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May 11-12, 2011
Austin, Texas

Board Meeting

Wednesday, May 11, 2011

- A. CONVENE THE BOARD IN OPEN SESSION TO RECESS TO EXECUTIVE SESSION PURSUANT TO *TEXAS GOVERNMENT CODE*, CHAPTER 551 (working lunch at noon) 8:00 a.m.
1. Personnel Matters Relating to Appointment, Employment, Evaluation, Assignment, Duties, Discipline, or Dismissal of Officers or Employees – Section 551.074
 - a. **U. T. M. D. Anderson Cancer Center: Discussion of individual personnel matters related to presidential search**
 - b. **U. T. System: Discussion and appropriate action regarding individual personnel matters relating to appointment, employment, evaluation, compensation, assignment, and duties of U. T. System and institutional employees**
 - c. **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), and U. T. System and institutional employees**
 - d. **U. T. Austin: Discussion and appropriate action regarding compensation of Head Men’s Basketball Coach Richard D. Barnes (Regents’ *Rules and Regulations*, Rule 20204, regarding determining and documenting the reasonableness of compensation)**
 - e. **U. T. Medical Branch – Galveston: Discussion and appropriate action regarding individual personnel matters concerning contract for correctional managed care**
 2. Consultation with Attorney Regarding Legal Matters or Pending and/or Contemplated Litigation or Settlement Offers – Section 551.071
 - a. **U. T. System Board of Regents: Discussion with Counsel on pending legal issues**
 - b. **U. T. Medical Branch – Galveston: Discussion and appropriate action regarding legal issues concerning contract for correctional managed care**

Wednesday, May 11, 2011 (continued)

Board Meeting

- 3. Negotiated Contracts for Prospective Gifts or Donations –
Section 551.073
 - a. **U. T. Arlington: Discussion and appropriate action regarding proposed negotiated gifts with potential naming features** *President Spaniolo
Dr. Safady*
 - b. **U. T. Dallas: Discussion and appropriate action regarding proposed negotiated gifts with potential naming features** *President Daniel
Dr. Safady*
 - c. **U. T. M. D. Anderson Cancer Center: Discussion and appropriate action regarding proposed negotiated gifts with potential naming features** *President Mendelsohn
Dr. Safady*

- 4. Deliberation Regarding Security Devices or Security Audits –
Section 551.076
 - U. T. System: Discussion and appropriate action concerning the deployment or specific occasions for implementation of security personnel or devices on U. T. System campuses** *Dr. Kelley
Mr. Michael Heidingsfield,
Director of Police, U. T.
System*

- B. RECONVENE IN OPEN SESSION TO CONSIDER ACTION, IF ANY, ON EXECUTIVE SESSION ITEMS *3:30 p.m.*

- C. RECESS FOR COMMITTEE MEETING
 - Audit, Compliance, and Management Review Committee..... *4:00 p.m.*

- D. RECESS *5:00 p.m.*

Thursday, May 12, 2011

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E. RECONVENE THE BOARD IN OPEN SESSION	8:00 a.m.	
F. APPROVAL OF MINUTES		
G. CONSIDER AGENDA ITEMS		
1. U. T. System Board of Regents: Recognition of Mr. F. Stephen Hartmann, Executive Director of University Lands, on his retirement	8:05 a.m.	
2. U. T. System Board of Regents: Recognition of Mr. Philip Aldridge, Vice Chancellor for Finance and Business Development, for his service	8:10 a.m.	
3. U. T. System: Presentation and recommendations by Chancellor Cigarroa on <i>A Framework for Advancing Excellence throughout The University of Texas System</i>	8:15 a.m. Action <i>Chancellor Cigarroa</i>	1
4. U. T. System Board of Regents: Amendments to the Regents' <i>Rules and Regulations</i> , Rule 20601, regarding aircraft use	9:00 a.m. Action	2
5. U. T. System Board of Regents: Approval to adopt the resolution regarding the list of Key Management Personnel authorized to negotiate, execute, and administer classified government contracts (Managerial Group)	9:02 a.m. Action	4
6. U. T. System Board of Regents: Legislative Update for the 82nd Legislative Session	9:05 a.m. Report <i>Mr. McBee</i>	6
7. U. T. System Board of Regents: Status reports on the work of the Task Force on University Excellence and Productivity and the Task Force on Blended and Online Learning	9:15 a.m. Report <i>Regent Pejovich</i> <i>Regent Hall</i>	6
8. U. T. System: Annual Meeting with Officers of the U. T. System Student Advisory Council	9:35 a.m. Report <i>Mr. Straub</i>	8
9. U. T. System Board of Regents: Certificate of appreciation to Student Regent Kyle J. Kalkwarf	10:20 a.m.	

Thursday, May 12, 2011 (continued)

Board Meeting

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| H. RECESS FOR COMMITTEE MEETINGS | 10:25 a.m. |
| Academic Affairs Committee..... | 10:30 a.m. |
| Lunch..... | 12:00 p.m. |
| Health Affairs Committee..... | 12:30 p.m. |
| Finance and Planning Committee..... | 2:00 p.m. |
| Facilities Planning and Construction Committee..... | 3:00 p.m. |
| Technology Transfer and Research Committee..... | 4:00 p.m. |
| I. RECONVENE MEETING OF THE BOARD TO RECESS FOR
MEETINGS OF THE STANDING COMMITTEES AND COMMITTEE
REPORTS TO THE BOARD | 4:45 p.m. |
| J. ADJOURN | 5:00 p.m. |

3. **U. T. System: Presentation and recommendations by Chancellor Cigarroa on A Framework for Advancing Excellence throughout The University of Texas System**

REPORT/RECOMMENDATION

Chancellor Cigarroa will present an initiative aimed at facilitating advancements across the U. T. System that address a rapidly changing higher education environment, including demographics, technology, and funding models. The proposed framework is consistent with his 2010 Vision Statement presented to the Board of Regents on August 20, 2009, and will further advance the U. T. System as an institution of the first class. The Chancellor will recommend Board of Regents' action on his new goals and framework.

4. **U. T. System Board of Regents: Amendments to the Regents' *Rules and Regulations*, Rule 20601, regarding aircraft use**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and the Vice Chancellor and General Counsel that the Regents' *Rules and Regulations*, Rule 20601, regarding aircraft use, be amended as set forth in congressional style on Page 3. Current Section 16 will be renumbered as Section 17.

BACKGROUND INFORMATION

Proposed substantive revisions to the Regents' *Rules and Regulations*, Rule 20601, are outlined below:

- a. Revisions to Section 15.1(b) include a requirement for biannual reports on passenger manifests for U. T. System aircraft, Texas Department of Transportation aircraft flown on behalf of U. T. System, and charter aircraft. For donor aircraft, passenger and donor names may be omitted, but will be verbally reported if asked.
- b. New Section 16 prohibits a U. T. System employee who has a private or commercial aircraft license from operating a leased or privately owned aircraft in conjunction with official university business unless specifically authorized.

1. Title

Aircraft Use

2. Rule and Regulation

...

Sec. 15 Record Keeping and Reports. The approved reservation requests forms and post-flight passenger manifests will serve as the official record of flights.

15.1 The U. T. System Office of Business Affairs shall prepare and submit the following reports:

(a) Travel Log. In accordance with *Texas Government Code* Section 2205.039 the passenger manifests for the month will be sent to the Texas Department of Transportation each month following the month in which travel occurred.

(b) Reports to the Board. Passenger manifests for U. T. System aircraft, Texas Department of Transportation aircraft flown on behalf of U. T. System, and information on any charters aircraft, including donor or chartered aircraft paid for by outside entities on behalf of the university, will be sent to the General Counsel to the Board of Regents twice a year in April and October ~~February and September~~ for distribution to the Finance and Planning Committee of the U. T. System Board of Regents for review. For donor aircraft, passenger and donor names may be omitted consistent with State law, but will be verbally reported if asked.

(c) Annual Aircraft Use Form. In accordance with *Texas Government Code* Section 2205.041, passenger manifests for the year and the aircraft costs summary will be submitted to the Legislative Budget Board with copies to the General Counsel to the Board of Regents and the Chancellor by November 15th.

Sec. 16 Leased and Privately Owned Aircraft. U. T. System employees holding a private or commercial aircraft license may not operate leased or privately owned aircraft in conjunction with official university business unless authorized by the Chancellor or his or her designee.

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5. **U. T. System Board of Regents: Approval to adopt the resolution regarding the list of Key Management Personnel authorized to negotiate, execute, and administer classified government contracts (Managerial Group)**

RECOMMENDATION

To comply with the Department of Defense National Industrial Security Program Operating Manual (NISPOM) requirements, it is recommended that the U. T. System Board of Regents resolve that

- a. the list of Key Management Personnel (KMP) authorized to negotiate, execute, and administer classified government contracts shall be known as the Managerial Group and shall specifically list each KMP by name and title as set out in a. below;
- b. the members of the Board of Regents, while KMPs, shall be excluded from the Managerial Group specifically by name and title as set out in b. below.

A Resolution amending the Managerial Group list was last adopted by the Board on May 13, 2010.

NISPOM defines KMP as "officers, directors, partners, regents or trustees." The manual requires that the senior management official and the Facility Security Officer must always be designated as part of the Managerial Group and be cleared at the level of the Facility Clearance. Other officials or KMPs, as determined by the Defense Security Service, must be granted Personal Security Clearances or be formally excluded by name from access to classified material.

BE IT RESOLVED:

- a. That those persons occupying the following positions at The University of Texas System and The University of Texas at Austin shall be known as the Managerial Group, having the authority and responsibility for the negotiating, execution, and administration of Department of Defense (DoD) or User Agency contracts, as described in DoD 5220.22-M, "National Industrial Security Program Operating Manual" (NISPOM):

Francisco G. Cigarroa, Chancellor, The University of Texas System
William C. Powers, Jr., President, The University of Texas at Austin
Juan Miguel Sanchez, Vice President for Research, The University of Texas at Austin
Susan W. Sedwick, Associate Vice President for Research and Director, Office of Sponsored Projects, The University of Texas at Austin
Neil S. Fox II, Facility Security Officer, The University of Texas System

The Chief Executive Officer (i.e., the Chancellor) and the members of the Managerial Group have been processed, or will be processed, for a personnel security clearance for access to classified information to the level of the facility security clearance granted to this institution, as provided for in the NISPOM.

The Managerial Group is hereby delegated all of the Board's duties and responsibilities pertaining to the protection of classified information under classified contracts of the DoD or User Agencies of the NISPOM awarded to U. T. System, including U. T. Austin.

- b. That the following named members of the U. T. System Board of Regents shall not require, shall not have, and can be effectively excluded from access to all classified information in the possession of U. T. System, including U. T. Austin, and do not occupy positions that would enable them to affect adversely the policies and practices of The University of Texas System, including The University of Texas at Austin, in the performance of classified contracts for the Department of Defense or User Agencies of the NISPOM, awarded to The University of Texas System, including The University of Texas at Austin, and need not be processed for a personnel security clearance:

Members of the U. T. System Board of Regents:

William Eugene Powell, Chairman

Paul L. Foster, Vice Chairman

R. Steven Hicks, Vice Chairman

James D. Dannenbaum, Vice Chairman

Alex M. Cranberg

Printice L. Gary

Wallace L. Hall, Jr.

Brenda Pejovich

Robert L. Stillwell

Kyle J. Kalkwarf, Student Regent until May 31, 2011 (nonvoting)

John Davis Rutkauskas, Student Regent from June 1, 2011 to May 31, 2012
(nonvoting)

6. **U. T. System Board of Regents: Legislative Update for the 82nd Legislative Session**

REPORT

Vice Chancellor McBee will report on highlights of the 82nd Texas Legislature, Regular Session.

7. **U. T. System Board of Regents: Status reports on the work of the Task Force on University Excellence and Productivity and the Task Force on Blended and Online Learning**

REPORT

Regent Pejovich will report on the work of the Task Force on University Excellence and Productivity.

Regent Hall will report on the work of the Task Force on Blended and Online Learning.

A summary description of the Task Forces Process is on Page 7.

Task Forces Process

Blended and Online Learning	University Excellence and Productivity
<p><u>Task Force Members</u></p> <ul style="list-style-type: none"> • Regent Wallace Hall, Chairman • Regent Printice Gary • Vice Chairman Steve Hicks • UT Arlington President James Spaniolo • UT El Paso President Diana Natalicio • UT San Antonio President Ricardo Romo • UT Austin Vice Provost of Higher Education Policy and Research Harrison Keller • Chairman Gene Powell, Chancellor Francisco G. Cigarroa, Executive Vice Chancellor for Academic Affairs David B. Prior and Student Regent Kyle Kalkwarf each serve as ex officio members of the task force. 	<p><u>Task Force Members</u></p> <ul style="list-style-type: none"> • Regent Brenda Pejovich, Chairman • Regent Alex Cranberg • Regent Bobby Stillwell • UT Dallas President David E. Daniel • UT Pan American President Robert Nelsen • UT Austin Executive Vice President and Provost Steve Leslie • Chairman Gene Powell, Chancellor Francisco G. Cigarroa, Executive Vice Chancellor for Academic Affairs David B. Prior, Executive Vice Chancellor for Business Affairs Scott C. Kelley, and Student Regent Kyle Kalkwarf serve as ex officio members of the task force.

The report of each task force will be written and edited by all members of the task force. Final reports, findings of fact, suggestions and any recommendations of the task forces will go to the Academic Affairs Committee of the Board.

The Academic Affairs Committee may handle in open session any suggestion or recommendation in one of the following ways:

1. Vote to recommend the suggestion or recommendation to the full Board.
2. Vote to modify the suggestion or recommendation to the full Board.
3. Vote to seek further research be done on the suggestion or recommendation.
4. Vote to table any suggestion or recommendation.

Academic Affairs Committee
<ul style="list-style-type: none"> • R. Steven "Steve" Hicks, Chairman • Robert L. Stillwell, Vice Chairman • Paul L. Foster • Wallace L. Hall, Jr. • Brenda Pejovich

The Board of Regents will consider in open session of the full Board any recommendation or suggestion that comes forward from the Academic Affairs Committee.

8. **U. T. System: Annual Meeting with Officers of the U. T. System Student Advisory Council**

REPORT

The U. T. System Student Advisory Council will meet with the Board of Regents to discuss accomplishments of the Council and plans for the future. The Council's recommendations are on Pages 10 - 24.

AGENDA

1. Executive and Standing Committee Member Introductions
2. Chairperson's Report and Overview
3. Executive Committee and Standing Committee Remarks and Recommendations

Council members scheduled to attend are:

Chair: Mr. Christof Straub, U. T. Medical Branch – Galveston, School of Medicine, Biomedical Sciences

Academic Affairs Committee: Ms. Chelsea Adler, U. T. Austin, Government/Social Work

Student Involvement and Campus Life Committee: Mr. Kortlan Porter, U. T. Tyler, Computer Science

Health and Graduate Affairs Committee: Ms. Samantha Dallefeld, U. T. Medical Branch – Galveston, School of Medicine, Third Year

Financial and Legislative Affairs Committee: Ms. Grace Bielawski, U. T. Dallas, School of Economic, Political and Policy Sciences, Political Science

BACKGROUND INFORMATION

The U. T. System Student Advisory Council was established in 1989 to provide input to the U. T. System Board of Regents working through and with the Chancellor and U. T. System Administration on issues of student concern. The operating guidelines of the Council require that recommendations have a multi-institutional focus and that the Council explore individual campus issues with institutional administrators prior to any consideration thereof. The Student Advisory Council consists of two student representatives from each U. T. System institution enrolling students, and meets three times yearly in Austin. The Standing Committees of the Council are: Academic Affairs, Student Involvement and Campus Life, Health and Graduate Affairs, and Financial and Legislative Affairs.



The University of Texas System

Nine Universities. Six Health Institutions. Unlimited Possibilities.

Office of Academic Affairs

601 Colorado Street, Austin, TX 78701
Phone: (512) 499-4233 Fax: (512) 499-4240

March 22, 2011

Francisco G. Cigarroa, M.D.
Chancellor
The University of Texas System
601 Colorado St.
Austin, TX 78701-2982

Dear Chancellor Cigarroa:

On behalf of the University of Texas System Student Advisory Council and the 202,240 students that we are privileged to represent, we would like to express our appreciation to the University of Texas System Board of Regents for providing us with the opportunity to present our recommendations for the 2010/2011 academic year.

Our purpose – to provide meaningful input from a student’s perspective – is taken extremely seriously by every single member of our council. Each member spends significant time, effort, and energy to represent students on their campuses, and collectively in the entire University of Texas System. Individual opinions and interests are largely set aside for the common goal of advancing recommendations that will positively impact students’ experiences in the many great universities in our System.

The council provides a platform unlike any other in our System for student leaders to meet and exchange ideas, and to collaborate on issues that have significant impact on most students in the System. The determination and dedication of this year’s council was noteworthy, as were the mutual respect among its members and their ability to collaborate.

Each of the council’s four committees was led by very effective chairs who have guided their committees to produce carefully researched and crafted recommendations. Along with this letter, we are submitting recommendations passed by the council during our March meeting. In addition, earlier this year, the council forwarded you resolutions in which we expressed opinions with respect to several legislative issues that will affect students in the University of Texas System. A copy of those resolutions is enclosed as well.

The University of Texas at Arlington

The University of Texas at Austin

The University of Texas at Brownsville

The University of Texas at Dallas

The University of Texas at El Paso

The University of Texas –Pan American

The University of Texas
of the Permian Basin

The University of Texas at San Antonio

The University of Texas at Tyler

The University of Texas
Southwestern Medical Center at Dallas

The University of Texas
Medical Branch at Galveston

The University of Texas
Health Science Center at Houston

The University of Texas
Health Science Center at San Antonio

The University of Texas
M. D. Anderson Cancer Center

The University of Texas
Health Science Center at Tyler

www.utsystem.edu

Chancellor Francisco D. Cigarroa, M.D.
March 22, 2011
Page 2

The 2010/2011 Student Advisory Council would like to express our sincere gratitude to Dr. Edward Baldwin, Dr. Wanda Mercer, Dr. James Studer, Ms. Pam Cole, Ms. Laura Hartmann, and the many University of Texas System staff who have assisted us in the past year.

With sincere appreciation,



Christof Straub
Chair, Student Advisory Council
The University of Texas System

Enclosures

cc: Dr. David B. Prior
Dr. Kenneth I. Shine, M.D.
Dr. Wanda L. Mercer
Dr. Edward C. Baldwin, Jr.

**THE UNIVERSITY OF TEXAS SYSTEM STUDENT ADVISORY COUNCIL
RECOMMENDATIONS TO THE BOARD OF REGENTS OF THE UNIVERSITY OF
TEXAS SYSTEM**

After careful consideration, we, the members of the University of Texas System Student Advisory Council (SAC), respectfully submit the following recommendations to the University of Texas Board of Regents. These recommendations concern a wide variety of students at multiple institutions in the University of Texas System.

Financial and Legislative Affairs

Recommendation 1

As higher education in the State of Texas faces further budget cuts this legislative cycle, The University of Texas System Student Advisory Council recommends that The Board of Regents encourage each institution to implement budget advisory councils with student representation.

Decreased state funding for higher education during the 2011-2012 and 2012-2013 budget cycles requires campuses across The University of Texas System to prioritize spending through evaluating university programs. Students at our system campuses already provide feedback on non-academic spending through student fee committees. Students should have similar opportunities to manage how their tuition dollars are supplemented by state funding when directed at academic programs.

The University of Texas at Austin recently set up College Tuition and Budget Advisory Councils consisting of students, faculty and administrators in each college to evaluate how budget cuts will impact the operations of academic departments within their respective schools. Implementing similar councils at each campus will maximize the System's ability to solve difficult budget problems by allowing a significant population, our students, to be involved in the process of spending prioritization.

Recommendation 2

The University of Texas System Student Advisory Council recommends that The Board of Regents request its institutions reevaluate their tuition-setting process to ensure more active student participation.

The University of Texas System requires institutions to involve students in the biennial tuition-setting process for each university by having campuses “engage in extensive consultations with students to develop tuition and fee proposals.” However, student engagement in and awareness of the tuition-setting process are inconsistent across the University of Texas System campuses. The University of Texas at San Antonio and The University of Texas at Arlington are model institutions within the System that emphasize transparency and consultation with student groups through their tuition policy advisory committees with substantial student representation.

In light of the upcoming tuition-setting cycle, we recommend that each System institution form tuition advisory committees that operate with a similar level of transparency and involvement from the student population.

Academic Affairs

Recommendation 3

The University of Texas System Student Advisory Council has signaled the importance of academic integrity issues on three separate occasions through recommending system-wide or institution-specific honor codes to The Board of Regents.

We understand that The Board of Regents does not wish to dictate requirements for honor codes to individual institutions. However, a student panel involved in cases of academic dishonesty would be an alternative way to facilitate student participation and awareness of academic integrity throughout the System. In the past, students have been advised against participating in disciplinary panels due to the System’s inability to provide legal defense for students acting on “behalf of the UT System or a UT

institution."¹ However, this policy changed as of October 2009, allowing for the legal representation of students by The Office of General Counsel.

Academic dishonesty devalues the integrity of students' education in The University of Texas System institutions. The Council believes that "by giving students genuine responsibility in a collaborative effort with faculty and staff members such a commitment [to academic integrity] can be fostered and maintained."² Student representation on a hearing panel provides for due process by creating a jury of peers.

The University of Texas System Student Advisory Council recommends that Regent's Rules allow students facing allegations of serious academic dishonesty to have the opportunity to request an impartial hearing panel with student representation in deciding cases.

Recommendation 4

The UT System Student Advisory Council recommends that The University of Texas System Board of Regents establish a task force to assess academic advising, particularly in the pivotal areas of student satisfaction, effectiveness, and efficiency for each institution.

The main priority of each institution is to provide students with the highest quality educational experience possible. By examining the level of student satisfaction with academic advising, The University of Texas System would improve its overall quality. The 82nd Texas Legislature also identifies this issue as a priority in Senate Bill 36.

In 2006, The University of Texas System Board of Regents unanimously passed a resolution to improve graduation rates over the next decade. Furthermore, in an opening statement to The University of Texas System Board of Regents, Chairman Powell included an initiative to increase the number of degrees conferred as one of the Board's top three priorities (Executive Summary of Remarks, 2011). Effective academic

¹ The University of Texas System Office of General Counsel, Guidelines on Providing Legal Representation to Students, October 2009

² Gary Pavela, Applying the Power of Association on Campus: A Model Code of Academic Integrity

advising is imperative to The University of Texas System's mission to increase freshman to sophomore retention, graduation rates, and overall student success.

Finally, in today's tough economic times, it is crucial that The University of Texas System re-examine programs for efficiency. Academic advising has a direct impact, not only on student success and timely completion rates, but also on the optimal use of funds.

For these reasons, we recommend The Board of Regents create a task force to develop recommendations geared towards improving academic advising with emphasis on the aforementioned core areas.

Health and Graduate Affairs

Recommendation 5

As The University of Texas System continues to produce well-educated Texans, we also have the opportunity to provide a healthier generation.

In 2009, the American College Health Association classified nearly one in three college students as obese. Studies from the National Cancer Institute show that a regulated diet is a key factor in obesity prevention. Investigative reports from around the nation, including Yale University's Rudd Center for Food Policy and Obesity, show that displaying nutritional facts on menus leads to healthier dietary choices.

Therefore, The University of Texas System Student Advisory Council recommends that The University of Texas System Board of Regents strongly encourages all institution dining facilities display nutritional facts including, but not limited to, caloric, fat, sodium, and sugar content.

Recommendation 6

Although the expectations of graduate students in The University of Texas System typically require year round commitment similar to employees, their classification as students or trainees does not afford them minimal protected time off. This situation often

results in an unhealthy lack and sometimes complete absence of leave time for students in graduate programs.

Research has shown that 44% of graduate students have high levels of emotional or stress-related problems affecting their well-being. One study further noted that graduate students are a population exposed to a higher level of stress due to “isolation from broader components of campus life, intense academic pressures, and increased presence of family and financial obligations.”

Overtaxing students results in deficits in performance, such as lapses in attention, an overall decrease in efficiency, and critical mistakes that may put both students and those around them in danger. However, providing adequate time off reduces stress, increases productivity, and improves mental and overall health.

In response to increasing national concern, the American Medical Association and the Accreditation Council for Graduate Medical Education have acknowledged these risk factors and imposed work-limits and time off regulations for medical students.

Notably, The University of Michigan System now includes time off and sick time as standard benefits for graduate students. These protections are not in place for graduate students in The University of Texas System.

We acknowledge that some mentors realize the benefits of, and currently provide, adequate time off for graduate students. However, this is not the case for all graduate students in The University of Texas System.

Given the need for rest and personal time to achieve adequate job performance and to maintain a minimum standard of mental and physical health, The University of Texas System Student Advisory Council strongly recommends that The University of Texas System Board of Regents implements sufficient time off guidelines for graduate students. These guidelines should be a bare minimum, allowing for additional time off negotiations between students and mentors.

Student, Faculty and Employee Campus Life

Recommendation 7

In the United States, more than one in four college-age adults smoke, placing smokers and those around them at increased risk for health issues. In 2010, the Surgeon General concluded that exposure to tobacco smoke leads to serious illness or death, and according to the Centers for Disease Control and Prevention, second-hand smoke exposure causes approximately 46,000 deaths per year.

Providing a smoke-free environment on college campuses will decrease smoke-related health issues, promote a healthier and more environmentally-friendly learning atmosphere, and will likely reduce smoking-related custodial costs.

Therefore, The University of Texas System Student Advisory Council recommends that The University of Texas System Board of Regents require all System institutions to implement a policy establishing smoke-free campuses within two years. For those institutions that have already adopted, or are seeking tobacco-free policies, we recommend that these policies are implemented and remain in effect.



Office of Academic Affairs
601 Colorado Street, Austin, TX 78701
Phone: (512) 499-4233 Fax: (512) 499-4240

January 24, 2011

Ms. Colleen McHugh
Chairman, Board of Regents
The University of Texas System
201 W. 7th St., Suite 820
Austin, TX 78701-2981

Francisco G. Cigarroa, M.D.
Chancellor
The University of Texas System
601 Colorado Street
Austin, TX 78701-2981

Dear Chairman McHugh and Chancellor Cigarroa:

As Chair of the University of Texas System Student Advisory Council (UTSSAC), I am writing to you today to formally introduce five resolutions on behalf of the council. In our November meeting, the council passed these resolutions that we would like to pass on to you prior to our presentation of our recommendations in May. Please find the wording of the resolutions below.

RESOLUTION 1

INCREASE THE NUMBER OF MEDICAL RESIDENCY POSITIONS IN THE STATE OF TEXAS

WHEREAS Texas ranks 42nd in the nation and falls well below the national average of physicians per capita and therefore presents an urgent and unmet need for qualified physicians¹; and,

WHEREAS the continued the pursuit of excellence in the training of Texas physicians, requires medical students to complete an Accredited Council for Graduate Medical Education (ACGME) accredited residency training program; and,

WHEREAS the number of medical students graduating from Texas medical schools continues to rise, it is important to concomitantly increase the number of ACGME accredited residency positions in Texas to retain highly qualified and Texas trained physicians; and,

¹ <http://bhpr.hrsa.gov/healthworkforce/reports/statesummaries/texas.htm>

WHEREAS inadequate residency positions for Texas medical graduates contributes to about 45% of these graduates accepting out of state residency positions, most of whom set up practices within 100 miles of their residency training²; and,

WHEREAS the state of Texas invests more than \$200,000 per medical graduate and nearly 1,200 students graduate from Texas medical schools annually, Texas forfeits approximately \$108 million each year due to inadequate availability of ACGME residency training positions for medical students who wish to remain in Texas³; and,

WHEREAS UT System Executive Vice Chancellor for Health Affairs, Dr. Kenneth Shine, recognizes the need for concomitant increases in in-state ACGME residency positions with rising enrollment numbers; therefore,

BE IT RESOLVED that the UT System Student Advisory Council strongly encourages and supports the UT Board of Regents in the quest to seek Texas State Legislation that creates additional ACGME residency positions within the state of Texas to better meet the urgent demand for quality physicians and protect investments in medical student education and training.

RESOLUTION 2

MINIMIZE FINANCIAL IMPACT ON HIGHER EDUCATION DURING FISCAL YEAR 2012-2013

WHEREAS student enrollment and financial needs for higher education tend to increase in times of economic hardship; and

WHEREAS higher education sustained forty-one percent (41 %) of the overall budget cuts for the 2010-2011 biennium, despite consisting of only twelve and one-half percent (12.5 %) of all state spending; and

WHEREAS institutions of The University of Texas System have already been mandated by Texas state officials to reduce their current budgets by 7.5 % in 2010; therefore,

BE IT RESOLVED that The University of Texas System Student Advisory Council urges The University of Texas System to actively recognize the importance of the Texas Legislature to consider higher education proportionate to its share of the state's budget when cutting funding for Fiscal Year 2012-2013.

² Houston Chronicle; <http://www.chron.com/disp/story.mpl/editorial/7276313.html>

³ <http://www.statehealthfacts.org>

RESOLUTION 3

SUPPORT OF TEXAS GRANT PROGRAM

WHEREAS the TEXAS Grant program can determine a student's ability to pursue higher education; and

WHEREAS a TEXAS Grant significantly increases a student's probability of graduating from college⁴; and

WHEREAS a ten percent (10 %), \$43 million, cut in the TEXAS Grant program would signify 40,400⁴ fewer new grants available to college students in the next biennium; and

WHEREAS seventy-six percent (76 %) of the TEXAS Grant funds were distributed to minority students for the fiscal years 2005 to 2009; and

WHEREAS it is a priority of the Texas Higher Education Coordinating Board to "Close the Gap" and cuts would disproportionately affect minority students dependent upon the TEXAS Grant program; therefore,

BE IT RESOLVED that The University of Texas System Student Advisory Council urges The University of Texas System to actively recognize the importance of the Texas Legislature to maintain the current level of funding to the TEXAS Grant program in the state budget for Fiscal Year 2012-2013.

RESOLUTION 4

TEXTBOOK AFFORDABILITY

The University of Texas System Student Advisory Council supports the passage of House Bill 33 during the 82nd Texas Legislature Regular Session. The Council believes that the four action items of House Bill 33 in their totality support the needs of higher education students in the State of Texas. To strengthen the provisions of the Federal Higher Education Opportunities Act of 2008 and to give students the resources to make cost effective decisions, the Texas Legislature should adopt the following four requirements as listed in House Bill 33:

- Section 51.452: The Dissemination of Course Schedule and List of Required and Recommended Textbooks

⁴ <http://www.thecb.state.tx.us/download.cfm?downloadfile=F381DD79-D6D3-C2D8-DD2A1AD47D082185&typename=dmFile&fieldname=filename>

- Section 51.453: Textbook Assistance Information for Students
- Section 51.454: Textbook Publishers: Availability of Information to Faculty Concerning Textbook Prices, Revisions, and Copyrights
- Section 51.455: Textbook Bundles

Students spend an average of \$900⁵ per year on textbooks, and this legislation is important in alleviating the financial burden placed on all students. Therefore, The University of Texas System Student Advisory Council urges The University of Texas System to actively support House Bill 33 in the 82nd Texas Legislature Regular Session.

RESOLUTION 5

COMPETITIVE INSURANCE BENEFITS

Competitiveness

WHEREAS in September 2010, President William Powers of The University of Texas at Austin stated that “the fact that we don’t have competitive benefits for same-sex couples puts us at a competitive disadvantage in recruiting students and staff, and that’s an issue that we need to get solved;”⁶ and,

WHEREAS there are several documented cases of a System school losing talented faculty, staff, and prospective hires due to current restrictions denying benefits to same-sex partners of employees⁷; and,

WHEREAS UT System schools must compete for faculty within the State of Texas with Baylor College of Medicine⁸, Southern Methodist University⁹, Trinity University¹⁰, Rice University¹¹, and Southwestern University¹², which do not deny benefits to same-sex couples; and,

⁵ <http://www.uspirg.org/higher-education/affordable-textbooks>

⁶ As quoted in The Daily Texan, 06 Sep 2010

⁷ “Questions and Answers about Domestic Partner Benefits.” Pride and Equity Faculty Staff Association: Domestic Partner Benefits Subcommittee; the University of Texas at Austin, April 2008. <<http://www.utexas.edu/staff/pefsa/DPBreport.pdf>>.

⁸ “Benefits Cost & Coverage Information (2010).” Baylor College of Medicine. <http://www.bcm.edu/pdf/2010CostSupplementInfo.pdf>.

⁹ “Human Resources.” Southern Methodist University. <<http://smu.edu/HR/benefits/DomesticPartner.asp>>.

¹⁰ http://web.trinity.edu/Documents/hr_docs/Aetna_Final_Summary_Plan_Document_2009.pdf>.

¹¹ http://people.rice.edu/benefits.cfm?doc_id=7514.

¹² “Faculty Benefits Summary, Effective January 1, 2009.” Southwestern University. <http://www.southwestern.edu/fiscalaffairs/stuff/hr/FacultyBenefits-2009.pdf>.

Current Texas Law

WHEREAS Chapter 51 of the Texas Education Code requires that The University of Texas System offer benefits that are “comparable” and “at least equal to” those offered by peer institutions, state agencies, and private industry; and,

WHEREAS Chapter 1601 of the Texas Insurance Code is intended to enable The University of Texas System to “attract and retain competent and able employees by providing employees with basic life, accident, and health benefit coverages;” and,

WHEREAS Chapter 1601 of the Texas Insurance Code mandates that The University of Texas System shall “determine basic coverage standards that must be comparable to those commonly provided: (A) in private industry; and (B) to employees of another agency or an institution of higher education in this state;” and,

WHEREAS due to differences in the Texas Insurance Code, the Board of Regents of The University of Texas System currently interprets Texas law as forbidding competitive benefits for same-sex couples, although other public entities, including the City of Austin, not only provide employment benefits, but also unemployment and bereavement benefits¹³ to same-sex couples¹⁴; and,

WHEREAS nine of eleven peer institutions of UT System schools offer competitive benefits for same-sex couples, and more than half of those institutions are in states which have “defense of marriage” (or DOMA-like) laws similar to those of the State of Texas; and,

WHEREAS several states with DOMA-like laws have not acted to overrule universities that have chosen to provide benefits to same-sex couples, while some peer institutions have adapted to such restrictions, including via the introduction of language providing benefits to “Other Qualified Adults”, and potentially by supplementing the income of affected employees to cover the cost of private insurance plans; and,

¹³ The federal government typically provides for certain unemployment and bereavement benefits via the Consolidated Omnibus Budget Reconciliation Act (COBRA), but not to same-sex partners. The City of Austin provides COBRA-like unemployment and bereavement benefits (divorce, death, or layoffs) in addition to regular employment benefits for same-sex partners.

¹⁴ <http://www.statesman.com/blogs/content/shared-gen/blogs/austin/cityhall/entries/2009/11/02/city_of_austin_expands_samesex.html?cxntfid=blogs_city_and_county_beat>.

WHEREAS all of the schools in *U.S. News & World Reports'* list of the top ten colleges and universities (from 2007) offer competitive benefits for same-sex couples, as do all Ivy League universities¹⁵; and,

WHEREAS 83% of Fortune 100 companies offer competitive benefits for same-sex couples¹⁶; and,

Financial Impact

WHEREAS, Extending health insurance benefits to same-sex couples was estimated to cost 0.58% (approximately \$300,000) of the current health insurance expenditures budget of The University of Texas at Austin, while the monetary cost of replacing just one faculty member who leaves based on denial of benefits was estimated at between \$214,000 and \$1.2 million; and,

Non-Discrimination

WHEREAS the UT System non-discrimination policy reads, "No person is to be subject to discrimination on the basis of sexual orientation regarding admissions; employment; or access to programs, facilities or services of The University of Texas System. External users of System facilities should also be encouraged to adhere to principles of fair treatment and equal opportunity except as otherwise authorized by laws or governmental regulations."; and,

WHEREAS The University of Texas at Austin's Human Resource Services calculated that a sample employee earning a salary of \$80,000 will receive \$8,108 less in compensation per year due to the denial of competitive benefits for same-sex couples, in addition to facing the financial burden of purchasing an individual insurance policy out-of-pocket; and,

WHEREAS Legislation seeking to amend the Texas Insurance Code, by requiring and empowering The University of Texas System to offer employees competitive benefits, was left pending in the House Insurance Committee during the 81st Session of the Texas Legislature (2009)¹⁷; therefore,

¹⁵ Russell, Alene. 2007. "Domestic Partnership Benefits: Equity, Fairness, and Competitive Advantage." American Association of State Colleges and Universities.

¹⁶ http://www.hrc.org/issues/workplace/benefits/domestic_partner_benefits.htm

¹⁷ <http://www.capitol.state.tx.us/BillLookup/History.aspx?LegSess=81R&Bill=HB861>

BE IT RESOLVED that The University of Texas System Student Advisory Council urges The University of Texas System Board of Regents to extend competitive insurance benefits to same-sex partners of employees and retirees of the UT System.

Sincerely,



Christof Straub
Chair, The University of Texas System Student Advisory Council

cc: Dr. David Prior
Mr. Kenneth Shine, M.D.
Ms. Francie Frederick, General Counsel to the Board of Regents
Dr. Edward Baldwin, Senior Policy Analyst, Academic Affairs



TABLE OF CONTENTS FOR AUDIT, COMPLIANCE, AND MANAGEMENT REVIEW COMMITTEE

Committee Meeting: 5/11/2011

Brenda Pejovich, Chairman
Paul L. Foster, Vice Chairman
Alex M. Cranberg
Wallace L. Hall, Jr.

Board Meeting: 5/12/2011
Austin, Texas

	Committee Meeting	Board Meeting	Page
A. CONVENE	4:00 p.m. <i>Chairman Pejovich</i>		
1. U. T. System: Report on the external audit of the Fiscal Year 2010 U. T. M. D. Anderson Cancer Center Annual Financial Report and the plan for the external audit of the Fiscal Year 2011 U. T. System Annual Financial Report	4:00 p.m. Report/Discussion <i>Ms. Vicki Keiser,</i> <i>Deloitte & Touche</i>	Not on Agenda	25
2. U. T. System Board of Regents: Approval of proposed appointment of members to the Audit and Ethics Committee of the Board of Directors of The University of Texas Investment Management Company (UTIMCO)	4:20 p.m. Action <i>Chairman Pejovich</i>	Action	37
3. U. T. System: Report on the Systemwide internal audit activities, including the status of the State Auditor's Office issued audit reports	4:23 p.m. Report/Discussion <i>Mr. Chaffin</i>	Not on Agenda	37
4. U. T. System: Presentation on the U. T. Systemwide Endowment Compliance Program	4:30 p.m. Report/Discussion <i>Dr. Safady</i>	Not on Agenda	45
B. RECESS TO EXECUTIVE SESSION PURSUANT TO TEXAS GOVERNMENT CODE, CHAPTER 551			
Personnel matters relating to appointment, employment, evaluation, assignment, duties, discipline, or dismissal of officers or employees - <i>Texas Government Code Section 551.074</i>	4:50 p.m. Report/Discussion <i>Mr. Chaffin</i> <i>Mr. Plutko</i>	Not on Agenda	
U. T. System: Discussion with institutional auditors and compliance officers concerning evaluation and duties of individual System Administration and institutional employees involved in internal audit and compliance functions			
C. RECONVENE IN OPEN SESSION TO CONSIDER ACTION, IF ANY, ON EXECUTIVE SESSION ITEM AND TO ADJOURN	5:00 p.m.		

1. **U. T. System: Report on the external audit of the Fiscal Year 2010 U. T. M. D. Anderson Cancer Center Annual Financial Report and the plan for the external audit of the Fiscal Year 2011 U. T. System Annual Financial Report**

REPORT

Ms. Vicki Keiser, Deloitte & Touche, LLP, will report on the results of the audit of U. T. M. D. Anderson Cancer Center's financial statements for Fiscal Year 2010.

Ms. Keiser will also present the plan, including key audit areas, scope, and timeline for the upcoming external audit of the Fiscal Year 2011 U. T. System Annual Financial Report as set forth on Pages 26 - 36.

BACKGROUND INFORMATION

On August 12, 2010, the Board authorized U. T. System staff to negotiate and enter into an auditing services contract with Deloitte & Touche, LLP, to provide independent financial auditing services for the audit of the U. T. System and the U. T. M. D. Anderson Cancer Center financial statements for Fiscal Year 2011 and The University of Texas Investment Management Company (UTIMCO) managed funds for Fiscal Year 2011.

The source of funding for this contract is Available University Funds, as approved for the prior contract.



The University of Texas System
External Audit Plan Summary
May 2011

Implementing Deloitte Audit across UTS' components

Based on our knowledge of UTS, UTIMCO and M.D. Anderson and our extensive understanding of your operations, we have identified the following key areas of audit focus.

Key areas of audit focus	Key audit procedures	Opportunities to add value	Related reporting unit
Information Technology	<ul style="list-style-type: none"> • Involve Deloitte information technology audit specialists to evaluate and test the automated controls in business cycles, such as revenue, expenditures and payroll and personnel. • Perform audit procedures directly on the computer-generated information • Design and discuss a testing plan of the following general computer control areas: • Data center and network operations • Information security • Change management of systems and applications 	<ul style="list-style-type: none"> • Make suggestions for enhancing the internal control environment • Benchmark UTS' control environment—including information systems controls—to leading industry practices 	<ul style="list-style-type: none"> • UT System • M.D. Anderson • UTIMCO
Treasury	<ul style="list-style-type: none"> • Confirm significant cash, investment and debt balances • Test the recorded fair value of investments and the controls utilized by management to periodically assess that fair value • Review support for valuation of investments for potential impairment • Review bond transaction-related agreements • Audit recorded transactions related to the recording of any new debt, the refunding/modification of the existing debt and any resulting gain or loss • Review management's calculation of debt covenants in accordance with debt agreements 	<ul style="list-style-type: none"> • Provide responsive feedback on various financing vehicles UTS may consider, including accounting treatments and impacts of future rulemaking • Provide perspectives on management's process to value investments • Offer observations from financial instruments specialists on relevant issues 	<ul style="list-style-type: none"> • UT System • M.D. Anderson • UTIMCO
Fraud identification procedures	<ul style="list-style-type: none"> • Make inquiries of management and others about the risk of fraud and whether they are aware of any fraud • Evaluate accounting estimates for management bias • Evaluate business rationale for significant or unusual transactions • Test the financial reporting process and controls over journal entries • Examine journal entries and other adjustments for evidence of possible misstatement 	<ul style="list-style-type: none"> • Provide recommendations for enhancement of UTS' documentation of its assessment of the risk of fraud • Offer recommendations to strengthen UTS' documentation of the processes it uses to detect possible fraud 	<ul style="list-style-type: none"> • UT System • M.D. Anderson • UTIMCO
Capital expansion and other business initiatives	<ul style="list-style-type: none"> • Understand capital expansion projects and future capital project plans. Based on the nature and status of these projects, modify our audit approach to address the related specific risks, as well as accounting and disclosure requirements • Involve Deloitte professionals from the construction industry as appropriate in determining accounting treatment and disclosures 	<ul style="list-style-type: none"> • Provide recommendations for management's assessment of the accounting and disclosure risks • Provide perspectives from Deloitte specialists on efficiency of allocation and use of capital resources and the processes used to determine this use 	<ul style="list-style-type: none"> • UT System • M.D. Anderson

Key areas of audit focus	Key audit procedures	Opportunities to add value	Related reporting unit
	<ul style="list-style-type: none"> Obtain a detailed understanding of business initiatives and assess the specific technical accounting requirements posed by each initiative 		
Patient accounts receivable	<ul style="list-style-type: none"> Review patient receivables performance on an annual basis to understand trends and management's perspectives Evaluate and test key control elements of the patient accounting process Review methodologies and procedures used to establish the allowances for uncollectible accounts and contractual adjustments Conclude as to the adequacy of the allowance for uncollectible accounts through review of management's analyses and reporting processes, including reviewing accounts balances by payor class, collection and aging statistics Evaluate management's estimate of net patient accounts receivable for reasonableness 	<ul style="list-style-type: none"> Provide an independent perspective on management's process for recognizing revenue and determining the allowance for uncollectible accounts Assist management in the identification of revenue cycle controls Identify opportunities for revenue cycle process improvements that increase efficiency 	<ul style="list-style-type: none"> UT System M.D. Anderson
Third-party settlements	<ul style="list-style-type: none"> Involve a Deloitte reimbursement specialist to assist the financial audit team in evaluating and testing key control elements of the third-party settlement process Review the impact of tentative and final settlements received and management's treatment of Notices of Program Reimbursement received subsequent to year-end Review settlement positions for prior periods, based on third-party clearings (charges, discharges, days, etc.) reflected in the reimbursement schedules Review allocated and specific allowances for adequacy against potential exposures 	<ul style="list-style-type: none"> Provide insights into future changes in Medicare payment systems and the impact on UTS' components Benchmark third-party settlement policies and procedures with those of other providers of similar size Provide an independent perspective on the process to reserve for receivables from third-party payors 	<ul style="list-style-type: none"> UT System M.D. Anderson
Federal and student receivables	<ul style="list-style-type: none"> Review student receivables performance on a periodic basis to understand trends and management's perspectives Evaluate and test key control elements of the federal and student accounting process Review methodologies and procedures used to establish the allowances for uncollectible accounts Conclude as to the adequacy of the allowance for uncollectible accounts through review of management's analyses and reporting processes, including reviewing accounts balances by payor class, collection and aging statistics Evaluate management's estimate of net federal and student accounts receivable for reasonableness 	<ul style="list-style-type: none"> Provide an independent perspective on management's process for recognizing revenue and determining the allowance for uncollectible accounts Assist management in the identification of revenue cycle controls Identify opportunities for revenue cycle process improvements that increase efficiency 	<ul style="list-style-type: none"> UT System M.D. Anderson
Reserves for self-insured risks	<ul style="list-style-type: none"> Obtain an understanding of the risk management system Evaluate and test key elements in the incident reporting systems based on claims being evaluated or litigated 	<ul style="list-style-type: none"> Provide perspectives on management's process to measure and value reserves Offer observations from human capital specialists on relevant 	<ul style="list-style-type: none"> UT System

Key areas of audit focus	Key audit procedures	Opportunities to add value	Related reporting unit
	<ul style="list-style-type: none"> Utilize actuarial specialists to review actuarial methodologies used to calculate incurred but not reported liability exposures Correspond with internal and external legal counsel and other specialists regarding sufficiency of reserves set on known incidents 	issues	
Revenues – Student tuition and fees, net, federal, state and local sponsored programs, auxiliary enterprises, net	<ul style="list-style-type: none"> Review student tuition and fees, federal, state and local sponsored programs and auxiliary enterprises revenue recognition accounting policies and procedures through walkthroughs of revenue cycles during internal control testing Audit revenues recorded through substantive analytical reviews and/or detail testing Incorporate compliance understanding and testing into testing of federal, state and local sponsored programs, including inquiries of management and State Auditor on Single Audit results 	<ul style="list-style-type: none"> Provide an independent perspective on management's process for recognizing revenue related discounts and allowances Assist management in the identification of revenue cycle controls Identify opportunities for revenue cycle process improvements that increase efficiency 	<ul style="list-style-type: none"> UT System M.D. Anderson
Investments in alternative investments	<ul style="list-style-type: none"> Confirm existence of 100% of underlying fund investments Apply analytical procedures to underlying fund investment returns to ensure that they are reasonable Perform testing of pre-investment due diligence and on-going due diligence in compliance with the AICPA Technical Practice Aid which defines the auditing standards in this area Review of our work in this area by a subject matter specialists to ensure work is complete and conforms to professional standards 	<ul style="list-style-type: none"> Provide feedback on the due diligence process used by management Perform detailed reviews of documentation to ensure portfolio managers and analysts are documenting their work 	<ul style="list-style-type: none"> UTIMCO

Key areas of audit focus	Key audit procedures	Opportunities to add value	Related reporting unit
Derivative instruments	<ul style="list-style-type: none"> Evaluate management’s process regarding derivative identification Utilize Deloitte specialists in evaluating management’s valuation methodology 	<ul style="list-style-type: none"> Provide insight as to valuation best practices, including consideration of non-performance risk Provide insight into area of changing accounting standards as it pertains to financial instrument and valuation matters Assist management in implementing GASB 53 and its related disclosures 	<ul style="list-style-type: none"> UT System UTIMCO

Multi-location audit plan

We understand and appreciate the investment you are making in your selected audit provider at each UTS component. In an effort to ensure appropriate attention to each component, we have created a proposed plan for the multiple locations of UTS and its components. While the economic conditions present will change over time, our plan is to visit and perform audit procedures at the following locations on an annual basis:

- UT Southwestern Medical Center at Dallas
- UT Medical Branch at Galveston
- UT Health Science Center at Houston
- UT Health Science Center at San Antonio
- M.D. Anderson Cancer Center
- System Administration
- UT Austin
- UTIMCO

We also intend to incorporate certain procedures annually and also can visit the following locations on a rotational basis if considered appropriate:

- UT Health Science Center at Tyler
- UT Arlington
- UT Brownsville
- UT Dallas
- UT El Paso
- UT Pan American
- UT Permian Basin
- UT San Antonio
- UT Tyler

Timing

The following table sets forth our proposed timing for UTS based on discussions with management and deadlines outlined in the RFQ.

UTS – Financial audit for fiscal year ending August 31, 2011	Prior to June	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan/Feb
Detailed audit plan — Planning and internal controls									
Planning and risk assessment									
Hold meetings with management to review critical accounting matters	UTS								
Preliminary fieldwork (beginning balance testing) (February 2011)	UTS								
Hold meetings with IT resources to further understand the environment	UTS								
Assess fraud, control environment and engagement risk		UTS	UTS						
Develop and document detailed understanding of control processes			UTS						
Conduct detailed discussion regarding litigation, claims and assessments			UTS						
Develop and document detailed understanding of accounting and financial closing and reporting processes			UTS						
Provide client request listing (January 2011)	UTS								
Evaluation and testing of the internal control environment									
Update understanding of control environment		UTS	UTS						
Understand detailed transaction flow		UTS	UTS						
Evaluate all general IT controls			UTS						
Evaluate entity-level controls			UTS						
Test design, implementation and operating effectiveness of controls		UTS	UTS						

UTS – Financial audit for fiscal year ending August 31, 2011	Prior to June	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan/Feb
Detailed audit plan — Substantive audit work and reporting									
Interim Testing									
Perform interim testing of account balances		UTS	UTS						
Complete review of financial statement templates			UTS						
Conduct interim summary results meeting			UTS						
Preparation for year-end field work									
Provide updated client request listing			UTS						
Perform administration (including confirmation process)			UTS	UTS					
Detailed audit plan — Substantive audit work and reporting									
Year-end field work									
Perform year-end tests of account balances					UTS	UTS			
Perform roll-forward tests of account balances					UTS				
Review drafts of financial statements and provide comments							UTS		
Evaluate and conclude						UTS	UTS		
Issue opinion and report to management								UTS	
Meet with ACMR Committee (February 2012)									UTS
Deliver reports to SAO									UTS

Timing for M.D. Anderson is generally similar to UTS; differences include that M.D. Anderson interim fieldwork is performed in July and August and reporting to their audit committee is in December.

Timing for UTIMCO is generally similar to UTS; differences include issuing opinions in October.

Active leverage of Internal Audit work to increase efficiencies

A high degree of teaming and communication between internal and external auditors supports our combined success and is crucial to performing an efficient audit. One of the first areas of collaboration is to review Internal Audit's work plans to assess the impact on the nature and extent of our audit procedures at the various components. Wherever possible, we will rely on Internal Audit's work.

We will actively leverage the hours Internal Audit provides throughout the audit process. Our experience working with Internal Audit on the previous audit of UTS and in our ongoing work at M.D. Anderson and UTIMCO allowed us to craft the following work plan relating to the upcoming external audit. We will work collaboratively with Mr. Chaffin and Internal Audit directors at the component institutions to identify appropriate resources in the UTS audit office and the component institution Internal Audit offices to team for the external audit testing.

One of the first items to be addressed for the 2011 audit is beginning balance testing. Deloitte will be relying on work performed by internal audit for the fiscal year 2010 financial statement balances at System Administration, UT Austin, HSC-Houston, HSC-San Antonio, UTMB and UT Southwestern. Because of the continuing audits at M.D. Anderson and UTIMCO, no such beginning balance testing will be required at those locations.

In the spring and summer of 2011, we will utilize Internal Audit to perform certain documentation and testing of internal controls at components throughout UTS. We will also utilize Internal Audit to assist us at interim and final fieldwork testing in various financial statement areas. When appropriate, we intend to rely on testing completed in the internal audit plan to improve efficiency and reduce the workload of UTS' staff. Additionally, we will work closely with Internal Audit to plan and coordinate external audit support and testing.

Going forward, we will coordinate with Internal Audit as it develops the subsequent year's audit plan. We will provide input to the process that will prove helpful in best leveraging each other's work.

Lead client service partner

Full name	Vicki Keiser, vkeiser@deloitte.com; 713.858.7515
Deloitte title	Partner, Deloitte & Touche LLP
Length of time at Deloitte	More than 32 years with Deloitte
Primary office	Houston, TX
Project responsibilities and areas of specialization	In her role as lead client service partner, Vicki will be responsible for all services we perform for the University of Texas System.
Qualifications, relevant experience and education	<p>Qualifications</p> <ul style="list-style-type: none"> • Vicki is the leader of our Mid-America Healthcare Provider practice, dedicating all of her time to serving governmental, not-for-profit and for-profit healthcare clients in Texas and neighboring states in the region. • She also serves on our national leadership team serving healthcare providers. • She is experienced with Uniform Grants Management Standards (“UGMS”) and federal grants (A-133). • Vicki serves or has served as lead client service partner for the audits of multi-state/multi-location organizations, governmental healthcare organizations in Texas and academic medical centers. <p>Relevant experience</p> <ul style="list-style-type: none"> • Serves or served as lead client service partner for the audits of multi-state/multi- location organizations, including Harden Healthcare, CHRISTUS Health and Via Christi Health System • Serves or served as the lead client service partner for the audits of governmental healthcare organizations located in Texas, including Dallas County Hospital District (Parkland Health & Hospital System), Tarrant County Hospital District (JPS Health), Lubbock County Hospital District (University Health System), Ector County Hospital District (Medical Center Hospital) and El Paso County Hospital District (RE Thomason General Hospital) • Serves as lead client service partner for the audits of academic medical centers, including MD Anderson Cancer Center, The Methodist Hospital System. Served as audit partner for University of Texas Medical Branch and University of Texas Southwestern for prior consolidated audits of The University of Texas System. Served as lead client services partner for Baylor College of Medicine • Serves as lead client service partner for Presbyterian Health (NM) where she oversees internal audit and other advisory services. Serves as advisory partner for CHRISTUS Health and Ochsner Health System • Serves as quality review partner for audits, including SSM Healthcare, Aurora Health, University of Wisconsin Hospitals and Clinics Authority <p>Education</p> <ul style="list-style-type: none"> • MBA, Accounting & Finance, University of Texas at Austin • BA, Biology, University of Texas at Austin
Certifications and affiliations	<ul style="list-style-type: none"> • Certified Public Accountant (“CPA”), licensed in the State of Texas • Member of the Texas Society of Certified Public Accountants Healthcare Committee, Past Chair • Has served on numerous boards, including the national Alzheimer’s Association serving as Treasurer, the Greater Southeast Texas Alzheimer’s Association serving as Treasurer and President, St. Stephen’s Episcopal School (Houston) serving as chair and treasurer, Amazing Place serving as President and treasurer • Served as a regional leader for Women’s Initiative Network from 1992 until 1999; during that time, she helped implement programs and activities which resulted in significant progress in the advancement and retention of women at Deloitte

Higher education team

Your higher education team will be led by Julia Petty, director. Julia has more than 21 years of public accounting experience and is a specialist in higher education and state and local government accounting, reporting and auditing.

Full name	Julia Petty , jpetty@deloitte.com ; 281.682.3712
Deloitte title	Director, Deloitte & Touche LLP
Length of time at Deloitte	More than 21 years with Deloitte
Primary Office	Houston, TX
Project responsibilities and areas of specialization	In her role as higher education lead audit director, Julia will lead the work at System Administration as well as coordinate the work among the teams at the individual institutions. Her GASB and higher education background will allow her to provide technical advice to the engagement team and UT System.
Qualifications, relevant experience and education	<p>Qualifications</p> <ul style="list-style-type: none"> Julia is a director in our Mid-America Public Sector practice, dedicating substantially all of her time to serving government, not for profit and higher education clients in Texas. Julia serves as an instructor on governmental accounting, reporting and compliance topics for internal firm trainings as well as for other organizations such as the Texas Society of CPAs. Julia is a specialist in governmental accounting. <p>Relevant experience</p> <ul style="list-style-type: none"> Serves or served as director in charge of the financial and/or compliance audits of higher education institutions such as the University of Texas System, Baylor University, and New Mexico State University Serves or served as director in charge of the financial and/or compliance audits of state agencies such as Texas Department of Housing & Community Affairs, New Mexico Taxation and Revenue Department, New Mexico Department of Labor, and the New Mexico Educational Retirement Board Serves as director in charge of the financial and compliance audits of local government organizations such as Harris County, Houston Independent School District, Trinity River Authority, and Port of Houston Authority, among others Serves as the quality review director on the West Virginia University system institutions. <p>Education</p> <ul style="list-style-type: none"> BBA, Texas A&M University
Certifications and affiliations	<ul style="list-style-type: none"> Certified Public Accountant (“CPA”), licensed in the State of Texas Serves as chair the Single Audits and Governmental Accounting Conference for the Texas Society of CPAs Member of the Government Finance Officers Association (“GFOA”) Certificate of Achievement for Excellence in Financial Reporting Special Review Committee

UTIMCO team

Tom has served UTIMCO for the past four years and he will continue to lead the UTIMCO team.

Full name	Thomas Wagner, twagner@deloitte.com; 617. 510. 7855
Deloitte title	Partner, Deloitte & Touche LLP
Length of time at Deloitte	More than 17 years with Deloitte
Primary office	Dallas, TX
Project responsibilities and areas of specialization	In his role as investment management partner, Tom will lead the work at UTIMCO. Tom has shared, and will continue to share, perspectives as a professional advisor and will identify any emerging issues that may affect the investment management industry.
Qualifications, relevant experience and education	<p>Qualifications</p> <ul style="list-style-type: none"> • Tom is the leader of our Mid-America Investment Management practice, dedicating all of his time to serving the investment management industry. • Serves many investment related clients including investment companies (including hedge funds, private equity funds, venture capital funds and mutual funds), investment advisors and family offices. • Has served as the Regional leader for the Alternative Investment Subject Matter Expert program for Deloitte's Mid- America's region since 2005. • Served in management development program for two years working with the lead technical partner for Deloitte nationally on industry related technical matters. <p>Relevant experience</p> <ul style="list-style-type: none"> • Served as Deloitte's audit partner for UTIMCO for past four years, since August 31, 2007. • Assists investment management clients with various operational matters including assistance with structuring matters, review of valuation policies, consultations on newly issued accounting pronouncements, regulatory changes and accounting and financial reporting matters. <p>Education</p> <ul style="list-style-type: none"> • BS, Bentley University

2. **U. T. System Board of Regents: Approval of proposed appointment of members to the Audit and Ethics Committee of the Board of Directors of The University of Texas Investment Management Company (UTIMCO)**

RECOMMENDATION

The University of Texas Investment Management Company (UTIMCO) Board of Directors recommends that the U. T. System Board of Regents approve the appointment of Mr. R. Steven Hicks and Mr. James P. Wilson to the Audit and Ethics Committee of the UTIMCO Board of Directors.

BACKGROUND INFORMATION

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

The UTIMCO Board of Directors recommended this appointment at their meeting held on April 14, 2011, conditioned on the approval of the U. T. System Board of Regents. Mr. Hicks, Vice Chairman of the U. T. System Board of Regents, and Mr. Wilson, a member of The Texas A&M University System Board of Regents, were appointed to the UTIMCO Board of Directors by the U. T. System Board of Regents on February 17, 2011 and March 18, 2011, respectively.

The other members of the UTIMCO Audit and Ethics Committee include Regent Printice L. Gary and Director Charles W. Tate.

3. **U. T. System: Report on the Systemwide internal audit activities, including the status of the State Auditor's Office issued audit reports**

REPORT

Mr. Charles Chaffin, Chief Audit Executive, will report on the State Auditor's Office State of Texas Federal and Financial Portion of the Statewide Single Audit Reports for Fiscal Year 2010. The summary report is on Pages 39 - 41.

Mr. Chaffin will also report on the implementation status of significant audit recommendations. The second quarter activity report on the Implementation Status of Outstanding Significant Findings/Recommendations is set forth on Pages 42 - 43. Satisfactory progress is being made on the implementation of all significant recommendations. Additionally, a list of other audit reports issued by the Systemwide audit program is on Page 44.

BACKGROUND INFORMATION

Significant audit findings/recommendations are tracked by the U. T. System Audit Office. Quarterly, chief business officers provide the status of implementation, which is reviewed by the internal audit directors. A quarterly summary report is provided to the Audit, Compliance, and Management Review Committee of the U. T. System Board of Regents. Additionally, Committee members receive a detailed summary of new significant findings and related recommendations quarterly.

The University of Texas System
State Auditor's Office FY 2010 Statewide Single Audit Reports
Summary of Results for UT Institutions

As part of the fiscal year (FY) 2010 State of Texas **Financial** Portion of the Statewide Single Audit (Financial Audit), the Texas State Auditor's Office (SAO) performed audit procedures on limited financial statement line items at various University of Texas (UT) institutions, which included a review of controls over systems and processes used by the institutions to record financial activities and performing follow-up audit procedures on outstanding findings from previous year audits.

In addition, as part of the fiscal year (FY) 2010 State of Texas **Federal** Portion of the Statewide Single Audit (Federal Audit), the SAO audited student financial aid and research and development programs, including programs funded by the American Recovery and Reinvestment Act of 2009 (ARRA) at various UT institutions. Their procedures included assessing compliance with regulatory requirements, assessing internal controls over federal funds and performing follow-up audit procedures on outstanding findings from previous year audits.

The SAO categorizes its findings in the categories of control deficiencies, significant deficiencies, and material weaknesses, of which the latter is most severe (see definitions below).

- *Control Deficiency:* the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.
- *Significant Deficiency:* deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.
- *Material Weakness:* deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

In the **Financial Audit**, the SAO did not identify any findings categorized as material weaknesses at the audited UT institutions. The findings, all of which fall under significant deficiencies, are summarized as follows:

Finding	UT Institution
Insufficient management of internal or state information system access	UT Austin UT Medical Branch UT Southwestern
Non-compliance with TAC password standards	UT Austin
Failure to maintain capital asset records as required or lack of straightforward process to locate such records	UT Medical Branch UT HSC - Houston
Lack of adequate review of FY 2010 Schedule of Expenditures of Federal Awards (SEFA)	UT Arlington UT Austin UT Brownsville UT El Paso UT Pan American UT Southwestern UT Medical Branch UT HSC - Houston UT HSC - San Antonio UT M. D. Anderson

The University of Texas System
State Auditor's Office FY 2010 Statewide Single Audit Reports
Summary of Results for UT Institutions

Management at each of the UT institutions provided responses to the recommendations made from the **Financial Audit**, which indicated general concurrence and that corrective action to address the findings had already been taken or is in progress.

Corrective actions have been taken for findings from the SAO's previous Financial Audits with the exception of the SEFA-related findings and the finding related to inadequate management of system access at UT Southwestern, all of which were reissued as new findings in the FY 2010 Financial Audit report.

In the **Federal Audit**, the SAO did not identify any findings categorized as material weaknesses at the audited UT institutions. The findings, all of which fall under significant deficiencies, are summarized as follows:

Finding	UT Institution	Questioned Cost
Student Financial Assistance Cluster		
Awarding financial assistance to students not meeting Satisfactory Academic Progress requirements	UT San Antonio UT Southwestern	\$16,324 \$0
Awarding financial assistance in excess of the Cost of Attendance or aggregate loan limit	UT El Paso	\$3,223
Failure to verify all required items on the Free Application for Federal Student Aid	UT San Antonio	\$137
Incorrect enrollment or disbursement data reported to federal agencies	UT Austin UT San Antonio	\$0 \$0
Failure to return the proper amount of federal grants or to return them in a timely manner	UT San Antonio	\$0
Delayed disbursement notification when federal grants or loans were disbursed, missing the required language in the notification, or not retaining evidence that the notification was sent timely	UT Austin UT El Paso UT San Antonio UT Southwestern	\$0 \$0 \$0 \$0
Failure to send out the secondary overdue notice to defaulted borrower	UT Austin	\$0
Insufficient change management controls or inappropriate access for financial aid system and/or accounting system	UT Austin UT El Paso UT San Antonio UT Southwestern	\$0 \$0 \$0 \$0
Research and Development Cluster (including ARRA funded programs)		
Overcharging indirect costs or failure to monitor indirect cost limitation	UT M. D. Anderson	\$255,528
Cost recovery by specialized service facilities exceeded aggregate actual cost of services and the service rate was not adjusted	UT Austin	\$0
Failure to calculate or remit interest earned on advanced federal funds to the federal government prior to use of funds	UT HSC - Houston UT Southwestern	\$0 \$0
Failure to complete the time and effort certification in a timely manner, or with correct information; or inadequate monitoring of commitment reported in time and effort certifications	UT HSC - Houston UT Southwestern	\$0 \$0
Reporting incorrect financial information and insufficient review procedures to detect errors	UT M. D. Anderson	\$0
Failure to maintain accurate or complete equipment record or disposition data	UT HSC - Houston UT Southwestern	\$0 \$0

The University of Texas System
State Auditor's Office FY 2010 Statewide Single Audit Reports
Summary of Results for UT Institutions

Finding	UT Institution	Questioned Cost
Failure to provide documentation that vendor suspension or debarment was verified at the time of procurement.	UT HSC - Houston	\$0
Failure to provide federal award information (including ARRA-specific information) to subrecipients or to accurately report ARRA fund expenditures	UT M. D. Anderson UT Southwestern	\$0 \$0
Insufficient change management controls or user access controls for the general accounting or research and grant accounting system	UT Austin UT Brownsville UT Southwestern UT M. D. Anderson	\$0 \$0 \$0 \$0
Total		\$275,212

Management at each of the UT institutions provided responses to the recommendations made from the **Federal Audit**, which indicated general concurrence and that corrective action to address the findings had already been taken or is in progress. UT Southwestern accepted the risk of not implementing two recommendations related to user access to critical systems. UT Southwestern indicated that the deficiency would ultimately be resolved with full implementation of the PeopleSoft system with an anticipated completion date of March 2012.

Corrective actions have been taken for the majority of findings from the SAO's previous Federal Audits, and management has provided updated corrective action plans for the remaining open recommendations. A few recommendations were reissued as new findings in the FY 2010 Federal Audit report.

THE UNIVERSITY OF TEXAS SYSTEM
Implementation Status of Outstanding Significant Findings/Recommendations

Report Date	Institution	Audit	1st Quarter 2011		2nd Quarter 2011		Targeted Implementation Date	Overall Progress Towards Completion (Note)	
			Ranking	# of Significant Findings	Ranking	# of Significant Findings			
			2010-04	UTARL	Payment Card Industry Data Security Standard				1
2010-06	UTEP	Gifts and Endowments		1			1	4/30/2011	Satisfactory
2010-10	UTEP	Exports Control		2			0	3/1/2011	Implemented
2010-08	UTPA	Effort Reporting		2			1	3/31/2011	Satisfactory
2010-12	UTPB	Annual Financial Report for the Fiscal Year Ended August 31, 2010					1	11/30/2011	Satisfactory
2008-09	UTSA	Information Technology Change Management		1			0	2/28/2011	Implemented
2010-01	UTSA	Information Technology Asset Management		1			1	11/30/2011	Satisfactory
2010-11	UTSA	Information Security Program		3			3	8/31/2012	Satisfactory
2010-05	UTT	Texas Administrative Code Chapter 202		1			1	4/30/2011	Satisfactory
2010-11	UTT	Annual Financial Report for the Fiscal Year Ended August 31, 2010					1	7/31/2011	Satisfactory
2010-05	UTHSC - Houston	Personnel Management & Time Management System Controls		3			0	5/1/2011	Implemented
2010-11	UTHSC - Houston	Fiscal Year 2010 Financial Assurance Work		1			1	8/31/2011	Satisfactory
2010-04	UTHSC - San Antonio	UT Medicine: Information Technology Review of Data Security		3			1	7/1/2011	Satisfactory
2010-05	UTHSC - San Antonio	UT Medicine: Back End Billing		3			3	11/30/2012	Satisfactory
2007-09	UTMDACC - Houston	Maintenance and Security of Biological Research Materials		1			1	2/28/2011*	Satisfactory
2008-05	UTMDACC - Houston	Clinical Trial Research		1			1	8/31/2011	Satisfactory
2009-03	UTMDACC - Houston	Wireless and Firewall Remote Access Security Assessment		3			3	11/28/2011	Satisfactory
2009-03	UTMDACC - Houston	Review of Patient History Oracle Database Security		3			0	5/31/2009	Implemented
2009-05	UTMDACC - Houston	Business Continuity Plan Review		1			1	2/28/2010*	Satisfactory
2010-02	UTMDACC - Houston	Information Security Organization Review		5			4	5/31/2011	Satisfactory
2010-10	UTMDACC - Houston	Physicians Referral Service Practice Plan Bylaws Implementation Review		1			1	2/28/2011*	Satisfactory
2010-12	UTMDACC - Houston	Human Resources Contingent Workforce					1	8/31/2011	Satisfactory
2011-02	UTHSC - Tyler	Information Security Program Index					1	6/30/2011	Satisfactory
Totals				37			27		

THE UNIVERSITY OF TEXAS SYSTEM
Implementation Status of Outstanding Significant Findings/Recommendations

Report Date	Institution	Audit	1st Quarter 2011		2nd Quarter 2011		Targeted Implementation Date	Overall Progress Towards Completion (Note)
			Ranking	# of Significant Findings	Ranking	# of Significant Findings		
2010-03	UTPB	Federal Portion of the Statewide Single Audit Report for the Year Ended August 31, 2009		4		4	5/31/2011	Satisfactory
2009-08	UTSWMC - Dallas	Campus Safety and Security Emergency Management Plans		1		0	3/1/2011	Implemented
2011-02	UTSWMC - Dallas	Financial Portion of the Statewide Single Audit Report for the Year Ended August 31, 2010				1	4/1/2011	Satisfactory
2011-02	UTSWMC - Dallas	Federal Portion of the Statewide Single Audit Report for the Year Ended August 31, 2010				5	3/31/2012	Satisfactory
Totals				5		10		

STATE AUDITOR'S OFFICE AUDITS

Color Legend:

- Either a new significant finding for which corrective action will be taken in the subsequent quarter or a previous significant finding for which no/limited progress was made towards implementation.
- Significant finding for which substantial progress towards implementation was made during the quarter that the significant finding was first reported.
- Significant finding for which substantial progress towards implementation was made during the quarter.
- Significant finding was appropriately implemented during the quarter and will no longer be tracked.

Note: **Implemented** - The Internal Audit Director deems the significant finding has been appropriately addressed/resolved and should no longer be tracked.
Satisfactory - The Internal Audit Director deems that the significant finding is in the process of being addressed in a timely and appropriate manner.
Unsatisfactory - The Internal Audit Director deems that the significant finding is not being addressed in a timely and appropriate manner.

* Recommendation deemed to be implemented per management and awaiting verification and validation by internal audit.

OTHER U. T. SYSTEM AUDIT REPORTS RECEIVED BY SYSTEM AUDIT 12/2010 through 2/2011

Institution	Audit
UTARL	Annual Financial Report Audit - Fiscal Year Ended August 31, 2010
UTAUS	Annual Financial Report Audit - Fiscal Year Ended August 31, 2010
UTAUS	Change in Management - Center for Women's and Gender Studies
UTAUS	Change in Management - Department of Biomedical Engineering
UTAUS	Change in Management - School of Nursing
UTAUS	College of Education - National Institute for Staff and Organizational Development and the Office of the Dean
UTAUS	National Collegiate Athletic Association Football Attendance - Intercollegiate Athletics
UTAUS	Office of Environmental Health and Safety - Hazardous Materials
UTAUS	Petty Cash - Parking and Transportation Services
UTAUS	Petty Cash - Texas Memorial Museum
UTAUS	Petty Cash - Thompson Conference Center
UTAUS	Purchasing Office - Procurement Cards
UTD	School of Economic, Political, and Policy Sciences
UTD	NanoTech Institute
UTD	Office of Undergraduate Education
UTEP	Center for Defense Systems Research and National Center for Border Security and Immigration
UTEP	Annual Financial Report Audit - Fiscal Year Ended August 31, 2010
UTEP	Digital Research Data
UTEP	National Collegiate Athletic Association Certified Attendance Letter for 2010 Season
UTPB	Sub-Certification and Account Reconciliation Monitoring Plan
UTSA	Cash Management of Research Centers and Community Service Programs
UTSA	WebCT/Blackboard Audit Report
UTT	PeopleSoft Student Information Systems Review
UTSMC - Dallas	Texas Higher Education Coordinating Board Medical and Graduate Medical Programs
UTSMC - Dallas	Cardiovascular Interventional Radiology
UTSMC - Dallas	Annual Financial Report Audit - Fiscal Year Ended August 31, 2010
UTSMC - Dallas	Joint Admission Medical Program
UTSMC - Dallas	National Pediatric Infectious Disease Foundation Fiscal Year 2010 Annual Financial Report
UTSMC - Dallas	Presidential Housing, Travel and Entertainment Expenses
UTMB - Galveston	Family Practice Residency Program
UTMB - Galveston	Center for Technology Development Change in Management
UTMB - Galveston	Primary Care Residency Program
UTHSC - Houston	Internal Medicine Residency Program Fiscal Year 2010
UTHSC - Houston	Center on Aging - Departmental Compliance with Information Technology Policies
UTHSC - Houston	Family Practice Residency Program Fiscal Year 2010 Annual Financial Report
UTHSC - Houston	Follow-Up of Open Recommendations
UTHSC - Houston	Follow-Up on the American Recovery and Reinvestment Act
UTHSC - Houston	Obstetrics and Gynecology Residency Program at Lyndon B. Johnson General Hospital - Fiscal Year 2010 Annual Financial Report
UTHSC - Houston	Obstetrics and Gynecology Residency Program at Memorial Hermann Hospital - Fiscal Year 2010 Annual Financial Report
UTHSC - San Antonio	MDAudit Guiding Principles
UTHSC - San Antonio	Information Security Program
UTHSC - San Antonio	School of Medicine Internal Control Review
UTMDACC - Houston	Department of Genetics
UTMDACC - Houston	Diagnostic Coding Review
UTMDACC - Houston	Identity Management Review
UTMDACC - Houston	Inflammatory Breast Cancer Program and Clinic
UTMDACC - Houston	Information Security Program Index
UTMDACC - Houston	Office of the Vice President for Clinical Research
UTMDACC - Houston	Regional Care Centers Information Technology
UTMDACC - Houston	Tissue Banking Review - Post Tissue Station Implementation
UTHSC - Tyler	Annual Financial Report Audit - Fiscal Year Ended August 31, 2010
UTHSC - Tyler	Family Medicine Residency Program Grant Audit Fiscal Year Ended August 31, 2010
UTSYS ADM	Council on Alzheimer's Disease and Related Disorders Report
UTSYS ADM	Contracting & Gift Acceptance at University of Texas M. D. Anderson Cancer Center
UTSYS ADM	Joint Admission Medical Program Statement of Revenues, Expenses, and Fund Balance
UTSYS ADM	Office of Employee Benefits - Fiscal Year 2011 Follow-Up Audit
UTSYS ADM	Office of Historically Underutilized Business Development Audit
UTSYS ADM	University of Texas at Arlington National Collegiate Athletic Association Agreed-Upon Procedures
UTSYS ADM	University of Texas - Pan American National Collegiate Athletic Association Agreed-Upon Procedures
UTSYS ADM	University of Texas at San Antonio National Collegiate Athletic Association Agreed-Upon Procedures
UTSYS ADM	University of Texas Investment Management Company Information Security Program Index Audit
UTSYS ADM	University of Texas System Annual Financial Report Consolidation Process Audit - Fiscal Year 2010
UTSYS ADM	University of Texas System Shared Services Initiative Agreed-Upon Procedures Consulting Engagement

STATE AUDITOR'S OFFICE AUDIT REPORTS ISSUED 12/2010 through 2/2011

Institution	Audit
UTMB - Galveston	Audit Report on Correctional Managed Health Care at The University of Texas Medical Branch at Galveston
UTAUS, UTB, UTEP, UTSA, UTSMC - Dallas, UTHSC - Houston, UTMDACC - Houston	Federal Portion of the Statewide Single Audit Report for the Fiscal Year Ended August 31, 2010
UTAUS, UTSMC - Dallas, UTMB - Galveston, UTHSC - Houston	Financial Portion of the Statewide Single Audit Report for the Year Ended August 31, 2010

4. **U. T. System: Presentation on the U. T. Systemwide Endowment Compliance Program**

REPORT

Vice Chancellor Safady will report on the U. T. Systemwide Endowment Compliance Program for the fiscal year ended August 31, 2010, using a PowerPoint presentation set forth on Pages 46 - 62.

Endowment Compliance Program FY 2010

Dr. Randa Safady
Vice Chancellor for External Relations



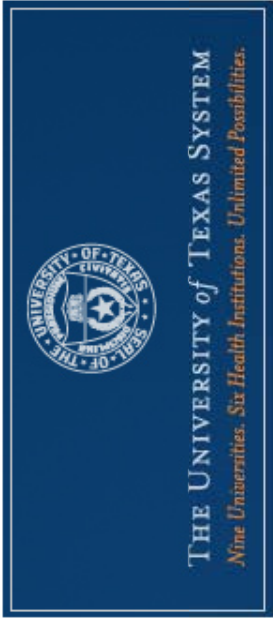
THE UNIVERSITY OF TEXAS SYSTEM
Nine Universities. Six Health Institutions. Unlimited Possibilities.

Audit, Compliance,
and Management
Review Committee
May 2011



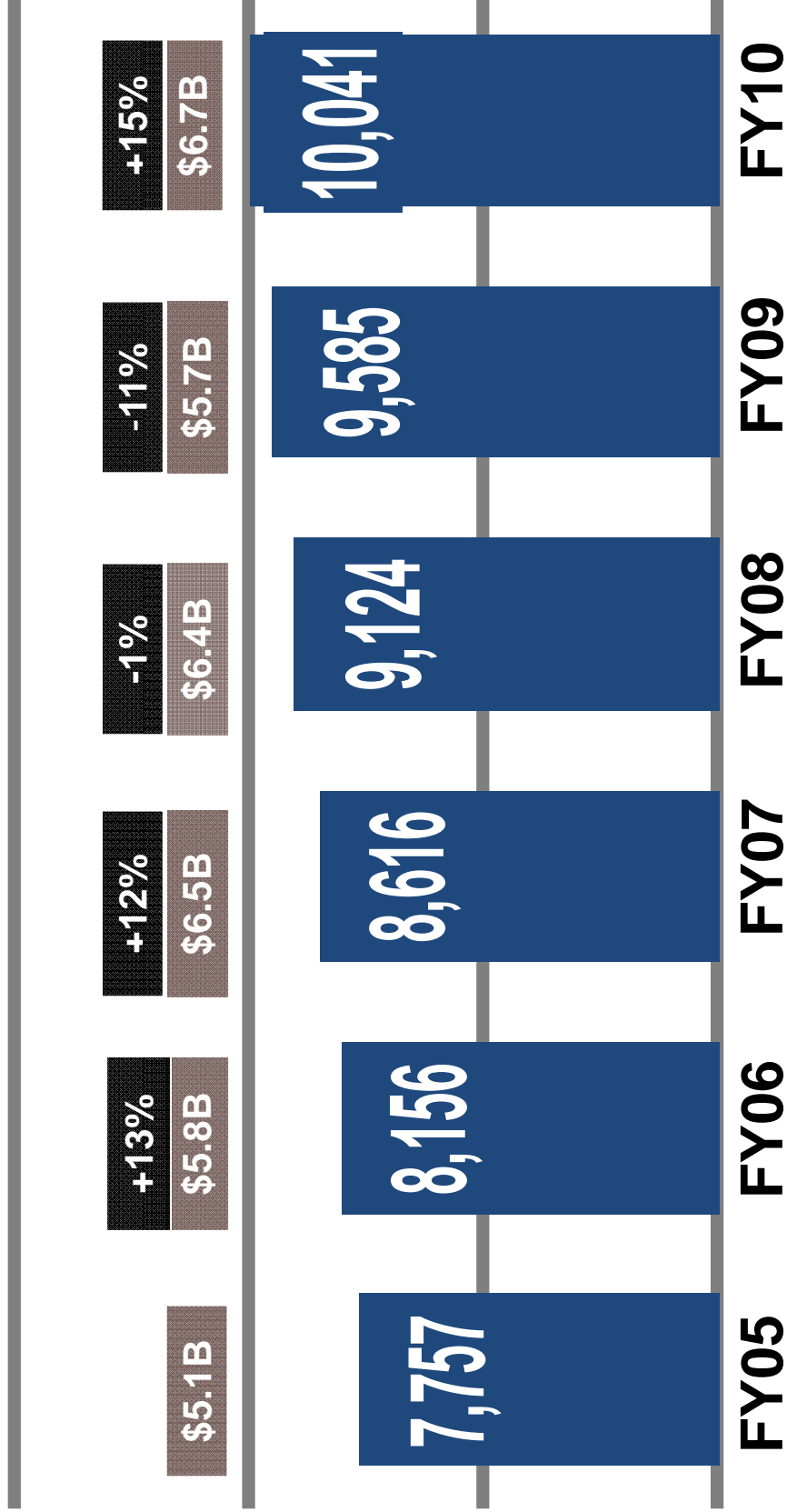
Program History and Mission

- Board of Regents authorized in November 2001
- Strengthens stewardship of the public trust and \$6.7 billion of endowed philanthropic contributions
- Compliance with laws, policies, and endowment agreements
- Maximization of endowment resources
- Improved reporting to donors and U. T. leadership



Growth in Endowment Numbers and Value

Numbers and Market Value of Endowments



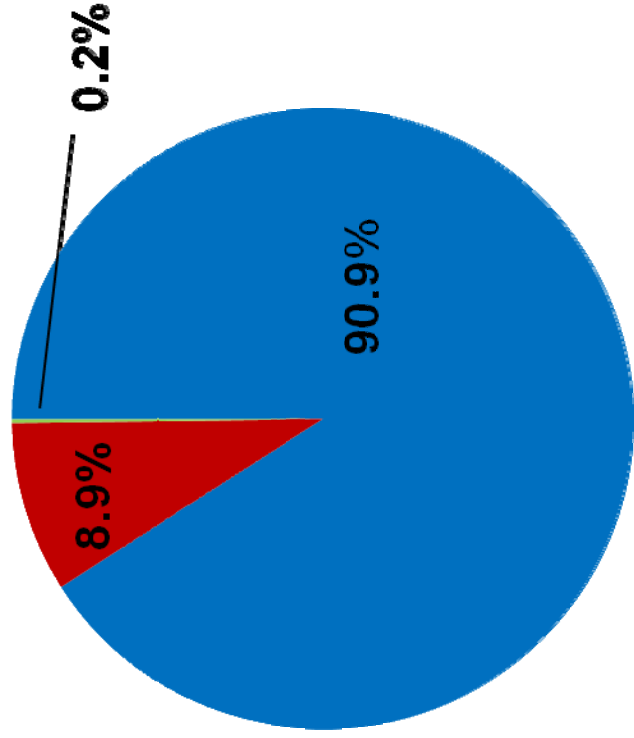


Where Endowments Are Held

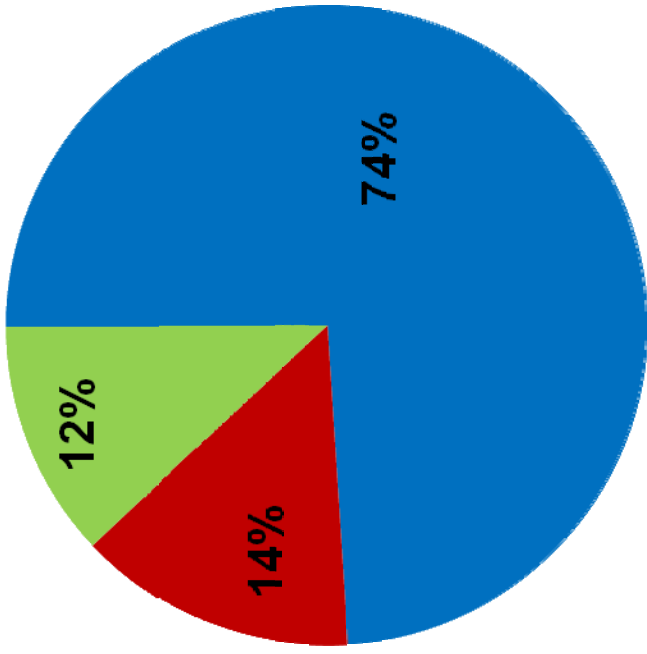
Total Numbers of Endowments: 10,041

Total Endowment Market Value: \$6.7 Billion

- Board - 9,131
- U.T. Affiliate - 890
- Others - 20



- Board - \$4.96B
- U.T. Affiliate - \$920.2M
- Others - \$822.3M





THE UNIVERSITY OF TEXAS SYSTEM
Nine Universities. Six Health Institutions. Unlimited Possibilities.

Endowments August 31, 2010 Academic Institutions

Institutions	Total Endowments	% Increase over 2009	Total Market Value	% Market Value +/- Over 2009
U. T. Arlington	457	13%	\$68,257,206	28%
U. T. Austin	4,911	3%	\$2,714,804,865	7%
U. T. Brownsville	104	12%	\$7,333,823	16%
U. T. Dallas	204	20%	\$233,909,618	19%
U. T. El Paso	573	6%	\$125,540,923	15%
U. T. Pan American	275	5%	\$56,582,407	11%
U. T. Permian Basin	105	9%	\$22,434,455	8%
U. T. San Antonio	319	5%	\$60,305,084	29%
U. T. Tyler	210	5%	\$62,834,592	7%



THE UNIVERSITY OF TEXAS SYSTEM
Nine Universities. Six Health Institutions. Unlimited Possibilities.

Endowments August 31, 2010 Health Institutions, System Administration and Others

Institutions	Total Endowments	% Increase over 2009	Total Market Value	% Market Value +/- Over 2009
U. T. Southwestern	834	1%	\$987,947,543	7%
UTMB - Galveston	671	3%	\$1,166,840,276	17%
UTHSC - Houston	423	5%	\$145,134,338	11%
UTHSC - San Antonio	355	8%	\$152,352,330	9%
UTMDACC	424	8%	\$839,991,528	109%
UTHSC - Tyler	40	-2%	\$9,946,511	8%
U. T. System Administration	128	16%	\$32,817,160	8%
Multi-Institution	8	0%	\$14,862,592	5%



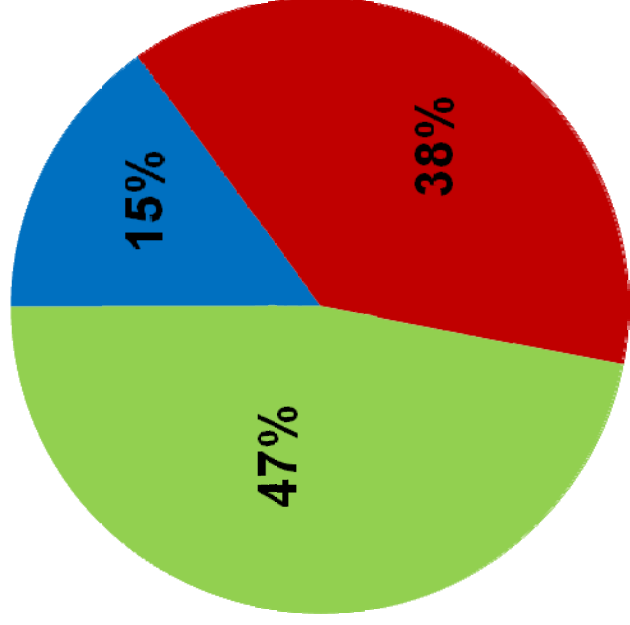
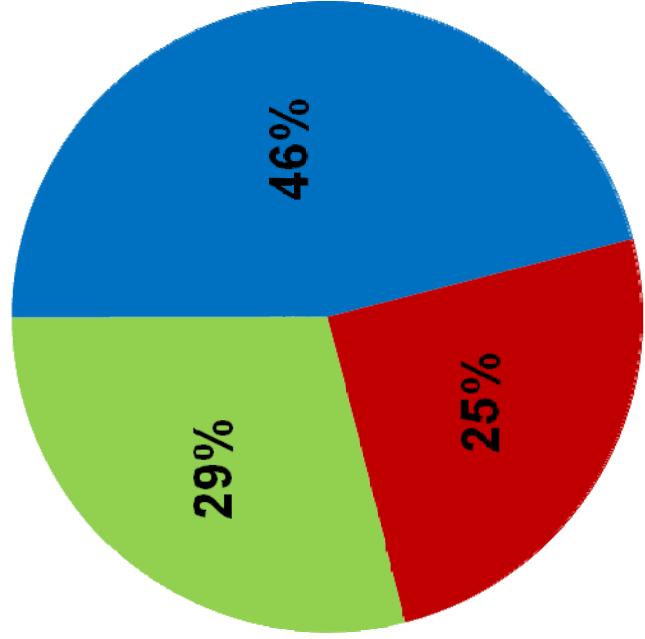
Board-Held Endowments as of August 31, 2010

Number of Endowments : 9,131

- Student Support - 4,230
- Academic Positions - 2,260
- Program Support - 2,641

Market Value \$4.96 Billion

- Student Support - \$762.1M
- Academic Positions - \$1.86B
- Program Support - \$2.34B





Board-Held Endowments as of August 31, 2010 (cont'd)

Distributions from Endowments

Endowment Purpose	Distributions	Percentage of Total
Student Support	\$38,077,608	16%
Academic Positions	\$93,218,205	38%
Program Support	\$114,060,262	46%
Total	\$245,356,075	100%



THE UNIVERSITY OF TEXAS SYSTEM
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Four Elements of Endowment Compliance Program

- Risk assessment
- Monitoring plan
- Education and training
- Reporting



THE UNIVERSITY OF TEXAS SYSTEM
Nine Universities. Six Health Institutions. Unlimited Possibilities.

Primary Risks Monitored Through Endowment Compliance Program

- Inappropriate expenditures
- No expenditures
- Excessive accumulations
- Unfilled endowed academic positions



Monitored Risk 1: Inappropriate Expenditures

Fiscal Year	Percent of Endowments Reviewed	Percentage of Endowments Reviewed with Inappropriate Expenditures	Percentage of Amount of Inappropriate Expenditures to Market Value of Identified Endowments
2007	36%	0.78%	1.41%
2008	38%	2.22%	1.08%
2009	43%	1.51%	0.44%
2010	46%	0.84%	0.51%

- Inappropriate expenditures remain low
- 99.16% (4,274) of 4,310 endowments reviewed were compliant
- As of report date, all but one (\$2,731) had been corrected and action plans have been implemented to address



Monitored Risk 2: No Expenditures

Fiscal Year	Percent of Endowments Reviewed	Percentage of Endowments Reviewed with No Expenditures and No Justification	Total Balances in Endowments with No Expenditures and No Justification
2007	36%	2.87%	\$1,917,425
2008	40%	3.60%	\$3,972,035
2009	44%	1.97%	\$1,245,077
2010	51%	0.30%	\$333,878

- Endowments with no expenditures with no justification are decreasing
- Over 99.70% (4,715) of 4,729 endowments reviewed were compliant
- Institutions are reviewing and implementing action plans to address others



Monitored Risk 3: Excessive Accumulations

Fiscal Year	Percent of Endowments Reviewed	Percentage of Endowments Reviewed with Excessive Accumulations and No Justification	Total Balances in Endowments with Excessive Accumulations and No Justification
2007	36%	3.77%	\$4,380,193
2008	40%	4.54%	\$7,541,780
2009	44%	2.61%	\$6,015,913
2010	51%	0.51%	\$1,512,798

- Endowments with excessive accumulations with no justification are decreasing
- Over 99.49% (4,705) of 4,729 endowments reviewed were compliant
- Institutions are reviewing and implementing action plans to address others



Monitored Risk 4: Unfilled Academic Positions

Fiscal Year	Percent of Positions Reviewed	Total Number of Fully-Funded Academic Positions	Percentage of Positions Unfilled as of 8/31/10	Average Number of Consecutive Months Unfilled
2007	100%	2,171	17.00%	32.51
2008	100%	2,201	14.45%	30.07
2009	100%	2,361	13.89%	29.99
2010	100%	2,306	15.78%	27.96

- Unfilled positions increased slightly in FY10, but the average number of months unfilled continues to decrease
- 84.22% (1,942) of 2,306 positions were filled at fiscal year end
- Institutions are reviewing and implementing action plans



Funding for the Program

- Board of Regents allows each institution to take an annual fee of 0.08% to 0.20% of the market value of its endowments, depending on eligibility
- In order to be eligible for a fee greater than 0.08%, an audited fee assessment must be submitted by the U. T. institution



Progress and Plans for Improvement

- Required management response has improved compliance
- Database to enhance reporting capabilities online by September 1, 2011
- Database will permit better tracking of progress through updates of data between reports.
- Beginning in FY10, each endowment reviewed at least every 3 years
- “Report of Use” letters now provided to donors of all endowment categories



Conclusions

- Program is working and continues to identify risks and increase compliance
- Has promoted strategic focus on endowment fund raising
- All endowments are now reviewed every 1 – 3 years
- Annual reporting continues to identify trends so that negative trends can be prevented or reversed
- Campuses must be applauded for hard work and good communication between leadership, faculty, and staff in producing such good numbers



TABLE OF CONTENTS FOR FINANCE AND PLANNING COMMITTEE

Committee Meeting: 5/12/2011

Paul L. Foster, Chairman
Printice L. Gary, Vice Chairman
Alex M. Cranberg
Wallace L. Hall, Jr.
Brenda Pejovich

Board Meeting: 5/12/2011
 Austin, Texas

	Committee Meeting	Board Meeting	Page
Convene	<i>2:00 p.m.</i> <i>Chairman Foster</i>		
1. U. T. System Board of Regents: Discussion and appropriate action related to approval of <i>Docket No. 146</i>	<i>2:00 p.m.</i> Discussion <i>Dr. Kelley</i>	Action	63
2. U. T. System: Key Financial Indicators Report and Monthly Financial Report	<i>2:05 p.m.</i> Report/Discussion <i>Dr. Kelley</i>	Not on Agenda	63
3. U. T. System: Approval of \$6 million of Available University Funds for a Shared Services Initiative	<i>2:15 p.m.</i> Action <i>Dr. Kelley</i>	Action	97
4. U. T. System: Approval of the Fiscal Year 2012 Budget Preparation Policies and Calendar	<i>2:30 p.m.</i> Action <i>Mr. Wallace</i>	Action	104
5. U. T. System: Update regarding centralized investment of operating funds	<i>2:35 p.m.</i> Report/Discussion <i>Dr. Kelley</i>	Not on Agenda	108
6. U. T. System Board of Regents: The University of Texas Investment Management Company (UTIMCO) Performance Summary Report and Investment Reports for the quarter ended February 28, 2011	<i>2:50 p.m.</i> Report/Discussion <i>Mr. Zimmerman</i>	Report	116
Adjourn	<i>3:00 p.m.</i>		

1. **U. T. System Board of Regents: Discussion and appropriate action related to approval of Docket No. 146**

RECOMMENDATION

It is recommended that *Docket No. 146* be approved. The Docket is behind the Docket tab.

It is also recommended that the Board confirm that authority to execute contracts, documents, or instruments approved therein has been delegated to appropriate officials of the respective institution involved.

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

REPORT

Dr. Scott C. Kelley, Executive Vice Chancellor for Business Affairs, will discuss the Key Financial Indicators Report set forth on Pages 64 - 71 and the March Monthly Financial Report on Pages 72 - 96. The reports represent the consolidated and individual operating results of the U. T. System institutions.

The Key Financial Indicators Report compares the Systemwide quarterly results of operations, key revenues and expenses, reserves, and key financial ratios in a graphical presentation from Fiscal Year 2007 through February 2011. Ratios requiring balance sheet data are provided for Fiscal Year 2006 through Fiscal Year 2010.

The Monthly Financial Report includes the detail for each individual institution as of March 2011.


















THE UNIVERSITY OF TEXAS SYSTEM



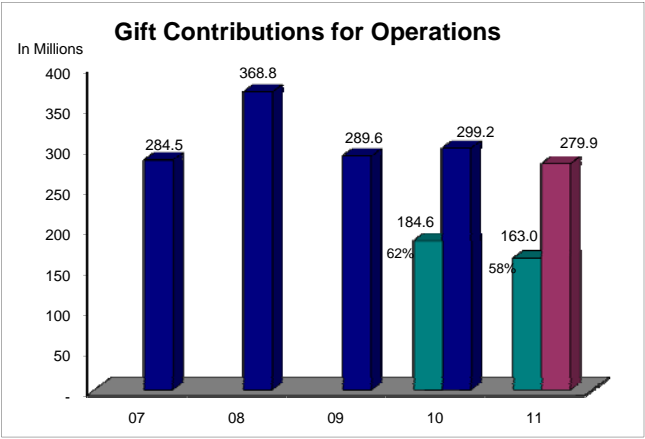
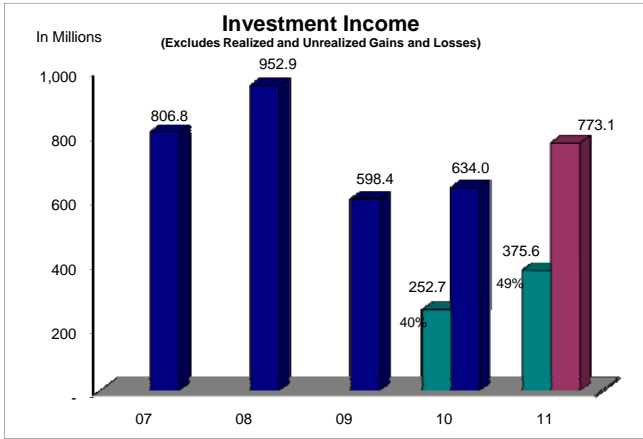
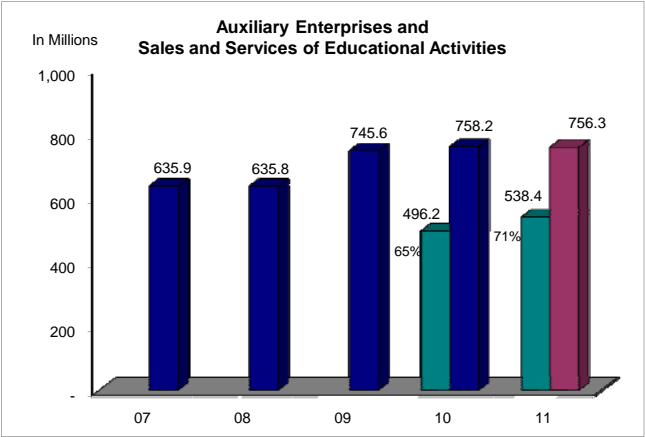
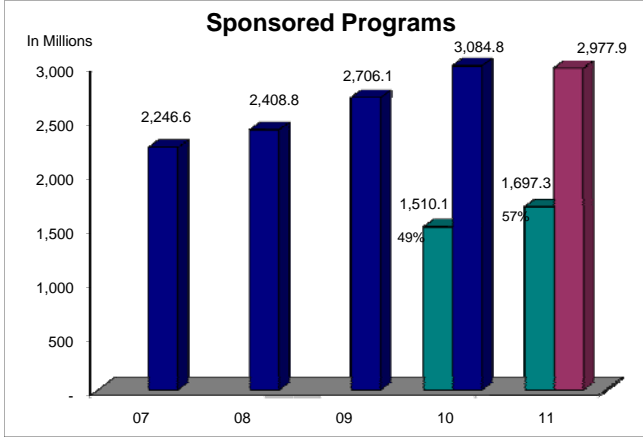
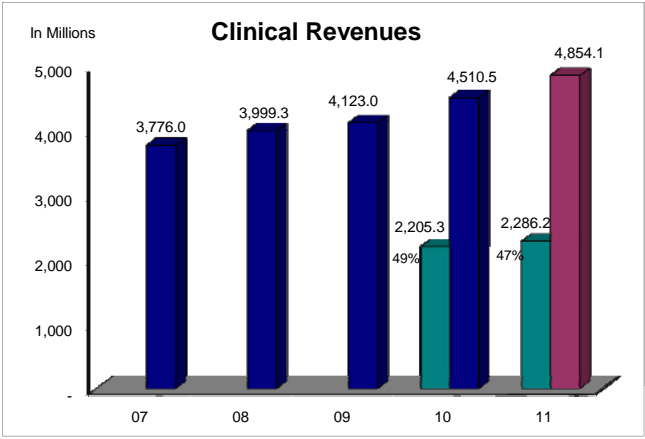
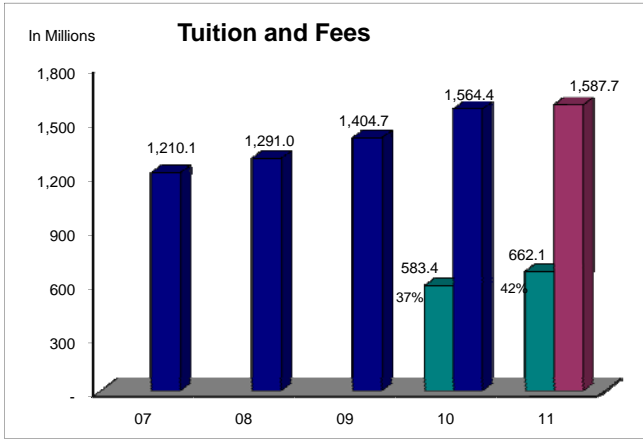
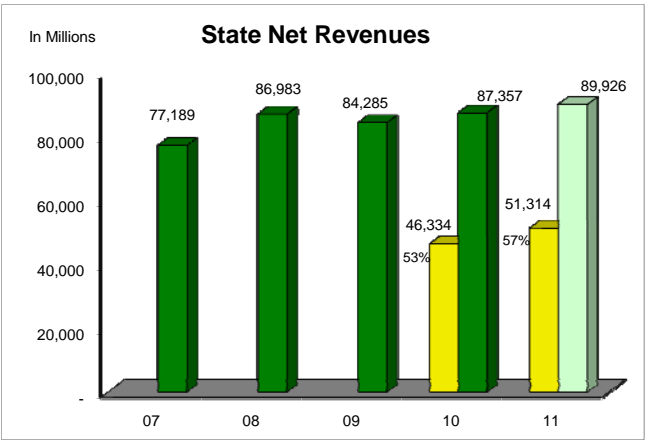
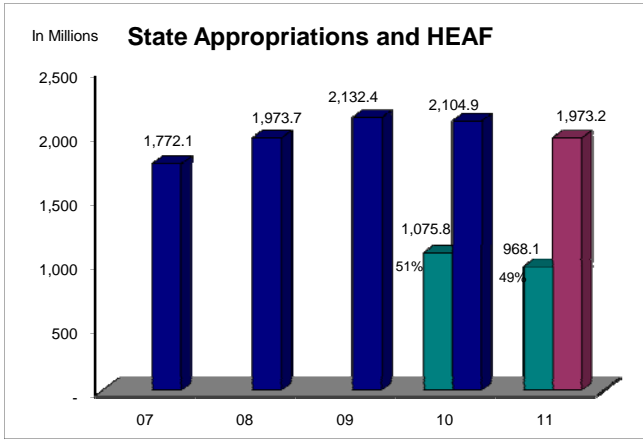
KEY FINANCIAL INDICATORS REPORT

2ND QUARTER FY 2011

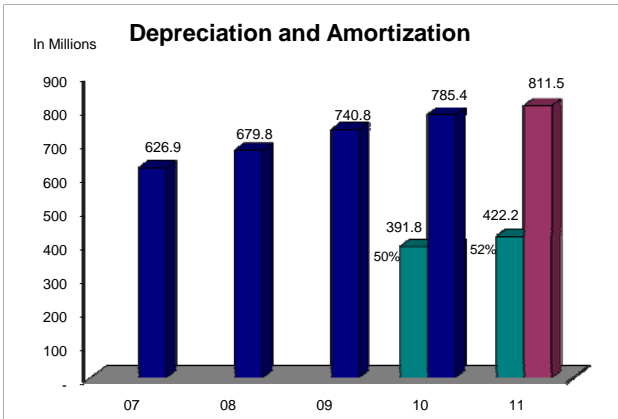
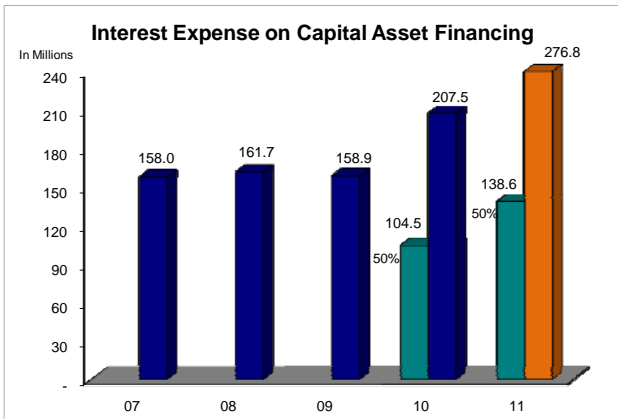
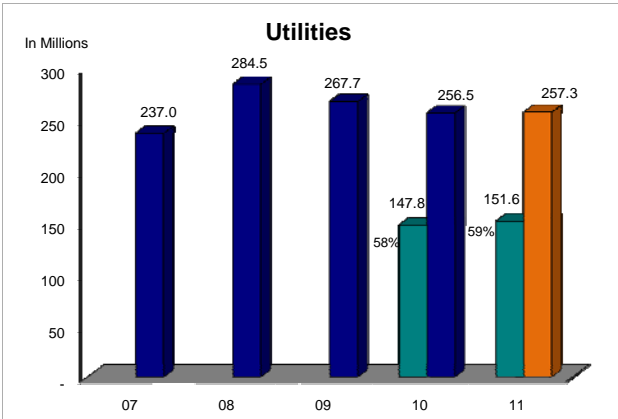
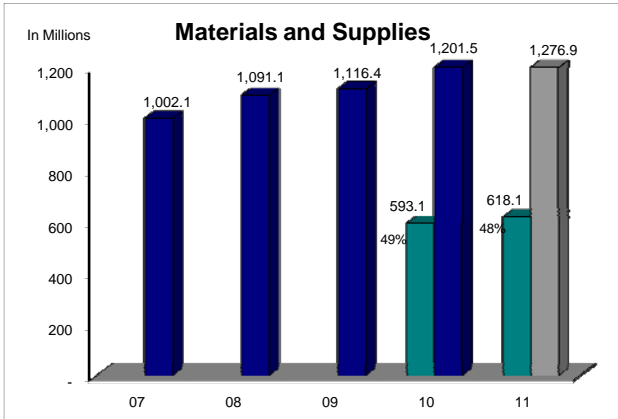
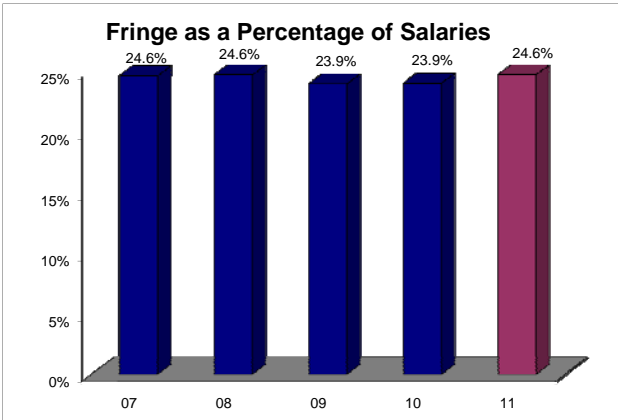
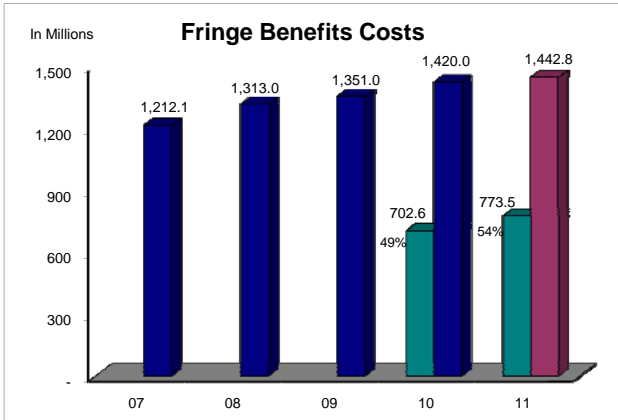
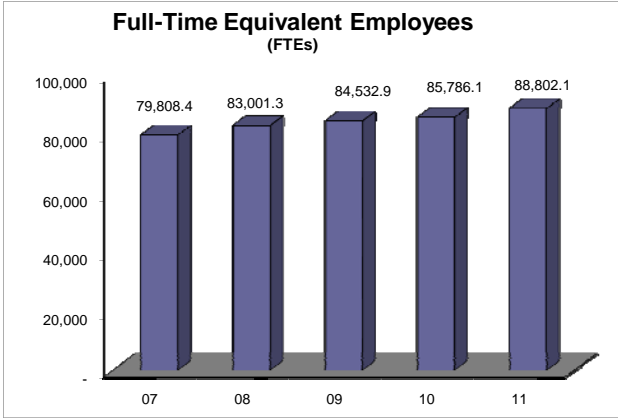
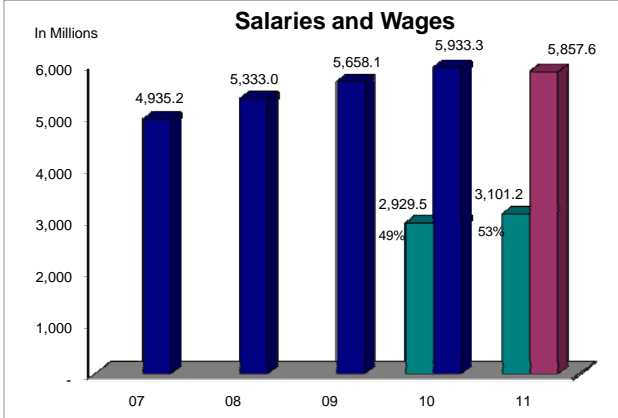
KEY

	Actual Annual Amounts (SOURCE: Annual Financial Reports)
	Adjustment to Actual Annual Amounts to exclude the Increase in Net OPEB Obligation (SOURCE: Annual Financial Reports)
	Budget amounts (SOURCE: Operating Budget Summary)
	Projected Amounts based on the average change of the previous three years of data
	Monthly Financial Report Year-to-Date Amounts
	Annual State Net Revenue Collections (SOURCE: Texas Revenue History by Source and Texas Net Revenue by Source, State Comptroller's Office)
	Year-to-Date State Net Revenue Collections (SOURCE: State Comptroller's Office)
	Estimated State Revenue Collections (SOURCE: Biennial Revenue Estimate, State Comptroller's Office)
	Annual and Quarterly Average of FTEs (SOURCE: State Auditor's Office Quarterly FTE Report)
	Year-to-Date Margin (SOURCE: Monthly Financial Report)
	Projected Amounts based on Monthly Financial Report
	Year-to-Date Margin (SOURCE: Monthly Financial Report)
	Target Normalized Rates
	Aaa Median (SOURCE: Moody's)
	A2 Median (SOURCE: Moody's)
	Good Facilities Condition Index (Below 5%)
	Fair Facilities Condition Index (5% - 10%)

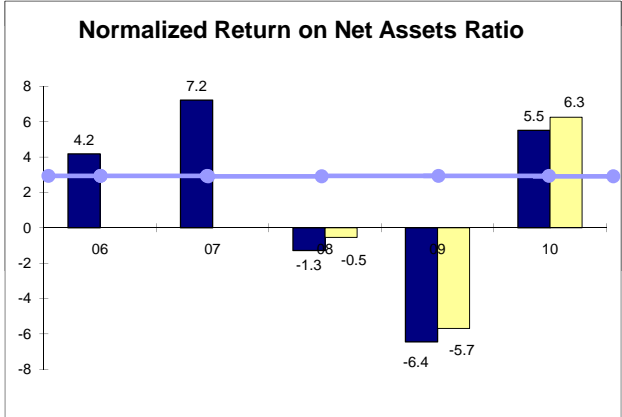
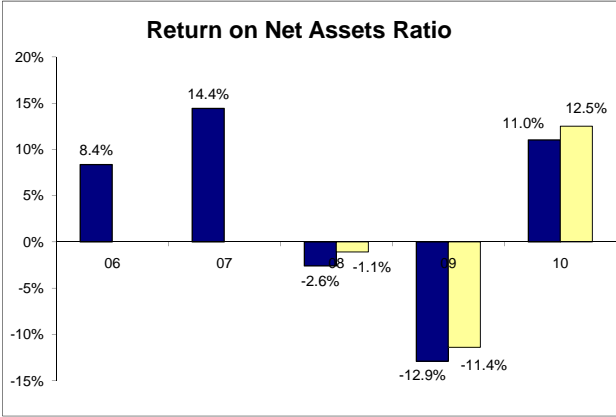
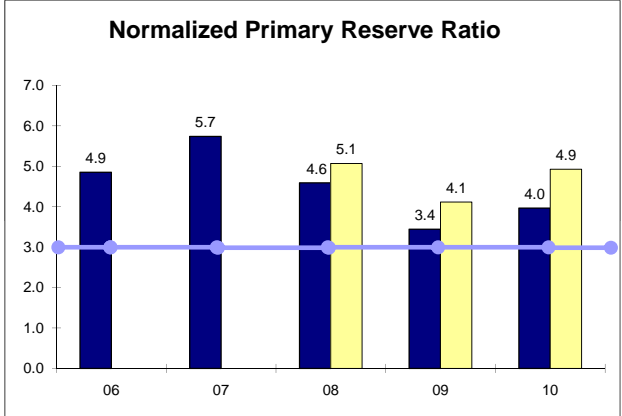
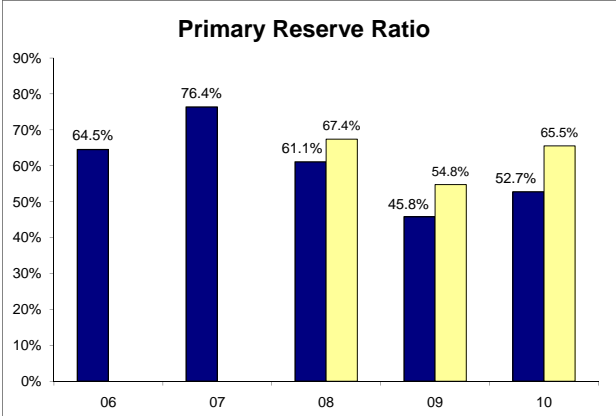
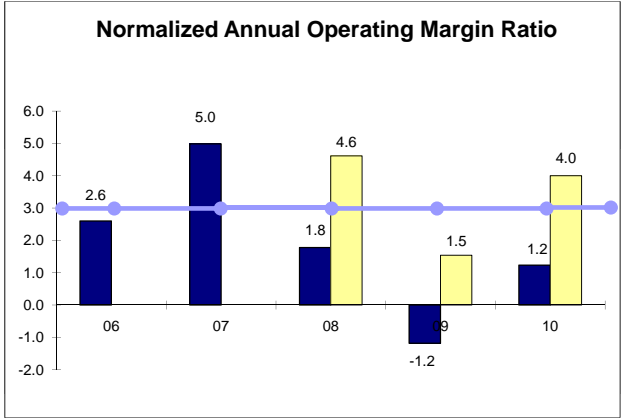
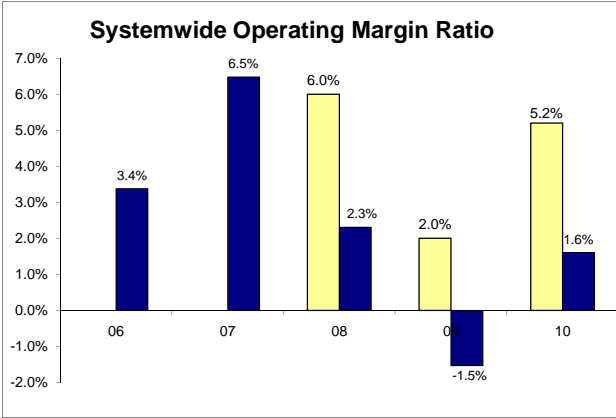
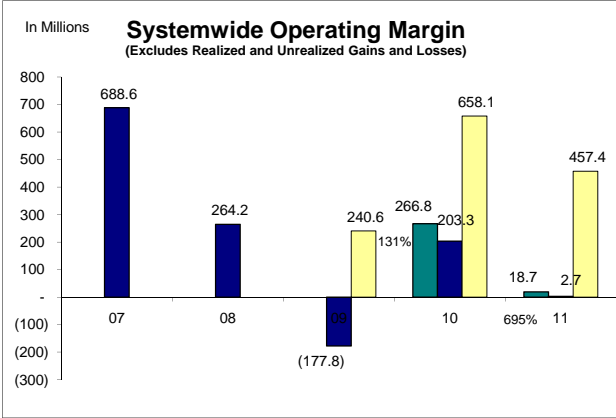
**KEY INDICATORS OF REVENUES
ACTUAL 2007 THROUGH 2010
PROJECTED 2011
YEAR-TO-DATE 2010 AND 2011 FROM FEBRUARY MONTHLY FINANCIAL REPORT**



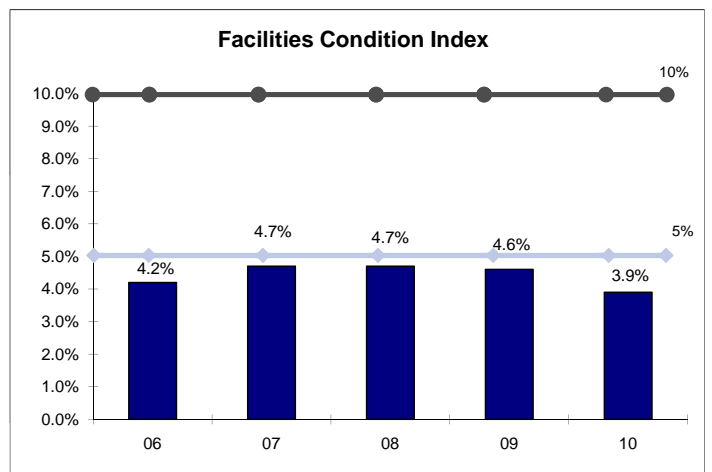
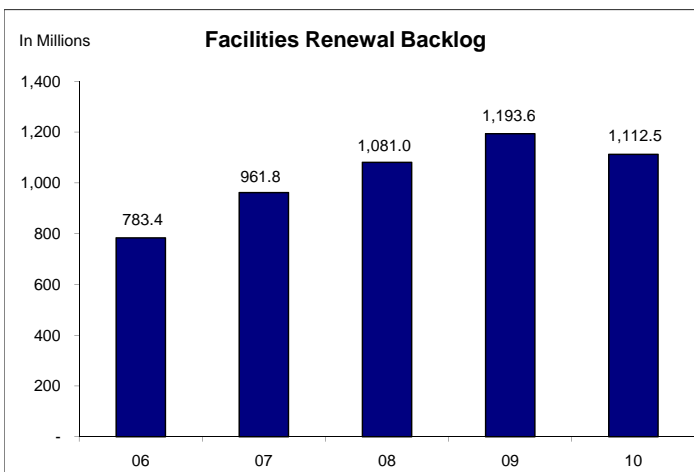
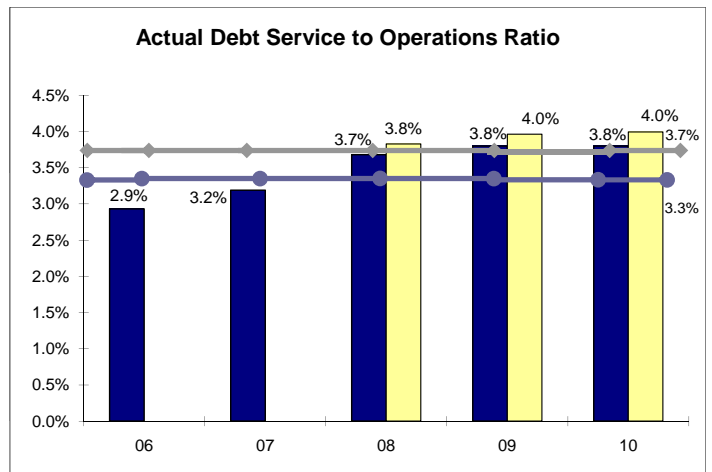
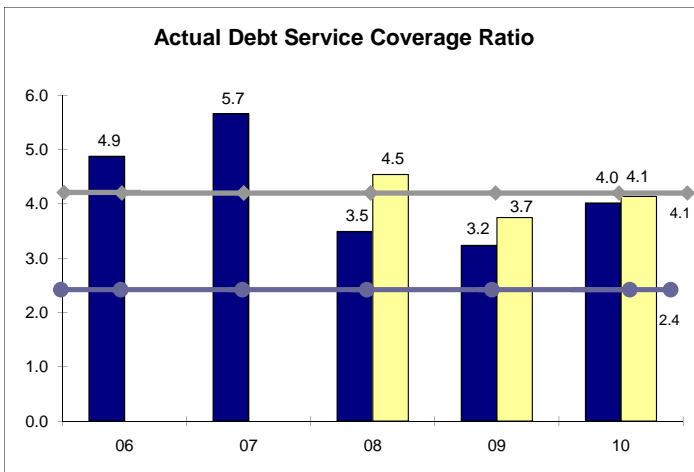
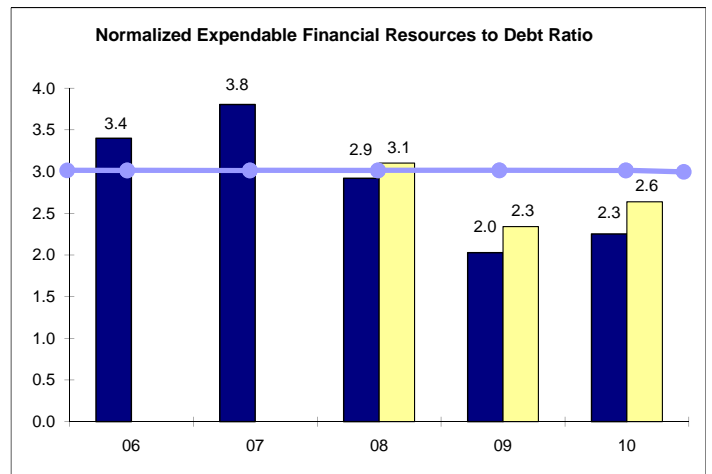
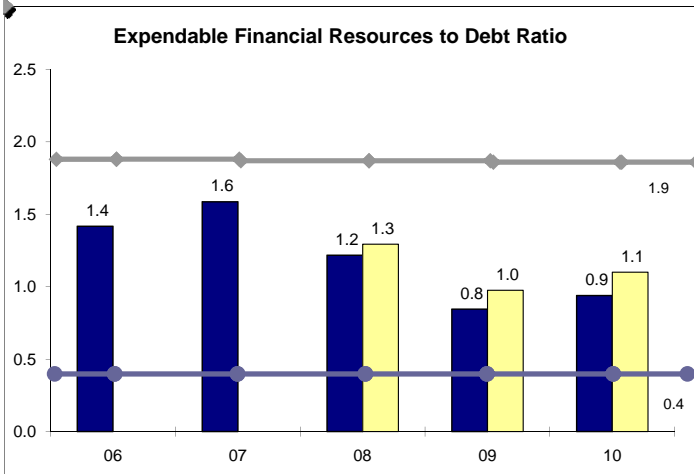
**KEY INDICATORS OF EXPENSES
ACTUAL 2007 THROUGH 2010
PROJECTED 2011
YEAR-TO-DATE 2010 AND 2011 FROM FEBRUARY MONTHLY FINANCIAL REPORT**



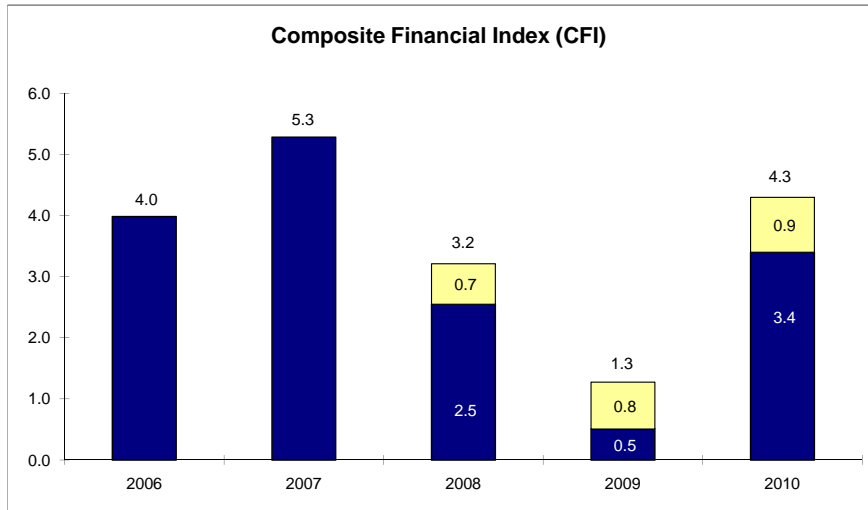
KEY INDICATORS OF RESERVES
ACTUAL 2006 THROUGH 2010
PROJECTED 2011
YEAR-TO-DATE 2010 AND 2011 FROM FEBRUARY MONTHLY FINANCIAL REPORT



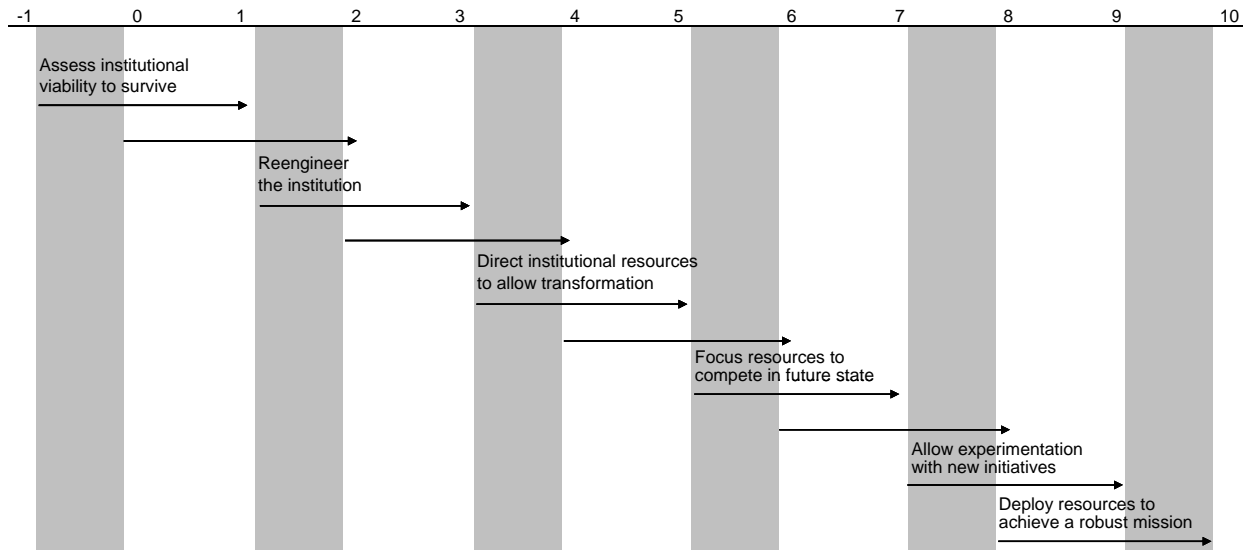
KEY INDICATORS OF CAPITAL NEEDS AND CAPACITY 2006 THROUGH 2010



KEY INDICATORS OF FINANCIAL HEALTH 2006 THROUGH 2010

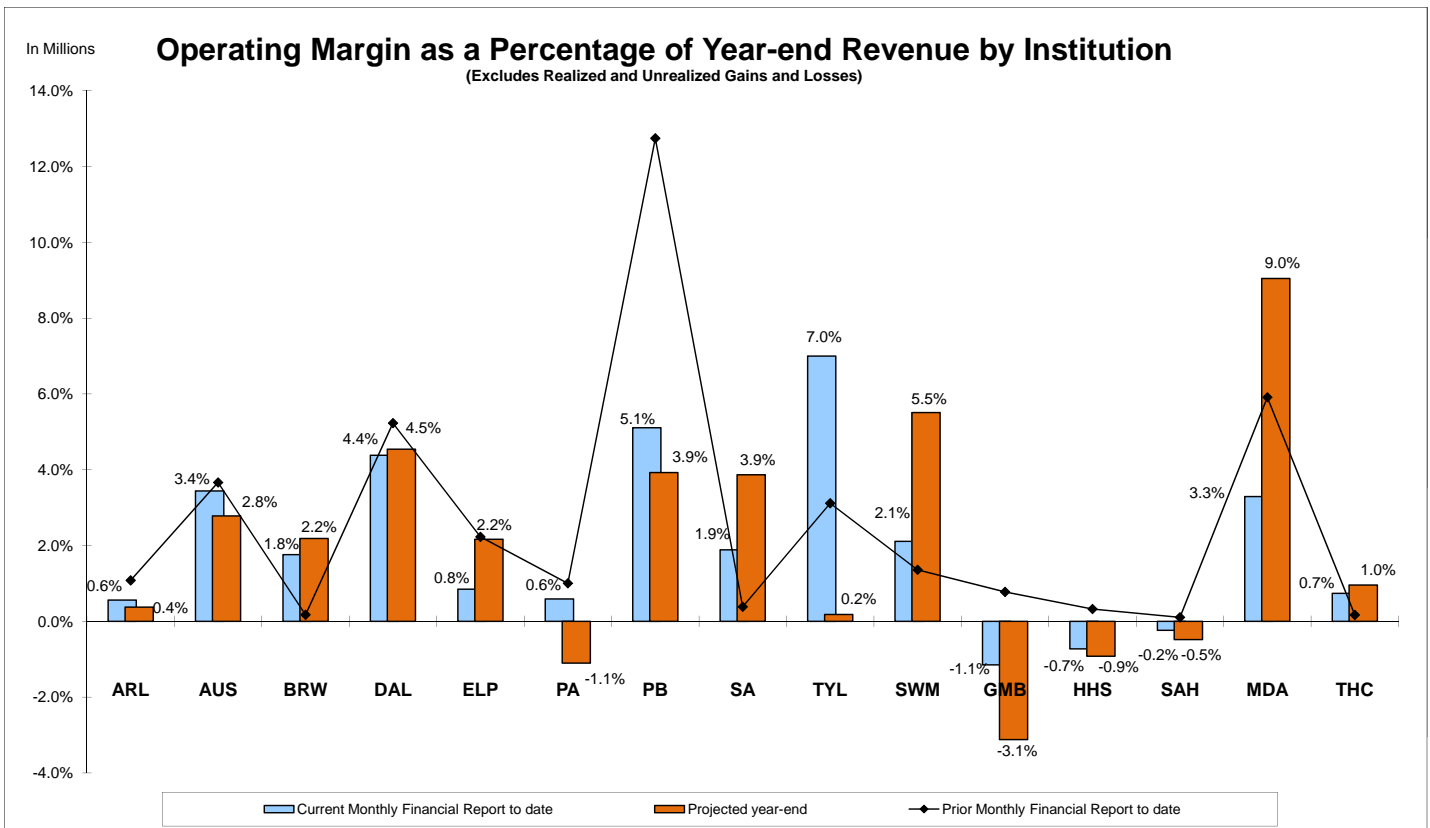
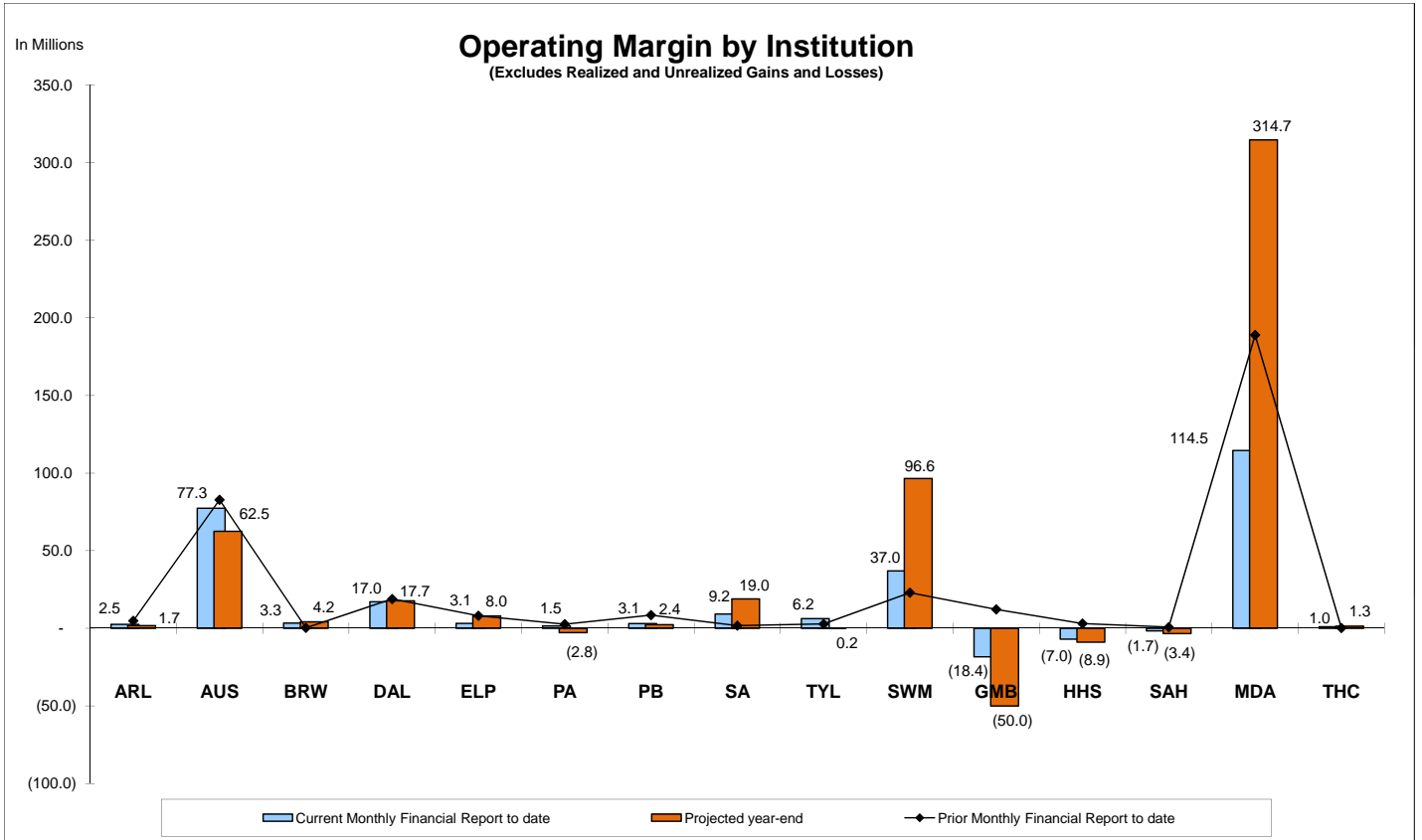


Scale for Charting CFI Performance



KEY INDICATORS OF RESERVES

YEAR-TO-DATE 2010 AND 2011 FROM FEBRUARY MONTHLY FINANCIAL REPORT PROJECTED 2011 YEAR-END MARGIN



THE UNIVERSITY OF TEXAS SYSTEM
OFFICE OF THE CONTROLLER

MONTHLY FINANCIAL REPORT
(unaudited)

MARCH 2011



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Austin, Texas 78701
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**THE UNIVERSITY OF TEXAS SYSTEM
MONTHLY FINANCIAL REPORT
(Unaudited)
FOR THE SEVEN MONTHS ENDING
MARCH 31, 2011**

**The University of Texas System
Monthly Financial Report**

Foreword

The Monthly Financial Report (MFR) compares the results of operations between the current year-to-date cumulative amounts and the prior year-to-date cumulative amounts. Explanations are provided for institutions having the largest variances in Adjusted Income (Loss) year-to-date as compared to the prior year, both in terms of dollars and percentages. In addition, although no significant variance may exist, institutions with losses may be discussed.

The data is reported in three sections: (1) Operating Revenues, (2) Operating Expenses and (3) Other Nonoperating Adjustments. Presentation of state appropriation revenues are required under GASB 35 to be reflected as nonoperating revenues, so all institutions will report an Operating Loss prior to this adjustment. The MFR provides an Adjusted Income (Loss), which takes into account the nonoperating adjustments associated with core operating activities. An Adjusted Margin (as a percentage of operating and nonoperating revenue adjustments) is calculated for each period and is intended to reflect relative operating contributions to financial health.

UNAUDITED

The University of Texas System Consolidated
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2011

	March Year-to-Date FY 2011	March Year-to-Date FY 2010	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition	770,785,802.14	672,936,969.18	97,848,832.96	14.5%
Sponsored Programs	1,666,568,221.11	1,519,170,632.28	147,397,588.83	9.7%
Net Sales and Services of Educational Activities	351,873,774.16	335,173,916.38	16,699,857.78	5.0%
Net Sales and Services of Hospitals	2,042,977,954.74	1,980,945,752.06	62,032,202.68	3.1%
Net Professional Fees	673,846,068.85	618,762,318.54	55,083,750.31	8.9%
Net Auxiliary Enterprises	267,332,974.23	252,206,557.13	15,126,417.10	6.0%
Other Operating Revenues	100,772,134.06	92,601,712.54	8,170,421.52	8.8%
Total Operating Revenues	5,874,156,929.29	5,471,797,858.11	402,359,071.18	7.4%
Operating Expenses				
Salaries and Wages	3,628,275,858.82	3,423,485,238.76	204,790,620.06	6.0%
Payroll Related Costs	911,748,526.34	826,533,740.80	85,214,785.54	10.3%
Cost of Goods Sold	55,142,582.08	52,385,926.88	2,756,655.20	5.3%
Professional Fees and Services	189,700,957.78	225,348,588.22	(35,647,630.44)	-15.8%
Other Contracted Services	291,346,893.24	100,975,763.18	190,371,130.06	188.5%
Travel	69,839,800.42	66,480,472.64	3,359,327.78	5.1%
Materials and Supplies	736,178,433.96	702,152,018.67	34,026,415.29	4.8%
Utilities	174,137,388.36	172,372,120.17	1,765,268.19	1.0%
Communications	75,881,722.23	73,364,312.70	2,517,409.53	3.4%
Repairs and Maintenance	142,226,202.53	126,781,675.92	15,444,526.61	12.2%
Rentals and Leases	81,562,290.35	79,821,775.77	1,740,514.58	2.2%
Printing and Reproduction	18,382,190.21	18,551,959.15	(169,768.94)	-0.9%
Bad Debt Expense	349,080.12	(107,618.20)	456,698.32	424.4%
Claims and Losses	7,365,896.42	25,484,208.67	(18,118,312.25)	-71.1%
Increase in Net OPEB Obligation	265,263,724.83	-	265,263,724.83	100.0%
Scholarships and Fellowships	328,677,265.73	295,519,489.63	33,157,776.10	11.2%
Depreciation and Amortization	492,799,792.76	456,535,074.78	36,264,717.98	7.9%
Federal Sponsored Program Pass-Through to Other State Agencies	15,027,078.09	14,723,509.48	303,568.61	2.1%
State Sponsored Program Pass-Through to Other State Agencies	1,089,457.63	-	1,089,457.63	100.0%
Other Operating Expenses	204,153,192.69	362,123,894.66	(157,970,701.97)	-43.6%
Total Operating Expenses	7,689,148,334.59	7,022,532,151.88	666,616,182.71	9.5%
Operating Loss	(1,814,991,405.30)	(1,550,734,293.77)	(264,257,111.53)	-17.0%
Other Nonoperating Adjustments				
State Appropriations	1,119,834,905.70	1,234,354,664.69	(114,519,758.99)	-9.3%
Nonexchange Sponsored Programs	285,153,004.66	218,281,852.43	66,871,152.23	30.6%
Gift Contributions for Operations	192,605,120.21	198,228,124.41	(5,623,004.20)	-2.8%
Net Investment Income	484,350,527.15	304,424,925.90	179,925,601.25	59.1%
Interest Expense on Capital Asset Financings	(155,421,152.38)	(118,816,539.81)	(36,604,612.57)	-30.8%
Net Other Nonoperating Adjustments	1,926,522,405.34	1,836,473,027.62	90,049,377.72	4.9%
Adjusted Income (Loss) including Depreciation & Amortization	111,531,000.04	285,738,733.85	(174,207,733.81)	-61.0%
Adjusted Margin % including Depreciation & Amortization	1.4%	3.8%		
Investment Gain (Losses)	2,852,104,265.88	1,757,063,712.10	1,095,040,553.78	62.3%
Adj. Inc. (Loss) with Investment Gains (Losses)	2,963,635,265.92	2,042,802,445.95	920,832,819.97	45.1%
Adj. Margin % with Investment Gains (Losses)	27.4%	22.2%		
Adjusted Income (Loss) excluding Depreciation & Amortization	604,330,792.80	742,273,808.63	(137,943,015.83)	-18.6%
Adjusted Margin % excluding Depreciation & Amortization	7.6%	10.0%		

**The University of Texas System
Comparison of Adjusted Income (Loss)
For the Seven Months Ending March 31, 2011**

Including Depreciation and Amortization Expense				
	March Year-to-Date FY 2011	March Year-to-Date FY 2010	Variance	Fluctuation Percentage
UT System Administration	\$ (76,391,491.59)	\$ (14,398,916.89)	\$ (61,992,574.70) (1)	-430.5%
UT Arlington	2,402,862.01	2,101,549.00	301,313.01	14.3%
UT Austin	79,659,073.43	80,732,801.43	(1,073,728.00)	-1.3%
UT Brownsville	3,283,801.72	946,728.13	2,337,073.59 (2)	246.9%
UT Dallas	7,339,636.17	15,260,750.00	(7,921,113.83) (3)	-51.9%
UT El Paso	5,325,317.50	10,051,262.04	(4,725,944.54) (4)	-47.0%
UT Pan American	1,209,606.78	1,753,489.00	(543,882.22) (5)	-31.0%
UT Permian Basin	2,188,635.50	8,917,312.38	(6,728,676.88) (6)	-75.5%
UT San Antonio	11,076,778.80	3,483,633.00	7,593,145.80 (7)	218.0%
UT Tyler	5,063,810.95	2,731,560.02	2,332,250.93 (8)	85.4%
UT Southwestern Medical Center	46,903,789.86	29,903,504.54	17,000,285.32 (9)	56.9%
UT Medical Branch - Galveston	(18,670,408.61)	18,069,253.93	(36,739,662.54) (10)	-203.3%
UT Health Science Center - Houston	(1,774,465.34)	4,732,913.41	(6,507,378.75) (11)	-137.5%
UT Health Science Center - San Antonio	3,646,799.62	2,330,207.66	1,316,591.96 (12)	56.5%
UT MD Anderson Cancer Center	141,187,286.39	221,374,482.30	(80,187,195.91) (13)	-36.2%
UT Health Science Center - Tyler	2,697,466.85	852,370.57	1,845,096.28 (14)	216.5%
Elimination of AUF Transfer	(103,617,500.00)	(103,104,166.67)	(513,333.33)	-0.5%
Total Adjusted Income (Loss)	111,531,000.04	285,738,733.85	(174,207,733.81)	-61.0%
Investment Gains (Losses)	2,852,104,265.88	1,757,063,712.10	1,095,040,553.78	62.3%
Total Adjusted Income (Loss) with Investment Gains (Losses) Including Depreciation and Amortization	\$ 2,963,635,265.92	\$ 2,042,802,445.95	\$ 920,832,819.97	45.1%

Excluding Depreciation and Amortization Expense				
	March Year-to-Date FY 2011	March Year-to-Date FY 2010	Variance	Fluctuation Percentage
UT System Administration	\$ (69,133,783.04)	\$ (8,201,284.20)	\$ (60,932,498.84)	-743.0%
UT Arlington	19,734,448.09	17,258,244.00	2,476,204.09	14.3%
UT Austin	191,061,521.39	178,966,982.92	12,094,538.47	6.8%
UT Brownsville	6,629,940.65	4,250,673.23	2,379,267.42	56.0%
UT Dallas	26,019,719.50	31,132,768.00	(5,113,048.50)	-16.4%
UT El Paso	16,293,828.81	20,576,126.70	(4,282,297.89)	-20.8%
UT Pan American	9,512,036.12	9,594,482.00	(82,445.88)	-0.9%
UT Permian Basin	5,458,984.56	11,306,055.96	(5,847,071.40)	-51.7%
UT San Antonio	33,515,095.43	25,207,551.00	8,307,544.43	33.0%
UT Tyler	11,415,491.62	8,348,002.02	3,067,489.60	36.7%
UT Southwestern Medical Center	97,575,845.72	75,771,864.68	21,803,981.04	28.8%
UT Medical Branch - Galveston	27,140,783.69	61,262,861.84	(34,122,078.15)	-55.7%
UT Health Science Center - Houston	26,802,642.60	27,954,237.01	(1,151,594.41)	-4.1%
UT Health Science Center - San Antonio	24,821,799.62	20,996,874.33	3,824,925.29	18.2%
UT MD Anderson Cancer Center	274,346,404.99	355,905,133.30	(81,558,728.31)	-22.9%
UT Health Science Center - Tyler	6,753,533.05	5,047,402.51	1,706,130.54	33.8%
Elimination of AUF Transfer	(103,617,500.00)	(103,104,166.67)	(513,333.33)	-0.5%
Total Adjusted Income (Loss)	604,330,792.80	742,273,808.63	(137,943,015.83)	-18.6%
Total Adjusted Income (Loss) Excluding Depreciation and Amortization	\$ 604,330,792.80	\$ 742,273,808.63	\$ (137,943,015.83)	-18.6%

THE UNIVERSITY OF TEXAS SYSTEM
EXPLANATION OF VARIANCES ON THE MONTHLY FINANCIAL REPORT
For the Seven Months Ending March 31, 2011

Explanations are provided for institutions having the largest variances in adjusted income (loss) year-to-date as compared to the prior year, both in terms of dollars and percentages. Explanations are also provided for institutions with a current year-to-date adjusted loss and/or a projected year-to-date loss.

- (1) UT System Administration - The \$62.0 million (430.5%) increase in adjusted loss over the same period last year was primarily due to a change in the monthly financial reporting process to include an accrual for the other post employment benefits (OPEB) expense for the entire *UT System* in 2011. However, the additional expense is partially offset by a large increase in recognized oil and gas lease bonus sales in 2011. As a result, *UT System Administration* experienced a \$76.4 million loss and anticipates ending the year with a \$210.4 million loss which represents -52.1% of projected revenues and includes \$454.7 million of OPEB expense and \$12.4 million of depreciation and amortization expense. *UT System Administration's* adjusted loss was \$69.1 million or -24.5% excluding depreciation and amortization expense.
- (2) UT Brownsville - The \$2.3 million (246.9%) increase in adjusted income over the same period last year was primarily attributable to an increase in nonexchange sponsored programs due to an increase in federal funds for the Pell Grant Program. Excluding depreciation and amortization expense, *UT Brownsville's* adjusted income was \$6.6 million or 5.3%.
- (3) UT Dallas - The \$7.9 million (51.9%) decrease in adjusted income over the same period last year was due to an increase in materials and supplies and a decrease in state appropriations. Materials and supplies increased due to furniture and equipment expenses for renovated spaces. State appropriations decreased as a result of state-wide budget cuts mandated by the state's leadership. Excluding depreciation and amortization expense, *UT Dallas'* adjusted income was \$26.0 million or 11.3%.
- (4) UT El Paso - The \$4.7 million (47.0%) decrease in adjusted income over the same period last year was primarily due to a decrease in state appropriations as a result of state-wide budget cuts mandated by the state's leadership and decreases in gift contributions for operations as a result of decreased pledge commitments. Excluding depreciation and amortization expense, *UT El Paso's* adjusted income was \$16.3 million or 6.7%.
- (5) UT Pan American - The \$544,000 (31.0%) decrease in adjusted income over the same period last year was due to a decrease in state appropriations as a result of state-wide budget cuts mandated by the state's leadership. Excluding depreciation and amortization expense, *UT Pan American's* adjusted income was \$9.5 million or 5.3%. Although *UT Pan American* is currently reporting a positive margin, they anticipate ending the year with a \$1.7 million loss which represents -0.7% of projected revenues and includes \$14.8 million of depreciation and amortization expense. The projected loss is the result of the reduction in state appropriations.
- (6) UT Permian Basin - The \$6.7 million (75.5%) decrease in adjusted income over the same period last year was primarily due to a decrease in state appropriations as a result of state-wide budget cuts mandated by the state's leadership and an increase in interest expense. Sponsored programs also decreased due to the expiring of federal award funding. Excluding depreciation and amortization expense, *UT Permian Basin's* adjusted income was \$5.5 million or 15.1%.
- (7) UT San Antonio - The \$7.6 million (218.0%) increase in adjusted income over the same period last year was due to an increase in nonexchange sponsored programs as a result of increased federal funds for the Pell Grant Program. Excluding depreciation and amortization expense, *UT San Antonio's* adjusted income was \$33.5 million or 11.8%.
- (8) UT Tyler - The \$2.3 million (85.4%) increase in adjusted income over the same period last year was primarily due to a decrease in scholarships and fellowships as a result of a change in the tuition discounting calculation. Excluding depreciation and amortization expense, *UT Tyler's* adjusted income was \$11.4 million or 19.6%.
- (9) UT Southwestern Medical Center - The \$17.0 million (56.9%) increase in adjusted income over the same period last year was primarily due to an increase in net sales and services of hospitals as a result of increased inpatient and outpatient visits. Excluding depreciation and amortization expense, *Southwestern's* adjusted income was \$97.6 million or 9.6%.

(10) UT Medical Branch - Galveston - The \$36.7 million (203.3%) decrease in adjusted income over the same period last year was primarily due to a decrease in state appropriations as a result of the state-wide budget cuts mandated by the state's leadership. Correctional Managed Care (CMC) also incurred a year-to-date loss of \$14.0 million. As a result of these factors, *UTMB* experienced an \$18.7 million year-to-date loss. Excluding depreciation and amortization expense, *UTMB's* adjusted income was \$27.1 million or 3.0%. *UTMB* is forecasting a year-end loss of \$50.0 million which represents -3.1% of projected revenues of which \$32.4 million is attributable to CMC. This forecast includes \$80.8 million of depreciation and amortization expense.

(11) UT Health Science Center - Houston - The \$6.5 million (137.5%) decrease in adjusted income over the same period last year was primarily attributable to a decrease in state appropriations as a result of the state-wide budget cuts mandated by the state's leadership. As a result, *UTHSC-Houston* experienced a \$1.8 million year-to-date loss. *UTHSC-Houston* anticipates ending the year with a \$3.6 million loss which represents -0.4% of projected revenues and includes \$48.9 million of depreciation and amortization expense. Excluding depreciation and amortization expense, *UTHSC-Houston's* adjusted income was \$26.8 million or 4.8%.

(12) UT Health Science Center - San Antonio - The \$1.3 million (56.5%) increase in adjusted income over the same period last year was primarily due to an increase in net professional fees as a result of increased patient volume and a gross charge unit fee increase. Although *UTHSC-San Antonio* is currently reporting a positive margin, they anticipate ending the year with a \$3.3 million loss which represents -0.5% of projected revenues and includes \$36.3 million of depreciation and amortization expense. The projected loss is the result of the reduction in state appropriations. Excluding depreciation and amortization expense, *UTHSC-San Antonio's* adjusted income was \$24.8 million or 5.9%.

(13) UT MD Anderson Cancer Center - The \$80.2 million (36.2%) decrease in adjusted income over the same period last year was primarily due to an overall increase in operating expenses of \$131.3 million. Salaries and wages and payroll related costs increased as a result of full-time employee growth and an increase in rates for group insurance. Other operating expenses increased due to increased conference costs as well as the new MDA+ You Cause Initiative Development project which began in March 2010. Repairs and maintenance increased as a result of increases in accruals for hardware and equipment maintenance for the Radiology and

Oncology Treatment Center and for information security and risk management. Excluding depreciation and amortization expense, *MD Anderson's* adjusted income was \$274.3 million or 14.4%.

(14) UT Health Science Center - Tyler - The \$1.8 million (216.5%) increase in adjusted income over the same period last year was primarily due to a decrease in materials and supplies due to a lower volume of ancillary services using medical supplies. Excluding depreciation and amortization expense, *UTHSC-Tyler's* adjusted income was \$6.8 million or 9.5%.

GLOSSARY OF TERMS

OPERATING REVENUES:

NET STUDENT TUITION - All student tuition and fee revenues earned at the UT institution for educational purposes, net of tuition discounting.

SPONSORED PROGRAMS - Funding received from local, state and federal governments or private agencies, organizations or individuals, excluding Federal Pell Grant Program which is reported as nonoperating. Includes amounts received for services performed on grants, contracts, and agreements from these entities for current operations. This also includes indirect cost recoveries and pass-through federal and state grants.

NET SALES AND SERVICES OF EDUCATIONAL ACTIVITIES - Revenues that are related to the conduct of instruction, research, and public service and revenues from activities that exist to provide an instructional and laboratory experience for students that create goods and services that may be sold.

NET SALES AND SERVICES OF HOSPITALS - Revenues (net of discounts, allowances, and bad debt expense) generated from UT health institution's daily patient care, special or other services, as well as revenues from health clinics that are part of a hospital.

NET PROFESSIONAL FEES - Revenues (net of discounts, allowances, and bad debt expense) derived from the fees charged by the professional staffs at UT health institutions as part of the Medical Practice Plans. These revenues are also identified as Practice Plan income. Examples of such fees include doctor's fees for clinic visits, medical and dental procedures, professional opinions, and anatomical procedures, such as analysis of specimens after a surgical procedure, etc.

NET AUXILIARY ENTERPRISES - Revenues derived from a service to students, faculty, or staff in which a fee is charged that is directly related to, although not necessarily equal to the cost of the service (e.g., bookstores, dormitories, dining halls, snack bars, inter-collegiate athletic programs, etc.).

OTHER OPERATING REVENUES - Other revenues generated from sales or services provided to meet current fiscal year operating expenses, which are not included in the preceding categories (e.g., certified nonprofit healthcare company revenues, donated drugs, interest on student loans, etc.)

OPERATING EXPENSES:

SALARIES AND WAGES - Expenses for all salaries and wages of individuals employed by the institution including full-time, part-time, longevity, hourly, seasonal, etc. Includes salary augmentation and incentive compensation.

PAYROLL RELATED COSTS - Expenses for all employee benefits paid by the institution or paid by the state on behalf of the institution. Includes supplemental retirement annuities.

COST OF GOODS SOLD - Purchases of goods for resale and raw materials purchased for use in the manufacture of products intended for sale to others.

PROFESSIONAL FEES AND SERVICES - Payments for services rendered on a fee, contract, or other basis by a person, firm, corporation, or company recognized as possessing a high degree of learning and responsibility. Includes such items as services of a consultant, legal counsel, financial or audit fees, medical contracted services, guest lecturers (not employees) and expert witnesses.

OTHER CONTRACTED SERVICES - Payments for services rendered on a contractual basis by a person, firm, corporation or company that possess a lesser degree of learning and responsibility than that required for Professional Fees and Services. Includes such items as temporary employment expenses, janitorial services, dry cleaning services, etc.

TRAVEL - Payments for travel costs incurred by employees and board members for meetings and training.

MATERIALS AND SUPPLIES - Payments for consumable items. Includes, but is not limited to: computer consumables, office supplies, paper products, soap, lights, plants, fuels and lubricants, chemicals and gasses, medical supplies and copier supplies. Also includes postal services, and subscriptions and other publications not for permanent retention.

UTILITIES - Payments for the purchase of electricity, natural gas, water, and thermal energy.

COMMUNICATIONS - Electronically transmitted communications services (telephone, internet, computation center services, etc.).

REPAIRS AND MAINTENANCE - Payments for the maintenance and repair of equipment, furnishings, motor vehicles, buildings and other plant facilities, and waste disposal. Includes, but is not limited to repair and maintenance to copy machines, furnishings, equipment - including medical and laboratory equipment, office equipment and aircraft.

RENTALS AND LEASES - Payments for rentals or leases of furnishings and equipment, vehicles, land and office buildings (all rental of space).

PRINTING AND REPRODUCTION - Printing and reproduction costs associated with the printing/copying of the institution's documents and publications.

BAD DEBT EXPENSE - Expenses incurred by the university related to nonrevenue receivables such as non-payment of student loans.

CLAIMS AND LOSSES - Payments for claims from self-insurance programs. Other claims for settlements and judgments are considered other operating expenses.

INCREASE IN NET OPEB OBLIGATION - The change in the actuarially estimated liability of the cost of providing healthcare benefits to UT System's employees after they separate from employment (retire).

SCHOLARSHIPS AND FELLOWSHIPS - Payments made for scholarship grants to students authorized by law, net of tuition discounting.

FEDERAL SPONSORED PROGRAM PASS-THROUGHS TO OTHER STATE AGENCIES - Pass-throughs to other Texas state agencies, including other universities, of federal grants and contracts.

STATE SPONSORED PROGRAM PASS-THROUGHS TO OTHER STATE AGENCIES - Pass-throughs to other Texas state agencies, including Texas universities.

DEPRECIATION AND AMORTIZATION - Depreciation on capital assets and amortization expense on intangible assets.

OTHER OPERATING EXPENSES - Other operating expenses not identified in other line items above (e.g., certified non-profit healthcare company expenses, property taxes, insurance premiums, credit card fees, hazardous waste disposal expenses, meetings and conferences, etc.).

OPERATING LOSS - Total operating revenues less total operating expenses before other nonoperating adjustments like state appropriations.

OTHER NONOPERATING ADJUSTMENTS:

STATE APPROPRIATIONS - Appropriations from the State General Revenue fund, which supplement the UT institutional revenue in meeting operating expenses, such as faculty salaries, utilities, and institutional support.

NONEXCHANGE SPONSORED PROGRAMS - Funding received for the Federal Pell Grant Program, the portion of "state appropriations" funded by the American Recovery and Reinvestment Act, Texas Research Incentive Program (TRIP) and Enrollment Growth funding.

GIFT CONTRIBUTIONS FOR OPERATIONS - Consist of gifts from donors received for use in current operations, excluding gifts for capital acquisition and endowment gifts. Gifts for capital acquisition which can only be used to build or buy capital assets are excluded because they cannot be used to support current operations. Endowment gifts must be held in perpetuity and cannot be spent. The distributed income from endowment gifts must be spent according to the donor's stipulations.

NET INVESTMENT INCOME (on institutions' sheets) - Interest and dividend income on treasury balances, bank accounts, Short Term Fund, Intermediate Term Fund and Long Term Fund. It also includes distributed earnings from the Permanent Health Fund and patent and royalty income.

NET INVESTMENT INCOME (on the consolidated sheet) - Interest and dividend earnings of the Permanent University Fund, Short Term Fund, Intermediate Term Fund, Long Term Fund and Permanent Health Fund. This line item also includes the Available University Fund surface income, oil and gas royalties, and mineral lease bonus sales.

INTEREST EXPENSE ON CAPITAL ASSET FINANCINGS - Interest expenses associated with bond and note borrowings utilized to finance capital improvement projects by an institution. This consists of the interest portion of mandatory debt service transfers under the Revenue Financing System, Tuition Revenue bond and Permanent University Fund (PUF) bond programs. PUF interest expense is reported on System Administration as the debt legally belongs to the Board of Regents.

ADJUSTED INCOME (LOSS) including Depreciation and Amortization - Total operating revenues less total operating expenses including depreciation and amortization expense plus net other nonoperating adjustments.

ADJUSTED MARGIN % including Depreciation and Amortization - Percentage of Adjusted Income (Loss) including depreciation and amortization expense divided by Total Operating Revenues plus Net Nonoperating Adjustments less Interest Expense on Capital Asset Financings.

AVAILABLE UNIVERSITY FUND TRANSFER - Includes Available University Fund (AUF) transfer to System Administration for Educational and General operations and to UT Austin for Excellence Funding. These transfers are funded by investment earnings from the Permanent University Fund (PUF), which are required by law to be reported in the PUF at System Administration. On the MFR, investment income for System Administration has been reduced for the amount of the System Administration transfer so as not to overstate investment income for System Administration. The AUF transfers are eliminated at the consolidated level to avoid overstating System-wide revenues, as the amounts will be reflected as transfers at year-end.

INVESTMENT GAINS (LOSSES) - Realized and unrealized gains and losses on investments.

ADJUSTED INCOME (LOSS) excluding Depreciation and Amortization - Total operating revenues less total operating expenses excluding depreciation and amortization expense plus net other nonoperating adjustments.

ADJUSTED MARGIN % excluding Depreciation and Amortization - Percentage of Adjusted Income (Loss) excluding depreciation and amortization expense divided by Total Operating Revenues plus Net Nonoperating Adjustments less Interest Expense on Capital Asset Financings.

UNAUDITED

The University of Texas System Administration
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2011

	March Year-to-Date FY 2011	March Year-to-Date FY 2010	Variance	Fluctuation Percentage
Operating Revenues				
Sponsored Programs	8,435,205.35	26,445,954.64	(18,010,749.29)	-68.1%
Net Sales and Services of Educational Activities	22,191,647.77	19,718,707.53	2,472,940.24	12.5%
Other Operating Revenues	47,348,195.45	3,706,231.92	43,641,963.53	1,177.5%
Total Operating Revenues	77,975,048.57	49,870,894.09	28,104,154.48	56.4%
Operating Expenses				
Salaries and Wages	20,300,031.71	22,886,527.50	(2,586,495.79)	-11.3%
Payroll Related Costs	5,186,750.75	5,233,754.16	(47,003.41)	-0.9%
Professional Fees and Services	883,894.10	1,506,951.81	(623,057.71)	-41.3%
Other Contracted Services	3,827,584.06	11,266,458.75	(7,438,874.69)	-66.0%
Travel	802,591.49	1,188,115.39	(385,523.90)	-32.4%
Materials and Supplies	1,994,278.95	7,927,074.27	(5,932,795.32)	-74.8%
Utilities	273,661.42	237,562.49	36,098.93	15.2%
Communications	2,855,204.49	3,349,380.54	(494,176.05)	-14.8%
Repairs and Maintenance	609,276.36	2,192,992.70	(1,583,716.34)	-72.2%
Rentals and Leases	621,498.90	478,210.21	143,288.69	30.0%
Printing and Reproduction	154,636.99	249,575.04	(94,938.05)	-38.0%
Claims and Losses	7,365,896.42	25,484,208.67	(18,118,312.25)	-71.1%
Increase in Net OPEB Obligation	265,263,724.83	-	265,263,724.83	100.0%
Scholarships and Fellowships	541,250.00	132,900.00	408,350.00	307.3%
Depreciation and Amortization	7,257,708.55	6,197,632.69	1,060,075.86	17.1%
State Sponsored Program Pass-Through to Other State Agencies	1,079,098.64	-	1,079,098.64	100.0%
Other Operating Expenses	5,188,661.49	7,038,490.39	(1,849,828.90)	-26.3%
Total Operating Expenses	324,205,749.15	95,369,834.61	228,835,914.54	239.9%
Operating Loss	(246,230,700.58)	(45,498,940.52)	(200,731,760.06)	-441.2%
Other Nonoperating Adjustments				
State Appropriations	989,672.15	1,166,666.67	(176,994.52)	-15.2%
Nonexchange Sponsored Programs	14,896,208.61	4,960,492.41	9,935,716.20	200.3%
Gift Contributions for Operations	567,730.23	524,733.13	42,997.10	8.2%
Net Investment Income	168,445,877.16	27,029,433.65	141,416,443.51	523.2%
Interest Expense on Capital Asset Financings	(34,153,146.08)	(21,851,063.23)	(12,302,082.85)	-56.3%
Net Other Nonoperating Adjustments	150,746,342.07	11,830,262.63	138,916,079.44	1,174.2%
Adjusted Income (Loss) including Depreciation & Amortization	(95,484,358.51)	(33,668,677.89)	(61,815,680.62)	-183.6%
Adjusted Margin % including Depreciation & Amortization	-36.3%	-40.3%		
Available University Fund Transfer	19,092,866.92	19,269,761.00	(176,894.08)	-0.9%
Adjusted Income (Loss) with AUF Transfer	(76,391,491.59)	(14,398,916.89)	(61,992,574.70)	-430.5%
Adjusted Margin % with AUF Transfer	-27.1%	-14.0%		
Investment Gain (Losses)	1,860,456,045.40	1,507,999,547.66	352,456,497.74	23.4%
Adj. Inc. (Loss) with AUF Transfer & Invest. Gains (Losses)	\$1,784,064,553.81	\$1,493,600,630.77	\$290,463,923.04	19.4%
Adj. Margin % with AUF Transfer & Invest. Gains (Losses)	83.3%	92.7%		
Adjusted Income (Loss) with AUF Transfer excluding Depreciation & Amortization	(69,133,783.04)	(8,201,284.20)	(60,932,498.84)	-743.0%
Adjusted Margin % with AUF Transfer excluding Depreciation & Amortization	-24.5%	-8.0%		

UNAUDITED

The University of Texas at Arlington
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2011

	March Year-to-Date FY 2011	March Year-to-Date FY 2010	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition	94,535,538.40	89,508,187.00	5,027,351.40	5.6%
Sponsored Programs	41,002,883.92	30,070,933.00	10,931,950.92	36.4%
Net Sales and Services of Educational Activities	8,864,490.69	7,985,474.00	879,016.69	11.0%
Net Auxiliary Enterprises	15,353,659.86	15,460,730.00	(107,070.14)	-0.7%
Other Operating Revenues	2,135,454.82	5,258,668.00	(3,123,213.18)	-59.4%
Total Operating Revenues	161,892,027.69	148,283,992.00	13,608,035.69	9.2%
Operating Expenses				
Salaries and Wages	126,909,332.33	123,143,264.00	3,766,068.33	3.1%
Payroll Related Costs	29,960,138.51	27,650,792.00	2,309,346.51	8.4%
Cost of Goods Sold	180.00	-	180.00	100.0%
Professional Fees and Services	2,586,430.17	2,301,236.00	285,194.17	12.4%
Other Contracted Services	16,354,617.18	8,800,750.60	7,553,866.58	85.8%
Travel	3,322,847.99	3,580,916.00	(258,068.01)	-7.2%
Materials and Supplies	13,996,821.02	12,126,115.00	1,870,706.02	15.4%
Utilities	6,770,594.34	5,895,785.00	874,809.34	14.8%
Communications	4,505,320.25	4,150,779.00	354,541.25	8.5%
Repairs and Maintenance	5,067,764.82	4,948,316.00	119,448.82	2.4%
Rentals and Leases	2,116,503.13	2,136,837.00	(20,333.87)	-1.0%
Printing and Reproduction	1,587,011.21	1,636,509.00	(49,497.79)	-3.0%
Bad Debt Expense	41,118.70	-	41,118.70	100.0%
Scholarships and Fellowships	15,593,844.45	17,204,346.00	(1,610,501.55)	-9.4%
Depreciation and Amortization	17,331,586.08	15,156,695.00	2,174,891.08	14.3%
Federal Sponsored Program Pass-Through to Other State Agencies	889,179.68	1,005,101.00	(115,921.32)	-11.5%
State Sponsored Program Pass-Through to Other State Agencies	10,358.99	-	10,358.99	100.0%
Other Operating Expenses	4,176,812.00	5,843,312.40	(1,666,500.40)	-28.5%
Total Operating Expenses	251,220,460.85	235,580,754.00	15,639,706.85	6.6%
Operating Loss	(89,328,433.16)	(87,296,762.00)	(2,031,671.16)	-2.3%
Other Nonoperating Adjustments				
State Appropriations	60,622,130.92	68,305,774.00	(7,683,643.08)	-11.2%
Nonexchange Sponsored Programs	27,102,534.67	17,500,000.00	9,602,534.67	54.9%
Gift Contributions for Operations	3,674,454.67	2,474,642.00	1,199,812.67	48.5%
Net Investment Income	7,387,404.63	6,488,947.00	898,457.63	13.8%
Interest Expense on Capital Asset Financings	(7,055,229.72)	(5,371,052.00)	(1,684,177.72)	-31.4%
Net Other Nonoperating Adjustments	91,731,295.17	89,398,311.00	2,332,984.17	2.6%
Adjusted Income (Loss) including Depreciation & Amortization	2,402,862.01	2,101,549.00	301,313.01	14.3%
Adjusted Margin % including Depreciation & Amortization	0.9%	0.9%		
Investment Gain (Losses)	24,371,416.80	9,353,682.00	15,017,734.80	160.6%
Adj. Inc. (Loss) with Investment Gains (Losses)	26,774,278.81	11,455,231.00	15,319,047.81	133.7%
Adj. Margin % with Investment Gains (Losses)	9.4%	4.5%		
Adjusted Income (Loss) excluding Depreciation & Amortization	19,734,448.09	17,258,244.00	2,476,204.09	14.3%
Adjusted Margin % excluding Depreciation & Amortization	7.6%	7.1%		

UNAUDITED

The University of Texas at Austin
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2011

	March Year-to-Date FY 2011	March Year-to-Date FY 2010	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition	265,416,666.67	215,123,431.43	50,293,235.24	23.4%
Sponsored Programs	328,226,133.91	295,179,199.56	33,046,934.35	11.2%
Net Sales and Services of Educational Activities	221,650,589.11	212,033,616.33	9,616,972.78	4.5%
Net Auxiliary Enterprises	153,519,376.45	147,846,876.40	5,672,500.05	3.8%
Other Operating Revenues	3,722,014.28	3,312,492.07	409,522.21	12.4%
Total Operating Revenues	972,534,780.42	873,495,615.79	99,039,164.63	11.3%
Operating Expenses				
Salaries and Wages	651,350,524.30	631,421,261.23	19,929,263.07	3.2%
Payroll Related Costs	156,435,262.22	144,375,369.19	12,059,893.03	8.4%
Professional Fees and Services	17,009,312.89	17,031,110.49	(21,797.60)	-0.1%
Other Contracted Services	72,415,618.66	-	72,415,618.66	100.0%
Travel	24,308,843.42	23,445,011.85	863,831.57	3.7%
Materials and Supplies	81,852,407.26	74,201,114.78	7,651,292.48	10.3%
Utilities	60,014,763.73	55,655,651.77	4,359,111.96	7.8%
Communications	35,070,649.50	33,609,507.41	1,461,142.09	4.3%
Repairs and Maintenance	34,464,230.59	24,807,704.85	9,656,525.74	38.9%
Rentals and Leases	10,775,344.23	12,713,101.29	(1,937,757.06)	-15.2%
Printing and Reproduction	5,790,209.21	6,890,996.69	(1,100,787.48)	-16.0%
Scholarships and Fellowships	68,587,342.33	51,785,493.42	16,801,848.91	32.4%
Depreciation and Amortization	111,402,447.96	98,234,181.49	13,168,266.47	13.4%
Federal Sponsored Program Pass-Through to Other State Agencies	1,668,285.65	1,875,651.00	(207,365.35)	-11.1%
Other Operating Expenses	48,566,854.83	105,122,854.57	(56,555,999.74)	-53.8%
Total Operating Expenses	1,379,712,096.78	1,281,169,010.03	98,543,086.75	7.7%
Operating Loss	(407,177,316.36)	(407,673,394.24)	496,077.88	0.1%
Other Nonoperating Adjustments				
State Appropriations	186,672,972.78	208,182,773.94	(21,509,801.16)	-10.3%
Nonexchange Sponsored Programs	34,895,244.88	28,066,362.62	6,828,882.26	24.3%
Gift Contributions for Operations	70,129,968.88	70,850,379.12	(720,410.24)	-1.0%
Net Investment Income	118,774,323.21	98,876,377.32	19,897,945.89	20.1%
Interest Expense on Capital Asset Financings	(27,253,619.96)	(20,673,864.00)	(6,579,755.96)	-31.8%
Net Other Nonoperating Adjustments	383,218,889.79	385,302,029.00	(2,083,139.21)	-0.5%
Adjusted Income (Loss) including Depreciation & Amortization	(23,958,426.57)	(22,371,365.24)	(1,587,061.33)	-7.1%
Adjusted Margin % including Depreciation & Amortization	-1.7%	-1.7%		
Available University Fund Transfer	103,617,500.00	103,104,166.67	513,333.33	0.5%
Adjusted Income (Loss) with AUF Transfer	79,659,073.43	80,732,801.43	(1,073,728.00)	-1.3%
Adjusted Margin % with AUF Transfer	5.4%	5.8%		
Investment Gain (Losses)	338,716,335.66	58,718,001.00	279,998,334.66	476.9%
Adj. Inc. (Loss) with AUF Transfer & Invest. Gains (Losses)	\$418,375,409.09	\$139,450,802.43	\$278,924,606.66	200.0%
Adj. Margin % with AUF Transfer & Invest. Gains (Losses)	22.9%	9.7%		
Adjusted Income (Loss) with AUF Transfer excluding Depreciation & Amortization	191,061,521.39	178,966,982.92	12,094,538.47	6.8%
Adjusted Margin % with AUF Transfer excluding Depreciation & Amortization	12.9%	12.9%		

UNAUDITED

The University of Texas at Brownsville
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2011

	March Year-to-Date FY 2011	March Year-to-Date FY 2010	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition	12,885,773.84	11,605,344.37	1,280,429.47	11.0%
Sponsored Programs	51,829,695.98	49,506,505.05	2,323,190.93	4.7%
Net Sales and Services of Educational Activities	1,410,828.33	1,084,556.20	326,272.13	30.1%
Net Auxiliary Enterprises	774,394.61	830,721.72	(56,327.11)	-6.8%
Other Operating Revenues	61,054.35	14,668.56	46,385.79	316.2%
Total Operating Revenues	66,961,747.11	63,041,795.90	3,919,951.21	6.2%
Operating Expenses				
Salaries and Wages	43,199,634.27	40,211,907.65	2,987,726.62	7.4%
Payroll Related Costs	11,700,066.40	10,494,627.24	1,205,439.16	11.5%
Professional Fees and Services	259,536.31	1,027,320.04	(767,783.73)	-74.7%
Other Contracted Services	561,700.43	5,756.38	555,944.05	9,657.9%
Travel	551,552.85	578,295.39	(26,742.54)	-4.6%
Materials and Supplies	2,507,551.86	3,057,171.56	(549,619.70)	-18.0%
Utilities	2,113,990.65	2,231,203.85	(117,213.20)	-5.3%
Communications	812,747.87	831,559.21	(18,811.34)	-2.3%
Repairs and Maintenance	1,241,030.97	1,097,355.43	143,675.54	13.1%
Rentals and Leases	1,165,165.98	1,154,852.95	10,313.03	0.9%
Printing and Reproduction	181,604.72	145,023.17	36,581.55	25.2%
Bad Debt Expense	-	23,458.54	(23,458.54)	-100.0%
Scholarships and Fellowships	50,224,362.78	47,600,610.45	2,623,752.33	5.5%
Depreciation and Amortization	3,346,138.93	3,303,945.10	42,193.83	1.3%
Federal Sponsored Program Pass-Through to Other State Agencies	28,275.43	63,312.25	(35,036.82)	-55.3%
Other Operating Expenses	3,380,838.78	3,677,701.03	(296,862.25)	-8.1%
Total Operating Expenses	121,274,198.23	115,504,100.24	5,770,097.99	5.0%
Operating Loss	(54,312,451.12)	(52,462,304.34)	(1,850,146.78)	-3.5%
Other Nonoperating Adjustments				
State Appropriations	22,635,752.94	23,691,050.94	(1,055,298.00)	-4.5%
Nonexchange Sponsored Programs	35,114,468.89	29,878,237.44	5,236,231.45	17.5%
Gift Contributions for Operations	306,856.34	248,095.00	58,761.34	23.7%
Net Investment Income	744,985.64	648,934.06	96,051.58	14.8%
Interest Expense on Capital Asset Financings	(1,205,810.97)	(1,057,284.97)	(148,526.00)	-14.0%
Net Other Nonoperating Adjustments	57,596,252.84	53,409,032.47	4,187,220.37	7.8%
Adjusted Income (Loss) including Depreciation & Amortization	3,283,801.72	946,728.13	2,337,073.59	246.9%
Adjusted Margin % including Depreciation & Amortization	2.6%	0.8%		
Investment Gain (Losses)	3,102,957.52	1,649,715.50	1,453,242.02	88.1%
Adj. Inc. (Loss) with Investment Gains (Losses)	6,386,759.24	2,596,443.63	3,790,315.61	146.0%
Adj. Margin % with Investment Gains (Losses)	5.0%	2.2%		
Adjusted Income (Loss) excluding Depreciation & Amortization	6,629,940.65	4,250,673.23	2,379,267.42	56.0%
Adjusted Margin % excluding Depreciation & Amortization	5.3%	3.6%		

UNAUDITED

The University of Texas at Dallas
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2011

	March Year-to-Date FY 2011	March Year-to-Date FY 2010	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition	95,716,172.42	80,185,332.00	15,530,840.42	19.4%
Sponsored Programs	26,374,769.16	27,001,402.00	(626,632.84)	-2.3%
Net Sales and Services of Educational Activities	9,142,477.74	6,066,642.00	3,075,835.74	50.7%
Net Auxiliary Enterprises	4,986,486.50	5,040,061.00	(53,574.50)	-1.1%
Other Operating Revenues	1,415,437.90	1,597,693.00	(182,255.10)	-11.4%
Total Operating Revenues	137,635,343.72	119,891,130.00	17,744,213.72	14.8%
Operating Expenses				
Salaries and Wages	108,795,986.08	100,844,818.00	7,951,168.08	7.9%
Payroll Related Costs	24,336,615.19	21,234,989.00	3,101,626.19	14.6%
Professional Fees and Services	5,347,924.51	3,451,942.00	1,895,982.51	54.9%
Other Contracted Services	6,276,660.31	-	6,276,660.31	100.0%
Travel	2,922,049.05	2,102,222.00	819,827.05	39.0%
Materials and Supplies	16,277,648.46	9,722,225.00	6,555,423.46	67.4%
Utilities	5,258,242.86	6,070,259.00	(812,016.14)	-13.4%
Communications	823,962.66	560,931.00	263,031.66	46.9%
Repairs and Maintenance	1,807,753.80	1,009,469.00	798,284.80	79.1%
Rentals and Leases	1,218,941.36	1,433,249.00	(214,307.64)	-15.0%
Printing and Reproduction	825,869.09	851,134.00	(25,264.91)	-3.0%
Scholarships and Fellowships	17,557,745.20	12,761,728.00	4,796,017.20	37.6%
Depreciation and Amortization	18,680,083.33	15,872,018.00	2,808,065.33	17.7%
Federal Sponsored Program Pass-Through to Other State Agencies	215,104.34	197,344.00	17,760.34	9.0%
Other Operating Expenses	5,561,592.87	14,222,840.00	(8,661,247.13)	-60.9%
Total Operating Expenses	215,906,179.11	190,335,168.00	25,571,011.11	13.4%
Operating Loss	(78,270,835.39)	(70,444,038.00)	(7,826,797.39)	-11.1%
Other Nonoperating Adjustments				
State Appropriations	53,538,949.00	57,014,748.00	(3,475,799.00)	-6.1%
Nonexchange Sponsored Programs	22,428,685.06	17,299,294.00	5,129,391.06	29.7%
Gift Contributions for Operations	7,444,914.80	9,365,308.00	(1,920,393.20)	-20.5%
Net Investment Income	8,490,754.00	7,027,842.00	1,462,912.00	20.8%
Interest Expense on Capital Asset Financings	(6,292,831.30)	(5,002,404.00)	(1,290,427.30)	-25.8%
Net Other Nonoperating Adjustments	85,610,471.56	85,704,788.00	(94,316.44)	-0.1%
Adjusted Income (Loss) including Depreciation & Amortization	7,339,636.17	15,260,750.00	(7,921,113.83)	-51.9%
Adjusted Margin % including Depreciation & Amortization	3.2%	7.2%		
Investment Gain (Losses)	35,738,499.01	7,024,531.00	28,713,968.01	408.8%
Adj. Inc. (Loss) with Investment Gains (Losses)	43,078,135.18	22,285,281.00	20,792,854.18	93.3%
Adj. Margin % with Investment Gains (Losses)	16.2%	10.2%		
Adjusted Income (Loss) excluding Depreciation & Amortization	26,019,719.50	31,132,768.00	(5,113,048.50)	-16.4%
Adjusted Margin % excluding Depreciation & Amortization	11.3%	14.8%		

UNAUDITED

The University of Texas at El Paso
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2011

	March Year-to-Date FY 2011	March Year-to-Date FY 2010	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition	63,818,146.66	55,891,462.08	7,926,684.58	14.2%
Sponsored Programs	44,293,707.88	42,293,663.06	2,000,044.82	4.7%
Net Sales and Services of Educational Activities	2,964,811.19	2,745,008.25	219,802.94	8.0%
Net Auxiliary Enterprises	16,881,014.66	14,364,965.30	2,516,049.36	17.5%
Other Operating Revenues	150,132.27	349.95	149,782.32	42,801.1%
Total Operating Revenues	128,107,812.66	115,295,448.64	12,812,364.02	11.1%
Operating Expenses				
Salaries and Wages	91,839,689.54	88,649,971.19	3,189,718.35	3.6%
Payroll Related Costs	23,088,175.19	21,594,133.27	1,494,041.92	6.9%
Professional Fees and Services	601,755.11	599,959.24	1,795.87	0.3%
Other Contracted Services	10,220,455.61	9,564,343.32	656,112.29	6.9%
Travel	3,970,656.14	3,693,497.18	277,158.96	7.5%
Materials and Supplies	13,983,623.46	13,716,153.08	267,470.38	2.0%
Utilities	3,752,585.99	3,741,478.21	11,107.78	0.3%
Communications	394,318.61	379,938.32	14,380.29	3.8%
Repairs and Maintenance	2,939,093.91	2,952,052.69	(12,958.78)	-0.4%
Rentals and Leases	2,272,803.23	2,098,501.57	174,301.66	8.3%
Printing and Reproduction	499,350.95	475,648.62	23,702.33	5.0%
Scholarships and Fellowships	64,678,077.73	52,689,905.14	11,988,172.59	22.8%
Depreciation and Amortization	10,968,511.31	10,524,864.66	443,646.65	4.2%
Federal Sponsored Program Pass-Through to Other State Agencies	709,781.20	694,236.17	15,545.03	2.2%
Other Operating Expenses	3,535,850.27	3,811,684.36	(275,834.09)	-7.2%
Total Operating Expenses	233,454,728.25	215,186,367.02	18,268,361.23	8.5%
Operating Loss	(105,346,915.59)	(99,890,918.38)	(5,455,997.21)	-5.5%
Other Nonoperating Adjustments				
State Appropriations	54,724,404.00	59,975,825.00	(5,251,421.00)	-8.8%
Nonexchange Sponsored Programs	48,633,254.53	37,368,679.03	11,264,575.50	30.1%
Gift Contributions for Operations	4,612,114.95	9,651,814.17	(5,039,699.22)	-52.2%
Net Investment Income	6,774,824.06	6,001,686.22	773,137.84	12.9%
Interest Expense on Capital Asset Financings	(4,072,364.45)	(3,055,824.00)	(1,016,540.45)	-33.3%
Net Other Nonoperating Adjustments	110,672,233.09	109,942,180.42	730,052.67	0.7%
Adjusted Income (Loss) including Depreciation & Amortization	5,325,317.50	10,051,262.04	(4,725,944.54)	-47.0%
Adjusted Margin % including Depreciation & Amortization	2.2%	4.4%		
Investment Gain (Losses)	24,268,238.39	4,126,631.04	20,141,607.35	488.1%
Adj. Inc. (Loss) with Investment Gains (Losses)	29,593,555.89	14,177,893.08	15,415,662.81	108.7%
Adj. Margin % with Investment Gains (Losses)	11.1%	6.1%		
Adjusted Income (Loss) excluding Depreciation & Amortization	16,293,828.81	20,576,126.70	(4,282,297.89)	-20.8%
Adjusted Margin % excluding Depreciation & Amortization	6.7%	9.0%		

UNAUDITED

The University of Texas - Pan American
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2011

	March Year-to-Date FY 2011	March Year-to-Date FY 2010	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition	32,808,551.96	34,904,623.00	(2,096,071.04)	-6.0%
Sponsored Programs	45,532,274.00	45,016,988.00	515,286.00	1.1%
Net Sales and Services of Educational Activities	3,468,667.35	3,220,622.00	248,045.35	7.7%
Net Auxiliary Enterprises	5,248,244.24	4,244,942.00	1,003,302.24	23.6%
Other Operating Revenues	1,128,339.50	952,872.00	175,467.50	18.4%
Total Operating Revenues	88,186,077.05	88,340,047.00	(153,969.95)	-0.2%
Operating Expenses				
Salaries and Wages	64,494,324.10	65,408,377.00	(914,052.90)	-1.4%
Payroll Related Costs	17,327,170.41	16,165,830.00	1,161,340.41	7.2%
Cost of Goods Sold	305,970.08	-	305,970.08	100.0%
Professional Fees and Services	780,316.74	911,083.00	(130,766.26)	-14.4%
Other Contracted Services	4,885,551.40	3,865,743.00	1,019,808.40	26.4%
Travel	2,150,056.80	2,513,480.00	(363,423.20)	-14.5%
Materials and Supplies	6,874,219.01	7,715,315.00	(841,095.99)	-10.9%
Utilities	3,204,173.83	4,133,025.00	(928,851.17)	-22.5%
Communications	285,685.34	255,697.00	29,988.34	11.7%
Repairs and Maintenance	2,257,930.30	2,106,392.00	151,538.30	7.2%
Rentals and Leases	677,379.31	575,338.00	102,041.31	17.7%
Printing and Reproduction	158,381.32	212,857.00	(54,475.68)	-25.6%
Bad Debt Expense	69,460.96	(65,471.00)	134,931.96	206.1%
Scholarships and Fellowships	61,754,122.78	61,880,218.00	(126,095.22)	-0.2%
Depreciation and Amortization	8,302,429.34	7,840,993.00	461,436.34	5.9%
Federal Sponsored Program Pass-Through to Other State Agencies	137,061.43	161,355.00	(24,293.57)	-15.1%
Other Operating Expenses	2,461,487.95	2,345,901.00	115,586.95	4.9%
Total Operating Expenses	176,125,721.10	176,026,133.00	99,588.10	0.1%
Operating Loss	(87,939,644.05)	(87,686,086.00)	(253,558.05)	-0.3%
Other Nonoperating Adjustments				
State Appropriations	41,379,868.15	45,582,644.00	(4,202,775.85)	-9.2%
Nonexchange Sponsored Programs	46,486,593.49	42,203,152.00	4,283,441.49	10.1%
Gift Contributions for Operations	1,497,935.05	1,566,611.00	(68,675.95)	-4.4%
Net Investment Income	2,112,005.47	2,449,413.00	(337,407.53)	-13.8%
Interest Expense on Capital Asset Financings	(2,327,151.33)	(2,362,245.00)	35,093.67	1.5%
Net Other Nonoperating Adjustments	89,149,250.83	89,439,575.00	(290,324.17)	-0.3%
Adjusted Income (Loss) including Depreciation & Amortization	1,209,606.78	1,753,489.00	(543,882.22)	-31.0%
Adjusted Margin % including Depreciation & Amortization	0.7%	1.0%		
Investment Gain (Losses)	6,061,561.17	3,569,178.00	2,492,383.17	69.8%
Adj. Inc. (Loss) with Investment Gains (Losses)	7,271,167.95	5,322,667.00	1,948,500.95	36.6%
Adj. Margin % with Investment Gains (Losses)	3.9%	2.9%		
Adjusted Income (Loss) excluding Depreciation & Amortization	9,512,036.12	9,594,482.00	(82,445.88)	-0.9%
Adjusted Margin % excluding Depreciation & Amortization	5.3%	5.3%		

UNAUDITED

The University of Texas of the Permian Basin
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2011

	March Year-to-Date FY 2011	March Year-to-Date FY 2010	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition	8,878,258.75	6,986,553.96	1,891,704.79	27.1%
Sponsored Programs	2,128,125.39	3,353,045.95	(1,224,920.56)	-36.5%
Net Sales and Services of Educational Activities	236,097.34	306,274.80	(70,177.46)	-22.9%
Net Auxiliary Enterprises	2,417,433.88	2,390,437.57	26,996.31	1.1%
Other Operating Revenues	703,226.84	124,548.57	578,678.27	464.6%
Total Operating Revenues	14,363,142.20	13,160,860.85	1,202,281.35	9.1%
Operating Expenses				
Salaries and Wages	13,049,472.98	12,472,490.67	576,982.31	4.6%
Payroll Related Costs	3,306,338.10	2,787,328.65	519,009.45	18.6%
Professional Fees and Services	1,642,460.40	1,448,913.84	193,546.56	13.4%
Other Contracted Services	941.00	-	941.00	100.0%
Travel	503,290.87	440,200.67	63,090.20	14.3%
Materials and Supplies	2,120,137.22	2,694,819.39	(574,682.17)	-21.3%
Utilities	1,385,249.47	1,431,332.98	(46,083.51)	-3.2%
Communications	401,130.71	251,528.35	149,602.36	59.5%
Repairs and Maintenance	459,917.28	874,825.90	(414,908.62)	-47.4%
Rentals and Leases	337,849.44	271,976.34	65,873.10	24.2%
Printing and Reproduction	105,914.94	140,051.27	(34,136.33)	-24.4%
Scholarships and Fellowships	4,790,406.72	2,166,179.54	2,624,227.18	121.1%
Depreciation and Amortization	3,270,349.06	2,388,743.58	881,605.48	36.9%
Other Operating Expenses	385,649.53	713,488.52	(327,838.99)	-45.9%
Total Operating Expenses	31,759,107.72	28,081,879.70	3,677,228.02	13.1%
Operating Loss	(17,395,965.52)	(14,921,018.85)	(2,474,946.67)	-16.6%
Other Nonoperating Adjustments				
State Appropriations	15,085,602.58	18,707,106.25	(3,621,503.67)	-19.4%
Nonexchange Sponsored Programs	4,212,100.43	3,917,151.49	294,948.94	7.5%
Gift Contributions for Operations	900,453.04	787,216.75	113,236.29	14.4%
Net Investment Income	1,493,465.06	1,775,886.74	(282,421.68)	-15.9%
Interest Expense on Capital Asset Financings	(2,107,020.09)	(1,349,030.00)	(757,990.09)	-56.2%
Net Other Nonoperating Adjustments	19,584,601.02	23,838,331.23	(4,253,730.21)	-17.8%
Adjusted Income (Loss) including Depreciation & Amortization	2,188,635.50	8,917,312.38	(6,728,676.88)	-75.5%
Adjusted Margin % including Depreciation & Amortization	6.1%	23.3%		
Investment Gain (Losses)	3,394,760.87	1,847,044.75	1,547,716.12	83.8%
Adj. Inc. (Loss) with Investment Gains (Losses)	5,583,396.37	10,764,357.13	(5,180,960.76)	-48.1%
Adj. Margin % with Investment Gains (Losses)	14.2%	26.8%		
Adjusted Income (Loss) excluding Depreciation & Amortization	5,458,984.56	11,306,055.96	(5,847,071.40)	-51.7%
Adjusted Margin % excluding Depreciation & Amortization	15.1%	29.5%		

UNAUDITED

The University of Texas at San Antonio
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2011

	March Year-to-Date FY 2011	March Year-to-Date FY 2010	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition	112,124,526.83	101,798,172.00	10,326,354.83	10.1%
Sponsored Programs	41,564,148.79	41,079,610.00	484,538.79	1.2%
Net Sales and Services of Educational Activities	5,188,913.07	4,600,541.00	588,372.07	12.8%
Net Auxiliary Enterprises	15,153,638.46	13,034,754.00	2,118,884.46	16.3%
Other Operating Revenues	1,349,978.71	923,117.00	426,861.71	46.2%
Total Operating Revenues	175,381,205.86	161,436,194.00	13,945,011.86	8.6%
Operating Expenses				
Salaries and Wages	126,944,340.63	118,819,283.00	8,125,057.63	6.8%
Payroll Related Costs	31,820,653.60	28,886,815.00	2,933,838.60	10.2%
Cost of Goods Sold	618,651.29	-	618,651.29	100.0%
Professional Fees and Services	2,143,482.57	2,362,312.00	(218,829.43)	-9.3%
Other Contracted Services	7,711,257.02	6,920,416.64	790,840.38	11.4%
Travel	4,337,015.87	3,961,909.00	375,106.87	9.5%
Materials and Supplies	15,833,618.13	19,973,864.00	(4,140,245.87)	-20.7%
Utilities	6,577,302.08	6,612,842.00	(35,539.92)	-0.5%
Communications	1,477,308.11	1,909,854.00	(432,545.89)	-22.6%
Repairs and Maintenance	5,029,244.30	5,020,881.00	8,363.30	0.2%
Rentals and Leases	2,075,557.87	2,034,481.00	41,076.87	2.0%
Printing and Reproduction	810,326.99	578,371.00	231,955.99	40.1%
Bad Debt Expense	238,711.46	-	238,711.46	100.0%
Scholarships and Fellowships	24,566,280.98	25,657,444.00	(1,091,163.02)	-4.3%
Depreciation and Amortization	22,438,316.63	21,723,918.00	714,398.63	3.3%
Federal Sponsored Program Pass-Through to Other State Agencies	1,833,277.26	2,044,809.00	(211,531.74)	-10.3%
Other Operating Expenses	8,518,509.02	8,348,057.36	170,451.66	2.0%
Total Operating Expenses	262,973,853.81	254,855,257.00	8,118,596.81	3.2%
Operating Loss	(87,592,647.95)	(93,419,063.00)	5,826,415.05	6.2%
Other Nonoperating Adjustments				
State Appropriations	65,405,328.44	70,622,425.00	(5,217,096.56)	-7.4%
Nonexchange Sponsored Programs	34,219,665.36	23,537,544.00	10,682,121.36	45.4%
Gift Contributions for Operations	3,208,333.33	5,833,333.00	(2,624,999.67)	-45.0%
Net Investment Income	5,159,262.00	6,020,537.00	(861,275.00)	-14.3%
Interest Expense on Capital Asset Financings	(9,323,162.38)	(9,111,143.00)	(212,019.38)	-2.3%
Net Other Nonoperating Adjustments	98,669,426.75	96,902,696.00	1,766,730.75	1.8%
Adjusted Income (Loss) including Depreciation & Amortization	11,076,778.80	3,483,633.00	7,593,145.80	218.0%
Adjusted Margin % including Depreciation & Amortization	3.9%	1.3%		
Investment Gain (Losses)	23,839,212.42	14,364,546.00	9,474,666.42	66.0%
Adj. Inc. (Loss) with Investment Gains (Losses)	34,915,991.22	17,848,179.00	17,067,812.22	95.6%
Adj. Margin % with Investment Gains (Losses)	11.4%	6.3%		
Adjusted Income (Loss) excluding Depreciation & Amortization	33,515,095.43	25,207,551.00	8,307,544.43	33.0%
Adjusted Margin % excluding Depreciation & Amortization	11.8%	9.4%		

UNAUDITED

The University of Texas at Tyler
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2011

	March Year-to-Date FY 2011	March Year-to-Date FY 2010	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition	15,050,000.00	15,829,754.90	(779,754.90)	-4.9%
Sponsored Programs	7,650,013.88	5,906,127.15	1,743,886.73	29.5%
Net Sales and Services of Educational Activities	1,654,810.59	1,258,279.30	396,531.29	31.5%
Net Auxiliary Enterprises	3,290,794.71	2,117,743.09	1,173,051.62	55.4%
Other Operating Revenues	73,579.66	235,272.08	(161,692.42)	-68.7%
Total Operating Revenues	27,719,198.84	25,347,176.52	2,372,022.32	9.4%
Operating Expenses				
Salaries and Wages	22,612,264.38	22,114,224.08	498,040.30	2.3%
Payroll Related Costs	6,192,192.40	5,745,919.99	446,272.41	7.8%
Cost of Goods Sold	19,801.94	40,399.85	(20,597.91)	-51.0%
Professional Fees and Services	1,207,424.31	665,344.10	542,080.21	81.5%
Other Contracted Services	2,809,987.83	2,465,917.71	344,070.12	14.0%
Travel	792,269.85	843,507.21	(51,237.36)	-6.1%
Materials and Supplies	2,404,833.32	2,458,600.37	(53,767.05)	-2.2%
Utilities	1,122,433.77	1,192,664.00	(70,230.23)	-5.9%
Communications	663,748.08	678,338.23	(14,590.15)	-2.2%
Repairs and Maintenance	754,440.59	691,561.65	62,878.94	9.1%
Rentals and Leases	170,331.52	187,614.95	(17,283.43)	-9.2%
Printing and Reproduction	387,241.91	356,775.43	30,466.48	8.5%
Bad Debt Expense	-	820.47	(820.47)	-100.0%
Scholarships and Fellowships	3,908,333.00	7,491,731.83	(3,583,398.83)	-47.8%
Depreciation and Amortization	6,351,680.67	5,616,442.00	735,238.67	13.1%
Federal Sponsored Program Pass-Through to Other State Agencies	25,435.52	69,418.49	(43,982.97)	-63.4%
Other Operating Expenses	1,301,268.78	1,386,750.82	(85,482.04)	-6.2%
Total Operating Expenses	50,723,687.87	52,006,031.18	(1,282,343.31)	-2.5%
Operating Loss	(23,004,489.03)	(26,658,854.66)	3,654,365.63	13.7%
Other Nonoperating Adjustments				
State Appropriations	18,770,944.41	21,114,958.39	(2,344,013.98)	-11.1%
Nonexchange Sponsored Programs	8,405,377.28	6,611,075.00	1,794,302.28	27.1%
Gift Contributions for Operations	593,739.51	868,465.21	(274,725.70)	-31.6%
Net Investment Income	2,672,158.58	2,468,427.08	203,731.50	8.3%
Interest Expense on Capital Asset Financings	(2,373,919.80)	(1,672,511.00)	(701,408.80)	-41.9%
Net Other Nonoperating Adjustments	28,068,299.98	29,390,414.68	(1,322,114.70)	-4.5%
Adjusted Income (Loss) including Depreciation & Amortization	5,063,810.95	2,731,560.02	2,332,250.93	85.4%
Adjusted Margin % including Depreciation & Amortization	8.7%	4.8%		
Investment Gain (Losses)	10,595,832.08	2,525,299.50	8,070,532.58	319.6%
Adj. Inc. (Loss) with Investment Gains (Losses)	15,659,643.03	5,256,859.52	10,402,783.51	197.9%
Adj. Margin % with Investment Gains (Losses)	22.8%	8.9%		
Adjusted Income (Loss) excluding Depreciation & Amortization	11,415,491.62	8,348,002.02	3,067,489.60	36.7%
Adjusted Margin % excluding Depreciation & Amortization	19.6%	14.8%		

UNAUDITED

The University of Texas Southwestern Medical Center
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2011

	March Year-to-Date FY 2011	March Year-to-Date FY 2010	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition	13,425,126.92	12,666,788.98	758,337.94	6.0%
Sponsored Programs	276,369,638.46	257,171,721.70	19,197,916.76	7.5%
Net Sales and Services of Educational Activities	12,847,959.98	6,487,507.38	6,360,452.60	98.0%
Net Sales and Services of Hospitals	302,691,670.45	270,788,282.87	31,903,387.58	11.8%
Net Professional Fees	235,856,943.84	211,846,593.28	24,010,350.56	11.3%
Net Auxiliary Enterprises	10,092,749.24	9,856,250.66	236,498.58	2.4%
Other Operating Revenues	4,139,545.56	4,035,341.66	104,203.90	2.6%
Total Operating Revenues	855,423,634.45	772,852,486.53	82,571,147.92	10.7%
Operating Expenses				
Salaries and Wages	517,632,376.98	471,922,151.10	45,710,225.88	9.7%
Payroll Related Costs	118,281,707.00	106,547,084.29	11,734,622.71	11.0%
Cost of Goods Sold	1,333,944.47	1,480,442.91	(146,498.44)	-9.9%
Professional Fees and Services	16,630,990.74	17,083,231.21	(452,240.47)	-2.6%
Other Contracted Services	43,374,550.70	42,864,186.98	510,363.72	1.2%
Travel	5,180,876.86	4,732,639.02	448,237.84	9.5%
Materials and Supplies	123,928,769.76	117,666,650.89	6,262,118.87	5.3%
Utilities	19,459,727.38	21,166,545.48	(1,706,818.10)	-8.1%
Communications	4,572,122.11	4,266,456.59	305,665.52	7.2%
Repairs and Maintenance	9,581,181.16	9,129,145.46	452,035.70	5.0%
Rentals and Leases	3,386,582.01	4,776,087.18	(1,389,505.17)	-29.1%
Printing and Reproduction	1,731,618.12	1,891,032.80	(159,414.68)	-8.4%
Scholarships and Fellowships	5,437,197.94	5,391,970.47	45,227.47	0.8%
Depreciation and Amortization	50,672,055.86	45,868,360.14	4,803,695.72	10.5%
Federal Sponsored Program Pass-Through to Other State Agencies	850,062.86	814,818.97	35,243.89	4.3%
Other Operating Expenses	33,594,359.17	36,955,281.58	(3,360,922.41)	-9.1%
Total Operating Expenses	955,648,123.12	892,556,085.07	63,092,038.05	7.1%
Operating Loss	(100,224,488.67)	(119,703,598.54)	19,479,109.87	16.3%
Other Nonoperating Adjustments				
State Appropriations	96,393,602.82	109,417,832.01	(13,024,229.19)	-11.9%
Nonexchange Sponsored Programs	2,380,955.33	74,358.00	2,306,597.33	3,102.0%
Gift Contributions for Operations	14,990,869.87	13,551,510.07	1,439,359.80	10.6%
Net Investment Income	51,066,215.98	39,752,210.00	11,314,005.98	28.5%
Interest Expense on Capital Asset Financings	(17,703,365.47)	(13,188,807.00)	(4,514,558.47)	-34.2%
Net Other Nonoperating Adjustments	147,128,278.53	149,607,103.08	(2,478,824.55)	-1.7%
Adjusted Income (Loss) including Depreciation & Amortization	46,903,789.86	29,903,504.54	17,000,285.32	56.9%
Adjusted Margin % including Depreciation & Amortization	4.6%	3.2%		
Investment Gain (Losses)	159,393,942.42	51,340,436.54	108,053,505.88	210.5%
Adj. Inc. (Loss) with Investment Gains (Losses)	206,297,732.28	81,243,941.08	125,053,791.20	153.9%
Adj. Margin % with Investment Gains (Losses)	17.5%	8.2%		
Adjusted Income (Loss) excluding Depreciation & Amortization	97,575,845.72	75,771,864.68	21,803,981.04	28.8%
Adjusted Margin % excluding Depreciation & Amortization	9.6%	8.1%		

UNAUDITED

The University of Texas Medical Branch at Galveston
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2011

	March Year-to-Date FY 2011	March Year-to-Date FY 2010	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition	16,657,277.11	13,166,535.17	3,490,741.94	26.5%
Sponsored Programs	161,767,017.59	155,308,612.60	6,458,404.99	4.2%
Net Sales and Services of Educational Activities	10,077,041.29	19,471,771.33	(9,394,730.04)	-48.2%
Net Sales and Services of Hospitals	415,942,576.47	405,277,638.45	10,664,938.02	2.6%
Net Professional Fees	75,237,351.38	74,033,894.40	1,203,456.98	1.6%
Net Auxiliary Enterprises	3,960,913.76	3,272,978.37	687,935.39	21.0%
Other Operating Revenues	(8,451,075.52)	5,786,765.28	(14,237,840.80)	-246.0%
Total Operating Revenues	675,191,102.08	676,318,195.60	(1,127,093.52)	-0.2%
Operating Expenses				
Salaries and Wages	462,689,833.22	453,702,069.77	8,987,763.45	2.0%
Payroll Related Costs	118,875,355.56	109,712,644.77	9,162,710.79	8.4%
Cost of Goods Sold	38,098,552.95	37,633,366.17	465,186.78	1.2%
Professional Fees and Services	25,615,955.40	24,859,511.80	756,443.60	3.0%
Other Contracted Services	45,590,322.75	-	45,590,322.75	100.0%
Travel	3,664,843.97	3,459,504.53	205,339.44	5.9%
Materials and Supplies	72,227,756.70	67,685,548.77	4,542,207.93	6.7%
Utilities	16,154,465.81	15,708,842.37	445,623.44	2.8%
Communications	8,884,582.36	8,806,747.38	77,834.98	0.9%
Repairs and Maintenance	23,504,644.67	25,383,878.33	(1,879,233.66)	-7.4%
Rentals and Leases	12,803,005.63	13,820,327.10	(1,017,321.47)	-7.4%
Printing and Reproduction	914,589.51	824,687.75	89,901.76	10.9%
Bad Debt Expense	(211.00)	(68,041.21)	67,830.21	99.7%
Scholarships and Fellowships	3,776,913.95	4,025,933.95	(249,020.00)	-6.2%
Depreciation and Amortization	45,811,192.30	43,193,607.91	2,617,584.39	6.1%
Federal Sponsored Program Pass-Through to Other State Agencies	2,212,480.53	2,739,187.68	(526,707.15)	-19.2%
Other Operating Expenses	27,560,054.87	81,379,436.82	(53,819,381.95)	-66.1%
Total Operating Expenses	908,384,339.18	892,867,253.89	15,517,085.29	1.7%
Operating Loss	(233,193,237.10)	(216,549,058.29)	(16,644,178.81)	-7.7%
Other Nonoperating Adjustments				
State Appropriations	194,523,307.41	214,366,250.59	(19,842,943.18)	-9.3%
Nonexchange Sponsored Programs	600,341.53	(1,183.00)	601,524.53	50,847.4%
Gift Contributions for Operations	5,991,497.94	6,463,977.04	(472,479.10)	-7.3%
Net Investment Income	18,217,230.83	17,763,748.50	453,482.33	2.6%
Interest Expense on Capital Asset Financings	(4,809,549.22)	(3,974,480.91)	(835,068.31)	-21.0%
Net Other Nonoperating Adjustments	214,522,828.49	234,618,312.22	(20,095,483.73)	-8.6%
Adjusted Income (Loss) including Depreciation & Amortization	(18,670,408.61)	18,069,253.93	(36,739,662.54)	-203.3%
Adjusted Margin % including Depreciation & Amortization	-2.1%	2.0%		
Investment Gain (Losses)	60,253,276.28	9,074,915.39	51,178,360.89	564.0%
Adj. Inc. (Loss) with Investment Gains (Losses)	41,582,867.67	27,144,169.32	14,438,698.35	53.2%
Adj. Margin % with Investment Gains (Losses)	4.4%	2.9%		
Adjusted Income (Loss) excluding Depreciation & Amortization	27,140,783.69	61,262,861.84	(34,122,078.15)	-55.7%
Adjusted Margin % excluding Depreciation & Amortization	3.0%	6.7%		

UNAUDITED

The University of Texas Health Science Center at Houston
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2011

	March Year-to-Date FY 2011	March Year-to-Date FY 2010	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition	21,408,809.55	18,303,741.37	3,105,068.18	17.0%
Sponsored Programs	261,762,012.36	208,910,905.52	52,851,106.84	25.3%
Net Sales and Services of Educational Activities	27,709,510.04	23,411,814.52	4,297,695.52	18.4%
Net Sales and Services of Hospitals	21,528,102.05	22,468,930.41	(940,828.36)	-4.2%
Net Professional Fees	83,940,818.93	79,615,638.02	4,325,180.91	5.4%
Net Auxiliary Enterprises	13,371,370.43	12,845,776.04	525,594.39	4.1%
Other Operating Revenues	6,106,484.28	27,644,498.92	(21,538,014.64)	-77.9%
Total Operating Revenues	435,827,107.64	393,201,304.80	42,625,802.84	10.8%
Operating Expenses				
Salaries and Wages	303,972,463.66	255,583,444.02	48,389,019.64	18.9%
Payroll Related Costs	66,944,536.07	55,649,229.51	11,295,306.56	20.3%
Cost of Goods Sold	11,532,886.68	10,795,204.82	737,681.86	6.8%
Professional Fees and Services	29,499,636.11	47,177,504.32	(17,677,868.21)	-37.5%
Other Contracted Services	25,931,625.26	-	25,931,625.26	100.0%
Travel	4,245,329.73	4,021,287.15	224,042.58	5.6%
Materials and Supplies	27,283,023.30	23,106,469.00	4,176,554.30	18.1%
Utilities	9,924,413.49	10,001,714.54	(77,301.05)	-0.8%
Communications	2,316,673.61	1,839,265.51	477,408.10	26.0%
Repairs and Maintenance	5,487,256.71	3,362,730.00	2,124,526.71	63.2%
Rentals and Leases	12,335,435.00	8,026,179.41	4,309,255.59	53.7%
Printing and Reproduction	3,813,606.06	2,899,562.71	914,043.35	31.5%
Bad Debt Expense	-	1,615.00	(1,615.00)	-100.0%
Scholarships and Fellowships	3,088,185.68	3,478,019.03	(389,833.35)	-11.2%
Depreciation and Amortization	28,577,107.94	23,221,323.60	5,355,784.34	23.1%
Federal Sponsored Program Pass-Through to Other State Agencies	4,944,537.61	3,811,179.45	1,133,358.16	29.7%
Other Operating Expenses	18,746,200.83	59,686,551.50	(40,940,350.67)	-68.6%
Total Operating Expenses	558,642,917.74	512,661,279.57	45,981,638.17	9.0%
Operating Loss	(122,815,810.10)	(119,459,974.77)	(3,355,835.33)	-2.8%
Other Nonoperating Adjustments				
State Appropriations	93,642,071.00	101,076,167.01	(7,434,096.01)	-7.4%
Nonexchange Sponsored Programs	5,013,294.27	6,003,214.44	(989,920.17)	-16.5%
Gift Contributions for Operations	11,824,018.80	8,559,887.42	3,264,131.38	38.1%
Net Investment Income	16,961,295.31	13,814,232.31	3,147,063.00	22.8%
Interest Expense on Capital Asset Financings	(6,399,334.62)	(5,260,613.00)	(1,138,721.62)	-21.6%
Net Other Nonoperating Adjustments	121,041,344.76	124,192,888.18	(3,151,543.42)	-2.5%
Adjusted Income (Loss) including Depreciation & Amortization	(1,774,465.34)	4,732,913.41	(6,507,378.75)	-137.5%
Adjusted Margin % including Depreciation & Amortization	-0.3%	0.9%		
Investment Gain (Losses)	50,706,308.31	21,263,488.43	29,442,819.88	138.5%
Adj. Inc. (Loss) with Investment Gains (Losses)	48,931,842.97	25,996,401.84	22,935,441.13	88.2%
Adj. Margin % with Investment Gains (Losses)	8.0%	4.8%		
Adjusted Income (Loss) excluding Depreciation & Amortization	26,802,642.60	27,954,237.01	(1,151,594.41)	-4.1%
Adjusted Margin % excluding Depreciation & Amortization	4.8%	5.3%		

UNAUDITED

The University of Texas Health Science Center at San Antonio
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2011

	March Year-to-Date FY 2011	March Year-to-Date FY 2010	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition	17,228,305.50	16,274,694.92	953,610.58	5.9%
Sponsored Programs	161,531,020.96	155,800,305.24	5,730,715.72	3.7%
Net Sales and Services of Educational Activities	22,755,386.31	24,835,329.36	(2,079,943.05)	-8.4%
Net Professional Fees	81,143,167.48	65,633,325.81	15,509,841.67	23.6%
Net Auxiliary Enterprises	3,039,573.36	2,888,849.21	150,724.15	5.2%
Other Operating Revenues	6,881,171.43	9,086,529.79	(2,205,358.36)	-24.3%
Total Operating Revenues	292,578,625.04	274,519,034.33	18,059,590.71	6.6%
Operating Expenses				
Salaries and Wages	226,597,722.51	224,183,584.38	2,414,138.13	1.1%
Payroll Related Costs	60,434,116.80	55,831,465.08	4,602,651.72	8.2%
Professional Fees and Services	7,689,189.35	9,237,623.00	(1,548,433.65)	-16.8%
Other Contracted Services	14,270,002.30	15,222,189.80	(952,187.50)	-6.3%
Travel	2,865,573.85	2,938,504.79	(72,930.94)	-2.5%
Materials and Supplies	24,864,412.26	23,784,368.27	1,080,043.99	4.5%
Utilities	9,507,638.00	9,725,592.33	(217,954.33)	-2.2%
Communications	7,119,939.15	6,618,451.65	501,487.50	7.6%
Repairs and Maintenance	2,830,593.40	3,294,876.54	(464,283.14)	-14.1%
Rentals and Leases	3,578,559.94	4,055,215.67	(476,655.73)	-11.8%
Printing and Reproduction	1,107,970.56	1,264,232.16	(156,261.60)	-12.4%
Scholarships and Fellowships	3,317,221.49	2,921,534.80	395,686.69	13.5%
Depreciation and Amortization	21,175,000.00	18,666,666.67	2,508,333.33	13.4%
Federal Sponsored Program Pass-Through to Other State Agencies	875,000.00	700,000.00	175,000.00	25.0%
Other Operating Expenses	24,913,528.56	22,946,072.46	1,967,456.10	8.6%
Total Operating Expenses	411,146,468.17	401,390,377.60	9,756,090.57	2.4%
Operating Loss	(118,567,843.13)	(126,871,343.27)	8,303,500.14	6.5%
Other Nonoperating Adjustments				
State Appropriations	100,359,893.33	106,326,963.57	(5,967,070.24)	-5.6%
Nonexchange Sponsored Programs	583,333.33	532,000.00	51,333.33	9.6%
Gift Contributions for Operations	8,713,922.28	9,406,453.25	(692,530.97)	-7.4%
Net Investment Income	18,243,845.67	18,224,895.11	18,950.56	0.1%
Interest Expense on Capital Asset Financings	(5,686,351.86)	(5,288,761.00)	(397,590.86)	-7.5%
Net Other Nonoperating Adjustments	122,214,642.75	129,201,550.93	(6,986,908.18)	-5.4%
Adjusted Income (Loss) including Depreciation & Amortization	3,646,799.62	2,330,207.66	1,316,591.96	56.5%
Adjusted Margin % including Depreciation & Amortization	0.9%	0.6%		
Investment Gain (Losses)	62,440,180.05	17,318,148.51	45,122,031.54	260.5%
Adj. Inc. (Loss) with Investment Gains (Losses)	66,086,979.67	19,648,356.17	46,438,623.50	236.3%
Adj. Margin % with Investment Gains (Losses)	13.7%	4.6%		
Adjusted Income (Loss) excluding Depreciation & Amortization	24,821,799.62	20,996,874.33	3,824,925.29	18.2%
Adjusted Margin % excluding Depreciation & Amortization	5.9%	5.1%		

UNAUDITED

The University of Texas M. D. Anderson Cancer Center
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2011

	March Year-to-Date FY 2011	March Year-to-Date FY 2010	Variance	Fluctuation Percentage
Operating Revenues				
Net Student Tuition	832,647.53	692,348.00	140,299.53	20.3%
Sponsored Programs	199,413,663.65	167,685,616.00	31,728,047.65	18.9%
Net Sales and Services of Educational Activities	920,500.95	1,116,006.00	(195,505.05)	-17.5%
Net Sales and Services of Hospitals	1,272,128,488.26	1,254,721,089.00	17,407,399.26	1.4%
Net Professional Fees	190,963,047.04	181,921,523.00	9,041,524.04	5.0%
Net Auxiliary Enterprises	19,111,912.39	17,884,474.00	1,227,438.39	6.9%
Other Operating Revenues	33,693,438.06	28,840,737.00	4,852,701.06	16.8%
Total Operating Revenues	1,717,063,697.88	1,652,861,793.00	64,201,904.88	3.9%
Operating Expenses				
Salaries and Wages	816,156,195.08	760,581,605.00	55,574,590.08	7.3%
Payroll Related Costs	228,339,925.43	205,750,712.00	22,589,213.43	11.0%
Cost of Goods Sold	3,213,155.25	2,420,572.13	792,583.12	32.7%
Professional Fees and Services	73,513,549.41	91,250,336.00	(17,736,786.59)	-19.4%
Other Contracted Services	32,684,627.34	-	32,684,627.34	100.0%
Travel	9,924,762.28	8,746,560.00	1,178,202.28	13.5%
Materials and Supplies	322,606,536.07	307,412,973.87	15,193,562.20	4.9%
Utilities	26,561,463.33	26,666,539.00	(105,075.67)	-0.4%
Communications	5,096,956.33	5,178,092.00	(81,135.67)	-1.6%
Repairs and Maintenance	44,644,900.85	37,913,616.00	6,731,284.85	17.8%
Rentals and Leases	27,494,279.57	25,428,107.00	2,066,172.57	8.1%
Scholarships and Fellowships	846,840.00	331,475.00	515,365.00	155.5%
Depreciation and Amortization	133,159,118.60	134,530,651.00	(1,371,532.40)	-1.0%
Federal Sponsored Program Pass-Through to Other State Agencies	582,018.20	381,413.00	200,605.20	52.6%
Other Operating Expenses	15,123,797.60	2,095,328.00	13,028,469.60	621.8%
Total Operating Expenses	1,739,948,125.34	1,608,687,980.00	131,260,145.34	8.2%
Operating Loss	(22,884,427.46)	44,173,813.00	(67,058,240.46)	-151.8%
Other Nonoperating Adjustments				
State Appropriations	93,653,088.92	103,868,331.00	(10,215,242.08)	-9.8%
Nonexchange Sponsored Programs	180,947.00	331,475.00	(150,528.00)	-45.4%
Gift Contributions for Operations	57,964,449.84	57,668,757.00	295,692.84	0.5%
Net Investment Income	36,313,665.42	34,533,590.00	1,780,075.42	5.2%
Interest Expense on Capital Asset Financings	(24,040,437.33)	(19,201,483.70)	(4,838,953.63)	-25.2%
Net Other Nonoperating Adjustments	164,071,713.85	177,200,669.30	(13,128,955.45)	-7.4%
Adjusted Income (Loss) including Depreciation & Amortization	141,187,286.39	221,374,482.30	(80,187,195.91)	-36.2%
Adjusted Margin % including Depreciation & Amortization	7.4%	12.0%		
Investment Gain (Losses)	182,482,027.88	45,316,301.00	137,165,726.88	302.7%
Adj. Inc. (Loss) with Investment Gains (Losses)	323,669,314.27	266,690,783.30	56,978,530.97	21.4%
Adj. Margin % with Investment Gains (Losses)	15.5%	14.1%		
Adjusted Income (Loss) excluding Depreciation & Amortization	274,346,404.99	355,905,133.30	(81,558,728.31)	-22.9%
Adjusted Margin % excluding Depreciation & Amortization	14.4%	19.2%		

UNAUDITED

The University of Texas Health Science Center at Tyler
 Monthly Financial Report, Comparison of Operating Results and Margin
 For the Period Ending March 31, 2011

	March Year-to-Date FY 2011	March Year-to-Date FY 2010	Variance	Fluctuation Percentage
Operating Revenues				
Sponsored Programs	8,687,909.83	8,440,042.81	247,867.02	2.9%
Net Sales and Services of Educational Activities	790,042.41	831,766.38	(41,723.97)	-5.0%
Net Sales and Services of Hospitals	30,687,117.51	27,689,811.33	2,997,306.18	10.8%
Net Professional Fees	6,704,740.18	5,711,344.03	993,396.15	17.4%
Net Auxiliary Enterprises	131,411.68	126,997.77	4,413.91	3.5%
Other Operating Revenues	315,156.47	1,081,926.74	(766,770.27)	-70.9%
Total Operating Revenues	47,316,378.08	43,881,889.06	3,434,489.02	7.8%
Operating Expenses				
Salaries and Wages	31,731,667.05	31,540,260.17	191,406.88	0.6%
Payroll Related Costs	9,519,522.71	8,873,046.65	646,476.06	7.3%
Cost of Goods Sold	19,439.42	15,941.00	3,498.42	21.9%
Professional Fees and Services	4,289,099.66	4,434,209.37	(145,109.71)	-3.3%
Other Contracted Services	4,431,391.39	-	4,431,391.39	100.0%
Travel	297,239.40	234,822.46	62,416.94	26.6%
Materials and Supplies	7,422,797.18	8,903,555.42	(1,480,758.24)	-16.6%
Utilities	2,056,682.21	1,901,082.15	155,600.06	8.2%
Communications	601,373.05	677,786.51	(76,413.46)	-11.3%
Repairs and Maintenance	1,546,942.82	1,995,878.37	(448,935.55)	-22.5%
Rentals and Leases	533,053.23	631,697.10	(98,643.87)	-15.6%
Printing and Reproduction	313,858.63	135,502.51	178,356.12	131.6%
Scholarships and Fellowships	9,140.70	-	9,140.70	100.0%
Depreciation and Amortization	4,056,066.20	4,195,031.94	(138,965.74)	-3.3%
Federal Sponsored Program Pass-Through to Other State Agencies	56,578.38	165,683.47	(109,105.09)	-65.9%
Other Operating Expenses	1,137,726.14	6,550,143.85	(5,412,417.71)	-82.6%
Total Operating Expenses	68,022,578.17	70,254,640.97	(2,232,062.80)	-3.2%
Operating Loss	(20,706,200.09)	(26,372,751.91)	5,666,551.82	21.5%
Other Nonoperating Adjustments				
State Appropriations	21,437,316.85	24,935,148.32	(3,497,831.47)	-14.0%
Gift Contributions for Operations	183,860.68	406,942.25	(223,081.57)	-54.8%
Net Investment Income	2,400,347.21	2,279,004.91	121,342.30	5.3%
Interest Expense on Capital Asset Financings	(617,857.80)	(395,973.00)	(221,884.80)	-56.0%
Net Other Nonoperating Adjustments	23,403,666.94	27,225,122.48	(3,821,455.54)	-14.0%
Adjusted Income (Loss) including Depreciation & Amortization	2,697,466.85	852,370.57	1,845,096.28	216.5%
Adjusted Margin % including Depreciation & Amortization	3.8%	1.2%		
Investment Gain (Losses)	6,283,671.62	1,572,245.78	4,711,425.84	299.7%
Adj. Inc. (Loss) with Investment Gains (Losses)	8,981,138.47	2,424,616.35	6,556,522.12	270.4%
Adj. Margin % with Investment Gains (Losses)	11.6%	3.3%		
Adjusted Income (Loss) excluding Depreciation & Amortization	6,753,533.05	5,047,402.51	1,706,130.54	33.8%
Adjusted Margin % excluding Depreciation & Amortization	9.5%	7.1%		

3. U. T. System: Approval of \$6 million of Available University Funds for a Shared Services Initiative

RECOMMENDATION

The Chancellor, the Executive Vice Chancellor for Academic Affairs, and the Executive Vice Chancellor for Health Affairs concur in the recommendation of the Executive Vice Chancellor for Business Affairs that the U. T. System Board of Regents approve \$6 million of Available University Funds (AUF) for the Shared Services Initiative projects as follows:

- a. the creation and implementation of a shared services business office at U. T. System Administration that will provide selected centralized services to U. T. System Administration, U. T. Brownsville, U. T. Permian Basin, and U. T. Tyler (\$2 million); and
- b. operational support for the shared services business office for Fiscal Year 2013 through Fiscal Year 2016 (\$4 million).

The Shared Services Initiative projects are more fully described in the Resource Analysis for Shared Services - Treasury and Business Shared Services Office found on Pages 98 - 103.

BACKGROUND INFORMATION

"Shared services" is the name given to a specific model for consolidating redundant information technology and business services in large organizations with multiple, geographically distributed units. It is a proven organizational strategy for achieving:

1. cost savings realized through economies of scale;
2. process improvements attained through standardization; and
3. universal application of institutionally preferred practices.

The formalization of a Shared Services Initiative with clear definition and objectives, utilization of best practices, and direct U. T. System investment, was approved by the Board of Regents on October 4, 2006. This additional Shared Services Initiative project is consistent with the Board's intent and with the U. T. System Strategic Plan for 2006-2015. The Plan noted that shared services was a logical way to improve productivity and efficiency.

ANALYSIS FOR SHARED SERVICES – TREASURY AND BUSINESS SHARED SERVICES OFFICE

Dr. Scott C. Kelley

Executive Vice Chancellor for Business Affairs

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The University of Texas System Board of Regents' Meeting
Finance and Planning Committee
May 2011



THE UNIVERSITY of TEXAS SYSTEM

Nine Universities. Six Health Institutions. Unlimited Possibilities.

Summary

- PeopleSoft implementation
 - U. T. System Administration
 - U. T. Brownsville
 - U. T. Permian Basin
 - U. T. Tyler
- Create a shared services business office at U. T. System Administration
- Economies of scale, process standardization and best practices

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Functions

- Payroll Services
- Accounts Payable – vendor payments and employee reimbursements
- Accounts Receivable
- Financial Aid

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Investment

- Creation and implementation of a shared services business office at U. T. System Administration (\$2 million).
- Operational support for Fiscal Year 2013 through Fiscal Year 2016 (\$4 million).

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	FY2012	FY2013	FY2014	FY2015	FY2016
Incremental Investment	(\$2,000,000)	(\$1,000,000)	(\$1,000,000)	(\$1,000,000)	(\$1,000,000)
Incremental Savings	\$0	\$1,425,000	\$1,900,000	\$1,900,000	\$1,900,000
Net (Investment) / Savings	(\$2,000,000)	\$425,000	\$900,000	\$900,000	\$900,000
Cumulative Net Savings	(\$2,000,000)	(\$1,575,000)	(\$675,000)	\$225,000	\$1,125,000
IRR	18.4%				



Benefits

- Savings from economies of scale
- Risk reduction through standardization and business process automation
- Improved transaction processing times
- Benchmarking and performance measurement
- Employees focus on higher value activities
- Improved infrastructure and data center reliability

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Next Steps

- Engage campuses
- Coordinate with PeopleSoft implementation
- Develop governance structure
- Update policies and streamline business processes
- Develop metrics and monitor progress
- Evaluate other opportunities

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4. **U. T. System: Approval of the Fiscal Year 2012 Budget Preparation Policies and Calendar**

RECOMMENDATION

With the concurrence of the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and the Executive Vice Chancellor for Health Affairs, the Chancellor recommends that the U. T. System Board of Regents approve the Budget Preparation Policies and Calendar on Page 107 for use in preparing the Fiscal Year 2012 Operating Budget for the U. T. System as set out below:

U. T. System Fiscal Year 2012 Budget Preparation Policies

1. General Guidelines - The regulations and directives that will be included in the General Appropriations Act to be enacted by the 82nd Texas Legislature serve as the basis for these guidelines and policies. In preparing the draft of the FY 2012 Operating Budget, the president of each institution should adhere to guidelines and policies as detailed below and as included in the General Appropriations Act. The Chancellor will issue detailed instructions regarding the implementation of those regulations and directives into the institutional budget process.

The president of each institution should examine the resources used at the institution and, where possible, redirect resources toward high priority mission-critical activities and strategic competitive investments that are consistent with the goals and objectives included in the institution's Strategic Plan.

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

2. Maintenance of Operating Margin and Use of Prior Year Balances - Institutions should make all reasonable efforts to maintain a favorable operating margin within the FY 2012 Operating Budget. Use of prior year balances should be limited to critical items, unique opportunities, or projects funded from prior year income committed for that purpose. Generally, balance usage should be reserved for nonrecurring activities. For FY 2012, no balance usage can be recommended to the U. T. System Board of Regents for approval without the consent of the Chancellor, the appropriate Executive Vice Chancellor, and the Associate Vice Chancellor - Controller and Chief Budget Officer.

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

A. Salaries Proportional by Fund - Unless otherwise restricted, payment for salaries, wages, and benefits paid from appropriated funds, including local funds and educational and general funds as defined in *Texas Education Code* Section 51.009 (a) and (c), shall be proportional to the source of funds.

B. Merit Increases and Promotions - Subject to available resources and resolution of any major salary inequities, institutions should give priority to implementing merit salary increases for faculty and staff.

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

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

To be eligible for a merit increase on September 1, 2011, administrative and professional staff and classified staff must have been employed by the institution for at least six consecutive months ending August 31, 2011, and at least six months must have elapsed since the employee's last merit salary increase.

C. Other Increases - Equity adjustments, competitive offers, and increases to accomplish contractual commitments should also consider merit where appropriate, subject to available resources. Subject to guidance issued by the Chancellor, such increases should be noted and explained in the supplemental data accompanying the budget.

D. New Positions - Subject to available resources, new administrative and professional staff, classified staff, and faculty positions are to be requested only when justified by workloads or to meet needs for developing new programs.

E. Reporting - The Chancellor will issue guidance on reporting of salary changes and amounts. It is expected that required reports will encompass high-ranking staff covered by Regents' *Rules and Regulations*, Rules 20203 and 20204 along with those staff receiving significant changes in compensation.

- F. Staffing Changes - Planned furloughs, reductions in force, and other significant activities impacting staffing and compensation should be reflected in the operating budget. Such activities may be pending legislative authorization and require the advance approval of the Chancellor and the appropriate Executive Vice Chancellor.

- 4. Staff Benefits Guidelines - Recommendations regarding the State contribution for employee staff benefits such as group insurance premiums, teacher retirement, and optional retirement are subject to legislative determination via the General Appropriations Act. The Chancellor will issue instructions regarding the implementation of the benefits into the budget process.

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

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

- 7. Calendar - In the event of unforeseen circumstances, authority is delegated to the Chancellor to modify the Operating Budget Calendar.

BACKGROUND INFORMATION

The U. T. System FY 2012 Budget Preparation Policies will be consistent with the regulations and directives included in the General Appropriations Act and other general law to be enacted by the 82nd Texas Legislature. As written, this policy provides general direction to the U. T. System institutions and may be modified as necessary to conform to the legislation, as finally passed.



**THE UNIVERSITY OF TEXAS SYSTEM
FY 2012 OPERATING BUDGET CALENDAR**

May 12, 2011	Board of Regents approves budget policies
June 1 – 10, 2011	Major goals, priorities, and resource allocation hearings with U. T. System
June 29, 2011	Draft budget documents due to U. T. System
June 29, 2011	High-ranking staff covered by Regents' Rules 20203 and 20204 and Top Ten salary reports due to U. T. System
July 5 – 7, 2011	Technical budget review with U. T. System
July 13 - 14, 2011	U. T. System Board of Regents' Special Compensation Committee to review Presidents and Executive Officers compensation
July 18, 2011	Final budget documents due to U. T. System
August 15, 2011	Salary change report due to U. T. System
August 25, 2011	U. T. System Board of Regents takes appropriate action on Operating Budget and Presidents and Executive Officers compensation

5. **U. T. System: Update regarding centralized investment of operating funds**

REPORT

Dr. Scott C. Kelley, Executive Vice Chancellor for Business Affairs, will provide an update on the centralized investment of U. T. System operating funds, which was implemented on February 1, 2006. The presentation, as set forth on Pages 109 - 115, reviews the results of the first five years of the centralization strategy, including a look at investment performance, volatility, liquidity, and value added.

U. T. System: Five Year Update Regarding Centralized Investment of Operating Funds

Dr. Scott C. Kelley
Executive Vice Chancellor for Business Affairs

Meeting of the U. T. System Board of Regents
May 11-12, 2011



Centralized Investment of Operating Funds

- The U. T. System Board of Regents approved centralized investment of operating funds on July 8, 2005.
- On February 1, 2006, all U. T. System operating funds were consolidated into the Short Term Fund (STF) and the newly created Intermediate Term Fund (ITF).
- The purpose of centralized investing is to provide for daily institutional liquidity needs in a money market fund (STF) and to pool the remaining assets into a diversified investment fund (ITF) with a longer time horizon and the potential for increased investment returns.

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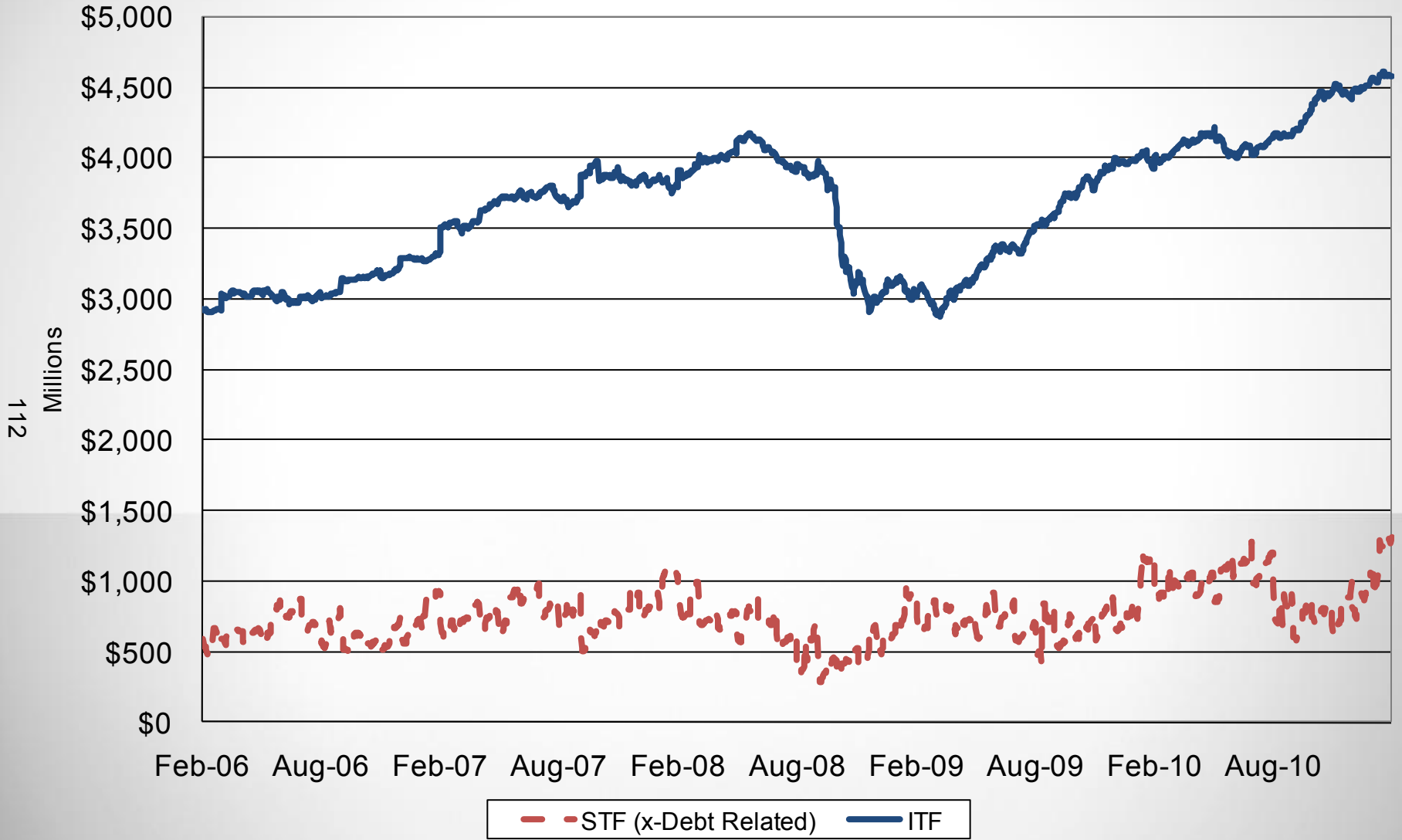
Centralized Investment of Operating Funds

- An investment advisory group, consisting of selected campus Chief Business Officers, the EVC for Business Affairs, the UTIMCO CEO and U. T. System Office of Finance staff was formed and meets periodically to review investment objectives and suggest policy revisions.
- By U. T. System policy, U. T. institutions invest 10% in the STF and 90% in the ITF as a target allocation.
- The target allocation to the STF and ITF was determined using historical data and is reviewed periodically to ensure ample liquidity.
- It was anticipated that the ITF would incur greater volatility than a bond fund. The ITF has fixed income, real estate, natural resources, equity and hedge fund investments.

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Operating Funds Balance



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Five Year Operating Funds Performance

	One Year Ended January 2011	Since ITF Inception ⁽¹⁾ (5 Years)
Operating Funds		
Short Term Fund	0.25%	2.74%
Intermediate Term Fund	14.34%	5.08%
Benchmarks		
Short Term Fund: 90 Day Treasury Bills Average Yield	0.13%	2.36%
Intermediate Term Fund: Policy Portfolio	11.26%	2.70%
Net Return Above Benchmark ⁽²⁾		
Short Term Fund	0.12%	0.38%
Intermediate Term Fund	3.08%	2.38%

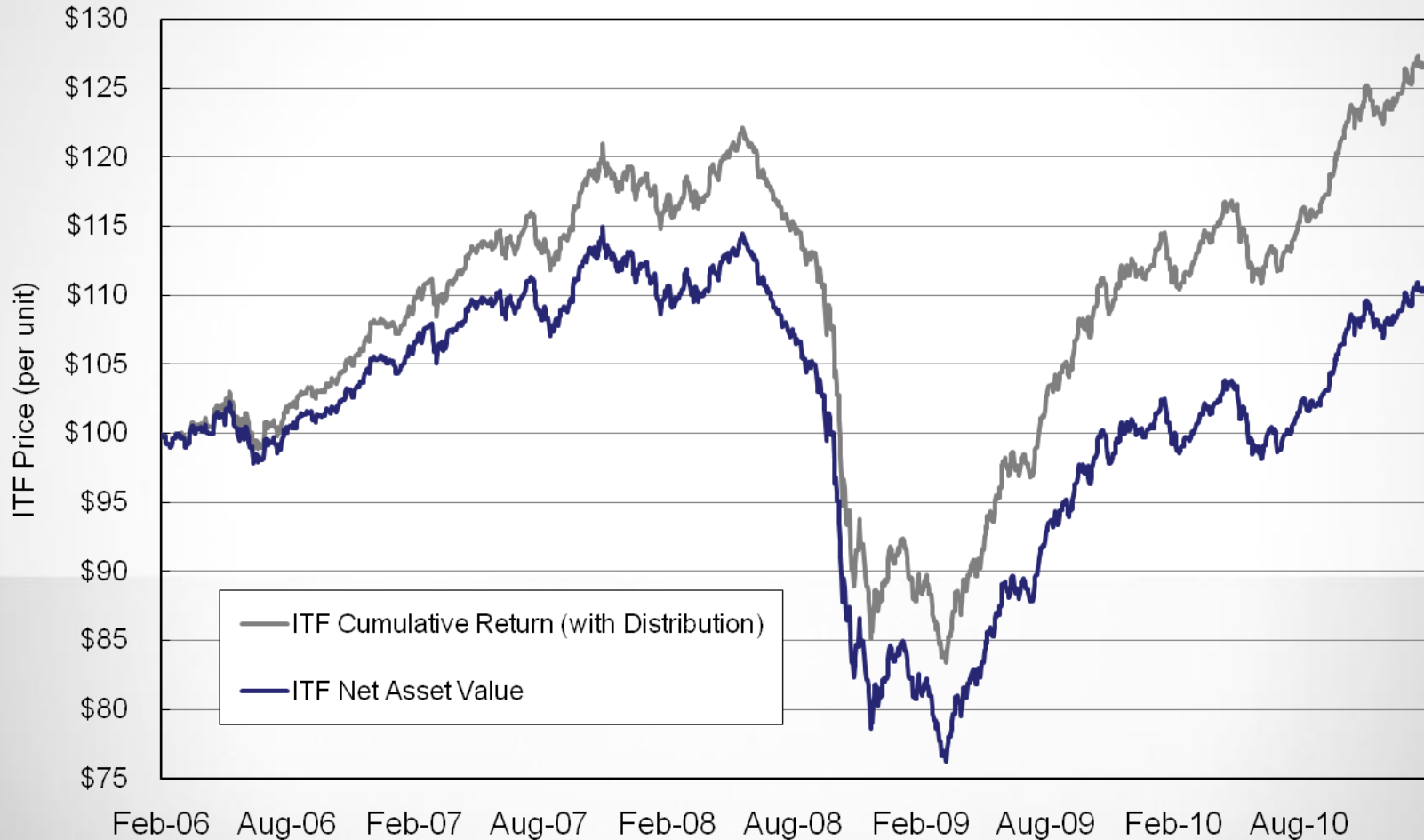
(1) Returns since ITF inception (5 years) are annualized.

(2) Net Return Above Benchmark is a measure of the difference between actual returns and benchmark or policy portfolio returns.

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ITF Net Asset Value and Cumulative Return



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Value Added from Centralization

Institution	Since ITF Inception (Five Years)
U. T. Arlington	\$ 21,647,824
U. T. Austin	97,169,538
U. T. Brownsville	1,182,573
U. T. Dallas	7,076,991
U. T. El Paso	9,875,970
U. T. Pan American	3,887,531
U. T. Permian Basin	4,098,724
U. T. San Antonio	17,669,679
U. T. Tyler	4,061,829
U. T. Southwestern Medical Center - Dallas	40,178,207
U. T. Medical Branch - Galveston	(9,164,003)
U. T. Health Science Center - Houston	18,565,571
U. T. Health Science Center - San Antonio	8,510,150
U. T. M. D. Anderson Cancer Center	88,762,081
U. T. Health Science Center - Tyler	144,150
Subtotal Value Added - U.T. System Institutions	\$ 313,666,815
Value Added U. T. System Administration	9,921,677
Total Value Added ⁽¹⁾	\$ 323,588,492

⁽¹⁾ Value added is the actual dollar return for the operating funds in excess of the proxy returns that would have been earned based on allocations as of August 31, 2005.

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6. **U. T. System Board of Regents: The University of Texas Investment Management Company (UTIMCO) Performance Summary Report and Investment Reports for the quarter ended February 28, 2011**

REPORT

The February 28, 2011 UTIMCO Performance Summary Report is attached on Page 117.

The Investment Reports for the quarter ended February 28, 2011, are set forth on Pages 118 - 121.

Item I on Page 118 reports activity for the Permanent University Fund (PUF) investments. The PUF's net investment return for the quarter was 6.48% versus its composite benchmark return of 6.52%. The PUF's net asset value increased during the quarter to \$12,339 million. The increase was due to \$98 million from PUF Land receipts, net investment return of \$748 million, less the quarterly distribution to the Available University Fund (AUF) of \$127 million.

Item II on Page 119 reports activity for the General Endowment Fund (GEF) investments. The GEF's net investment return for the quarter was 6.52% versus its composite benchmark return of 6.52%. The GEF's net asset value increased by \$478 million during the quarter to \$6,977 million.

Item III on Page 120 reports activity for the Intermediate Term Fund (ITF). The ITF's net investment return for the quarter was 5.12% versus its composite benchmark return of 5.14%. The net asset value increased during the quarter to \$4,710 million due to net investment return of \$228 million, net contributions of \$105 million, less distributions of \$34 million.

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

Item IV on Page 121 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 money market fund, increased by \$60 million to \$2,517 million during the three months since the last reporting period. Market values for the remaining asset types were debt securities: \$24 million versus \$24 million at the beginning of the period; equities: \$54 million versus \$49 million at the beginning of the period; and other investments: \$5 million versus \$5 million at the beginning of the period.

UTIMCO Performance Summary

February 28, 2011

	Net Asset Value 2/28/2011 (in Millions)	Periods Ended February 28, 2011 (Returns for Periods Longer Than One Year are Annualized)							
		Short Term		Year to Date		Historic Returns			
		1 Mo	3 Mos	Fiscal	Calendar	1 Yr	3 Yrs	5 Yrs	10 Yrs
ENDOWMENT FUNDS									
Permanent University Fund	\$ 12,339	2.64%	6.48%	13.70%	3.00%	17.30%	2.02%	5.39%	6.68%
General Endowment Fund		2.64	6.52	13.76	3.01	17.35	1.96	5.49	6.91
Permanent Health Fund	1,006	2.64	6.51	13.73	3.03	17.24	1.88	5.42	6.81
Long Term Fund	5,971	2.64	6.51	13.73	3.03	17.25	1.88	5.42	6.83
Separately Invested Funds	225	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total Endowment Funds	19,541								
OPERATING FUNDS									
Short Term Fund	2,374	0.02	0.06	0.13	0.04	0.25	1.01	2.68	2.49
Intermediate Term Fund	4,710	1.54	5.12	10.97	1.77	14.75	3.15	5.43	N/A
Total Operating Funds	7,084								
Total Investments	\$ 26,625								
VALUE ADDED (Percent)									
Permanent University Fund		1.14%	-0.04%	0.85%	0.84%	2.01%	2.94%	2.32%	2.20%
General Endowment Fund		1.14	-	0.91	0.85	2.06	2.88	2.42	2.42
Short Term Fund		-	0.02	0.06	0.02	0.11	0.43	0.38	0.21
Intermediate Term Fund		0.38	-0.02	0.93	0.30	2.97	2.59	2.47	N/A
VALUE ADDED (\$ IN MILLIONS)									
Permanent University Fund		\$ 137	\$ (4)	\$ 95	\$ 101	\$ 213	\$ 1,046	\$ 1,316	\$ 2,473
General Endowment Fund		79	0	56	58	122	577	770	1,450
Intermediate Term Fund		18	(1)	39	14	120	334	496	N/A
Total Value Added		\$ 234	\$ (5)	\$ 190	\$ 173	\$ 455	\$ 1,957	\$ 2,582	\$ 3,923

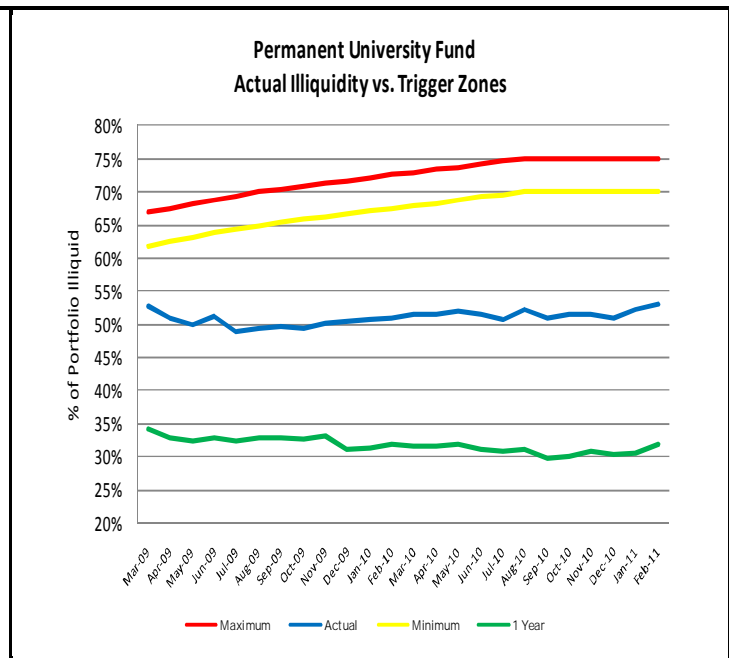
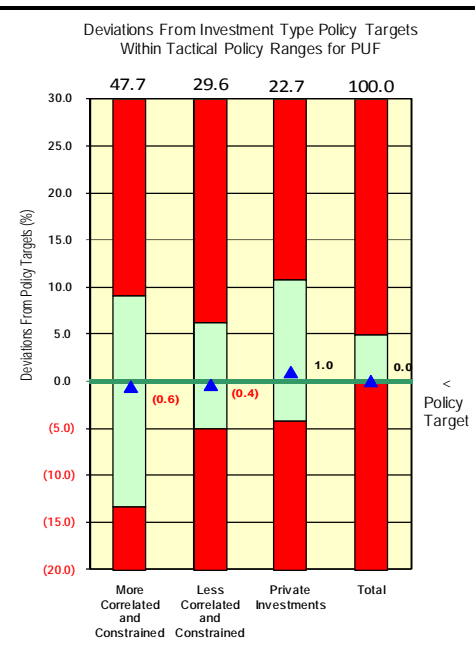
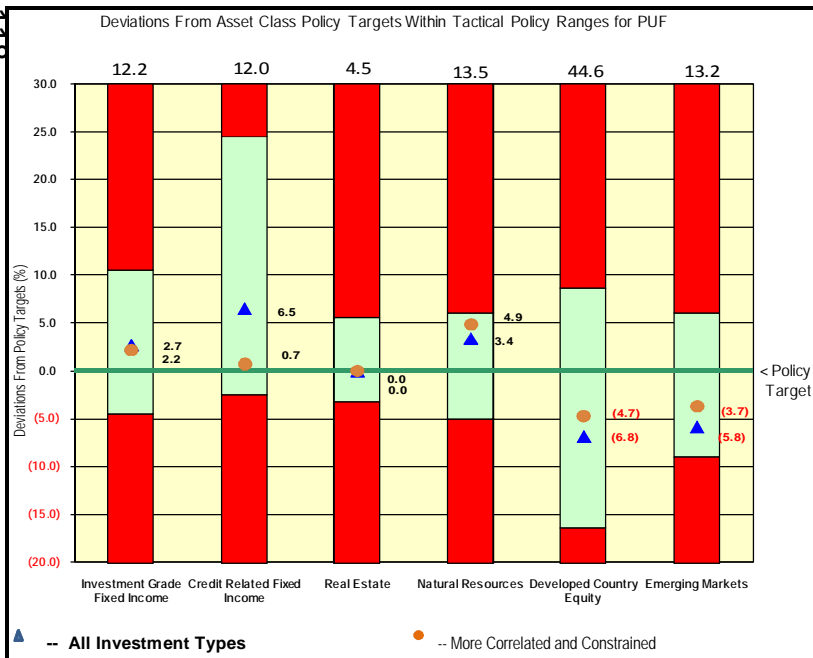
I. PERMANENT UNIVERSITY FUND Investment Reports for Periods Ended February 28, 2011

Prepared in accordance with *Texas Education Code Sec. 51.0032*

<u>Summary of Capital Flows</u>			
(\$ millions)	Fiscal Year Ended August 31, 2010	Quarter Ended February 28, 2011	Fiscal Year to Date February 28, 2011
Beginning Net Assets	\$ 9,674	\$ 11,620	\$ 10,725
PUF Lands Receipts	338	98	392
Investment Return (Net of Expenses)	1,229	748	1,475
Distributions to AUF	(516)	(127)	(253)
Ending Net Assets	<u>\$ 10,725</u>	<u>\$ 12,339</u>	<u>\$ 12,339</u>

	Returns		Fiscal Year to Date		
	Portfolio	Policy Benchmark	From Asset Allocation	From Security Selection	Total
More Correlated and Constrained:					
Investment Grade	1.18%	1.77%	-0.49%	-0.07%	-0.56%
Credit-Related	16.56%	9.74%	0.03%	0.00%	0.03%
Real Estate	19.83%	20.26%	-0.02%	0.00%	-0.02%
Natural Resources	28.11%	34.45%	0.53%	-0.33%	0.20%
Developed Country	26.01%	26.06%	-0.71%	-0.03%	-0.74%
Emerging Markets	14.12%	14.95%	-0.09%	-0.12%	-0.21%
Total More Correlated and Constrained	17.14%	19.80%	-0.75%	-0.55%	-1.30%
Less Correlated and Constrained	9.57%	6.85%	0.11%	0.77%	0.88%
Private Investments	11.96%	5.94%	-0.27%	1.54%	1.27%
Total	13.70%	12.85%	-0.91%	1.76%	0.85%

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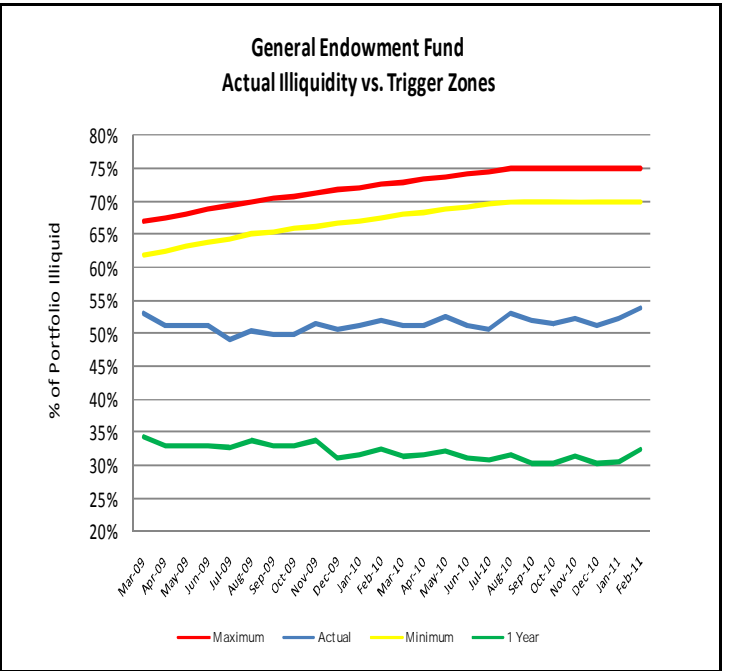
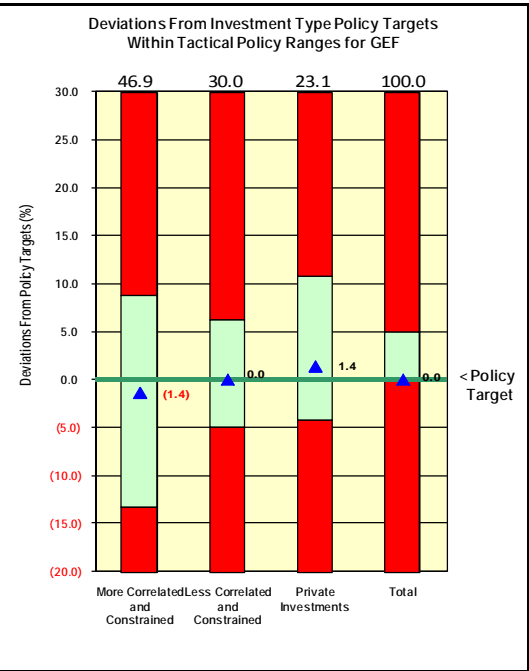
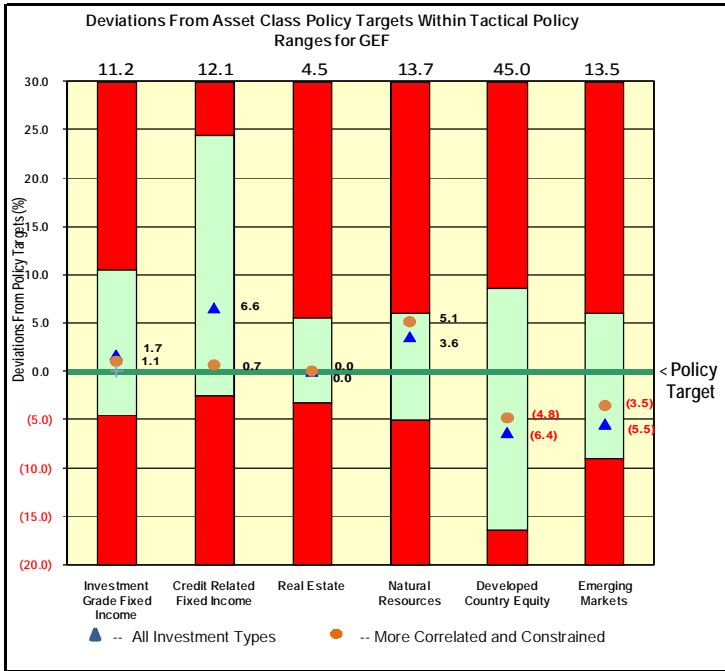
II. GENERAL ENDOWMENT FUND Investment Reports for Periods Ended February 28, 2011

Prepared in accordance with *Texas Education Code Sec. 51.0032*

Summary of Capital Flows			
(\$ millions)	Fiscal Year Ended August 31, 2010	Quarter Ended February 28, 2011	Fiscal Year to Date February 28, 2011
Beginning Net Assets	\$ 5,359	\$ 6,499	\$ 6,035
Contributions	285	127	256
Withdrawals	(11)	(1)	(6)
Distributions	(298)	(81)	(161)
Investment Return (Net of Expenses)	700	433	853
Ending Net Assets	<u>\$ 6,035</u>	<u>\$ 6,977</u>	<u>\$ 6,977</u>

	Returns		Fiscal Year to Date		
	Portfolio	Policy Benchmark	From Asset Allocation	From Security Selection	Total
More Correlated and Constrained:					
Investment Grade	1.79%	1.77%	-0.49%	-0.02%	-0.51%
Credit-Related	16.61%	9.74%	0.03%	0.00%	0.03%
Real Estate	19.80%	20.26%	-0.03%	0.00%	-0.03%
Natural Resources	28.09%	34.45%	0.51%	-0.33%	0.18%
Developed Country	26.23%	26.06%	-0.75%	0.02%	-0.73%
Emerging Markets	14.16%	14.95%	-0.10%	-0.13%	-0.23%
Total More Correlated and Constrained	17.26%	19.80%	-0.83%	-0.46%	-1.29%
Less Correlated and Constrained	9.57%	6.85%	0.12%	0.80%	0.92%
Private Investments	11.97%	5.94%	-0.26%	1.54%	1.28%
Total	13.76%	12.85%	-0.97%	1.88%	0.91%

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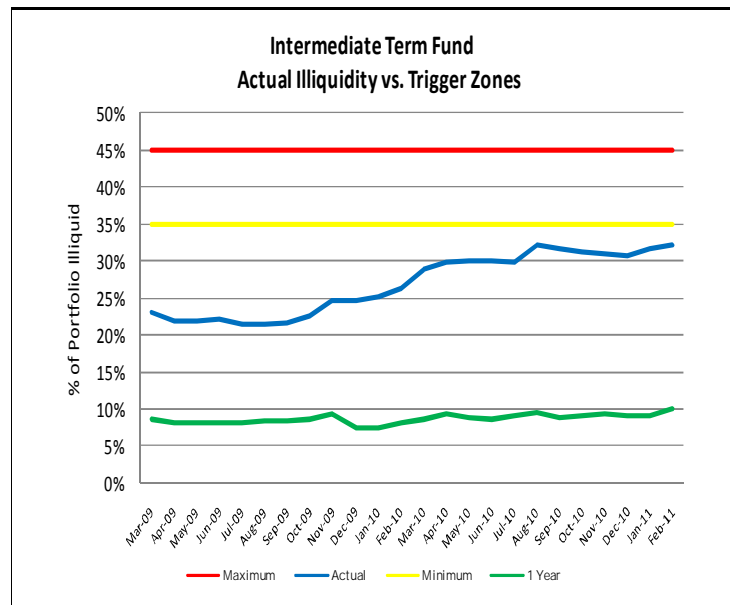
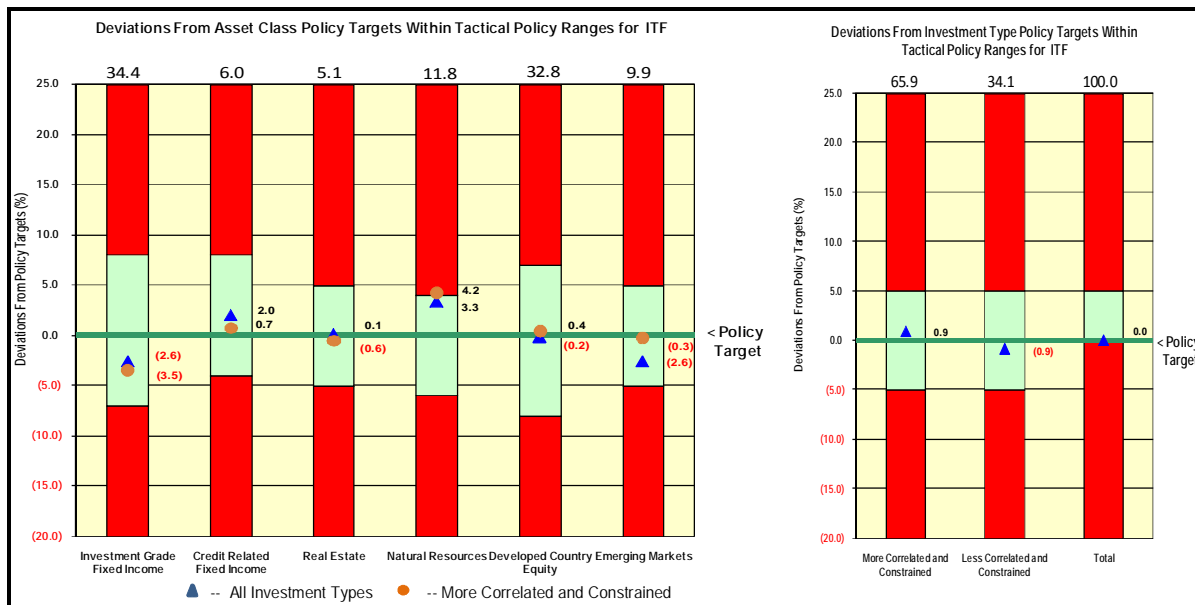


III. INTERMEDIATE TERM FUND Investment Reports for Periods Ended February 28, 2011

Prepared in accordance with Texas Education Code Sec. 51.0032

Summary of Capital Flows			
(\$ millions)	Fiscal Year Ended August 31, 2010	Quarter Ended February 28, 2011	Fiscal Year to Date February 28, 2011
Beginning Net Assets	\$ 3,572	\$ 4,411	\$ 4,156
Contributions	409	121	200
Withdrawals	(112)	(16)	(39)
Distributions	(119)	(34)	(67)
Investment Return (Net of Expenses)	406	228	460
Ending Net Assets	\$ 4,156	\$ 4,710	\$ 4,710

	Returns		Fiscal Year to Date		
	Portfolio	Policy Benchmark	From Asset Allocation	From Security Selection	Total
More Correlated and Constrained:					
Investment Grade	2.05%	1.77%	0.14%	0.11%	0.25%
Credit-Related	19.45%	9.74%	0.07%	0.00%	0.07%
Real Estate	19.60%	20.26%	-0.04%	-0.04%	-0.08%
Natural Resources	26.89%	34.45%	0.35%	-0.47%	-0.12%
Developed Country	25.04%	26.06%	0.04%	-0.09%	-0.05%
Emerging Markets	14.03%	14.95%	-0.01%	-0.08%	-0.09%
Total More Correlated and Constrained	11.69%	11.75%	0.55%	-0.57%	-0.02%
Less Correlated and Constrained	9.60%	6.85%	0.08%	0.87%	0.95%
Private Investments	0.00%	0.00%	0.00%	0.00%	0.00%
Total	10.97%	10.04%	0.63%	0.30%	0.93%



IV. SEPARATELY INVESTED ASSETS
Summary Investment Report at February 28, 2011
 Report prepared in accordance with *Texas Education Code Sec. 51.0032*

ASSET TYPES	(\$ thousands)															
	FUND TYPE															
	CURRENT PURPOSE				ENDOWMENT & SIMILAR FUNDS		ANNUITY & LIFE INCOME FUNDS		AGENCY FUNDS		TOTAL EXCLUDING OPERATING FUNDS		OPERATING FUNDS (SHORT TERM FUND)		TOTAL	
	DESIGNATED		RESTRICTED		BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET	BOOK	MARKET
Cash & Equivalents:																
Beginning value 11/30/10	-	-	1,930	1,930	37,706	37,706	1,244	1,244	183,364	183,364	224,244	224,244	2,232,622	2,232,622	2,456,866	2,456,866
Increase/(Decrease)	-	-	1,045	1,045	(935)	(935)	1,334	1,334	(83,255)	(83,255)	(81,811)	(81,811)	141,786	141,786	59,975	59,975
Ending value 02/28/11	-	-	2,975	2,975	36,771	36,771	2,578	2,578	100,109	100,109	142,433	142,433	2,374,408	2,374,408	2,516,841	2,516,841
Debt Securities:																
Beginning value 11/30/10	-	-	151	151	10,897	11,923	11,351	12,221	-	-	22,399	24,295	-	-	22,399	24,295
Increase/(Decrease)	-	-	(50)	(50)	283	(17)	(96)	(648)	-	-	137	(715)	-	-	137	(715)
Ending value 02/28/11	-	-	101	101	11,180	11,906	11,255	11,573	-	-	22,536	23,580	-	-	22,536	23,580
Equity Securities:																
Beginning value 11/30/10	147	3,158	304	273	29,905	31,533	14,201	13,687	-	-	44,557	48,651	-	-	44,557	48,651
Increase/(Decrease)	-	1,047	573	575	240	2,801	(263)	828	-	-	550	5,251	-	-	550	5,251
Ending value 02/28/11	147	4,205	877	848	30,145	34,334	13,938	14,515	-	-	45,107	53,902	-	-	45,107	53,902
Other:																
Beginning value 11/30/10	-	-	3,554	3,554	-	-	386	137	1,100	1,100	5,040	4,791	-	-	5,040	4,791
Increase/(Decrease)	-	-	(3,565)	(3,565)	11	11	16	2	3,453	3,453	(85)	(99)	-	-	(85)	(99)
Ending value 02/28/11	-	-	(11)	(11)	11	11	402	139	4,553	4,553	4,955	4,692	-	-	4,955	4,692
Total Assets:																
Beginning value 11/30/10	147	3,158	5,939	5,908	78,508	81,162	27,182	27,289	184,464	184,464	296,240	301,981	2,232,622	2,232,622	2,528,862	2,534,603
Increase/(Decrease)	-	1,047	(1,997)	(1,995)	(401)	1,860	991	1,516	(79,802)	(79,802)	(81,209)	(77,374)	141,786	141,786	60,577	64,412
Ending value 02/28/11	147	4,205	3,942	3,913	78,107	83,022	28,173	28,805	104,662	104,662	215,031	224,607	2,374,408	2,374,408	2,589,439	2,599,015

Details of individual assets by account furnished upon request.



TABLE OF CONTENTS FOR ACADEMIC AFFAIRS COMMITTEE

Committee Meeting: 5/12/2011

R. Steven Hicks, Chairman
Robert L. Stillwell, Vice Chairman
Paul L. Foster
Wallace L. Hall, Jr.
Brenda Pejovich

Board Meeting: 5/12/2011
Austin, Texas

	Committee Meeting	Board Meeting	Page
Convene	<i>10:30 a.m.</i> <i>Chairman Hicks</i>		
1. U. T. El Paso: Authorization to establish a Ph.D. degree in Ecology and Evolutionary Biology	<i>10:30 a.m.</i> Action <i>President Natalicio</i> <i>Dr. Prior</i>	Action	122
2. U. T. Arlington: Authorization to lease to the Young Women's Christian Association of Fort Worth and Tarrant County, a Texas nonprofit corporation, approximately 8,000 square feet of space in a building to be constructed by the institution on its campus at 403 South Davis Drive, Arlington, Tarrant County, Texas, for the operation of a daycare center; and finding of public purpose	<i>10:40 a.m.</i> Action <i>President Spaniolo</i> <i>Ms. Mayne</i>	Action	125
3. U. T. Brownsville: Authorization to purchase approximately 7.34 acres being Lot 1A, Block 2, University Park Unit 1 Replat, Brownsville, Cameron County, Texas, improved with a 103-unit apartment complex from TC-Met La Estancia, LLC, a Delaware limited liability company, for a purchase price not to exceed fair market value as established by independent appraisals for use as student housing for the institution, and resolution regarding parity debt	<i>10:43 a.m.</i> Action <i>President García</i> <i>Ms. Mayne</i>	Action	129
4. U. T. El Paso: Authorization to sell the land and improvements located at 1100 N. Stanton Street in El Paso, El Paso County, Texas, and known as the Stanton Medical Building, to the El Paso Community College District for a sales price of \$2,000,000 and to enter into a leaseback of a portion of the improvements on an interim basis and a memorandum of understanding with the District for the cooperative use of shared boiler and chiller facilities	<i>10:46 a.m.</i> Action <i>President Natalicio</i> <i>Ms. Mayne</i>	Action	133

- | | | | | |
|----------------|--|--|------------------|------------|
| 5. | U. T. Permian Basin: Request to approve the honorific naming of the building located at 4919 East University Boulevard, Odessa, Ector County, Texas, on the U. T. Permian Basin campus, and housing The Presidential Museum and the John Ben Shepperd Public Leadership Institute, as the Buddy and Shirley West Building | 10:49 a.m.
Action
<i>President Watts</i>
<i>Dr. Safady</i> | Action | 137 |
| 6. | U. T. Tyler: Request to approve the honorific naming of the Administration Building for the first President of U. T. Tyler as the Dr. James H. Stewart, Jr. Administration Building | 10:54 a.m.
Action
<i>President Mabry</i>
<i>Dr. Safady</i> | Action | 138 |
| 7. | U. T. System: Discussion on academic leadership matters related to challenges in educating underserved populations | 11:00 a.m.
Discussion
<i>Dr. Prior</i>
<i>President Natalicio</i>
<i>President García</i>
<i>President Watts</i> | Not on
Agenda | 139 |
| Adjourn | | 12:00 p.m. | | |

1. **U. T. El Paso: Authorization to establish a Ph.D. degree in Ecology and Evolutionary Biology**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs and President Natalicio that authorization, pursuant to the Regents' *Rules and Regulations*, Rule 40307, related to academic program approval standards, be granted to

- a. establish a Ph.D. degree in Ecology and Evolutionary Biology at U. T. El Paso; and
- b. submit the proposal to the Texas Higher Education Coordinating Board for review and appropriate action.

BACKGROUND INFORMATION

Program Description

U. T. El Paso requests authority to implement a new Ph.D. program in Ecology and Evolutionary Biology (EEB). This program will focus on the conservation and quality of limited water resources (surface and groundwater) through the study of regions (arid and semiarid), which will be the most globally prevalent issue by mid-century. This program is directly aligned with U. T. El Paso's commitment to meet regional needs and student demand by enhancing graduate and undergraduate education, and to address Texas' and the nation's future workforce needs, with special focus on preparing the fast-growing population. This doctoral program also leverages existing strengths, infrastructure, economies of scale and knowledge; and it builds on strategic investments by U. T. El Paso, U. T. System, and the State of Texas.

Since U. T. El Paso is the largest national research university in the United States with a Mexican-American majority student population, it is a model for demonstrating that a university with a strong commitment to access can also achieve high levels of excellence in both undergraduate and graduate programs and research. The proposed doctoral program is a key part of this effort.

Improved understanding of arid and semiarid regions will be critical to the future growth of Texas and the nation, and U. T. El Paso's EEB program has been designed with this goal in mind. U. T. El Paso is uniquely positioned to train highly competitive, skilled professionals who will be able to address emerging regional and national environmental resource challenges (e.g., water quality, drought, emerging diseases, habitat conservation), and contribute to the state's and nation's economic development and growth.

U. T. El Paso has extensive resources and strengths that will fulfill the program's mission – from proximate natural environments to longstanding centers and collaborators. The program resides in one of the world's most biologically diverse but understudied regions, the Chihuahuan Desert. U. T. El Paso's unique physical assets that support the EEB program include the University's 39,000-acre Indio Mountain Research Station in Hudspeth County, the Laboratory for Environmental Biology, and the National Aeronautics and Space Administration (NASA) funded Regional Geospatial Service Center. Existing relationships with state (Texas Parks and Wildlife), national (National Academies of Science), and other organizations will ensure state-of-the-art inquiry and future job opportunities across multiple sectors for students.

Another key strength is the program's organizational home in the Department of Biological Sciences, which has a proven track record of doctoral student success with its biomedical sciences program upon which this degree program will be modeled to maintain current operational efficiencies. These assets include key faculty, support staff, research infrastructure components, and mentoring programs to name a few. In addition to their required coursework, all students will be expected to conduct and publish original research and publicly defend a dissertation. The proposed program is expected to add a total of 30 doctoral students to the Biological Sciences Department over the next five years.

Need and Demand

As Texas' population continues to expand, arid and semiarid regions will have to absorb some of that growth. Problems of water sources, shortages, and drought, which under the best of conditions occur cyclically, will likely be exacerbated. The two basic sciences and foundations of this EEB program emphasize functional relationships of organisms in their environments and the adaptation of organisms to changing environments. These are directly related to providing innovative solutions to the challenges of both population growth and increasing aridity in the state. The proposed Ph.D. program addresses anticipated present and future needs that will require broadly trained professionals across the wide spectrum of public and private interests impacted by this changing Texas. This program will also contribute to the increasingly urgent need to address the impact of population growth on sustainability, public health, and well-being in arid landscapes here and across the globe.

U. T. El Paso has determined the demand for trained professionals in EEB fields is high, continues to increase statewide and nationally, and cuts across sectors from government to academia to industry (e.g., sustainability, natural resource, and clean energy companies) to non-profit organizations. At present, 1/8 of the Gross Domestic Product (GDP) (\$14.72T, 2010 est.) is based on natural resource products. In addition, a \$730 billion market for outdoor activities exists. In fact, 1 out of every 20 jobs in the U.S. is linked to outdoor recreation activities, goods, and services, with 1.4 million jobs associated with public access to wildlife alone. These activities stimulate 8% of all consumer spending. Other estimates indicate that 1/3 of all industry jobs in the outdoor sector will be related to ecology and environmental resources by 2018. In the clean energy sector alone, 65% of jobs will be related to conservation and pollution mitigation. In 2007, Texas had more than 40,000 such jobs, and the demand continues to rise.

Future opportunities for graduates are also arising along the Texas-Mexico border in such areas as border security and bioterrorism, biodiversity forensic services, conservation of natural resources, and waste management, disposal, and contamination remediation.

Program Quality

The proposed program's independent site visitors stated that they were "uniformly, indeed profoundly, impressed by the professionalism, scientific acumen, and high reputation of the faculty of this prospective graduate program." They also had high praise for the existing biodiversity facilities and resources available to both graduate and undergraduate students, and placed these as important in "integrating U. T. El Paso's EEB graduate and research programs with other national and international institutions." Moreover, they also noted the willing participation of the supporting departmental faculty from the biomedical sciences, citing the "highly advantageous prospect" of integrating the EEB program both "instructionally and in research aspects of pathobiology, vector biology, toxicology, and pathogen research."

U. T. El Paso faculty in the Biological Sciences are internationally recognized and extremely competitive in securing external funding for their research, averaging \$541,000 per faculty member in grant support over the past two years. This program will further enhance their capacity to secure funding from national and international granting agencies and foundations.

Ten tenured/tenure-track faculty members will serve as the program's core faculty, and nine tenured/tenure-track biomedical faculty members will serve in a support role. All faculty who participate in this program also teach organized undergraduate and graduate courses in Biological Sciences and such related interdisciplinary programs as environmental science and science teacher education. Two new tenure-track core faculty will be added to support projected enrollment growth in the third year of this program.

In addition to the research facilities mentioned previously, the EEB program will be supported by a new, 140,000 square foot Bioscience Research building that was constructed with Permanent University Funds (PUF), Tuition Revenue Bonds (TRB), and National Institutes of Health (NIH) funding. This facility's cutting-edge core research laboratories provide outstanding opportunities for students to develop the skills and expertise critical to future workplace demands. In addition, NIH program funding has enabled continued successful recruitment and retention of top quality investigators for this program and others.

Program Cost

The design of the EEB program's fiscal components was based on 10 years of experience with the current Ph.D. program in the department (which had net revenue last year of over \$1 million), identification of efficiencies, and use of existing

resources. The marginal revenue analysis to date reveals that the total average cost per student over five years is approximately \$36,929, and positive net revenue is achieved by year three, assuming enrollment targets are met. Sources of revenue include formula funding, external grant funding, reallocated funds, and differential student tuition.

Summary

The proposed doctoral program in ecology and evolutionary biology at U. T. El Paso is designed to: (1) address a critical area of continually growing professional workforce need and demand in Texas and the nation, (2) offer a unique focus not found in other doctoral programs in the state building capacity to address such issues as the use, conservation and quality of limited water resources (surface and groundwater) in semi-arid and arid regions, (3) draw on the operational model of a successful doctoral program in the home department and leverage physical and personnel assets (highly competitive faculty, proven research funding track records, campus infrastructures and strong partnerships), and (4) be cost-effective and expected to generate positive net revenue before the end of the first three years.

These future EEB scientists will focus on economically and environmentally important topics within this region and will be prepared to apply their knowledge and skills to such areas as sustainability, national security, and public health. Graduates will also have many career opportunities across academic, industrial, and public (government) sectors.

2. **U. T. Arlington: Authorization to lease to the Young Women's Christian Association of Fort Worth and Tarrant County, a Texas nonprofit corporation, approximately 8,000 square feet of space in a building to be constructed by the institution on its campus at 403 South Davis Drive, Arlington, Tarrant County, Texas, for the operation of a daycare center; and finding of public purpose**

RECOMMENDATION

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

- a. lease to the Young Women's Christian Association of Fort Worth (YWCA) and Tarrant County, a Texas nonprofit corporation, approximately 8,000 square feet of space in a building to be constructed by the institution on its campus at 403 South Davis Drive, Arlington, Tarrant County, Texas, for the operation of a daycare center;

- b. determine that the lease will serve a public purpose appropriate to the function of U. T. Arlington and that the consideration to the U. T. System and U. T. Arlington is adequate; and
- c. authorize the Executive Director of Real Estate to execute all documents, instruments, and other agreements, and to take all further actions deemed necessary or advisable to carry out the purpose and intent of the foregoing recommendations.

BACKGROUND INFORMATION

The YWCA operates a daycare center on the campus of U. T. Arlington at 106 W. Sixth Street in a building owned by the YWCA, but located on land ground leased from the institution. This facility serves the children of students, faculty, and staff of U. T. Arlington as well as families living in close proximity to the campus.

The daycare facility is located more than 300 feet north of the Carrizo Oil and Gas Company's (Carrizo) natural gas drilling site on the institution's campus. This location complied with City of Arlington ordinance requirements when the drilling permits were issued to Carrizo. Many cities, including Arlington, have since amended their ordinances to provide for 600 feet of separation between natural gas wells and adjacent schools, churches, and neighborhoods. Relocating the YWCA daycare center will align more favorably with the City's amended ordinance and provide the institution with greater flexibility for the future use of this campus area.

Upon completion of the new building and termination of the existing ground lease, ownership of the existing building will be transferred to U. T. Arlington. The institution plans to use this building, with an appraised value of approximately \$404,400, for its grounds maintenance operations for its east campus. The previous grounds maintenance building for the east campus was removed as a result of the College Park District development.

The new location for the YWCA daycare facility is 403 South Davis Drive. The new facility will be approximately 8,000 square feet and will be leased to the YWCA for a 25-year term. It will be built and owned by U. T. Arlington. The YWCA will pay \$100,000 as prepaid rent, which will be used to pay for part of the construction cost of the new building. In addition to the \$100,000 in prepaid rent, the YWCA will be obligated under the lease to continuously operate the daycare facility, giving priority to U. T. Arlington's students, faculty, and staff. In addition, the YWCA and U. T. Arlington will enter into an agreement to permit the institution to use the facility as a learning laboratory for students at U. T. Arlington.

The total project cost for the new building is estimated to be \$1,700,000. The construction cost will be apportioned between U. T. Arlington (\$480,000), Carrizo (\$1.12 million), and YWCA (\$100,000). U. T. Arlington proposes to fund its portion of construction costs from Unexpended Plant Funds. As a "minor project," the new building will comply with Regents' *Rules and Regulations*, Rule 80403.

The Attorney General of the State of Texas has advised in Opinion No. MW-373 (1981) that, for the use of university facilities at a below market rental to comply with the Texas Constitution, three requirements must be met: (1) the use of the property must serve a public purpose, appropriate to the function of the university, (2) adequate consideration must be received by the university, and (3) the university must maintain controls over the user's activities to ensure that the public purpose is achieved.

U. T. Arlington has determined that the below market rental for the lease to the YWCA serves a public purpose appropriate to the function of U. T. Arlington. The priority granted to the institution's students, faculty, and staff for daycare services enhances the desirability of the institution as a place to study and work. Likewise, the agreement permitting U. T. Arlington to use the facility as a learning laboratory promotes the educational mission of the institution.

Transaction Summary

Institution:	U. T. Arlington
Total Area:	Approximately one acre
Improvements:	Approximately 8,000-square foot building to be constructed
Location:	403 South Davis Drive, Arlington, Tarrant County, Texas; see map on next page
Lessee:	Young Women's Christian Association of Fort Worth and Tarrant County, a Texas nonprofit corporation
Lease Term:	Twenty-five years
Lease Considerations:	\$100,000 prepaid rent; priority use of daycare facility by U. T. Arlington's students, faculty, and staff; and agreement permitting use of the daycare facility as a learning laboratory by U. T. Arlington
Intended Use:	Daycare facility



3. **U. T. Brownsville: Authorization to purchase approximately 7.34 acres being Lot 1A, Block 2, University Park Unit 1 Replat, Brownsville, Cameron County, Texas, improved with a 103-unit apartment complex from TC-Met La Estancia, LLC, a Delaware limited liability company, for a purchase price not to exceed fair market value as established by independent appraisals for use as student housing for the institution, and resolution regarding parity debt**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Vice Chancellor and General Counsel, and President García that authorization be granted by the U. T. System Board of Regents, on behalf of U. T. Brownsville, to

- a. purchase approximately 7.34 acres being Lot 1A, Block 2, University Park Unit 1 Replat, Brownsville, Cameron County, Texas, improved with a 103-unit apartment complex from TC-Met La Estancia, LLC, a Delaware limited liability company, for a purchase price not to exceed fair market value as established by independent appraisals, plus all due diligence expenses, closing costs and expenses to complete the transaction as deemed necessary or advisable by the Executive Director of Real Estate, for use as student housing for the institution;
- b. authorize the Executive Director of Real Estate to execute all documents, instruments, or other agreements, and to take all further actions deemed necessary or advisable to carry out the purpose and intent of the foregoing recommendation; and
- c. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System (the RFS Master Resolution) that:
 - parity debt shall be issued to fund the purchase, 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 RFS Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System as defined in the RFS Master Resolution, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System;

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

BACKGROUND INFORMATION

U. T. Brownsville proposes to purchase the subject property consisting of a 103-unit, 429-bed student apartment complex on 7.34 acres immediately southeast of the U. T. Brownsville/Texas Southmost College campus. The complex was constructed in 2009. It is ideally located for easy access to the campus, particularly that part of the campus on which U. T. Brownsville-owned facilities are located.

The subject property consists of seven detached buildings, one of which serves as the office and recreation center. The property is fenced and includes outdoor recreation facilities. All furnishings are also included in the proposed purchase price.

The campus' current student housing is owned by Texas Southmost College and was constructed during the 1960s as a hotel. It was acquired by Texas Southmost College in Fall 2002 for student housing and placed online in 2003 as The Village at Fort Brown. Over the last several years, the property has sustained damage as a result of hurricanes and tropical storms that affected the area. Consequently, U. T. Brownsville requested an assessment of the property that was conducted by the Office of Facilities Planning and Construction in April 2010. The assessment concluded that if the property were to remain in use, nearly \$14 million in repairs and improvements would be required. Given the planned separation of U. T. Brownsville from Texas Southmost College, the institution has concluded that it is not prudent to pursue that expenditure.

Student housing is a key component in the development of U. T. Brownsville. Currently, nearly 300 students reside in The Village at Fort Brown, many of whom are enrolled as international students and would be displaced if housing is not available. In addition, U. T. Brownsville has relationships with foreign universities that desire to send more students to the campus, if housing is available. Those students would pay international tuition, and U. T. Brownsville will be able to request students who will major in fields of study that the institution is developing.

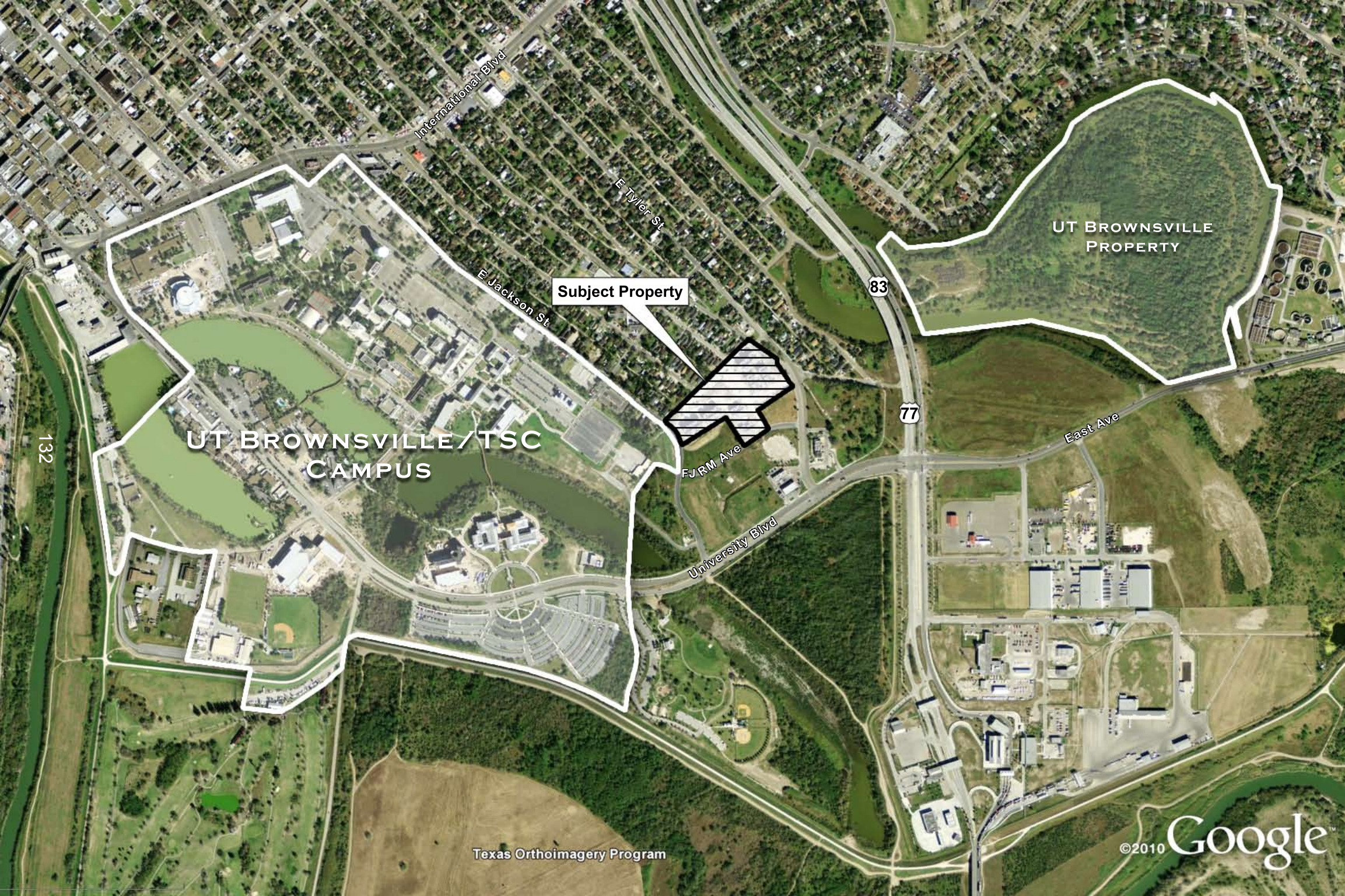
U. T. Brownsville proposes to fund the purchase with the use of U. T. System Revenue Financing System (RFS) debt. The RFS debt will be repaid from housing revenues.

Debt service is estimated to be \$727,000 annually. The project's debt service coverage ratio is expected to be at least 1.3 times by the end of FY 2013. The institution's debt service coverage ratio is expected to be at least 1.4 times and to average 1.6 times during the period from FY 2011 through FY 2016.

The transaction summary is set forth below and a map appears on the next page.

Transaction Summary

Institution:	U. T. Brownsville
Type of Transaction:	Purchase of land and improvements
Total Area:	Approximately 7.34 acres
Improvements:	103-unit, 429-bed fully-furnished apartment complex consisting of six detached buildings and a seventh office/recreation building, all with stucco and brick veneer over wood framing, plus perimeter fencing, outdoor sports courts, and swimming pool; all improvements were completed in 2009
Location:	2651 FJRM Avenue, Brownsville, Texas, being Lot 1A, Block 2, University Park Unit 1 Replat, Brownsville, Cameron County, Texas (see map on the next page)
Seller:	TC-Met La Estancia, LLC, a Delaware limited liability company
Purchase Price:	Not to exceed fair market value as established by independent appraisals
Appraised Value:	Confidential pursuant to <i>Texas Education Code</i> Section 51.951
Intended Use:	Student housing
Source of Funds:	Revenue Financing System debt, not to exceed the purchase price, to be repaid from housing revenues



International Blvd

E Tyler St

E Jackson St

Subject Property

83

77

UT BROWNSVILLE
PROPERTY

East Ave

UT BROWNSVILLE/TSC
CAMPUS

FJRM Ave

University Blvd

132

4. **U. T. El Paso: Authorization to sell the land and improvements located at 1100 N. Stanton Street in El Paso, El Paso County, Texas, and known as the Stanton Medical Building, to the El Paso Community College District for a sales price of \$2,000,000 and to enter into a leaseback of a portion of the improvements on an interim basis and a memorandum of understanding with the District for the cooperative use of shared boiler and chiller facilities**

RECOMMENDATION

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

- a. sell the land and improvements located at 1100 N. Stanton Street in El Paso, El Paso County, Texas, and known as the Stanton Medical Building, to the El Paso Community College District for a sales price of \$2,000,000 and to enter into a leaseback of a portion of the improvements on an interim basis and a memorandum of understanding with the District for the cooperative use of shared boiler and chiller facilities; and
- b. authorize the Executive Director of Real Estate to execute the sale contract and all documents, instruments, or other agreements, and to take all further actions deemed necessary or advisable to carry out the purpose and intent of the foregoing recommendation.

BACKGROUND INFORMATION

The Board of Regents on February 9, 1995, authorized U. T. El Paso to purchase the Stanton Medical Building to provide both short-term and future space for U. T. El Paso nursing and health sciences programs at a fraction of the cost to construct new space on campus. Surplus space was to be leased for income to defray the cost of operating the building until the space was needed for university purposes. The property was acquired by U. T. El Paso in April 1995 for \$1,250,000. When U. T. El Paso purchased the property, the space was needed for expansion of health sciences programs that were housed at the Campbell Building located across the street.

The current U. T. El Paso programs occupying the Stanton Medical Building are primarily health-related programs that will be relocating by January 2012 to either the College of Health Sciences/School of Nursing complex currently under construction on campus or to U. T. El Paso's Campbell Building. At that time, the original purpose of housing U. T. El Paso programs in the Stanton Medical Building will cease to exist.

Moreover, the state of the real estate market is such that leasing to third-party tenants has become more difficult and less profitable due to a flat office rental market and lower demand for office space in the Stanton Medical Building.

El Paso Community College District and U. T. El Paso have a long-standing relationship. The District desires to purchase the property to expand El Paso Community College District's Rio Grande Campus, which primarily houses health sciences programs. U. T. El Paso anticipates that the expansion of El Paso Community College District's health sciences programs, which are primarily two-year programs, will benefit U. T. El Paso's four-year health sciences programs by providing a larger pool of students continuing their education beyond two years.

The property is an eight-story office building constructed in 1971 and consists of approximately 79,813 square feet of office space and an associated surface parking lot and garage on approximately 67,600 square feet of land. The proposed sale price is \$2,000,000, which is supported by appraisals, and will include a no-charge leaseback provision for the benefit of U. T. El Paso's programs currently occupying approximately 16,259 square feet in the Stanton Medical Building until February 29, 2012. The closing date of the sale would be no later than August 31, 2011.

The contract will include a provision requiring the execution of a mutually agreeable memorandum of understanding (MOU) between the parties for the shared use of the boiler and chiller facilities that serve the Stanton Medical Building and U. T. El Paso's Campbell Building located across the street at 1101 N. Campbell Street. The chiller facility for cooling both buildings is located at the Campbell Building and the boiler facility for heating both buildings is located at the Stanton Medical Building. The MOU will set forth the terms of the shared use of the facilities, the maintenance responsibilities for the facilities, the reimbursement for cost of services and maintenance for each party for a term based on the estimated useful life of the facilities.

Transaction Summary

Sale

Institution:	U. T. El Paso
Type of Transaction:	Sale
Total Land Area:	Approximately 67,600 square feet
Improvements:	An approximately 79,813 square foot office building and associated surface parking lot and garage
Location:	1100 N. Stanton Street, El Paso, El Paso County, Texas; see map on Page 136

Purchaser: El Paso Community College District
Sales Price: \$2,000,000
Appraised Value: \$1,916,000 (Ralph Sellers & Associates, January 12, 2011);
\$2,100,000 (Wilkinson, Pendergras & Beard, L. P.,
August 31, 2010)

Leaseback

Institution: U. T. El Paso
Type of Transaction: Lease
Landlord: El Paso Community College District
Total Area: Approximately 16,259 square feet
Location: 1100 N. Stanton Street, El Paso, El Paso County, Texas
Lease Term: From the date of closing of the sale through
February 29, 2012
Rent: No cash rental; leaseback is additional consideration for sale
of the property
Use: Current U. T. El Paso programs now located in the Stanton
Medical Building

UT EL PASO CAMPUS

W University Ave

E Schuster Ave

Stanton Medical Building

Campbell Building

E Nevada Ave

Arizona Ave

N Mesa St

N Campbell St

N Stanton St

N Kansas St

W Yandell Dr

136

10

10

©2010

Google



5. **U. T. Permian Basin: Request to approve the honorific naming of the building located at 4919 East University Boulevard, Odessa, Ector County, Texas, on the U. T. Permian Basin campus, and housing The Presidential Museum and the John Ben Shepperd Public Leadership Institute, as the Buddy and Shirley West Building**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Vice Chancellor for External Relations, and President Watts that the U. T. System Board of Regents approve the honorific naming of the building located at 4919 East University Boulevard, Odessa, Ector County, Texas, housing The Presidential Museum and the John Ben Shepperd Public Leadership Institute at U. T. Permian Basin as the Buddy and Shirley West Building. This naming will recognize former State Representative from District 81 and U. T. Permian Basin Alumnus George E. "Buddy" West and his wife Shirley for their service to the citizens of District 81 and to U. T. Permian Basin.

BACKGROUND INFORMATION

Construction of the 13,334 square foot building located at 4919 East University Boulevard, on the campus of U. T. Permian Basin, was approved by the Board of Regents on August 12, 1999, and was completed in 2001. Pursuant to approval granted by the Board of Regents on August 10, 2000, the building is currently leased to and operated by The Presidential Museum, a Texas nonprofit corporation, and houses The Presidential Museum and the John Ben Shepperd Public Leadership Institute.

The Honorable George E. "Buddy" West served 16 years in the Texas Legislature representing District 81, which now encompasses Ector, Andrews, and Winkler counties. He completed his Bachelors of Business Administration in Management at U. T. Permian Basin in 1975 and was honored in 1998 as a Distinguished Alumnus of the University. At the time he stated: "I could not have completed my degree had U. T. Permian Basin not come into being." He sponsored the legislation to fund the building for which this honorific naming is being requested. Mr. and Mrs. West were married for 52 years. Mr. West died in 2008, and Mrs. West continues to reside in Odessa and is an ardent supporter of U. T. Permian Basin.

This proposed naming is consistent with the Regents' *Rules and Regulations*, Rule 80307, relating to the honorific naming of facilities. This honorific naming will recognize the distinguished leadership and significant contributions of The Honorable George E. "Buddy" West and his wife Shirley to U. T. Permian Basin.

6. **U. T. Tyler: Request to approve the honorific naming of the Administration Building for the first President of U. T. Tyler as the Dr. James H. Stewart, Jr. Administration Building**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Academic Affairs, the Vice Chancellor for External Relations, and President Mabry that the U. T. System Board of Regents approve the honorific naming of the Administration Building at U. T. Tyler as the Dr. James H. Stewart, Jr. Administration Building to recognize the significant contributions of the first President of U. T. Tyler.

BACKGROUND INFORMATION

The University of Texas at Tyler was created in 1971 by the Texas Legislature as Tyler State College, a two-year, upper-level institution of higher education, and Dr. James H. Stewart, Jr. was appointed the first President in 1972. Four years later, the institution's name was changed to Texas Eastern University, and effective September 1, 1979, it became an institution of the U. T. System. Among Dr. Stewart's achievements are development of the only fully accredited institution of higher learning at the time in the 14-county East Texas region, construction of a functional and aesthetically desirable campus and physical plant, and securing of the first legislative budget appropriation. At the time of his retirement in 1981, enrollment had increased from 176 students in Spring 1973 to approximately 1,900 in Spring 1981. In 2005, Dr. Stewart was named President Emeritus of U. T. Tyler. He currently lives in the Dallas area.

Built in 1976, the Administration Building contains 48,191 square feet and houses administrative offices and conference rooms, including the Office of the President, Admissions Office, Registrar's Office, Office of Sponsored Research, and Office of Academic Affairs. Located on the main campus of U. T. Tyler at 3900 University Boulevard, it was among the first five buildings constructed on the current campus site from State appropriations totaling \$9 million for the five buildings.

The proposed naming is consistent with the Regents' *Rules and Regulations*, Rule 80307, relating to the honorific naming of facilities. This honorific naming request is made to recognize the extraordinary contributions of Dr. Stewart during the formative years of U. T. Tyler.

7. **U. T. System: Discussion on academic leadership matters related to challenges in educating underserved populations**

DISCUSSION

Executive Vice Chancellor Prior will lead a presidential discussion and engagement with the Board of Regents on topics relating to challenges in educating underserved populations.



TABLE OF CONTENTS FOR HEALTH AFFAIRS COMMITTEE

Committee Meeting: 5/12/2011

Robert L. Stillwell, *Chairman*
James D. Dannenbaum, *Vice Chairman*
Paul L. Foster
Printice L. Gary
Wallace L. Hall, Jr.

Board Meeting: 5/12/2011
Austin, Texas

	Committee Meeting	Board Meeting	Page
Convene	<i>12:30 p.m.</i> <i>Chairman Stillwell</i>		
1. U. T. System: Discussion featuring research opportunities, accomplishments, and challenges at U. T. Health Science Center – San Antonio	<i>12:30 p.m.</i> Discussion <i>President Henrich</i> <i>Dr. Shine</i>	Not on Agenda	140
2. U. T. M. D. Anderson Cancer Center: Authorization to purchase Lot 2, Block 23, and adjacent streets and alleys, Institute Place Subdivision, Houston, Harris County, Texas, from Ollie W. Kelly and Brenda B. Kelly and any successors and assigns or other persons who may be determined to hold all or part of an interest in such land for a purchase price not to exceed fair market value as established by independent appraisals for future use for campus administrative and support functions	<i>1:00 p.m.</i> Action <i>President Mendelsohn</i> <i>Mr. Burgdorf</i>	Action	140
3. U. T. M. D. Anderson Cancer Center: Authorization to purchase Lot 7, Block 11, and adjacent streets and alleys, Institute Place Subdivision, Houston, Harris County, Texas, from Janice M. Smith and any successors and assigns or other persons who may be determined to hold all or part of an interest in such land for a purchase price not to exceed fair market value as established by independent appraisals for future use for campus administrative and support functions	<i>1:10 p.m.</i> Action <i>President Mendelsohn</i> <i>Mr. Burgdorf</i>	Action	143
4. U. T. Medical Branch – Galveston: Report on the Hurricane Ike Recovery Projects - Academic and Business Buildings, Healthcare Buildings, Infrastructure, and Research Buildings	<i>1:20 p.m.</i> Report/Discussion <i>President Callender</i> <i>Mr. Stephen Harris</i>	Not on Agenda	145
5. U. T. Health Science Center – San Antonio: Approval to establish a Doctor of Medical Physics degree program and submit the proposal to the Texas Higher Education Coordinating Board for review and appropriate action	<i>1:50 p.m.</i> Action <i>President Henrich</i> <i>Dr. Shine</i>	Action	162
Adjourn	<i>2:00 p.m.</i>		

1. **U. T. System: Discussion featuring research opportunities, accomplishments, and challenges at U. T. Health Science Center – San Antonio**

DISCUSSION

Executive Vice Chancellor Shine and President Henrich will lead a discussion concerning research opportunities, accomplishments, and challenges at U. T. Health Science Center – San Antonio.

2. **U. T. M. D. Anderson Cancer Center: Authorization to purchase Lot 2, Block 23, and adjacent streets and alleys, Institute Place Subdivision, Houston, Harris County, Texas, from Ollie W. Kelly and Brenda B. Kelly and any successors and assigns or other persons who may be determined to hold all or part of an interest in such land for a purchase price not to exceed fair market value as established by independent appraisals for future use for campus administrative and support functions**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs, the Vice Chancellor and General Counsel, and President Mendelsohn that authorization be granted by the U. T. System Board of Regents, on behalf of U. T. M. D. Anderson Cancer Center, to

- a. purchase Lot 2, Block 23, and adjacent streets and alleys, Institute Place Subdivision, Houston, Harris County, Texas, from Ollie W. Kelly and Brenda B. Kelly and any successors and assigns or other persons who may be determined to hold all or part of the interest in such land for a purchase price not to exceed fair market value as established by independent appraisals, plus all due diligence expenses, closing costs, and other costs and expenses to complete the acquisition of the property as deemed necessary or advisable by the Executive Director of Real Estate, for future use for campus administrative and support functions; and
- b. authorize the Executive Director of Real Estate to execute all documents, instruments, and other agreements, and to take all further actions deemed necessary or advisable to carry out the purpose and intent of the foregoing recommendation.

BACKGROUND INFORMATION

Acquisition of the subject property is part of the land assemblage in the east campus area being undertaken by U. T. M. D. Anderson Cancer Center to accommodate the relocation of important, but noncritical, functions that will allow greater use of core facilities in the Texas Medical Center for patient treatment and research.

Land acquisitions to accomplish that relocation goal commenced when the Board of Regents on February 7, 2007, approved the acquisition of approximately 28.8 acres and another site with approximately 2.3 acres fronting on Almeda Drive, which became the core of the east campus and the site for relocation of many administrative and support activities currently housed on the main and south campuses. Other acquisitions to expand the east campus were approved by the Board on November 9, 2007, July 24, 2008, August 14, 2008, and February 12, 2009; these acquisitions total approximately five additional acres.

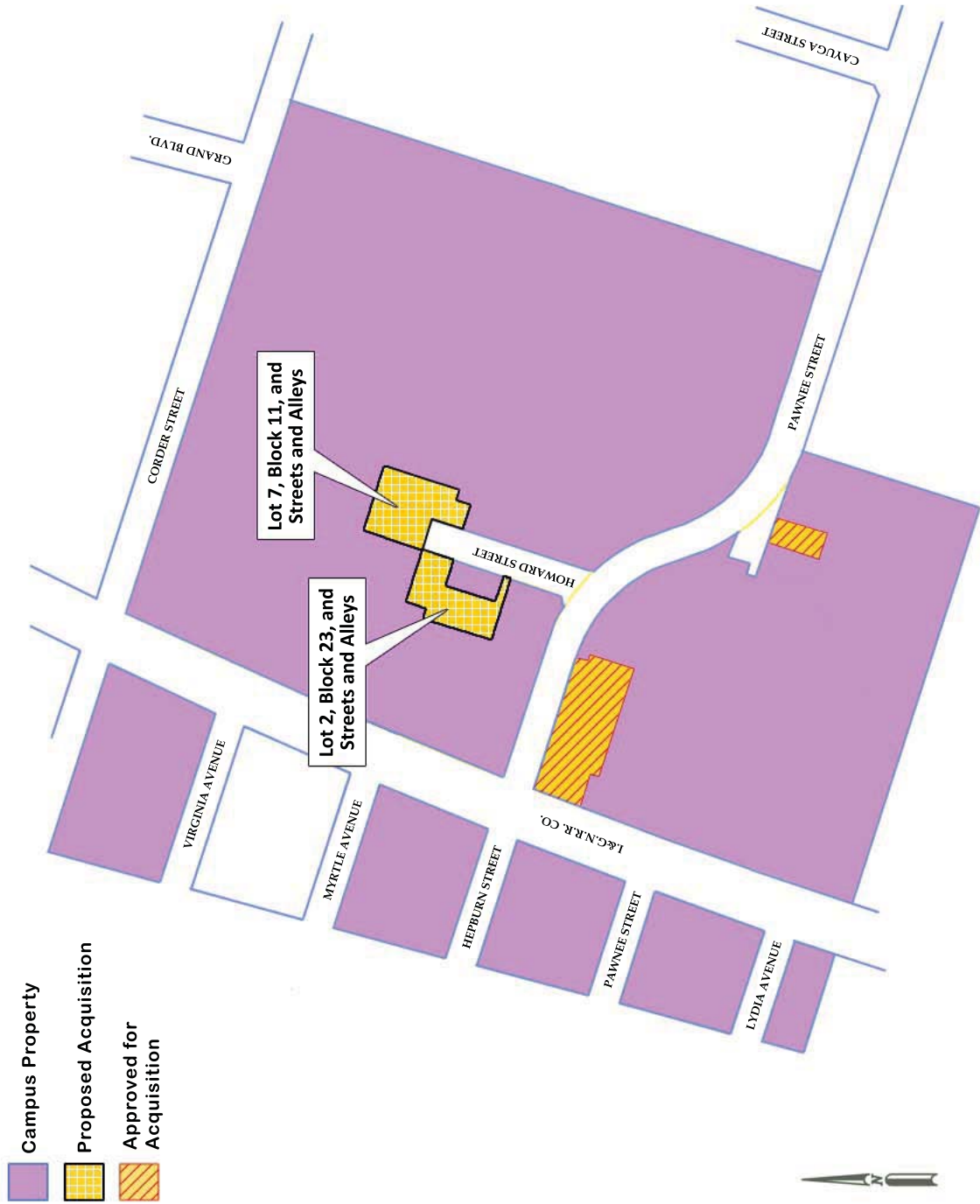
This proposed acquisition of approximately 0.3 of an acre of unimproved land and a related acquisition for Lot 7, Block 11, Institute Place Subdivision, which is being requested concurrently (Item 3 on Page 143), will allow the institution to eliminate certain roads and alleys north of the proposed Pawnee/Hepburn Street relocation and generally facilitate development of the east campus.

Details of this acquisition, which will be funded with Local Hospital Margins, are summarized in the transaction summary below.

Transaction Summary

Institution:	U. T. M. D. Anderson Cancer Center
Total Area:	0.3 of an acre
Improvements:	Unimproved
Location:	Lot 2, Block 23, Institute Place Subdivision, Houston, Harris County, Texas; see map on next page
Seller:	Ollie W. Kelly and Brenda B. Kelly
Purchase Price:	Not to exceed fair market value as established by independent appraisals
Appraised Value:	\$420,000 (Gerald A. Teel Co., October 19, 2010); \$360,000 (Edward B. Schulz & Co., September 14, 2010)
Source of Funds:	Local Hospital Margins
Intended Use:	Administrative and support functions

UTMDACC EAST CAMPUS



3. **U. T. M. D. Anderson Cancer Center: Authorization to purchase Lot 7, Block 11, and adjacent streets and alleys, Institute Place Subdivision, Houston, Harris County, Texas, from Janice M. Smith and any successors and assigns or other persons who may be determined to hold all or part of an interest in such land for a purchase price not to exceed fair market value as established by independent appraisals for future use for campus administrative and support functions**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs, the Vice Chancellor and General Counsel, and President Mendelsohn that authorization be granted by the U. T. System Board of Regents, on behalf of U. T. M. D. Anderson Cancer Center, to

- a. purchase Lot 7, Block 11, and adjacent streets and alleys, Institute Place Subdivision, Houston, Harris County, Texas, from Janice M. Smith and any successors and assigns or other persons who may be determined to hold all or part of the interest in such land for a purchase price not to exceed fair market value as established by independent appraisals, plus all due diligence expenses, closing costs, and other costs and expenses to complete the acquisition of the property as deemed necessary or advisable by the Executive Director of Real Estate, for future use for campus administrative and support functions; and
- b. authorize the Executive Director of Real Estate to execute all documents, instruments, and other agreements, and to take all further actions deemed necessary or advisable to carry out the purpose and intent of the foregoing recommendation.

BACKGROUND INFORMATION

Acquisition of the subject property is part of the land assemblage in the east campus area being undertaken by U. T. M. D. Anderson Cancer Center to accommodate the relocation of important, but noncritical, functions that will allow greater use of core facilities in the Texas Medical Center for patient treatment and research.

Land acquisitions to accomplish that relocation goal commenced when the Board of Regents on February 7, 2007, approved the acquisition of approximately 28.8 acres and another site with approximately 2.3 acres fronting on Almeda Drive, which became the core of the east campus and the site for relocation of many administrative and support activities currently housed on the main and south campuses. Other acquisitions to

expand the east campus were approved by the Board on November 9, 2007, July 24, 2008, August 14, 2008, and February 12, 2009; these acquisitions total approximately five additional acres.

This proposed acquisition of approximately 0.4 of an acre of unimproved land and a related acquisition for Lot 2, Block 23, Institute Place Subdivision, which is being requested concurrently (Item 2 on Page 140), will allow the institution to eliminate certain roads and alleys north of the proposed Pawnee/Hepburn Street relocation and generally facilitate development of the east campus.

Details of this acquisition, which will be funded with Local Hospital Margins, are summarized in the transaction summary below.

Transaction Summary

Institution:	U. T. M. D. Anderson Cancer Center
Total Area:	0.4 of an acre
Improvements:	Unimproved
Location:	Lot 7, Block 11, Institute Place Subdivision, Houston, Harris County, Texas; see map on Page 142
Seller:	Janice M. Smith
Purchase Price:	Not to exceed fair market value as established by independent appraisals
Appraised Value:	\$510,000 (Gerald A. Teel Co., October 19, 2010); \$440,000 (Edward B. Schulz & Co., September 15, 2010)
Source of Funds:	Local Hospital Margins
Intended Use:	Administrative and support functions

4. **U. T. Medical Branch - Galveston: Report on the Hurricane Ike Recovery Projects - Academic and Business Buildings, Healthcare Buildings, Infrastructure, and Research Buildings**

REPORT

President Callender and Mr. Stephen Harris, Regional Program Manager in the U. T. System Office of Facilities Planning and Construction, will report on the progress of recovery efforts at U. T. Medical Branch – Galveston following Hurricane Ike and will outline the recommendations for the Ike Recovery Projects, including Academic and Business Buildings, Healthcare Buildings, Infrastructure, and Research Buildings projects, as included in the Facilities Planning and Construction Committee (Item 11 on Page 187).

HURRICANE IKE RECOVERY

Dr. David L. Callender, President, U. T. Medical Branch at Galveston

Mr. Stephen Harris, Regional Program Manager, U. T. System, Office of
Facilities Planning and Construction

Health Affairs Committee

May 2011



INTRODUCTION

- **The UTMB Health Road Map**
 - Increased student enrollment that will continue to grow
 - Research activity higher than pre-Ike
 - Clinical strategy established and in motion
 - Hurricane Ike repair and mitigation efforts underway



HURRICANE IKE INFORMATION

- **Hurricane Ike made landfall in Galveston, Texas, on September 13, 2008**
 - Wind speeds in excess of 110 mph
 - Water elevation was 3rd highest in Galveston history
- **Damage to UTMB one of largest single applicant events in FEMA history**
 - More than 100 buildings and 20 major utility systems affected
 - Over 1 million square feet damaged
 - Approximately 15% of campus space inventory impacted



RECONSTRUCTION & MITIGATION PLANNING

- In response to Hurricane Ike, Walter P. Moore Engineers has developed UTMB Flood Mitigation guidelines
 - Critical functions in existing buildings to be at elevations no less than 20'-0" above Mean Sea Level (MSL)
 - Critical functions in new buildings to be at elevations no less than 25'-0" above MSL
 - Elevations for all critical components will exceed 500-year flood projections as defined by FEMA
 - With implementation of recommended repair and mitigation, future financial exposure at UTMB expected to be within the institution's current underlying insurance policies and U. T. System's property insurance deductible

PROGRESS OF THE UTMB RECOVERY

- **Coordination with FEMA has continued throughout the 31 months since the storm**
 - Creation of more than 1300 FEMA Project Worksheets and amendments, estimated at more than \$1B
 - Additional \$160M proposed for other preemptive mitigation to meet requirements of the UTMB Flood Mitigation Guidelines
- **Submissions for all damages and all proposed mitigation have been delivered to FEMA Region 6**
 - All damage validation requests for UTMB have been submitted
 - Hazard Mitigation Plan proposals have been submitted for approximately 50 critical buildings & systems

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PROGRESS OF THE UTMB RECOVERY (cont.)

- **Approximately \$250M expended to date on recovery**
 - Includes initial disaster response expenses, costs for emergency repairs, ongoing design, and completed minor construction
- **Approximately \$300M encumbered to date for fixed asset recovery**
 - Includes scope in each capital project with a focus on the higher priority facilities related to healthcare, education and research
- **An additional \$500M in review and expected to be encumbered by June 2011**
 - Includes the remainder of the recovery projects aligned with the submissions to FEMA
- **Work expected to continue for the next 2-4 years**

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ORGANIZATION

- **FEMA Category A and Category B**
 - Emergency Response, Debris Removal and Temporary Measures
 - Complete or in close-out audit
 - Current estimated total is more than \$120M
- **FEMA Category E Movable Assets**
 - Replacement of medical equipment, supplies, scientific content, and technology hardware is ongoing
 - Replacement of movable furnishings is being coordinated with the building projects
 - Current estimated total is more than \$60M



ORGANIZATION (cont.)

- **Workforce**

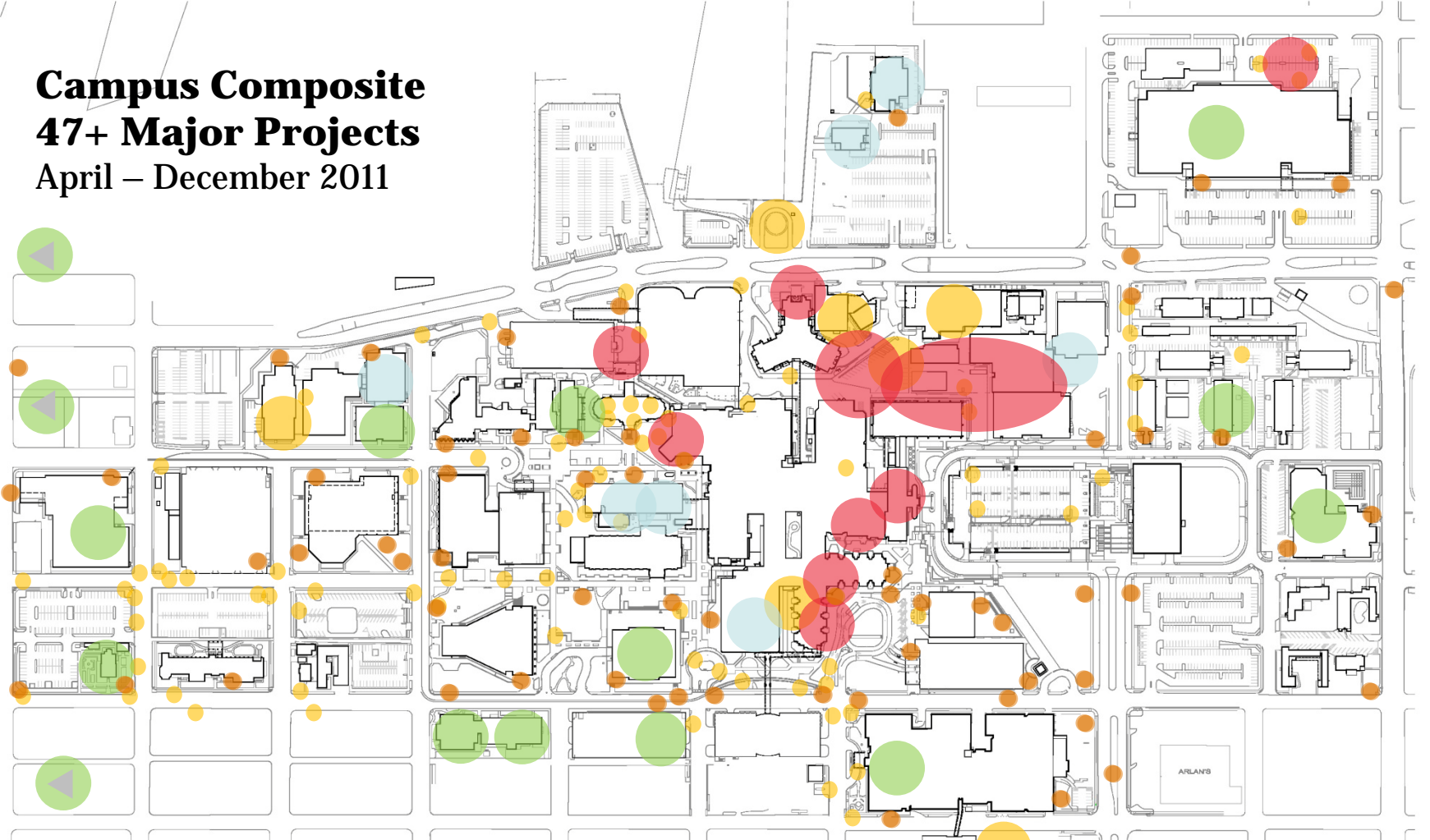
- +400 architects, engineers, technical specialists, and construction management staff are actively involved on a day-to-day basis with the ongoing recovery
- Approximately 1700 contractors approved and working on campus
- Contractor and subcontractor workforce will continue to increase

- **Fixed Asset Repair & Mitigation**

- +20 projects complete
- More than 40 Major Projects underway or expected to commence in Calendar Year 2011
- Current estimated total is more than \$800M

Underway or Near-term Projects

Campus Composite
47+ Major Projects
April – December 2011



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JUSTIFICATION FOR INCREASES AND DECREASES IN TOTAL PROJECT COSTS

- **Reconciliations with FEMA**

- Projects align with the recommendations of the UTMB Flood Mitigation Guidelines
- All projects have been submitted to FEMA

- **Refined cost estimates**

- Damage to campus utility infrastructure less defined at time of initial estimates
- Initial repair estimates did not fully address the costs for mitigation and associated operational costs for relocations and temporary utilities
- Scope and cost of each repair and mitigation project resolved by UTMB, U. T. System, and contracted design and construction professional experts

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PROPOSED TOTAL PROJECT COSTS

- **Four projects totaling \$1,135,678,610**

▪ Academic & Business Buildings	\$251,893,380
▪ Healthcare Buildings	\$285,055,178
▪ Infrastructure	\$522,184,744
▪ Research Buildings	\$ 76,545,308

- **Funding**

- FEMA, Private Insurance, State Matching Funds approved by 81st Texas Legislature, and UTMB Hospital Revenues and Grants

- **Financial exposure will be limited**

- Projects will improve resiliency of all UTMB facilities affected by Hurricane Ike and minimize damage from future events allowing a quick return to operation

Amendment to FY 2011-2016 CIP



APPENDIX



CONTROL: Contracts and Audit

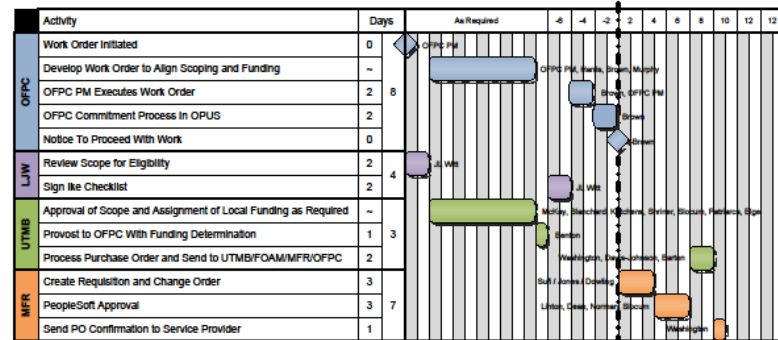
• Work Order

- Revised process workflow coordinated with UTMB and OFPC
- Subsequent to execution of the prime agreement, the Work Order (WO) is utilized to review, approve and release work
- WO aligns with the FEMA Project Worksheet
- WO informs the requisition of the UTMB Purchase Order (PO)
- PO used by UTMB to issue payment
- WO and PO track to funding source and support audit

Ike Related Expenditure Related Workflows

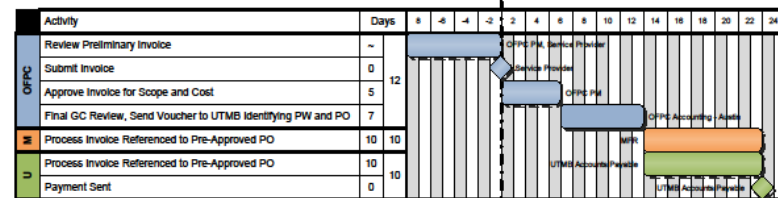
Purchase Order Workflow

(9 Working Days – 11 Calendar Days After Notice to Proceed With Work)



Invoice Workflow

(22 Working Days – 28 Calendar Days After Notice to Proceed With Work)



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CONTROL: Construction

• Screening

- On-site drug testing, criminal background checks, and issuing of photo identification badges
- Installation of radio frequency monitoring to track worker locations and to control site and building access
- Approximately 1700 construction staff have been contracted and approved to work on campus



Workforce Screening and Disqualifications by Project/Bucket - March 2011

For the Month of March 31, 2011

(Represents the number of workers who have been screened for access into each bucket)

	UTMB	Vaughn	Tellepsen	Manhattan	Linbeck
Total Active Badges Issued in March	6	232	37	193	101

Workforce Screening and Disqualifications by Project/Bucket - Project To Date

For the period ending March 31, 2011

(Represents the number of workers who have been screened for access into each bucket)

	UTMB	Vaughn	Tellepsen	Manhattan	Linbeck
Total Active Badges Project-to-Date	83	858	157	514	700

Total Multi-Bucket Badges Issued Project-to-Date

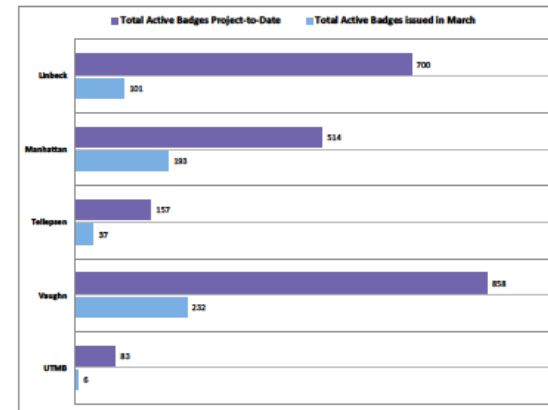
474

Active Workforce Statistics

(Represents a calculation of jobs provided project wide)

Total Number of Workers - Jobs Provided - 1,690

Note: Workforce screening counts and number of jobs created may differ, due to the number of buckets per worker issued a multi-bucket badge



REPORTING: Total Recovery

- Comprehensive reports issued regularly
 - Reports track interaction with FEMA and align the ongoing recovery efforts with anticipated funding

UTMB IKE RECOVERY INITIATIVES			
EXECUTIVE SUMMARY			
For Period Ending 3/29/2011			
TOTAL UTMB IKE (REPAIR, REPLACE & MITIGATION) COST ESTIMATE FOR DAMAGES			
PENDING PROJECTS:	PW Count		Amount
EMERGENCY WORKS & DEBRIS REMOVAL	36	\$	11,455,598
MOVEABLE ASSETS	35	\$	2,370,395
FIXED ASSETS	41	\$	29,546,476
TOTAL PENDING :	112		\$ 43,372,468
SUBMITTED PROJECTS:			
EMERGENCY WORKS & DEBRIS REMOVAL	11	\$	3,645,283
MOVEABLE ASSETS	30	\$	6,839,835
FIXED ASSETS	121	\$	576,493,262
* TOTAL SUBMITTED :	162		\$ 586,978,380
AMOUNT FINALIZED (IN EMMIE):			
-Breakdown of Finalized amounts by Funding source			
Insurance Deductions		\$	52,377,314
Federal Share (Obligated)		\$	356,376,223
State Share (10%)		\$	27,623,289
Future allocations, in EMMIE, not yet Obligated		\$	10,826,959
	1063		\$ 447,203,785
404 HAZARD MITIGATION:			
Submittal being prepared by UTMB		\$	67,153,654
Submitted and in review by TX Dept. Emerg. Mgmt.		\$	69,197,625
Finalized by TX. Dept. of Emerg. Mgmt.		\$	29,101,936
		\$	165,453,215
TOTALS:	1337		\$ 1,243,007,848

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REPORTING: Activity

- Biweekly database output

- Activity reporting confirms work in development, work submitted to and in review with FEMA, and finalized and obligated approvals

UTMB IKE RECOVERY INITIATIVE BI-WEEKLY REPORTS																																																																																																																				
ACTIVITY REPORT																																																																																																																				
March 18, 2011 - March 25, 2011																																																																																																																				
UTMB'S ESTIMATE OF PROJECTS UNDER DEVELOPMENT				UTMB'S ESTIMATE OF PROJECTS SUBMITTED*				FINALIZED**																																																																																																												
THRU WEEK ENDING	8/16/2011 to 8/22/2011			THRU WEEK ENDING	8/16/2011 to 8/22/2011			THRU WEEK ENDING	8/16/2011 to 8/22/2011			THRU WEEK ENDING	8/28/2011																																																																																																							
#	\$	#	\$	#	\$	#	\$	#	\$	#	\$	#	\$																																																																																																							
Cat A & B	36	\$ 11,455,597.51	\$ -	36	\$ 11,455,597.51	12	\$ 3,680,208.85	\$ (34,926.00)	11	\$ 5,645,282.85	227	\$ 308,739,909.66	\$ -	228	\$ 109,739,909.66																																																																																																					
MOVABLE ASSETS*	38	\$ 2,383,906.78	\$ (13,512.00)	38	\$ 2,370,394.78	26	\$ 5,262,818.25	\$ 1,577,016.28	30	\$ 6,839,835.04	418	\$ 51,740,968.59	\$ -	418	\$ 51,740,968.59																																																																																																					
FIXED ASSETS	40	\$ 21,810,299.55	\$ 7,796,176.19	41	\$ 29,546,475.74	123	\$ 568,433,518.00	\$ 8,050,745.30	121	\$ 376,493,261.90	418	\$ 285,350,949.38	\$ 371,957.52	420	\$ 285,722,906.90																																																																																																					
TOTALS THRU WEEK ENDING 8/28/11	114	\$ 35,649,803.84		115	\$ 43,372,668.03	161	\$ 577,376,543.61	\$ 9,601,836.18	106	\$ 446,831,827.63		\$ 371,957.52		1,075	\$ 447,203,785.15																																																																																																					
BREAKDOWN OF FIXED ASSETS BY BUCKET (SUBMITTED)																																																																																																																				
Academic & Business		18	\$ 11,760,831.00			55	\$ 30,741,494.91				221	\$ 46,472,246.16			\$ 34,864,013.97																																																																																																					
Healthcare		2	\$ 91,902.00			27	\$ 138,845,516.18				92	\$ 185,310,090.44			\$ 15,665,993.91																																																																																																					
Infrastructure		7	\$ 4,737,273.00			18	\$ 3,35,299,423.00				46	\$ 3,101,362.20			\$ 431,562.42																																																																																																					
Research		11	\$ 12,524,898.00			20	\$ 68,415,465.61				61	\$ 106,670,824.80			\$ 738,504.77																																																																																																					
No Bucket Assigned		3	\$ 431,571.74			1	\$ 3,101,362.20				9	\$ 16,670,824.80			\$ 1,660,449,185.83																																																																																																					
FIXED ASSETS TOTALS		41	\$ 29,546,475.74			121	\$ 376,493,261.90				420	\$ 285,722,906.90			\$ 1,877,554,632.97																																																																																																					
UTMB Grand Total Projected Ike Cost Including 406 Mitigation (=Under Development + Submitted + Finalized) :																																																																																																																				
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5. **U. T. Health Science Center – San Antonio: Approval to establish a Doctor of Medical Physics degree program and submit the proposal to the Texas Higher Education Coordinating Board for review and appropriate action**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Executive Vice Chancellor for Health Affairs and President Henrich that authorization, pursuant to the Regents' *Rules and Regulations*, Rule 40307, related to academic program approval standards, be granted to

- a. establish a Doctor of Medical Physics (DMP) degree program at U. T. Health Science Center – San Antonio; and
- b. submit the proposal to the Texas Higher Education Coordinating Board for review and appropriate action.

BACKGROUND INFORMATION

Program Description

This program will be offered through The University of Texas Health Science Center – San Antonio's (UTHSC-SA) School of Medicine, Department of Radiology. UTHSC-SA has offered a MS degree in Medical Physics and a Ph.D. in Radiological Sciences since 1989. The proposed DMP program would upgrade the current MS program in Medical Physics, adding two years of standardized clinical training, while allowing students in the existing Ph.D. program in Radiological Sciences to focus on achieving the skills and knowledge required to establish their careers as research scientists. The intent of the program is to enhance and standardize clinical training for medical physicists in a manner that cannot be carried out in the current Ph.D. program in Radiological Sciences.

Need and Student Demand

This new program is a response to a need to increase the clinical credentials of medical physicists as they enter the workforce. There is a national shortage of properly credentialed professionals entering the field of Medical Physics. The annual demand is for about 300 to 350 new physicists in the United States while currently only 50 to 60 are being trained.

The new program enrollment would initially be around 15 students. Potential students will be from the students who are currently in the MS program.

Program Quality

The primary objective of this education program is to train each student to become a Qualified Medical Physicist, i.e., a professional who is able to assure the safe and effective delivery of radiation to achieve a diagnostic or therapeutic result as prescribed in patient care. Each student shall be educated in one of the two broad subspecialties, Diagnostic Imaging Physics (DIP) and Radiation Therapy Physics (RTP). However, the curriculum is constructed with the understanding that these two subspecialties overlap in important areas. Through coursework, students shall become well grounded in topics common to all medical physics subspecialties, including the physics of basic interactions, which is essential to all of radiation oncology physics, diagnostic imaging physics, nuclear medicine physics, and health physics.

The overall goal is to provide the student with didactic clinical training and experiences that will eventually lead to certification and licensure as a professional medical physicist.

Program Cost

Administrative resources within the School of Medicine, which are currently devoted to administering the Graduate Program in Radiological Sciences, will be made available to administer the proposed DMP program. This will be possible since the Graduate Program in Radiological Sciences is currently undergoing a planned downsizing, with the specific intent to accommodate the administrative requirements of the proposed DMP program using the resources that are currently being applied to the training of medical physicists in other degree programs within the School of Medicine. Formula funding rates are assumed to be approximately what is currently being used for Ph.D. students. Any new costs associated with administrative responsibilities will be taken on by the School of Medicine. The source of funds will be a combination of formula funds and a reallocation of existing institutional resources.

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FOR
FACILITIES PLANNING AND CONSTRUCTION
COMMITTEE**

Committee Meeting: 5/12/2011

Board Meeting: 5/12/2011
Austin, Texas

Printice L. Gary, Chairman
James D. Dannenbaum, Vice Chairman
Alex M. Cranberg
R. Steven Hicks
Robert L. Stillwell

	Committee Meeting	Board Meeting	Page
Convene	<i>3:00 p.m.</i> <i>Chairman Gary</i>		
<u>Report</u>			
1. U. T. Permian Basin: Report on Falcon's Nest Addition, Buildings 7-12	<i>3:00 p.m.</i> Report/Discussion <i>Mr. O'Donnell</i>	Not on Agenda	165
<u>Additions to the Capital Improvement Program</u>			
2. U. T. Austin: FY 11 Fire Life Safety and ITS Renovations - Amendment of the FY 2011-2016 Capital Improvement Program to include project; approval of total project cost; approval of transfer of funds from FY 09 High Priority Fire and Life Safety, FY 10 High Priority Fire and Life Safety Corrections – Phase 2, FY 11 High Priority Fire and Life Safety Corrections – Phase 3, FY 11 LERR Geography Building Fire and Life Safety and Homer Rainey Hall Fire and Life Safety projects; approval of reduction of total project costs for FY 09 High Priority Fire and Life Safety, FY 10 High Priority Fire and Life Safety Corrections – Phase 2, FY 11 High Priority Fire and Life Safety Corrections – Phase 3, FY 11 LERR Geography Building Fire and Life Safety and Homer Rainey Hall Fire and Life Safety projects; and appropriation of funds (Final Board approval)	<i>3:05 p.m.</i> Action <i>Mr. O'Donnell</i>	Action	165
3. U. T. Austin: Geography Building Renovation and Expansion - Amendment of the FY 2011-2016 Capital Improvement Program to include project; approval of total project cost; and appropriation of funds (Final Board approval)	<i>3:10 p.m.</i> Action <i>Mr. O'Donnell</i>	Action	169

4.	U. T. Austin: Recreational Sports Center Renovations - Amendment of the FY 2011-2016 Capital Improvement Program to include project; approval of total project cost; authorization of institutional management; appropriation of funds; and resolution regarding parity debt (Final Board approval)	3:15 p.m. Action <i>Mr. O'Donnell</i>	Action	170
5.	U. T. Health Science Center – Houston: Research Park Complex Parking Lot 2 - Amendment of the FY 2011-2016 Capital Improvement Program to include project; approval of total project cost; authorization of institutional management; appropriation of funds; and resolution regarding parity debt (Final Board approval)	3:20 p.m. Action <i>Mr. O'Donnell</i>	Action	172
 <u>Design Development Approval</u>				
6.	U. T. Austin: Elementary Charter School Permanent Facility - Amendment of the FY 2011-2016 Capital Improvement Program to reduce the total project cost; approval to revise the funding sources; approval of design development; appropriation of funds and authorization of expenditure; and approval of evaluation of alternative energy economic feasibility (Final Board approval)	3:25 p.m. Action <i>Mr. O'Donnell</i>	Action	174
7.	U. T. Austin: Indoor Tennis Facility at Steiner Ranch - Approval of design development; appropriation of funds and authorization of expenditure; approval of evaluation of alternative energy economic feasibility (Final Board approval)	3:30 p.m. Action <i>Mr. O'Donnell</i>	Action	176
8.	U. T. Dallas: Arts and Technology Complex portion of the Arts and Technology Facility - Approval of design development; appropriation of funds and authorization of expenditure; approval of evaluation of alternative energy economic feasibility; and resolution regarding parity debt (Final Board approval)	3:35 p.m. Action <i>President Daniel</i> <i>Mr. O'Donnell</i>	Action	178
9.	U. T. San Antonio: Student Housing Phase III – Amendment of the FY 2011-2016 Capital Improvement Program to increase the total project cost; approval of transfer of funds from Laurel Village and Chaparral Village at UTSA projects; approval of reduction of total project costs for Laurel Village and Chaparral Village at UTSA projects; approval of design development; appropriation of funds and authorization of expenditure; approval of evaluation of alternative energy economic feasibility; and resolution regarding parity debt (Final Board approval)	3:40 p.m. Action <i>Mr. O'Donnell</i>	Action	181

Modifications to the Capital Improvement Program

- | | | | |
|--|--|---------------|------------|
| 10. U. T. San Antonio: John Peace Library Building Renovations - Amendment of the FY 2011-2016 Capital Improvement Program to increase total project cost and appropriation of additional funds (Final Board approval) | 3:45 p.m.
Action
<i>Mr. O'Donnell</i> | Action | 186 |
| 11. U. T. Medical Branch – Galveston: Ike Recovery Projects - Academic and Business Buildings, Healthcare Buildings, Infrastructure, and Research Buildings - Amendment of the FY 2011-2016 Capital Improvement Program to increase or decrease the total project costs; appropriation of funds and authorization of expenditure; and delegation of authority to the Chancellor to rebalance the funding and project costs within approved total budget (Final Board approval) | 3:50 p.m.
Action
<i>Mr. O'Donnell</i> | Action | 187 |
| 12. U. T. M. D. Anderson Cancer Center: Capital Renewal and Replacement (CRR) Renovation Budget FY2008-2009 - Amendment of the FY 2011-2016 Capital Improvement Program to increase the total project cost and appropriation of additional funds (Final Board approval) | 3:55 p.m.
Action
<i>Mr. O'Donnell</i> | Action | 192 |
| Adjourn | 4:00 p.m. | | |

1. **U. T. Permian Basin: Report on Falcon's Nest Addition, Buildings 7-12**

REPORT

Mr. Michael O'Donnell, Associate Vice Chancellor for Facilities Planning and Construction, will provide an update on the Falcon's Nest Addition, Buildings 7-12 project, including identification of key issues to provide cost savings.

BACKGROUND INFORMATION

On February 18, 2011, the project was included in the Capital Improvement Program (CIP) with a requirement to report at the May 2011 meeting on actual costs savings and determine if the contingency funds are needed.

2. **U. T. Austin: FY 11 Fire Life Safety and ITS Renovations – Amendment of the FY 2011-2016 Capital Improvement Program to include project; approval of total project cost; approval of transfer of funds from FY 09 High Priority Fire and Life Safety, FY 10 High Priority Fire and Life Safety Corrections - Phase 2, FY 11 High Priority Fire and Life Safety Corrections - Phase 3, FY 11 LERR - Geography Building Fire and Life Safety and Homer Rainey Hall Fire and Life Safety projects; approval of reduction of total project costs for FY 09 High Priority Fire and Life Safety, FY 10 High Priority Fire and Life Safety Corrections - Phase 2, FY 11 High Priority Fire and Life Safety Corrections - Phase 3, FY 11 LERR Geography Building Fire and Life Safety and Homer Rainey Hall Fire and Life Safety projects; and appropriation of funds (Final Board approval)**

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Powers that the U. T. System Board of Regents amend the FY 2011-2016 Capital Improvement Program (CIP) to include the FY 11 Fire Life Safety and ITS Renovations project at The University of Texas at Austin as set out on the following pages.

FY 11 Fire Life Safety & Information Technology Services (ITS) Renovations

Project No.: 102-628
Project Delivery Method: Design/Build
Substantial Completion Date: January 2014

Total Project Cost:	<u>Source</u>	<u>Current</u>	<u>Proposed</u>
	Permanent University Fund Bond Proceeds	\$3,300,000	\$ 8,753,428
	Available University Fund		\$ 3,000,000
	Designated Funds		\$ 246,572
			<u>\$12,000,000</u>

FY 09 High Priority Fire and Life Safety

Project No.: 102-453
Institutionally Managed: Yes No
Project Delivery Method: Competitive Sealed Proposals
Substantial Completion Date: August 2011

Total Project Cost:	<u>Source</u>	<u>Current</u>	<u>Proposed</u>
	Permanent University Fund Bond Proceeds	\$3,280,000	\$2,606,373

FY 10 High Priority Fire and Life Safety Corrections – Phase 2

Project No.: 102-499
Institutionally Managed: Yes No
Project Delivery Method: Competitive Sealed Proposals
Substantial Completion Date: August 2012

Total Project Cost:	<u>Source</u>	<u>Current</u>	<u>Proposed</u>
	Permanent University Fund Bond Proceeds	\$4,800,000	\$3,000,000

FY 11 High Priority Fire and Life Safety Corrections – Phase 3

Project No.: 102-582
Institutionally Managed: Yes No
Project Delivery Method: Competitive Sealed Proposals
Substantial Completion Date: August 2013

Total Project Cost:	<u>Source</u>	<u>Current</u>	<u>Proposed</u>
	Permanent University Fund Bond Proceeds	\$4,700,000	\$2,425,199

**FY 11 Library, Equipment,
Repair and Rehabilitation (LERR) – Geography
Building Fire and Life Safety
and Homer Rainey Hall Fire
and Life Safety**

Project No.: 102-593

Institutionally Managed: Yes No

Project Delivery Method: Competitive Sealed Proposals

Total Project Cost:	<u>Source</u>	<u>Current</u>	<u>Proposed</u>
	Permanent University Fund Bond Proceeds	\$705,000	\$0

- a. approve a total project cost of \$12,000,000 with funding of \$8,753,428 from Permanent University Fund (PUF) Bond Proceeds, \$3,000,000 from Available University Funds and \$246,572 from Designated Funds

FY 09 High Priority Fire and Life Safety project

- b. approve the transfer of funding of \$673,627 from Permanent University Fund Bond Proceeds from the FY 09 High Priority Fire and Life Safety project;
- c. reduce the total project cost for the FY 09 High Priority Fire and Life Safety project from \$3,280,000 to \$2,606,373;

FY 10 High Priority Fire and Life Safety Corrections - Phase 2 project

- d. approve the transfer of funding of \$1,800,000 from Permanent University Fund Bond Proceeds from the FY 10 High Priority Fire and Life Safety Corrections - Phase 2 project;
- e. reduce the total project cost for the FY 10 High Priority Fire and Life Safety Corrections - Phase 2 project from \$4,800,000 to \$3,000,000;

FY 11 High Priority Fire and Life Safety Corrections - Phase 3 project

- f. approve the transfer of funding of \$2,274,801 from Permanent University Fund Bond Proceeds from the FY 11 High Priority Fire and Life Safety Corrections - Phase 3 project;
- g. reduce the total project cost for the FY 11 High Priority Fire and Life Safety Corrections - Phase 3 project from \$4,700,000 to \$2,425,199;

FY 11 LERR Geography Building Fire and Life Safety and Homer Rainey Hall Fire and Life Safety project

- h. approve the transfer of funding of \$705,000 from Permanent University Fund Bond Proceeds from the FY 11 LERR Geography Building Fire and Life Safety and Homer Rainey Hall Fire and Life Safety project;
- i. reduce the total project cost for the FY 11 LERR Geography Building Fire and Life Safety and Homer Rainey Hall Fire and Life Safety project from \$705,000 to \$0; and
- j. appropriate funds.

BACKGROUND INFORMATION

Previous Board Actions

FY 11 Fire and Life Safety Projects for U. T. Austin - On August 12, 2010, the Board approved the allocation of \$3,300,000 from PUF Bond Proceeds for Fiscal Year 2011 for the project.

FY 09 High Priority Fire and Life Safety Project - On August 14, 2008, the Board approved the allocation of \$4,800,000 from Permanent University Fund (PUF) Bond Proceeds for the project. On February 12, 2009, the Board approved the decrease in total project cost to \$3,105,000. On May 14, 2009, President Powers approved the return of \$175,000 in PUF Bond Proceeds to increase total project cost to \$3,280,000.

FY 10 High Priority Fire and Life Safety Corrections - Phase 2 - On August 14, 2008, the Board approved the allocation of \$4,800,000 from PUF Bond Proceeds for Fiscal Year 2010 for the project. On August 19, 2009, the Board approved the project and appropriated funds.

FY 11 High Priority Fire and Life Safety Corrections - Phase 3 - On August 12, 2010, the Board approved the allocation of \$4,700,000 from PUF Bond Proceeds for the project.

FY 11 LERR - On August 12, 2010, the Board approved the allocation of PUF Bond Proceeds for the Geography Building Fire and Life Safety project in the amount of \$205,000 and the Homer Rainey Hall Fire and Life Safety project in the amount of \$500,000 as part of the FY 2011 LERR Budget.

Project Description

The project will install fire sprinkler systems in four facilities: the Main Building, Parlin Hall, Calhoun Hall, and Rainey Hall. The fire sprinkler system installation will entail ancillary work such as minor hazardous material abatement, new acoustic ceilings, and in some cases, the replacement of the existing heating, ventilation, and air conditioning (HVAC) ceiling grilles, and overhead lights. Additional work in the Main Building will consist of upgrading a nonfunctional pressurization system in two stairways as well as renovation of telecommunication spaces, pathways, and cabling to meet modern standards.

The project combines previously allocated funding from several fire and life safety projects to increase the efficiency of the projects and reduce inconvenience to existing building occupants. It will consolidate construction durations and result in better planning and coordination of activities across four buildings.

This proposed repair and rehabilitation project has been approved by U. T. System staff and meets the criteria for inclusion in the CIP. Design development plans and authorization of expenditure of funding will be approved by the Chancellor at a later date.

3. **U. T. Austin: Geography Building Renovation and Expansion - Amendment of the FY 2011-2016 Capital Improvement Program to include project; approval of total project cost; and appropriation of funds (Final Board approval)**

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Powers that the U. T. System Board of Regents amend the FY 2011-2016 Capital Improvement Program (CIP) to include the Geography Building Renovation and Expansion project at The University of Texas at Austin as follows:

Project No.:	102-630	
Project Delivery Method:	Construction Manager-at-Risk	
Substantial Completion Date:	June 2014	
Total Project Cost:	<u>Source</u> Unexpended Plant Funds	<u>Proposed</u> \$11,500,000

- a. approve a total project cost of \$11,500,000 with funding from Unexpended Plant Funds; and
- b. appropriate funds.

BACKGROUND INFORMATION

Project Description

In 2010, U. T. Austin prepared a project definition study for renovation and expansion of the Geography Building. As identified by the goals of the study, the project will increase programmable space and efficiencies of the building, upgrade the mechanical, electrical, and plumbing systems to meet current accessibility, egress and code requirements, create better internal circulation, and improve exterior entries to extend the useful life of the building for another 25 years. The project will increase the net square footage by approximately 5,000 square feet and provide approximately 19,500 net assignable square feet of space for certain Liberal Arts centers.

This proposed repair and rehabilitation project has been approved by U. T. System staff and meets the criteria for inclusion in the CIP. Design development plans and authorization of expenditure of funding will be approved by the Chancellor at a later date.

4. **U. T. Austin: Recreational Sports Center Renovations - Amendment of the FY 2011-2016 Capital Improvement Program to include project; approval of total project cost; authorization of institutional management; appropriation of funds; and resolution regarding parity debt (Final Board approval)**

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Powers that the U. T. System Board of Regents amend the FY 2011-2016 Capital Improvement Program (CIP) to include the Recreational Sports Center Renovations project at The University of Texas at Austin as follows:

Project No.:	102-629				
Institutionally Managed:	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>				
Project Delivery Method:	Competitive Sealed Proposals				
Substantial Completion Date:	December 2013				
Total Project Cost:	<table><tr><td><u>Source</u></td><td><u>Proposed</u></td></tr><tr><td>Revenue Financing System Bond Proceeds</td><td>\$ 2,000,000</td></tr></table>	<u>Source</u>	<u>Proposed</u>	Revenue Financing System Bond Proceeds	\$ 2,000,000
<u>Source</u>	<u>Proposed</u>				
Revenue Financing System Bond Proceeds	\$ 2,000,000				

- a. approve a total project cost of \$2,000,000 with funding from Revenue Financing System Bond Proceeds;
- b. authorize U. T. Austin to manage the total project budgets, appoint architects, approve facility programs, prepare final plans, and award contracts;

- c. appropriate funds; and
- d. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that
 - parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt;
 - sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System; and
 - U. T. Austin, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$2,000,000.

BACKGROUND INFORMATION

Debt Service

The \$2,000,000 in Revenue Financing System debt will be repaid from the Recreational Sports Fee. Annual debt service on the \$2,000,000 Revenue Financing System debt is expected to be \$150,000. The institution's debt service coverage is expected to be at least 1.7 times and average 2.0 times over FY 2011-2016.

Project Description

The project will renovate the heavily used Recreational Sports Center (RSC) that opened in 1990. The need for these infrastructure improvements was validated through two independent conditioning assessment studies conducted in 2010. The proposed project will make necessary improvements to both interior and exterior elements by repairing and/or replacing aging mechanical systems including air handling units, plumbing systems and fixtures, roof and waterproofing systems, electrical systems, sound and other audiovisual systems, and life safety systems.

Improvements to the approximately 119,000 gross square foot multiuse facility will increase the service-life while maintaining recreational activities and academic classes

that help to promote wellness, enhance community, and improve the quality of campus life. These recommended infrastructure and systems upgrades will also help to reduce unnecessary operational costs, thereby reducing the RSC's ecological footprint.

This proposed repair and rehabilitation project has been approved by U. T. System staff and meets the criteria for inclusion in the CIP. Design development plans and authorization of expenditure of funding will be approved by the President at a later date. It has been determined that this project would best be managed by the U. T. Austin Facility Management personnel who have the experience and capability to manage all aspects of the work.

5. U. T. Health Science Center – Houston: Research Park Complex Parking Lot 2 - Amendment of the FY 2011-2016 Capital Improvement Program to include project; approval of total project cost; authorization of institutional management; appropriation of funds; and resolution regarding parity debt (Final Board approval)

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and Interim President Colasurdo that the U. T. System Board of Regents amend the FY 2011-2016 Capital Improvement Program (CIP) to include the Research Park Complex Parking Lot 2 project at The University of Texas Health Science Center at Houston as follows:

Project No.: 701-632

Institutionally Managed: Yes No

Project Delivery Method: Competitive Sealed Proposals

Substantial Completion Date: May 2012

Total Project Cost:	<u>Source</u>	<u>Proposed</u>
	Revenue Financing System Bond Proceeds	\$ 2,500,000

- a. approve a total project cost of \$2,500,000 with funding from Revenue Financing System Bond Proceeds;
- b. authorize U. T. Health Science Center – Houston to manage the total project budgets, appoint architects, approve facility programs, prepare final plans, and award contracts;
- c. appropriate 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. 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 \$2,500,000.

BACKGROUND INFORMATION

Debt Service

The \$2,500,000 in Revenue Financing System debt will be repaid from parking revenue from contract and visitor parking. Annual debt service on the \$2,500,000 Revenue Financing System debt is expected to be \$209,000. The institution's debt service coverage is expected to be at least 2.7 times and average 2.8 times over FY 2011-2016.

Project Description

The project will provide 360 parking spaces to support the opening of the Dental Branch Replacement Building. The parking lot will be approximately 126,000 gross square feet and constructed of concrete for a cost of \$19.84 per square foot. The project will include appropriate lighting, landscaping, and security measures.

This proposed repair and rehabilitation project has been approved by U. T. System staff and meets the criteria for inclusion in the CIP. Design development plans and authorization of expenditure of funding will be approved by the President at a later date. It has been determined that this project would best be managed by the U. T. Health Science Center – Houston Facility Management personnel who have the experience and capability to manage all aspects of the work.

6. U. T. Austin: Elementary Charter School Permanent Facility - Amendment of the FY 2011-2016 Capital Improvement Program to reduce the total project cost; approval to revise the funding sources; approval of design development; appropriation of funds and authorization of expenditure; and approval of evaluation of alternative energy economic feasibility (Final Board approval)

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Powers that the U. T. System Board of Regents approve the recommendations for the Elementary Charter School Permanent Facility project at The University of Texas at Austin as follows:

Project No.:	102-220		
Institutionally Managed:	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>		
Project Delivery Method:	Design/Build		
Substantial Completion Date:	January 2012		
Total Project Cost:	<u>Source</u>	<u>Current</u>	<u>Proposed</u>
	Gifts	\$19,000,000	\$3,925,000
	Unexpended Plant Funds		<u>\$2,075,000</u>
			\$6,000,000

- Investment Metrics:** By 2013
- Maintain “Exemplary” status and expand the number of students who achieve “Commended” recognition by 3% per year on each of four standard tests
 - Create a minimum of one community partnership
 - Market best-practice resources for educators

- a. amend the FY 2011-2016 Capital Improvement Program (CIP) to reduce the total project cost from \$19,000,000 to \$6,000,000;
- b. revise the funding sources from \$19,000,000 from Gifts to \$3,925,000 from Gifts and \$2,075,000 from Unexpended Plant Funds;
- c. approve design development plans;
- d. appropriate funds and authorize expenditure of funds; and
- e. approve the evaluation of alternative energy economic feasibility.

BACKGROUND INFORMATION

Previous Board Action

On February 10, 2005, the project was included in the CIP with a total project cost of \$4,500,000 with funding from Gifts. On August 23, 2007, the total project cost was increased to \$19,000,000 with the approval of the 2008-2013 CIP. On February 22, 2011, institutional management was approved by the Associate Vice Chancellor for Facilities Planning and Construction.

Project Description

The project will address the need for a permanent facility at the U. T. Elementary Charter School. The project will include a cafeteria and teaching kitchen, gymnasium, library, and various support and outdoor teaching areas. The 13,600 gross square foot facility is designed to be cost and space efficient utilizing multifunctional grade school design and construction standards. The design will allow for planned future phases including an administration and classroom wing. In addition, it is the desire of the University for this project to adhere to the City of Austin's Green Building Program guidelines.

The original concept for a complete, operational, and self-sustaining new elementary school was beyond budget limitations. The scope of this project has been reduced to the core phase module. Future year's phases would expand the facility to a fully functional permanent school as funding becomes available.

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

Basis of Design

The planned building life expectancy includes the following elements:

- Enclosure: 50 years
- Building Systems: 25 years
- Interior Construction: 10 years

The facility will be a pre-engineered structure with an exterior appearance and finish consistent with other neighborhood buildings and the Master Plan for this remote campus. The mechanical and electrical building systems are designed consistent with cost-effective building concepts. The interior appearance and finish are consistent with regional elementary schools.

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

7. U. T. Austin: Indoor Tennis Facility at Steiner Ranch - Approval of design development; appropriation of funds and authorization of expenditure; approval of evaluation of alternative energy economic feasibility (Final Board approval)

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Powers that the U. T. System Board of Regents approve the recommendations for the Indoor Tennis Facility at Steiner Ranch project at The University of Texas at Austin as follows:

Project No.:	102-371	
Project Delivery Method:	Construction Manager-at-Risk	
Substantial Completion Date:	April 2012	
Total Project Cost:	<u>Source</u>	<u>Current</u>
	Gifts	\$ 8,000,000
Investment Metrics:	<u>By 2012</u>	
	<ul style="list-style-type: none"> • Provide year round up-to-date training and practice facility while enhancing position of Men’s and Women’s Athletics as top in the country • Provide a safe and controlled environment for young tennis athletes to attend sports camp thereby enhancing the positive view of the collegiate experience at The University of Texas 	

- a. approve design development plans;
- b. appropriate funds and authorize expenditure of \$8,000,000 with funding from Gifts; and
- c. approve the evaluation of alternative energy economic feasibility.

BACKGROUND INFORMATION

Previous Board Action

On November 9, 2007, the project was included in the Capital Improvement Program as the Indoor Tennis Facility at Whitaker Fields with a total project cost of \$8,000,000 with funding from Gifts. On November 29, 2010, the Associate Vice Chancellor for Facilities Planning and Construction approved the nonhonorific renaming to Indoor Tennis Facility at Steiner Ranch. On February 18, 2011, the Board approved the purchase of approximately 3.78 unimproved acres for use as the site of an indoor and outdoor tennis facility.

Project Description

The project involves the design and construction of six indoor tennis courts, housed in a pre-engineered structure with minimal interior finishes and standing seam metal roof, four outdoor tennis courts, and support facilities totaling approximately 50,000 gross square feet. The project will involve offsite infrastructure work including utilities and roadways as necessary to support the project. The building will be used as a training facility for the U. T. Austin Men's and Women's Tennis Teams and will be located at Steiner Ranch adjacent to The University of Texas Golf Club.

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

Basis of Design

The planned building life expectancy includes the following elements:

- Enclosure: 20 years
- Building Systems: 15 years
- Interior Construction: 20 years

The exterior appearance and finishes are consistent with existing nearby U. T. Golf Club facilities and residential buildings.

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

8. U. T. Dallas: Arts and Technology Complex portion of the Arts and Technology Facility - Approval of design development; appropriation of funds and authorization of expenditure; approval of evaluation of alternative energy economic feasibility; and resolution regarding parity debt (Final Board approval)

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Daniel that the U. T. System Board of Regents approve the recommendations for the Arts and Technology Complex portion of the Arts and Technology Facility project at The University of Texas at Dallas as follows:

Project No.:	302-392A	
Project Delivery Method:	Construction Manager-at-Risk	
Substantial Completion Date:	December 2012	
Total Project Cost for the Arts and Technology Facility:	<u>Source</u>	<u>Current</u>
	Permanent University Fund Bond Proceeds	\$47,500,000
	Revenue Financing System Bond Proceeds	<u>\$32,800,000</u>
		\$80,300,000
Total Project Cost for the Arts and Technology Complex portion of the project:	<u>Source</u>	<u>Current</u>
	Permanent University Fund Bond Proceeds	\$35,000,000
	Revenue Financing System Bond Proceeds	<u>\$25,500,000</u>
		\$60,500,000
Investment Metrics:	<u>By 2017:</u>	
	<ul style="list-style-type: none"> • Add 5,000 full-time equivalent (FTE) students • Increase number of tenure-track faculty to a total of 610 • Receive over \$100 million per year in research expenditures 	

- a. approve design development plans for the Arts and Technology Complex portion of the project;
- b. appropriate funds and authorize expenditure of \$35,000,000 from Permanent University Fund Bond Proceeds and \$25,500,000 from Revenue Financing System Bond Proceeds;
- c. approve the evaluation of alternative energy economic feasibility; and
- d. resolve in accordance with Section 5 of the Amended and Restated Master Resolution Establishing The University of Texas System Revenue Financing System that
 - parity debt shall be issued to pay the project's cost, including any costs prior to the issuance of such parity debt;

- sufficient funds will be available to meet the financial obligations of the U. T. System, including sufficient Pledged Revenues as defined in the Master Resolution to satisfy the Annual Debt Service Requirements of the Financing System, and to meet all financial obligations of the U. T. System Board of Regents relating to the Financing System; and
- U. T. Dallas, which is a "Member" as such term is used in the Master Resolution, possesses the financial capacity to satisfy its direct obligation as defined in the Master Resolution relating to the issuance by the U. T. System Board of Regents of tax-exempt parity debt in the aggregate amount of \$25,500,000.

BACKGROUND INFORMATION

Debt Service

The \$25,500,000 in Revenue Financing System debt will be repaid from institutional funds. Annual debt service on the \$25,500,000 Revenue Financing System debt is expected to be approximately \$1,900,000. The institution's debt service coverage is expected to be at least 2.0 times and average 2.4 times over FY 2011-2016.

Previous Board Actions

On August 23, 2007, the Board approved the allocation of \$45,000,000 from Permanent University Fund (PUF) Bond Proceeds for the Arts and Technology Facility. On February 7, 2008, the project was included in the Capital Improvement Program (CIP) with a total project cost of \$81,000,000 with funding of \$45,000,000 from PUF and \$36,000,000 from Revenue Financing System (RFS) Bond Proceeds. On March 30, 2010, the Chancellor approved reducing the total project cost to \$80,300,000 with funding of \$45,000,000 from PUF and \$35,300,000 from RFS. On May 13, 2010, the Board approved design development of the Utility Infrastructure Improvements portion of the project. On December 10, 2010, the Chancellor approved revising the total project funding to \$32,800,000 from RFS and \$47,500,000 from PUF.

Project Description

The complex of shared program space will facilitate the convergence of engineering and technology with arts and humanities creatively integrating the arts with computer science, engineering, and multimedia communications programs into the 157,920 gross square foot building. The spaces in the proposed building include assembly/gathering spaces, including a 1,200 seat lecture hall, conference rooms, faculty offices, exhibition spaces, visualization rooms, computer labs, optical motion capture lab, acoustic and sound research labs, and visual arts studios for painting, photography, print making and sculpture. Curriculum areas include computer game and simulation design, animation

and scientific visualization, mobile interactive communications design and development, digital sound design, the use of and the design of blended and online teaching and learning tools, and the visual arts programs. Blended and online learning is at the heart of the Arts and Technology and Visual Arts instructional program.

The project will join science with humanities, creativity with technology, theory with practice, and learning with research. The building is functionally supportive of the program elements of both the Arts and Technology and Visual Arts programs, taking advantage of shared lab/studio space, shared support space, and shared lecture space, significantly reducing the overall program requirements for two separate facilities.

The remaining phases of the Arts and Technology Facility project will include roadway and parking improvements, renovation of vacated space, and general landscaping of the surrounding campus. The remaining total project cost of \$5,500,000 with funding of \$3,000,000 from RFS and \$2,500,000 from PUF will be authorized at a later date.

Basis of Design

The planned building life expectancy includes the following elements:

- Enclosure: 50 years
- Building Systems: 25 years
- Interior Construction: 25 years

The new home proposed for the Arts and Technology and Visual Arts program is architecturally expressive of the University's vision and goals, as well as being functionally supportive of its program elements. The building's organization is foremost about collaboration and creating a place where great thoughts can germinate, take root and grow -- a convergence of the arts and technology. It is a building that looks towards the future but is cognizant of its context, facing the new Mall that is the heart of U. T. Dallas. The building "speaks to innovation" but is also timeless in its appearance. It achieves all of the above while being cost effective. It is an outward facing building that encourages the engagement of the public and 'advertises' its program.

The Arts and Technology and Visual Arts Building is located in the student center of the campus. In conjunction with the Library, the Student Union, and the new Student Services Building, located directly across from it on the Mall, this collection of buildings together with the Mall will develop a true energetic and focused heart for U. T. Dallas. The project's architectural presence respects the existing campus context and environment.

Texas Government Code Section 2166.403 requires the governing body of a State agency to verify in an open meeting the economic feasibility of incorporating alternative energy devices into a new State building or an addition to an existing building.

Therefore, the Project Architect prepared a renewable energy evaluation for this project in accordance with the Energy Conservation Design Standards for New State Buildings. This evaluation determined that alternative energy devices such as solar, wind, biomass, or photovoltaic energy are not economically feasible for the project.

9. **U. T. San Antonio: Student Housing Phase III – Amendment of the FY 2011-2016 Capital Improvement Program to increase the total project cost; approval of transfer of funds from Laurel Village and Chaparral Village at UTSA projects; approval of reduction of total project costs for Laurel Village and Chaparral Village at UTSA projects; approval of design development; appropriation of funds and authorization of expenditure; approval of evaluation of alternative energy economic feasibility; and resolution regarding parity debt (Final Board approval)**

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Romo that the U. T. System Board of Regents approve the recommendations for the Student Housing Phase III project at The University of Texas at San Antonio as follows:

Student Housing Phase III

Project No.:	401-570		
Project Delivery Method:	Construction Manager-at-Risk		
Substantial Completion Date:	June 2013		
Total Project Cost:	<u>Source</u>	<u>Current</u>	<u>Proposed</u>
	Revenue Financing System Bond Proceeds	\$37,121,000	\$39,921,000
	Auxiliary Enterprises Balances	\$ 2,834,000	\$ 3,634,000
		\$39,955,000	\$43,555,000

- Investment Metrics:** By 2013
- Increase on-campus student housing by approximately 11% of the current campus goal for housing (5,
 - 300 beds)
 - Increase campus student housing by 618 beds

Laurel Village

Project No.:	401-211		
Project Delivery Method:	Construction Manager-at-Risk		
Substantial Completion Date:	June 2008		
Total Project Cost:	<u>Source</u>	<u>Current</u>	<u>Proposed</u>
	Revenue Financing System Bond Proceeds	\$43,182,000	\$42,182,000
	Auxiliary Enterprises Balances	\$ 1,000,000	\$ 280,000
		\$44,182,000	\$42,462,000

Chaparral Village at UTSA

Project No.: 401-139

Project Delivery Method: Construction Manager-at-Risk

Substantial Completion Date: June 2008

Total Project Cost:	<u>Source</u>	<u>Current</u>	<u>Proposed</u>
	Revenue Financing System Bond Proceeds	\$42,000,000	\$40,900,000

- a. amend the FY 2011-2016 Capital Improvement Program (CIP) to increase the total project cost for the Student Housing Phase III project from \$39,955,000 to \$43,555,000;
- b. approve the transfer of funding of \$1,720,000 from the Laurel Village project with \$1,000,000 from Revenue Financing System Bond Proceeds and \$720,000 from Auxiliary Enterprises Balances to the Student Housing Phase III project;
- c. reduce the total project cost for the Laurel Village project from \$44,182,000 to \$42,462,000;
- d. approve the transfer of funding of \$1,100,000 from Revenue Financing System Bond Proceeds from the Chaparral Village at UTSA project to the Student Housing Phase III project;
- e. reduce the total project cost for the Chaparral Village at UTSA project from \$42,000,000 to \$40,900,000;
- f. appropriate additional funding of \$700,000 from Revenue Financing System Bond Proceeds and \$80,000 from Auxiliary Enterprises Balances to the Student Housing Phase III project;
- g. approve design development plans for the Student Housing Phase III project;
- h. appropriate funds and authorize expenditure of \$43,555,000 with funding of \$39,921,000 from Revenue Financing System Bond Proceeds and \$3,634,000 from Auxiliary Enterprises Balances for the Student Housing Phase III project;
- i. approve the evaluation of alternative energy economic feasibility; and
- j. 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 Student Housing Phase III 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. 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 \$39,921,000.

BACKGROUND INFORMATION

Project Description

The new student dormitory will contain approximately 187,300 gross square feet to house 618 students and will be located on the Main Campus in close proximity to existing student housing and dining facilities as well as to the future campus recreation fields. The project will be a four-story complex with 300 double occupancy units, three single occupancy units, seven double occupancy Americans with Disabilities Act (ADA) compliant units, and one resident manager's unit. The increase in total project cost is due to impact from the mitigation of existing utilities and soil conditions, improved durability of exterior finishes, and an increase of 19,000 gross square feet to accommodate student needs including additional lounge spaces for student gatherings, laundry rooms on each floor, and additional communications rooms for use by multiple vendors providing Internet, cable, and phone service.

The goal stated in the Campus Master Plan is to provide campus housing for 20% of the student enrollment or approximately 5,300 beds based on the current enrollment. Currently, U. T. San Antonio provides approximately 1,678 beds and a private provider houses approximately 1,965 beds on campus for a combined total of approximately 3,643 beds. The addition of another 618 beds would bring the total of on-campus beds to 4,261. The current student housing occupancy rate is 96.1% campus-wide. The waiting list for the 2010-2011 school year was 68 students. These students were accommodated at nearby hotels until campus housing became available.

Debt Service

The \$39,921,000 in Revenue Financing System debt for the Student Housing Phase III project will be repaid from housing revenues. Annual debt service on the \$39,921,000 Revenue Financing System debt is expected to be approximately \$2,700,000. The institution's debt service coverage is expected to be at least 1.4 times and average 1.8 times over FY 2011-2016.

Previous Board Actions

Student Housing Phase III

On May 13, 2010, the project was added to the CIP with a total project cost of \$39,955,000 with funding of \$37,121,000 from Revenue Financing System Bond Proceeds and \$2,834,000 from Auxiliary Enterprises Balances.

Laurel Village

On August 7, 2003, the project was included in the CIP with a preliminary project cost of \$20,500,000 with funding from Revenue Financing System Bond Proceeds. On August 12, 2004, the Board approved the increase of the preliminary project cost from \$20,500,000 to \$27,000,000 with funding from Revenue Financing System Bond Proceeds. On November 5, 2004, the Board approved the design development plans and appropriated funding of \$27,000,000 from Revenue Financing System Bond Proceeds. With the adoption of the FY 2006-2011 CIP on August 11, 2005, the Board approved the increase in the total project cost from \$27,000,000 to \$35,620,000. On August 8, 2006, the Chancellor approved the increase in the total project cost from \$35,620,000 to \$39,182,000 with additional funding of \$1,500,000 from Revenue Financing System Bond Proceeds transferred from the Chaparral Village project and an additional \$2,062,000 of Revenue Financing System Bond Proceeds. On November 16, 2006, the Board approved the increase of the total project cost from \$39,182,000 to \$44,182,000 with funding of \$500,000 from Revenue Financing System Bond Proceeds and \$1,000,000 from Auxiliary Enterprises Balances transferred from Chaparral Village project, for funding of \$43,182,000 from Revenue Financing System Bond Proceeds and \$1,000,000 from Auxiliary Enterprises Balances.

Chaparral Village at UTSA

On February 14, 2002, the Student Housing Expansion - Phase I project was included in the CIP with a total project cost of \$12,000,000 with funding from Revenue Financing System Bond Proceeds. On May 8, 2002, the Board approved the increase in total project cost from \$12,000,000 to \$16,200,000 with funding from Revenue Financing System Bond Proceeds. On August 8, 2002, the Board approved the increase in total project cost from \$16,200,000 to \$19,000,000 and appropriated and approved expenditure of \$2,800,000 from Revenue Financing System Bond Proceeds. On May 8, 2003, the Board approved the increase in total project cost from \$19,000,000 to \$45,000,000 with funding of \$44,000,000 from Revenue Financing System Bond Proceeds and \$1,000,000 from Auxiliary Enterprise Balances. On February 11, 2004, the Assistant Vice Chancellor for Facilities Planning and Construction approved the

nonhonorific naming of the project to Chaparral Village at UTSA. On August 8, 2006, the Chancellor approved the decrease in total project from \$45,000,000 to \$43,500,000 with funding of \$42,500,000 from Revenue Financing System Bond Proceeds and \$1,500,000 transferred from the Laurel Village project and \$1,000,000 from Auxiliary Enterprises Balances. On November 16, 2006, the Board approved a decrease in total project cost from \$43,500,000 to \$42,000,000 with funding of \$500,000 from Revenue Financing System Bond Proceeds and \$1,000,000 from Auxiliary Enterprises Balances transferred to Laurel Village project, with funding of \$42,000,000 from Revenue Financing System Bond Proceeds.

Basis of Design

The planned building life expectancy includes the following elements:

- Enclosure: 75 years
- Building Systems: 30 years
- Interior Construction: 15 years

The exterior appearance and finish are consistent with the Campus Master Plan and will enhance existing student housing. The building design has incorporated, and the project provides, infrastructure to support planned future growth. This facility incorporates commercial standards and modular building practices. The interior appearance and finish are consistent with existing campus buildings and other U. T. System student housing.

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

10. U. T. San Antonio: John Peace Library Building Renovations - Amendment of the FY 2011-2016 Capital Improvement Program to increase total project cost and appropriation of additional funds (Final Board approval)

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and President Romo that the U. T. System Board of Regents amend the FY 2011-2016 Capital Improvement Program (CIP) for the John Peace Library Building Renovations project at The University of Texas at San Antonio as follows:

Project Delivery Method: Competitive Sealed Proposals

Institutionally Managed: Yes No

Substantial Completion Date: May 2012

Total Project Cost:	<u>Source</u>	<u>Current</u>	<u>Proposed</u>
	Designated Funds	\$5,500,000	\$7,300,000

- a. amend the FY 2011-2016 Capital Improvement Program (CIP) to increase the total project cost from \$5,500,000 to \$7,300,000; and
- b. appropriate additional funding of \$1,800,000 from Designated Funds.

BACKGROUND INFORMATION

Previous Board Action

On August 12, 2010, the project was included in the CIP with a total project cost of \$5,500,000 with funding from Designated Funds. On October 1, 2010, the President approved the design development plans and authorized expenditure of funds.

Project Description

The project will renovate portions on the second, third, and fourth floors of the John Peace Library building to create collaborative learning environments and renovate assembly room and library staff space. The increase in total project cost will provide further renovations to improve library services, integration, and access to achieve U. T. San Antonio's goal of obtaining membership in the Association of Research Libraries in 2014.

Phases I and 2 completed to date include demolition and reconstruction of existing second floor public service areas; construction of data closets; renovation of the technical services area and student and staff lounge areas; updated electrical

equipment, built-in specialties and equipment, and interior finishes. Following completion of all phases, approximately 225,891 gross square feet will have been renovated.

This proposed repair and rehabilitation project has been approved by U. T. System staff and meets the criteria for inclusion in the CIP. Design development plans and authorization of expenditure of funding will be approved by the President at a later date. It has been determined that this project would best be managed by the U. T. San Antonio Facility Management personnel who have the experience and capability to manage all aspects of the work.

11. U. T. Medical Branch – Galveston: Ike Recovery Projects – Academic and Business Buildings, Healthcare Buildings, Infrastructure, and Research Buildings - Amendment of the FY 2011-2016 Capital Improvement Program to increase or decrease the total project costs; appropriation of funds and authorization of expenditure; and delegation of authority to the Chancellor to rebalance the funding and project costs within approved total budget (Final Board approval)

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and President Callender that the U. T. System Board of Regents approve the recommendations for the Ike Recovery Projects at The University of Texas Medical Branch at Galveston as follows.

President Callender and Mr. Stephen Harris, Regional Program Manager in the Office of Facilities, Planning and Construction will outline the recommendations for the Ike Recovery Projects at The University of Texas Medical Branch at Galveston during the Health Affairs Committee meeting (Item 4 on Page 145).

Academic and Business Buildings – Ike Recovery

Project No.: 601-504
Project Delivery Method: Construction Manager-at-Risk
Substantial Completion Date: August 2013

Total Project Cost	<u>Source</u>	<u>Current</u>	<u>Proposed</u>
	FEMA Insurance Claims	\$109,367,000	\$180,155,380
	Private Insurance Claims	\$ 16,283,000	\$ 16,283,000
	General Revenue (State Matching Funds)	\$ 36,455,000	\$ 36,455,000
	Hospital Revenues	<u>\$ 9,000,000</u>	<u>\$ 19,000,000</u>
		\$171,105,000	\$251,893,380

Healthcare Buildings – Ike Recovery

Project No.: 601-505
Project Delivery Method: Construction Manager-at-Risk
Substantial Completion Date: November 2013

Total Project Cost:	<u>Source</u>	<u>Current</u>	<u>Proposed</u>
	FEMA Insurance Claims	\$183,284,000	\$189,280,930
	Private Insurance Claims	\$ 27,289,000	\$ 15,237,002
	General Revenue (State Matching Funds)	\$ 61,095,000	\$ 53,605,351
	Hospital Revenues	\$ 26,354,365	\$ 26,739,331
	Grants	\$ 577,530	\$ 192,564
		<u>\$298,599,895</u>	<u>\$285,055,178</u>

Infrastructure – Ike Recovery

Project No.: 601-506
Project Delivery Method: Construction Manager-at-Risk
Substantial Completion Date: July 2015

Total Project Cost:	<u>Source</u>	<u>Current</u>	<u>Proposed</u>
	FEMA Insurance Claims	\$149,204,677	\$419,685,714
	Private Insurance Claims	\$ 14,669,000	\$ 14,669,000
	General Revenue (State Matching Funds)	\$ 32,841,000	\$ 55,791,549
	Hospital Revenues	\$ 5,000,000	\$ 32,038,481
		<u>\$201,714,677</u>	<u>\$522,184,744</u>

Research Buildings – Ike Recovery

Project No.: 601-507
Project Delivery Method: Construction Manager-at-Risk
Substantial Completion Date: August 2013

Total Project Cost:	<u>Source</u>	<u>Current</u>	<u>Proposed</u>
	FEMA Insurance Claims	\$ 58,827,000	\$ 55,238,208
	Private Insurance Claims	\$ 8,759,000	\$ 8,759,000
	General Revenue (State Matching Funds)	\$ 19,609,000	\$ 4,148,100
	Hospital Revenues	\$ 8,400,000	\$ 8,400,000
		<u>\$ 95,595,000</u>	<u>\$ 76,545,308</u>

a. Academic and Business Buildings

- amend the FY 2011-2016 Capital Improvement Program (CIP) to increase the total project cost for the project from \$171,105,000 to \$251,893,380;
- appropriate funds and authorize expenditure of \$70,788,380 from Federal Emergency Management Agency (FEMA) Insurance Claims, and \$10,000,000 from Hospital Revenues;

- b. Healthcare Buildings
 - amend the FY 2011-2016 Capital Improvement Program (CIP) to decrease the total project cost for the project from \$298,599,895 to \$285,055,178;
 - appropriate funds and authorize expenditure of \$5,996,930 from FEMA Insurance Claims, and \$384,966 from Hospital Revenues;
- c. Infrastructure
 - amend the FY 2011-2016 CIP to increase the total project cost for the project from \$201,714,677 to \$522,184,744;
 - appropriate funds and authorize expenditure of \$270,481,037 from FEMA Insurance Claims, \$22,950,549 from State Matching Funds, and \$27,038,481 from Hospital Revenues;
- d. Research Buildings
 - amend the FY 2011-2016 CIP to decrease the total project cost for the project from \$95,595,000 to \$76,545,308;
- e. delegate authority to the Chancellor to rebalance the funding and project costs within the four Ike Recovery projects.

BACKGROUND INFORMATION

Previous Board Actions

On August 20, 2009, the **Academic and Business Buildings** project was included in the CIP with a total project cost of \$162,105,000 with funding of \$109,367,000 from FEMA Insurance Claims, \$16,283,000 from Private Insurance Claims, and \$36,455,000 from State Matching Funds. On May 17, 2010, the Chancellor approved the design development plans and authorized the expenditure of funds. On December 13, 2010, the Chancellor approved an increase in the total project cost from \$162,105,000 to \$171,105,000 and revised the funding sources to include \$9,000,000 from Hospital Revenues.

On August 20, 2009, the **Healthcare Buildings** project was included in the CIP with a total project cost of \$271,668,000 with funding of \$183,284,000 from FEMA Insurance Claims, \$27,289,000 from Private Insurance Claims, and \$61,095,000 from State Matching Funds. On May 17, 2010, the Chancellor approved the design development plans and authorized the expenditure of funds. On August 9, 2010, the Chancellor

approved an increase in the total project cost from \$271,668,000 to \$275,620,780 and revised the funding sources to include \$3,952,780 from Hospital Revenues. On July 23, 2010, the Chancellor approved an increase in the total project cost from \$275,620,780 to \$276,599,895 with additional funding of \$401,585 from Hospital Revenues and revised the funding sources to include \$577,530 from Grants. On December 13, 2010, the Chancellor approved an increase in the total project cost from \$276,599,895 to \$298,599,895 with additional funding of \$22,000,000 from Hospital Revenues.

On August 20, 2009, the **Infrastructure** project was included in the CIP with a total project cost of \$146,032,000 with funding of \$98,522,000 from FEMA Insurance Claims, \$14,669,000 from Private Insurance Claims, and \$32,841,000 from State Matching Funds. On May 17, 2010, the Chancellor approved the design development plans and authorized expenditure. On November 11, 2010, the Board approved an increase in the total project cost from \$146,032,000 to \$196,714,677 with additional funding of \$50,682,677 from FEMA Insurance Claims. On December 13, 2010, the Chancellor approved an increase in the total project cost from \$196,714,677 to \$201,714,677 and revised the funding sources to include \$5,000,000 from Hospital Revenues.

On August 20, 2009, the **Research Buildings** project was included in the CIP with a total project cost of \$87,195,000 with funding of \$58,827,000 from FEMA Insurance Claims, \$8,759,000 from Private Insurance Claims, and \$19,609,000 from State Matching Funds. On May 17, 2010, the Chancellor approved the design development plans and authorized expenditure. On October 26, 2010, the Chancellor approved an increase in the total project cost from \$87,195,000 to \$91,595,000 and revised the funding sources to include \$4,400,000 from Hospital Revenues. On December 13, 2010, the Chancellor approved an increase in the total project cost from \$91,595,000 to \$95,595,000 with additional funding of \$4,000,000 from Hospital Revenues.

Project Description

The Board approved addition of the four Ike Recovery projects to the CIP on August 20, 2009. That action and the approved project structure have helped the work of the recovery move forward effectively. The estimates used to determine the initial project costs were primarily focused on repair; however, as UTMB and FEMA have worked through specific building assessments, it is clear that mitigation activity will be a large portion of the overall effort. All four projects will require phasing of construction and temporary accommodations to minimize the impact to university operations and may include multiple construction phases with impacts to several building floors, interim moves of active programs, temporary utilities to support phasing, and overtime and after-hours work by the mobilized construction workforce. These costs which are eligible for FEMA funding, coupled with the proposed construction durations, significantly impact the anticipated overall funding required. As UTMB and U. T. System continue the reconciliation and approval of damaged scope, repair, and mitigation efforts, the requested adjustments to funding and total project costs are noted above and aligned with the scope clarifications included in each project as follows:

Academic and Business Buildings - The scope of work includes repair and mitigation work in over 40 buildings serving academic and business functions. The work involves repair and mitigation of all first floor spaces; crawl spaces; basement areas; building elevators; mechanical, electrical, and plumbing (MEP) systems; heating, ventilation, and air conditioning (HVAC) units; security and life safety systems; telecommunication systems; and building envelope repairs. This increase in funding is proposed to address items including the complexity of mitigation for the historic structures on and off campus, the phasing and temporary measures necessary to coordinate with student schedules in classroom reconstruction and student housing repairs, and with resolution of larger scale projects at the Rebecca Sealy Hospital and 1902 Harborside, formerly the Lipton Tea building.

Healthcare Buildings - The scope of work includes repair and mitigation work in 10 adjacent/connected hospital and healthcare buildings. The work involves repair and mitigation of first floor spaces, crawl spaces, basement areas, building elevators, roof repair, windows and building envelope, MEP systems, building utilities, HVAC units, security and life safety systems, air quality, medical gas systems, and additional support services. These buildings housed many of the support facilities for the hospital, and work will likely include relocation of kitchen, pharmacy, clinical laboratories, and core infrastructure for the complex. This decrease in funding is proposed following a reconciliation of repair and mitigation costs to the healthcare facilities of the UTMB campus that include the Clinical Services Wing addition to the John Sealy Hospital complex and the ground floor repair and mitigation throughout the Healthcare Complex.

Infrastructure - The scope of work includes repairs to campus-wide distribution systems including: cathodic protection, potable water, fire alarm system communications, fire suppression, domestic water supply systems, storm sewer, diesel supply loop, underground fuel tanks, building card readers, security systems, aboveground propane tanks, electrical emergency power, steam transmission, chilled water systems, electrical power, telecommunication systems, underground telecommunication and data cabling, a condensate return system, and elevator systems. This increase in funding is proposed to address the reconciliation of repair and mitigation costs for the overall replacement of the UTMB thermal distribution infrastructure including the conversion from distributed steam and condensate return to distributed hot water with local building steam generation. This increase also addresses the confirmed costs for repair and mitigation to other campus-wide systems including elevating the critical equipment in reconfigured production plants, replacing and networking critical mechanical and electrical systems, resolving the conversion of the campus heating system from distributed steam to distributed hot water, rebuilding specific elevated utility routings within the core of the campus, and implementing resilient and dedicated utility supplies for natural gas, electrical power, and process water for thermal production.

Research Buildings - The scope of work includes repair and mitigation work in 10 research buildings on the campus. This work involves repair and mitigation of all first floor building spaces, basement areas, crawl spaces, building elevators, MEP systems, HVAC units, roof repairs, building envelope, telecommunications, and security and life safety systems. First floor building areas affected include research laboratory space and support space. This decrease in funding is proposed to address the reconciliation of repair and mitigation costs for the research facilities of the UTMB campus, which sustained less damage than initially estimated.

Within each of these projects are many individual claims for repair and mitigation that result in confirmed scope and funding documented by the FEMA Project Worksheet. To recognize this ongoing effort and the inevitable changes, UTMB is asking that the Board of Regents delegate to the Chancellor the authority to rebalance the funding and total project costs within the approved overall total of the four Ike Recovery projects.

12. U. T. M. D. Anderson Cancer Center: Capital Renewal and Replacement (CRR) Renovation Budget FY2008-2009 – Amendment of the FY 2011-2016 Capital Improvement Program to increase the total project cost and appropriation of additional funds (Final Board approval)

RECOMMENDATION

The Chancellor concurs with the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Business Affairs, and President Mendelsohn that the U. T. System Board of Regents approve the recommendations for the Capital Renewal and Replacement (CRR) Renovation Budget FY2008-2009 project at The University of Texas M. D. Anderson Cancer Center as follows:

Project No.:	703-X47		
Institutionally Managed:	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	
Project Delivery Method:	Competitive Sealed Proposals		
Total Project Cost:	<u>Source</u>	<u>Current</u>	<u>Proposed</u>
	Hospital Revenues	\$ 14,290,000	\$17,590,103

- a. amend the FY 2011-2016 Capital Improvement Program (CIP) to increase the total project cost from \$14,290,000 to \$17,590,103; and
- b. appropriate additional funding of \$3,300,103 from Hospital Revenues.

BACKGROUND INFORMATION

Previous Board Action

On August 23, 2007, the project was included in the CIP with a total project cost of \$14,290,000 with funding from Hospital Revenues.

Project Description

The project scope includes numerous minor projects throughout U. T. M. D. Anderson's facilities, and at the time of addition to the CIP the projects were rolled into one large Capital Renewal and Replacement (CRR) project. It is U. T. M. D. Anderson Cancer Center's business practice to identify anticipated building repairs and component replacements that are likely to occur within the next five years. This information is used to develop and maintain a rolling five-year list of potential projects. Decisions on the scope and extent of repairs and replacements are based upon the impact on future projects, future space utilization, and available CRR funds. The potential projects are prioritized and as priorities change, projects may be moved up or down within the funding queue. Due to the changing priorities of the projects, the total project cost increased by more than 10%, therefore requiring reapproval from the Board.

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. Design development plans and authorization of expenditure of funding will be approved by the President at a later date.



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Committee Meeting: 5/12/2011
Austin, Texas

James D. Dannenbaum, *Chairman*
R. Steven Hicks, *Vice Chairman*
Alex M. Cranberg
Printice L. Gary
Brenda Pejovich

	Committee Meeting	Page
Convene	4:00 p.m. <i>Chairman Dannenbaum</i>	
1. U. T. System: Technology Commercialization Overview	4:00 p.m. Report/Discussion <i>Mr. Aldridge</i> <i>Mr. Allinson</i>	194
2. U. T. System: Report on a Proposed New Investment Fund, tentatively called the U. T. Horizon Fund	4:25 p.m. Report/Discussion <i>Mr. Allinson</i>	211
3. U. T. System: Report on an Intellectual Property Search Engine Portal	4:35 p.m. Report/Discussion <i>Mr. Allinson</i>	222
Adjourn	4:45 p.m.	

1. **U. T. System: Technology Commercialization Overview**

REPORT

Mr. Philip Aldridge, Vice Chancellor for Finance and Business Development, and Mr. Bryan Allinson, Executive Director for Technology Commercialization, will provide a report on the status of technology commercialization at the U. T. System.

The report, as set forth on Pages 195 - 210, reviews the commercialization results from prior years, including a discussion of potential success metrics to be used going forward.

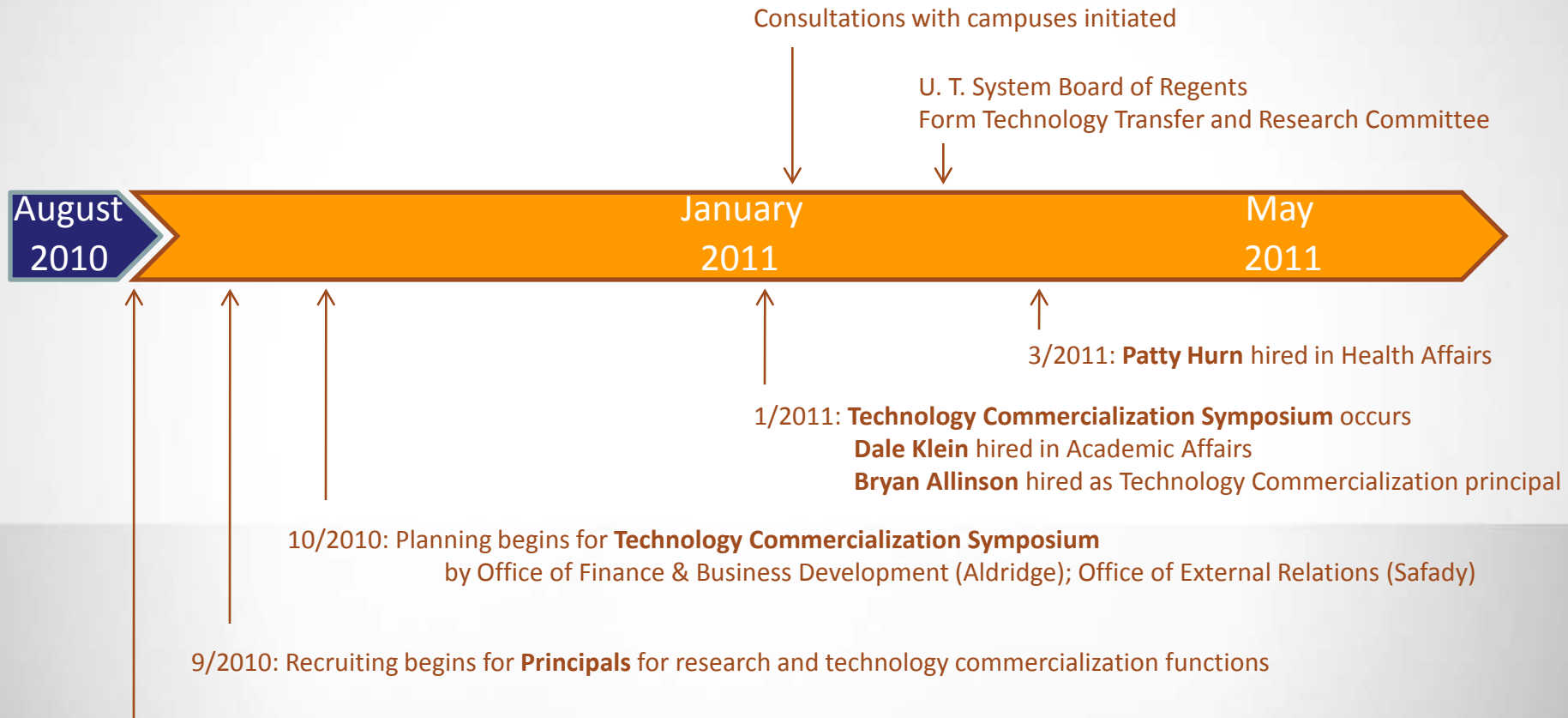
U. T. System Technology Commercialization Overview

Philip Aldridge, Vice Chancellor for Finance and Business Development
Bryan Allinson, Executive Director for Technology Commercialization

U. T. System Board of Regents' Meeting
Technology Transfer and Research Committee
May 2011



U. T. System Administration Modifications



August 2010 Reorganization:

- U. T. System Office of Research and Technology Transfer dissolved
- Academic Research function established in the Office of Academic Affairs
- Health Research function established in the Office of Health Affairs
- Technology Commercialization function established in the Office of Finance, Business Affairs Division



U. T. System Administration Role

- Advise (Assist U. T. System Institutions to commercialize)
- Facilitate access to capital
- Facilitate access to entrepreneurial talent
- Provide scalable, shared services
- Communicate, educate and report
- Support thematic partnering (e.g., license bundling)

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Technology Commercialization Symposium (January 18-19, 2011)



- Hosted by U. T. System Office of Finance with 130 attendees from U. T. System Institutions, industry, and other government entities

- Presenters:

Tom Meredith, Co-founder and General Partner, Meritage Capital, L.P.

Joe Cunningham, M.D., Managing Director, Santé Ventures

Cynthia Molina, Molina Regulatory Consulting

Tracy Davies, Partner, Vinson & Elkins, LLP

Zafira Avnur, Ph.D., Roche

Kerry Rupp, Managing Partner, DreamIt Ventures

Andrew Nat, Executive Director, Texas Life Science Center for Innovation and Commercialization

Jerry Cobbs, Chief Commercialization Officer, Cancer Prevention and Research Institute of Texas

George McLendon, Provost, Rice University

Brett Cornwell, Associate Vice Chancellor of Commercialization, The Texas A&M University System

Mark Rohrbaugh, Ph.D., J.D., Director, OTT, NIH

Richard Miller, M.D., Chief Commercialization Officer, U. T. Austin

Charlie Lewis, Vice President of Venture Development, Arizona Technology Enterprises

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Lessons Learned:

Technology Commercialization Symposium

- Lack of resources impedes technology commercialization
 - Help identify early stage capital
 - Help connect with entrepreneurs and Texas' angel community
- Better understanding of “how to work with” U. T. System would improve technology commercialization
 - U. T. System should help foster a greater awareness of U. T. System's capabilities
 - Create a public search engine of capabilities and assets
- Consider bifurcating conflicts of interest review based on human/patient
 - Clinical v. Basic and Non-health
- Interest in multi-institutional license bundling and thematic partnering
- Interest in shared resources

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U. T. System: Top Tier Agenda for 2011

- Intellectual property scorecard (“success metrics”)
 - How do we measure and communicate success?
 - How do we identify areas of improvement?
- Make available resources to help position U. T. System as “*open and ready for business*”
 - U. T. Horizon Fund
 - Availability of entrepreneurial talent
- Intellectual property search and landscaping tools
- Education and intelligence



Technology Commercialization Trends and Performance Metrics

- Performance Trends
- Metrics
- Measuring Success

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U. T. has a strong intellectual property base

In FY 2009, U. T. System was ranked by The Association of University Technology Managers* as:

2nd in Total Research Funding

2nd in Startups created

3rd in Licenses executed

5th in U.S. Patents Issued

2nd in U.S. Patent Applications

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Research	Patent applications	Patents issued	Licenses	License income	Startups
U. C. System	U. C. System	U. C. System	Washington	City of Hope	U. C. System
U. T. System	U. T. System	MIT	U. C. System	Northwestern	U. T. System
MIT	Johns Hopkins	Stanford	U. T. System	Columbia	Utah
Johns Hopkins	MIT	Wisconsin	Mass General	Sloan Kettering	MIT
Wisconsin	Georgia	U. T. System	North Dakota	U.C. System	California Institute of Technology
Washington	California Institute of Technology	California Institute of Technology	Duke	U. T. System (19th)	Kentucky



U. T. System is top two in startups

Institution	Cumulative Startups (through 2009)	New Startups (2009)	New startups In Home State (2009)	New Startup Home State Retention
University of California System	Did Not Report	47	34	72%
University of Texas System	141	25	22	88%
University of Utah	138	19	17	89%
California Institute of Technology	98	18	11	61%
University of Florida	88	10	6	60%
University of Michigan	80	8	5	63%

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* Source: Association of University Technology Managers STATT (Statistical Access for Technology Transfer)



Technology Commercialization Trends

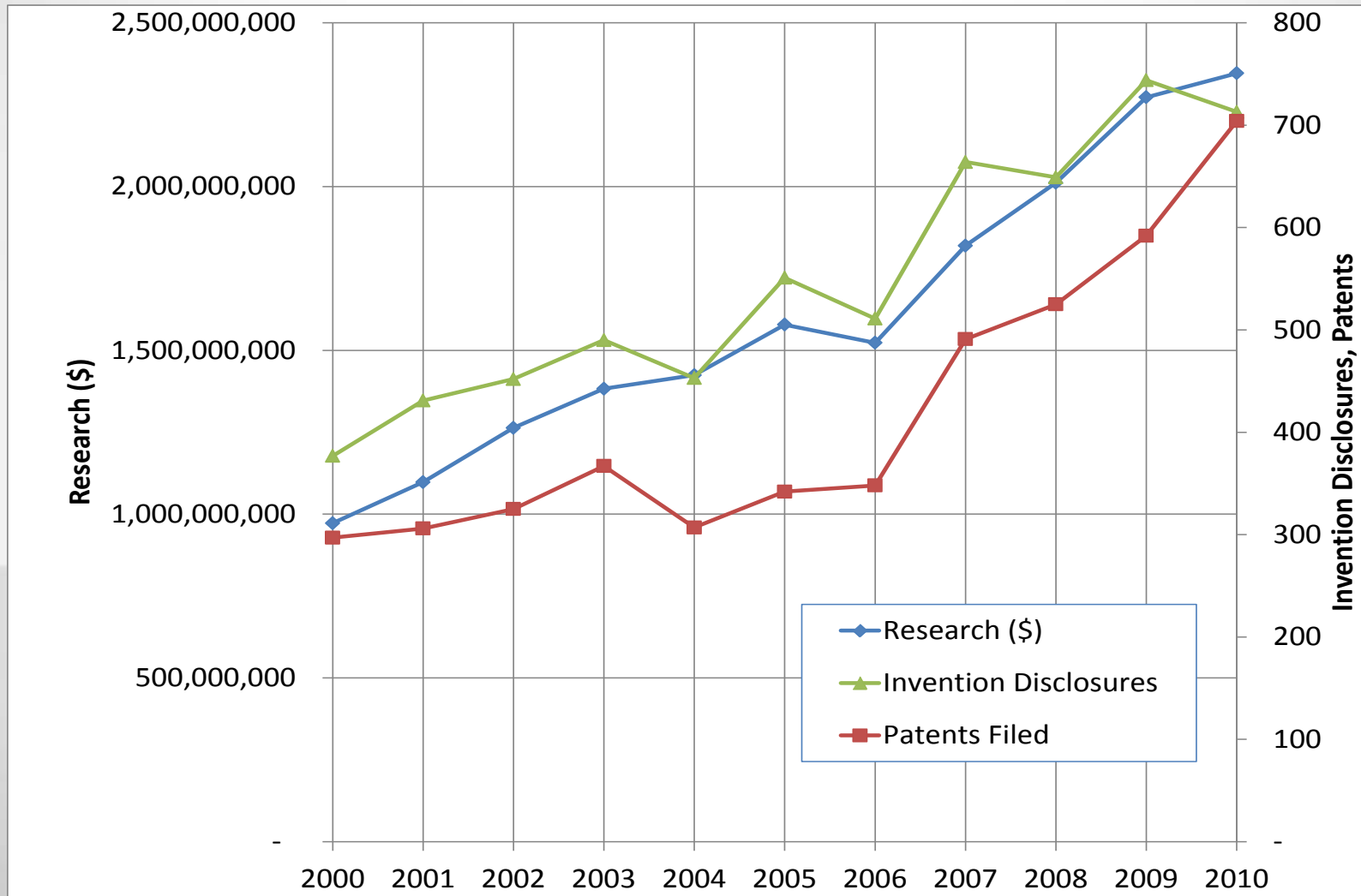
- Research ▶ Disclosures ▶ Patent Filings
- License Agreements ▶ Royalty Revenue
- Start-up Companies

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Research ▶ Disclosures ▶ Patent Filings

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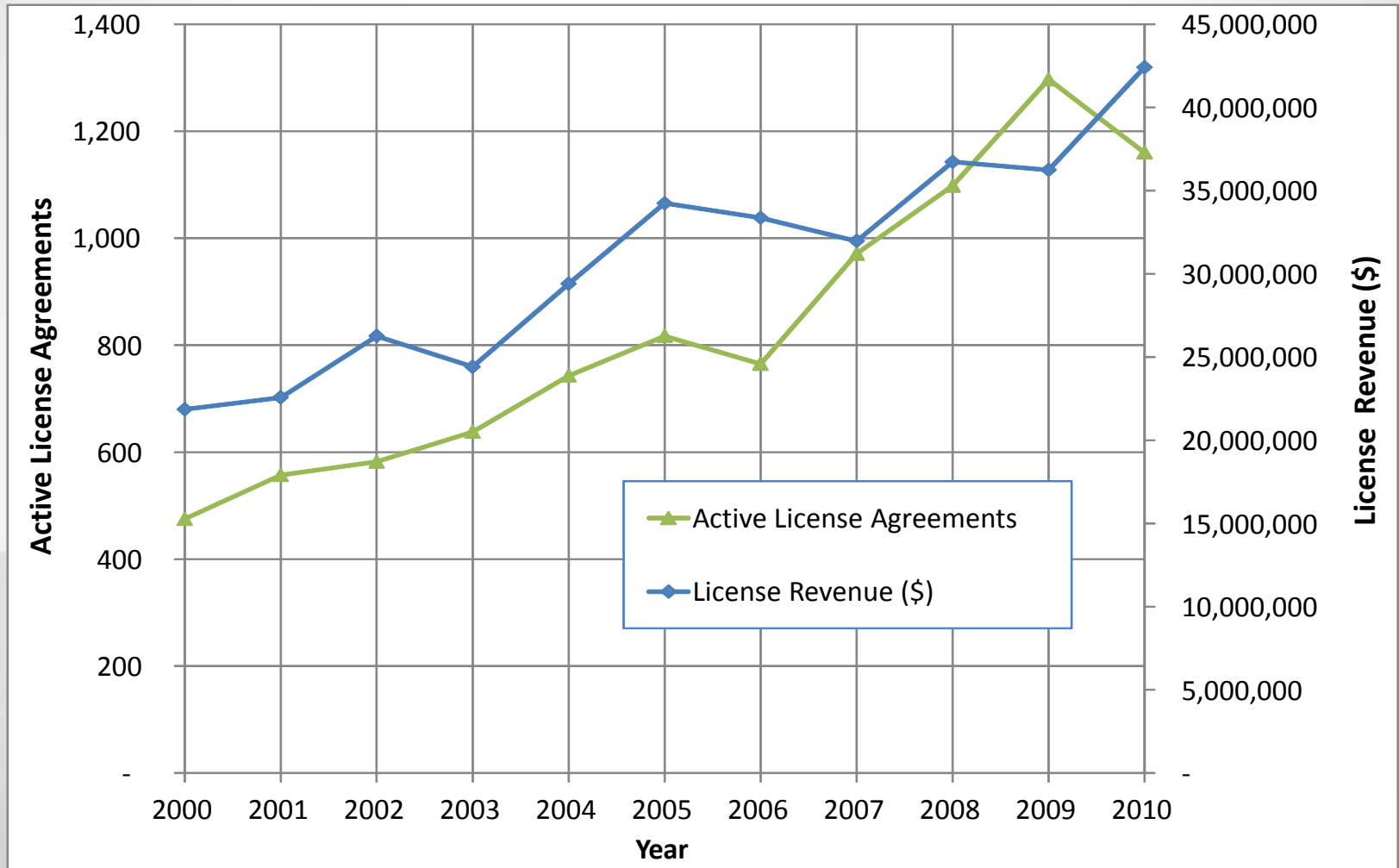


* Source: Association of University Technology Managers STATT (Statistical Access for Technology Interfer)



License Agreements ► License Revenue

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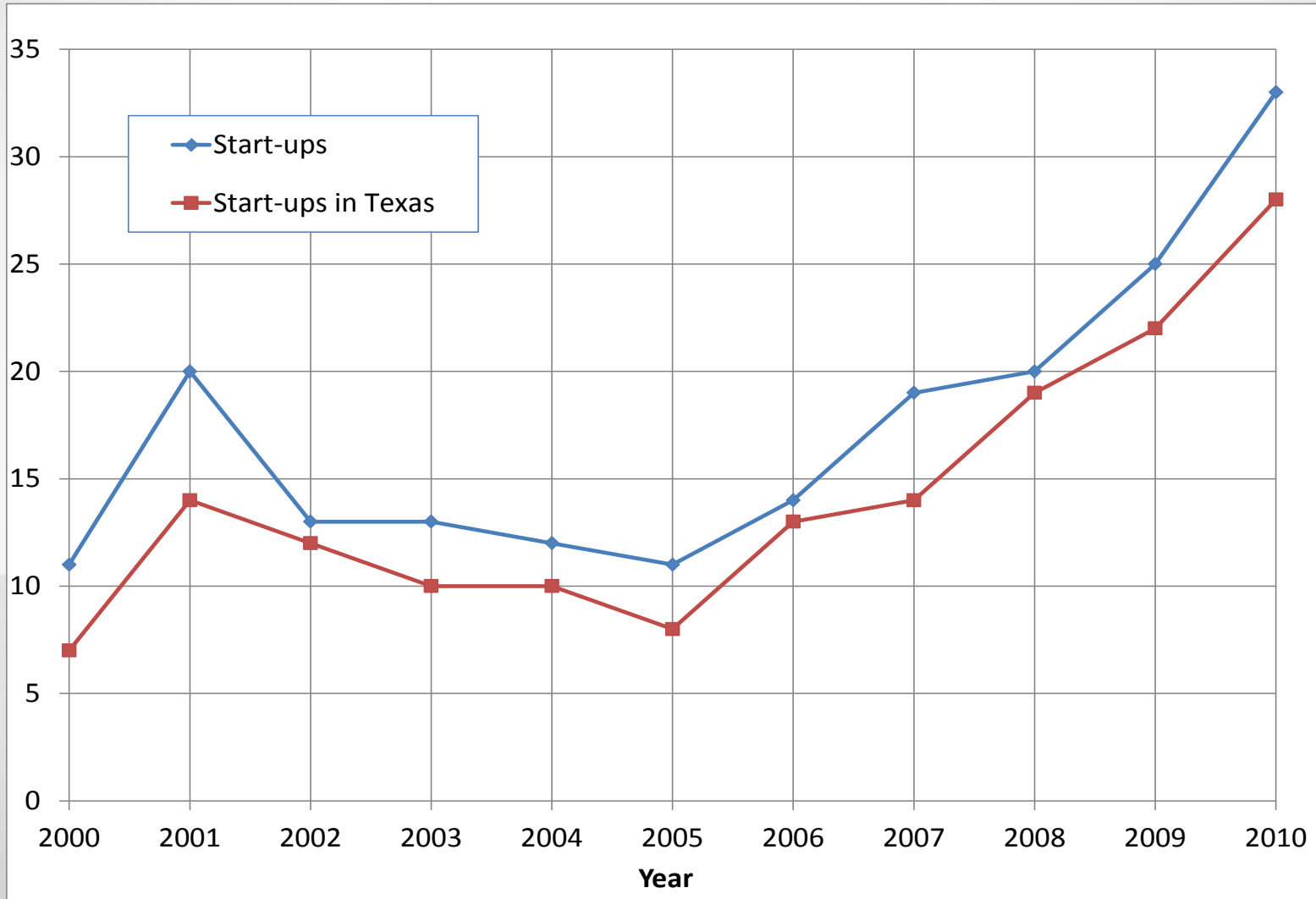


* Source: Association of University Technology Managers STATT (Statistical Access for Technology Interfer)



Start-up Companies

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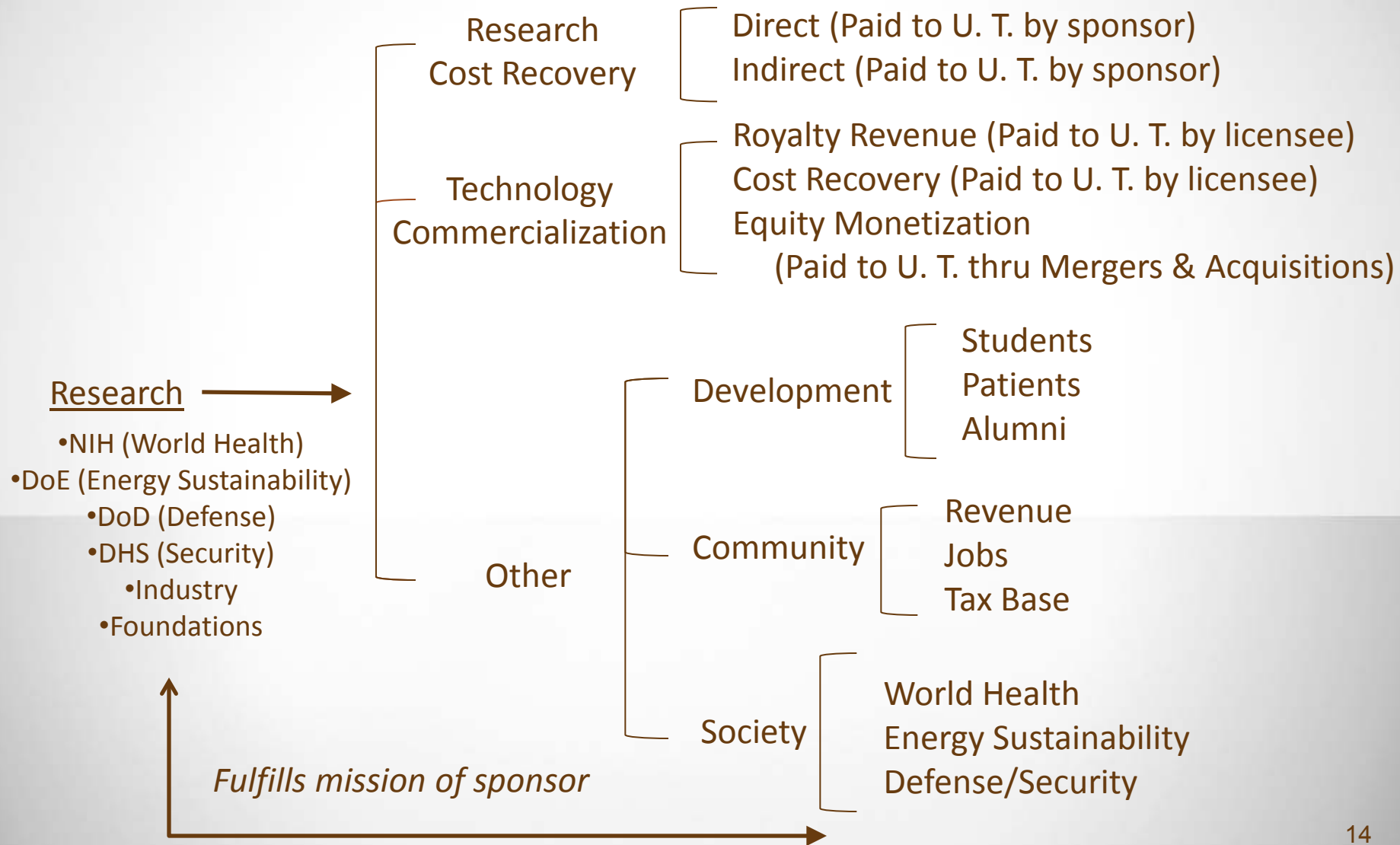


* Source: Association of University Technology Managers STATT (Statistical Access for Technology Interfer)



Understanding “return” from research

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Potential Success Metrics

Scale metrics

- Total Research
- Federal Research
- Industry Research
- Disclosures
- Patents
- Patent Applications
- License Agreements
- Research having U. T. IP or Potential

Performance metrics

- License Income
- Gross Margin (After FTE and legal costs)
- Active Startups
- New Products on the Market
- Patents Licensed

Economic metrics

- Startups
 - Texas
- Licensee Revenue Base
 - Texas
- Jobs
 - Startups
 - Licensees
- Success stories identifying benefit to society
- U. T. alumni employed at Licensees

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U. T. System Results for Fiscal Year 2010

Scale metrics

- \$2.35B Total Research*
- \$1.32B Federal Research*
- \$214M Industry Research*
- 713 New Disclosures *
- 2,405 Total Patents*
- 1,303 U.S. Patents*
- 958 Patent Applications*
- 1,160 License Agreements*
- *Research having U. T. IP or potential*

Performance metrics

- \$42.4M License Income*
- 53% Gross Margin*
- 125 Active Startups*
- 23 New Products on the Market*
- *Patents Licensed*

Economic metrics

- 41 Startups *
 - 29 in Texas*
- *Licensee Revenue Base*
 - *Texas*
- *Jobs*
 - *Startups*
 - *Licensees*
- *Success stories identifying benefit to society*
- *U. T. alumni employed at Licensees*

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* Source: Association of University Technology Managers STATT (Statistical Access for Ichnology Transfer)

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2. **U. T. System: Report on a Proposed New Investment Fund, tentatively called the U. T. Horizon Fund**

REPORT

Mr. Bryan Allinson, Executive Director for Technology Commercialization, will report on a proposal to design and implement a new investment fund at U. T. System Administration, tentatively called the U. T. Horizon Fund.

The purpose of the U. T. Horizon Fund is to 1) facilitate access to financial capital at critical stages of growth, 2) facilitate access to entrepreneurial talent, and 3) spin firms out of U. T. System institutions.

Mr. Allinson's presentation is set forth on Pages 212 - 221.

U. T. System Technology Commercialization U. T. Horizon Fund

Philip Aldridge, Vice Chancellor for Finance and Business Development
Bryan Allinson, Executive Director for Technology Commercialization

U. T. System Board of Regents' Meeting
Technology Transfer and Research Committee
May 2011



Background: TIF (2007-2010)

- Texas Ignition Fund (TIF)
 - \$2M fund; 45 funded projects
 - Purpose: To mature invention disclosures from earliest phase to patented intellectual property ready for license
 - Launched in October 2007; 100% of capital allocated by July 2010
- Feedback from recipients:
 - Prototypes have been developed further, some licensed to industry
 - \$10.6M additional research funding raised, primarily federal
- Lessons learned/changes to consider:
 - Larger investments to focus on commercialization
 - Greater availability of entrepreneurial talent
 - Identify matching funds
 - Reduce equity dilution
 - Streamlined review process



Overview of U. T. Horizon Fund

- Resource mission:
 - Apply Lessons Learned from 2011 Technology Commercialization Symposium and TIF stakeholders
 - Facilitate access to financial capital at critical stages of growth
 - Facilitate access to entrepreneurial talent
 - Spin firms out of U. T. System institutions
 - Enable U. T. System to facilitate relationships with capital investors and partners
- Phases
 - Phase I: \$10.0 million
 - Phase II: Future consideration - larger size
- Evergreen: Reinvest gains at a future date
- Requirements
 - Match funding: Due diligence validation by third parties at all stages



Proposal review for U. T. Horizon Fund

- Preferences
 - Institutional capabilities; innovative; “big” ideas; scientific pedigree
 - Multi-institutional; thematic partnering/license bundling
- Proposal review
 - Rolling submission review process
 - Investment committee approves investments for Growth Program
 - Subcommittee approves awards for Ignition Program
 - Subcommittee and institutional approval for Entrepreneur-in-Residence matching funds
 - Seek scientific input from faculty on quality of science
 - Consider quality and level of match funding



Licensing Guidelines for U. T. Horizon Fund

- U. T. Horizon Fund will invest in U. T. System institution spin-outs
- U. T. System Office of Finance is recommending “risk-based” licensing terms
 - Equity with anti-dilution provisions
 - Royalties from net sales
 - Nominal upfront fees
 - Multiyear patent fee repayment plan
 - Inclusion of preemptive rights



Phase I of Horizon

Program	1) Entrepreneur-in-Residence	2) Ignition	3) Growth	4) Maturity (Preemptive Rights)
Goal	Plan	Prototype	Develop	Monetize
Stage	Planning	Pre-Company	Early Company	Mid/Late Company
Mean Project Size	\$2.5K/mo FT; \$0.25K/mo PT	\$50K (\$10-90K)	\$750K (\$200-1,000K)	Unlimited
Number	~6-8FT; ~10PT	~20	~10	Unlimited
Match	Institution	Industry	Angel or Venture Capitalist (VC)	VC
Fund Size	\$1.5M	\$1.0M	\$7.5M	Unlimited
Source of Funds	U. T. System Office of Finance	U. T. System Office of Finance	U. T. System Office of Finance	U. T. System Office of Finance <i>(through VC partners)</i>

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1) Entrepreneur-In-Residence Program

- Mission: Provide entrepreneurial talent; encourage innovation and technology development goals
- Full-time program
 - Specific regions; multi-institutional focus
- Part-time program
 - Single or multi-institutional programs; high net worth individual with network and reach
- Structure and compliance
 - One-to-one match from institution(s)
 - Quarterly renewals by U. T. System Office of Finance and institutions

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2) Ignition Program

- Mission: Develop prototypes and market-focused working groups
 - Provide bridge to create prototype and catalyze company formation
 - Continues objectives identified in TIF
- Preferred technologies
 - Institutional capabilities; innovative, “big” ideas; scientific pedigree; thematic partnering/license bundling
- Proposal review
 - Subcommittee by conference call/email vote
- Structure and compliance
 - Grant
 - Industry match (consider nonprofit, Federal or State match)
 - One-time final progress report due to U. T. System Office of Finance

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3) Growth Program

- Mission: Invest in very early stage companies having a prototype
 - Provide bridge to develop prototype further, raise next round of funding
- Requirement
 - License from U. T. System [consider Austin Technology Incubator (ATI) model or incubator companies]
 - Guidelines for recommended license terms
 - Preference for multi-institutional thematic partnering/license bundling
- Proposal review
 - Investment committee decision
 - Scientific advisory
- Structure and compliance
 - Convertible debt or warrant investment
 - Founder, angel, or VC investor match
 - Company financials reported to U. T. System Office of Finance

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4) Maturity Program (Preemptive Rights)

- Mission: Guard against dilution of institutional equity
 - Provide a means for institutions to invest in mid- and late-stage companies who have a license with U. T. System institutions
 - Leverage rights to maintain current equity position (not be diluted) using someone else's investment
 - Receive a portion of capital gains
- Requirement
 - Preemptive rights term in license
- Structure and compliance
 - Through later stage investor partner

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3. **U. T. System: Report on an Intellectual Property Search Engine Portal**

REPORT

Mr. Bryan Allinson, Executive Director for Technology Commercialization, will report on efforts underway at U. T. System Administration to create an intellectual property search engine portal to improve the accessibility of pertinent U. T. System research and technology commercialization information.

Once completed, the portal will allow external parties to quickly identify relevant publicly available research and technology commercialization information from all U. T. System institutions. The portal will include access to: 1) U. T. System capabilities, 2) patents, and 3) technologies. The goal is to facilitate access to information that can be used to enhance and increase collaborations between the private sector, other government entities, and U. T. System faculty and technology transfer personnel.

Mr. Allinson's presentation is set forth on Pages 223 - 224.

U. T. System Technology Commercialization Intellectual Property Search Engine

Bryan Allinson, Executive Director for Technology Commercialization

U. T. System Board of Regents' Meeting
Technology Transfer and Research Committee
May 2011



Intellectual property search engine

Mission: User-friendly search engine to identify U. T. System intellectual property

Version 1.0 – Completely passive, no additional human management required

Version 2.0 – Explore how to link to campus web page databases

Search engine	Draws from	Results
Capabilities	U. T. Institution web pages U. T. Arlington Profile pages	Links to faculty, programs, and news articles
Technologies	Office of Technology Commercialization generated approved marketing briefs	Syndication of technologies published out of institutional technology transfer offices
Patents	U.S. Patent & Trademark Office	Weekly transmission of patents published on U.S. Patent & Trademark Office database

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