixty to 70% of all disease identification, treatment, and disease management decisions are based on laboratory results. A growing menu of more than 2,000 sophisticated laboratory tests is available to practitioners resulting from the emphasis on translational science. It is a challenge for primary care providers to keep up with the rapid changes in testing. The knowledge to choose the appropriate test from the growing menu of sophisticated laboratory tests and the ability to interpret the results and use them in clinical decisions is critical to patient safety. The option of choosing the correct test from this expanding list of tests is complicated. Those who order the tests must be aware of each test's specificity and sensitivity, its predictive value, its cost, the willingness of third-party payors to reimburse for it, the meaning of abnormal results, and follow-up tests and treatment suggested for abnormal results. Development of appropriate clinical applications and evidence-based guidelines for using laboratory test results in clinical decision-making is beginning, but the rapid expansion of laboratory tests results in a lag of guidance for use. Thus, physicians and other primary care providers need assistance in laboratory test utilization and interpretation. In 2012,

two peer-reviewed publications from Clinical Laboratory Integration into Healthcare Collaborative raised awareness about gaps and potential aids for clinicians’ optimal utilization of clinical laboratory services.

There are approximately 325,800 clinical laboratory professionals in the U.S. The Bureau of Labor Statistics estimates 7,060 average annual job openings in clinical laboratory professions between the Years 2012 and 2022. The latest projections of the Bureau of Labor Statistics show a 22% increase in the number of clinical laboratory professionals needed by the Year 2022. This growth rate is much faster than average for all occupations and the job outlook is said to be excellent. In Texas, clinical laboratory scientists are specifically identified among those health professionals that are in short supply in the State of Texas. The Texas Projections Unit of the Labor Market Information Department estimates a 41.4% growth and replacement rate for medical laboratory professionals from 2010 to 2020.

Program Quality

Faculty: A core of 11 doctoral-level faculty members are already in place and will provide didactic education, while 12 other faculty will support the students for their doctoral projects and clinical practicums. The faculty has primary appointments in the Department of Clinical Laboratory Sciences and/or the Department of Pathology. All have doctorate degrees and will supervise doctoral projects. No new full-time faculty members are needed in the first two years of the program. The project faculty to student ratio is 1:1. The productivity of the core faculty is shown in Chart 1 below.

Chart 1 – Faculty Publications and Other Scholarly Accomplishments 2009-2014

Faculty Member	Publications	Book Chapters	Grants/ Contracts
Totals	88	10	45
Average # per Faculty Member	8.0	0.9	4.1

Facilities: As an online program, little physical space is needed. Internet capabilities including library services, BlackBoard, and Lync interactive platforms, iSpace, and email will be used for communication, dissemination of materials, assignments and exams, and video face-to-face interactions. U. T. Medical Branch - Galveston provides technology support and information to students on the resources available to campus-based and distance education students, such as Microsoft Exchange email system, BlackBoard, Adobe Presenter, SoftChalk, Tegrity, and Perception. The Moody Medical Library provides knowledge-based information resources and services for the University community. Electronic books, journals, and databases accessible through the Library’s website are available for use both on- and off-campus.

Revenue and Expenses

No new full-time faculty will be hired for the first two years, but one adjunct part-time faculty member will be hired. In Year 3, the program is anticipated to be large enough to support another full-time faculty member; U. T. Medical Branch - Galveston expects the program to continue to grow, requiring another full-time faculty member in Year 5.

Projected Enrollment		5-Year Total
Number of Students Used for Formula Funding Calculation		56
Total Number of Students		56
Expenses		5-Year Total
Faculty		
Salaries		\$566,865
Benefits (23.81%)		\$134,510
Staff and Administration		
Graduate Coordinator Salary		\$101,250
Administrative Staff Salaries		\$49,951
Staff Benefits (32.83%)		\$21,879
Other Expenses		
Supplies/Travel		\$23,700
Total Expenses		\$898,155
Revenue		5-Year Total
From Student Enrollment		
Formula Funding		\$535,278
Tuition and Fees		\$912,589
From Institutional Funds		
Reallocation of Existing Resources		\$403,905
Total Revenue		\$1,851,772

Faculty salary reallocation is based on the course load expected for Years 1 and 2.

Coordinating Board Criteria

The program meets all applicable Texas Higher Education Coordinating Board criteria for new doctoral degree programs.

ⁱ Laposata, M. How Can a Diagnostic Management Team Improve Patient Care and Save Money? Long-Standing and Rapidly Worsening Problem of Obtaining an Accurate Diagnosis Quickly. NACB - Scientific Shorts. [<https://www.aacc.org/community/national-academy-of-clinical-biochemistry/scientific-shorts/2014/how-can-a-diagnostic-management-team-improve-patient-care-and-save-money>]

ⁱⁱ Educational statement regarding doctoral level clinical laboratory science professionals. Bethesda, MD: American Society for Clinical Laboratory Science; 2007

ⁱⁱⁱ Leibach EK. The Doctorate in Clinical Laboratory Science: An Executive Summary. Clin Lab Sci 2008; 21(3):134.

5. U. T. System: Approval to distribute a portion of The University of Texas System Professional Medical Liability Benefit Plan premium returns and approve rates for the Plan

Upon recommendation of The University of Texas System Professional Medical Liability Benefit Plan (Plan) Management Committee, chaired by the Vice Chancellor and General Counsel and comprised of the Chair, the Executive Vice Chancellor for Health Affairs, and the Executive Vice Chancellor for Business Affairs, after consultation with Milliman, Inc., actuary for the Plan, the Board approved that

- a. overall premium rates remain unchanged;
- b. \$6 million in premiums be returned to the participating U. T. System institutions based on a methodology that considers each institution's losses; and
- c. \$4.5 million be designated for Health Affairs Collaborative Projects, as identified by the Executive Vice Chancellor for Health Affairs.

The distribution of \$10.5 million is set forth on the following page.

With the implementation of tort reform in 2003, the Plan Management Committee (Committee) has consistently recommended significant reductions in total Plan assets to bring the reserve levels to those generally accepted by the industry. The Committee continues balancing Plan revenue from premiums charged and investment income with adequate capitalization from which to pay Plan claims, reserves for future claims, and administrative expenses. As part of this effort, Plan premiums were significantly reduced for several years immediately following tort reform adoption, and since 2007, the premium rates have either been reduced or unchanged. However, Plan premiums are adjusted annually for institutional loss experience.

For the coming year, the Committee recommended maintaining overall premiums at the current rate. Based on Plan investment income and efficient management of claims, the Committee recommended a return to the contributing institutions of \$6 million so that excessive reserves are not maintained. The combination of unchanged rates along with this distribution should still allow for adequate capitalization of the Plan.

The methodology for distribution of \$6 million to participating institutions considers the proportion of each institution's payment into the Plan as well as each institution's loss experience. Thus, those institutions with higher claims receive lower distributions.

In addition to the \$6 million to be distributed to participating institutions, \$4.5 million is for U. T. System efforts in patient safety enhancement, through Health Affairs Collaborative Projects, as identified by the Executive Vice Chancellor for Health Affairs.

Exhibit 1
The University of Texas System Professional Medical Liability Benefit Plan
Proposed Distribution of Plan Returns
 FY 2015

<i>Institution</i>	<i>Premium Paid</i>	<i>Claims Expenses</i>	<i>Net Contribution Amount</i>	<i>Rebate based on Net Contribution</i>
	<i>2013-2015</i>	<i>2013-2015</i>		
UT Arlington	5,366	-	5,366	1,717
UT Austin	76,571	1,071	75,500	24,162
UT Dallas	1,452	-	1,452	465
UT El Paso	770	-	770	246
UT Pan American	1,932	-	1,932	618
UT San Antonio	3,912	-	3,912	1,252
UTSWMC	6,436,487	2,381,021	\$ 4,055,466	1,297,839
UTMB	4,511,883	626,544	3,885,339	1,243,395
UTHSCH	5,062,867	2,699,153	2,363,714	756,441
Medical Foundation (UTHSCH)	2,235,312	1,191,706	1,043,606	333,977
UTHSCSA	5,093,297	760,358	4,332,939	1,386,637
UTMDACC	3,523,966	831,262	2,692,704	861,725
UTHSCT	292,181	6,181	286,000	91,526
Subtotal	\$ 27,245,996	\$ 8,497,296	\$ 18,748,700	\$ 6,000,000
Health System Initiatives				\$ 4,500,000
TOTAL PROPOSED DISTRIBUTION				<u>\$ 10,500,000</u>

6. U. T. System: Approval of \$15 million from Available University Funds to support Phase 2 of the U. T. Systemwide Diabetes Obesity Control initiative and delegation of authority to contract with selected entities to conduct essential feasibility studies

The Board allocated \$15 million from Available University Funds (AUF) to support Phase 2 of The University of Texas Systemwide Diabetes Obesity Control initiative (Project DOC) and delegated authority to the Executive Vice Chancellor for Health Affairs and the Vice Chancellor and General Counsel to contract with selected entities to conduct essential feasibility studies for the purposes of Phase 2.

The \$15 million of AUF will serve as seed money to attract an additional \$30 million of philanthropy, grants, and industry funds, for a total of \$45 million needed to fully fund Phase 2 of the Project DOC initiative.

At the August 20, 2014 Board of Regents' meeting, Dr. Lynda Chin (then Chair of the Department of Genomic Medicine at The University of Texas M. D. Anderson Cancer Center and now Associate Vice Chancellor and Chief Innovation Officer at The University of Texas System), introduced a proposal to improve care of patients with diabetes through improved data collection, management, analysis, and application.

On November 6, 2014, the Board approved \$5 million from the AUF to support Phase 1 of Project DOC and delegated authority for the Office of Health Affairs and the Office of General Counsel to contract with selected entities to create a Technology Core (Phase 1A). Those funds also provided operational project support within the U. T. System Office of Health Affairs. Pricewaterhouse Coopers, LLC, International Business Machines Corporation, and AT&T Corporation were selected as the multifunction consultant team to implement this initiative after a Request for Proposal process.

At the February 11, 2015 Board of Regents' meeting, Executive Vice Chancellor Greenberg reported on the progress of Project DOC. Following a further presentation on May 14, 2015, the Board approved an additional \$5 million of AUF for Phase 1B of Project DOC.

Project DOC intends to leverage social, mobile, and cloud technologies, as well as big data and cognitive analytics, to augment and accelerate effective management and care for diabetes in Texas and initially in the Rio Grande Valley communities. Through a Technology Core made up of industry leaders with cutting-edge capabilities and assets, Project DOC will develop and implement a suite of provider-enabling and patient-empowering technology solutions. These capabilities fall into three main anchor platforms: (1) cognitive analytics and expert system, (2) personal connected mobile health solution, and (3) cloud-based information interchange.

As the fourth component of the Technology Core, a diversified and experienced System Integration Team will incorporate these solutions into local health care delivery systems to create a disease management framework for providing patient-centric and value-based diabetes care.

Phase 2 will involve product development and the scaling up of Project DOC to serve 3,000 patients in a pilot program based in Cameron County, Texas. These activities will include securing the participation of key stakeholders in South Texas and exploring the interest and participation of employers, health care payors, and retail businesses.

The budget also provides operating funds to direct and manage this project by the newly formed Institute for Health Transformation under the direction of the Office of Health Affairs.

REPORT AND RECOMMENDATIONS OF THE FACILITIES PLANNING AND CONSTRUCTION COMMITTEE (Pages 89 - 127).--Committee Chairman Pejovich 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 University of Texas System Board of Regents.

1. U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, referred for Committee consideration

There were no items referred from the Consent Agenda.

2. U. T. System: Report on Hybrid Delivery Methods - A Demonstration Project

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

3. U. T. System Board of Regents: Amendments to Regents' *Rules and Regulations*, Rule 80301 (Capital Improvement Program); Rule 80302 (Building Committees); Rule 80402 (Major Construction and Repair and Rehabilitation Projects); Rule 80403 (Minor Construction and Repair and Rehabilitation Projects); Rule 80404 (Institutional Management of Major Construction and Repair and Rehabilitation Projects); and Rule 80901 (Constitutional and Legislative Restrictions on Capital Improvements) to revise the threshold for Major and Minor Projects requiring Board approval

The Board approved the amendments to the Regents' *Rules and Regulations* as set forth on the following pages to revise the threshold for Major and Minor Projects requiring Board approval. The revisions were effective September 1, 2015.

- Rule 80301 (Capital Improvement Program) (see Pages 91 - 93);
- Rule 80302 (Building Committees) (see Page 94);
- Rule 80402 (Major Construction and Repair and Rehabilitation Projects) (see Pages 95 - 97);
- Rule 80403 (Minor Construction and Repair and Rehabilitation Projects) (see Page 98);
- Rule 80404 (Institutional Management of Major Construction and Repair and Rehabilitation Projects) (see Page 99); and

- Rule 80901 (Constitutional and Legislative Restrictions on Capital Improvements) (see Page 100).

The amendments to Rules 80301, 80402, and 80404 revised the definition of a Major Project, increasing the threshold of a Major Project and deleting the requirement for debt funded projects under the threshold requiring Board approval to be included in the Capital Improvement Program. The amendment to Rule 80403 revised the definition of a Minor Project, increasing the threshold of a Minor Project requiring Board approval. The amendments align more closely with recent revisions in the Texas Higher Education Coordinating Board Rules.

Nonsubstantive revisions in any single policy aligns language and intent with other relevant and related policies. The revisions also deleted repetitive definitions throughout the Rules.

**The University of Texas System
Rules and Regulations of the Board of Regents**

Rule: 80301

1. Title

Capital Improvement Program

2. Rule and Regulation

- Sec. 1 Annual Status Report. The University of Texas System Administration will maintain a Capital Improvement Program (CIP) on an ongoing basis. Although the CIP is a dynamic document subject to change throughout the year, a report detailing the current status of the CIP will be formally presented to the Board of Regents no less than annually.
- Sec. 2 Contents of Program. The CIP will consist of a six-year projection of major new construction and repair and rehabilitation projects (Major Projects) to be implemented and funded from institution and Systemwide revenue sources. The CIP should be a current reflection of the institutions' continuous processes of strategic planning and master planning for institutional programs.
- Sec. 3 Modifications to the CIP. The CIP is subject to modification at any Board of Regents' meeting. Candidate projects will routinely be added to the CIP, and project information such as funding sources, project cost, and delivery dates will routinely be revised. For Major Projects seeking Board action, the institutional president will submit a request for inclusion on the Board of Regents' agenda. Requests to add to or modify the CIP will be reviewed in accordance with the processes administered by the Office of Facilities Planning and Construction adopted in the CIP.
- Sec. 4 Preliminary Cost Expenditures for Major Projects. Addition of a project to the CIP provides authority for the U. T. System Administration and the institutional administration to expend institutional funds up to 5% of the anticipated total project cost to select the project architect, confirm the basis of design, develop the formal Facility Program document, and develop preliminary project plans. Requests to expend funds in excess of the amount equal to 5% but not more than 10% of the anticipated total project cost shall be reviewed and approved by the Executive Vice Chancellor for Business Affairs. These funds will be provided by the institution initially but will be reimbursed to the institution from applicable project funds upon design development approval or upon submission of a project

**The University of Texas System
Rules and Regulations of the Board of Regents**

Rule: 80301

application to the Texas Higher Education Coordinating Board approval (if applicable), whichever is later.

- Sec. 5 Institutional Management of a Major Project. Addition of a project to the CIP includes authorization of institutional management of Major Projects so designated in the CIP. Requests for institutional management shall be reviewed and approved by the Associate Vice Chancellor for Facilities Planning and Construction. Projects approved for institutional management will be included in the CIP. Projects designated for institutional management shall follow the process, authority, and approvals as outlined in Rule 80404 of the Regents' *Rules and Regulations* for the full amount stipulated in the CIP.
- Sec. 6 Feasibility and Planning Studies. For projects included in the CIP and identified as feasibility studies or planning studies, adoption of the CIP provides authority for the U. T. System Administration and the institutional administration to expend institutional funds for the full amount stipulated in the CIP. These funds will be provided by the institution initially but will be reimbursed to the institution from future CIP funds allocated for projects derived from the studies after design development approval and appropriation of project funds by the Board of Regents.
- Sec. 7 Timing of Student Election. For such additions to the CIP that are anticipated to be funded in part by student fees, the project must be presented to the Board by the institutional President or his/her delegate and student representative(s) for approval prior to the call for a student election on the authorization or increase of the associated fee. This Section does not require a student election if one is not otherwise required by statute.

3. Definitions

Facility Program – A project planning document that organizes and summarizes client needs and programmatic information needed to design a capital project. It is generated through a process of collecting, analyzing, synthesizing, and documenting significant requirements for a Project prior to proceeding into the Design Phase.

Major Project – Any project that meets one or more of the following criteria: 1) new building construction with a total project cost of \$10 million or more, 2) road, paving, and repair and rehabilitation projects with a total project cost of \$10 million or more, 3) any project determined by the Board

The University of Texas System

Rules and Regulations of the Board of Regents

Rule: 80301

to be architecturally or historically significant, and 4) any campus planning efforts that are intended to result in a capital project meeting one or more of these criteria.

**The University of Texas System
Rules and Regulations of the Board of Regents**

Rule: 80302

1. Title

Building Committees

2. Rule and Regulation

...

Sec. 5 Selection Committee for Construction Firms. Selection Committees for Major Projects shall be appointed by the Associate Vice Chancellor for Facilities Planning and Construction in consultation with the institutional president. Selection Committees for Minor Projects shall be appointed by the president of the institution. Selection Committees are authorized to evaluate, rank, and make selection recommendations of design-build contractors, construction manager-agents, construction managers-at-risk, general contractors, and job order contractors on the basis of qualifications and competitive sealed proposals in response to RFQs and Requests for Proposals (RFPs). Selection Committees are also authorized to enter into discussions for modification and negotiation of competitive sealed proposals in response to requests for proposals with respondents, as required or permitted by law.

**The University of Texas System
Rules and Regulations of the Board of Regents**

Rule: 80402

1. Title

Major Construction and Repair and Rehabilitation Projects

2. Rule and Regulation

Sec. 1 Contract Authorization - Architects, Engineers, and Design-Build Contractors. Subject to Regents' *Rules and Regulations*, Rule 80301 and Rule 10501, and Sections 2, 3, 4, and 5 below, and except as otherwise specified in these *Rules and Regulations*, the Executive Vice Chancellor for Business Affairs, with the advice of the Associate Vice Chancellor for Facilities Planning and Construction and the institutional president, is authorized to appoint architects, engineers, and design-build contractors and execute contracts for professional services.

Sec. 2 Contract Authorization - Construction. The Executive Vice Chancellor for Business Affairs is authorized to execute construction and related contracts for all new construction projects and for all major repair and rehabilitation projects that have previously been approved or authorized by the Board of Regents in the Capital Improvement Program (CIP).

Sec. 3 Standardized Contracts. Construction contracts executed and delivered on behalf of the Board of Regents for Major Projects shall comply with guidelines issued by the U. T. System Administration's Office of General Counsel and shall be written on a standard form approved by the Office of General Counsel. Payment and performance bonds, when required by law for contracts, shall be on a standard form approved by the Office of General Counsel. Contracts with architects and engineers shall comply with guidelines issued by the Office of General Counsel and shall be written on a standard form approved by the Office of General Counsel.

Sec. 4 Authorization to Expend Funds Appropriated in the CIP.

4.1 The Chancellor will approve the Design Development Plans for all major repair and rehabilitation projects that are not architecturally or historically significant and authorize expenditure of appropriated funds. The executive officers and institutional presidents shall be responsible for identifying special interest projects to the Facilities Planning and Construction Committee.

The University of Texas System
Rules and Regulations of the Board of Regents

Rule: 80402

- 4.2 The Board of Regents will approve the Design Development Plans for all Major Projects other than repair and rehabilitation projects that are not architecturally or historically significant and authorize expenditure of appropriated funds. The executive officers and institutional presidents shall be responsible for identifying special interest projects to the Facilities Planning and Construction Committee.
- Sec. 5 Approval for Excess Costs. Project costs that exceed 10% of the Total Project Cost approved by the Board of Regents or \$500,000, whichever is greater, must be approved by the Board.
- Sec. 6 Contract Management. The Associate Vice Chancellor for Facilities Planning and Construction is authorized to implement and manage all professional service, construction, and construction-related contracts executed by the Executive Vice Chancellor for Business Affairs pursuant to Sections 1 and 2 of this Rule and Rule 80403, Section 1. The Associate Vice Chancellor for Facilities Planning and Construction's authority includes, but is not limited to, extending the term of existing contracts to the extent such extensions are contemplated in the contract; approving additional work requests; approving a construction contractor's, design-build contractor's, or construction manager's estimates, guaranteed maximum price proposals, or stipulated sum proposals; approving change orders; and providing general supervision of all Major and Minor Projects.
- Sec. 7 Authority to Increase Project Cost. The Chancellor, with the advice of the Deputy Chancellor, the appropriate Executive Vice Chancellor, the Office of Finance, and the institutional president, is authorized to increase the approved Total Project Cost not more than 10% or \$500,000, whichever is greater. To provide funding for the increase, the Chancellor may reallocate funding between or among approved projects at a single institution if funding for such projects has previously been authorized or approved funding from some other source is available to the institution.
- Sec. 8 Facility Program. A facility program shall be prepared for all Major Projects in accordance with the Facilities Programming Guidelines maintained by the Office of Facilities Planning and Construction. The facility program must be approved by the president of the institution.

**The University of Texas System
Rules and Regulations of the Board of Regents**

Rule: 80402

- Sec. 9 Adherence with Campus Master Plan. Requests for Qualifications (RFQs) issued to solicit responses from interested architects, engineers, and design-build contractors will include a requirement that the architect, engineer, and design-build contractor evidence agreement to adhere to the approved Campus Master Plan and a set of criteria applicable to the facility program and the needs of the institution.
- Sec. 10 Preparation of Design Development Plans. Following approval of the facility program, the Associate Vice Chancellor for Facilities Planning and Construction is authorized to release the project architect, engineer, or design-build contractor to prepare Schematic Plans (exterior design, site plans, cost estimates, and other necessary and appropriate documents) and Design Development Plans (elevations, sections, outline specifications, cost estimates, and other related work to establish the scope, design, dimensions, and materials of the project in greater detail). The project architect, engineer, or design-build contractor shall work with the institutional delegates and the Office of Facilities Planning and Construction.
- Sec. 11 Construction Documents. After approval of the Design Development Plans, the Associate Vice Chancellor for Facilities Planning and Construction is authorized to direct the preparation of the Construction Documents (working drawings and specifications).

3. Definitions

None

The University of Texas System
Rules and Regulations of the Board of Regents

Rule: 80403

1. Title

Minor Construction and Repair and Rehabilitation Projects

2. Rule and Regulation

Sec. 1 Delegation of Authority. Subject to Sections 2 and 3 immediately below and the general provisions of Rule 10501 of the Regents' *Rules and Regulations* and except as otherwise specified in these *Rules and Regulations*, each institutional president or the Executive Vice Chancellor for Business Affairs, as appropriate, is authorized to appoint architects, approve plans and Construction Documents, and execute and deliver contracts, agreements, guaranteed maximum price or stipulated sum proposals, and other documents on behalf of the Board of Regents for all Minor Projects.

Sec. 2 Review and Approval. Minor Projects shall be subject to review as directed by the appropriate Executive Vice Chancellor. If the Minor Project is to accommodate facility program changes requiring System approval, then (i) necessary facility program approvals must be secured in advance of requests for construction approval, (ii) funds must have been approved through standard System budgetary procedures; and (iii) the project must have been approved by the institution director of physical plant, chief business officer, and president.

Sec. 3 Standardized Contracts. Contracts with architects and engineers shall comply with guidelines issued by the U. T. System Administration Office of General Counsel and shall be written on a standard form approved by the Office of General Counsel. Construction contracts shall comply with guidelines issued by the U. T. System Administration's Office of General Counsel and shall be written on a standard form approved by the Office of General Counsel. Payment and performance bonds, when required by law or contracts, shall be on a standard form approved by the Office of General Counsel.

3. Definitions

Minor Project – New building construction and road, paving, and repair and rehabilitation projects with a total project cost of less than \$10 million.

**The University of Texas System
Rules and Regulations of the Board of Regents**

Rule: 80404

1. Title

Institutional Management of Major Construction and Repair and Rehabilitation Projects

2. Rule and Regulation

Sec. 1 Contract Authorization – Architects, Engineers, and Design-Build Contractors. Subject to Regents' *Rules and Regulations*, Rule 80301 and Rule 10501, and Sections 2, 3, 4, and 5 below, and except as otherwise specified in these *Rules and Regulations*, the institutional president, with the advice of the appropriate Executive Vice Chancellor, is authorized to appoint architects, engineers, and design-build contractors and execute contracts for professional services.

...

Sec. 9 Adherence with Campus Master Plan. Requests for Qualifications (RFQs) issued to solicit responses from interested architects, engineers, and design-build contractors will include a requirement that the architect, engineer, and design-build contractor evidence agreement to adhere to the approved Campus Master Plan and a set of criteria applicable to the facility program and the needs of the institution.

Sec. 10 Preparation of Design Development Plans. After approval of the facility program, the institutional president is authorized to release the project architect, engineer, or design-build contractor to prepare Schematic Plans (exterior design, site plans, cost estimates, and other necessary and appropriate documents) and Design Development Plans (elevations, sections, outline specifications, cost estimates, and other related work to establish the scope, design, dimensions, and materials of the project in greater detail). The project architect, engineer, or design-build contractor shall work with the institutional delegates and the institutional president.

Sec. 11 Construction Documents. After approval of the Design Development Plans, the institutional president is authorized to direct the preparation of the Construction Documents (working drawings and specifications).

3. Definitions

None

**The University of Texas System
Rules and Regulations of the Board of Regents**

Rule: 80901

1. Title

Constitutional and Legislative Restrictions on Capital Improvements

2. Rule and Regulation

Sec. 1 Approval by Coordinating Board. Sections 17 and 18 of Article VII of the Texas Constitution (regarding the Permanent University Fund and the Higher Education Fund, as referenced at *Texas Education Code* Section 62.026) require approval by the Legislature, or an agency designated by the Legislature, prior to the construction of physical improvements financed by bonds authorized under those Sections at institutions of the U. T. System other than The University of Texas at Austin.

1.1 Unless otherwise authorized by law, new construction and major repair and rehabilitation projects with an Education and General (E&G) project cost of \$10 million or more must be submitted to the Texas Higher Education Coordinating Board. The format for submission will be as prescribed by the Coordinating Board.

.....

4. U. T. System: Allocation of \$30.2 million of Permanent University Fund Bond Proceeds for Fire and Life Safety projects

The Board approved the allocation of \$30,200,000 of Permanent University Fund (PUF) Bond Proceeds for fire and life safety (FLS) capital projects at The University of Texas at Arlington, The University of Texas at Austin, The University of Texas at Dallas, The University of Texas at El Paso, The University of Texas at San Antonio, The University of Texas Southwestern Medical Center, and The University of Texas Health Science Center at San Antonio.

The Fiscal Year 2016 PUF allocation for the FLS projects is set out below:

<u>Institution</u>	<u>PUF</u>
U. T. Arlington	\$ 4.8M
U. T. Austin	\$ 8.0M
U. T. Dallas	\$ 0.4M
U. T. El Paso	\$ 1.8M
U. T. San Antonio	\$ 4.0M
U. T. Southwestern Medical Center	\$ 1.8M
U. T. Health Science Center - San Antonio	<u>\$ 9.4M</u>
Total FY 2016 FLS PUF	\$30.2M

Over the past two years, 2012 to 2014, the 15 University of Texas System institutions reported a \$0.6 million cumulative net increase in FLS projects, indicating that \$66.4 million in FLS projects remain Systemwide. The total project cost of FLS projects at the seven institutions included in this allocation is currently estimated at approximately \$57.9 million as reflected on Table 1 on the next page. These seven institutions have identified \$36.2 million in institutional funds for FLS project mitigation over the next two years, leaving \$30.2 million unfunded. The balance of the project funding will be supplemented by institutional funds over the next two years and will be brought back to the Board for approval as required by the Regents' *Rules and Regulations*.

TABLE 1
Executive Summary
Accelerated FLS Mitigation Plan
Dollars in Millions

Institution	Remaining FLS Projects As Of May 2014	Committed Funding Source					FY15 - FY16 2 Year Total	Outstanding FLS FY16 PUF Proposed
		FY 15 LERR	FY 15 Institutional Funds	FY 16 LERR (Proposed)	FY 16 Institutional Funds	FY 16 PUF Proposed		
<u>ACADEMIC</u>								
UT Arlington	\$ 6.3	\$ 0.4	\$ 0.4	\$ -	\$ 0.7	\$ 1.5	\$ 4.8	
UT Austin	\$ 19.7	\$ 2.8	\$ 6.1	\$ 2.8	\$ -	\$ 11.7	\$ 8.0	
UT Dallas	\$ 0.8	\$ 0.2	\$ -	\$ 0.2	\$ -	\$ 0.4	\$ 0.4	
UT El Paso	\$ 3.7	\$ 0.9	\$ -	\$ 1.0	\$ -	\$ 1.9	\$ 1.8	
UT San Antonio	\$ 8.6	\$ -	\$ 4.6	\$ -	\$ -	\$ 4.6	\$ 4.0	
<u>HEALTH</u>								
UT Southwestern	\$ 5.4	\$ -	\$ 1.4	\$ -	\$ 2.2	\$ 3.6	\$ 1.8	
UT HSC San Antonio	\$ 13.4	\$ 1.0	\$ 1.0	\$ 1.0	\$ 1.0	\$ 4.0	\$ 9.4	
Total Academic & Health	\$ 57.9						\$ 30.2	

5. U. T. System: Amendment of the FY 2016-2021 Capital Improvement Program to include Tuition Revenue Bond (TRB) projects; appropriation of \$922,632,000 of TRB funds; appropriation of \$114.7 million of Permanent University Fund Bond Proceeds; appropriation of funds for Repair and Rehabilitation projects; approval of modifications and appropriation of additional funds for previously approved projects; authorization of institutional management; approval of waiver of current Architect/Engineer fee schedule; and resolution regarding parity debt

In accordance with the Constitutional debt capacity of the Permanent University Fund (PUF) and the passage of House Bill 100 by the 84th Legislature authorizing Tuition Revenue Bond (TRB) funding for The University of Texas System institutions, the Board

- a. amended the Fiscal Year 2016-2021 Capital Improvement Program (CIP) to include 13 projects as set forth in Table 1 on Page 110;
- b. approved the appropriation of \$922,632,000 of TRB funding for 15 projects as set forth in the fifth column in Table 1 on Page 110;
- c. approved the appropriation of \$114,700,000 of PUF Bond Proceeds for 10 capital projects as set forth in the last column in Table 1 on Page 110;
- d. approved the appropriation of \$65,360,000 of Revenue Financing System Bond Proceeds for Repair and Rehabilitation projects at The University of Texas Southwestern Medical Center and The University of Texas Health Science Center at Houston as set forth in Table 1 on Page 110;
- e. approved the appropriation of \$43,500,000 of institutional funds for Repair and Rehabilitation projects at U. T. Southwestern Medical Center and The University of Texas Health Science Center at San Antonio as set forth in Table 1 on Page 110;
- f. approved modifications in funding, revised project costs, and appropriated \$43,200,000 of institutional funds for two previously approved projects for The University of Texas at Austin and The University of Texas M. D. Anderson Cancer Center as set forth in Table 2 as revised on Page 111 (\$25,000,000 was inadvertently listed under Gifts for the U. T. Austin project instead of under Other Funding);
- g. authorized U. T. Southwestern Medical Center to manage its project budgets, appoint architects, approve facility programs, prepare final plans, and award contracts;
- h. approved a waiver of the Architect/Engineer fee schedule as approved by the Board of Regents on December 3, 1987, for projects to be designated by Associate Vice Chancellor for Facilities Planning and Construction; and

- i. resolved in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that
- parity debt shall be issued to pay project costs, 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;
 - the U. T. System institutions, which are all “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 of tuition revenue bonds by the U. T. System Board of Regents in the form of tax-exempt parity debt in the aggregate amount of \$922,632,000;
 - U. T. Southwestern Medical Center, which is a “Member” as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$34,000,000; and
 - U. T. Health Science Center - Houston, 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 \$31,360,000.

On July 10, 2014, the Presidents of the U. T. System institutions presented their institutions' projects to the Board of Regents for approval to submit the projects for consideration by the Texas Legislature for Tuition Revenue Bond funding. The 84th Legislature passed and Governor Greg Abbott signed into law House Bill 100 allowing for the issuance of \$922,632,000 in Tuition Revenue Bond proceeds for U. T. System institutions effective September 1, 2015, with the issuance of funds to begin September 1, 2016.

Debt Service

The \$34,000,000 in Revenue Financing System (RFS) debt will be repaid by U. T. Southwestern Medical Center from institutional funds. Annual debt service on the \$34,000,000 RFS debt is expected to be \$2.6 million. The institution's debt service coverage is expected to be at least 2.6 times and average 2.9 times over FY 2016-2021.

The \$31,360,000 in Revenue Financing System (RFS) debt will be repaid by U. T. Health Science Center - Houston from indirect cost recovery and projected reductions in utility and deferred maintenance expenses. Annual debt service on the \$31,360,000 RFS debt is expected to be \$2.4 million. The institution's debt service coverage is expected to be at least 2.7 times and average 3.2 times over FY 2016-2021.

New projects added to the CIP are described below.

Academic Institutions

U. T. Arlington: Science and Engineering Innovation and Research Building

This project will construct an approximately 200,000 gross square foot (GSF) Science and Engineering Innovation and Research Building with large multiuse collaborative spaces, large classrooms or lecture halls, and innovational research and teaching labs. The building will serve the College of Engineering, the College of Science, and the College of Nursing and Health Innovation. Design development plans and authorization of expenditure of funding will be presented to the Board for approval at a later date. (Preliminary Board approval)

U. T. Dallas: Engineering Building

This project will construct an approximately 200,000 GSF multistory building with the majority of space assigned as research labs and the remainder for instructional purposes, faculty offices, and student office and workspace. The space will accommodate enrollment of 2,000 additional students, 57 tenured and tenure-track faculty members, and 10 senior lecturers. It is projected to attract an increase in additional external research funding annually. Design development plans and authorization of expenditure of funding will be presented to the Board for approval at a later date. (Preliminary Board approval)

U. T. El Paso: Interdisciplinary Research Facility

This project will construct an approximately 150,000 GSF multistory building that will integrate research, institutional research support, and teaching spaces. Approximately 60,000 GSF will be shelled for future build-out. The facility will support the institution's vision to become the first national research university with a 21st century demographic. The facility is projected to attract an increase in additional external research funding annually, as well as an increase in commercialization revenue. Design development plans and authorization of expenditure of funding will be presented to the Board for approval at a later date. (Preliminary Board approval)

U. T. El Paso: Barry/Burges Hall Replacement Project

This project was removed from the TRB funding request as the project was funded by Board approval during the November 5-6, 2014 Meeting of the Board.

U. T. Permian Basin: School of Engineering Building

This project will construct an approximately 80,000 GSF engineering building on the Midland campus and will include space for classrooms, instructional labs, research endeavors, administrative offices, and student support services. The facility will allow the mechanical and petroleum engineering programs to be consolidated on the Midland campus and will provide more efficient operation of current bachelor's degree programs. The facility will also allow space for Industrial Technology program expansions in areas relevant to the petroleum industry. Design development plans and authorization of expenditure of funding will be presented to the Board for approval at a later date. (Preliminary Board approval)

U. T. Rio Grande Valley (UTRGV): Multipurpose Academic Center

This project will construct an approximately 67,400 GSF academic facility on the Brownsville campus. The facility will provide much-needed classrooms and labs for physics, as well as space for general purpose classrooms and computer labs. Current lease space of 294,955 GSF is set to expire in the next two to six years; therefore, the UTRGV Brownsville campus has an urgent need to construct new buildings for classroom space, science labs, and student support services to meet current enrollment needs. Design development plans and authorization of expenditure of funding will be presented to the Board for approval at a later date. (Preliminary Board approval)

U. T. Rio Grande Valley: Interdisciplinary Engineering and Academic Studies Building

This project will construct an approximately 77,000 GSF building on the Edinburg campus for interdisciplinary space necessary to support enrollment growth in the rapidly growing region. The facility will include a large, 250-seat lecture auditorium, two 150-seat lecture halls, five 60-seat classrooms, and offices. Although particular emphasis will be placed on preparation of engineering students, this facility will also address flexible space requirements for other disciplines as needed. Additionally, the project will include an outdoor pavilion to be used as a gathering area and study space to relieve pressure on more expensive indoor space and also to support academic events. Design development plans and authorization of expenditure of funding will be presented to the Board for approval at a later date. (Preliminary Board approval)

U. T. San Antonio: Science and Engineering Building (Formerly the Instructional Science and Engineering Building)

This project will construct an approximately 150,000 GSF Science and Engineering Building. The building will provide for classrooms, faculty offices, and science and engineering research and instructional labs. The Science and Engineering Building is a critical element in the University's strategic plan for providing state-of-the-art space for Science, Technology, Engineering, and Mathematics (STEM) education and research. Design development plans and authorization of expenditure of funding will be presented to the Board for approval at a later date. (Preliminary Board approval)

U. T. Tyler: STEM Building

This project will construct a STEM addition to the current Business Building and renovate the existing Business Building. The new construction portion of the project will include approximately 104,700 GSF and will provide much-needed space for classrooms, student learning, teaching laboratories, and faculty offices. The renovation will require complete replacement of the existing heating ventilation, air conditioning and mechanical, electrical, and plumbing systems and a reconfiguration of the building floor plan and internal structure to accommodate the current and future needs of the University. The project will also include development of infrastructure associated with the new space. Design development plans and authorization of expenditure of funding will be presented to the Board for approval at a later date. (Preliminary Board approval)

Health Institutions

U. T. Southwestern Medical Center: Vivarium and Research Expansion and Modernization (formerly the Vivarium and Research Infrastructure Reinvestment)

This project will include vivarium additions and renovations of approximately 295,000 GSF on the South and North Campuses to increase overall animal research capacity. A portion of this project will create modern academic faculty space, teaching facilities, and biomedical laboratories. The expected life of the renovated space is between 20 and 30 years. The need for facilities requiring these special environmental conditions has more than doubled between 2007 and 2014. Design development plans and authorization of expenditure of funding for the repair and rehabilitation portion of the project will be presented to the President for approval at a later date. Design development plans and authorization of expenditure of funding for any new construction portions of the project will be presented to the Board for approval at a later date. The project will be institutionally managed. (Final Board approval)

U. T. Medical Branch - Galveston (UTMB): Health Education Center

This project will construct an approximately 160,000 GSF building for resilient and advanced technology education space and will promote interprofessional education in the Schools of Medicine, Nursing, Health Professions, and Graduate Biomedical Sciences. The facility will feature a standardized patient and simulation center to be used by students in all health science disciplines and will include classroom space, conference rooms, educational offices, and administrative space to accommodate the planned growth of UTMB's educational programs. Design development plans and authorization of expenditure of funding will be presented to the Board for approval at a later date. (Preliminary Board approval)

U. T. Health Science Center - Houston: Renovation and Modernization of Educational and Research Facilities

This project will renovate and modernize several critical facilities on campus encompassing over 1.6 million GSF of space. Where needed, the project will build-out small amounts of swing space within the existing buildings' footprints to help reduce the impact of the renovations on ongoing educational and research activities. The upgrades are important elements in the University's Campus Master Plan and will ensure efficient functionality of these facilities in the crucial roles of supporting teaching and research. A recent facility audit identified significant renovation and modernization needs in these facilities, which were all built in the 1970s. Design development plans and authorization of expenditure of funding will be presented to the Chancellor for approval at a later date. (Final Board approval)

U. T. Health Science Center - San Antonio: Facilities Renewal and Renovation

This project will renovate some of the older facilities on the main campus and provide upgrades to create 21st century classrooms and media-rich shared learning environments. U. T. Health Science Center at San Antonio will modernize teaching and research space and equipment, including major campus infrastructure and the core computing center to accommodate new curricula and to attract and retain new scientists. Over 1.3 million square feet, or approximately 30% of U. T. Health Science Center at San Antonio 's space, is 35 years old or older. It is necessary to make a significant investment in these existing facilities by replacing building systems such as mechanical, electrical, plumbing, medical gases, security, and life safety to repurpose the space and improve its functionality for future use. Design development plans and authorization of expenditure of funding will be presented to the Chancellor for approval at a later date. (Final Board approval)

U. T. Health Science Center - Tyler: Facility Renovation for Physician Residents Training

This project will renovate approximately 43,023 GSF of existing space to improve teaching spaces required to maintain accreditation for physician residency programs. U. T. Health Science Center at Tyler recently entered into a partnership with the Department of State Health Services to significantly increase capacity in the

State's mental health system. The additional beds have had, and will continue to have, a dramatic impact on the ability to provide adequate physical space to train physician residents. Renovations will allow U. T. Health Science Center at Tyler to continue operations of the new mental health units and maintain accreditation for physician residency programs, which have specific space requirements for resident training. Design development plans and authorization of expenditure of funding will be presented to the Chancellor for approval at a later date. (Final Board approval)

Modifications to Existing CIP Projects:

U. T. Austin: Robert A. Welch Hall Renovation

This project will renovate approximately 312,420 GSF of the existing Robert A. Welch Hall building and will help transform the College of Natural Sciences (CNS) into a multidisciplinary program-based organization, thereby improving the ability to recruit and retain talented faculty and accommodate program growth projections. Renovation of the existing outdated, inefficient, and inflexible building will provide modern laboratory and classroom spaces, as well as new infrastructure to support the teaching and research mission of the College. The renovation will allow for flexible responses to changes in science research and education, and improved space utilization will allow CNS to achieve its strategic goals in terms of enrollment, research funding, and development of interdisciplinary programs. Design development plans and authorization of expenditure of funding will be presented to the Chancellor for approval at a later date. (Final Board approval)

U. T. M. D. Anderson Cancer Center: Sheikh Zayed Bin Sultan Al Nahyan Building for Personalized Cancer Care

This project consists of an approximately 636,000 GSF research building constructed on U. T. M. D. Anderson's main campus. The facility includes two research laboratory wings designed with an exterior public corridor that maximizes the flexibility to meet new and evolving technologies and will be joined with two adjacent office wings by a central collaboration core space in the middle. The facility includes clinical laboratories, translational and basic science research laboratory space, clinical programs, and other supporting space, such as equipment support areas, offices, and conferencing facilities to integrate the delivery of basic and clinical research in support of personalized cancer care. This increase in funding for this existing CIP project will allow U. T. M. D. Anderson to finish-out all interior space that has been shelled, with the exception of approximately 13,800 GSF on the second floor of the northwest tower. (Final Board approval)

**Table 1
Tuition Revenue Bond Project Additions/Modifications**

ACADEMIC INSTITUTIONS	PROJECT NAME*	PROJECT TYPE**	PROPOSED TOTAL PROJECT COST	TRB	RFS	GIFTS / INSTITUTIONAL FUNDS***	PROPOSED PUF
UT Arlington	Science and Engineering Innovation and Research Building	New	\$ 125,000,000	\$ 70,000,000	\$ 20,000,000	\$ 15,000,000	\$ 20,000,000
UT Austin	Robert A. Welch Hall Renovation*	R&R	\$ 125,000,000	\$ 75,000,000	\$ -	\$ 25,000,000	\$ 25,000,000
UT Dallas	Engineering Building	New	\$ 110,000,000	\$ 70,000,000	\$ 11,000,000	\$ 9,000,000	\$ 20,000,000
UT El Paso	Interdisciplinary Research Facility	New	\$ 85,000,000	\$ 70,000,000	\$ 5,000,000	\$ -	\$ 10,000,000
UT Permian Basin	School of Engineering Building	New	\$ 60,000,000	\$ 48,000,000	\$ -	\$ 8,000,000	\$ 4,000,000
UT Rio Grande Valley	Multipurpose Academic Center	New	\$ 36,432,000	\$ 36,432,000	\$ -	\$ -	\$ -
UT Rio Grande Valley	Interdisciplinary Engineering and Academic Studies Building	New	\$ 37,600,000	\$ 30,600,000	\$ -	\$ 2,000,000	\$ 5,000,000
UT San Antonio	Science and Engineering Building	New	\$ 100,000,000	\$ 70,000,000	\$ -	\$ 20,000,000	\$ 10,000,000
UT Tyler	STEM Building	New/R&R	\$ 76,000,000	\$ 60,000,000	\$ -	\$ 5,000,000	\$ 11,000,000
Total - Academic Institutions			\$ 755,032,000	\$ 530,032,000	\$ 36,000,000	\$ 84,000,000	\$ 105,000,000
HEALTH INSTITUTIONS	PROJECT NAME*	PROJECT TYPE**	PROPOSED TOTAL PROJECT COST	TRB	RFS	GIFTS / INSTITUTIONAL FUNDS***	PROPOSED PUF
UT Southwestern Medical Center	Vivarium and Research Expansion and Modernization	R&R/New	\$ 147,500,000	\$ 80,000,000	\$ 34,000,000	\$ 33,500,000	\$ -
UT Medical Branch - Galveston	Health Education Center	New	\$ 90,400,000	\$ 67,800,000	\$ -	\$ 22,600,000	\$ -
UT Health Science Center - Houston	Renovation and Modernization of Educational and Research Facilities	R&R	\$ 111,360,000	\$ 80,000,000	\$ 31,360,000	\$ -	\$ -
UT Health Science Center - San Antonio	Facilities Renewal and Renovation	R&R	\$ 96,000,000	\$ 80,000,000	\$ -	\$ 10,000,000	\$ 6,000,000
UT MD Anderson Cancer Center	Sheikh Zayed Bin Sultan Al Nahyan Building for Personalized Cancer Care*	New	\$ 361,000,000	\$ 70,000,000	\$ -	\$ 291,000,000	\$ -
UT Health Science Center - Tyler	Facility Renovation for Physician Residents Training	R&R	\$ 18,500,000	\$ 14,800,000	\$ -	\$ -	\$ 3,700,000
Total - Health Institutions			\$ 824,760,000	\$ 392,600,000	\$ 65,360,000	\$ 357,100,000	\$ 9,700,000
Total - Academic and Health Institutions			\$ 1,579,792,000	\$ 922,632,000	\$ 101,360,000	\$ 441,100,000	\$ 114,700,000

* All Academic and Health projects are proposed to be added to the FY2016 - 2021 Capital Improvement Program with the exception of UTAUS and UTMDA projects which will be CIP modifications to current projects as per Table 2.

** New Construction (New) projects will return to the Board of Regents for Design Development Approval; Repair and Rehabilitation (R&R) Projects will receive Design Development Approval by the Chancellor or the institutional president.

*** Final sources of institutional funding will be defined at Design Development Approval.

**Table 2 Revised
Current CIP Project Funding Modifications**

ACADEMIC INSTITUTION	PROJECT NAME	PROJECT TYPE	CURRENT TOTAL PROJECT COST	NEW TOTAL PROJECT COST	CURRENT FUNDING			PROPOSED FUNDING		
					TRB	GIFTS	OTHER FUNDING	TRB	GIFTS	OTHER FUNDING *
UT Austin	Robert A. Welch Hall Renovation	R & R	\$ 25,000,000	\$ 125,000,000	\$ -	\$ -	\$ 25,000,000	\$ 75,000,000	\$ -	\$ 50,000,000

HEALTH INSTITUTION	PROJECT NAME	PROJECT TYPE	CURRENT TOTAL PROJECT COST	NEW TOTAL PROJECT COST	CURRENT FUNDING			PROPOSED FUNDING		
					TRB	GIFTS	OTHER FUNDING **	TRB	GIFTS	OTHER FUNDING **
UT MD Anderson Cancer Center	Sheikh Zayed Bin Sultan Nahyan Building for Personalized Cancer Care	New	\$ 272,800,000	\$ 361,000,000	\$ -	\$ 100,000,000	\$ 172,800,000	\$ 70,000,000	\$ 100,000,000	\$ 191,000,000

* Other funds, including \$22.6M from Unexpended Plant Funds and \$2.4M from Available University Fund, were previously appropriated; \$25M from PUF to be appropriated in this agenda item.

** Other funds, including \$100M from Gifts and \$172.8M from Hospital Revenues, were previously appropriated; \$18.2M additional funding from Hospital Revenues to be appropriated in this agenda item.

6. U. T. Medical Branch - Galveston: Biocontainment Critical Care Unit - Amendment of the FY 2016-2021 Capital Improvement Program to include project; approval of total project cost; appropriation of funds; and authorization of institutional management (Final Board approval)

The Board amended the Fiscal Year 2016-2021 Capital Improvement Program (CIP) to include the Biocontainment Critical Care Unit project at The University of Texas Medical Branch at Galveston (UTMB) as follows:

Project No.:	601-XXE	
Institutionally Managed:	Yes	
Project Delivery Method:	Competitive Sealed Proposals	
Substantial Completion Date:	June 2017	
Total Project Cost:	<u>Source</u>	<u>Current</u>
	General Revenue ¹	\$ 8,200,000
	Hospital Revenues ²	<u>\$ 3,500,000</u>
		\$11,700,000
Funding Note:	¹ General Revenue from the Legislative appropriation from House Bill 2 ² Hospital Revenues from contracted support from the Department of State Health Services	

- a. approve a total project cost of \$11,700,000 with funding of \$8,200,000 from General Revenue and \$3,500,000 from Hospital Revenues;
- b. appropriate funds; and
- c. authorize U. T. Medical Branch - Galveston to manage the project budgets, appoint architects, approve facility programs, prepare final plans, and award contracts.

In response to the events of September 2014 surrounding the Ebola infectious disease pandemic, UTMB leadership and emergency room staff have established a full set of protocols and workflows related to preparedness for specialized patient management, including for the triage, diagnosis, isolation, and care of patients as well as access control, waste monitoring and transport, protective equipment, risk assessment, staffing, and training for the nursing staff.

The project will allow UTMB to admit and treat four patients diagnosed with or suspected of having a disease that poses extraordinary risk to the population, especially those diseases designated for quarantine by the Centers for Disease Control and Prevention (CDC) and other competent health authorities. The Biocontainment Critical Care Unit will be designed with appropriate technology and facility systems capable of isolation, redundancy, and sustainable operations. Spaces provided will be of such a size and configuration to enable sustained patient

care by staff under the duress of extended operations while under biocontainment isolation protocols. The facility improvements are an escalation of capability that respond to both the research and health care missions of the institution.

This repair and rehabilitation project has been approved by University of Texas System staff and meets the criteria for inclusion in the CIP. Design development plans and authorization of expenditure of funding will be presented to the President for approval at a later date. It has been determined that this project would best be managed by UTMB Facility Management personnel who have the experience and capability to manage all aspects of the work, especially as it requires extensive coordination with the building occupants.

7. U. T. Medical Branch - Galveston: John Sealy Hospital Phase 2 Modernization and Facade Replacement - Amendment of the FY 2016-2021 Capital Improvement Program (CIP) to include project; approval of total project cost; appropriation of funds; approval of institutional management; resolution regarding parity debt; and removal of the John Sealy Hospital Facade Replacement project from the CIP(Final Board approval)

The Board amended the Fiscal Year 2016-2021 Capital Improvement Program (CIP) to include the John Sealy Hospital Phase 2 Modernization and Facade Replacement project at The University of Texas Medical Branch at Galveston (UTMB) as follows:

Project No.:	601-860		
Institutionally Managed:	Yes		
Project Delivery Method:	Construction Manager-at-Risk		
Substantial Completion Date:	February 2020		
Total Project Cost: John Sealy Hospital Phase 2 Modernization and Facade Replacement (Project No. 601-860)	<u>Source</u>		<u>Current</u>
	Gifts		\$ 75,000,000
	Revenue Financing System Bond Proceeds ¹		\$ 40,000,000
	Hospital Revenues		<u>\$ 20,000,000</u>
			<u>\$135,000,000</u>
Total Project Cost: John Sealy Hospital Facade Replacement (Project No. 601-767)	<u>Source</u>	<u>Former</u>	<u>Current</u>
	Gifts	\$25,000,000	\$ 0

Funding Note: ¹ Revenue Financing System (RFS) to be repaid from Hospital Revenues

- a. approve a total project cost of \$135,000,000;
- b. appropriate funds of \$75,000,000 from Gifts, \$40,000,000 from RFS Bond Proceeds, and \$20,000,000 from Hospital Revenues;

- c. authorize U. T. Medical Branch - Galveston to manage the project budgets, appoint architects, approve facility programs, prepare final plans, and award contracts;
- 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. Medical Branch - Galveston, 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 \$40,000,000; and
- e. remove the John Sealy Hospital Facade Replacement project from the CIP.

Debt Service

The \$40,000,000 in Revenue Financing System (RFS) debt will be repaid from revenues derived from hospital revenues. Annual debt service on the \$40,000,000 RFS debt is expected to be \$2,700,000. The institution's debt service coverage is expected to be at least 2.5 times and average 2.9 times over FY 2016-2021. The Gift funding authorized for expenditure is fully committed at this time, and the institution has sufficient local funds to cover any shortfall.

Previous Board Action

On February 14, 2013, the John Sealy Hospital Facade Replacement project was included in the CIP with a total project cost of \$25,000,000 with funding from Gifts.

Project Description

The project will combine Phase 2 of the John Sealy Hospital Modernization and the previously approved scope of the John Sealy Hospital Facade Replacement into one project to minimize disruption to patient care by vacating an entire wing of the building and completing the exterior facade replacement and interior modernization simultaneously. The project consists of modernizing 220,000 gross square feet of the John Sealy Hospital and creating a women's center with labor and delivery suites, patient rooms, neonatal ICU, well-baby nursery, operating rooms, waiting

areas, and other patient amenities. The renovation will provide infrastructure upgrades, including a sprinkler system installation on floors that were not part of the Phase I modernization, and renovation of floors three through five of the R. Waverley Smith Pavilion. Phase I of the modernization commenced in 2009 and was completed in 2012.

The scope of the previously approved John Sealy Hospital Facade Replacement project addresses the removal of the existing problematic brick facade, repairs to the substrate, a new waterproofing system, and recladding with new brick veneer and potentially other facade materials that will visually connect the John Sealy Hospital to the adjacent health care buildings. The initial project cost was based on reusing the existing window system assemblies. However, after detailed engineering analysis, this option was not found to be feasible, and the increase in cost is a result of a new curtain wall system and creation of a more efficient floor plate for the patient units by extending the structural slab. The John Sealy Hospital Facade Replacement project will be removed from the CIP.

This repair and rehabilitation project has been approved by University of Texas System staff and meets the criteria for inclusion in the CIP. The institution anticipates that the gift funding will be fully collected or committed prior to design development approval and the institution possesses sufficient local funds to cover any shortfall. Design development plans and authorization of expenditure of funding will be presented to the President for approval at a later date. It has been determined that this project would best be managed by UTMB Facility Management personnel who have the experience and capability to manage all aspects of the work, especially as it requires extensive coordination with the building occupants. The Office of Facilities Planning and Construction will provide construction management and other services identified in an approved Memorandum of Understanding.

8. U. T. M. D. Anderson Cancer Center: M. D. Anderson - League City - Amendment of the FY 2016-2021 Capital Improvement Program to include project (Preliminary Board approval)

The Board amended the Fiscal Year 2016-2021 Capital Improvement Program (CIP) to include the M. D. Anderson - League City project at The University of Texas M. D. Anderson Cancer Center as follows:

Project No.: 703-955
Institutionally Managed: Yes
Project Delivery Method: Construction Manager-at-Risk
Substantial Completion Date: April 2018

Total Project Cost:	<u>Source</u> Hospital Revenues	<u>Current</u> \$87,750,000
----------------------------	------------------------------------	--------------------------------

- Investment Metrics:**
- Construct a regional ambulatory care facility to replace leased facility
 - Serve patient population in the Southeast Houston area

Project Description

The project will include the programming, design, and construction of an ambulatory clinical facility, which is expected to be approximately 135,000 gross square feet. The League City facility, to be located on land owned by The University of Texas Medical Branch at Galveston (UTMB) (see Consent Agenda Item 96), will provide outpatient oncology services to adult patients in line with that of a comprehensive cancer center, including radiation, medical, and surgical oncology, infusion therapy, diagnostic imaging, and other related procedure-based services.

The U. T. M. D. Anderson Cancer Center suburban strategy is an ongoing program created to advance the institution's mission of eliminating cancer by collaborating with community hospitals and health systems to improve the quality of cancer care in the Greater Houston area. The suburban outpatient clinics provide access to the institution's best practices, leading edge technologies, patient treatment protocols, education, research, and U. T. M. D. Anderson Cancer Center's unique multidisciplinary, patient care approach through diagnostic and treatment centers.

U. T. M. D. Anderson Cancer Center currently leases about 37,000 rentable square feet of space for its Bay Area facility, which is located southeast of the Greater Houston area. This clinical facility will serve as a replacement for the leased facility, will serve patients in Galveston Bay area southeast of Houston, and will be designed and constructed to facilitate expansion in the future. The lease on the current M. D. Anderson Bay Area location is due to expire in 2017.

The Bay Area clinic has experienced consistent growth that required incremental addition of space to create enough capacity for market demand. The amount of rented square feet has grown by almost 200% from the original amount of space leased in 2007, and the facility is now at maximum capacity. The current space is landlocked, and there is no room for further expansion even if the lease were to be extended. No other buildings that meet all the requirements for this facility are available for lease in the immediate area. Additionally, leasing space is not conducive to providing patient-centered care in an oncology specific care environment. By locating this clinic at UTMB's League City facility, both M. D. Anderson and UTMB will have the opportunity for shared utilization of inpatient beds, operating rooms, existing general imaging resources, interventional radiology and endoscopy. Financial, program, and space availability considerations all indicate that

building this facility is the most appropriate and advantageous way for U. T. M. D. Anderson Cancer Center to continue regional expansion and meet patient demand.

Major medical equipment estimated at \$24,675,000 is to be acquired outside of the project through the capital equipment procurement process.

This project has been approved by University of Texas System staff and meets the criteria for inclusion in the CIP. It is anticipated that the project will be partially or fully funded with Revenue Financing System Bond Proceeds debt at the design development stage. Approval of design development plans and authorization of expenditure of funding will be presented to the Board for approval at a later date. 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.

9. U. T. M. D. Anderson Cancer Center: M. D. Anderson - West Houston - Amendment of the FY 2016-2021 Capital Improvement Program to include project (Preliminary Board approval)

The Board amended the Fiscal Year 2016-2021 Capital Improvement Program (CIP) to include the M. D. Anderson - West Houston project at The University of Texas M. D. Anderson Cancer Center as follows:

Project No.:	703-956	
Institutionally Managed:	Yes	
Project Delivery Method:	Construction Manager-at-Risk	
Substantial Completion Date:	May 2018	
Total Project Cost:	<u>Source</u> Hospital Revenues	<u>Current</u> \$113,750,000
Investment Metrics:	<ul style="list-style-type: none">• Construct a regional ambulatory care facility to replace leased facility• Serve patient population in the West Houston area	

Project Description

The scope of the project will include the development of a generic facility program for suburban ambulatory clinical facilities, master planning for the West Houston site, and the programming, design, and construction of an ambulatory clinical facility. The approximately 175,000 gross square foot West Houston facility, to be built on land already owned by U. T. M. D. Anderson Cancer Center, will provide outpatient

oncology services to adult patients in line with that of a comprehensive cancer center, including radiation, medical, and surgical oncology, infusion therapy, diagnostic imaging, and other related procedure-based services.

The U. T. M. D. Anderson Cancer Center suburban strategy is an ongoing program created to advance the institution's mission of eliminating cancer by collaborating with community hospitals and health systems to improve the quality of cancer care in the Greater Houston area. The suburban outpatient clinics provide access to the institution's best practices, leading edge technologies, patient treatment protocols, education, research, and U. T. M. D. Anderson Cancer Center's unique multidisciplinary, patient care approach through diagnostic and treatment centers.

This clinical facility will serve as a replacement for leased facilities in West Houston and will be designed and constructed to facilitate expansion in the future. The lease on the current M. D. Anderson Cancer Center location in Katy is due to expire in 2017. The clinical space has been sold to Houston Methodist, and the majority of the campus has been converted to a Long-Term Acute Care center, resulting in a less than ideal location to support a comprehensive cancer program.

The Katy clinic has experienced consistent growth that required incremental addition of space to create enough capacity for market demand. The amount of rented square feet has grown by almost 170% from the original amount of space leased in 2007, and the facility is now at maximum capacity. No other buildings that meet all the requirements for this facility are available for lease in the immediate area. Additionally, leasing space is not conducive to providing patient-centered care in an oncology specific care environment. Financial, program, and space availability considerations all indicate that building this facility is the most appropriate and advantageous way for U. T. M. D. Anderson Cancer Center to continue regional expansion and meet patient demand. Major medical equipment estimated at \$41,675,000 is to be acquired outside of the project through the capital equipment procurement process.

This project has been approved by University of Texas System staff and meets the criteria for inclusion in the CIP. It is anticipated that the project will be partially or fully funded with Revenue Financing System Bond Proceeds debt at the design development stage. Approval of design development plans and authorization of expenditure of funding will be presented to the Board for approval at a later date. 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.

10. U. T. Dallas: Davidson-Gundy Alumni Center - Amendment of the FY 2016-2021 Capital Improvement Program to increase total project cost; approval of design development; and appropriation of funds and authorization of expenditure (Final Board approval)

The Board approved the recommendations for the Davidson-Gundy Alumni Center project at The University of Texas at Dallas as follows:

Project No.: 302-842

Project Delivery Method: Competitive Sealed Proposals

Substantial Completion Date: April 2017

Total Project Cost:	<u>Source</u> Gifts	<u>Former</u> \$10,000,000	<u>Current</u> \$15,000,000
----------------------------	------------------------	-------------------------------	--------------------------------

Investment Metrics:

- Attract outstanding tenure-track faculty to support the University's Strategic Plan Imperative of growing to a total of 600 - 700 tenure-track faculty by 2020
- Attract research funding in support of the University's Strategic Plan Imperative of increasing the University's endowment by \$320 million by 2019

- a. amend the FY 2016-2021 Capital Improvement Program (CIP) to increase the total project cost from \$10,000,000 to \$15,000,000;
- b. approve design development plans; and
- c. appropriate funds and authorize expenditure of \$15,000,000 with funding from Gifts.

Previous Board Action

On May 15, 2014, the project was included in the CIP with a total project cost of \$10,000,000 with funding from Gifts.

Project Description

The project will construct an approximately 29,900 gross square foot (GSF) building to be utilized as a meeting and event space for U. T. Dallas schools and departments, student groups, alumni, and community organizations. The facility will include two conference rooms accommodating seating for 25-30; one 45-60 seat conference room; a grand ballroom providing a premier venue for major events with seating for 400-450 guests or 1,000 lecture style; an executive board room; and an approximately 33,000 GSF functional outdoor space for private events, student activities, musical programs, and other special programming. The facility will also include office space for staff members of the Office of Development and Alumni

Relations to support a significant increase in staffing levels for alumni relations and fundraising. The facility will also serve as a central home to acknowledge the accomplishments of U. T. Dallas alumni, including displays of past recipients of the Distinguished Alumni Award and other formal recognitions.

The University's imperative to grow in size and increase external research funding also leads to a need for space dedicated to emphasizing and increasing private gifts and endowment funds. Though tuition and State funds support the basic essentials, private gifts from alumni and friends provide the additional necessities that U. T. Dallas needs to succeed and to become a Tier One university.

The Gift funding authorized for expenditure is fully collected or committed at this time, and the institution has sufficient local funds to cover any shortfall.

11. U. T. Rio Grande Valley: Academic Building - Approval of design development; and appropriation of funds and authorization of expenditure (Final Board approval)

The Board approved the recommendations for the Academic Building project at The University of Texas Rio Grande Valley as follows:

Project No.: 903-B825

Project Delivery Method: Construction Manager-at-Risk

Substantial Completion Date: November 2017

Total Project Cost:	<u>Source</u>	<u>Current</u>
	Permanent University Fund (PUF) Bond Proceeds	\$54,000,000

Investment Metrics:

- Expand University's ability to offer classes to approximately 1,383 students
- Vacate 56,475 gross square feet of leased space by 2018

- a. approve design development plans; and
- b. appropriate funds and authorize expenditure of \$54,000,000 from PUF Bond Proceeds.

Previous Board Actions

On November 14, 2013, the Board approved \$54,000,000 from PUF Bond Proceeds for a new academic building to be built on the existing University of Texas Brownsville campus for the benefit of U. T. Rio Grande Valley. On May 15, 2014, the project was included in the Capital Improvement Program (CIP) with a total project cost of \$54,000,000 with funding from PUF Bond Proceeds.

Project Description

The Academic Building at U. T. Rio Grande Valley - Brownsville will construct an approximately 102,500 gross square foot facility that will provide space necessary to accommodate current and future needs to support general academics, music instruction and recitals, math and language labs, and science teaching labs. The project will construct two three-story wings in support of 21st century classroom and teaching pedagogies by providing group study rooms, student collaboration spaces, flexible classrooms, and teaching labs supported with information technology and audiovisual technologies for long distance and enhanced learning.

The project will relocate and consolidate functions that are currently located in leased space into one area, creating efficiencies. The project site is located adjacent to the existing Main Building in the core of the main Cameron County campus, which supports, enhances, and reinforces the current network of walks and pedestrian circulation paths throughout the campus.

The Academic Building will be built on the U. T. Brownsville Cameron County campus for the benefit of U. T. Rio Grande Valley. As with the new Science Building to be built on The University of Texas-Pan American campus, this academic facility will be designed and constructed to provide space that is adaptable to new and future learning realities and pedagogies and to serve students at two campuses.

12. U. T. Southwestern Medical Center: West Campus - Phase 1 - Amendment of the FY 2016-2021 Capital Improvement Program to increase total project cost; approval of design development; appropriation of funds and authorization of expenditure; and resolution regarding parity debt (Final Board approval)

The Board approved the recommendations for the West Campus - Phase 1 project at The University of Texas Southwestern Medical Center as follows:

Project No.:	303-771		
Institutionally Managed:	Yes		
Project Delivery Method:	Construction Manager-at-Risk		
Substantial Completion Date:	April 2018		
Total Project Cost:	<u>Source</u>	<u>Former</u>	<u>Current</u>
	Revenue Financing System Bond Proceeds ¹	\$107,000,000	\$120,000,000
	Permanent University Fund Bond Proceeds	\$ 50,000,000	\$ 50,000,000
	Gifts	\$ 20,000,000	\$ 25,000,000
	Designated Funds ²	<u>\$ 10,000,000</u>	<u>\$ 37,000,000</u>
		\$187,000,000	\$232,000,000

Funding Notes: ¹ Revenue Financing System (RFS) debt to be repaid from faculty practice revenue, Hospital Revenues, parking fees, and other institutional funds
² Designated Funds from Hospital Revenues and other institutional funds

Investment Metric:

- Add approximately 200,000 incremental patient visits annually by 2022
- a. amend the FY 2016-2021 Capital Improvement Program (CIP) to increase the total project cost from \$187,000,000 to \$232,000,000;
 - b. approve design development plans;
 - c. appropriate funds and authorize expenditure of \$232,000,000 with funding of \$120,000,000 from RFS Bond Proceeds, \$38,000,000 from Permanent University Fund (PUF) Bond Proceeds (\$12,000,000 was previously appropriated and authorized for expenditure on November 6, 2014), \$25,000,000 from Gifts, and \$37,000,000 from Designated Funds; and
 - d. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that
 - parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt;
 - sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System; and
 - U. T. Southwestern Medical Center, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$120,000,000.

Debt Service

The \$120,000,000 in RFS debt will be repaid from revenues derived from faculty practice revenue, Hospital Revenues, parking fees, and other institutional funds. Annual debt service on the \$120,000,000 RFS debt is expected to be \$7,800,000. The institution's debt service coverage is expected to be at least 2.6 times and average 3.0 times over FY 2016-2021. The Gift funding authorized for expenditure is not fully collected or committed at this time, but the institution has sufficient local funds to cover any shortfall.

Previous Board Actions

On May 9, 2013, the project was included in the CIP with a total project cost of \$187,000,000 with funding of \$107,000,000 from RFS Bond Proceeds, \$60,000,000 from Designated Funds, and \$20,000,000 from Gifts. On November 14, 2013, the Board approved \$50,000,000 from PUF and on May 22, 2014, the President reduced Designated Funds by \$50,000,000. On November 6, 2014, the Board authorized expenditure of \$12,000,000 from PUF for preliminary development work.

Project Description

This project is the first phase of the redevelopment of West Campus to replace 1.1 million square feet of space, built in five phases over approximately 20 years. The West Campus Master Plan calls for the eventual demolition of all existing facilities on the West Campus, with the exception of the Outpatient Building, which was constructed in 2006. The estimated total cost of the replacement facilities is \$875 million. This first phase of the West Campus Master Plan includes construction of a nine-story, approximately 302,500 gross square foot building for academic space and clinical use.

Academic space in the new building will include an innovative high-tech simulation center of 20 standardized patient exam rooms; four mock operative, obstetrical, ICU, and emergency rooms; and six high-fidelity team training rooms. Clinical space will include approximately 220 exam and procedure rooms for multiple specialties. This project will also include construction of streets, utilities, and an 805-space parking garage and will include the demolition of the current St. Paul University Hospital facility.

The increase in total project cost is due to the increase in scope from an approximately 275,000 GSF to a 302,500 GSF building, additional high-tech rooms and equipment, and additional connectors and demolition. In addition, the garage is partially below grade and will include a more complex structure to fit the site.

13. U. T. Health Science Center - San Antonio: MARC North Clinical Facility - Approval of design development; appropriation of funds and authorization of expenditure; and resolution regarding parity debt (Final Board approval)

The Board approved the recommendations for the MARC North Clinical Facility project at The University of Texas Health Science Center at San Antonio as follows:

Project No.: 402-908
Project Delivery Method: Construction Manager-at-Risk
Substantial Completion Date: November 2016

Total Project Cost:	<u>Source</u>	<u>Current</u>
	Revenue Financing System Bond Proceeds ¹	\$ 8,940,000
	MSRDP ²	<u>\$ 7,810,000</u>
		\$16,750,000

Funding Note: ¹ Revenue Financing System (RFS) to be repaid from clinical revenues
² Medical Services, Research and Development Plan/Professional Fees

- Investment Metrics:**
- Expand primary care and multispecialty services tailored to needs of patients
 - Increase patient visits by almost 50,000 within five years
 - Increase clinical fee-for-service revenues by \$1.9 million in one year and grow to \$6.5 million by year five
 - Reduce current space deficit of 224,400 square feet

- a. approve design development plans;
- b. appropriate funds and authorize expenditure of \$16,750,000 with funding of \$8,940,000 from RFS Bond Proceeds and \$7,810,000 from Medical Services, Research and Development Plan/Professional Fees (MSRDP); 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. Health Science Center - San Antonio, 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 \$8,940,000.

Debt Service

The \$8,940,000 in Revenue Financing System (RFS) debt will be repaid from clinical revenues. Annual debt service on the \$8,940,000 RFS debt is expected to be \$658,000. The debt service coverage for the institution is expected to be at least 2.9 times and average 3.2 times over FY 2016-2021.

Previous Board Action

On February 12, 2015, the project was included in the CIP with a total project cost of \$16,750,000 with funding of \$8,940,000 from RFS Bond Proceeds and \$7,810,000 from MSRDP.

Project Description

This project will provide a new ambulatory multispecialty clinical services center in North San Antonio. This clinical facility will serve as a gateway for referring patients who need additional services by improving patient access. The facility will provide services not provided at the Medical Arts and Research Center (MARC); provide expanded teaching venues for students and trainees; enhance clinical research; and expand the patient base of private and commercial patients. The project will construct an approximately 18,000 gross square foot commercial-grade facility to include exam rooms, conference rooms, offices for physicians, waiting rooms, and a full-service imaging center with an MRI, CT Scan, and general X-ray facilities.

U. T. Health Science Center - San Antonio has embarked on a clinical transformation plan that includes expanding and diversifying the services of the institution's thriving academic medical practice throughout San Antonio. The current primary outpatient practice site, the MARC in the South Texas Medical Center, will expand its functional clinical space locations beyond the South Texas Medical Center. This satellite clinic will provide services in a developing location where demographic studies have shown a need for both high quality primary care and subspecialty medical services.

- 14. U. T. Austin: Whitaker Fields and Tennis Complex Renovation - Amendment of the FY 2016-2021 Capital Improvement Program to revise funding sources; appropriation of funds; and resolution regarding parity debt (Final Board approval)

The Board approved the recommendations for the Whitaker Fields and Tennis Complex Renovation project at The University of Texas at Austin as follows:

Project No.:	102-488		
Project Delivery Method:	Construction Manager-at-Risk		
Substantial Completion Date:	October 2016		
Total Project Cost:	<u>Source</u>	<u>Former</u>	<u>Current</u>
	Gifts	\$23,000,000	\$ 1,200,000
	Revenue Financing System Bond Proceeds ¹	\$ 0	\$16,000,000
	Auxiliary Enterprises Balances ²	\$ 0	\$ 5,800,000
		\$23,000,000	\$23,000,000

Funding Notes:

¹ Revenue Financing System debt to be repaid from student fees previously approved

² Auxiliary Enterprises Balances from balances from Recreational Sports and University Operating Reserves

- a. amend the FY 2016-2021 Capital Improvement Program (CIP) to include Revenue Financing System (RFS) Bond Proceeds and Auxiliary Enterprises Balances as funding sources;
- b. appropriate 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 \$16,000,000.

Debt Service

The \$16,000,000 in aggregate RFS debt will be repaid from previously approved student fees. Annual debt service on the \$16,000,000 RFS debt is expected to be \$1,040,823. The debt service coverage for the institution is expected to be at least 1.4 times and average 1.9 times over FY 2016-2021. The Gift funding authorized for expenditure is fully collected or committed at this time, and the institution has sufficient local funds to cover any shortfall.

Previous Board Action

On May 14, 2009, the project was included in the CIP with a total project cost of \$23,000,000 with funding from Gifts.

Project Description

Whitaker Fields is an important and heavily used University venue that is in need of restoration and improvement. As part of the Division of Student Affairs, Recreational Sports supports and complements the University's academic and public service objectives, assists in fulfilling the University's core purpose and values, and contributes to the University's disciplined culture of excellence. Beginning its 99th year on campus, Recreational Sports enjoys tremendous support among students with 400 flag football teams, 300 softball teams, and 250 soccer teams using the fields annually. The site is also home to multiple nationally-ranked sport clubs,

including archery and men's and women's soccer, rugby, and lacrosse. The facility also serves as a venue for numerous conference and national tournaments, as well as for over 250 student organization tournaments and special events each year. In addition to recreation, the complex also accommodates a variety of academic classes offered through the Department of Kinesiology and Health Education, along with an expanding list of camps and special events sponsored by U. T. Austin departments and student organizations. Altogether, 40% of U. T. Austin students participate in activities at Whitaker Fields annually. (See Academic Affairs Committee Item 2 regarding a related honorific naming of Whitaker Fields.)

Located at 51st and Guadalupe Streets since 1967, the existing complex was last renovated in 1981, and in this span of 34 years the extensive use and outdoor environment have taken a toll on the facility and its fixtures and equipment. This request to revise funding will allow the project to move forward and will not affect the total project cost. The scope of this renovation project consists of replacing and/or refurbishing infrastructure, support facilities, and operating systems, along with improving the appeal and functionality through updated components and new features. The project will restore existing grass fields and add synthetic fields; replace irrigation, plumbing, electrical, lighting, and security systems; improve drainage and grading systems; and demolish and replace the support facilities. The project will repair tennis courts and install bleacher seating, a new public address system, and perimeter fencing.

Design development plans and authorization of expenditure of funding will be presented to the Chancellor for approval at a later date.

REPORT AND RECOMMENDATION OF THE TECHNOLOGY TRANSFER AND RESEARCH COMMITTEE (Pages 128 - 145).--Committee Chairman Hall reported that the Technology Transfer and Research 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 action set forth in the Minute Order that follows was recommended by the Technology Transfer and Research Committee and approved in open session by the U. T. System Board of Regents.

1. U. T. System Board of Regents: Discussion and appropriate action regarding Consent Agenda items, if any, referred for Committee consideration

There were no items referred from the Consent Agenda.

2. U. T. M. D. Anderson Cancer Center: Report on activities related to development of industry research partnerships that advance funding and capabilities in discovery of cancer drugs and therapeutics

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

3. U. T. Austin: Report on activities related to development of industry research partnerships that advance funding and capabilities of the discovery mission

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

4. U. T. System: Revision of Regents' *Rules and Regulations*, Series 90000, concerning Intellectual Property, to amend and combine Rules 90101 - 90106 into a new Rule 90101

The Board approved revision of Regents' *Rules and Regulations*, Series 90000, concerning Intellectual Property, to amend and combine Rules 90101 - 90106 into a new Rule 90101, which is set forth on Pages 130 - 144.

The Task Force on Intellectual Property (IP) Issues, created by Chairman Foster on February 6, 2014, was charged with examining the intent, rationale, current language, workability, and requirements of the Regents' *Rules and Regulations* governing the disposition and management of research-derived IP at University of Texas System institutions. The Task Force was also charged with recommending changes or revisions to such Regents' Rules.

Five Task Force meetings were held at U. T. System from March through May 2014, and presentations of the Task Force activities, key findings, and recommendations were made to the Technology Transfer and Research Committee on August 20, 2014, and on February 11, 2015. The Board accepted the report and

recommendations of the Task Force on February 12, 2015. Many of the recommendations focused on potential actions unrelated to the Regents' *Rules and Regulations*.

The revisions to the Regents' Rules concerning IP simplify the language, clarify the intent, and shorten the policy, while promoting strong and long-standing industry engagements, fostering a philosophy and culture of innovation, assuring U. T. System continues its leading role in discovery, affirming student ownership of student-created IP, and revising the license and equity revenue split to allow for flexibility and to recognize the importance of balancing multi-investigator and multidisciplinary discovery.

**The University of Texas System
Rules and Regulations of the Board of Regents**

Rule: 90101

1. Title

Intellectual Property: Preamble, Scope, Authority

2. Rule and Regulation

Sec. 1 Preamble. This intellectual property Rule is intended to serve the public good, promote partnerships with the private sector, encourage innovation, promote the engagement of faculty, staff, and students in research, and foster economic development. The Board of Regents recognizes the high importance of discovery commercialization as a core mission. U. T. System recognizes that it will attract more collaborative research supported by industry if timely and efficient processes exist to manage intellectual property.

This Rule is intended to be adaptable to the highly varied circumstances that characterize the private sector and the portfolio of research at U. T. System institutions. In all cases, U. T. System institutions will strive to enable the ease of intellectual property creation, protection, management, and transfer to the private sector and society within an environment that promotes the highest quality and integrity of academic activity, teaching, and research.

U. T. System is guided by the following fundamental principles on intellectual property:

- 1.1 The successful deployment of intellectual property developed through teaching, research, discovery, creative activities, and application of knowledge, whether through sponsored research, licensing, or other types of transactions or arrangements, allows for knowledge and technology to be disseminated to benefit the broad public and comports with the mission of the U. T. System;
- 1.2 Sponsored research is very important to the vitality and competitiveness of U. T. System institutions, the State of Texas, and our nation. All U. T. System institutions shall (a) encourage and strengthen

**The University of Texas System
Rules and Regulations of the Board of Regents**

Rule: 90101

- university-industry partnerships, (b) efficiently and expeditiously manage intellectual property created from these partnerships, and (c) remain understanding, flexible, and open to the varied circumstances and needs of potential industry sponsors;
- 1.3 U. T. System institutions should expect that when industry is underwriting sponsored research, industry commences negotiations with the expectation of speed in the execution of critical agreements, clear financial outcomes, and ownership rights in, or appropriate access to, intellectual property resulting from the work;
 - 1.4 Sponsored research is frequently tightly integrated with the educational mission at many U. T. System institutions but must not abridge publication and research rights, impinge upon the dissemination of research results, including student theses and dissertations, nor diminish an environment of academic and research integrity;
 - 1.5 The primary research-related duties of members of the faculty at U. T. System institutions are to teach, study, investigate, discover, create, disseminate, develop professionally, and infuse new knowledge into their classes and student interaction;
 - 1.6 Commercialization of technology enhances the reputation of the U. T. System and enables transformation of knowledge into the marketplace; and
 - 1.7 Compliance with all applicable federal laws and regulations, the Texas Constitution, and applicable laws of the State of Texas is essential for successful U. T. System technology commercialization.

**The University of Texas System
Rules and Regulations of the Board of Regents**

Rule: 90101

- Sec. 2 Ownership of Intellectual Property. Except as set forth in Section 5, the Board of Regents automatically owns the intellectual property created by individuals subject to this Rule, yet recognizes the importance of discovery commercialization. In appropriate circumstances concerning intellectual property resulting from research supported by (a) an entirely private, nongovernmental grant or contract with a nonprofit or for-profit entity, or (b) an entirely private gift or grant to the U. T. System or any U. T. System institution, as set forth in Section 12.1, the U. T. System or a U. T. System institution may enter into an agreement to transfer the Board of Regents' rights in intellectual property to third parties. For purposes of this Rule, intellectual property includes, but is not limited to, any invention, discovery, creation, know-how, trade secret, technology, scientific or technological development, research data, work of authorship and software, regardless of whether subject to protection under patent, trademark, copyright, or other laws.
- Sec. 3 Individuals Subject to this Rule. While students are governed by Section 6, this Rule applies to all persons employed by the U. T. System or any U. T. System institution, as well as to anyone using the facilities or resources of the U. T. System or any U. T. System institution. All individuals subject to this Rule must assign, and do hereby assign, their rights in such intellectual property to the Board of Regents, and such individuals shall promptly execute and deliver all documents and other instruments as are reasonably necessary to reflect the Board of Regents' ownership of such intellectual property. A creator of intellectual property owned by the Board of Regents has no independent right or authority to convey, assign, encumber, or license such intellectual property other than to the Board of Regents. U. T. System institutions may promulgate institutional rules, regulations, or policies defining the course and scope of employment for persons or classes of persons and specifying that authorized outside employment is or is not within an employee's course and scope of employment.
- Sec. 4 Intellectual Property Subject to this Rule. Intellectual property (a) developed within the course and scope of employment of the individual, (b) resulting from activities performed on U. T. System time or with support of State funds, or (c) resulting from

**The University of Texas System
Rules and Regulations of the Board of Regents**

Rule: 90101

using facilities or resources owned by the U. T. System or any U. T. System institution (other than incidental use) is owned by the Board of Regents.

Sec. 5 Intellectual Property Not Subject to this Rule. Intellectual property developed or created by a U. T. System employee outside the course and scope of employment of the individual that is developed or created on his/her own time and without the support of the U. T. System or any U. T. System institution or use of U. T. System facilities or resources, is the exclusive property of the creator.

Sec. 6 Students and Intellectual Property. A student enrolled at a U. T. System institution, such as in an undergraduate or graduate degree program or certificate program, including a postdoctoral and predoctoral fellow, owns the intellectual property he or she creates (a) in courses, (b) during extracurricular activities, and (c) while using the resources and facilities of U. T. System institutions commonly provided for a student's use and for which a student has paid tuition and fees, unless:

6.1 The student is also an employee of the U. T. System or any U. T. System institution and the intellectual property is developed within the course and scope of his or her employment, in which case the provisions of this Rule relating to employees shall apply;

6.2 The student works on a work-for-hire or institutional project as described by Section 8, in which case Section 8 governs that work;

6.3 The student participates in a research project where any intellectual property created under that project has already been committed to, or encumbered by an agreement with, a governmental, philanthropic, corporate or other sponsor, including a sponsor as described in Section 12.1; or

6.4 The student jointly creates the intellectual property with a non-student, in which case this Rule (other than Section 6) and applicable law dictate ownership

**The University of Texas System
Rules and Regulations of the Board of Regents**

Rule: 90101

of the intellectual property as if the student was a non-student described in Section 3.

- Sec. 7 Interest in Certain Copyrights. Notwithstanding Section 2 but subject to Section 12, the Board of Regents will not assert an ownership interest in the copyright of scholarly or educational materials, artworks, musical compositions, and literary works related to the author's academic or professional field, regardless of the medium of expression. Such creators are encouraged to manage their copyrights in accordance with the guidelines concerning management and marketing of copyrighted works consistent with applicable institutional policies.

As the Board of Regents has done historically, as reasonably required for the limited purpose of continuing an institution's scheduled course offerings, the Board of Regents retains for one year following the loss of a course instructor's services a fully paid-up, royalty-free, nonexclusive worldwide license to use, copy, distribute, display, perform, and create derivative works of materials prepared by the instructor (including lectures, lecture notes, syllabi, study guides, bibliographies, visual aids, images, diagrams, multimedia presentations, examinations, web-ready content, and educational software) for use in teaching a course.

- Sec. 8 Works for Hire and Institutional Projects. Notwithstanding any provisions of Sections 6 or 7 to the contrary, the Board of Regents shall have sole ownership of all intellectual property created by (a) an employee, student, or other individual or entity commissioned, required, authorized, or hired specifically to produce such intellectual property by the U. T. System or any U. T. System institution, and (b) an employee, student, or other individual as part of an institutional project. The provisions of Section 11.5 shall not apply to intellectual property governed by this Section unless approved by the institution or U. T. System Administration in a written agreement.
- Sec. 9 Use of Research Data. Research data or results created by an employee are owned by the Board of Regents and except to the extent that rights to such research data are contractually assigned or licensed to another by the Board of Regents, the

**The University of Texas System
Rules and Regulations of the Board of Regents**

Rule: 90101

creator shall have a nonexclusive license to use such data for patient care, teaching, scholarly, and other academically related purposes and nonprofit research, provided such activities are within the scope of the employee's employment.

Sec. 10 Use of Facilities and Resources. Other than in connection with student-owned intellectual property governed by Section 6, U. T. System and U. T. System institution facilities and resources may not be used (a) to create, develop, or commercialize intellectual property outside the course and scope of employment of an individual, or (b) to further develop or commercialize intellectual properties that have been released to an inventor by the Board of Regents under Section 11.2, except as the institution's president may approve in writing where the U. T. System retains an interest under the terms of the release.

Sec. 11 Invention Disclosure and Commercialization.

11.1 Determination of the Board of Regents' Interest. Before intellectual property owned by the Board of Regents is disclosed to any party outside the U. T. System, to the public generally, or for commercial purposes, and before publishing same, the creator shall submit a reasonably complete and detailed invention disclosure of such intellectual property to the president (or designee) of his or her institution for determination of the Board of Regents' interest. The institution will regularly and promptly communicate with the creator during this decision-making process and the creator shall not proceed with any disclosure, commercialization, or publication until that decision is made.

11.2 Election Not to Assert Ownership Interest. If the institution's president elects not to assert the Board of Regents' ownership interest, the institution's president shall notify the U. T. System Office of General Counsel and the primary creator in writing within 20 business days after the decision is made that the institution will release the intellectual property to the creator, except where prohibited by law or contractual

**The University of Texas System
Rules and Regulations of the Board of Regents**

Rule: 90101

obligations or requirements. Thereafter, the creator will be free to obtain and exploit a patent or other intellectual property protection in his or her own right and the U. T. System and U. T. System institutions shall not have any further rights, obligations, or duties with respect thereto except that, in appropriate circumstances, the institution's president may elect to (a) retain income rights, and (b) impose certain limitations or obligations, including, but not limited to, a nonexclusive license for the creator, U. T. System, and any U. T. System institution to use the released invention for patient care, teaching, scholarly, and other academically related purposes, nonprofit research, and to comply with United States government reporting and license requirements.

- 11.3 Later Release of Invention. Except where prohibited by law or contractual obligations or requirements, the institution's president may elect to release an invention to its creator at any time after asserting the Board of Regents' ownership interest, with notice to the U. T. System Office of General Counsel; however, such release must include provisions for the recovery by U. T. System of any patent and licensing expenses as well as the retention of income rights by U. T. System, and may include certain limitations or obligations, including those set forth in Section 11.2.
- 11.4 Protection and Commercialization of Intellectual Property. With respect to intellectual property in which the Board of Regents asserts an interest, the institution's president, or his or her designee, shall decide how, when, and where the intellectual property is to be protected and commercialized. The institution may contract with outside counsel for legal services with the prior consent of the Vice Chancellor and General Counsel and, if required by law, the approval of the Attorney General.
- 11.5 Reimbursement of Licensing Costs and Allocation of Income. In those instances where the U. T. System

**The University of Texas System
Rules and Regulations of the Board of Regents**

Rule: 90101

or any U. T. System institution licenses rights in intellectual property to third parties, the costs of licensing, including, but not limited to, the costs to operate and support a technology transfer office and the costs of obtaining a patent or other protection for the property on behalf of the Board of Regents must first be recaptured from any royalties or other license payments received by the U. T. System or any U. T. System institution. The remainder of any such income (including, but not limited to, license fees, prepaid royalties, minimum royalties, running royalties, milestone payments, and sublicense payments) shall be divided as follows:

30-50% to creator(s), and
50-70% to U. T. System institutions.

The U. T. System or the U. T. System institution licensing rights in intellectual property to third parties shall decide on a case-by-case basis the allocation of income within these ranges for all creators, with the remainder to be disbursed to and/or retained by the U. T. System or the applicable U. T. System institution. A creator may, however, disclaim his/her interest in such income, in which case the institution shall receive and/or retain the creator's share and shall decide, in its sole discretion, if, how and when to disburse such income. Income received and/or retained by the U. T. System or any U. T. System institution from any intellectual property shall be used by the U. T. System institution where the intellectual property originated.

Sec. 12 Sponsored Research.

- 12.1 Private Sources. Intellectual property resulting from research supported by private sources is owned by the Board of Regents. However, with respect to intellectual property resulting from research entirely supported by (a) a private, nongovernmental grant or contract with a nonprofit or for-profit entity, or (b) a private gift or grant to

**The University of Texas System
Rules and Regulations of the Board of Regents**

Rule: 90101

the U. T. System or any U. T. System institution, if otherwise permitted by this Rule, applicable law and Section 12.3, the U. T. System and U. T. System institutions are permitted and encouraged to negotiate an agreement acceptable to U. T. System Administration or applicable U. T. System institution transferring the Board of Regents' ownership rights or other rights in the intellectual property resulting from such arrangements to the sponsor or the sponsor's designee. Any such agreement shall be negotiated:

- (a) In accordance with the sponsor's needs and preferences, as best may be accomplished;
- (b) With flexibility and adaptability in mind; and
- (c) In a timely, cooperative, and efficient manner.

12.2 Public Sources. Intellectual property resulting from research supported by a grant or contract with the government (federal and/or state) or an agency thereof is owned by the Board of Regents.

12.3 Nonconformance with Intellectual Property Guidelines. Approval by a U. T. System institution under Section 15.2 of grants and contracts containing ownership and other provisions inconsistent with this Rule and other policies and guidelines adopted by the Board of Regents, including, but not limited to, The University of Texas Systemwide Policy UTS125, *Processing of Intellectual Property Agreements* is permissible, as it implies a decision that the benefit and value to the U. T. System or any U. T. System institution from receiving the grant or performing the contract outweighs the impact of any nonconforming provisions on the intellectual property policies and guidelines of the U. T. System or any U. T. System institution, such as The University of Texas Systemwide Policy UTS125, *Processing of Intellectual Property Agreements*.

**The University of Texas System
Rules and Regulations of the Board of Regents**

Rule: 90101

- 12.4 Conflicting Provisions. Subject to approval as described in Section 12.3, the intellectual property policies and guidelines of the U. T. System or any U. T. System institution are subject to, and thus amended and superseded by, the specific terms pertaining to intellectual property rights included in state and/or federal grants and contracts, or grants and contracts with nonprofit and for-profit nongovernmental entities or private donors, to the extent of any such conflict.
- 12.5 Cooperation with Necessary Assignments. Those persons subject to this Rule whose intellectual property creations result from (a) a grant or contract with the government (federal and/or state), or any agency thereof, (b) a grant or contract with a nonprofit or for-profit nongovernmental entity, or (c) private gift to the U. T. System or any U. T. System institution, shall promptly execute and deliver such documents and other instruments as are reasonably necessary for the U. T. System or any U. T. System institution to discharge its obligations, expressed or implied, under the particular agreement.
- 12.6 Sharing of Royalty Income. In the event that two or more persons who are entitled to share royalty income or equity cannot agree in writing on an appropriate sharing arrangement, the institution's president shall determine that portion of the royalty income (or equity) to which the creators are entitled under the circumstances and such amount will be distributed (or issued) to them accordingly. In the event that the creators are located at two or more U. T. System institutions and cannot agree, such royalty (or equity) distribution decision shall be made by the involved institutions' presidents (or their respective designees). In the further event that the involved presidents cannot agree, then the Chancellor shall decide and his/her decision shall be binding on the creators.
- 12.7 Geographical Scope of Protection. A decision by the U. T. System or any U. T. System institution to seek

**The University of Texas System
Rules and Regulations of the Board of Regents**

Rule: 90101

patent or other available protection for intellectual property covered by Section 9 shall not obligate the U. T. System or any U. T. System institution to pursue such protection in all national jurisdictions. The U. T. System's decision relating to the geographical scope and duration of such protection shall be final.

Sec. 13 Equity Interests.

- 13.1 **Agreements with Business Entities.** The U. T. System or any U. T. System institution may receive equity interests as partial or total compensation for the conveyance of intellectual property rights. The institution where the intellectual property was created may elect, at its sole option and discretion, to share an equity interest, dividend income, or a percentage of the proceeds of the sale of an equity interest with the creator(s). The U. T. System or any U. T. System institution may also receive equity interests in a business entity as consideration for the institution's role as a founder, or for other contributions made to the business entity other than as a licensor, and institution shall not be obligated to share such equity interests with the creator(s). The U. T. System or any U. T. System institution may also, but shall not be obligated to, negotiate an equity interest on behalf of any employee who conceived, created, discovered, invented, or developed intellectual property owned by the Board of Regents that is the subject of an agreement between the U. T. System or any U. T. System institution and a business entity relating thereto.
- 13.2 **Creator Holding Equity and Managing Conflict of Interest.** Employees of the U. T. System Administration or any U. T. System institution who conceive, create, discover, invent, or develop intellectual property may hold an equity interest in a business entity that has an agreement with the U. T. System or any U. T. System institution relating to the research, development, licensing, or exploitation of that intellectual property only so long as the institution where the intellectual property was developed is in full compliance with the requirement to

**The University of Texas System
Rules and Regulations of the Board of Regents**

Rule: 90101

have, implement, and enforce for that employee an effective conflict of interest management plan approved by the institution's president, the Office of General Counsel, and the respective Executive Vice Chancellor as set forth in the U. T. System Office of General Counsel's Procedure for Managing Conflicts of Interest. In any case where an actual conflict of interest is found, the employee may be required to divest the equity interest or terminate affected research.

Sec. 14 Conflicts of Interest.

- 14.1 Approval to Serve as Officer or Director. Any individual subject to Sections 2, 3, 4, or 8 who conceives, creates, discovers, invents, or develops intellectual property may serve, in his/her individual capacity, as a member of the board of directors or other governing board or as an officer or an employee (other than as a consultant) of a business entity that has an agreement with the U. T. System or any U. T. System institution relating to the research, development, licensing, or exploitation of that intellectual property only so long as the institution where the intellectual property was developed is in full compliance with the requirement to have, implement, and enforce for that individual an effective conflict of interest management plan approved by the institution's president, the Office of General Counsel, and the appropriate Executive Vice Chancellor as set forth in the U. T. System Office of General Counsel's Procedure for Managing Conflicts of Interest. In any case where an actual conflict of interest is found, the individual may be required to terminate the business relationship or the relevant research.
- 14.2 Request for Employee to Serve as Officer or Director. When requested by the Board of Regents, an employee may serve on behalf of the Board of Regents as a member of the board of directors or other governing board of a business entity that has an agreement with the U. T. System or any U. T. System institution relating to the research, development, licensing, or exploitation of

**The University of Texas System
Rules and Regulations of the Board of Regents**

Rule: 90101

intellectual property, but may not accept any consideration offered for service on such board.

- 14.3 Report of Equity Interest and Service as Officer or Director. Any individual subject to this Rule or this Section must report in writing to the president of the institution the name of any business entity in which the person has an interest or for which the person serves as a director, officer, or employee, and shall be responsible for submitting a revised written report upon any change in the interest or position held by such person in such business entity. The U. T. System institution or its office of technology commercialization will file a report by October 1 of each year with the Office of the Board of Regents for transmittal to the Comptroller of Public Accounts as required by Section 51.912 and Section 51.005, *Texas Education Code*.

Sec. 15 Execution of Documents Related to Intellectual Property.

- 15.1 Execution of Agreements. Agreements that grant an interest in the Board of Regents' intellectual property, including, but not limited to, option and license agreements and contracts with corporate sponsors, may be executed and delivered in accordance with the provisions of Regents' Rule 10501, after any required review by the U. T. System Office of General Counsel.
- 15.2 Agreements That Do Not Conform to the Rules. Any agreement that deviates substantially from this Rule or other policies and guidelines adopted by the Board of Regents, including, but not limited to, The University of Texas Systemwide Policy UTS125, *Processing of Intellectual Property Agreements* may be executed and delivered as set forth above if, in the judgment of the institution's president and after any required review by the U. T. System Office of General Counsel, the benefits from the level of funding for proposed research and/or other consideration from a sponsor, licensee, or other party outweigh any potential disadvantage that may result from the deviation.

**The University of Texas System
Rules and Regulations of the Board of Regents**

Rule: 90101

15.3 Delegation of Authority. The Chancellor, the Deputy Chancellor, the appropriate Executive Vice Chancellor, or the Vice Chancellor and General Counsel may execute, on behalf of the Board of Regents, legal documents relating to the Board of Regents' rights in intellectual property, including, but not limited to, assignments of ownership, applications, declarations, affidavits, powers of attorney, disclaimers, and other such documents relating to patents and copyrights; applications, declarations, affidavits, affidavits of use, powers of attorney, and other such documents relating to trademarks; and corporate documents related to the formation of new companies. In addition, the institution's president may execute, on behalf of the Board of Regents, (a) institutional applications for registration or recordation of transfers of ownership and other such documents relating to copyrights, and (b) corporate documents related to the formation of new companies if first reviewed and approved by (i) the U. T. System Office of General Counsel, or (ii) institution's outside counsel working under a U. T. System Office of General Counsel-approved outside counsel agreement.

3. Definitions

None

4. Relevant Federal and State Statutes

35 U.S.C. 18 – Patent Rights in Inventions Made with Federal Assistance
(The Bayh Dole Act of 1980, as amended)

Texas Education Code Section 51.005 – Reports

Texas Education Code Section 51.912 – Equity Ownership: Business Participation

Texas Education Code, Chapter 153 – Centers for Technology Development and Transfer

**The University of Texas System
Rules and Regulations of the Board of Regents**

Rule: 90101

5. Relevant System Policies, Procedures and Forms

Regents' *Rules and Regulations*, Rule 10501 – Delegation to Act on Behalf of the Board of Regents

The University of Texas Systemwide Policy UTS125, *Processing of Intellectual Property Agreements*

U. T. System Office of General Counsel's Procedure for Managing Conflicts of Interest

6. Who Should Know

Administrators
Faculty
Staff
Students

7. U. T. System Administration Office(s) Responsible for Rule

Office of General Counsel

8. Dates Approved or Amended

August 20, 2015 (Rules 90101 - Rule 90106 combined into one new Rule 90101)

9. Contact Information

Questions or comments regarding this Rule should be directed to:

- bor@utsystem.edu

5. U. T. System: Update on the U. T. Horizon Fund portfolio

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

6. U. T. System: Allocation of \$10 million of Available University Funds for the U. T. Horizon Fund (Deferred)

The item regarding a proposed allocation of \$10 million from Available University Funds (AUF) to continue and enhance the goals of the U. T. Horizon Fund was deferred.

APPROVAL OF STANDING COMMITTEE RECOMMENDATIONS.--At 10:13 a.m., the Board voted and approved the Standing Committee recommendations.

RECESS TO EXECUTIVE SESSION.--The Board recessed to Executive Session pursuant to *Texas Government Code* Sections 551.071, 551.072, 551.073, 551.074, and 551.076 to consider those matters listed on the Executive Session agenda.

RECONVENE IN OPEN SESSION.--The Board reconvened in Open Session at 2:27 p.m. to consider the following actions on Executive Session items and to consider the following agenda items.

1. U. T. System Board of Regents: Discussion and appropriate action regarding safety and security issues, including security audits and the deployment of security personnel and devices

No action was taken on this item.

- 2a. U. T. Austin: Approval of proposed negotiated gifts with potential naming features

Regent Hall moved that the Board authorize the Vice Chancellor for External Relations, and the Presidents of the 10 University of Texas System institutions listed on the agenda and posted with the Secretary of State under Executive Session Item 2 to conclude negotiations necessary to finalize and accept gifts to benefit those institutions with potential naming features consistent with the terms and conditions outlined and recommended in Executive Session.

Regent Aliseda seconded the motion, which carried by acclamation.

- 2b. U. T. Dallas: Approval of proposed negotiated gifts with potential naming features

See Item 2a above for action taken on this item.

- 2c. U. T. Pan American: Approval of proposed negotiated gifts with potential naming features

See Item 2a above for action taken on this item.

2d. U. T. Permian Basin: Approval of proposed negotiated gifts with potential naming features

See Item 2a above for action taken on this item.

2e. U. T. Rio Grande Valley: Approval of proposed negotiated gifts with potential naming features

See Item 2a above for action taken on this item.

2f. U. T. San Antonio: Approval of proposed negotiated gifts with potential naming features

See Item 2a above for action taken on this item.

2g. U. T. Tyler: Approval of proposed negotiated gifts with potential naming features

See Item 2a above for action taken on this item.

2h. U. T. Southwestern Medical Center: Approval of proposed negotiated gifts with potential naming features

See Item 2a above for action taken on this item.

2i. U. T. Health Science Center - Houston: Approval of proposed negotiated gifts with potential naming features

See Item 2a above for action taken on this item.

2j. U. T. M. D. Anderson Cancer Center: Approval of proposed negotiated gifts with potential naming features

See Item 2a above for action taken on this item.

3a. U. T. System: Authorization to purchase land and improvements at 3000-3040 Waterview Parkway, Richardson, Collin County, Texas, from 3000 Waterview Parkway-Richardson, LLC, for use by U. T. Southwestern Medical Center and by U. T. Dallas

Regent Tucker moved that the Board take the following actions on behalf of The University of Texas System:

- a. authorize the acquisition of a 16.019 acre tract of land and improvements located at 3000-3040 Waterview Parkway in Richardson, Collin County, Texas, for a purchase price not to exceed fair market value as determined by independent appraisals, plus all due diligence expenses, closing costs, and other costs and expenses to complete the acquisition of one or more tracts as deemed necessary or advisable by the Executive Director of Real Estate, for use by The University of Texas at Dallas for general office, research, classroom, and other uses associated with higher education, and for use by The University of Texas Southwestern Medical Center for general office and general medical and clinical services use; and
- b. 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 to carry out the purpose and intent of the foregoing actions within the parameters outlined in the Executive Session.

Regent Aliseda seconded the motion, which carried by acclamation.

3b. U. T. M. D. Anderson Cancer Center: Approval to amend the lease of 4.09 acres of land located at the southwest corner of Bertner Avenue and Old Spanish Trail in Houston, Harris County, Texas, to expand the premises to include an additional approximately 1.25 acres leased to The Proton Therapy Center-Houston LTD., L.L.P., a Texas limited liability partnership, for expansion of clinical facilities

Regent Pejovich moved that the Board take the following actions on behalf of The University of Texas M. D. Anderson Cancer Center:

- a. authorize the amendment of the ground lease pertaining to the approximately 4.09-acre leased premises located at 1840 Old Spanish Trail, Houston, Harris County, Texas, to The Proton Therapy Center-Houston LTD., L.L.P., to expand the premises of the ground lease to accommodate the expansion of the Proton Therapy Center facility, on terms in accordance with the parameters outlined in Executive Session; and
- b. authorize the Executive Director of Real Estate to execute the amendment to the ground lease and all related documents, instruments, and other

agreements, and to take all further actions deemed necessary or advisable to complete the purchase and lease transactions in accordance with the parameters discussed in Executive Session.

Vice Chairman Hicks seconded the motion, which carried by acclamation.

4a. U. T. System Board of Regents: Discussion with Counsel on pending legal issues

No action was taken on this item.

4b. U. T. Austin: Discussion and appropriate action regarding update on pending legal issues in *Fisher v. State of Texas, University of Texas at Austin, et al.*

No action was taken on this item.

4c. U. T. System Board of Regents: Discussion and appropriate action regarding legal issues concerning conflicts of interest and commitment, including standards of conduct and disclosure related to purchasing and Senate Bill 20

No action was taken on this item.

4d. U. T. System Board of Regents: Discussion and appropriate action regarding legal issues concerning pending legal claims by and against U. T. System

No action was taken on this item.

4e. U. T. M. D. Anderson Cancer Center: Discussion and appropriate action concerning legal issues related to proposed creation of research consortium and institute with potential naming features

See related Item 8 on Page 151 related to action on this item taken in Open Session.

4f. U. T. System Board of Regents: Discussion and appropriate action concerning legal issues related to litigation styled *Hall v. McRaven*

No action was taken on this item.

- 4g. U. T. Health Science Center - Houston: Discussion of legal issues related to review of allegations concerning compliance and policy issues

No action was taken on this item.

- 5a. U. T. Dallas: Discussion and appropriate action, if any, concerning individual personnel matters related to presidential search

No action was taken on this item.

- 5b. U. T. Medical Branch - Galveston: Approval regarding appointment of Craig McDonald, M.D., to provide orthopedic surgical services as an employee physician of U. T. Medical Branch - Galveston in Brazoria County, Texas (Regents' Rules and Regulations, Rule 20204, regarding compensation for highly compensated employees)

Regent Beck moved that the Board approved the proposed contract terms related to the appointment of Craig McDonald, M.D., to provide orthopedic surgical services as an employee physician of The University of Texas Medical Branch at Galveston within the parameters outlined and recommended in Executive Session.

He further moved that the Board find that this proposed contract is in the best interest of U. T. Medical Branch - Galveston as required by State law.

Regent Aliseda seconded the motion, which carried by acclamation.

- 5c. 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 Chief Audit Executive), U. T. System and institutional employees, and members of the Board of Regents, and related personnel aspects of the operating budget for Fiscal Year 2016

See related Items 9 and 10 on the following pages for action taken on the personnel aspects of the Operating Budget for Fiscal Year 2016.

Secretary's Note: Compensation approved at this meeting (August 20, 2015) for The University of Texas System Chancellor, Deputy Chancellor, Executive Officers, Presidents, General Counsel to the Board, and U. T. System Chief Audit Executive included one-time merit payments for qualitative performance incentives for Executive Vice Chancellors, Vice Chancellors, and Presidents. Quantitative performance incentives will be considered at a future Board meeting.

- 5d. U. T. System: Discussion and appropriate action concerning individual personnel matters relating to appointment, employment, evaluation, compensation, assignment, and duties of U. T. System and institutional employees including employees covered by Regents' *Rules and Regulations*, Rule 20204, regarding compensation for highly compensated employees, and Rule 20203, regarding compensation for key executives

No action was taken on this item.

- 5e. U. T. Health Science Center - Houston: Discussion and appropriate action regarding review of allegations concerning compliance and policy issues

No action was taken on this item.

AGENDA ITEMS (continued)

8. U. T. M. D. Anderson Cancer Center: Approval of recommended terms of agreements related to creation of research consortium and institute with potential naming features

Following brief remarks by President DePinho concerning the proposed creation of a research consortium and institute with potential naming features at The University of Texas M. D. Anderson Cancer Center, Vice Chairman Hildebrand moved that the Board approve the recommended terms of agreements for the creation of an institute at U. T. M. D. Anderson Cancer Center and approve the Cancer Center's participation as a founding member in a related research consortium.

He further moved that the Board authorize President DePinho to execute all documents necessary to effect the approved actions, following review and approval of the documents by the Executive Vice Chancellor for Health Affairs and the Vice Chancellor and General Counsel.

Regent Aliseda seconded the motion, which carried by acclamation.

9. U. T. System: Discussion and appropriate action regarding personnel aspects of the U. T. System Administration operating budget for Fiscal Year 2016

The Board granted approval of the personnel aspects of The University of Texas System Administration operating budget for Fiscal Year 2016 as included in the next agenda item (Item 10). See also Executive Session Items 5c and 5d related to the personnel aspects of the U. T. System Operating Budgets.

10. U. T. System: Approval of the nonpersonnel aspects of the operating budgets for Fiscal Year 2016, including the Permanent University Fund Bond Proceeds allocation for Library, Equipment, Repair and Rehabilitation Projects; allocation for the Science and Technology Acquisition and Retention Program; and additional funding for strategic priorities and campus support

Chancellor McRaven presented nonpersonnel aspects of The University of Texas System Operating Budgets for Fiscal Year 2016, including Educational and General Funds, Auxiliary Enterprises, Grants and Contracts, Designated Funds, Restricted Current Funds, and Medical, Dental, Nursing, and Allied Health Faculty Services, and Research and Development Plans. He presented the following items:

- FY 2016 Operating Budget
- FY 2016 Library, Equipment, Repair and Rehabilitation (LERR) Budget
- FY 2016 allocation of the Science and Technology Acquisition and Retention (STARs) program
- FY 2015 and 2016 additional funding for strategic priorities and campus support

In making his recommendation, Chancellor McRaven sought the Board's understanding that the ongoing U. T. System Administration strategic assessment and organizational review, to be presented to the Board in November 2015, may impact determinations about the priority of funding and staffing for the projects and initiatives included in the recommended U. T. System Administration budget. He requested the Board agree that, should any previously approved projects or funding allocations be identified as not consistent with the strategic assessment or not clearly identified as an effective mission for U. T. System Administration, he be allowed the flexibility to reallocate or eliminate those projects and funding in the approved budget, and that subsequent adjustments be reported to the Board through the Consent Agenda subject to requirements of the Board Rules and Procedures.

Chancellor McRaven discussed full time equivalent (FTE) increases at U. T. System Administration, due to previously board-approved initiatives such as the Competency-Based Education, the Institute for Transformational Learning (ITL), which contributes about \$23.7 million and about 44 FTE, and the Shared Information Services, which added another 66 full-time employee positions. Also, the University Lands, some additional shared services, software and IT initiatives, and a 2.5% merit award to the eligible employees. He noted that U. T. System Administration represents about 1.3% of the total System expenditures.

Regent Cranberg noted an increase in research expenditures and Chancellor McRaven called on Executive Vice Chancellor Kelley who said that is an anticipation both of what has happened with some of the Governor's initiatives and the ability to leverage that, as well as some increased focus in this area.

Regent Pejovich commented on the Faculty Science and Technology Acquisition and Retention (STARs) Program saying it has been extraordinarily effective at campuses.

The Board then approved the \$17.0 billion operating budget for the U. T. System, including the personnel aspects, with delegation to the Chancellor to authorize new or extended deferred compensation agreements, with the concurrence of the appropriate Executive Vice Chancellor, consistent with the Board's earlier discussions in Executive Session, with additional action on incentive compensation for U. T. System Executive Officers and Presidents to be considered a future meeting.

The Board also approved allocation of Educational and General Funds; Auxiliary Enterprises; Grants and Contracts; Designated Funds; Restricted Current Funds; and Medical, Dental, Nursing, and Allied Health Faculty Services; and Research and Development Plans, with delegation to the Chancellor to authorize new or extended deferred compensation agreements, with the concurrence of the appropriate Executive Vice Chancellor, consistent with the Board's earlier discussions in Executive Session.

The Board appropriated Permanent University Fund (PUF) Bond Proceeds in the amount of \$35 million directly to the institutions to fund LERR Projects for FY 2016.

The Board also appropriated \$30 million of PUF Bond Proceeds through the Faculty STARs program to provide additional funding to build and enhance research infrastructure to attract and retain the best qualified faculty. Through a competitive proposal process determined by U. T. System Administration, funds will be distributed for the purpose of recruiting or retaining top researchers. Associate Vice Chancellor Klein reported on progress made at the U. T. System academic institutions as a result of the STARs program.

In addition, the Board authorized \$47,673,480 of Available University Funds (AUF) and \$148,988,000 of PUF Bond Proceeds to fund strategic priorities and campus support as follows:

1. Shared Data Center Capacity and Capabilities Enhancement: \$11,100,000 of PUF to increase shared data center capacity and capabilities in support of critical health, research, and administrative computing needs.
2. Research Computing Cyberinfrastructure - Phase 2: \$5,500,000 of PUF and \$9,320,000 of AUF in FY 2016 to continue to provide a competitive advantage to research and support faculty recruitment and retention by funding the ongoing evolution of the U. T. Research Cyberinfrastructure through expanded support for Big Health Analytics.

3. Increase U. T. System Network Performance: \$4,413,000 of PUF and \$2,587,000 of AUF in FY 2016 to increase performance of the U. T. System Network to support growth in health, research, and administrative computing needs.
4. U. T. Rio Grande Valley Medical School: \$10,000,000 of PUF in FY 2016 to be used for eligible capital expenses associated with the start-up of the U. T. Rio Grande Valley Medical School. On December 6, 2012, the Board of Regents approved \$100,000,000 of unspecified resources to be used for start-up costs for the Medical School. Two previous distributions from this allocation of \$5,000,000 approved on May 15, 2014, and \$15,000,000 approved on November 6, 2014, were distributed to U. T. Health Science Center - San Antonio to be used for eligible capital expenses on behalf of the Medical School. This distribution would be made directly to U. T. Rio Grande Valley Medical School.
5. Tuition Revenue Bond (TRB) Project Funding Shortfalls: \$114,700,000 of PUF in FY 2016 for additional funding needed for projects funded from TRBs at the U. T. System institutions proposed to be added to the Capital Improvement Plan (See Facilities Planning and Construction Committee Agenda Item 6).
6. Projects at U. T. Permian Basin: \$3,275,000 of PUF in FY 2016 for three projects at U. T. Permian Basin: 1) renovation of space to serve as headquarters and operational base for University police, 2) STEM Charter Academy expansion of facility space, and 3) renovation of Founders Building B to house the U. T. Permian Basin Early College High School.
- ~~7. The proposed \$10,000,000 of AUF in FY 2015 to support the U. T. Horizon Fund was deferred to a future meeting (see Technology Transfer and Research Committee Agenda Item 6). The Horizon Fund invests in companies commercializing U. T. innovations.]~~
8. Diabetes Obesity Control Initiative - Phase 2: \$15,000,000 from AUF in FY 2015 to support Phase 2 of the U. T. Systemwide Diabetes Obesity Control Initiative. The funds will also serve as seed money to attract an additional \$30,000,000 of philanthropy, grants, and industry funds (See Health Affairs Committee Agenda Item 6).
9. Lease Termination Agreement: \$766,480 of AUF in FY 2016 to pay a negotiated termination fee under a Lease Termination Agreement for office space at 1901 Pennsylvania Avenue, Washington, D.C., previously occupied by the U. T. System Office of Federal Relations. A cost analysis was prepared by the U. T. System Office of General Counsel's Real Estate Office and it was determined to be in the best interest of U. T. System to relocate the office, pay the termination fee, and be relieved of all obligations under the lease from and after December 31, 2015.

10. Support for UTShare Institutions: \$19,500,000 of AUF in FY 2015 to continue sponsored projects data cleanup, reconciliation, and remediation begun in February 2015, and support UTShare institutions in efforts to improve PeopleSoft functionality.
11. Branding and Marketing: \$500,000 of AUF for FY 2016 to engage an external agency to provide counsel for the U. T. System branding and marketing task force, expenses associated with teams and external focus groups, and external public relations assistance to ensure enhanced media opportunities while an internal communications team is put in place.

Item 5 related to TRB Funding Shortfalls and Item 8 related to the U. T. Systemwide Diabetes Obesity Control Initiative are addressed in greater detail in separate agenda items referenced above, are subject to funding limitations established in the associated agenda item, and are contingent on approval of the respective agenda items by the U. T. System Board of Regents.

The Chancellor was authorized to make editorial corrections to the U. T. System Operating Budgets for 2016 with subsequent adjustments be reported to the U. T. System Board of Regents through the Consent Agenda.

Finally, the Board recognized that, should Chancellor McRaven identify any previously approved projects or funding allocations as not consistent with conclusions of the ongoing strategic assessment or not clearly identified as an effective mission for U. T. System Administration, he be allowed the flexibility to reallocate or eliminate those projects and funding in the approved budget.

The appropriation of PUF Bond Proceeds will be presented in the Fiscal Year 2016 LERR Budget, along with Faculty STARs, and is subject to the budget rules adopted therein and the requirements of the U. T. Systemwide *UTS168 Capital Expenditure Policy*. The allocation of LERR funds to the U. T. System institutions was developed from prioritized lists of projects submitted by the institutions and reviewed by U. T. System Administration staff. Additionally, PUF Bond Proceeds appropriated above to LERR and Faculty STARs must be spent in accordance with the Article VII, Section 18 of the Texas Constitution. PUF Bond Proceeds may only be used for the purpose of acquiring land either with or without permanent improvements, constructing and equipping buildings or other permanent improvements, major repair and rehabilitation of buildings and other permanent improvements, acquiring capital equipment, and acquiring library books and library materials.

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

See also the Executive Session items related to the personnel aspects of the U. T. System Operating Budgets (Items 5c and 5d) and related Item 9 above.

Approved salaries for U. T. System Executive Officers and Presidents are set forth on Pages 156 - 162.

THE UNIVERSITY OF TEXAS SYSTEM

Compensation Executive Officers U. T. System Administration

Salary Rates Effective September 1, 2015 for Fiscal Year Ending August 31, 2016

	Approved 2015 Rate	Approved 2016 Rate
EXECUTIVE OFFICERS		
Chancellor		
<i>William McRaven</i> ¹		
Salary Rate	\$ 1,200,000	1,200,000
Deferred Compensation	400,000	400,000
Annual Retention Payment		100,000
Sub Total Compensation	<u>1,600,000</u>	<u>1,700,000</u>
One Time Contract Commencement Payment	300,000	
Contingent Performance Payment		200,000
Total Compensation	<u><u>1,900,000</u></u>	<u><u>1,900,000</u></u>
Deputy Chancellor		
<i>David Daniel</i> ²		
Salary Rate	\$ 725,000	725,000
Total Compensation	<u><u>725,000</u></u>	<u><u>725,000</u></u>
Executive Vice Chancellor for Academic Affairs		
<i>Steven Leslie</i> ³		
Salary Rate	\$ 420,000	420,000
Total Compensation	<u><u>420,000</u></u>	<u><u>420,000</u></u>
Executive Vice Chancellor for Business Affairs		
<i>Scott C. Kelley</i>		
Salary Rate	\$ 420,900	420,900
Incentive Compensation		
Qualitative	<u>18,414</u>	<u>35,777</u>
Sub Total Compensation	<u>439,314</u>	<u>456,677</u>
Quantitative	<u>15,047</u>	
Total Compensation	<u><u>\$ 454,361</u></u>	<u><u>456,677</u></u>
Executive Vice Chancellor for Health Affairs		
<i>Raymond S. Greenberg</i>		
Salary Rate	\$ 700,000	700,000
Incentive Compensation		
Qualitative	<u>30,625</u>	<u>66,500</u>
Sub Total Compensation	<u>730,625</u>	<u>766,500</u>
Quantitative	<u>56,875</u>	
Total Compensation	<u><u>\$ 787,500</u></u>	<u><u>766,500</u></u>

¹ Appointed as Chancellor January 5, 2015² Appointed as Deputy Chancellor July 1, 2015³ Appointed as Executive Vice Chancellor for Academic Affairs May 11, 2015

Incentive Compensation recommended for FY 2016: Qualitative portion being recommended to be paid in October 2015. Quantitative portion will be recommended for approval in February 2016 after data is accumulated and paid in March 2016.

	Approved 2015 Rate	Approved 2016 Rate
EXECUTIVE OFFICERS (continued)		
Vice Chancellor for External Relations		
<i>Randa S. Safady</i>		
Salary Rate	\$ 550,000	550,000
Incentive Compensation		
Qualitative	24,063	49,500
Sub Total Compensation	574,063	599,500
Quantitative	40,242	
Total Compensation	\$ 614,305	599,500
Vice Chancellor and General Counsel		
<i>Daniel H. Sharphorn</i>		
Salary Rate	\$ 390,000	390,000
Incentive Compensation		
Qualitative		31,200
Sub Total Compensation	390,000	421,200
Quantitative		
Total Compensation	\$ 390,000	421,200
Vice Chancellor and Chief Governmental Relations Officer		
<i>Barry McBee</i>		
Salary Rate	\$ 280,900	280,900
Incentive Compensation		
Qualitative	12,289	19,663
Sub Total Compensation	293,189	300,563
Quantitative	10,042	
Total Compensation	\$ 303,231	300,563
Vice Chancellor for Federal Relations		
<i>William H. Shute</i>		
Salary Rate	\$ 276,500	276,500
Incentive Compensation		
Qualitative	12,097	15,208
Sub Total Compensation	288,597	291,708
Quantitative	6,795	
Total Compensation	\$ 295,392	291,708

Incentive Compensation recommended for FY 2016: Qualitative portion being recommended to be paid in October 2015. Quantitative portion will be recommended for approval in February 2016 after data is accumulated and paid in March 2016.

	Approved 2015 Rate	Approved 2016 Rate
EXECUTIVE OFFICERS (continued)		
Vice Chancellor for Strategic Initiatives		
<i>Stephanie Bond Huie</i>		
Salary Rate	\$ 265,000	265,000
Incentive Compensation		
Qualitative	11,594	15,900
Sub Total Compensation	276,594	280,900
Quantitative	22,252	
Total Compensation	\$ 298,846	280,900
Vice Chancellor for Health Affairs		
<i>Amy Shaw Thomas</i>		
Salary Rate	\$ 347,900	347,900
Incentive Compensation		
Qualitative	12,596	26,093
Sub Total Compensation	360,496	373,993
Quantitative	23,392	
Total Compensation	\$ 383,888	373,993
Vice Chancellor for Research & Innovation Health Affairs		
<i>Patricia D. Hurn</i>		
Salary Rate	\$ 315,000	315,000
Incentive Compensation		
Qualitative	13,781	20,475
Sub Total Compensation	328,781	335,475
Quantitative	17,890	
Total Compensation	\$ 346,671	335,475
General Counsel to the Board of Regents		
<i>Francie A. Frederick</i>		
Salary Rate	\$ 420,900	437,736
One time Merit	75,000	75,000
Total Compensation	\$ 495,900	512,736
Chief Audit Executive		
<i>J. Michael Peppers</i>		
Salary Rate	\$ 365,900	365,900
One time Merit	36,590	54,885
Total Compensation	\$ 402,490	420,785

Incentive Compensation recommended for FY 2016: Qualitative portion being recommended to be paid in October 2015. Quantitative portion will be recommended for approval in February 2016 after data is accumulated and paid in March 2016.

THE UNIVERSITY OF TEXAS SYSTEM

Compensation Academic Institution Presidents

Salary Rates Effective September 1, 2015 for Fiscal Year Ending August 31, 2016

	Approved 2015 Rate	Approved 2016 Rate
ACADEMIC INSTITUTION PRESIDENTS		
U. T. Arlington		
<i>Vistasp M. Karbhari</i>		
Salary Rate	\$ 485,000	485,000
Incentive Compensation		
Qualitative	21,219	41,225
Sub Total Compensation	506,219	526,225
Quantitative	20,688	
Total Compensation	\$ 526,907	526,225
U. T. Austin		
<i>Gregory L. Fenves¹</i>		
Salary Rate	\$ 750,000	750,000
Deferred Compensation ²	12,500	50,000
Total Compensation	\$ 762,500	800,000
U. T. Dallas		
<i>B. Hobson Wildenthal³</i>		
Salary Rate	\$ 410,000	410,000
Supplement for additional duties	50,000	50,000
Total Compensation	\$ 460,000	460,000
U. T. El Paso		
<i>Diana S. Natalicio</i>		
Salary Rate	\$ 391,755	426,755
Deferred Compensation ⁴	35,000	
Incentive Compensation		
Qualitative	17,139	31,340
Sub Total Compensation	443,894	458,095
Quantitative	2,387	
Total Compensation	\$ 446,281	458,095

Note: Presidents are paid \$65,945 from General Revenue with the difference paid from other institutional fund sources

¹Appointed President effective June 3, 2015

²Deferred Compensation prorated for three months; Vests 8/31/2020

³Appointed as President *ad interim* effective July 1, 2015

⁴Vests 8/31/2015

Incentive Compensation recommended for FY 2016: Qualitative portion being recommended now to be paid in October 2015. Quantitative portion will be recommended for approval in February 2016 after data is accumulated and paid in March 2016.

	Approved 2015 Rate	Approved 2016 Rate
ACADEMIC INSTITUTION PRESIDENTS		
U. T. Permian Basin		
<i>W. David Watts</i>		
Salary Rate	\$ 310,193	310,193
Deferred Compensation ⁴	15,000	
Incentive Compensation		
Qualitative	10,585	21,713
Sub Total Compensation	335,778	331,906
Quantitative	20,162	
Total Compensation	355,940	331,906
U. T. Rio Grande Valley		
<i>Guy H. Bailey</i>		
Salary Rate	\$ 600,000	600,000
Incentive Compensation		
Qualitative		54,000
Sub Total Compensation	600,000	654,000
Quantitative		
Total Compensation	600,000	654,000
U. T. San Antonio		
<i>Ricardo Romo</i>		
Salary Rate	\$ 406,291	406,291
Incentive Compensation		
Qualitative	10,509	30,472
Sub Total Compensation	416,800	436,763
Quantitative	11,618	
Total Compensation	\$ 428,418	436,763
U. T. Tyler		
<i>Rodney H. Mabry</i>		
Salary Rate	\$ 355,749	355,749
One time Merit	30,000	
Incentive Compensation		
Qualitative	12,140	23,123
Sub Total Compensation	397,889	378,872
Quantitative	13,008	
Total Compensation	\$ 410,897	378,872

Note: Presidents are paid \$65,945 from General Revenue with the difference paid from other institutional fund sources

¹Appointed President effective June 3, 2015

²Vests 8/31/2018

³Appointed as President *ad interim* effective July 1, 2015

⁴Vests 8/31/2015

Incentive Compensation recommended for FY 2016: Qualitative portion being recommended now to be paid in October 2015. Quantitative portion will be recommended for approval in February 2016 after data is accumulated and paid in March 2016.

THE UNIVERSITY OF TEXAS SYSTEM**Compensation - Health Institution Presidents**

Salary Rates Effective September 1, 2015 for Fiscal Year Ending August 31, 2016

	Approved 2015 Rate	Approved 2016 Rate
HEALTH INSTITUTION PRESIDENTS		
U. T. Medical Branch - Galveston		
<i>David L. Callender</i>		
Salary Rate	\$ 671,720	671,720
Deferred Compensation ¹	200,000	200,000
Practice Plan	182,640	182,640
Incentive Compensation		
Qualitative	29,388	53,738
Sub- Total Compensation	1,083,748	1,108,098
Quantitative	72,753	-
Total Compensation	\$ 1,156,501	1,108,098
U. T. Health Science Center - Houston		
<i>Giuseppe Colasurdo</i>		
Salary Rate	\$ 750,500	750,500
Practice Plan	199,500	199,500
Incentive Compensation		
Qualitative	16,418	22,515
Sub- Total Compensation	966,418	972,515
Quantitative	42,989	-
Total Compensation	\$ 1,009,407	972,515
U. T. Health Science Center - San Antonio		
<i>William Henrich</i>		
Salary Rate	\$ 698,163	698,163
Deferred Compensation ³	-	200,000
Practice Plan	188,015	188,015
Incentive Compensation		
Qualitative	30,545	48,871
Sub- Total Compensation	916,723	1,135,049
Quantitative	85,089	-
Total Compensation	\$ 1,001,812	1,135,049

Note: All Presidents are paid \$65,945 from General Revenue with the difference paid from other institutional fund sources

¹Vests 8/31/2016

²Vests 8/31/2015

³Recommend new 3-year agreement to vest on 8/31/2018

Incentive Compensation recommended for FY 2016: Qualitative portion being recommended now to be paid in October 2015. Quantitative portion will be recommended for approval in February 2016 after data is accumulated and paid in March 2016.

	Approved 2015 Rate	Approved 2016 Rate
HEALTH INSTITUTION PRESIDENTS		
U. T. Southwestern Medical Center		
<i>Daniel K. Podolsky</i>		
Salary Rate	\$ 944,316	944,316
Deferred Compensation ^{2/3}	100,000	100,000
Practice Plan	259,239	259,239
Incentive Compensation		
Qualitative	41,314	106,236
Sub- Total Compensation	<u>1,344,869</u>	<u>1,409,791</u>
Quantitative	69,053	-
Total Compensation	<u>\$ 1,413,922</u>	<u>1,409,791</u>
U. T. M. D. Anderson Cancer Center		
<i>Ronald A. DePinho</i>		
Salary Rate	\$ 1,439,100	1,439,100
Deferred Compensation	-	-
Practice Plan	405,900	405,900
Incentive Compensation		
Qualitative	31,481	50,369
Sub- Total Compensation	<u>1,876,481</u>	<u>1,895,369</u>
Quantitative	146,159	-
Total Compensation	<u>\$ 2,022,640</u>	<u>1,895,369</u>
U. T. Health Science Center - Tyler		
<i>Kirk Calhoun</i>		
Salary Rate	\$ 409,451	409,451
Deferred Compensation ^{2/3}	150,000	150,000
Practice Plan	105,503	105,503
Incentive Compensation		
Qualitative	17,913	30,709
Sub- Total Compensation	<u>682,867</u>	<u>695,663</u>
Quantitative	37,428	-
Total Compensation	<u>\$ 720,295</u>	<u>695,663</u>

Note: All Presidents are paid \$65,945 from General Revenue with the difference paid from other institutional fund sources

¹Vests 8/31/2016

²Vests 8/31/2015

³Recommend new 3-year agreement to vest on 8/31/2018

Incentive Compensation recommended for FY 2016: Qualitative portion being recommended now to be paid in October 2015. Quantitative portion will be recommended for approval in February 2016 after data is accumulated and paid in March 2016.

3. U. T. System Board of Regents: Approval of Consent Agenda (continued from Page 4)

Chairman Foster called on Vice Chancellor and General Counsel Sharphorn for a report on the Jackson Walker L.L.P. proposed contracts under Items 5-10.

Remarks by Mr. Sharphorn

I did want to be very clear about this. Jackson Walker has been totally transparent about this. They contacted us a couple of months ago. They spoke with me in my office. They worked with the Board Office in trying to ensure that this engagement of former President Powers was in fact done properly. I also think it is important to understand, by the way, that Jackson Walker has been doing outstanding service for U. T. System and our institutions for a number of years now at a discount rate, in fact, for several years before I came here.

As best as I can trace the history, it was originally recommended that we employ them by Florence Mayne, the former Director of Real Estate, who some of you will remember. It was negotiated with Barry Burgdorf, my predecessor. Bill Powers did not play any role whatsoever in their decision to engage this firm, or in our continuing engagement of this firm.

Bill Powers has a written agreement with the firm concerning his employment that specifically addresses compliance with laws, regulations, U. T. policies, use of university property, and standards of professional ethics. He is of counsel to the firm, as I mentioned earlier today. He is not a partner. He'll be employed part-time, approximately eight hours per week. Such legal practice is common for law professors. It is a way for them to sort of enhance their status and, frankly, their ability as educators. He will not be sharing the firm's net income. He will not be involved in directing U. T. System or U. T. Austin legal work to the firm or in any effort by the firm to be engaged as a provider of legal services to U. T. System or U. T. Austin. He will not participate in legal services provided by the firm to U. T. System or U. T. Austin, and his compensation by the firm, including any bonuses, will be determined without regard to any revenue generated in connection with the firm's work for U. T. System or U. T. Austin. I urge approval of these contracts so as not to interfere with the critical, ongoing legal services that Jackson Walker is ably performing on behalf of U. T. System and U. T. Austin.

Chairman Foster asked Regent Hall if that satisfied his question, and Regent Hall said he had asked for some documents earlier and will have to review them later. General Counsel Frederick said Mr. Sharphorn had made that request. Regent Hall indicated that he was prepared to vote "no" on approval of the Consent Agenda and would review the documents to satisfy himself later.

The Board then approved the Consent Agenda, which is set forth on Pages 165 - 280, with Regent Hall voting “no.”

In approving the Consent Agenda, the Board expressly authorized that any contracts or other documents or instruments approved therein may be executed by the appropriate officials of the respective U. T. System institution involved.

SCHEDULED MEETING.--The next regularly scheduled meeting will be held on November 4-5, 2015, in Austin.

ADJOURNMENT.--There being no further business, the meeting was adjourned at 2:58 p.m.

/s/ Carol A. Felkel
Secretary to the Board of Regents

November 3, 2015